

**Report Title:**

Tourism; HTA Board; Tourism Emergency

**Description:**

Makes technical amendment to tourism law regarding development of measures of effectiveness. Removes ex-officio members from the Hawaii Tourism Authority (HTA) Board and places them in an advisory group to HTA. Expands the scope of a tourism emergency to include a regional or global economic crisis. Transfers tourism-related functions from the Department of Business, Economic Development, and Tourism to HTA. Earmarks an unspecified percentage of moneys allocated to the Tourism Special Fund from the Transient Accommodations Tax to be used for tourism product development and cultural programs. (SD1)

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# A BILL FOR AN ACT

RELATING TO THE HAWAII TOURISM AUTHORITY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 201-3, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§201-3 Specific research and promotional functions of the**  
4 **department.** Without prejudice to its general functions and  
5 duties, the department of business, economic development, and  
6 tourism shall have specific functions in the following areas:

7           (1) Industrial development. The department shall

8           ~~determine~~:

9           (A) Determine through technical and economic surveys  
10           the profit potential of new or expanded  
11           industrial undertakings; ~~develop~~

12           (B) Develop through research projects and other means  
13           new and improved industrial products and  
14           processes; ~~promote~~

15           (C) Promote studies and surveys to determine consumer  
16           preference as to design and quality and to  
17           determine the best methods of packaging,

- 1                   transporting, and marketing the State's  
2                   industrial products; [~~disseminate~~]
- 3            (D)   Disseminate information to assist the present  
4                   industries of the State, to attract new  
5                   industries to the State, and to encourage capital  
6                   investment in present and new industries in the  
7                   State; [~~assist~~]
- 8            (E)   Assist associations of producers and distributors  
9                   of industrial products to introduce these  
10                  products to consumers; and [~~make~~]
- 11           (F)   Make grants or contracts as may be necessary or  
12                  advisable to accomplish the foregoing;
- 13       (2) Land development. The department shall [~~encourage~~]:
- 14            (A)   Encourage the most productive use of all land in  
15                  the State in accordance with a general plan  
16                  developed by the department; [~~encourage~~]
- 17            (B)   Encourage the improvement of land tenure  
18                  practices on leased private lands; [~~promote~~]
- 19            (C)   Promote an informational program directed to  
20                  landowners, producers of agricultural and  
21                  industrial commodities, and the general public

1                   regarding the most efficient and most productive  
2                   use of the lands in the State; and [~~make~~]

3                   (D) Make grants or contracts as may be necessary or  
4                   advisable to accomplish the foregoing;

5           (3) Credit development. The department shall [~~conduct~~]:

6                   (A) Conduct continuing study of agricultural and  
7                   industrial credit needs; [~~encourage~~]

8                   (B) Encourage the development of additional private  
9                   and public credit sources for agricultural and  
10                  industrial enterprises; [~~promote~~]

11                  (C) Promote an informational program to acquaint  
12                  financial institutions with agricultural and  
13                  industrial credit needs and the potential for  
14                  agricultural and industrial expansion, and inform  
15                  producers of agricultural and industrial products  
16                  as to the manner in which to qualify for loans;  
17                  and [~~make~~]

18                  (D) Make grants or contracts as may be necessary or  
19                  advisable to accomplish the foregoing;

20           (4) Promotion. The department shall disseminate  
21                  information developed for or by the department  
22                  pertaining to economic development to assist present

1 industry in the State, attract new industry and  
2 investments to the State, and assist new and emerging  
3 industry with good growth potential or prospects in  
4 jobs, exports, and new products. The industrial and  
5 economic promotional activities of the department may  
6 include the use of literature, advertising,  
7 demonstrations, displays, market testing, lectures,  
8 travel, motion picture and slide films, and other  
9 promotional and publicity devices as may be  
10 appropriate;

11 ~~[-(5) Tourism research and statistics. The department shall~~  
12 ~~maintain a program of research and statistics for the~~  
13 ~~purpose of:~~

14 ~~-(A) Measuring and analyzing tourism trends;~~

15 ~~-(B) Providing information and research to assist in~~  
16 ~~the development and implementation of state~~  
17 ~~tourism policy;~~

18 ~~-(C) Encouraging and arranging for the conduct of~~  
19 ~~tourism research and information development~~  
20 ~~through voluntary means or through contractual~~  
21 ~~services with qualified agencies, firms, or~~  
22 ~~persons; and~~

