

JAN 20 2023

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# A BILL FOR AN ACT

RELATING TO THE HAWAII TOURISM AUTHORITY.

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

1           SECTION 1. The legislature finds that, since 2002, the  
2 auditor is required to conduct a comprehensive management and  
3 financial audit at least every five years of all contracts or  
4 agreements awarded by the Hawaii tourism authority that are  
5 valued in excess of \$15,000,000, pursuant to section 23-13,  
6 Hawaii Revised Statutes.

7           The legislature further finds that the Hawaii tourism  
8 authority awarded two separate contracts for the same request  
9 for proposals, RFP 22-01, regarding destination brand marketing  
10 and management services to the State for the United States major  
11 market area. The first award was made to the Hawaii Visitors  
12 and Convention Bureau in November 2021, which was then protested  
13 by the Council for Native Hawaiian Advancement. The Hawaii  
14 tourism authority re-solicited RFP 22-01 in April 2022. The  
15 second award was made to the Council for Native Hawaiian  
16 Advancement in June 2022, which was then protested by the Hawaii  
17 Visitors and Convention Bureau.



1           The head of the purchasing agency for the department of  
2 business, economic development, and tourism rescinded the second  
3 award of the \$34,000,000 contract to the Council for Native  
4 Hawaiian Advancement in December 2022. Because the value of the  
5 contract for destination brand marketing and management services  
6 to the State for the United States major market area is in  
7 excess of \$15,000,000, the auditor is required to conduct an  
8 audit of RFP 22-01 as it relates to the \$34,000,000 contract.

9           The purpose of this Act is to require the auditor to  
10 conduct a management and financial audit of the \$34,000,000  
11 contract for destination brand marketing and management services  
12 to the State for the United States major market area awarded by  
13 the Hawaii tourism authority and the department of business,  
14 economic development, and tourism.

15           SECTION 2. (a) The auditor shall conduct a comprehensive  
16 management and financial audit of the Hawaii tourism authority  
17 and the department of business, economic development, and  
18 tourism relating to the rescission of the \$34,000,000 contract  
19 for destination brand marketing and management services to the  
20 State for the United States major market area. The audit shall  
21 include but not be limited to:



- 1           (1) Whether the Hawaii tourism authority has adequate  
2           staffing and resources to conduct proper procurements  
3           in compliance with the Hawaii public procurement code,  
4           chapter 103D, Hawaii Revised Statutes;
- 5           (2) Staff response time to procurement protests;
- 6           (3) Current procurement practices, including the roles of  
7           the board of directors of the Hawaii tourism  
8           authority; director of the department of business,  
9           economic development, and tourism; state procurement  
10          office; and the department of the attorney general in  
11          the Hawaii tourism authority's procurement process;  
12          and
- 13          (4) Any recommended improvements, including proposed  
14          legislation, to update and realign the procurement  
15          practices of the Hawaii tourism authority and the  
16          department of business, economic development, and  
17          tourism to comply with the Hawaii public procurement  
18          code.
- 19          (b) The auditor shall submit a report of its findings and  
20          recommendations, including any proposed legislation, to the



1 legislature no later than twenty days prior to the convening of  
2 the regular session of 2024.

3 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:

Lynn D. Coite



# S.B. NO. 780

**Report Title:**

Office of the Auditor; Hawaii Tourism Authority; Department of Business, Economic Development, and Tourism; Audit; Brand Management and Support Services

**Description:**

Requires the Office of the Auditor to conduct a comprehensive management and financial audit of the Hawaii Tourism Authority and the Department of Business, Economic Development, and Tourism, specifically relating to the Request for Proposals regarding destination brand marketing and management services to the State for the United States major market area.

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

