
A BILL FOR AN ACT

RELATING TO TOURISM GOVERNANCE.

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

1 SECTION 1. The legislature finds that tourism is uniquely
2 critical to the economy of the State and a significant generator
3 of government revenue. However, tourism is also a potential
4 source of intrusion onto the daily lives of residents and
5 creates strains on state and county infrastructure and services.

6 Accordingly, the legislature believes that the tourism
7 industry requires the best possible system of governance and
8 oversight. The system must involve state and county agencies,
9 private industry, and community stakeholders to ensure a balance
10 among visitor and resident interests while guaranteeing that
11 there is an ultimate emphasis on resident prosperity and well-
12 being. The legislature further finds that coordination among
13 these groups will ensure effective and coordinated approaches to
14 long-term planning, appropriate marketing, impact mitigation,
15 and other aspects of destination management, and regular
16 analysis of tourism's costs and benefits.



1 Act 156, Session Laws of Hawaii 1998 (Act 156), which
2 established the Hawaii tourism authority, specified that the
3 authority should "[h]ave a permanent, strong focus on marketing
4 and promotion". This mandate led to a perception among
5 residents that the authority was responsible for the very high
6 visitor counts in the late 2010s, a phenomenon that critics
7 often called "overtourism". Act 156 also authorized the
8 authority to coordinate with other agencies and required it to
9 create a "long range plan for tourism in Hawaii". However, when
10 the authority crafted such a plan for the 2005 through 2015
11 period that included agreements with other agencies and entities
12 to take on responsibility for certain activities, the Hawaii
13 tourism authority found that it did not have any means to
14 enforce these agreements. Accordingly, subsequent plans have
15 focused on goals and actions strictly within the authority's own
16 purview.

17 After resident concerns about tourism impacts continued to
18 grow through the late 2010s, the Hawaii tourism authority
19 approved a plan in 2020 aimed at "destination management". In
20 developing this idea, the authority worked with all four county
21 governments to create and implement island-specific destination



1 management action plans. While the legislature finds the
2 destination management action plan process to be encouraging,
3 the legislature notes that it is concerned that, without a
4 formal system of coordination and enforcement capabilities, the
5 authority will likely face the same problems it experienced in
6 its Hawaii Tourism Strategic Plan: 2005-2015, likely resulting
7 in the destination management action plans achieving few lasting
8 results.

9 The legislature notes that Hawaii is not the only place
10 where existing tourism governance systems have been challenged
11 by resident demands for better destination management. In the
12 past year, university scholars have authored blogs and articles
13 pointing out that new coordinated tourism governance structures
14 have been adopted or proposed in a number of diverse
15 destinations, including the United States Columbia River Gorge,
16 Los Angeles, Barcelona, Edinburgh, Iceland, and Amsterdam. Some
17 of these structures appear to be primarily intra-governmental
18 while others incorporated regular input from community, labor,
19 business, environmental, and cultural organizations. However,
20 these systems have not yet been systematically studied and it is
21 unclear how applicable these systems would be to Hawaii.



1 Accordingly, the purpose of this Act is to require the
2 legislative reference bureau to conduct a study that identifies
3 and analyzes alternative tourism governance systems.

4 SECTION 2. (a) The legislative reference bureau shall
5 conduct a study that identifies and analyzes actual and proposed
6 alternative tourism governance systems used or proposed to be
7 used in locations that are reasonably similar to Hawaii, as
8 provided in this section.

9 For the purposes of this subsection, "reasonably similar to
10 Hawaii" means a location where:

11 (1) Multiple levels of government entities and, if
12 applicable, non-governmental entities must coordinate
13 to address issues involving tourism, particularly at
14 state or provincial and local levels;

15 (2) Tourism has an important role in the location's
16 economy; and

17 (3) Tourism has a large impact on the location's
18 communities;

19 provided that certain small island nations may also be
20 appropriate for the study to the extent that the study's focus
21 is on agency coordination and not on national powers that are



1 unavailable to a state-level government entity within the United
2 States.

3 (b) For each alternative tourism governance system, the
4 study shall examine:

5 (1) The role of destination management organizations,
6 whether destination management organizations are
7 always present, and whether destinations at which
8 destination management organizations are not present
9 succeed economically and in terms of resident
10 satisfaction with tourism. For tourism governance
11 systems with strong destination management
12 organizations present, the study shall assess whether
13 balance has been achieved between agency effectiveness
14 and any resident sense that tourism is being given an
15 outsized role in government;

16 (2) Different approaches to optimizing coordination among
17 agencies and entities for destination management,
18 marketing, planning, and impact mitigation. The
19 analysis shall include an assessment of methods to
20 standardize throughout the State, if desired,
21 approaches to:



- 1 (A) Pricing and other tools to control congestion;
- 2 (B) Assure balanced access to publicly maintained
- 3 attractions, such as scenic and recreational
- 4 areas, between residents and visitors; and
- 5 (C) Manage vacation rentals and other dispersed
- 6 tourism-related commercial activities;
- 7 (3) Different approaches to communicate and engage with
- 8 business, labor, environmental, cultural, and
- 9 community interest groups, including the use of
- 10 standing advisory committees, if any; and
- 11 (4) Various aspects of revenue generation, including:
 - 12 (A) Sources of revenue, including various forms of
 - 13 tourism taxes and fees, and whether taxes or fees
 - 14 paid by local residents or businesses are used;
 - 15 (B) Stability of the revenue stream, including the
 - 16 extent to which the system can rely on an
 - 17 ongoing, adequate stream of funding and how much
 - 18 the revenue stream fluctuates over time; and
 - 19 (C) Allocation of revenue, including the methods and
 - 20 principles used to distribute revenue across
 - 21 multiple levels of government and across



1 government agencies within each level of
2 government.