- 1           ~~(D) Providing tourism information to policy makers,~~
- 2           ~~the public, and the visitor industry. This~~
- 3           ~~includes:~~
- 4           ~~(i) Collecting and publishing visitor-related~~
- 5           ~~data including visitor arrivals, visitor~~
- 6           ~~characteristics and expenditures;~~
- 7           ~~(ii) Collecting and publishing hotel-related~~
- 8           ~~statistics including the number of units~~
- 9           ~~available, occupancy rates, and room rates;~~
- 10          ~~(iii) Collecting and publishing airline-related~~
- 11          ~~data including seat capacity and number of~~
- 12          ~~flights;~~
- 13          ~~(iv) Collecting information and conducting~~
- 14          ~~analyses of the economic, social, and~~
- 15          ~~physical impacts of tourism on the State;~~
- 16          ~~(v) Conducting periodic studies of the impact of~~
- 17          ~~ongoing marketing programs of the Hawaii~~
- 18          ~~tourism authority on Hawaii's tourism~~
- 19          ~~industry, employment in Hawaii, state taxes,~~
- 20          ~~and the State's lesser known and~~
- 21          ~~underutilized destinations; and~~

1                   ~~(vi) Cooperate with the Hawaii tourism authority~~  
2                   ~~and provide it with the above information in~~  
3                   ~~a timely manner;]~~ and

4       [~~(6)~~] (5) Self-sufficiency standard. The department shall  
5       establish and update biennially a self-sufficiency  
6       standard that shall incorporate existing methods of  
7       calculation, and shall reflect, at a minimum, costs  
8       relating to housing, food, child care, transportation,  
9       health care, clothing and household expenses, federal  
10       and state tax obligations, family size, children's  
11       ages, geography, and the number of household wage  
12       earners. The department shall report to the  
13       legislature concerning the self-sufficiency standard  
14       no later than twenty days prior to the convening of  
15       the regular session of 2009, and every odd-numbered  
16       year thereafter. The recommendations shall address,  
17       among other things, the [~~utilization~~] use of any  
18       federal funding that may be available for the purposes  
19       of establishing and updating the self-sufficiency  
20       standard.

21               The department shall be the central agency to coordinate  
22       film permit activities in the State."

1 SECTION 2. Section 201B-2, Hawaii Revised Statutes, is  
2 amended by amending subsections (b), (c), (d), and (e) to read  
3 as follows:

4 "(b) The authority shall be headed by a policy-making  
5 board of directors [~~which consists~~] that shall consist of twelve  
6 [~~public, voting~~] members[~~, and four ex officio nonvoting~~  
7 ~~members~~]; provided that:

8 (1) [~~Twelve public, voting~~] The members shall be appointed  
9 by the governor as provided in section 26-34, except  
10 as otherwise provided by law;

11 (2) The [~~twelve public, voting~~] members shall be composed  
12 of at least one representative each from the city and  
13 county of Honolulu and the counties of Hawaii, Kauai,  
14 and Maui; the remaining [~~public~~] members shall be  
15 appointed at-large;

16 (3) [~~Of the twelve public, voting members, three~~] Three  
17 members shall be appointed by the governor from a list  
18 of three names submitted for each appointment by the  
19 president of the senate, and three shall be appointed  
20 by the governor from a list of three names submitted  
21 for each appointment by the speaker of the house of  
22 representatives; provided that if fewer than three



1 names are submitted for each appointment, the governor  
2 may disregard the list;

3 (4) At least six [~~of the twelve public, voting~~] members  
4 shall have knowledge, experience, and expertise in the  
5 area of visitor industry management, marketing,  
6 promotion, transportation, retail, entertainment, or  
7 visitor attractions, and at least one shall have  
8 knowledge, experience, and expertise in the area of  
9 Hawaiian cultural practices; provided that no more  
10 than three members shall represent, be employed by, or  
11 be under contract to any sector of the industry  
12 represented on the board;

13 (5) The governor shall make appointments to ensure the  
14 fulfillment of all requirements; provided that any  
15 appointments made after July 1, 2002, shall be made to  
16 fulfill the requirements in place when the  
17 appointments are made;

18 [~~(6) The director of business, economic development, and~~  
19 ~~tourism, or a designated representative, shall be an~~  
20 ~~ex officio nonvoting member;~~

- 1       ~~(7) The director of transportation, or a designated~~  
 2       ~~representative, shall be an ex officio nonvoting~~  
 3       ~~member;~~
- 4       ~~(8) The chairperson of the board of land and natural~~  
 5       ~~resources, or a designated representative, shall be an~~  
 6       ~~ex officio nonvoting member;~~
- 7       ~~(9) The executive director of the state foundation on~~  
 8       ~~culture and the arts, or a designated representative,~~  
 9       ~~shall be an ex officio nonvoting member;~~] and

10       ~~[-(10)]~~ (6) No person who has served as a member of the board  
 11       of directors of the Hawaii Visitors and Convention  
 12       Bureau shall be eligible to sit as a [~~public, voting~~]  
 13       member of the board of directors of the Hawaii tourism  
 14       authority until at least two years have expired  
 15       between the person's termination from service on the  
 16       Hawaii Visitors and Convention Bureau board and the  
 17       person's appointment to the authority's board of  
 18       directors.

