

Committee on Economic Development Technology  
Committee on Economic Revitalization, Business & Military Affairs

**Informational Briefing**  
Monday, September 21, 2009

**TESTIFIERS**

**RESPONSE FROM DBEDT DIRECTOR (Continuation of 9/3/09 remarks)**

1. Theodore E. Liu, Director – Department of Business, Economic Development & Tourism
2. Post-hearing question to DBEDT Director (September 9, 2009)

**DEPARTMENTAL IMPACTS**

**A. BED 100: Small Business Regulatory Review Board**

1. Small Business Regulatory Review Board
2. Charles Au, Managing Member of Erwin Cabrinha & Au, LLP and Vice-Chairperson of the Small Business Regulatory Review Board
3. Tim Lyons, President - Hawaii Business League
4. Sharon L. Pang, Owner of Care Companions & Consultants, Inc.

**B. BED 105: Hawaii Film Office**

1. Hawaii Council of County Film Commissioners
  - John Mason, Big Island Film Office, County of Hawaii
  - Walea Constantinau, Honolulu Film Office, City and County of Honolulu
  - Art Umezu, Kauai Film Commissioner, County of Kauai
  - Benita Brazier, Maui Film Office, County of Maui
2. Hawaii Film & Entertainment Board
3. Sue Larkin, Owner – Reel Services/Hawaii, Inc.
4. Marilyn Mick – Production and Location Management
5. Gerald Elmore, Independent Film Director – Shooters Film Production and Vice-President of FAVAH (Film and Video Association of Hawaii)
6. Dan Glickman, Chairman & CEO – Motion Picture Association of America, Inc.
7. Guy Belegaud, Construction Coordinator in the Film Industry
8. Jimmy Borges, Member - Screen Actor's Guild

**C. BED 144: Office of Planning**

1. Mr. Abbey Seth Mayer, Director – Office of Planning
2. Marine and Coastal Zone Advocacy Council (MACZAC)
3. Douglas S. Y. Tom, Employee – Office of Planning

# **DBEDT**

**Theodore E. Liu, Director**

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**Subject:** REQUEST for written responses to EDT-EBM questions

**From:** Theodore E Liu [mailto:TLiu@dbedt.hawaii.gov]

**Sent:** Friday, September 18, 2009 5:48 AM

**To:** Sen. Carol Fukunaga

**Cc:** Dawn Okuhama; Francis Choe; Tish Mercado; Rep. Angus McKelvey

**Subject:** Re: REQUEST for written responses to EDT-EBM questions

Dear Senator Fukunaga,

Thank you for postponing the subject hearing to Monday, September 21, 2009. I am still in Washington, DC for meetings with our federal partners on energy, commerce and defense. I will return to Hawaii over this weekend.

Allow me to answer your questions to the best of my abilities in remote status while away from the office:

1. As the intra-department placements are being completed this week and the jurisdiction-wide placements are only commencing, I believe it is not yet possible to provide accurate estimates of savings. I hope to have some general estimates by the hearing on Monday.
2. Alternative means in general have been identified based on departmental staffing information we have to-date. These alternative means may necessarily need to be adjusted based on the results of the jurisdiction-wide placements, which are just commencing. As stated at the September 3, 2009 hearing, my intention and expectation are that there will be no net impact on services to the public as the result of these RIFs. Any necessary adjustments will be notified to the users of the relevant services through the normal communications channels employed by the programs.
3. Necessary arrangements have been contemplated and planned, based on departmental staffing information to-date, and will be actually made when final departmental staffing is in place. Discussions have been held with sister agencies and inter-agency agreements will be executed as necessary. In most cases, such agreements are now premature.
4. Information will follow from BED 100, the program responsible for the CBED appropriation.
5. Discussions are on-going, to the extent necessary and appropriate, and will be finalized in the period prior to actual implementation of the RIFs and any related adjustments.
6. Discussions are on-going and initially have involved the BED 105 Administrator, the Film Branch Chief, departmental Administrative Services Office (ASO), Attorney General's Office, Department of Budget & Finance and other agencies relevant to structuring self-sufficiency alternatives that do not involve legislative changes. Discussions are also on-going with Governor's Policy Office about changes that will require legislative proposals. I have deferred to the Film Branch Chief's desire to be the sole interface with the off-shore film production industry for these discussions. The plan and intent is to have any interim self-sufficiency proposals implemented at the effective date of the RIFs and for any legislative proposals submitted for the 2010 Legislative Session.

I hope this answers you questions, to the extent that I can. RIFs are necessarily a process and we still have some time before their effective dates.

Thank you,



*Theodore E. Liu*

**Director**

**Dept. of Business Economic Development & Tourism**

**Phone: 808-586-2355**

**Fax: 808-586-2377**



# The State Legislature

STATE CAPITOL  
HONOLULU, HAWAII 96813

September 9, 2009

Mr. Ted Liu, Director  
Department of Business, Economic  
Development, and Tourism  
P.O. Box 2359  
Honolulu, HI 96804

Dear Mr. Liu:

Re: Informational Briefing: Impact of Anticipated Staff Reductions on Hawaii  
Businesses and the Local Film Industry

At the September 3, 2009 joint EDT-EBM Informational Briefing, questions were raised regarding the anticipated layoffs in the Film Industry Branch, the Community Economic Development program, and the Enterprise Zone-Partnership program.

Please provide further information on the following:


1. What are the projected cost savings during the current biennium for each proposed position layoff in the Department; what are the overall projected savings for your department?
2. Have alternative means of providing services to the public been identified for all vacant positions; how will the public be notified or access this information?
3. How will the responsibilities of each vacant position be assigned to others in the Department or other agencies; will reassignments to other agencies require formal agreements, such as Memoranda of Understanding, etc., and what steps have been taken to pursue such alternatives?
4. Please give an accounting, as requested by EBM Vice-Chair, Representative Choy, of the \$50,000 per year allocation by the State Legislature from 2002-2006 to the Community-based Economic Development (CBED) special fund.
5. Please report on the status of your discussions with affected organizations, such as the Hawaii Film and Entertainment Board, the Community-Based Economic Development Advisory Council, and the counties Enterprise Zone personnel,

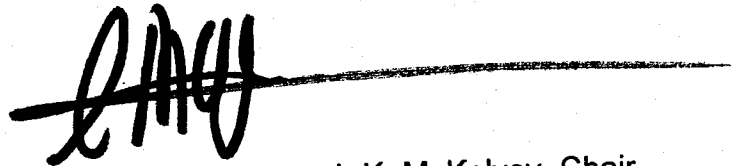
particularly with respect to functions that you propose to shift to county personnel and others.

6. Based on your comments regarding the need for greater self-sufficiency for programs such as the Hawaii Film Office, what proposals have you initiated to begin that process?

We would appreciate this information by **Monday, September 14, 2009**. If you have questions, or further information you believe would be helpful to the Committees, please do not hesitate to contact us.

Sincerely,

  
Senator Carol Fukunaga, Chair  
Senate Committee on Economic  
Development and Technology

  
Representative Angus L.K. McKelvey, Chair  
House Committee on Economic Revitalization,  
Business, and Military Affairs

**Statement  
of  
Theodore E. Liu  
Director  
Department of Business, Economic  
Development & Tourism**

Senate Economic Development & Technology Committee  
House Economic Revitalization, Business, and  
Military Affairs Committee

Second Informational Briefing  
on Departmental Reduction-in-Force (RIF)  
Monday, September 21, 2009

**WORSENING ECONOMIC CONDITIONS**

- **Unprecedented State revenue decline**
  - **Most rapid and steep General Fund decline in Hawaii's history**
  - **Since March 2008 of the 9 times the Council on Revenues met, 8 reduction of General Fund revenue projections**
- **Most recent August 27, 2009, Council on Revenues projections increased General Fund revenue gap by \$100 Million for the biennium**
- **Together with previous reductions, the State currently faces a General Fund expense over revenue shortfall of almost \$900 Million**
- **2 & ½ months of FY10 have passed; only 9 & ½ months left to balance current year budget**

## WORSENING ECONOMIC CONDITIONS

- Return to pre-recession 2008 State revenue levels will not occur until 2012 at the earliest and only if [optimistic?] projections are achieved
- Continued economic challenge means the State cannot provide all of the programs and services it currently provides or employ a workforce of the size it is today
- Balanced budget is mandated by Hawaii's Constitution
- Cost savings to balance the State budget needs to be immediate, meaningful and realistic
- Difficult but necessary decisions; not a matter of choice

3

## EXECUTIVE ACTIONS ALREADY TAKEN TO CLOSE \$2 BILLION OF \$3 BILLION STATE BUDGET DEFICIT

- Restricted spending at all executive branch agencies and departments
- De-facto freeze on travel, purchases and filling vacant positions
- Eliminated of hundreds of vacant positions
- Transferred money from special funds
- Restructured the State's debt
- Delayed by one cycle bill payment and certain transfers
- Cut-back funding for certain programs
- Used one-time Federal Stimulus (ARRA) funding to cover expenses that would have been paid using State's General Funds

4

## WHY DBEDT IS A FIRST ROUND RIF TARGET

- Revenue deficit is General Fund driven
  - State departments or agencies that are special- or federal-funded are not targeted (DHHL, DOD, DOT, DCCA) as no General Fund savings
- Must focus program reductions and lay-offs in remaining 12 State Departments with programs and positions that are funded by General Funds
- Governor's priority is not to make more cuts to education (already restricted 14%)
- See Chart "Executive Branch General Fund Operating Budget by Department (Act 162, SLH 2009)"

5

### Executive Branch General Fund Operating Budget by Department (Act 162, SLH 2009)

	<u>FY 10 Apprn.</u>	<u>Cumulative</u>	<u>Cum.</u> <u>%</u>	<u>FY 11 Apprn.</u>	<u>Cumulative</u>	<u>Cum.</u> <u>%</u>
1. Lieutenant Governor	1,072,895	1,072,895	0.02%	968,624	968,624	0.02%
2. Governor	3,176,357	4,249,252	0.08%	2,368,352	3,336,976	0.06%
3. Business & Economic Development	7,845,584	12,094,836	0.24%	7,718,641	11,055,617	0.21%
4. Agriculture	13,391,748	25,486,584	0.50%	13,352,017	24,407,634	0.46%
5. Defense	14,097,791	39,584,375	0.77%	14,097,791	38,505,425	0.73%
6. Human Resources Development	15,551,300	55,135,675	1.07%	15,326,184	53,831,609	1.02%
7. Labor	15,801,051	70,936,726	1.38%	15,733,033	69,564,642	1.32%
8. Taxation	22,176,219	93,112,945	1.81%	22,118,877	91,683,519	1.74%
9. Attorney General	24,869,947	117,982,892	2.29%	24,814,543	116,498,062	2.21%
10. Land & Natural Resources	26,715,951	144,698,843	2.81%	26,663,687	143,161,749	2.72%
11. Accounting & General Services	71,917,115	216,615,958	4.21%	70,654,813	213,816,562	4.06%
12. Public Safety	222,187,928	438,803,886	8.53%	229,631,485	443,448,047	8.42%
13. Health	506,477,962	945,281,848	18.38%	494,472,360	937,920,407	17.81%
14. UH (w/ Fixed Costs)	676,816,384	1,622,098,232	31.53%	688,072,366	1,625,992,773	30.87%
15. B&F (Excl. UH/DOE Fixed Costs)	686,148,954	2,308,247,186	44.87%	710,859,739	2,336,852,512	44.36%
16. Human Services	713,784,920	3,022,032,106	58.76%	779,771,372	3,116,623,884	59.17%
17. Education (w/ Fixed Costs)	<u>2,422,445,879</u>	<u>5,444,478,085</u>	<u>100.00%</u>	<u>2,451,024,807</u>	<u>5,267,648,691</u>	<u>100.00%</u>
	5,144,178,085			5,267,648,691		

6



### **FURLOUGH vs. REDUCTION-IN-FORCE (RIF)**

- **Labor cost savings are now necessary to close State budget shortfall**
  - With close to \$2 billion in program (not labor) reductions already made, not much more available
- **Approximately 60% of State budget is made up of labor costs**
- **78% of all increases in General Fund collections (i.e., additional tax revenues) from 1999 to 2009 have gone to pay for collective bargaining increases for all bargaining units**
- **Only 22% of increases was left for all other State services including classrooms, prisons, social programs, etc.**

