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Statement of
JOHN DE FRIES
Hawai'i Tourism Authority
before the
**COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM AND
PUBLIC SAFETY AND INTERGOVERNMENTAL AND MILITARY AFFAIRS**

Tuesday, March 21, 2023
1:00 p.m.
State Capitol Conference Room 229 & Videoconference

In consideration of
**HOUSE BILL NO. 1375 HD3
RELATING TO TOURISM**

Aloha Chairs, Vice Chairs, and Members of the Committees,

The Hawai'i Tourism Authority (HTA) appreciates the opportunity to offer comments expressing our **strong reservations** on HB1375 HD3, which would establish a new destination management agency to assume the rights, powers, functions, and duties of HTA.

A fragile recovery of Hawai'i's visitor industry is still ongoing – especially in our international markets – and the Council on Revenues and the University of Hawai'i Economic Research Organization agree that larger economic uncertainty looms on the horizon. While we acknowledge the challenges we have experienced in the past and continue to work to strengthen our processes, we encourage a reconsideration of making major structural changes to the agency responsible for managing Hawai'i's visitor industry as described in this measure.

The Hawai'i Tourism Authority is committed to destination management and has initiated organizational changes to reflect that commitment. A return to dedicated funding from the Transient Accommodations Tax as described in this measure would be helpful in advancing destination management following the budgetary uncertainties HTA faced during the pandemic and continues to face.

Over the past three years, Hawai'i experienced and survived a massive economic collapse thanks to a coordinated effort between the private and public sectors. In concert with our partners and stakeholders, and led by our volunteer board of directors with a wealth of industry and community experience, HTA has been guiding and supporting the recovery of our tourism industry which has helped resuscitate Hawai'i's overall economy ahead of projections.

Tourism is the largest sector of Hawai'i's economy, and therefore a major contributor of tax revenues to fund important state priorities. In 2022, preliminary numbers show that Hawai'i tourism topped the previous high water mark 2019 in visitor spending (\$19.3 billion, +8.9%) and state tax revenue (\$2.21 billion, +6.2%) with fewer visitor arrivals (9.25 million, -11%).

It is important to note that this strong recovery was primarily powered by the U.S. market, where HTA has maintained continuity in our visitor education, brand management, and support services even through the contested process to procure the next contract for that market.

In addition to HTA's spending-related key performance indicators, we also track visitor satisfaction and resident sentiment. Both measures are trending in the right direction.

HTA's message to prospective visitors around the world is Mālama Hawai'i: an invitation for them to join kama'āina in caring for our beloved home. Setting that intention and expectation, combined with robust visitor education through all stages of the journey, is our strategy to target and welcome visitors who prioritize the environment and being mindful guests – all key to achieving our goal of a regenerative model of tourism through destination management.

We recognize that the impacts of tourism are real and require management. As Hawai'i emerges from the pandemic, HTA continues its pivot to destination management initiated just before the onset of the pandemic. The pivot started with the adoption of our current strategic plan, and was further refined in the community-generated Destination Management Action Plans for each island.

We look forward to the vigorous debate this measure is likely to inspire before your committees, and we appreciate the opportunity to offer these comments expressing our **strong reservations** on HB1375 HD3. Mahalo.