19       (c) [~~The public members~~] Members shall be appointed by the  
 20       governor for terms of four years. Each [~~public~~] member shall  
 21       hold office until the member's successor is appointed and  
 22       qualified. Section 26-34 shall be applicable insofar as it

1 relates to the number of terms and consecutive number of years a  
2 member may serve on the board.

3 (d) The board shall elect a chairperson from among the  
4 [~~voting~~] members. [~~The director of business, economic~~  
5 ~~development, and tourism or the designated representative shall~~  
6 ~~not be chairperson of the board.~~]

7 (e) Seven [~~voting~~] members shall constitute a quorum and a  
8 minimum of seven affirmative votes shall be necessary for all  
9 actions by the authority. The members shall serve without  
10 compensation, but shall be reimbursed for expenses, including  
11 traveling expenses, necessary for the performance of their  
12 duties."

13 SECTION 3. Section 201B-6, Hawaii Revised Statutes, is  
14 amended by amending subsection (b) to read as follows:

15 "(b) In accordance with subsection (a), the authority  
16 shall [~~be responsible for developing~~] develop measures of  
17 effectiveness to assess the overall benefits and effectiveness  
18 of the marketing plan and include documentation of the directly  
19 attributable benefits of the plan to the following:

- 20 (1) Hawaii's tourism industry;  
21 (2) Employment in Hawaii;  
22 (3) State taxes; and

1 (4) The State's lesser known and [~~underutilized~~] underused  
2 destinations."

3 SECTION 4. Section 201B-7, Hawaii Revised Statutes, is  
4 amended by amending subsection (a) to read as follows:

5 "(a) The authority may enter into contracts and agreements  
6 that include the following:

- 7 (1) Tourism promotion, marketing, and development;
- 8 (2) Market development-related research;
- 9 (3) Product development and diversification issues focused  
10 on visitors;
- 11 (4) Promotion, development, and coordination of sports-  
12 related activities and events;
- 13 (5) Promotion of Hawaii, through a coordinated statewide  
14 effort, as a place to do business, including high  
15 technology business, and as a business destination;
- 16 (6) Reduction of barriers to travel;
- 17 [+](7) [+] Marketing, management, use, operation, or maintenance  
18 of the convention center facility, including the  
19 purchase or sale of goods or services, logo items,  
20 concessions, sponsorships, and license agreements, or  
21 any use of the convention center facility as a  
22 commercial enterprise; provided that effective January

1 1, 2003, and thereafter, the contract for management  
2 of the convention center facility shall include  
3 marketing for all uses of the facility; ~~and]~~

4 ~~[+]~~ (8) ~~[+]~~ Tourism research and statistics to:

5 (A) Measure and analyze tourism trends;

6 (B) Provide information and research to assist in the  
7 development and implementation of state tourism  
8 policy;

9 (C) Provide tourism information on:

10 (i) Visitor arrivals, visitor characteristics,  
11 and expenditures;

12 (ii) The number of transient accommodation units  
13 available, occupancy rates, and room rates;

14 (iii) Airline-related data including seat capacity  
15 and number of flights;

16 (iv) The economic, social, and physical impacts  
17 of tourism on the State; and

18 (v) The impact of ongoing marketing programs of  
19 the authority on Hawaii's tourism industry,  
20 employment in Hawaii, state taxes, and the  
21 State's lesser known and underused  
22 destinations;

1           and  
2           (9) Any and all other activities necessary to carry out  
3           the intent of this chapter;  
4 provided that for any contract or agreement valued at \$25,000  
5 and over, the authority shall provide notice to the speaker of  
6 the house of representatives and the president of the senate on  
7 the same day that such notification is given to the governor."

8           SECTION 5. Section 201B-9, Hawaii Revised Statutes, is  
9 amended to read as follows:

10           "~~§~~**201B-9**~~§~~ **Tourism emergency.** (a) If the board  
11 determines that the occurrence of a world conflict, terrorist  
12 threat, regional or global economic crisis, natural disaster,  
13 outbreak of disease, or other catastrophic event, regardless of  
14 when or where it occurs, adversely affects Hawaii's tourism  
15 industry by resulting in a substantial interruption in the  
16 commerce of the State and adversely affecting the welfare of its  
17 people, the board shall submit a request to the governor to  
18 declare that a tourism emergency exists.