7

### **FURLOUGH vs. REDUCTION-IN-FORCE (RIF)**

- **In June, Governor announced a labor cost reduction plan with 3 days of furlough per month for all State workers**
- **Governor's Furlough Plan would:**
  - minimize impact on public services
  - spread labor cost-cutting burden evenly across all state personnel
  - preserve all jobs and benefits: no Reduction-in-Force
  - Provide some flexibility in scheduling of furloughs
  - avoid need to recruit and retrain State workers when economy recovers
- **State workers "prefer furloughs" (Randy Perreira, Star Bulletin, September 10, 2009)**

8

## **FURLOUGH vs. REDUCTION-IN-FORCE (RIF)**

- **Public sector unions opposed Governor's furlough plan, sued in court and obtained a TRO to stop it**
- **Administration is appealing court decision**
- **Administration is continuing labor negotiations, together with binding arbitration**
  - **Prudence and legal obligation to balance the budget dictates that Administration, while preferring a settlement, cannot "bank" on one being reached**
  - **Budget deficit continues to build-up**
- **Leaves Administration with no choice but to implement lay-offs and more program reductions**
- **Focus on 16 State Departments under Governor's direct control**

9

## **FURLOUGH vs. REDUCTION-IN-FORCE (RIF)**

- **DOE and UH given budget restrictions of 14% to take their share**
- **Governor and Administration: Prefer to avoid RIFs but will do what is practical and necessary to cut expenses to meet legal obligation to balance budget**
- **Additional lay-offs and program reductions or eliminations may be necessary to achieve necessary budget savings equivalent to furloughs, if labor negotiations do not succeed or furlough plan is not permitted**

10

## RIF GUIDING PRINCIPLES

- 40 General Funded positions (out of total of 95 department-wide General Funded positions)
- No special- or federally-funded positions to be included in the first round
- Occupied General Funded positions
- However, no change to departmental mission, function and statutory requirements
- Therefore, need to achieve departmental mission, function and statutory requirements with smaller resource (program funding and personnel) base
- Tight budget environment likely to exist for foreseeable future
- Programmatic and operational considerations only
- Will be further rounds of RIF and budget restrictions

11

## PLAN TO CONTINUE MEETING MISSION, FUNCTION AND REQUIREMENTS POST-RIF

- In DBEDT's core divisions, retain and rely on generalists (i.e., staff who can perform more and diverse functions necessary with smaller resource base)
- Re-organize core divisions in face of smaller resource base to maximize efficient deployment of resulting manning levels
- Increase both intra-department and inter-department partnerships and collaboration to achieve departmental mission, functions and statutory requirements
- Maximize to extent possible industry funding for services received
- Increase application for federal funding
- Expand use of electronic tools

12

### ANSWERS TO COMMITTEE QUESTIONS

1. **Projected cost savings from first round of RIFs: \$2.193 Million per annum**
2. **Alternate means of delivery of services:**
  - a) **CBED: Currently staffed by one. Absorbed within BED 100 and duties assigned to other qualified generalist personnel. CBED Board will be supported. To the extent grants program continued, supported by other personnel. Capacity-building more focused and supported across department-wide divisions and programs.**
  - b) **Enterprise Zone Program: Currently staffed by one. Absorbed within BED 100 or Foreign Trade Zone (FTZ) program and duties assigned to other qualified generalist personnel. Tax qualification work shared to larger extent with Department of Tax. Marketing shared department-wide.**

13

### ANSWERS TO COMMITTEE QUESTIONS

- c) **Small Business Regulatory Review Board. Currently staffed by one. Absorbed within BED 100 and duties assigned to other qualified generalist personnel. SBRRB Board will be supported.**
- d) **Film Branch. Currently staff of 6. Absorbed within new division resulting from merger and restructuring of BED 100 and BED 105. Duties assigned to other qualified generalist staff. Tax qualification shared to larger degree with Department of Taxation. Currently working on industry cost offset through a "trust fund" structure. May propose special fund to be established by Legislature. Discussing ideas for revenue sources.**
3. **Assignment to others; agreements with other agencies: In general, assignments have been contemplated and discussed. Will be finalized after completion of jurisdiction-wide RIF placements. Preliminary discussions with other agencies. Will continue until RIFs are implemented. MOUs signed if necessary.**

14

## ANSWERS TO COMMITTEE QUESTIONS

4. ***CBED accounting:*** To follow from BED 100
5. ***Status of discussions:*** Commenced or to-be-commenced. Will commence or continue and be finalized prior to RIF effective date.
6. ***Film Office self-sufficiency:*** Two phases: Administratively prior to 2010 Legislative Session and legislatively during the 2010 session.
  - a) Administratively, through a "trust fund" into which industry will contribute to funding Film Office positions and expenses.
    - i. Discussions to-date with Office of the Attorney General, State Ethics Commission, departmental Administrative Services Office, BED 105 Division Administrator and Film Branch Chief
    - ii. Discussions with industry deferred to Film Branch Chief, per her request
  - b) Legislatively, discussion with Governor's Policy Office on possible special fund bill to be introduced in 2010 session

15

## ANSWERS TO COMMITTEE QUESTIONS

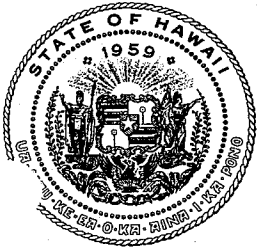
- c) **Revenue stream ideas:**
  - i. Establish new special fund for film branch activities, allocate % of studio lease rents, industry permit fees, % of Act 88 fees and industry contributions to fund staffing, studio operations and marketing
  - ii. % of Act 88 Department of Taxation fee collected; current special fund for ancillary tasks related to the management and development of the tax credit; request that a % of the fee be allocated to film special fund
  - iii. % of studio revenues; possibility of revisiting lease agreement with ABC/Touchstone and revise to allocate a % of funds into film special fund for the permitting functions of film branch
  - iv. Appropriate level of film permitting fees
  - v. Other appropriate industry support

16

## CONCLUSIONS

- Current circumstances driven by global economic and financial crisis
- Unprecedented drop in State revenues resulted in budget deficit of close to \$3 Billion, based on Council of Revenues projections
- \$2 billion of savings already achieved through program budget cuts
- Labor savings are now required
- Governor's furlough plan, with no lay-offs, preferred but blocked
- No choice but to move to lay-offs
- Difficult but necessary trade-offs need to be made
- Decisions have reasonable basis derived from best practices
- Departmental mission, functions and statutory requirements remain unchanged and will be met
- Will do so with smaller resource base (budget and personnel)

**BED 100:**  
**Small Business Regulatory**  
**Review Board**



## SMALL BUSINESS REGULATORY REVIEW BOARD

Department of Business, Economic Development & Tourism  
No. 1 Capitol District Bldg., 250 South Hotel St. 4<sup>th</sup> Fl., Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Tel 808 586 2594  
Fax 808 587 3388

### AMENDED TESTIMONY

**To:** Chair Fukunaga, Vice Chair Baker, and Members of the Committee on Economic Development and Technology, and  
Chair McKelvey and Vice Chair Choy, and Members of the Committee on Economic Revitalization, business & Military Affairs

**Re:** Informational Briefing

**From:** Small Business Regulatory Review Board

**Date:** September 21, 2009 at 1:30 a.m., Conference Room 325

Linda Lingle  
Governor

Theodore E. Liu  
Director, DBEDT

#### Members

Lynne Woods  
Chairperson  
Maui

Sharon L. Pang  
Vice Chairperson  
Oahu

Peter Yukimura  
Kauai

Dorvin Leis  
Maui

Bruce E. Bucky  
Oahu

Charles Au  
Oahu

Donald Dymond  
Oahu

Richard Schnitzler  
Hawaii

David S. De Luz, Jr.  
Hawaii

The Small Business Regulatory Review Board (SBRRB) is deeply concerned with the potential impact of the reduction of DBEDT staff. This Board is governed by Chapter 201M, HRS, and the Governor's Administrative Directive 99-02; it was created to ensure that the voice of small businesses was incorporated in the development of administrative rules and legislation. Without sufficient staff, the Board's ability to carry out its mission would be detrimentally impacted, if not cease to exist, and the voice of small business would not be heard.

**It would be important to note that because SB 387 "Relating to the State Budget" did not pass the 2009 legislative session, recommending housing our work in DCCA, the Board's efforts will be strangled should support staff be targeted for lay-off.**

Do not fail to keep in mind that the business community employs large numbers of our population, pays huge amounts of the State's tax revenue, and continually and generously donates millions of dollars to our many social needs. This economic crisis has been very hard on our business community thereby severely impacted the states income. A vicious circle to be sure.

Our Board members are most appreciative of the support this Board has received



from many elected officials. However, the ramification of the overall reduction of DBEDT's few small business programs, including our program will result in virtually no direct support for small businesses in the State of Hawaii.

Thank you for the opportunity to testify.

# Erwin Cabrinha & Au, LLP

Certified Public Accountants

September 21, 2009

Chair Fukunaga  
Vice Chair Baker  
Members of the Committee on  
Economic Development and Technology

Re: Informational Briefing  
September 21, 2009 at 1:30 p.m.  
Conference Room 325

Dear Sir/Madam:

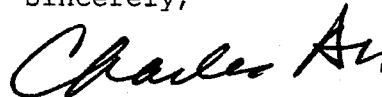
My name is Charles Au and I am the managing member of Erwin Cabrinha & Au, LLP, a locally owned CPA firm employing twenty-two people. I am also the Vice Chairperson of the Small Business Regulatory Review Board.

I am deeply concerned with the direct negative impact the proposed reduction of DBEDT staff would have on SBRRB's ability to carry out its mission. This Board was created to ensure that the voice of small business owners' was incorporated in the development of administrative rules and legislation pursuant to Chapter 201M, HRS, and the Governor's Administrative Directive 99-02.

SBRRB currently is comprised of ten small business owners from a variety of industries located throughout the islands. These board members are responsible for reviewing existing and proposed rules and legislation, soliciting comments from other small business owners and presenting this feedback to the respective government agency. The collection and dissemination of the numerous documents and reports can be overwhelming and currently handled by a part time staff. Eliminating that position would render the SBRRB incapable of carrying out its mission and cut-off an avenue for help available to the small business owner at a time when he or she desperately needs it.

I respectfully request that you reconsider the proposed cut and maintain the current funding for staff. Thank you for the opportunity to provide testimony.

Sincerely,



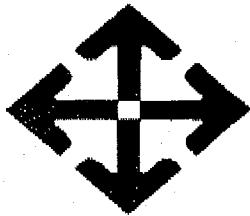
Charles K. H. Au  
Managing Member for  
Erwin Cabrinha & Au, LLP

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808 533-4244

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# The Hawaii Business League

Century Square 1188 Bishop St., Ste 1003 Honolulu, HI 96813-3304  
Phone: (808) 533-6819 ♦ Facsimile: (808) 533-2739

September 21, 2009

TESTIMONY TO: Senate Committee on Economic Development and Technology  
Senator Carol Fukunaga, Chair

House Committee on Economic Revitalization, Business, and Military Affairs  
Representative Angus L.K. McKelvy, Chair

PRESENTED BY: Tim Lyons, President  
Hawaii Business League

SUBJECT: Department of Business, Economic Development & Tourism  
Layoffs/Eliminations

Chair Fukunaga, Chair McKelvy and the Members of the Joint Committees:

I am Tim Lyons President of Hawaii Business League, a small business organization and we are here to express our dismay at layoffs at the Department of Business, Economic Development & Tourism (DBED & T), particularly that of the Small Business Advocate.

This legislature has been particularly sensitive to those programs and job positions that are being curtailed or reduced as a result of the poor economic status that we now find ourselves in. Elimination of the Small Business Advocate position and anything short of fully and completely transferring that position to DCCA, we believe is a huge injustice to the small business community.

