H.B. NO. 754 H.D. 1 S.D. 1 Proposed

Report Title:

Tourism; HTA Board; Tourism Emergency

#### Description:

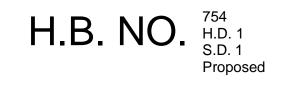
Makes technical amendment to tourism law regarding development of measures of effectiveness. Removes ex-officio members from the Hawaii Tourism Authority (HTA) Board and places them in an advisory group to HTA. Expands the scope of a tourism emergency to include a regional or global economic crisis. 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)

# A BILL FOR AN ACT

RELATING TO THE HAWAII TOURISM AUTHORITY.

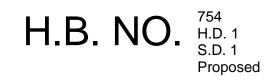
### BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Section 201-3, Hawaii Revised Statutes, is 1 2 amended to read as follows: 3 "§201-3 Specific research and promotional functions of the department. Without prejudice to its general functions and 4 5 duties, the department of business, economic development, and tourism shall have specific functions in the following areas: 6 7 Industrial development. The department shall (1)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] (C) Promote studies and surveys to determine consumer 15 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; [ <del>disseminate</del> ]
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; [ <del>assist</del> ]
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 [ <del>encourage</del> ] <u>:</u>
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; [ <del>promote</del> ]
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)	Cred	it 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)	Prom	otion. The department shall disseminate
21		info	rmation developed for or by the department
22		pert	aining to economic development to assist present
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1		indus	try in the State, attract new industry and
2		inves	tments to the State, and assist new and emerging
3		indus	try with good growth potential or prospects in
4		jobs,	exports, and new products. The industrial and
5		econo	mic promotional activities of the department may
6		inclu	de the use of literature, advertising,
7		demon	strations, displays, market testing, lectures,
8		trave	l, motion picture and slide films, and other
9		promo	tional and publicity devices as may be
10		appro	priate;
11	[ <del>-(5)</del> -	Touri	sm research and statistics. The department shall
12		maint	ain a program of research and statistics for the
13		<del>purpo</del>	<del>se of:</del>
14		<del>(A)</del>	Measuring and analyzing tourism trends;
15		<del>(B)</del>	Providing information and research to assist in
16			the development and implementation of state
17			tourism policy;
18		<del>(C)</del>	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
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\*HB754 SD1 PROPOSED.DOC\* \*HB754 SD1 PROPOSED.DOC\*

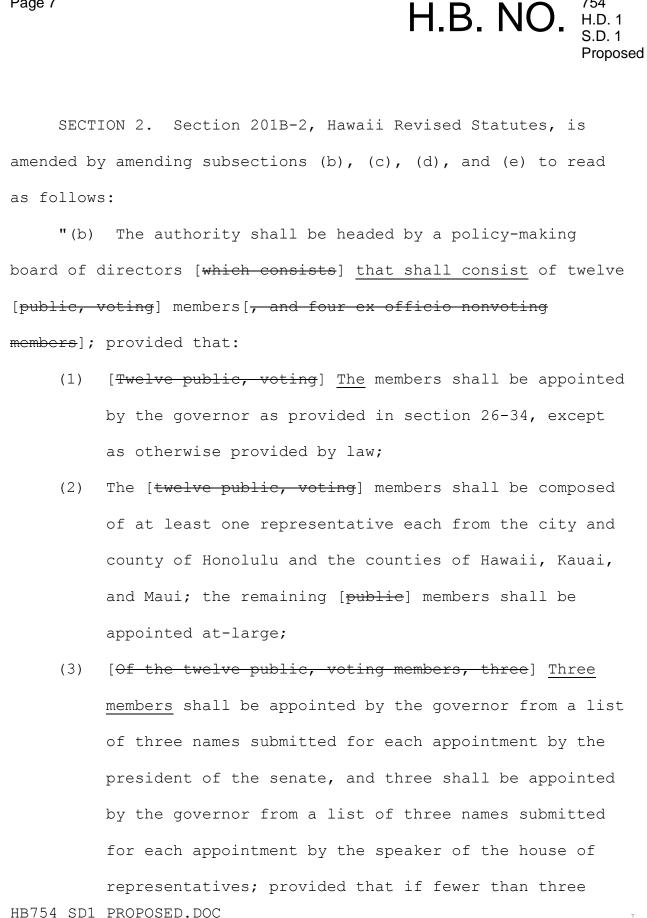
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1	<del>(D)</del> Prov	iding tourism information to policy makers,
2	the	public, and the visitor industry. This
3	incl	udes:
4	<del>(i)</del>	Collecting and publishing visitor-related
5		data including visitor arrivals, visitor
6		characteristics and expenditures;
7	<del>(ii)</del>	Collecting and publishing hotel-related
8		statistics including the number of units
9		available, occupancy rates, and room rates;
10	<del>(iii)</del>	Collecting and publishing airline-related
11		data including seat capacity and number of
12		flights;
13	<del>(iv)</del>	Collecting information and conducting
14		analyses of the economic, social, and
15		physical impacts of tourism on the State;
16	<del>(v)</del>	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