19           (b) Upon declaration by the governor that a tourism  
20 emergency exists pursuant to subsection (a), the authority shall  
21 develop and implement measures to respond to the tourism  
22 emergency, including providing assistance to tourists during the

1 emergency; provided that any tourism emergency response measure  
2 implemented pursuant to this subsection shall not include any  
3 provision that would adversely affect the organized labor force  
4 in tourism-related industries. With respect to a regional or  
5 global economic crisis only, in addition to the governor's  
6 declaration of the existence of a tourism emergency, no action  
7 in response to the tourism emergency declaration may be taken by  
8 the authority without the governor's express approval."

9 SECTION 6. Section 201B-13, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 "~~§~~201B-13~~§~~ **Assistance by state and county**  
12 **agencies~~[-]~~; advisory group.** (a) Any state or county agency  
13 may render services upon request of the authority.

14 (b) The authority shall establish an advisory group, which  
15 shall include the director of business, economic development,  
16 and tourism, director of transportation, chairperson of the  
17 board of land and natural resources, and executive director of  
18 the state foundation on culture and the arts to advise the  
19 authority on matters relating to their respective departments or  
20 agency in the preparation and execution of:

21 (1) Measures to respond to tourism emergencies pursuant to  
22 section 201B-9;

- 1       (2) Programs for the management, improvement, and  
2       protection of Hawaii's natural environment and other  
3       areas frequented by visitors;
- 4       (3) Measures to address issues affecting airlines, air  
5       routes, and barriers to travel to Hawaii; and
- 6       (4) Programs to perpetuate the cultures of Hawaii and  
7       engage local communities to sustain and preserve the  
8       native Hawaiian culture."

9       SECTION 7. Section 237D-6.5, Hawaii Revised Statutes, is  
10      amended by amending subsection (b) to read as follows:

11       "(b) Revenues collected under this chapter shall be  
12      distributed as follows, with the excess revenues to be deposited  
13      into the general fund:

14       (1) 17.3 per cent of the revenues collected under this  
15      chapter shall be deposited into the convention center  
16      enterprise special fund established under section  
17      201B-8; provided that beginning January 1, 2002, if  
18      the amount of the revenue collected under this  
19      paragraph exceeds \$33,000,000 in any calendar year,  
20      revenues collected in excess of \$33,000,000 shall be  
21      deposited into the general fund;



1           (2) 34.2 per cent of the revenues collected under this  
 2           chapter shall be deposited into the tourism special  
 3           fund established under section 201B-11 for tourism  
 4           promotion and visitor industry research; provided that  
 5           ~~[beginning on July 1, 2002, of]~~:

6           (A) Not less than           per cent of the revenues  
 7                                   deposited shall be used for tourism product  
 8                                   development and cultural programs;

9           (B) Of the first \$1,000,000 in revenues deposited:

10         ~~[(A)]~~ (i) Ninety per cent shall be deposited into the  
 11                                   state parks special fund established in  
 12                                   section 184-3.4; and

13         ~~[(B)]~~ (ii) Ten per cent shall be deposited into the  
 14                                   special land and development fund  
 15                                   established in section 171-19 for the Hawaii  
 16                                   statewide trail and access program;

17                                   ~~[provided that of the 34.2 per cent,]~~

18         (C) 0.5 per cent shall be transferred to a sub-  
 19                                   account in the tourism special fund to provide  
 20                                   funding for a safety and security budget, in  
 21                                   accordance with the Hawaii tourism strategic plan  
 22                                   2005-2015; ~~[provided further that of]~~ and

1           (D) Of the revenues remaining in the tourism special  
2           fund after revenues have been deposited as  
3           provided in this paragraph and except for any sum  
4           authorized by the legislature for expenditure  
5           from revenues subject to this paragraph,  
6           ~~[beginning July 1, 2007,]~~ funds shall be  
7           deposited into the tourism emergency trust fund,  
8           established in section 201B-10, in a manner  
9           sufficient to maintain a fund balance of  
10          \$5,000,000 in the tourism emergency trust fund;

11          and

12          (3) 44.8 per cent of the revenues collected under this  
13          chapter shall be transferred as follows: Kauai county  
14          shall receive 14.5 per cent, Hawaii county shall  
15          receive 18.6 per cent, city and county of Honolulu  
16          shall receive 44.1 per cent, and Maui county shall  
17          receive 22.8 per cent.

18          All transient accommodations taxes shall be paid into the  
19          state treasury each month within ten days after collection and  
20          shall be kept by the state director of finance in special  
21          accounts for distribution as provided in this subsection."

**1** SECTION 8. Statutory material to be repealed is bracketed  
**2** and stricken. New statutory material is underscored.

**3** SECTION 9. This Act shall take effect upon its approval,  
**4** except that section 7 shall take effect on July 1, 2009.