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**WRITTEN ONLY**  
TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON TOURISM  
ON  
SENATE BILL NO. 3006, S.D. 2

**March 12, 2024**  
**10:30 a.m.**  
**Room 423 and Videoconference**

RELATING TO THE CONVENTION CENTER

The Department of Budget and Finance offers comments on this bill.

Senate Bill No. 3006, S.D. 2, exempts the Hawai'i Convention Center (HCC) from the requirements regarding concessions on public property and authorizes the Hawai'i Tourism Authority to sell advertising and marketing on and in the HCC.

The federal Internal Revenue Code (IRC) contains strict rules which prohibit certain private-use activities, including naming rights and other advertising, in facilities financed by tax-exempt general obligation bonds. As such, the allowance of such activities may not be compliant with the IRC and may jeopardize the State's ability to maintain its tax-exempt status for bonds used to finance the HCC.

Thank you for your consideration of our comments.



TESTIMONY OF DANIEL NĀHO'OPI'I  
INTERIM PRESIDENT & CEO, HAWAII TOURISM AUTHORITY  
BEFORE THE HOUSE COMMITTEE ON TOURISM  
Tuesday, March 12, 2024 10:30 a.m.  
In consideration of  
**SB 3006 SD 2**  
**RELATING TO THE CONVENTION CENTER**

Aloha Chair Quinlan, Vice Chair Hussey-Burdick, and Members of the Committee,

The Hawai'i Tourism Authority (HTA) appreciates the opportunity to offer our support for SB3006 SD2, which would enable the sale of naming rights at the Hawai'i Convention Center.

Over the quarter century that the Hawai'i Convention Center has been operating, it has hosted high-profile international convenings, national and local conferences and conventions, beloved festivals and events, athletic events attracting participants locally and from abroad, and served as an important hub for the state's response to emergencies.

Many prestigious venues across the U.S. have sold naming rights. An initial analysis was performed by ASM Global, one of the world's leading venue management companies, taking into account the market as well as volume of events and demographics of guests at our center. That analysis values the naming rights for the Hawai'i Convention Center at up to \$500,000 in the first year, escalating to a 20-year agreement value of over \$13 million.

This measure opens additional possibilities for funding to address the center's repair and maintenance needs into the future, and HTA appreciates the availability of these possibilities. Mahalo for the opportunity to provide these comments in support of this measure.



**HAWAI'I LODGING & TOURISM**  
**A S S O C I A T I O N**

Testimony of Mufi Hannemann, President & CEO  
Hawai'i Lodging & Tourism Association

House Committee on Tourism  
SB3006 SD2 RELATING TO THE CONVENTION CENTER  
Tuesday, March 12, 2024  
Position: SUPPORT

Chair Quinlan and members of the Committee,

On behalf of the Hawai'i Lodging & Tourism Association, the oldest and largest private sector tourism organization in the state, we express our full support for SB3006 SD2 relating to the Convention Center. This bill would allow the sale of naming rights by the Convention Center and would authorize the sale of advertising on and in the Hawai'i Convention Center facility.

Naming rights agreements offer numerous benefits for the Hawai'i Convention Center, our tourism industry, and our communities, generating essential funds for the center's maintenance, upgrades, and operation for it to remain as a competitive destination for gatherings. These agreements also foster partnerships with local businesses, enabling access to additional resources, expertise, and promotional opportunities, driving innovation, attracting new events, and enhancing experiences for both visitors and kama'āina alike.

Furthermore, these agreements have the potential to enhance the allure of our state, rendering it increasingly attractive for hosting Meetings, Incentives, Conferences, and Exhibitions (MICE) travel. By fostering stronger alliances with renowned brands or corporations, we can notably boost corporate travel, known for its substantial spending contributions to local businesses and minimal impact on our natural resources.

Mahalo for considering our testimony.