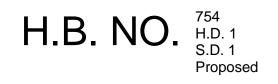
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1	(vi) Cooperate with the Hawaii tourism authority
2	and provide it with the above information in
3	a timely manner; ] and
4	[ <del>(6)</del> ] <u>(5)</u> Self-sufficiency standard. The department shall
5	establish and update biennially a self-sufficiency
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 [ <del>utilization</del> ] <u>use</u> 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

21 The department shall be the central agency to coordinate 22 film permit activities in the State." HB754 SD1 PROPOSED.DOC \*HB754 SD1 PROPOSED.DOC\* \*HB754 SD1 PROPOSED.DOC\*

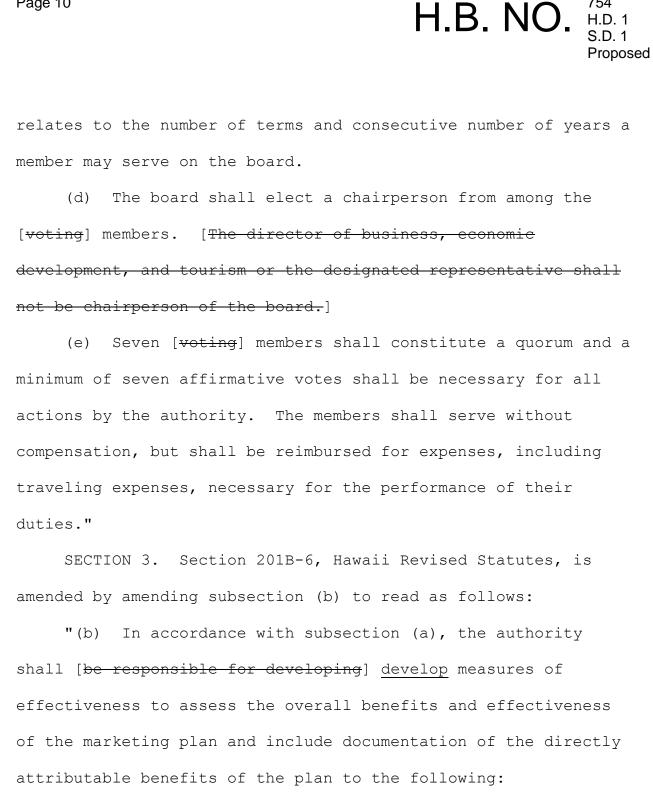


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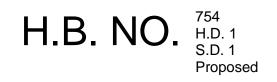
1		names are submitted for each appointment, the governor
2		may disregard the list;
3	(4)	At least six [ <del>of the twelve public, voting</del> ] members
4		shall have knowledge, experience, and expertise in the
5		area of visitor industry management, marketing,
6		promotion, transportation, retail, 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	[ <del>(6)</del>	The director of business, economic development, and
19		tourism, or a designated representative, shall be an
20		ex officio nonvoting member;

1	<del>(7)</del>	The director of transportation, or a designated
2		representative, shall be an ex officio nonvoting
3		member;
4	<del>(8)</del>	The chairperson of the board of land and natural
5		resources, or a designated representative, shall be an
6		ex officio nonvoting member;
7	<del>(9)</del>	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	[ <del>(10)</del> ]	(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 [ <del>public, voting</del> ]
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)	[ <del>The public members</del> ] <u>Members</u> shall be appointed by the
20	governor	for terms of four years. Each [ <del>public</del> ] member shall
21	hold offic	ce until the member's successor is appointed and
22	qualified	. Section 26-34 shall be applicable insofar as it
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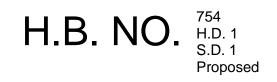


- (1)Hawaii's tourism industry;
- (2) Employment in Hawaii;

(3) State taxes; and HB754 SD1 PROPOSED.DOC \*HB754 SD1 PROPOSED.DOC\* \*HB754 SD1 PROPOSED.DOC\*



