



TESTIMONY OF
CAROLINE ANDERSON
Interim President & CEO
Hawai'i Tourism Authority
before the
**SENATE COMMITTEES ON ECONOMIC DEVELOPMENT AND TOURISM AND GOVERNMENT
OPERATIONS**

Thursday, February 19, 2026

1:00 p.m.

State Capitol, Room 229

In consideration of
SB 2627 SD1
RELATING TO ECONOMIC DEVELOPMENT AND TOURISM.

Aloha Chairs DeCoite and McKelvey, Vice Chairs Wakai and Gabbard, and Members of the Committees:

The Hawai'i Tourism Authority (HTA) supports SB2627, SD1, which would exempt HTA's contracts or agreements for sports projects and events and marketing activities from the Hawai'i Public Procurement Code (Chapter 103D, HRS) and all other requirements of law for competitive bidding.

This measure addresses the practical reality that procurement and contracting under the standard process can take months, which can cause Hawai'i to miss time-sensitive opportunities—particularly when negotiating sponsorships and partnership agreements with national and international sports brands and teams, or when executing marketing campaigns tied to seasonal or global events.

By allowing an exemption for these specific activities, the bill is intended to help HTA act within the timing and competitive windows that drive sports partnerships and destination marketing. The bill findings describe the need to move swiftly to secure sponsorships and partnerships, remain competitive with other destinations that can move faster, and reduce administrative delays.

HTA recognizes that added flexibility must come with clear safeguards. If this limited exemption is granted, HTA will use it only for the specific purposes stated in the bill and will continue to follow the spirit and intent of Chapter 103D, including maintaining written documentation of the business need, the selection rationale, and price or value reasonableness for each agreement.

HTA will continue its internal controls and oversight practices that have been strengthened over the past year, including clear approval authority and executive-level responsibility, continued procurement ethics and compliance training for staff and leadership, and continued operation under DBEDT's administrative oversight. HTA will also continue routine review of its procurement-related policies and procedures to ensure they remain current and consistent with applicable laws, rules, and DBEDT standards.

To support transparency, HTA will continue to maintain an audit-ready contract-tracking process that records key terms and decision points for each exempt contract, including vendor, contract

SB 2627 SD1 (EDT-GVO)

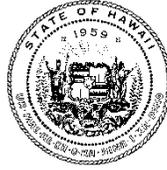
February 19, 2026

Page 2

number, purpose/category, value, term, approving authority, and required deliverables. HTA will also continue to track amendments and material scope changes (including increases and extensions), monitor vendor concentration, and provide periodic summary reporting on exemption activity so decision-makers and the public can see how the funds are being used and confirm that documentation and approvals are complete.

Mahalo for the opportunity to testify in support of SB 2627 SD1.

JOSH B. GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



BONNIE KAHAKUI
ADMINISTRATOR
DAYNA OMIYA
ASSISTANT ADMINISTRATOR

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII'
STATE PROCUREMENT OFFICE
P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state.procurement.office@hawaii.gov
<http://spo.hawaii.gov>

TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEES
ON
ECONOMIC DEVELOPMENT AND TOURISM
AND
GOVERNMENT OPERATIONS
February 19, 2026, 1:00 PM

SENATE BILL 2627 SD1
RELATING TO ECONOMIC DEVELOPMENT AND TOURISM

Chairs DeCoite, Chair McKelvey, Vice Chair Wakai, Vice Chair Gabbard, and members of the committees, thank you for the opportunity to submit testimony on Senate Bill 2627 SD1. The State Procurement Office (SPO) opposes Senate Bill 2627 SD1 entirely and provides the following comments and recommendations:

COMMENTS

The SPO testifies that all procurements for the Hawaii Tourism Authority (HTA) should be competitively procured pursuant to Hawaii Revised Statutes (HRS) chapter 103D, the Hawaii Public Procurement Code (Code), and should not be exempt from competitive bidding for contracts and agreements for sports projects and events and marketing activities.

In the [Office of the Auditor's Report No. 18-04](#), the Office of the Auditor found that the HTA misused its procurement privileges, including improper reimbursements for first-class airfare and luxury hotel expenses. The report also highlighted significant mismanagement stemming from HTA's exemption from state procurement laws, which led to:

- Extensive outsourcing without adequate oversight, resulting in scope inflation, cost overruns, and lack of accountability;
- Improper and failed procurement practices; and
- Inadequate oversight of marketing contracts, in which compliance with contract provisions was not ensured.