Although there has been an economic slowdown which has drastically curtailed the activity of many small businesses, it is only recently that government has been feeling the pinch. As a result, rules and regulations have marched forward and, in fact, the agenda for the Small Business Regulatory Review Board tends to always be a few pages long because of the myriad of rules and regulations that they have to review. There is a delay factor here and we would expect that we will not see any kind of lessening of regulations for another year until the manpower shortage catches up and is fully implemented within the state. In the meantime, however, small businesses who are the least able to be able to wade through these regulations must depend on the coordinated efforts of the Small Business Regulatory Review Board in order to alert them. As a small business community they are not trying to get out of regulations, we only try to have sufficient advance notice of them and provide input in their formulation so that they do not become just another expense to deal with. Unfortunately, as with most regulations, there generally is no counterpart income initiative to balance those expenses.

Since the finances of the state are largely left with the administration, we are not sure what these Joint Committees can do however, we still wanted to take this opportunity to let you know that the Small Business Regulatory Review Board is important to us and perhaps even more so during this economic upheaval when small businesses do not have the time to keep their head above water, yet alone monitor the activities of government at the same time. Based on that, we encourage you to take whatever actions you can in order in ensure that the Small Business Regulatory Review Board is continued even if that is under the Offices of the Department of Commerce and Consumer Affairs.

Thank you for the opportunity to testify.

## MEMORANDUM

To: Chair Fukunaga, Vice Chair Baker, and Members of the Committee on Economic Development and Technology, and Chair McKelvey and Vice Chair Choy, and Members of the Committee on Economic Revitalization, business & Military Affairs

Re: Informational Briefing

From: Sharon L. Pang, Owner, Care Companions & Consultants, Inc.

Date: September 21, 2009 at 1:30 a.m., Conference Room 325

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I am a small business owner and have been a board member of the Small Business Regulatory Review Board for the past five years.

This Board has been and continues to be extremely productive. The members have reviewed more than 400 rules since its inception over the past 10 years with recommendations made directly to the Governor, and has made tremendous ground with its outreach to the business community.

Overall, our members and our mandate create a tremendous amount of work with much needed attention to detail. All of the board members are active professionals within our community, yet volunteer their time to make a difference for small businesses. All of this could not be done without the business advocate/program manager of DBEDT to assist us with the volumes of paperwork that is generated with the concerns that are addressed and need to be responded to in a timely manner. We are concerned that this board could possibly silently fold due to the cut backs in the state budget. We were in the process of being transferred to DCCA where we could, perhaps, serve more efficiently. Our budget and staff position moved to DCCA but our board did not follow. We hope that we can find a "home" where the board and our budget can continue to be of service for small business in Hawaii. I am proud to be a member of such a diverse and hard-working board and I am proud of our accomplishments.

Thank you for the opportunity to testify.

# LATE TESTIMONY

**Testimony of Thomas J. Smyth, CEcD  
Before the  
Senate Committee on Economic Development And Technology  
House Committee on Economic Revitalization, Business, & Military Affairs  
Monday, September 21, 2009 1:30 p.m. Conference Room 325**

**on**

## **Impact of layoffs within DBEDT Programs**

Chairs Fukunaga and McKelvey, Vice Chairs Baker and Choy, and Committee Members:

**Having spent 23 years in DBEDT, I have administered or managed many of the programs affected by the proposed layoffs. For others, I have used the resources directly or referred others to them. I previously testified on the history, growth, success and general impact of cutting critical personnel from the Hawaii Film Office, the Enterprise Zone Partnership and the Community-Based Economic Development Grant Program. Today I would like to comment on several other programs and critical resources.**

### **A. Small Business Regulatory Review Board**

The Small business Regulatory Review Board was established by the Legislature in 1998 at the request of the Administration. Initially a four-year pilot effort it followed a less formal small business task force created two years earlier to help small businesses, especially very small ones, deal with the costly and time-consuming burden of many state and county Administrative Rules. In 2002 the board became permanent after demonstrating its effectiveness.

We all understand that even the most carefully crafted statute may need further clarification regarding implementation and procedures to carry out its intent. Often enabling legislation requires Administrative Rules, other times rules development is merely allowed. Unless the law clearly limits its provisions to those businesses over a certain size, either by job count or revenue, the law and thus the rules apply to all similar businesses. This "one-size-fits-all" application often causes those firms with fewer employees, especially those without human resources, accounting, tax or other specialists to either add staff, hire outside resources or divert less experienced employees to carry out the regulatory provisions. Regulatory compliance costs are clearly higher for small companies, in terms of their cash flow and profitability.

One of the most important provisions of the SBRRB enabling statute, Ch. 201M, HRS, is the requirement that rule-drafting agencies measure the impact of the proposed rule on small businesses, now defined as those with fewer than 100 employees. These impacts can be related to direct or indirect costs of compliance, limits on marketing opportunities or even to restrictions on growth.

Initially some regulatory agencies did not support the concept of measuring business impacts. They often were not even aware of indirect costs such as increased training, hiring consultants to prepare applications, studies or limits on market growth. Over time, as more and more Administrative Rules were developed under the law, agencies became more comfortable with the process and got help from DBEDT staff in understanding the process. There is currently general support and cooperation with the board from state and county agencies.

**The need for this board continues, especially during hard economic times where compliance costs are even more of a burden. DBEDT has clearly stated it will not fund**

board meetings, generally the cost of Neighbor Island member participation. There were two staff positions providing support for the board. The administrative position, specifically authorized by the Legislature, has not been filled and was transferred to another division. The DBEDT Business Advocate who provides professional support to the board, in addition to many other business regulatory tasks, was given a layoff notice. This action was taken even though the current budget has transferred that position to DCCA which has special funds to cover the cost.

Business will now have no place to go to express concern about an inordinate regulatory burden. No advocate, no group of small business owners or officers to petition or submit a complaint to.

### **B. DBEDT Library**

Businesses, especially the very small ones, generally do not have the staff to conduct in depth economic or market research. The DBEDT library is one of the very few resources that are intended to help these firms start, grow and succeed. The library is convenient, friendly and focused on business issues. I know of no other place where studies, analysis and projections made by all state agencies are housed. Its historical collection of state studies alone is worth its cost.

It is certainly a major resource for DBEDT and many other state and county agencies as well as those from the private sector. The dedicated, knowledgeable and very creative librarian is to be laid off, effectively ending this important and low cost service.

### **C. Office of Planning**

I am sure that many others will testify on the value of this important agency. Some may quibble over where it should be placed within the Administration, but I believe most would agree that the program elements being cut through layoffs are needed, and in some case required, by state or federal law. The work done by the several senior staff being cut is usually very technical and requires the experience and professional background that these dedicated individuals bring to their desk every day.

Just when major land use issues, especially those related to our energy initiatives, and the preservation of our coastal borders are becoming more important than ever, this is not the time to make these major cuts.

As I have stated before, I understand your ability to undo this severely negative policy action is limited. Please understand that the cuts being made, all but eliminate DBEDT's support for the general small business community. The more than 25,000 small employers along with the nearly 60,000 self-employed individuals will have nowhere to go for information and support. If smaller cuts had been made in each branch or office of DBEDT, business support could be maintained by those who remain. Cutting entire programs leaves no support. I know as one of the longer serving senior staff, who knows what. And those now chosen to remain do not know much about the programs being cut. Even though we often speak of Hawaii Small Businesses as being the "backbone of our economy," by these actions DBEDT is effectively breaking our back. Future economic growth will be affected and our already fragile reputation as a location to do business, will certainly suffer.

Thank you for the opportunity to provide comments.



**Testimony to the Senate Committee on Economic Development and Technology and  
House Committee on Economic Revitalization, Business, & Military Affairs**

**Informational Briefing  
Monday, September 21, 2009  
1:30 p.m.  
Conference Room 325**

**RE: DBEDT PROGRAMS**

Chairs Fukunaga and McKelvey, Vice Chairs Baker and Choy, and Members of the Committees:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). I am here to state The Chamber's concern regarding the anticipated reduction and possible elimination of DBEDT positions.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

In Hawaii, small businesses are the engine for Hawaii's economy through the creation of jobs which provide innovative products and services, and the generation of economic activity. They reflect all industries and a wide range of employment.

While the Chamber understands our government's uneasy and daunting task to remove certain programs and staff, the Chamber is concerned about the potential elimination of the subject-matter programs that currently provide incentives and opportunities for small businesses in Hawaii, as well as other programs such as the Small Business Regulatory Review Board which provides business representation in the regulatory process. Although some of these departments are operated by a very small staff, they employ a level of experience, expertise and know-how in running these complex programs that otherwise would be difficult to rebuild. Furthermore, although the economic benefits of these programs may not be as obvious, they help stimulate small business activity in a myriad of ways.

Assistance and facilitation from these types of programs are needed so small businesses can better compete in today's increasingly competitive and modernized economy. By keeping the existing programs and increasing resources for small businesses, potential opportunities will stimulate growth, especially at a time when Hawaii needs it most.

We ask that the department re-evaluate the economic impact of the layoffs as well as how these layoffs will affect the business community and general public. Thank you for the opportunity to testify.



# Charley's Taxi

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## LATE TESTIMONY

September 21, 2009

Honorable Members

COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY  
COMMITTEE ON ECONOMIC REVITALIZATION BUSINESS & MILITARY  
AFFAIRS

State Capitol

415 South Beretania Street

Honolulu, Hawaii 96813

**Informational Briefing**

**21 September Monday, 1:30 pm**

**Conference Room 325**

Testimony of Dale Evans for Charley's Taxi

Re SMALL BUSINESS REGULATORY RELIEF BOARD

SBRRB serves an important public purpose for being the safety valve, the go-between among stakeholders as to the interpretation and implementation of laws by administrative rules.

**SBRRB is is a volunteer board, the most cost effective of government functions.**

**For small businesses and consumers, the SBRRB process is crucial.**

**SBRRB is handicapped by a lack of sufficient funding that delays hearings and decisions.** SBRRB has a large caseload since it reviews small business petitions on all sorts of state and county administrative rules, new and old.

- The board needs an Administrator whose position is in jeopardy due to lack of funding.
- Neighbor island board members could not be reimbursed for travel expenses, the Administrator serves as the facilitator.

Taxicab drivers typify the smallest of small businesses. We estimate that Oahu's 1484 (2007) licensed taxicabs carry almost 15 million passengers a year (14,733,152). Privately-operated taxicabs are a vital part of public transportation system that receive no taxpayer subsidies. People without cars or unable to drive,

living in isolated areas, are most dependent on taxicabs.

The taxicab industry is riddled with excessive and manini regulations that inhibit access, availability and innovations to improve the quality of mobility for the truly "transit-dependents" who have least options (and therefore are most isolated). As a recent study of human services transportation indicates, there is a vast latent demand for taxicab services by seniors and people with disabilities. See Chapter 5 Service Gaps and Unmet Needs, pp 57-77: Human Services Transportation Coordination Plan, Final Plan, Cty & County of Honolulu, July 2009

[http://www.honolulurides.com/CoordPlan/Honolulu%20Final%207\\_31\\_2009.pdf](http://www.honolulurides.com/CoordPlan/Honolulu%20Final%207_31_2009.pdf)

There are many issues remaining to be resolved, but this is one example of the importace of the SBRRB.

Our petition to SBRRB in about mid-2006 relating to taxi meter rigging by possibly a quarter of the taximeters in Honolulu taxicabs resulted in the Division of Weights & Measures implementing a new meter inspection process. Meter tampering was driving up cost of fares to riders. This "fail safe" taximeter inspection system has since become compromised. In fact, we are concerned that within two weeks, there will be no more taximeter inspections because 3-4 inspectors in W&M have been laid off. Currently, there are not enough inspectors to do even one meter inspection a year.

In fact the city has taken the position that the Small Business Regulatory Relief law does not apply to the city & county of Honolulu.

Small businesses generate the largest growth of jobs in our economy. SBRRB is part of the consumer-advocacy process that helps small businesses fill consumers' needs and expectations.

Please fully fund the administrative costs for SBRRB.

