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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. 1522
RELATING TO ECONOMIC DEVELOPMENT

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 SB1522, which would replace HTA with an Office of Tourism and Destination Management within the Department of Business, Economic Development, and Tourism.

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 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.

Ahead of making major structural changes to the agency responsible for managing Hawai'i's visitor industry, the completion of a study on alternative models of tourism governance – as contemplated in HB1381 – would be a valuable, prudent approach to consider.

We look forward to the vigorous debate this measure is likely to inspire before your committee, and we appreciate the opportunity to offer these comments on SB1522. Mahalo.