1	(4)	The State's lesser known and [underutilized] underused
2		destinations."
3	SECT	ION 4. Section 201B-7, Hawaii Revised Statutes, is
4	amended by	y amending subsection (a) to read as follows:
5	"(a)	The authority may enter into contracts and agreements
6	that inclu	ude 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
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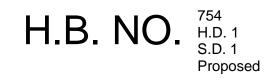


1		1, 2	003, a	and thereafter, the contract for management
2		of t	he co	nvention center facility shall include
3		mark	eting	for all uses of the facility; [and]
4	[+](8)[+]	Tour	ism re	esearch and statistics to:
5		(A)	Meas	ure and analyze tourism trends;
6		(B)	Prov	ide information and research to assist in the
7			deve.	lopment and implementation of state tourism
8			poli	cy;
9		(C)	Prov	ide 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;
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and

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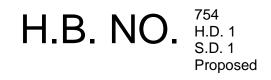


2	(9) Any and all other activities necessary to carry out
3	the intent of this chapter;
4	provided that for any contract or agreement valued at \$25,000
5	and over, the authority shall provide notice to the speaker of
6	the house of representatives and the president of the senate on
7	the same day that 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
14 15	when or where it occurs, adversely affects Hawaii's tourism industry by resulting in a substantial interruption in the

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 HB754 SD1 PROPOSED.DOC \*HB754 SD1 PROPOSED.DOC\*

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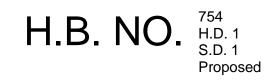
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1	emergency; provided that any tourism emergency response measure
2	implemented pursuant to this subsection shall not include any
3	provision that would adversely affect the organized labor force
4	in tourism-related industries. <u>With respect to a regional or</u>
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	<b>agencies[-]; advisory group.</b> (a) Any state or county agency
	<b>agencies[-]</b> ; <b>advisory group.</b> (a) Any state or county agency may render services upon request of the authority.
12	
12 13	may render services upon request of the authority.
12 13 14	<pre>may render services upon request of the authority.    (b) The authority shall establish an advisory group, which</pre>
12 13 14 15 16	<pre>may render services upon request of the authority.     (b) The authority shall establish an advisory group, which     shall include the director of business, economic development,</pre>
12 13 14 15	<pre>may render services upon request of the authority.     (b) The authority shall establish an advisory group, which     shall include the director of business, economic development,     and tourism, director of transportation, chairperson of the</pre>
12 13 14 15 16 17	<pre>may render services upon request of the authority.     (b) The authority shall establish an advisory group, which     shall include the director of business, economic development,     and tourism, director of transportation, chairperson of the     board of land and natural resources, and executive director of</pre>
12 13 14 15 16 17 18	<pre>may render services upon request of the authority.     (b) The authority shall establish an advisory group, which     shall include the director of business, economic development,     and tourism, director of transportation, chairperson of the     board of land and natural resources, and executive director of     the state foundation on culture and the arts to advise the</pre>
12 13 14 15 16 17 18 19	<pre>may render services upon request of the authority.    (b) The authority shall establish an advisory group, which    shall include the director of business, economic development,    and tourism, director of transportation, chairperson of the    board of land and natural resources, and executive director of    the state foundation on culture and the arts to advise the    authority on matters relating to their respective departments or</pre>

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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	SECT	ION 7. Section 237D-6.5, Hawaii Revised Statutes, is
10	amended b	y amending subsection (b) to read as follows:
11	"(b)	Revenues collected under this chapter shall be
12	distribut	ed 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;

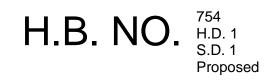


1	(2) 34.2	per cent of the revenues collected under this
2	chap	ter shall be deposited into the tourism special
3	fund	established under section 201B-11 for tourism
4	prom	otion and visitor industry research; provided that
5	[ <del>beg</del>	inning on July 1, 2002, of]:
6	<u>(A)</u>	Not less than per cent of the revenues
7		deposited shall be used for tourism product
8		development and cultural programs;
9	<u>(B)</u>	Of the first \$1,000,000 in revenues deposited:
10	[ <del>(A)</del> ]	(i) Ninety per cent shall be deposited into the
11		state parks special fund established in
12		section 184-3.4; and
13	[ <del>(B)</del> ]	(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; [ <del>provided further that of</del> ] <u>and</u>
	HB754 SD1 PROP *HB754 SD1 PRO *HB754 SD1 PRO	POSED.DOC*



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.