

STAND. COM. REP. NO. 1711

Honolulu, Hawaii

APR 09 2021

RE: H.B. No. 862
H.D. 2
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committees on Ways and Means and Commerce and Consumer Protection, to which was referred H.B. No. 862, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE GOVERNMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Abolish the Office of Aerospace Development, Aerospace Advisory Committee, and the Hawaii Unmanned Aerial Systems Test Site Advisory Board;
- (2) Specify that the Pacific International Space Center for Exploration Systems shall be administratively attached to the University of Hawaii at Hilo Imiloa rather than the Department of Business, Economic Development, and Tourism;
- (3) Transfer the administration of the Challenger Center Hawaii Program from the Office of Aerospace Development to the Department of Education for administrative purposes;



- (4) Transfer all appropriations for the Challenger Center Hawaii Program from the Office of Aerospace Development to the Department of Education; and
- (5) Specify that the Executive Director of the Pacific International Space Center for Exploration Systems shall oversee and manage the Unmanned Aircraft Systems Program.

Your Committees received testimony in support of this measure from the Department of Education, University of Hawai'i System, Challenger Center Hawaii, Pacific International Space Center for Exploration Systems, Canada-France-Hawaii Telescope Corporation, Sustainable Energy Hawai'i, Smarter Building Systems LLC, and eleven individuals. Your Committees received comments on this measure from the Department of Business, Economic Development, and Tourism.

Prior to hearing this measure, your Committees made available for public review a proposed S.D. 2 of this measure. The proposed S.D. 2, in addition to the original contents of this measure:

- (1) Clarifies the holdover provision for board members of the Hawaii Tourism Authority;
- (2) Requires that the 3.5 percent cap on spending from the tourism special fund include all governance and employment expenses and organization-wide costs as administrative expenses and repeals the requirement that at least \$1,000,000 shall be used for areas frequented by visitors;
- (3) Repeals the allocation from the Transient Accommodations Tax to the tourism special fund and tourism emergency special fund;
- (4) Repeals the Hawaii Tourism Authority's authorization to establish an advisory group;
- (5) Requires state and local boards to develop written conflict of interest policies;



- (6) Requires the Governor to fix the compensation for the Hawaii Workforce Development Council's Executive Director;
- (7) Requires the Department of Labor and Industrial Relations to provide support staff to the Hawaii Workforce Development Council;
- (8) Transfers the Hawaii Workforce Development Council to the Department of Labor and Industrial Relations; and
- (9) Clarifies the employment of professional staff by the Public Utilities Commission.

Your Committees received testimony in support of this measure from the Department of Education, University of Hawai'i System, Pacific International Space Center for Exploration Systems, Canada-France-Hawaii Telescope Corporation, Public Utilities Commission, The Success Factory, Sustainable Energy Hawai'i, and thirteen individuals. Your Committees received testimony in opposition to this measure from the Hawai'i Tourism Authority; King Kamehameha Celebration Commission; Hawai'i County Council; Oahu Economic Development Board; Hawai'i Council for the Association of Hawaiian Civic Clubs; Council for Native Hawaiian Advancement; Native Hawaiian Chamber of Commerce; Waimea Hawaiian Civic Club; Omnitrak; 'Ilio'ulaokalani Coalition; Hawaii Civic Club of Honolulu; Kona-Kohala Chamber of Commerce; Hawai'i Island Chamber of Commerce; Waikiki Improvement Association; Ke One O Kākuhihewa, Chamber of Commerce Hawaii; Maui Chamber of Commerce; Kaua'i Chamber; Hawai'i Lodging and Tourism Association; Hawai'i Forest Industry Association; Lāna'i Culture and Heritage Center, Halau Mohala Ilima; KL Felicitas Foundation; Kauluakalana, Kohala Coast Resort Association; 'Aha Pūnana Leo; International Festivals and Events Association; Hui 'Oihana, Hawai'i Island Native Hawaiian Chamber of Commerce; Kanu Hawaii; Hika'alani; Awaiiaulu; Kanaeokana Kula Hawai'i Network; 'Āina Aloha Economic Futures; Mauna Kea Resort; Special Events Hawaii; Marketing Management, Inc.; The Nature Conservancy Hawai'i; Fairmont Orchid, Hawai'i; Coral Reef Alliance; The Kohala Center; Ka Lāhui Hawai'i Kōmike Kalai'āina; Honolulu Festival Foundation; Hookipa Specialists, LLC; Aukahi Cultural Consulting; Kapuahi LLC; and one hundred and sixty-five individuals. Your Committees received comments on this measure



from the Department of Budget and Finance, Workforce Development Council, Office of Hawaiian Affairs, County of Kauai Office of Economic Development, Omnitrak, and six individuals.