3 (c) In conducting the study, the legislative reference
4 bureau shall solicit input from community, governmental, and
5 other stakeholder groups to identify relevant characteristics of
6 Hawaii's tourism sector and its governance history, which must
7 be understood and accommodated by any new governance system.

8 Stakeholder groups shall be asked to identify:

9 (1) The apparent strengths and weaknesses of the current
10 tourism governance system where governance is
11 conducted primarily by the Hawaii tourism authority.
12 The survey shall query the current level of trust in
13 this system among the stakeholders; and

14 (2) Other structural considerations, including levels of
15 government organization and structure critical to
16 assessing whether various alternative tourism
17 governance systems would be appropriate to Hawaii.

18 (d) Based on the research conducted and input received
19 pursuant to subsections (b) and (c), the legislative reference
20 bureau shall synthesize three potential alternative tourism
21 governance systems that may be applied in Hawaii and summarize



1 the systems in a general outline form. To the extent feasible,
2 the outline shall identify each system's relative advantages and
3 disadvantages regarding:

4 (1) Effective and competitive marketing based on
5 appropriate messaging in regard to current issues of
6 importance, such as responsible and respectful
7 visitation, regenerative tourism goals, and authentic
8 cultural experiences;

9 (2) Effective rapid response to ongoing or periodic issues
10 requiring mitigation, especially those requiring the
11 cooperation of multiple agencies;

12 (3) Capacity to manage visitor volume through tools, such
13 as limits on lodging units, and ability to determine
14 limits of acceptable growth given the available tools;

15 (4) Capacity to respond to:

16 (A) Current challenges, such as implementing a
17 destination management program; and

18 (B) Ongoing or foreseeable future issues, such as
19 public health or natural disaster response,
20 climate change, and technological advances in
21 transportation and hospitality;



- 1 (5) Capacity to develop long-range statewide multi-agency
2 strategic plans for critical aspects of tourism, such
3 as infrastructure and workforce development;
- 4 (6) Capacity to continue longstanding Hawaii tourism
5 authority programs and responsibility, including
6 convention center oversight and grants to community,
7 cultural, and natural resource stakeholders;
- 8 (7) Ability to conduct periodic assessments of tourism's
9 fiscal and societal costs and benefits, including both
10 traditional economic measures and hidden costs and
11 less monetizable benefits and costs at both the county
12 and state levels;
- 13 (8) Ability to utilize tourism to further other economic
14 diversification and development goals for the State;
- 15 (9) Ease or difficulty of converting to each system from
16 the State's existing governance system while retaining
17 desired assets and experience now vested in the Hawaii
18 tourism authority, including the Hawaii tourism
19 authority's evolving destination management action
20 plan process; and



1 (10) A rough assessment of revenue implications for state
2 and county governments from the conversion to the
3 governance systems.

4 The study shall not recommend a single preferred approach
5 among the alternatives.

6 SECTION 3. (a) The legislative reference bureau shall
7 publish a draft report, including a proposed summary for public
8 review purposes, no later than September 1, 2024. The bureau
9 shall use the summary as a basis for an extensive statewide
10 publicity and stakeholder input program lasting at least two
11 months, including both electronic and in-person public meetings
12 if feasible, as well as surveys of the general community, the
13 business community, and interviews with key legislators, chief
14 executives, and administrative department heads at both state
15 and county levels of government.

16 (b) The legislative reference bureau shall submit a final
17 report of potential options for legislative consideration to the
18 legislature no later than twenty days prior to the convening of
19 the regular session of 2025. The final report shall note any
20 changes to potential new tourism governance systems based on the



1 public input process pursuant to subsection (a), as well as a
2 general summary of the input received.

3 SECTION 4. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$750,000 or so much
5 thereof as may be necessary for fiscal year 2023-2024 and the
6 same sum or so much thereof as may be necessary for fiscal year
7 2024-2025 for the legislative reference bureau to conduct the
8 study as provided in this Act.

9 The sums appropriated shall be expended by the legislative
10 reference bureau for the purposes of this Act.

11 SECTION 5. The legislative reference bureau may contract
12 the services of a consultant or consultants to perform all or
13 some of the duties required in this Act with the funds
14 appropriated in section 4 of this Act. Any procurement of
15 services pursuant to this Act shall be exempt from chapter 103D,
16 Hawaii Revised Statutes.

17 SECTION 6. This Act shall take effect upon its approval;
18 provided that section 4 shall take effect on July 1, 2023.

19

INTRODUCED BY:



JAN 25 2023



H.B. NO. 1381

Report Title:

Tourism; Governance Systems; LRB; Study; Appropriation

Description:

Requires the legislative reference bureau to conduct a study that identifies and analyzes alternative tourism governance systems. Requires the study to include a solicitation of input from certain stakeholder groups. Requires a final report to be submitted to the legislature prior to the convening of the Regular Session of 2025. Appropriates moneys.

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