Committee On Tourism  
Rep. Sean Quinlan, Chair  
Rep. Natalia Hussey-Burdick, Vice Chair

### Testimony in opposition to SB3006

Chair Quinlan, Vice Chair Hussey-Burdick, and Members of the Committee,

UNITE HERE Local 5 represents 10,000 working people in the hotel, food service and health care industries across Hawaii. We are opposed to SB3006, which would allow the State to lease out concessions at the Hawaii Convention Center without competitive bidding.

The list of public properties exempt from competitive bidding continues to grow, but it is unclear if or how such exemptions have ever benefited the State. It certainly is not clear why the Convention Center should be added to that list. The list has already been expanded many times in recent years – a few examples include:

- 2014 Act 141<sup>i</sup>, which exempted some types of airport concessions;
- 2016 Act 121<sup>ii</sup>, which exempted operation of a natural energy laboratory of Hawaii authority;
- 2017 Act 138<sup>iii</sup>, which exempted all types of airport concessions;
- 2022 Act 163<sup>iv</sup>, which exempted ground transportation and parking lot operations at small boat harbors, and certain types of concessions at beach or ocean related recreational services, county zoos, botanical gardens and county parks. This act also extended the maximum terms of leases; and
- 2023 Act 72<sup>v</sup>, which exempted ground transportation and parking lot operations at state parks, as well as certain other concessions operations at state parks.

We feel this, like all measures to get around State procurement laws, is not in the public interest. It would remove transparency from the process by which our public facilities and lands are leased to corporations. It would remove the public from the process. Further, it is anti-competitive, and we do not understand how it would serve the best interests of the State to not analyze competing proposals - especially if concessions are meant to generate revenue for the State.

Please oppose this measure.

Thank you for your consideration.

<sup>i</sup> [https://www.capitol.hawaii.gov/slh/Years/SLH2014/SLH2014\\_Act141.pdf](https://www.capitol.hawaii.gov/slh/Years/SLH2014/SLH2014_Act141.pdf)

<sup>ii</sup> [https://www.capitol.hawaii.gov/slh/Years/SLH2016/SLH2016\\_Act121.pdf](https://www.capitol.hawaii.gov/slh/Years/SLH2016/SLH2016_Act121.pdf)

<sup>iii</sup> [https://www.capitol.hawaii.gov/slh/Years/SLH2017/SLH2017\\_Act138.pdf](https://www.capitol.hawaii.gov/slh/Years/SLH2017/SLH2017_Act138.pdf)

<sup>iv</sup> [https://www.capitol.hawaii.gov/slh/Years/SLH2022/SLH2022\\_Act163.pdf](https://www.capitol.hawaii.gov/slh/Years/SLH2022/SLH2022_Act163.pdf)

<sup>v</sup> [https://www.capitol.hawaii.gov/slh/Years/SLH2023/SLH2023\\_Act72.pdf](https://www.capitol.hawaii.gov/slh/Years/SLH2023/SLH2023_Act72.pdf)

**SB-3006-SD-2**

Submitted on: 3/11/2024 4:17:43 PM

Testimony for TOU on 3/12/2024 10:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Ken Takeya	Individual	Oppose	Written Testimony Only

Comments:

I feel this bill will be setting a bad precedent for future use of billboards. If this bill is passed than I foresee the laguage being used to circumvent other loactions to set up billboards which goes against the spirit and intent of not have billboards throughout Hawaii like on the Mainland.

**SB-3006-SD-2**

Submitted on: 3/11/2024 5:49:34 PM

Testimony for TOU on 3/12/2024 10:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Sharron McMorrow	Individual	Oppose	Written Testimony Only

Comments:

I, Sharron McMorrow oppose any change in the current laws that protect the Islands from any billboards that any business may want to try to bring back that defiles the beauty of our Islands. The Outdoor Circle fought hard almost 100 years ago to protect us from billboards. It is even more important today to protect us from these unsightly advertisements. And to reconfirm that we DO NOT them back.