Your Committees find that Hawaii plays an important role in the development of the aerospace industry and given the current economic situation in the State, it is critical for the State to consider reallocating its limited resources by eliminating, reorganizing, and consolidating certain state agencies. While recognizing the need to reallocate resources, your Committees also recognize the vital role that the Pacific International Space Center for Exploration plays in facilitating aerospace economic development projects, workforce development, and outreach programs.

Your Committees also recognize that the Challenger Center Hawaii Program adds value to the State's education system. The Challenger Center Hawaii Program is a once-in-a-lifetime experience that offers middle-school students the opportunity to apply both critical and creative thinking in a real-world collaborative space exploration scenario. Through this program, students are immersed in a fully-integrated Science, Technology, Engineering, and Mathematics (STEM) experience based on core concepts that enhance their aptitude in a wide variety of foundational life skills, which serves as a springboard for students to embark in STEM careers.

Your Committees also find that in light of the changes and challenges presented by the coronavirus disease (COVID-19) pandemic, it is necessary to streamline state government operations. Your Committees find that it is important to promote greater flexibility, responsiveness, transparency, and accountability in how the government interfaces with and responds to the local and visitor communities. Your Committees recognize that this measure will not only improve government efficiency, but allow the State to embrace new and diverse opportunities to promote and manage tourism as Hawaii continues to recover from the devastating effects of COVID-19 on the State's economy and community.

Accordingly, your Committees have amended this measure by:



- (1) Clarifying that the Pacific International Space Center for Exploration Systems is placed within the University of Hawaii at Hilo, rather than specifically within Imiloa;
- (2) Transferring the existing Hawaiian Culture functions from the Hawaii Tourism Authority to the State Foundation on Culture and the Arts;
- (3) Specifying that the mission and responsibilities of the State Foundation on Culture and the Arts is to perpetuate the uniqueness of the native Hawaiian culture and community and their importance to the quality of life for the people of Hawaii, by ensuring that:
 - (A) Hawaiian culture is accurately portrayed;
 - (B) Hawaiian language is supported and normalized as both an official language of the State as well as the foundation of the host culture;
 - (C) Hawaiian cultural practitioners and cultural sites that give value to Hawaii's heritage are supported, nurtured, and engaged in sustaining the quality of life for the people of Hawaii; and
 - (D) A native Hawaiian cultural education and training program is provided for the general public, State employees, and contractors;
- (4) Transferring three permanent full-time equivalent Hawaiian cultural positions to the State Foundation of Culture and Arts from the Hawaii Tourism Authority to help fulfill the Foundation's mission;
- (5) Appropriating \$3,700,000 from the general fund to cover the existing grant programs perpetuating Hawaiian culture;
- (6) Appropriating \$350,000 to cover the salaries for the three Hawaiian cultural positions;



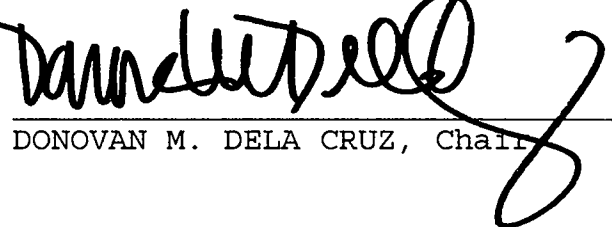
- (7) Appropriating \$4,000,000 from the general fund to the Hawaii Tourism Authority's budget for promotion, development, and coordination of sports-related activities and events;
- (8) Requiring the Hawaii Tourism Authority and its contractors to collaborate with the State Foundation on Culture and the Arts as a resource to assist with Hawaii Tourism Authority's efforts in ensuring cultural sensitivity in its marketing to the visitor industry; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Ways and Means and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 862, H.D. 2, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 862, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Ways and Means
and Commerce and Consumer
Protection,



ROSALYN H. BAKER, Chair



DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
<i>HB 862, HD 2, SD 1</i>	<i>EET/HRE, WAM/CPN</i>	<i>4/9/21</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	✓			
KEITH-AGARAN, Gilbert S.C. (VC)	✓			
ENGLISH, J. Kalani	✓			
INOUYE, Lorraine R.	✓			
KANUHA, Dru Mamo				✓
KIDANI, Michelle N.				✓
MORIWAKI, Sharon Y.	✓			<i>W. J. M.</i>
SHIMABUKURO, Maile S.L.				✓
TANIGUCHI, Brian T.	✓			
WAKAI, Glenn	✓			
FEVELLA, Kurt			✓	
TOTAL	<i>7</i>		<i>1</i>	<i>3</i>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Shiraine R. Inouye</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes

