

**HB2764**



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**PRESENTATION OF THE  
PROFESSIONAL & VOCATIONAL LICENSING DIVISION**

**TO THE HOUSE COMMITTEE ON  
CONSUMER PROTECTION & COMMERCE**

**TWENTY-FIFTH LEGISLATURE**  
Regular Session of 2010

**Wednesday, February 3, 2010**  
2:00 p.m.

**TESTIMONY ON HOUSE BILL NO. 2764, RELATING TO MIXED MARTIAL ARTS  
CONTESTS.**

**TO THE HONORABLE ROBERT N. HERKES, CHAIR,  
AND MEMBERS OF THE COMMITTEE:**

My name is Alan Taniguchi, Executive Officer with the Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs ("Department"). The Department thanks you for the opportunity to submit testimony on H.B. No. 2764, Relating to Mixed Martial Arts Contests. The Department opposes this bill.

The purpose of this bill is to remove the requirement that a mixed martial arts ("MMA") promoter pay 2% of gross sales price relating to broadcasting, television, internet, and motion picture rights in order to receive a permit.

The Department does not receive general funds to regulate MMA in Hawaii and depends on licensing and other fees to fund the operation. All the funds generated from these fees remain with the MMA program and are not used for other purposes.

The Department is cognizant that fees collected under 440E-7(d)(3) could be unlimited and for this reason we have placed a cap of \$50,000 in our draft administrative rules. This cap amount is comparable to laws and rules in other states. For these reasons, we feel that this bill is unnecessary.

We respectfully request the bill be held in committee. Thank you for the opportunity to provide comments.

TESTIMONY BY LORRAINE SHIN  
IN BEHALF OF JAY DEE PENN AKA BJ PENN

MY NAME IS LORRAINE SHIN, AND I AM HERE AS A SPOKESPERSON FOR BJ PENN.

AS A FIGHTER FOR THE MMA INDUSTRY, I AGREE THAT WE NEED REGULATIONS TO PROTECT AND INSURE THE SAFETY OF OUR FIGHTERS, BUT HOUSE BILL 1866 WHICH BECAME LAW IN JULY OF 2009 HAS CRIPPED HAWAII'S MMA INDUSTRY WITH STATE LICENSE FEES AND ADDITIONAL FEES AIMED AT MMA EVENTS.

I AM IN SUPPORT OF HOUSE BILL 2764 AMENDING THE REMOVAL OF THESE ADDITIONAL FEES, BUT I ALSO WANT INCLUDED IN THIS BILL THE REMOVAL OF STATE LICENSE FEES CHARGED TO MMA PROMOTERS. IT IS UNFAIR TO TARGET MMA EVENTS WHEN NO OTHER SPORT IN HAWAII INCLUDING BOXING IS REGULATED TO PAY THESE SAME STATE LICENSE FEES. AS FAR AS I KNOW, NO OTHER STATE IS CHARGING ANY OF THESE STATE LICENSE FEES FOR MMA EVENTS.

PRIOR TO HOUSE BILL 1866 BECOMING LAW IN JULY OF 2009, PROFESSIONAL MMA WAS A FAST AND GROWING SPORT WITH MMA EVENTS HAPPENING ALMOST MONTHLY. THESE EVENTS BROUGHT CONSIDERABLE REVENUES TO HAWAII WHICH CREATED JOBS FOR PRODUCTION CREWS, UNION WORKERS, VENUE STAFF, MARKETING STAFF, TV COMMERCIAL STAFF, MEDIA AND RADIO STAFF, AIRLINE TICKETS, HOTEL ROOMS, U-DRIVES, RESTAURANTS, DOCTORS, INSURANCE, COUNTY POLICE OFFICERS, SECURITY GUARDS, TRAINING FACILITIES, AND THE LIST GOES ON.

DURING THE HEARINGS ON HB 1866, SEVERAL PROMOTERS CAME FORWARD TO VOICE THEIR CONCERNS AS WELL AS PROVIDED SIGNED PETITIONS TO STOP THE PASSAGE OF HB 1866, YET THE BILL PASSED AND BECAME LAW.

ONCE HOUSE BILL 1866 BECAME LAW, PROFESSIONAL MMA EVENTS HAVE DECLINED TO ALMOST ZERO IN HAWAII. HB 1866 IN REALITY HAS PREVENTED LOCAL, NATIONAL, AND INTERNATIONAL BUSINESSES FROM PRODUCING MMA EVENTS IN HAWAII. OUR LOCAL MMA PROMOTERS CANNOT AFFORD THESE LICENSE FEES.

IN EARLY YEARS, MY FAMILY DISCUSSED THE FINANCIAL RISK OF PRODUCING MMA EVENTS IN HAWAII. WE BELIEVED THAT HAWAII MMA EVENTS WOULD GAIN WORLDWIDE RECOGNITION, AND WE WOULD BE ABLE TO SHOWCASE THE TALENTS OF OUR LOCAL FIGHTERS. THEREFORE, MY BROTHER JAY DEE PRODUCED RUMBLE ON THE ROCK EVENTS IN HAWAII, WHICH FEATURED OUR LOCAL FIGHTERS AND FIGHTERS FROM AROUND THE WORLD.

