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[Josh Green, M.D.](#)
Governor

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President and Chief Executive Officer

Statement of
JOHN DE FRIES
Hawai'i Tourism Authority
before the
COMMITTEE ON TOURISM

Tuesday, February 7, 2023
10:00 a.m.
State Capitol Conference Room 423 & Videoconference

In consideration of
HOUSE BILL NO. 229
RELATING TO THE HAWAII' I TOURISM AUTHORITY

Aloha Chair Quinlan, Vice Chair Hussey-Burdick, and members of the Committee on Tourism,

The Hawai'i Tourism Authority (HTA) appreciates the opportunity to offer comments on HB229, which would require contracts entered into by the Hawai'i Tourism Authority for the mangament or the Hawai'i Convention Center facility to include marketing for all uses of the facility.

The Hawai'i Convention Center is an important part of HTA's responsibilities and key to the capacity of the Hawaiian Islands to host large meetings, conventions, and incentives. Events of scale often require coordination with multiple properties and venues. In 2019, HB226 passed allowing HTA to contract the marketing of all uses of the Hawai'i Convention Center seperately from the management of the facility.

In December 2021, HTA awarded a contract for Global Meetings, Conventions, and Incentives Marketing and Management Services for the Hawaiian Islands to commence in January 2022. That contractor has been working diligently to rebuild our meetings, conventions and incentives business in the wake of the devastating global pandemic.

In other highly competitive destinations, it is common practice to separate the marketing and operations of their convention centers. Our current arrangement reflects this common industry practice.

The planning of these large scale meetings have long leads and often take years of preparation to execute. With Hawai'i's recovery in that market still in progress, this is an especially fragile time to disrupt that important work.

Mahalo for the opportunity to provide these comments on HB229.



Tuesday, February 7, 2023 at 10:00 am

State of Hawai`i

House Committee on Tourism
House Conference Room 423

**TESTIMONY OF THE HAWAII HOTEL ALLIANCE IN OPPOSITION TO HB 229
RELATING TO THE HAWAII TOURISM AUTHORITY (HTA)**

Dear Chairman Quinlan, Vice-Chair Hussey-Burdick and Tourism Committee Members:
Tourism Committee Members

My name is Jerry Gibson and I am the President of the Hawaii Hotel Alliance (“HHA”) and have been a hotelier in Hawaii for more than 40 years. HHA membership includes most major hotel brands in Hawaii, including Hilton, Hyatt, Marriott, Aulani, Outrigger, Springboard Hospitality and Highgate Hotels. Our members represent almost 30,000 hotel rooms of the approximately 44,000 hotel rooms in Hawaii. We submit this testimony in **strong opposition** of House Bill 229.

Hawai`i’s mandatory 14-day quarantine for anyone arriving in Hawai`i started in March of 2020 (only three months after the contract began) as a protection for residents on all islands. Later, exemptions were possible with valid pre-travel testing or full vaccination. But nearly two full years of these restrictions effectively shutdown Hawai`i’s citywide business. As a further result of the COVID 19 crisis and the quarantine, all funding to HTA and its contracts were stopped resulting in a 65% cut in the HTA MCI budget. With the CY2020-2021 contract coming to an end, HTA issued an RFP for Global MCI services beginning 1/1/22 through 12/31/25. HVCB was the only qualified bidder. My understandings is that ASM, the current convention center operator did not bid.

Most major cities and definitely the ones that Hawai`i competes against have the destination marketing organization (DMO) or convention and visitors bureau (CVB) handle the long-term center bookings while the center operator handles short-term and local business. As soon as large gatherings became a reality, Hawai`i Visitors and Convention Bureau (HVCB) shot

Testimony of the Hawai'i Hotel Alliance

Page 2

out of the COVID shutdown with guns blazing. In 2022, they booked 14 citywide events that will produce more than twice the peak room nights and twice the economic impact as the last year before the pandemic (2019). Already in 2023, the Hawai'i Visitors and Convention Bureau has booked 2 more citywides. This is an incredible success in a very short period of time.

The current model also puts the destination first – all the islands. HVCB represents the whole of Hawai'i, not just the island of O'ahu and not just one building. First and foremost, its team educates MCI customers about the unique culture and experiences Hawai'i has to offer. The single property sales team then distributes single property leads to the islands that best match the customers' needs and wants. The citywide sales team engages their customers in the Hawai'i experience and in the advantages of holding their meeting at the convention center. It's an integrated MCI approach that maximizes the benefit to the State and to the Hawai'i Convention Center.

Now with the COVID-19 restrictions behind us, the current model is working. The partial reinstatement of the pre-COVID budgets enabled Meet Hawai'i to assemble a formidable team of long-time industry citywide sellers with a history of performance. COVID was crippling but the Meet Hawai'i team is now booking HCC with a vengeance. Changing the model would destroy that momentum and the professionally assembled team just as it's picking up steam and remarkable performance. It would adversely affect the State's interests to curtail the current progress and leadership the HVCB is currently maintaining for Hawai'i. For these reasons, we oppose HB229.

I would humbly ask all of you to take the time to review the new bookings over the last year when it became once again permissible to do so. The numbers are impressive. We need this type of convention center citywide success to remain viable. I sincerely and respectfully thank you for your time and consideration.

Aloha,



Jerry Gibson
President
Hawai'i Hotel Alliance