

Late Testimony



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Testimony of
Mike McCartney
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on
H.B. 2446
Relating to Hawai'i Television and Film Development

House Committee on Tourism, Culture and International Affairs
House Committee on Economic Revitalization, Business & Military Affairs
Monday, February 8, 2010
9:30 a.m.
Conference Room 312

The Hawai'i Tourism Authority (HTA) supports the concept of H.B. 2446, which transfers the television and film industry activities and responsibilities under the Department of Business, Economic Development & tourism (DBEDT) to the Authority, with recommendations.

The HTA is tasked with marketing and promoting Hawai'i as a visitor destination, with the goal of increasing visitor spending. One of the keys to branding Hawai'i's visitor industry and increasing visitor spending is through the film and television industry which not only provides economic benefits to the state but also generates national and international media coverage and publicity that promotes Hawai'i as an attractive visitor destination.

In fact, since 1913, Hawai'i has been the site for hundreds of feature films including top-grossing movies like *Jurassic Park*, *Raiders of the Lost Ark* and *Godzilla*; television series such as *Hawai'i Five-O*, *Fantasy Island*, *Magnum P.I.* and *Lost*; and numerous independent television episodes as well as commercials, photo shoots and music videos and locally produced films.

As such, the HTA notes the following:

- Positive synergy exists between television/film and tourism, and the television/film industry does play an important role in complementing Hawai'i's overall tourism marketing efforts to promote the destination;
- More can be done leverage the two industries and maximize opportunities in the state's core markets such as North America and Japan as well as its developing markets such as Korea and China; and
- Based upon last year's poll of other state tourism offices and film commissions, HTA found that 29 states had film and tourism within the same department. Of these, 14 had film part of the Tourism Office/Department.

Therefore, if HTA is given these responsibilities, to ensure effectiveness, we would make the following recommendations:

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- **Funding.** Additional funding for the television/film responsibilities should be provided to HTA to ensure that funding for existing tourism programs and projects such as our global marketing efforts through the Tourism Special Fund would not be diluted;
- **Staffing.** Additional staffing to carry out television/film responsibilities should be provided to HTA to ensure those functions including but not limited to, the processing and facilitation of statewide filming and photography permits, management of film tax credits, management of the Hawai'i Film Studio are properly handled; and
- **Timing.** The HTA recommends there be a sufficient transition period to ensure that the transfer of responsibilities can be properly handled by the Authority.

In summary, the HTA acknowledges that this is a policy decision and will work with all interested parties for the benefit of Hawai'i and the community regardless of the final decision this session.

Thank you for the opportunity to provide comments.

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
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before the

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

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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.