Respectfully submitted,  
Dale Evans, Chairman and President

# **LATE TESTIMONY**

## **HAWAII STATE SENATE**

Committee on Economic Development and Technology

Senator Carol Fukunaga, Chair

Senator Rosalyn H. Baker, Vice Chair

## **HAWAII HOUSE OF REPRESENTATIVES**

Committee on Economic Revitalization, Business and Military Affairs

Representative Angus L.K. McKelvey, Chair

Representative Isaac W. Choy, Vice Chair

## **INFORMATIONAL BRIEFING**

Thursday, September 21, 2009, 10:00 a.m.

State Capitol, Conference Room 325

Good Morning Chair Fukunaga, Chair McKelvey, and Members of the Committees. Thank you for the opportunity to testify in support of DBEDT's Small Business Regulatory Review Board (SBRRB), Community-Based Economic Development (CBED) program, the Enterprise Zone (EZ) program, and the Film Industry Branch.

I am familiar with all of these programs because I have had the opportunity to work in the **CBED** Program and the **EZ** Program with program manager Wayne Thom for two years during the 1990s. I am also acquainted with the **Film Industry Branch** which has spurred Motion Picture revenues and much needed advertising for the State of Hawaii before and after the nation's economic financial meltdown. **The Small Business Regulatory Review Board (SBRRB)** has assisted the small business community with addressing regulatory concerns of Hawaii's small business owners. In my humble opinion, I believe that the most cost effective and community effective programs in the State are presently being downsized, gutted or threatened into extinction by the Director of DBEDT and the Lingle Administration.

The Small Business Regulatory Review Board (SBRRB) and The Film Industry Branch have both done an effective and efficient job for the State of Hawaii in generating revenue and advertising and cutting regulatory red tape for small businesses. The elimination or reduction in managers and staffing within these programs severely undermine the effectiveness and efficiency of work for our state. Small Business is the main generator of jobs in the State of Hawaii and The Small Business Regulatory Review Board assists small businesses in maneuvering through the red tape of doing business in the state.

**PRESENTLY, THE SBRRB FACES A DILEMMA. DBEDT will no longer fund board meetings which provides, for the most part, the cost of transportation for our neighbor island members. Lunches are currently paid for by each member of the board. There are two (2) staff positions that provide support for the board. The *administrative position* authorized by the legislature has **NOT** been filled and instead has been TRANSFERRED to another division. The BUSINESS ADVOCATE at DBEDT provides total support for the board and HAS JUST BEEN GIVEN A LAYOFF NOTICE. This action was taken even though the current budget has transferred that position to DCCA which has Special Funds to cover the salary cost. In either case, the SBRRB is *cut off at the knees* in its role as a Small Business Advocate Board in Hawaii. In short, DBEDT wishes to eliminate the Small Business Advocate position in order to lay off the Small Business Advocate and then eliminate the position completely; DBEDT wishes to no longer fund the SBRRB at all; DBEDT is attempting to somehow draw back the Small Business Advocate position from DCCA citing *a conflict* caused by the HB200 (Relating to the State Budget) that became law on July 1, 2009 which transferred the position to DCCA because they had the Special Fund money to fund the position and plans to eliminate the position if successful. DBEDT has therefore abandoned its Small Business mission role in the State of Hawaii, a role that it has been tasked to do since its inception. No small business support by the state equates to a *no job* scenario in Hawaii.**

The CBED and EZ Programs have enabled non-profit organizations to create meaningful jobs in the small business private sector as well as in the non-profit community. The sustainable jobs created have greatly benefited our non-profit and small business communities within the state of Hawaii. Frankly, it astounds me that the very programs giving the state of Hawaii *the greatest bang for the buck* are being eliminated, butchered, or left dead in the water. For years, both of these programs have been severely under-funded and understaffed and yet have been asked to provide the same effectiveness for our struggling communities with fewer resources at their disposal.

**I STRONGLY SUPPORT the funding of the Small Business Advocate position at DBEDT and the Small Business Regulatory Review Board and strongly support the CBED Program, the EZ Program, and the Film Industry Branch of DBEDT in their quest to maintain their manager positions, staffing, and continued funding within DBEDT.**

Submitted by:

Art Mori

[art.mori@hawaiiintel.net](mailto:art.mori@hawaiiintel.net)

808-943-0571

**BED 105:**  
**Hawaii Film Office**



HAWAII COUNCIL *of*  
COUNTY FILM COMMISSIONERS

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Testimony of  
HAWAII COUNCIL OF COUNTY FILM COMMISSIONERS

John Mason, Big Island Film Office, County of Hawaii  
Walea Constantinou, Honolulu Film Office, City and County of Honolulu  
Art Umezu, Kauai Film Commission, County of Kauai  
Benita Brazier, Maui Film Office, County of Maui

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY  
and  
COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS & MILITARY  
AFFAIRS

Sept 21, 2009 – 1:30 pm  
State Capitol, Conference Room 325

RE: Informational Briefing

Dear Chairs Fukunaga and McKelvey and Vice-chairs Baker and Choy and members of the committee:

The Hawaii Council of County Film Commissioners respectfully stands on our previously submitted testimony in **strong opposition** regarding the proposal to eliminate Hawaii's centralized film office staffed with personnel with specific film industry knowledge at the state level.

Doing so would damage our ability to generate the kinds of significant tax revenues, hotel room night bookings and economic activity seen since the passage of Act 88, the basic refundable tax credit, and nullify years of industry development.

Thank you for the opportunity to provide these comments.

ATTACHMENTS: September 3, 2009 Informational Briefing Testimony



HAWAII COUNCIL *of*  
COUNTY FILM COMMISSIONERS

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Testimony of  
HAWAII COUNCIL OF COUNTY FILM COMMISSIONERS

John Mason, Big Island Film Office, County of Hawaii  
Walea Constantinou, Honolulu Film Office, City and County of Honolulu  
Art Umezu, Kauai Film Commission, County of Kauai  
Benita Brazier, Maui Film Office, County of Maui

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY  
and  
COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS & MILITARY  
AFFAIRS

Sept 3, 2009 – 10:00 am  
State Capitol, Conference Room 229

RE: Informational Briefing

Dear Chairs Fukunaga and McKelvey and Vice-chairs Baker and Choy and members of the committee:

We are the Hawaii Council of County Film Commissioners and 4/5<sup>th</sup> of the Film Offices of the Hawaiian Islands, the five Hawaii commissions with one mission -- to develop, attract, retain and grow Hawaii's film industry. We are here today to voice our strong concerns about the proposal to eliminate Hawaii's centralized, dedicated film office at the state level.

Without a doubt it will have a negative impact. It is our strong belief that if the office is closed, significant business loss will occur. It will push us backwards to the equivalent of the Dark Ages in terms of service and marketability and negate the last 20 years of growth and development. We would be back at square one. We don't say these things to be dramatic but to be realistic about the effects.

We are at the cusp of becoming a globally recognized production center. But without proper government support at a state level, those long-term goals and the significant revenues and living-wage jobs created by the industry will evaporate.

This proposal could not come at a worse time. We have, right now, what equates to lightning in a bottle and are ripe to capitalize on it.

We have approximately 10 – 12 major projects -- feature films and television series -- that are actively bidding on coming here in the next 12 months because through Tropic Thunder, through Forgetting Sarah Marshall, through Indiana Jones 4, through LOST we have proven

ourselves to be an affordable, film friendly location that can deliver... But if there is even a whiff of business uncertainty, producers will just go somewhere else. The industry is competitive, global and easily transportable. They cannot take the risk.

If we institute changes that make it difficult, time consuming and laborious to access the tax credits and/or get a film permit, there are many other choices, jurisdictions who are aggressively going after the business. As the recent film THE PERFECT GETAWAY proves, you don't have to be in Hawaii to set a movie in Hawaii. We do it all the time, doubling for Africa, Costa Rica and the like.

In fact, in the last 6 months, states like North Carolina, Georgia, Texas, Maryland and California have created new tax credits or enhanced existing programs. Why? The film industry provides an immediate injection of cash into an economy. And that money is spent broadly throughout the community. It is good, solid economic development that generates revenues.

One specific example -- the projects that we are bidding for would spend north of \$150 million in the next 12 months and generate an estimated \$8.7 million in tax revenue. Just when we need it. NOW.

It is just penny-wise and pound-foolish to cut a program that generates revenues that can be used to fund other programs.

The Lt Gov in a radio interview recently said that the administration has a plan for managing the closure of the office -- that the current Creative Industries division head could take the place of the 5 people at the state film office and that the county film offices could pick up the slack. With all due respect to the Lt. Governor, from those who are in the trenches, he is mistaken.

As it stands, the county film offices are all under-resourced one-person entities. Even if the state offered additional funding to the counties to take on the additional duties, it would still not be possible. DBEDT is mandated legislatively to manage a centralized permitting system for state agencies and administer Act 88, which goes well beyond the scope of operation for a county film office. And to be effective, a film office must be firmly rooted in the jurisdiction that it is tasked with coordinating.

In 1993 the state launched an initiative to create a film office in each county through a matching fund program. The industry was growing and we were having capacity building issues. The industry could not function with just one film office. More were needed to grow and develop the infrastructure. The average annual Hawaii production spend at that time was around \$50 million. Well, we've flourished and tripled and quadrupled the annual production spend. We are now at \$150 - \$200 million and working our way up to our goal of having a \$300 - \$500 million industry here. But the infrastructure is the same as it was 18 years ago. We've continued to do more with less, to find new ways to operate more efficiently but we are maxed out and again challenged with capacity issues. We cannot



afford to lose one of the cornerstones of the foundation of our industry, and expect that there will be no negative effect on the industry.

Some have suggested the other state agencies can pick up the slack but what they don't realize is the film office interacts with the industry at the front end of the request, interpreting and translating information from 'industry-speak' to 'government speak', all the while taking on the lion's share of the workload so the agency doesn't have to.

This applies to the issuance of permits as well as the certification of applications to the tax credit program.

We recently learned that none of the staff can be placed elsewhere in DBEDT via the RIF process because the jobs are too specialized. This speaks volumes. The converse is also true -- the skilled and knowledgeable staff are not easily replaced. In fact, it takes about two years to start to become proficient at the job. It does require a certain level of expertise.

Permitting, facilitation and administration of the tax credit are just some of the tasks. Marketing the tax credit and the islands as a premiere filming destination is a responsibility that the Film Offices of the Hawaiian Islands share. What is it they say on LOST, Live Together... Die Alone. It takes all of us pooling our meager resources to be able to afford to participate in key events and get some measure of visibility to keep Hawaii top-of-mind. The lion's share of the marketing dollars spent is housed at the state film office. If the office closes, there would be no funds to market because the counties can't do it, even if we put every last cent into joint programs.

Not to be under-estimated is the fact that the film industry is a relationship oriented business. Every year thousands of professionals attend the Locations Trade Show in Santa Monica, California. Why? They can certainly find information they need on the internet or make a phone call to the film office and get the materials they need sent... but they don't. Film industry professionals come to meet film commission colleagues face to face because the film industry is a relationship-oriented industry.

If the office closes we would not only lose the process and function but we would also lose something more ephemeral but equally valuable... the connectivity to the industry via relationships nurtured by the good work done on project after project. For a global industry it is surprisingly tight-knit. People talk to each other. Share their experiences and how it was to work here. They have their own very effective 'coconut wireless' and right now, Hawaii is in good standing. But we won't be if our state film office is eliminated.

# HAWAII FILM & ENTERTAINMENT BOARD



*Brenda Ching, Chair  
Screen Actors Guild*

*Chris Conybeare, Esq.*

*Donovan Ahuna  
I.A.T.S.E., Local 665*

*Benita Brazier  
Maui Film Commission*

*Walea Constantinau  
Honolulu Film Office*

*Donne Dawson  
Hawaii Film Office*

*Jeanne Ishikawa  
Teamsters, Local 996*

*Leroy Jenkins  
H.I.F.A.*

*John Mason  
Big Island Film Office*

*Brien Matson  
A.F.M., Local 677*

*Jason Suapaia  
F.A.V.A.H.*

*Art Umezu  
Kauai Film Commission*

*Randall Young  
I.B.E.W., Local 1260*

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

and

COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS & MILITARY AFFAIRS

Sept 21, 2009 – 1:30 pm  
State Capitol, Conference Room 325

RE: Informational Briefing

Dear Chairs Fukunaga and McKelvey and Vice-chairs Baker and Choy and members of the committee:

The Hawaii Film and Entertainment Board whose members include all of the film industry labor unions, associations and film commissions stands on its previously submitted testimony in **strong opposition** to the administration's proposal to eliminate the centralized film office structure staffed with skilled specialists that currently exists to facilitate permits and the administration of Act 88,

**The film industry is a proven revenue generator and a part of the solution to our economic challenges.**

The last two calendar years 2007-2008 has generated nearly \$20 million in tax revenues, a 2000 percent return on the state's investment in the film program, and generated and bookings of over 61,000 hotel room nights, while generating almost \$500 million in economic activity.

