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Statement of  
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Department of Business, Economic Development, and Tourism  
before the

**HOUSE COMMITTEES ON TOURISM, CULTURE  
& INTERNATIONAL AFFAIRS and ECONOMIC REVITALIZATION,  
BUSINESS & MILITARY AFFAIRS**

Monday, February 8, 2010

9:30 p.m.

State Capitol, Conference Room 312

in consideration of

**HB 2446**

**RELATING TO HAWAII TELEVISION AND FILM DEVELOPMENT**

Chairs Manahan and McKelvey, Vice Chairs Tokioka and Choy, and Members of the  
respective Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) offers  
comments regarding HB 2446, which seeks to transfer the film industry branch operational and  
statutory responsibilities under DBEDT, (Chapter 201-14, HRS, consolidated film permit  
processing, and Chapter 235-17, HRS, Motion picture, digital media, and film production  
income tax credit), to the Hawaii Tourism Authority (HTA), an agency attached to DBEDT.

It is important to note that DBEDT's Creative Industries Division has overseen the  
operations of the film branch and arts and culture development branch since 2003, and continues  
to manage the statutorily mandated functions in addition to its focus on accelerating the growth  
of the full scope of Hawaii's creative sectors. Collectively, the creative sectors contributed \$4

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billion to Hawaii's GDP in 2008, with sector growth, particularly in emerging industries such as digital media, increasing by 10% since DBEDT began tracking the sectors activity in 2002.

Film, television and digital media production in our state is on course to set a new record this year, with feature films such as Clint Eastwood's Hereafter, Disney's Pirates of the Caribbean, The Descendants, Soul Surfer: The Bethany Hamilton Story, the untitled Adam Sandler/Jennifer Aniston project, Universal's Battleship, CBS television's Hawaii 5-0 pilot, television episodes of the K-Drama series the Divine Hero, and a growing roster of national commercials as well as locally developed television series for national markets all in various phases of pre-production, scouting and shooting.

Our digital media infrastructure has also begun to reach critical mass with the opening of Hawaii Animation Studios this week, which has hired over ten locally trained digital artists who are graduates of the UH ACM, Kapiolani Community College's New Media Arts program and Leeward Community College's animation program. Creative Industries Division, the film branch and the University of Hawaii's ACM program have completed plans for a digital media incubator and education facility. All these initiatives are critical to the health and viability of Hawaii's creative sectors are the mission of DBEDT and its creative industries division.

While there are certainly opportunities to work with our tourism partners, at this time it seems ill advised to make such a move, and would encourage the committee to look to the future when the concept can be fully vetted with all parties.

The functions of the film branch, which are permitting and tax incentive management as mandated by law, are contrary to the daily functions of the Hawaii Tourism Authority. The mission of HTA would have to change drastically, based on board approval, in order to accommodate this recommended transfer.

While we appreciate the intent of this measure, we feel this is not the time to enact such a massive shift in priorities and mandates. We defer to HTA, an attached agency to DBEDT, and its board as to the feasibility and operational challenges of this measure. Similarly, we also defer to the Department of Taxation (DoTAX) as to the viability of the state's lead tourism agency handling the film, television and digital media tax incentive responsibilities.

With a decline in tourism, it is important for the agency that is charged with its revival for our state to focus on its core mission, which is not aligned with the business development or operational aspects of the film and television industries at large.

Thank you for the opportunity to provide testimony.