

ACT 15

H.B. NO. 2997

A Bill for an Act Making an Appropriation for Tourism Marketing.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. This Act is recommended by the governor for immediate passage in accordance with section 9, article VII, of the constitution of the State of Hawaii, for the Miss Universe Pageant to be held in Hawaii in mid-May 1998. The immediate passage of this Act will facilitate the hosting of this event by augmenting private sector funds and in-kind contributions.

SECTION 2. Act 328, Session Laws of Hawaii 1997, appropriated general funds to the state tourism office (BED 113) for fiscal year 1997-1998. The department of business, economic development, and tourism recognizes the importance of diversifying Hawaii's tourism product and leveraging marketing activities to maximize the industry's financial impact on the State. Particularly in these times of fiscal uncertainty, accentuated by the recent Asian financial crises, the State will continue to look for ways to promote Hawaii's primary industry. The governor and the Hawaii visitors and convention bureau have established a preliminary host committee which has determined the economic feasibility of hosting the 1998 Miss Universe Pageant in Honolulu, which presents an opportunity to further diversify Hawaii's tourism product and leverage marketing activities including the following benefits:

- (1) The pageant is telecast to approximately seventy-five nations worldwide with a potential viewing audience of two and a half billion people;
- (2) The broadcast of this forty-six-year-old, major entertainment event is one of the most watched programming in the world;
- (3) At least three minutes of the Miss Universe Pageant telecast is devoted to promoting the host community as a visitor destination and another six to seven minutes are spent featuring the finalists at various locations in the host community;
- (4) As host, Hawaii will receive major United States network exposure in a prime-time, two-hour, live television special. Throughout the telecast, the special will showcase the unsurpassed beauty and diversity of experiences available in the Islands, clearly portraying Hawaii as the host of the pageant;

- (5) Advertising exposure from the pageant is estimated to be about \$4,000,000 in the United States market;
- (6) Resulting employment is estimated to be worth \$1,500,000 to \$2,000,000, and in addition to direct local employment, includes expenditures for event production purchases and rentals and increased traffic in Hawaii's restaurants, hotels, tourist attractions, and other businesses;
- (7) The pageant is expected to attract at least two thousand visitors, generate more than \$9,000,000 million in immediate economic benefits, and millions of dollars more in spending by new visitors coming to the Islands as a result of positive impressions from the pageant telecast;
- (8) Resulting show promotions on the CBS network are valued at \$200,000;
- (9) Resulting public relations coverage of Hawaii is valued at \$200,000; and
- (10) Community-wide local sponsor support and cooperation, including in-kind contributions from tourism- and non-tourism-related businesses, afford Hawaii the opportunity to host the pageant at a cost much lower than actual value.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$3,300,000 or so much thereof or may be necessary for fiscal year 1997-1998, as required to host the 1998 Miss Universe Pageant.

SECTION 4. The sum appropriated shall be expended by the department of business, economic development, and tourism through a contract with the Hawaii visitors and convention bureau for the purposes of this Act; provided that the department of business, economic development, and tourism, through its contract with the Hawaii visitors and convention bureau, shall be allowed to expend funds appropriated under this Act for salaries, benefits, related taxes, and any and all other personnel-related costs to hire workers for the Miss Universe Pageant.

SECTION 5. Any excess funds from the appropriation resulting from a reduction in costs shall be returned to the general fund.

SECTION 6. The Hawaii visitors and convention bureau shall report to the legislature on its tourism marketing plans for the Miss Universe Pageant no later than thirty days after the release of funds appropriated by this Act. A second report outlining the preliminary results of the appropriation including:

- (1) Estimated reach and estimated value of advertising and public relations;
- (2) Direct local employment;
- (3) Resulting increase in visitor arrivals and visitor expenditures; and
- (4) Tax revenues,

shall be submitted within sixty days after the event has taken place. A final report shall be submitted to the legislature no later than twenty days prior to the convening of the 1999 regular session.

SECTION 7. This Act shall take effect upon its approval.

(Approved April 8, 1998.)