BRENDA CHING

Chair

Attachments: Tax Revenues Generated, Economic Impact, 2007 – 2008 Economic Impact spreadsheets, Visitor Industry Infrastructure Support, Supply Chain

# HAWAII FILM & ENTERTAINMENT BOARD



*Brenda Ching, Chair  
Screen Actors Guild*

*Chris Conybeare, Esq.*

*Donovan Ahuna  
I.A.T.S.E., Local 665*

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F.A.V.A.H.*

*Art Umezu  
Kauai Film Commission*

*Randall Young  
I.B.E.W., Local 1260*

## COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY and COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS & MILITARY AFFAIRS

Sept 3, 2009 – 10:00 am  
State Capitol, Conference Room 229

RE: Informational Briefing

Dear Chairs Fukunaga and McKelvey and Vice-chairs Baker and Choy and members of the committee:

The Hawaii Film and Entertainment Board whose members include all of the film industry labor unions, associations and film commissions **strongly oppose** the administration's proposal to eliminate the centralized, dedicated film office that currently exists through the elimination of the staff through layoffs.

**As an industry we are completely united on this issue. The state film office is a revenue generating entity and is an essential agency to have if Hawaii wants to adequately service the current level of production and foster its further growth and development.**

Why support film? Because it is:

- Historically recession-proof - a reliable industry in tough economic times
- Win-Win; strong economic diversification that also supports tourism
- Generates significant state tax revenues
- Immediate infusion of significant amount of new money into economy
- Puts 'heads in beds' - significant number of hotel room nights
- Green industry that values natural beauty
- Global high-impact advertising reach at no cost to the State

The industry is a significant contributor to Hawaii's economic engine. A few figures are:

- In 2007, \$229 million of direct expenditures occurred
- In 2008, one of the most challenging years we've ever had, \$146 million of direct spending occurred – that's \$50 million over the ceiling we used to struggle to achieve.

The combined total of the above **generated nearly \$20 million in tax revenue to the state coffers while generating \$498 million in economic activity, at no cost to the state.**

The state film office budget is approximately \$500,000 per year. The average net income in tax revenues is \$10 million each year. **That is a 2000% ROI and \$10 million the state can use for other programs.** (Spreadsheets that detail how the numbers were calculated are attached FYI).

Film has been supported over the years not in spite of other programs but because it helps to generate revenues to fund them, yet layoffs seriously jeopardize the industry's ability to continue to be such a positive contributor to Hawaii's economy.

As a whole, the industry represents **over 4000 local working professionals** who are very concerned about the future of the industry if the state goes forward with eliminating the centralized film office. The industry is a labor-intensive one. On a major television series or feature film labor accounts for about 60% of the shooting budget. The other 40% goes to the various businesses and contractors that the industry must interact with to film.

For example, a mid-range feature that filmed in Hawaii with a 30-day shoot schedule generated approximately **75,000 man-hours of labor**. That's the equivalent of about 36 full-time positions. For a television series, it takes approximately **527,000 man-hours of labor** each season, which is around 250 full-time equivalent jobs.

And job creation extends beyond the film industry specific trades. For example, LOST used **over 700 different business vendors** through the filming of Season 5, the result of which is broad-based economic impact. (See attachment – Supply Chain Chart).

Over 1600 hours of labor is required to complete a 2-day international commercial shoot. Multiply that by 160 different productions over a year and you have over 130 full-time equivalent jobs. And of course, this type of production must interact with businesses in the supply chain.

Some quick calculations of just a partial list of industry project – a feature film, a television series and an average amount of local and international production equates to over 500 full-time equivalent jobs.

And right now, we have 10-12 features and television series looking to come to the islands, which could infuse Hawaii's economy with \$100 - 150 million of new money in the next 12 months.

Productions consider Hawaii because creative needs can be met but Hawaii would definitely be eliminated from the 'short list' of consideration were it not for Act 88 and the proper support from within state government. Quite simply, by doing away with a centralized film office at a state level, you tell Hollywood and the global production community **"We don't want your business – DON'T COME."**

A producer's job is to deliver the project on time and on budget. That means that producers need assurance that permits can be obtained in a timely manner and that the tax credit be administered properly by skilled and knowledgeable personnel.

By its nature, the film industry is fast-paced. A production like LOST may get a script two days prior to the first day of shooting that episode. Two days to determine what will be done over the next ten. Government is not known for being fast-paced. A film office **bridges the gap** and makes possible the **smooth interaction** that is necessary to coordinate the various agencies involved in one permit. **The industry is legally required to have film permits. No business would take on the liability of working without a permit – an certainly not a business that spends more than \$100,000 per day to do production in the islands.**

Many of production's needs are state-related. The administration of the tax credit is one, but in addition, anything to do with beaches from the high tide line down into the water, ocean requests, airports, harbors, state highways, state parks, child labor laws, animal importation -- the list goes

on and on – must be coordinated at a state level, usually in short order and with business certainty.

From a film industry growth perspective, this could not come at a worse time. Every state and most provinces in the developed world have film offices on a state or provincial level. They are fighting to attract production, especially in these tough economic times, so much so that they have increased their tax credits to retain or bolster their ability to attract production.

From an international perspective, the Hawaii International Film Association was able to increase international business by over 250% because of the collaboration with the state film office to create the Hawaii-specific Visa Pilot Program. The partnership between HIFA and the state film office is critically important to doing business in Asia. It sets the tone that Hawaii is open for business. We need to show the connection or that perception will go away.

Hawaii's international film industry accounts for about \$10 million of the annual direct spend mentioned earlier, the HIFA membership has grown to over 25 companies that are focused on international production, and most of the programs and commercials we do promote Hawaii to key visitor destination markets.

And new markets are emerging. Korea is now on the federal favored nation list, which means they can use the Visa Pilot Program for productions coming from the region. And HIFA is looking forward to China enjoying relaxed visa regulations in the not too distant future. But we need a centralized, dedicated film office with knowledgeable staff to keep going down this development track.

As an industry, it is our concerted opinion that a centralized, dedicated entity needs to be in place to be able to properly effectuate industry needs. The film industry is an industry of problem solvers – “no” does not exist in the film business. We don't come to this conclusion lightly: The elimination of a dedicated film office at the state level will bring the industry and its growth to an immediate and screeching halt.

Attachments: 2007 and 2008 Act 88 ROI spreadsheets, Supply Chain chart

# Tax Revenues Generated

Year	Direct Spend
2007	\$229 million
2008	\$146 million

## Tax Revenues Generated

\$ 11.3 million

\$ 8.06 million

**\$19.37 million into State coffers**

### Major projects:

Forgetting Sarah Marshall

LOST

Tropic Thunder

Indiana Jones 4

Pirates of the Caribbean 3

Oahu

Oahu

Kauai

Big Island

Maui / Molokai

Direct and Indirect economic formulas provided by Dr. William Boyd, UH Economist

# Economic Impact

The Film Industry is a part of the solution

Total Direct and Indirect impact:

2007 (based on \$229 M spend)

\$304 million

2008 (based on \$146 M spend)

\$194 million

**Total Economic Impact 2007-2008**

**\$498 million**

Multiplier of 1.29 and revenue calculation provided by DBEDT- READ; Direct and Indirect economic formulas provided by Dr. William Boyd, UH Economist; Based on direct spend figures provided by DBEDT-FIB

Note: "Film Industry" is used in a generic sense and represents film, television, commercial and new media

**2007 Economic Impact estimates - Act 88 and non-Act 88 Scenario**

Oahu split calculated at	50%		
NI split calculated at	50%		
Oahu cost	15% x estimated split		\$11,592,208
NI cost	20% x estimated split		\$15,456,277
	\$77,281,387 Oahu split		
	\$77,281,387 NI split		
	Total Act 88 cost:		\$27,048,486
Indirect Impact (Production Spend x multiplier)			\$294,997,152
Indirect revenues generated =			\$66,317,189
Indirect revenues x Revenue calculation =			\$8,621,235
total direct and indirect impact			\$303,618,387
		multiplier	1.29
Annual Production Spend	\$228,679,963		
Act 88 Spend	\$154,562,775	% of Act 88 total	67.589120%
non-Act 88 Spend	\$74,117,188	% of non-Act 88 total	32.410880%
			100.000000%
Annual Tax Revenues	\$29,728,395	Revenue calculation @	13.00%
Rebate Cost	\$27,048,486	Oahu and NI figures	
subtotal (cost to state)	\$2,679,910	(net gain/net loss)	
Indirect Impact	\$8,621,235		
+ cost to state	\$2,679,910		
<b>TOTAL</b>	<b>\$11,301,144</b>	<b>(net gain/net loss)</b>	

Legend- base figures:

Blue = input figures

Green = formula figures

Black = formula figures with positive results

(Red) = formula figures with negative results

**Total figures**

**Black** = net gain to state

**(Red)** = net loss to state



# Hawaii Film and Entertainment Board

## 2008 Tax Incentive Economic Impact Analysis for Act 88

Oahu split calculated at	50%		
NI split calculated at	50%		
Oahu cost	15% x estimated split		\$7,035,000
NI cost	20% x estimated split		\$9,380,000
	\$46,900,000	Oahu split	
	\$46,900,000	NI split	
		<b>Total Act 88 cost:</b>	\$16,415,000
Indirect Impact (Production Spend x multiplier)			\$188,340,000
Indirect revenues generated =			\$42,340,000
Indirect revenues x Revenue calculation =			\$5,504,200
(3) total direct and indirect impact			<b>\$193,844,200</b>
	(1) multiplier		1.29
Annual Production Spend*	\$146,000,000		
Act 88 Spend**	\$93,800,000	% of Act 88 total	64%
non-Act 88 Spend	\$52,200,000	% of non-Act 88 total	36%
Annual Tax Revenues	\$18,980,000	(2) Revenue calculation @	13.00%
Rebate Cost	<u>\$16,415,000</u>	Oahu and NI figures	
subtotal (cost to state)	\$2,565,000	<b>(net gain/net loss)</b>	
Indirect Impact	\$5,504,200	<b>(net gain/net loss)</b>	
+ cost to state	<u>\$2,565,000</u>		
<b>TOTAL</b>	<b>\$8,069,200</b>	<b>(net gain/net loss)</b>	

Legend- base figures:

Blue = input figures

Green = formula figures

Black = formula figures with positive results

(Red) = formula figures with negative results

**Total figures**

**Black** = net gain to state

**(Red)** = net loss to state

\* Honolulu Advertiser 5/18/09; quote by Donne Dawson, Film Industry Branch

\*\* draft figures provided by DBEDT - Film Industry Branch

(1) Multiplier figure provided by: DBEDT

(2) Revenue calculation figure provided by: DBEDT

(3) Direct and Indirect economic formulas provided by: Dr. William Boyd, UH Economist

# Visitor Industry Infrastructure Support

Partial count of film industry-generated

**Hotel Room Nights - 61,000**

Room night count based on actual 2007-2008 projects:

7 feature films:

- Forgetting Sarah Marshall
- Tropic Thunder (estimate)
- Indiana Jones 4

- The Tempest

- Princess Kaiulani

- Flirting with Forty

- You May Not Kiss the Bride

- 1 television season

- LOST

- 2 television specials

- Entourage

- Wheel of Fortune

- 3 reality programs

- My Antonio

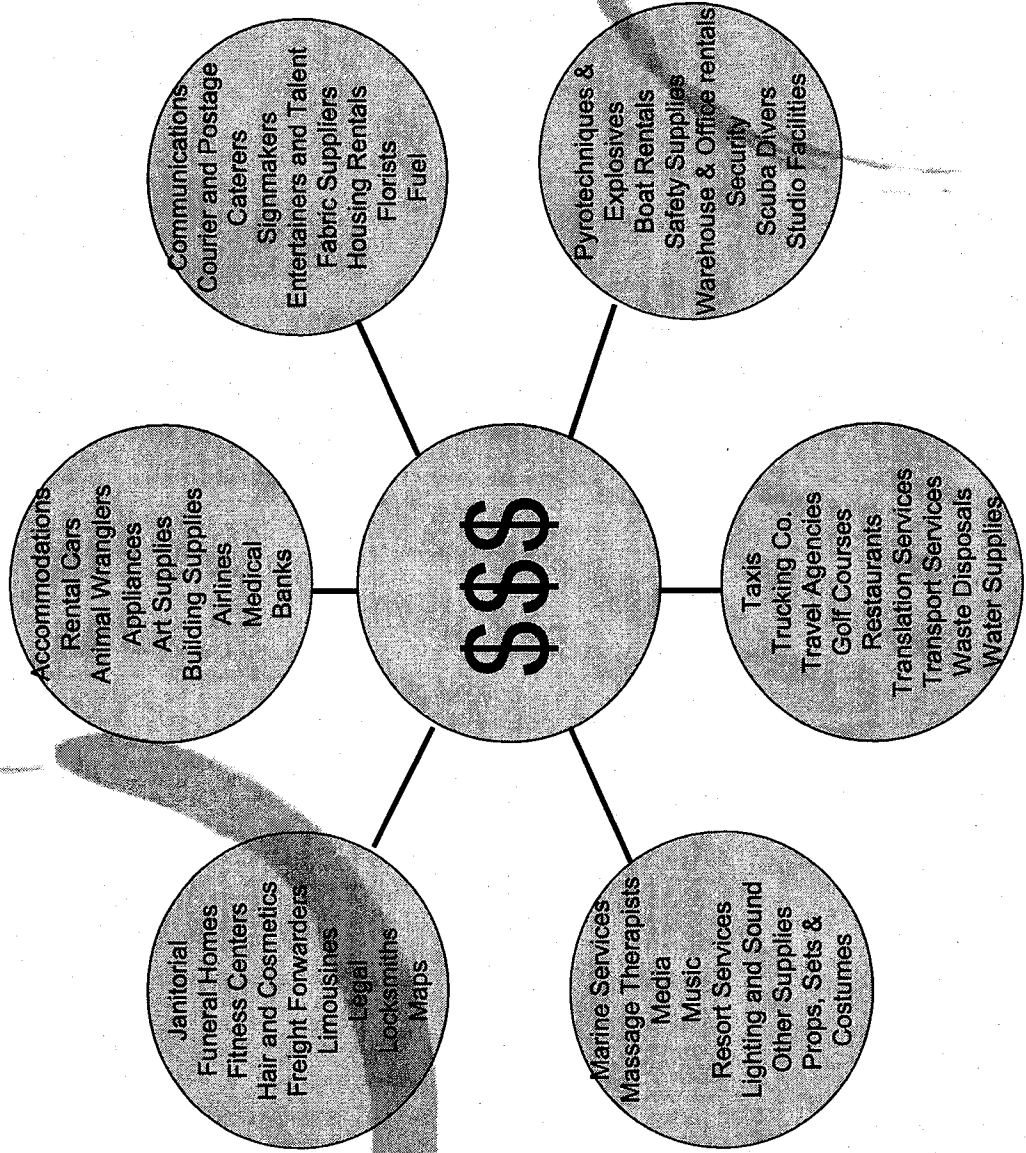
- High School Reunion

- Extreme Makeover

- 166 international commercial, tv and documentary productions

# The Supply Chain

A sampling of the film industry's broad-based local business impact



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**From:** Sue Larkin [suereel@pobox.com]  
**Sent:** Thursday, September 17, 2009 3:54 PM  
**To:** EBMtestimony; Sen. Carol Fukunaga; Rep. Angus McKelvey  
**Subject:** Testimony against the reduction/elimination of the Hawaii Film Office

Attn: Chairs Fukunaga and McElvey

I have a proposition. I propose that beginning Tue. Sept. 22, 2009 and lasting one month, all requests that are normally handled by the film office should be handled by Mr. Ted Liu and DBEDT personnel of his choice. This 'trial period' should replicate what will happen beginning Nov. 16. If Mr. Liu has no access to HFO personnel after Nov. 13, then he should have no access to them during this one month trial.

Trust me, Mr. Liu will quickly learn that eliminating the film office is a short sighted and ill conceived decision. At the end of the one month trial the film office employees will need to work overtime to do damage control with prospective productions and to clean up the mess created in the wake of people doing a job they're not qualified to do because of it's highly specialized nature. The overtime will more than justify the film office employees salaries during that trial period.

The one month trial period would severely cripple our local industry but it might also give Mr. Liu and others some valuable insight into the damage he will cause the State of Hawaii **prior** to such valuable film office employees being laid off. Please let Mr. Liu walk the talk.

Mahalo,

Sue Larkin

Owner  
Reel Services/Hawaii, Inc.  
941-2278  
reelserviceshawaii.com

---

**From:** Marilyn Mick [marilynmick@pobox.com]  
**Sent:** Friday, September 18, 2009 8:36 AM  
**To:** EBMtestimony  
**Cc:** Sen. Carol Fukunaga; Rep. Angus McKelvey  
**Subject:** Testimony on behalf of the Hawaii Film Office  
**Attachments:** testimony.pdf; ATT00001.htm

Re: COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY & COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS, & MILITARY AFFAIRS HEARING

DATE: Monday, September 21, 2009  
TIME: 1:30 p.m.  
PLACE: Conference Room 325  
State Capitol  
415 South Beretania Street

Thank you for the opportunity to provide testimony on behalf of the Hawaii Film Office. Please see my testimony attached as a pdf file as well as in the body of this email.

Mahalo, Marilyn Mick

Marilyn Mick  
Production and Location Management  
PO Box 15158  
Honolulu, HI 96830  
808.479.7764  
15.301.8666 Fax  
[www.marilynshawaii.com](http://www.marilynshawaii.com)

Aloha,

I have lived and worked in the film industry here in Hawaii for almost 25 years. In that time I have worked on many different types of productions from commercials, big budget and independent movies, television, videos, corporate and print. I have worked with the Hawaii Film Office and the county film offices very closely and can honestly say that I could not do my job without them.

Each county film office in Hawaii has their own agencies to interface with and there is no way that they, being one person operations, can take on the responsibilities of all of the many state agencies. The permit specialists at the Hawaii Film Office have an understanding of both the needs of our industry as well as the need to balance public and private usage of state land. They assist all of us location managers and producers through the maze of regulations and bureaucracy to obtain the film permits which allow a production to stay on schedule and spread the word that filming in Hawaii can be done. This cannot be done by other folks within DBEd&T, who do not have years of experience and understanding of our industry. It is a very specialized department and I feel that Mr. Liu is very misguided if he continues to say otherwise.

I am presently working on a movie for Lifetime which will begin shooting later this month so am as we speak working closely with folks from the mainland. We are already hearing the word going around LA that Hawaii may soon be unfriendly for filming. We do not need this kind of publicity making the rounds of the film industry, particularly when we have a weak economy as it is.

We need the Hawaii Film Office and want to be able to tell our clients that Hawaii is still open for the business of filming.

Thank you for your time.

Aloha, Marilyn Mick, Production and Location Manager

---

**From:** Gerard Elmore [gerard.elmore@gmail.com]  
**Sent:** Thursday, September 17, 2009 10:33 PM  
**To:** EBMtestimony; Sen. Carol Fukunaga; Rep. Angus McKelvey  
**Subject:** TESTIMONY RE: The Layoffs that affect the Hawaii Film Office for September 21st hearing.

Aloha Representatives and Senators,

I work for a local film production company called Shooters Film Production, as a commercial and independent film director. I'm also the Vice President of FAVAH (Film and Video association of Hawaii). I'm writing to implore your help on the topic of the abolishment of the Hawaii Film Office.

It seems like every year the film industry visits the state capitol for one issue or another. Last year it was ACT 221 and before that, we tangoed with ACT 88 tax incentives, which, I think it's safe to assume, have worked quite effectively. Now, it's the Film Office. It's almost as if government is chopping and hacking the limbs that make up the body of the local film industry year after year. The Film Office is the main point of contact and the head of the industry.

A decapitated body doesn't live very long.

I know you have already heard an enormous amount of accomplishments that the Film Office has achieved over the years. Not only for our industry but also for our local economy. While it can be argued that the permitting process can be taken over by other entities that already exist in government, I haven't heard a plausible solution to make it happen effectively. Furthermore, the Film Office has had a big hand in attracting big productions to Hawaii. Who will take that role over? Do they have the same contacts or resources? I know from the personal experience of making my feature length movie that marketing is an important key to driving business to your product. Who will be driving business to Hawaii?

Without a team of specialists dedicated to soliciting work from Hollywood and elsewhere, the money flowing into our economy from the film sector will eventually slow down and disappear.

Are we being dramatic?

You take away our crew, our license to film, and our jobs, we get a wee bit angry.

It seems the decision to shut down the Film Office was poorly researched and to date, Ted Liu has not offered a descent explanation for this decision. This is NOT a COST-SAVING measure. This is a BONE HEAD MONEY-LOSING measure. It's as if someone hired a blind drunk overworked monkey to throw darts at a "layoff board" and one of the darts hit the "FILM OFFICE" section. I'm no congressman, representative, or even the brightest guy in Hawaii but when confronted with decisions of this magnitude, aren't there conversations that occur with people you think could take over the roles you propose to cut or an cost analysis, not even a detailed report, but an analysis of how much money you will actually save? I guarantee, if that were to happen with an outside party, they would prove that this action would cause A LOSS and not a SAVINGS to government. We are consistently ranked horribly for places to do business and I personally think that the partial reason is because of BONE HEADED un-researched, short-sighted moves like these.

It's like opening a restaurant for high-end customers that promises the best customer service, product and atmosphere and when the first customer gets there, opens the menu, it says, "Get it your self". There's no staff

to take his or her order and they leave. No one else comes. Why? Not just because the service stinks but also because there is no staff to hand out fliers, prepare advertisements in papers or magazines to promote the business. The result is that the establishment fails and closes.

The situation with the Film Office is exactly the same. It's not just jobs, it's a business. If you lose the staff that have maintained and kept the business going, the business will eventually die.

Let's find a solution. While I understand tough decisions have to be made, tough decisions don't equal bad decisions. In a time where every dollar, job, and person matters, we need to make smart decisions and not dumb ones.

With much aloha,

Gerard Elmore



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**From:** Vans\_Stevenson@mpaa.org  
**sent:** Wednesday, September 16, 2009 10:43 AM  
**to:** EBMtestimony; Tish Mercado  
**Cc:** Hawaiilobbyist@aol.com; Melissa\_Patack@mpaa.org  
**Subject:** LETTER IN SUPPORT OF RETAINING HAWAII FILM OFFICE  
**Attachments:** Glickman 082409 ltr to Hanabusa.pdf; Glickman 082409 ltr to Lingle.pdf; Glickman 082409 ltr to Say.pdf

See attached as requested.



**MOTION PICTURE ASSOCIATION  
OF AMERICA, INC.  
1600 EYE STREET, NORTHWEST  
WASHINGTON, D.C. 20006  
(202) 293-1966  
FAX: (202) 452-9823**

**DAN GLICKMAN  
CHAIRMAN  
AND  
CHIEF EXECUTIVE OFFICER**

August 24, 2009

The Honorable Linda Lingle  
Governor  
State of Hawaii  
State Capitol, Room 415  
Honolulu, Hawaii 96813

Dear Governor Lingle:

On behalf of the Motion Picture Association of America, Inc.\* (MPAA), and its member companies, I write to urge your support in preserving Donne Dawson and the Hawaii State Film Office. MPAA member companies produce and distribute motion pictures for theatrical exhibition and for subsequent release on videocassette, pay, cable, and broadcast television. A significant amount of this production occurs within your state.

