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Statement of
JOHN DE FRIES
Hawai'i Tourism Authority
before the
COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Thursday, February 16, 2023
1:00 p.m.
State Capitol Conference Room 229 & Videoconference

In consideration of
SENATE BILL NO. 629
RELATING TO THE HAWAII TOURISM AUTHORITY

Aloha Chair DeCoite, Vice Chair Wakai, and members of the Committee on Energy, Economic Development, and Tourism,

The Hawai'i Tourism Authority (HTA) appreciates the opportunity to offer comments on SB629, which would require contracts entered into by the Hawai'i Tourism Authority for the mangament or the Hawai'i Convention Center facility to include marketing for all uses of the facility.

The Hawai'i Convention Center is an important part of HTA's responsibilities and key to the capacity of the Hawaiian Islands to host large meetings, conventions, and incentives. Events of scale often require coordination with multiple properties and venues. In 2019, HB226 passed allowing HTA to contract the marketing of all uses of the Hawai'i Convention Center seperately from the management of the facility.

The current statute allows HTA to procure marketing services through a competetive bidding process seeking the best value for the state. Nothing in HRS 201B-7 precludes the firm managing the convention center from bidding on that procurement.

In December 2021, HTA awarded a contract for Global Meetings, Conventions, and Incentives Marketing and Management Services for the Hawaiian Islands to commence in January 2022. That contractor has been working diligently to rebuild our meetings, conventions and incentives business in the wake of the devastating global pandemic.

Our current convention center management contractor and our Meet Hawai'i contractor have been working well together, and industry stakeholders we have been in touch with had positive feedback about the collaboration. The following table shows the results of that collaboration:

Meet Hawai'i Production

Calendar Year	Citywide Seller FTEs	Definite Citywide Bookings	Definite Citywide Room Nights	Economic Impact ¹
2022	3.00	14	144,043	\$396 million
2021	2.75	2	4,144	\$28 million
2020	1.50	1	2,279	\$6 million
2019	5.00	17	58,025	\$153 million

Source: Meet Hawai'i Tableau/Simpleview Sales Production

In other highly competitive destinations, it is common practice to separate the marketing and operations of their convention centers. Our current arrangement reflects this common industry practice. This measure would remove HTA's ability to seek competitive proposals for this service through the state procurement process.

While we are encouraged by the strong performance of meetings and conventions in 2022, it is important to note that the planning of large scale meetings involves long lead times and often takes years of preparation to execute. With Hawai'i's recovery in that market still in progress, this is an especially fragile time to disrupt that important work.

Mahalo for the opportunity to provide these comments on SB629.

¹ *Estimated economic impact for each booking based on client's estimated attendance (excluding local attendance), DBEDT's per-person-per-day spending for convention, corporate and incentive travelers based on Table 90 (Meeting Convention and Incentive (MCI) Visitor Characteristics and Spending) of the DBEDT Annual Research Report, length of stay + DBEDT Table 90 length of stay before/after events, and the output multiplier from DBEDT's workbook for calculating statewide economic impact of events.*