

SB 488

Measure Title: RELATING TO THE HAWAII TOURISM AUTHORITY.

Report Title: Hawaii Tourism Authority; Grants

Description: Authorizes the Hawaii Tourism Authority to make grants through an agreement for the development of visitor industry products and programs, rather than through a contract.

Companion:

Package: None

Current Referral: THA, WAM

Introducer(s): GALUTERIA, Kahele, Keith-Agaran, Kidani, Solomon

<u>Sort by Date</u>		Status Text
1/18/2013	S	Introduced.
1/22/2013	S	Passed First Reading.
1/22/2013	S	Referred to THA, WAM.
1/30/2013	S	The committee(s) on THA has scheduled a public hearing on 02-04-13 3:00PM in conference room 224.



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Neil Abercrombie
Governor

Mike McCartney
President and Chief Executive Officer

Statement of
Doug Murdock
Vice President, Administrative and Fiscal Affairs
Hawai'i Tourism Authority
on
Senate Bill No. 488
Relating to the Hawaii Tourism Authority
Senate Committee on Tourism and Hawaiian Affairs
Monday, February 4, 2013
3:00 p.m.
Conference Room 224

The Hawaii Tourism Authority (HTA) strongly supports S.B. 488.

People around the world are drawn to Hawaii by our unique people, place and culture. In recognition of this, the Hawai'i Tourism Authority (HTA) is authorized by law at HRS §201B-7 to enter into contracts and agreements that include product development and diversification issues focused on visitors.

To carry out this purpose, the Hawaii Tourism Authority creates, develops and supports programs that deliver unique visitor experiences that align with our people, place and culture. These programs generally fall into three HTA Program areas: signature events, product development and product enrichment programs.

- Signature events align with the brand and aim to draw visitors to experience the diversity and rich cultural unique to the Hawaiian Islands, have media exposure and economic impact.
- The product development program fosters and cultivates programs or projects that provide a variety of offerings for the visitor. The HTA provides tools for these organizations to further grow and develop their tourism products.
- Lastly, the product enrichment program is a community-initiated program that the HTA supports in partnership with the counties. Efforts under the product enrichment program are the County Product Enrichment Program (CPEP), Kukulū Ola, the Living Hawaiian culture program, and the community-based natural resources program.

In 2012, the HTA provided support the benefited 24 major festivals and events, 104 County enrichment program projects, 7 Living Hawaiian Culture Program projects, and 13 community-

based natural resources projects statewide, for a total of almost 150 programs. A full listing of these projects supported by HTA in 2012 can be found in its annual report on page 32 and 33.

The proposed bill makes statutory changes to add grant-making authority for the Hawaii Tourism Authority. The Authority's current statute allows for making contracts and agreements but not grants.

It proposes to:

- (1) Empower the Hawaii Tourism Authority to provide grants to support cultural programs, community-based tourism activities such as festivals and events, environmental projects and other appropriate activities. Currently these programs are implemented by contract. Grant-making authority will allow HTA to reduce the burden on community organizations involved in these programs.
- (2) Set required elements of a grant application.
- (3) Require HTA to monitor grants for performance.
- (4) Exempt such grants from Chapter 42F.

The programs discussed above are more like assistance than procurement. Rather than buying a product or service, the HTA is supporting a program of another organization that has a public purpose and is aligned with HTA's mission. Normally, the organization would run the program with or without our assistance, but HTA funding helps enhance the program for the community and for visitors.

While procurement is best carried out by contract, assistance is best carried out by a grant or cooperative agreement. Cooperative agreements are best used when HTA will be substantially involved in the management and direction of the program. Grants are more appropriate when HTA is helping to fund an activity but will not be directly involved in managing the program. For these programs, grants would be the best method to provide support.

Adding grant authority to HTA's statute will allow both parties to better characterize the agreement and reduce the administrative burden on the community organizations providing these important programs to support our visitor economy.

Mahalo for the opportunity to offer these comments.