While we know that the recent economic downturn has led to the reexamination of several state funded organizations, the Hawaii State Film Office clearly shines as a success story. The annual amount of money currently spent to sustain the State Film Office pales in comparison to the millions of dollars annually generated by the Office's activities.

Feature films such as *The Informant*, *Indiana Jones and the Crystal Skull*, *Pirates of the Caribbean: at World's End* were all filmed on location in Hawaii in recent years. Undoubtedly, these films and television productions like *Lost* would be much more difficult without the Film Office's significant assistance and facilitation. The Film Office provides a great service in linking our members' production companies with appropriate

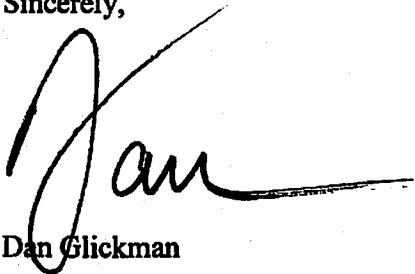
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\*<sup>1</sup> Buena Vista Pictures Distribution, Paramount Pictures Corporation, Sony Pictures Entertainment Inc., Twentieth Century Fox Film Corporation, Universal City Studios LLLP, Warner Bros. Entertainment Inc and CBS as an affiliate member.

contacts in state government as well as those in the Hawaii business, labor and local communities. In addition to the many direct economic benefits, it is estimated that film and television production activity that the Film Office employs thousands of people and wages paid by the film and television industry in Hawaii were in excess of \$100 million in 2007.

In short, we believe that the Hawaii State Film Office provides an extremely useful service that serves both our member companies' production needs, and more importantly, the citizens of Hawaii. Our member companies appreciate your continued support of the State Film Office and look forward to continuing their production activities in Hawaii.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan", with a long horizontal flourish extending to the right.

Dan Glickman

Thanks for your help



**MOTION PICTURE ASSOCIATION  
OF AMERICA, INC.  
1600 EYE STREET, NORTHWEST  
WASHINGTON, D.C. 20006  
(202) 298-1966  
Fax: (202) 452-9823**

**DAN GLICKMAN  
CHAIRMAN  
AND  
CHIEF EXECUTIVE OFFICER**

August 24, 2009

The Honorable Colleen Hanabusa  
President  
Hawaii State Senate  
Hawaii State Capitol, Room 409  
Honolulu, Hawaii 96813

Dear President Hanabusa:

On behalf of the Motion Picture Association of America, Inc.\* (MPAA), and its member companies, I write to urge your support in preserving Donne Dawson and the Hawaii State Film Office. MPAA member companies produce and distribute motion pictures for theatrical exhibition and for subsequent release on videocassette, pay, cable, and broadcast television. A significant amount of this production occurs within your state.

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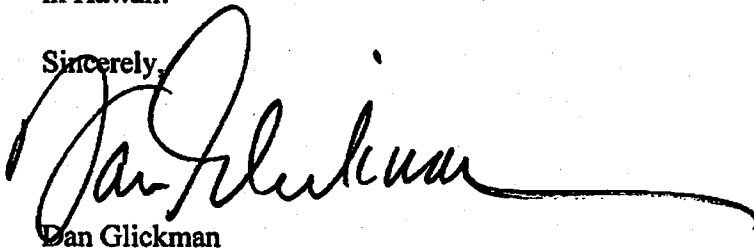
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\* Buena Vista Pictures Distribution, Paramount Pictures Corporation, Sony Pictures Entertainment Inc., Twentieth Century Fox Film Corporation, Universal City Studios LLLP, Warner Bros. Entertainment Inc and CBS as an affiliate member.

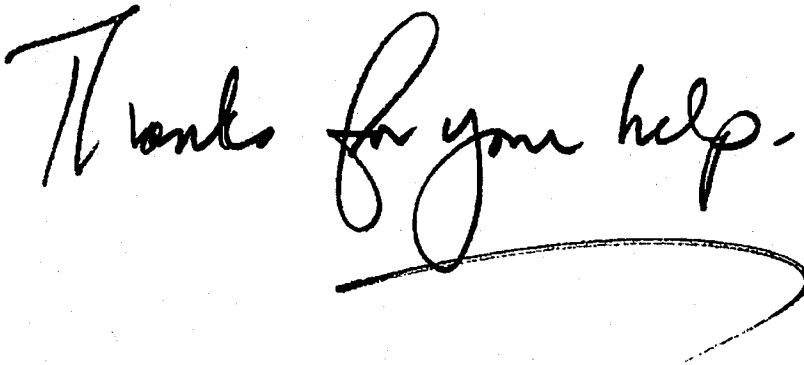
provides a great service in linking our members' production companies with appropriate contacts in state government as well as those in the Hawaii business, labor and local communities. In addition to the many direct economic benefits, it is estimated that film and television production activity that the Film Office employs thousands of people and wages paid by the film and television industry in Hawaii were in excess of \$100 million in 2007.

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Sincerely,

A handwritten signature in black ink, appearing to read "Dan Glickman", with a long horizontal flourish extending to the right.

Dan Glickman

A handwritten note in black ink that says "Thanks for your help." followed by a long, sweeping horizontal flourish.



**MOTION PICTURE ASSOCIATION  
OF AMERICA, INC.  
1600 EYE STREET, NORTHWEST  
WASHINGTON, D.C. 20006  
(202) 293-1966  
Fax: (202) 452-9823**

**DAN GLICKMAN  
CHAIRMAN  
AND  
CHIEF EXECUTIVE OFFICER**

August 24, 2009

The Honorable Calvin K.Y. Say  
Speaker  
Hawaii House of Representatives  
Hawaii State Capitol, Room 431  
Honolulu, HI 96813

Dear Speaker Say:

On behalf of the Motion Picture Association of America, Inc.\* (MPAA), and its member companies, I write to urge your support in preserving Donne Dawson and the Hawaii State Film Office. MPAA member companies produce and distribute motion pictures for theatrical exhibition and for subsequent release on videocassette, pay, cable, and broadcast television. A significant amount of this production occurs within your state.

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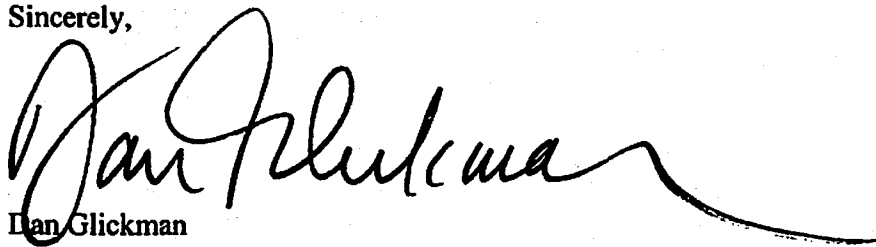
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In short, we believe that the Hawaii State Film Office provides an extremely useful service that serves both our member companies' production needs, and more importantly, the citizens of Hawaii. Our member companies appreciate your continued support of the State Film Office and look forward to continuing their production activities in Hawaii.

Sincerely,

A handwritten signature in black ink that reads "Dan Glickman". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Dan Glickman

Thank for your help

Guy Belegaud  
801 S.King street #4010  
HONOLULU HI 96813

Honolulu, Friday September 18<sup>th</sup>,

DATE: Monday, September 21, 2009  
TIME: 1:30 p.m.  
PLACE: Conference Room 325  
State Capitol  
415 South Beretania Street

**Ref: STRONGLY OPPOSE TO LAY OFF OF FILM OFFICE**

To Senator Carol Fukunaga, Chair,  
To Rep. Angus L.K. McKelvey, Chair,  
And members of the Committees, aloha,

As a construction coordinator in the Film Industry I am shock that the Director of the Department of Business Economic Development and Tourism Ted Liu, is deciding to lay off the Film Commissioner Donne Dawson and her entire staff.

By transferring the power to another depleted Agency, Mr. Liu would just put a band- aid on an infected wound that would never heal.

For years, the State Film Commissioner established serious relationship with Films Producers and majors studios. Those producers already have knowledge of how difficult it is to film in Hawaii, the state motto in the mainland has become "the Business Unfriendly State" (According to a NBC report Hawaii' State stands at the 49<sup>th</sup> place in the country just before Alaska for being business friendly) because of the strict regulations all around the island, so it is even harder and not even imaginable for this industry to adventure here and see someone struggling to give a film permit or a complex tax credit answer.

It is a fast moving industry; quick decisions have to be made all the time in a matter of minutes. There is rarely a second chance, and word of mouth travels fast across the ocean.

While someone is searching for an answer, the producer already made another phone call somewhere else. Beach and coconut trees can be shot anywhere else such as Florida or Caribbean Islands.

I've worked with the Film Office staff on many occasions, and their efficiency always helped us to fulfill the requests made by clients coming either from Japan or the mainland and not familiar with our rules.

Ted Liu has already his name attached to the Kaka'ako debacle, the Superferry fiasco, and the ongoing 3 millions Aloha Tower failure with a \$436/day fine, some dubious contract awarded to H2 Energy LLC, let's not have his name staining another economic disaster by laying off an entire agency for personal gratification. Let's keep the Film Office open so that thousand of people can keep their job in an industry that bring income to our economy. The state of Hawaii with an Unemployment Trust Fund already running dry, let's not increase our deficit for personal and political vendetta.

The more filming happening here, the more money is coming in our state coffer, or if Mr. Liu doesn't understand this concept, the less people working in the film industry, bigger becomes the deficit.

Mahalo for your time  
Guy Belegaud



---

**From:** Jimmy Borges [jborges@hawaii.rr.com]  
**nt:** Friday, September 18, 2009 3:46 PM  
**o:** EBMtestimony  
**Subject:** Jimmy Borges testimony for keeping our present Hawaii State Film Office and it's knowledgeable employees....

**DEAR SENATOR CAROL FUKUNAGA, CHAIR AND REP. ANGUS L.K. McKELVEY:**

**When a business you own brings in almost \$150,000,000 and it costs about one-percent of that to run it, you give bonuses, not pink slips. I would think it's a no-brainer.**

**My Name is Jimmy Borges. As far as my credentials go, I'm a member of Screen Actor's Guild since 1972. I still get residuals from my work and I get a very nice pension from S.A.G. for my vested time as an actor. With that in mind, let me try to explain what's wrong with having an assigned pencil-pusher handle the tedious yet precise and delicate work of The Hawaii Film Office.**

**Producers and Directors are "dreamers" first, businessmen second! No matter how big or small the project, there's an underlying belief that what they're filming is a possible award-winner or at least a mini-gem!**

**When they contact a location office for help, they not only want all the paperwork and footwork done as expeditiously as possible, they expect an understanding about their product and WHY they are doing it. Our current office understands how to handle those types of egos. An assigned clerical pencil-pusher WOULDN'T HAVE A CLUE! That is where the major difference will be when deciding to film in Hawaii or Mexico or Jamaica. I know this first hand from my Producer friends, Glen Larson ("Magnum P.I.") and the late Lenny Freeman ("Hawaii Five-0").**

**If you allow this to happen, you will alienate the entire major Film Industry. The message this will send is that Hawaii is not willing to accommodate their business (and their dreams!) with the common respect offered them everywhere else!**

**PLEASE DON'T LET THIS HAPPEN....**

**With High Expectations,  
Sincerely,  
Jimmy Borges  
1561 Kanunu St. Suite 505  
Honolulu, Hawaii 96814-3207**

# LATE TESTIMONY

## TESTIMONY OF WILLIAM G. MEYER, III

### Informational Briefing

HEARING DATE/TIME: Monday, September 21, 2009  
1:30 p.m. in Conference Room 325

TO: Senate Committee on Economic Development and Technology  
House Committee on Economic Revitalization, Business & Military Affairs

RE: **Testimony in Strong Opposition to the Anticipated Reduction and Possible Elimination of Most of the Film Industry Branch**

Dear Chairs, Vice-Chairs and Committee Members:

My name is William G. Meyer, III. I am an intellectual property/entertainment attorney who has been practicing law in Honolulu for 30 years. I represent both locally based and national and international motion picture and television production companies.

