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## A BILL FOR AN ACT

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



1 Act 156, Session Laws of Hawaii 1998, which established the  
2 Hawaii tourism authority, specified that the authority should  
3 "[h]ave a permanent, strong focus on marketing and promotion[.]"

4 This mandate led to a perception among residents that the  
5 authority was responsible for the very high visitor counts in  
6 the late 2010s, a phenomenon that critics often called  
7 "overtourism". Act 156 also authorized the authority to  
8 coordinate with other agencies and required it to create a  
9 "long-term strategic plan for tourism in Hawaii[.]" However,  
10 when 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 strategic  
15 plans have focused on goals and actions strictly within the  
16 authority's own 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 2005-2015 strategic plan, likely resulting in the  
7 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. For the purposes of this section,  
9 "reasonably similar to Hawaii" means a location where:

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

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

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

18 provided that certain small island nations may also be  
19 appropriate for the study to the extent that the study's focus  
20 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 if destinations where destination  
8 management organizations are not present succeed  
9 economically and in terms of resident satisfaction  
10 with tourism. For tourism governance systems with  
11 strong destination management organizations present,  
12 the study shall assess whether balance has been  
13 achieved between agency effectiveness and any resident  
14 sense that tourism is being given an outsized role in  
15 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 Hawaii  
15 levels of government organization and structure  
16 critical to assessing whether various alternative  
17 tourism governance systems would be appropriate to  
18 Hawaii.

19 (d) Based on the research conducted and input received  
20 pursuant to subsections (b) and (c), the legislative reference  
21 bureau shall synthesize three potential alternative tourism



1 governance systems that may be applied in Hawaii and summarize  
2 the systems in a general outline form. To the extent feasible,  
3 the outline shall identify each system's relative advantages and  
4 disadvantages regarding:

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

10 (2) Effective rapid response to ongoing or periodic issues  
11 requiring mitigation, especially those that require  
12 multi-agency cooperation to address;

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

16 (4) Capacity to respond to:

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

19 (B) Ongoing or foreseeable future issues, such as  
20 public health or natural disaster response,





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



1 authority's evolving destination management action  
2 plan process; and

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

6 The study shall not recommend a single preferred approach  
7 among the alternatives.

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

18 (b) The legislative reference bureau shall submit a final  
19 report of potential options for legislative consideration to the  
20 legislature no later than twenty days prior to the convening of  
21 the regular session of 2025. The final report shall note any



1 changes to potential new tourism governance systems based on the  
2 public input process pursuant to subsection (a), as well as a  
3 general summary of the input received.

4 SECTION 4. There is appropriated out of the general  
5 revenues of the State of Hawaii the sum of \$ or so  
6 much thereof as may be necessary for fiscal year 2022-2023 for  
7 the legislative reference bureau to conduct the study as  
8 provided in this Act.

9 The sum 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, 2022.

19

INTRODUCED BY:



JAN 21 2022



# H.B. NO. 1785

**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.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