Following these findings in 2018, the Legislature repealed HTA's exemption from the Hawaii Procurement Code in 2021 through Act 1, Special Session Laws of Hawaii (SLH) 2021. This action

addressed years of mismanagement that had persisted since HTA was first exempted under Act 56, SLH 1998.

If the HTA requires goods or services in which competitive procurement is impractical or disadvantageous to the State, HRS §103D-102 and Hawaii Administrative Rules §3-120-5 already provide a transparent process for exemptions. A blanket exemption is unnecessary.

HRS Chapter 103D is the State's uniform procurement policy, ensuring fairness, open competition, and transparency in the procurement and contracting process – principles vital to good government. Public procurement's core purpose is to guarantee equal opportunity and prevent favoritism, collusion, or fraud. Exempting HTA undermines these principles and creates an unequal application of the law.

The SPO emphasizes that the Code must apply consistently across all government agencies. Exemptions risk repeated use of the same vendors, violating HRS 103D-101 (a)(6)(A), which promotes economic competition by ensuring that all persons are afforded an equal opportunity to compete in a fair and open environment. Exempting the HTA may lead to the authority repeatedly selecting the same vendors, which would be in violation of HRS 103D-101(a)(6)(A). The Code encourages economic competition by "ensuring that all persons are afforded an equal opportunity to compete in a fair and open environment."

The National Association of State Procurement Officials (NASPO) states that procurement integrity is a fundamental pillar of government. Exemptions eliminate oversight, accountability, and transparency, removing requirements for due diligence, cost analysis, market research, and contract management. Agencies could bypass competition entirely, forfeiting economies of scale and cost efficiencies, while ignoring procurement integrity laws.

Furthermore, when public bodies operate outside the Hawaii Procurement Code, they create fragmented rules, complicating compliance and reducing opportunities. Over time, exemptions lead to inefficiency, higher costs, an uneven competitive environment across jurisdictions, and loss of public confidence.

RECOMMENDATIONS

The SPO recommends deleting SECTION 2, Page 2, lines 15-20, in its entirety, as shown below:

" ~~[201B— Exemption of authority from Hawaii public procurement code. The authority shall not be subject to chapter 103D and any and all other requirements of law for competitive bidding for contracts or agreements for:~~
~~(1) Sports projects and events; and~~
~~(2) Marketing activities.] "~~

Thank you for the opportunity to submit testimony on this measure.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
AND SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

Thursday, February 19, 2026
1:00 PM
State Capitol, Conference Room 229

In consideration of
SB2627, SD1
RELATING TO ECONOMIC DEVELOPMENT AND TOURISM

Chairs DeCoite and McKelvey, Vice Chairs Wakai and Gabbard, and Members of the Committees.

The Department of Business, Economic Development and Tourism (DBEDT) **supports SB2627, SD1**, which exempts the Hawai'i Tourism Authority's contracts or agreements for sports projects, events and marketing activities from the Hawai'i Public Procurement Code and all other requirements of law for competitive bidding.

This measure aims to enhance Hawai'i's agility in sports tourism and marketing partnerships by providing the Hawai'i Tourism Authority (HTA) the tools to compete effectively and capitalize on opportunities that elevate our brand worldwide. Strategic partnerships in sports and marketing are proven drivers of visitor engagement and economic impact.

DBEDT supports this critical measure and agrees that it will enable the HTA to enter into partnerships in a timely manner, allowing the State to remain competitive and reduce operational barriers, leveling the playing field with other destinations. Having increased flexibility while negotiating partnership agreements and time-sensitive marketing with sports brands and teams will strengthen Hawai'i's position in the global tourism marketplace.

Thank you for the opportunity to support this measure.

SB-2627-SD-1

Submitted on: 2/17/2026 11:47:02 AM

Testimony for EDT on 2/19/2026 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Keoni Shizuma	Individual	Comments	Written Testimony Only

Comments:

Aloha,

I am submitting comments on SB2627.

While I understand that procurement process can take a long time and cause delays, or even missed opportunities, I do believe that they are protective from waste, fraud, and abuse.

Because there seems to have been issues with sponsorships and partnerships, I would recommend that this bill create an exemption from Hawaii public procurement code, only for sponsorship and partnerships. As previously stated, the public procurement code is there to protect Hawaii and our tax payer dollars. It should be there as much as possible, and thus request that the bill be amended to provide an exemption ONLY to sponsorships or partnerships.

Mahalo for your consideration,
Keoni Shizuma