AFTER DOING A FEW MMA EVENTS IN HAWAII, WE FOUND THAT THESE EVENTS WERE NOT FINANCIALLY FEASIBLE. THE VENUES WERE EITHER TOO SMALL OR

THE TICKETS SALES WERE NOT SUFFICIENT TO RECOUP OUR EXPENSES, BUT WE CONTINUED TO INVEST IN THE SPORT BECAUSE MMA WAS STILL IN ITS INFANCY IN HAWAII AND NEEDED TIME TO GROW. MY BROTHER ALSO TEAMED UP WITH JAPAN'S K-1 FIGHT ORGANIZATION, AND LATER WITH ELITE XC FROM CALIFORNIA TO PRODUCE WORLD CLASS MMA EVENTS IN HAWAII. THE FIRST, LARGEST, AND ONLY SOLD OUT MMA EVENT WAS AT THE NEAL BLAISDELL ARENA WHEN I FOUGHT RODRIGO GRACIE. TO THE NORMAL VIEWER, THESE MMA EVENTS SEEM FINANCIALLY PROFITABLE, BUT IN REALITY, AFTER ALL EXPENSES WERE PAID FOR THE VENUE, VENUE PERCENTAGE, VENUE STAFF, VENUE SECURITY, VENUE POLICE OFFICERS, VENUE UNION WORKERS, VENUE LIGHTING, VENUE AUDIO, RADIO ADVERTISEMENT, TV ADVERTISEMENT, NEWSPAPER ADVERTISEMENT, FIGHTER TRANSPORTATION, HOTEL ROOMS, RENTAL CARS, AIRLINE TICKETS, TICKET MASTER FEES, PROMOTER STAFFING, FIGHTER PURSES, FIGHTER PER DIEM, AND STATE EXCISE TAXES, OUR FAMILY TOOK A FINANCIAL LOSS ON MOST OF OUR PROFESSIONAL MMA EVENTS IN HAWAII. TODAY, K-1 IS IN REORGANIZATION, AND ELITE XC HAS EXPERIENCED FINANCIAL STRUGGLES AFTER LOSING OVER \$50 MILLION WITHIN ITS FIRST TWO YEARS. ELITE XC IS NO LONGER PRODUCING MMA EVENTS.

THE UFC ALSO EXPERIENCED FINANCIAL STRUGGLES DURING ITS EARLIER YEARS. THEY ALMOST GAVE UP WHEN THEIR LOSSES AMOUNTED TO OVER \$44 MILLION. IT WAS THEIR TENACITY AND COMMITMENT FROM THE FERTITA BROTHERS, WHO OWN THE STATION CASINOES IN LAS VEGAS THAT SLOWLY TURNED THEM AROUND. THE NEVADA STATE ATHLECTIC COMMISSION CONTINUES TO SUPPORT MMA EVENTS IN NEVADA. THEY CHARGE A \$500 ANNUAL LICENSE FEE TO PROMOTERS AND A \$25 LICENSE FEE FOR PROFESSIONAL FIGHTERS. MMA BRINGS MILLIONS OF DOLLARS INTO THE NEVADA ECONOMY ANNUALLY.

I AM ASKING FOR YOUR SUPPORT FOR HB 2764 AND FOR YOUR SUPPORT ON ALSO REMOVING THE LICENSE FEES ON GROSS RECEIPTS FOR MMA EVENTS. AGAIN, NO OTHER STATE IS CHARGING THESE LICENSE FEES, AND NO OTHER SPORT INCLUDING BOXING IS REGULATED TO PAY THESE LICENSE FEES. THE MMA INDUSTRY NEEDS OUR LOCAL GOVERNMENT'S SUPPORT AND INCENTIVES TO BUILD A VIABLE MMA INDUSTRY IN HAWAII.

THE UFC WANTS TO COME TO HAWAII, AND IF THEY CAME, THEY WOULD ATTRACT FOLKS FROM EAST TO WEST. THEY WOULD FILL THE ALOHA STADIUM BRINGING IN MUCH NEEDED REVENUES TO OUR STRUGGLING ECONOMY. THEY TOLD ME THAT HAWAII'S NEW LAW NEEDS TO BE CHANGED BEFORE THEY AGREE TO COME. I'M ALL FOR THE UFC COMING TO HAWAII, BUT I AM MORE SUPPORTIVE OF GETTING OUR LOCAL MMA PROMOTERS BACK INTO PRODUCING MMA EVENTS IN HAWAII. DO THE NUMBERS, HAWAII HAS LOST REVENUES AND JOBS WHEN HB 1866 BECAME LAW. SUPPORT OUR LOCAL PROMOTERS AND BRING THEM BACK INTO BUSINESS BY AMENDING THESE CHANGES CREATED BY HB 1866. IT'S A WIN, WIN FOR ALL.