

ACT 2

H.B. NO. 9

A Bill for an Act Making an Appropriation for the Immediate Implementation of an Integrated Marketing Plan to Market and Promote the State of Hawaii as a Visitor Destination.

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

SECTION 1. On September 11, 2001, four commercial aircraft were hijacked by terrorists. Two of the aircraft were flown directly into the "twin towers" of the World Trade Center in New York City resulting in the destruction of both towers and the tragic death of thousands of innocent people. A third aircraft was flown directly into the Pentagon building resulting in its partial ruin and the tragic death of more innocent people. The fourth aircraft crashed into an open site in Pennsylvania due to the heroic acts of the passengers which prevented the aircraft from causing further tragedy.

In response to these terrorist attacks, the Federal Aviation Administration immediately ordered all aircraft to be grounded from September 11, 2001, until limited authorization was provided to allow commercial aircraft to fly into designated airports on September 13, 2001. Various airlines have reduced their flights after September 11, 2001. Although security measures at all airports were significantly enhanced after September 11, 2001, passenger confidence to travel by air was greatly impacted.

As a result of the terrorist attacks on September 11, 2001, the national economy and consumer confidence was severely impacted. The lack of confidence in traveling by air has emerged as a major consumer barrier as uncertainty over future terrorist actions persists. Travelers reacted to the terrorist attacks by canceling near-term leisure and business trips. A recent poll of United States residents indicated that approximately 42 per cent to 59 per cent are less willing to fly now. Likewise, a poll in Japan indicated that approximately 46 per cent of the 367 surveyed said they would keep their travel plans to Hawaii through February 2002. Twenty-three per cent said they will not visit Hawaii, and 24 per cent said they had not decided. As an island State, Hawaii relies primarily upon air transportation as the manner of travel for traveling to Hawaii for business and leisure.

The drop in passenger counts in September 2001, has been dramatic, falling by about forty per cent for the period September 11, 2001, to September 30, 2001, as compared to the same period last year. The numbers of passengers on domestic flights have recovered to about eighty per cent of what they were in the first week of October 2000, but Japanese arrivals are still at about sixty per cent of what they were. The department of business, economic development and tourism has estimated that if visitor losses average thirteen per cent for the rest of the year, or about the same as experienced during the Gulf War of 1991, layoffs of approximately 11,000 employees would occur and the gross state product would decline by nearly \$500 million. If visitor industry losses equate to a thirty per cent downturn for the remainder of 2001, the State is looking at layoffs exceeding 27,000 employees, and as much as a \$1 billion loss in the gross state product for the year.

Immediately after the terrorist attacks, Hawaii experienced a near term cancellation of leisure and business trips, and shortly thereafter Hawaii visitor industry employees had to reduce their hours, share jobs, accept a furlough, voluntarily accelerate their vacation, and be laid off. According to data from the department of labor and industrial relations, initial unemployment filings in Hawaii's air transportation industry are at seven times typical levels, retail unemployment filings at eight times last years numbers, and hotel workers a disturbing twenty times higher than the previous year.

The legislature finds that the State of Hawaii is in an economic crisis as a direct result of the terrorist attacks on September 11, 2001. In response to this economic crisis, the State must take immediate steps to minimize the severity and length of the negative economic spiral, especially within the visitor industry.

One such step is to support an integrated marketing plan to promote the State of Hawaii as a visitor destination for business and leisure. The marketing plan will capitalize on Hawaii's uniquely positive global brand and focus on visitor travel to and from Hawaii during the period October 2001, to March 2002. The goal of the marketing plan will be to stabilize visitor levels to 2001 levels by the end of the second quarter of 2002.

The purpose of this Act is to fund the immediate implementation of an integrated marketing plan that will address the lack of confidence by visitors in traveling by air arising from the terrorist attacks and any other factors that immediately impact travel to Hawaii.

SECTION 2. There is appropriated out of the tourism special fund of the State of Hawaii the sum of \$10,000,000 or so much thereof as may be necessary for the fiscal year 2001-2002 for the immediate implementation of an integrated marketing plan to market and promote the State of Hawaii as a visitor destination. The marketing plan shall respond to the changed market conditions resulting from the terrorist attacks of September 11, 2001. Existing tourism marketing contracts may be amended to implement the purposes of this Act.

SECTION 3. The sum appropriated shall be expended by the Hawaii tourism authority for the purposes of this Act and in addition to the amount previously appropriated to the authority under Act 259, Session Laws of Hawaii 2001.

SECTION 4. The Hawaii tourism authority, with assistance from the Hawaii Visitors and Convention Bureau, shall report to the legislature by March 1, 2002, on its implementation of an integrated plan to market and promote the State of Hawaii as a visitor destination in response to the changed market conditions resulting from the terrorist attacks of September 11, 2001. The report shall include the details on how the \$10,000,000 was expended, and how these expenditures relate to other expenditures by the Hawaii tourism authority for marketing.

SECTION 5. This Act shall not be applied so as to impair any contract existing as of the effective date of this Act in a manner violative of either the Hawaii Constitution or section 10 of Article I of the United States Constitution.

SECTION 6. This Act shall take effect upon its approval.

(Approved November 2, 2001.)