While I understand that the state is faced with very serious financial issues, in my judgment, it would be a colossal mistake to reduce or eliminate most of the Film Industry Branch. In this regard, I am particularly dismayed that Ms. Donne Dawson, the Hawaii Film Commissioner, has received a lay-off notice effective November 20, 2009. There are several very compelling reasons why I am very concerned over the proposed reduction in the Film Office, in general, and the inclusion of Ms. Dawson in the lay-off list, in particular. First, in the eyes of the local, national and international entertainment industry, Ms. Dawson is the Hawaii Film Office and her departure would be tantamount to shuttering the Office itself. As you no doubt know, the Hawaii Film Office has operated for years on a meager budget, and among other things, this has meant that virtually all responsibilities for administering Hawaii's motion picture and television industries have been concentrated in Ms. Dawson's hands and it is her competence, experience and personal relationships with key industry representatives that has kept Hawaii "open for business" for this industry over the last several years.

With the passage of SB 199 and the resulting elimination of Act 221/215 as a viable vehicle to provide production incentives in the State of Hawaii, the only game in town now is Act 88. In this regard, Ms. Dawson has been primarily and singularly responsible for administering Hawaii's Refundable Production Credit program and her loss at this critical time is likely to be the last nail in the coffin of Hawaii's motion picture and television industry.

I find the potential elimination of Ms. Dawson's position especially troubling and inscrutable in light of the fact that it is a position that actually acts to generate economic activity and therefore revenues for the state. At a time when we should be doing everything possible to encourage production activity, the removal of such "key positions" and such a "key person" will not only have devastating impacts upon the day-to-day

affairs of our local industry, it also sends a reinforcing message (in light of the scale back of Act 221) that Hawaii is simply not interested in this industry and the economic activity it generates. This is so short-sighted because this industry IS ONE OF THE FEW THAT COULD HELP US DIG OUT OF THE FINANCIAL MESS THAT WE NOW FIND OURSELVES IN.

Over the years I have attended industry summits and conferences on the mainland and, without exception, when people learn that I am from Hawaii, everyone always says that Hawaii has a great Film Commissioner. At a time when the environment for this lucrative economic activity is so highly competitive, we should not be doing anything that moves us towards the bottom of the list of potential production locales. In such competitive times, producers will take their productions to the jurisdictions that offer the best incentives, competent crews and efficient and competent government interaction and cooperation. Over the years, industry has come to rely upon Ms. Dawson to "get the job done" while protecting local interests and the host culture.

In light of the foregoing, I have respectfully requested that the Governor reconsider her position in this matter and I now implore you to do everything you can to reverse this decision and, in the process, stabilize this important function of state government so as to avoid a further downward spiral of this important industry that has historically contributed between \$150,000,000 and \$200,000,000 a year in economic activity.

Respectfully submitted,

**/s/ William G. Meyer, III**

William G. Meyer, III

# LATE TESTIMONY

**Subject:** STRONGLY OPPOSE TO LAY OFF OF FILM OFFICE

----- Forwarded Message

**From:** ashley smith <[courtneytaryn@aol.com](mailto:courtneytaryn@aol.com)>

**Date:** Fri, 18 Sep 2009 15:21:51 -1000

**To:** Carol Fukunaga <[senfukunaga@capitol.hawaii.gov](mailto:senfukunaga@capitol.hawaii.gov)>

**Subject:** Ref: STRONGLY OPPOSE TO LAY OFF OF FILM OFFICE

Ashley Smith  
1609 Democrat St. #3  
HONOLULU HI 96819

Honolulu, Friday September 18th,

DATE: Monday, September **21**, 2009  
TIME: 1:30 p.m.  
PLACE: Conference Room 325  
State Capitol  
415 South Beretania Street

**Ref: STRONGLY OPPOSE TO LAY OFF OF FILM OFFICE**

To Senator Carol Fukunaga, Chair,

To Rep. Angus L.K. McKelvey, Chair,

And members of the Committees, aloha,

As a construction coordinator in the Film Industry I am shock that the Director of the Department of Business Economic Development and Tourism Ted Liu, is deciding to lay off the Film Commissioner Donne Dawson and her entire staff.

By transferring the power to another depleted Agency, Mr. Liu would just put a band- aid on an infected wound that would never heal.

For years, the State Film Commissioner established serious relationship with Films Producers and majors studios. Those producers already have knowledge of how difficult it is to film in Hawaii, the state motto in the mainland has become "the Business Unfriendly State" (According to a NBC report Hawaii' State stands at the 49th place in the country just before Alaska for being business friendly) because of the strict regulations all around the island, so it is even harder and not even imaginable for this industry to adventure here and see someone struggling to give a film permit or a complex tax credit answer.

It is a fast moving industry; quick decisions have to be made all the time in a matter of minutes. There is rarely a second chance, and word of mouth travels fast across the ocean.

While someone is searching for an answer, the producer already made

another phone call somewhere else. Beach and coconut trees can be shot anywhere else such as Florida or Caribbean Islands.

I've worked with the Film Office staff on many occasions, and their efficiency always helped us to fulfill the requests made by clients coming either from Japan or the mainland and not familiar with our rules.

Ted Liu has already his name attached to the Kaka'ako debacle, the Superferry fiasco, and the ongoing 3 millions Aloha Tower failure with a \$436/day fine, some dubious contract awarded to H2 Energy LLC, let's not have his name staining another economic disaster by laying off an entire agency for personal gratification. Let's keep the Film Office open so that thousand of people can keep their job in an industry that bring income to our economy. The state of Hawaii with an Unemployment Trust Fund already running dry, let's not increase our deficit for personal and political vendetta.

The more filming happening here, the more money is coming in our state coffer, or if Mr. Liu doesn't understand this concept, the less people working in the film industry, bigger becomes the deficit.

Mahalo for your time

Ashley

\*\*\*\*\*

Ashley Smith  
Production Coordinator  
"The Honeymoon"  
Office: 808.469.4164  
Cell: 808.306.7066  
[courtneytaryn@aol.com](mailto:courtneytaryn@aol.com)

# LATE TESTIMONY

## TESTIMONY OF RANN WATUMULL

### Informational Briefing

HEARING DATE/TIME: Monday, September 21, 2009  
1:30 p.m. Conference Room 325

TO: Senate Committee on Economic Development and Technology  
House Committee on Economic Revitalization, Business & Military Affairs

Dear Chairs, Vice-Chairs and Committee Members:

Thank you for taking the time to consider my concerns about the anticipated reduction and possible elimination of most of the Film Industry Branch. I am a co-founder and executive producer at Hawaii Film Partners. We produced the television series "Flight 29 Down" that is currently airing on Discovery Kids and in over 100 territories worldwide. We have also produced the animated series called "Ape Escape" that is airing on the NickToons channel. We are also in production of a 26 episode animated television series with partners in China and Korea called "Guardians of the Power Masks." We are nearing completion of a feature film that was shot in Hawaii called "You May Not Kiss The Bride."

I also would like to thank the Chairs for their leadership and support of the film and high-technology industries.

I do understand the serious fiscal crisis facing the State and also understand that the size of our State government currently exceeds the tax revenue to support it. I also understand that there are legal conflicts over the issue of lay-offs versus furloughs. I also recognize that the most recent tax revenue projections are continuing to decline requiring further cuts.

I would like to express my support for Donne Dawson and the vital role she and the Film Industry Branch plays in the development and growth of the film industry in Hawaii. While cuts do need to be made to the State budget, I would hope that departments that actually help create jobs and bring revenue into the State would be viewed in light of the economic benefits they generate for the State.

Donne was instrumental in bringing our company together with Discovery Kids so that we could produce the series that became the highest rated show in the history of the Discovery Kids channel. Royalties are still being paid on the show, which are coming back into Hawaii to local residents.

The Film Industry Branch serves important functions to promote Hawaii as a place to do business, to bring producing partners together, to facilitate on the ground productions and

to be the face of our film industry to the world. Donne has done a wonderful job over the years and has a stellar reputation in the industry.

In order to have a healthy film industry in Hawaii it is imperative that the State maintain a vibrant and competent Film Office. I hope that you will work to maintain this function in our State.

Respectfully Submitted,

Rann Watumull

# LATE TESTIMONY

THE SENATE  
HOUSE OF REPRESENTATIVES  
THE TWENTY-FIFTH LEGISLATURE - INTERIM OF 2009

## COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Senator Carol Fukunaga, Chair  
Senator Rosalyn H. Baker, Vice Chair  
Sen. Clayton Hee  
Sen. Sam Slom  
Sen. David Y. Ige

## COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS, & MILITARY AFFAIRS

Rep. Angus L.K. McKelvey, Chair  
Rep. Isaac W. Choy, Vice Chair  
Rep. Lyla B. Berg  
Rep. Cliff Tsuji  
Rep. Cindy Evans  
Rep. Glenn Wakai  
Rep. Joey Manahan  
Rep. Jessica Wooley  
Rep. K. Mark Takai  
Rep. Gene Ward  
Rep. James Kunane Tokioka

## AMENDED NOTICE OF INFORMATIONAL BRIEFING

Monday, September 21, 2009  
1:30 p.m.  
Conference Room 325 State Capitol  
415 South Beretania Street

Re: The purpose of this informational briefing is to determine the broad range impact of potential layoffs within the Department of Business, Economic Development and Tourism. The Director has identified 40 positions within DBEDT that may be eliminated on September 3, 2009, and the legislature received information on possible layoffs of six (6) total positions within the Film Industry Branch, CBED and Enterprise Zone programs.

Chair Fukunaga, Chair McKelvey, Members of the joint committees, mahalo for the opportunity to testify today.

I come before you as both a motion picture and television producer and the Founder and Director of the University of Hawaii Academy for Creative Media to express my profound distress, dismay and confusion over the proposed elimination of virtually the entire staff of DBEDT's Film Industry Branch, including State Film Commissioner Donne Dawson. This would be a terrible business decision by the State of Hawaii and makes no sense either in terms of policy, vision, or merit.

Full disclosure: Ms. Dawson is my calabash sister and we have been friends since childhood. But even if she had just moved from the mainland ten years ago, as an entertainment industry veteran, I cannot imagine Hawaii being better served by anyone in this crucial area of economic development.



Perhaps more than any other state, Hawaii has been defined by the media. Our film and television industry is a crucial component of marketing our state as a tourism destination to the world. But media in all its forms now offers Hawaii a vital opportunity to diversify our economy to keep our students here in the islands with living wage jobs.

Ms. Dawson and her staff have done an excellent, 24/7 job of representing the state of Hawaii to Hollywood and filmmakers from around the globe. Just as importantly, the staff of the Film Industry Branch smoothly manages the process for the people of Hawaii, fairly and transparently. This is not an easy job -- or a place for on the job training -- for either constituency.

Hawaii's unique cultural heritage is yet another challenge to shooting in our state and Ms. Dawson has consistently demonstrated the sensitivity and finesse to bring all sides together for our mutual benefit. Cultural awareness and a deep understanding of the production process is not a skill set learned overnight or something to be outsourced.

There is no shortage of examples where Ms. Dawson and her staff's keen expertise has made the difference in attracting production to Hawaii and keeping the film and television producers coming back by dealing with the most delicate and unexpected contingencies. With a minimal annual budget, this office has supervised approximately a billion dollars in production spending since Ms. Dawson took the helm, and the notion that our struggling state can simply remove or replace this office without a severe negative economic impact is ludicrous. This is an office staffed by industry experts who make a positive difference for the state's tax revenues, tourism marketing, and diversified economy.

While we all recognize the State must deal with its budget issues, it is baffling that anyone would look at the immense return on the dollar that the Film Office provides to Hawaii and decide this is the place to cut.

I've just returned from delivering the keynote address for the Taiwan government's Digital Taipei 2009 -- dedicated to the building of that island nation's digital content industry. Ironically, the head of a Taiwan production company who has worked in the US actually said to me that she heard there was trouble with Hawaii's Film Office. I have heard similar concerns from producers on the mainland who are not going to come to Hawaii if there is no one to facilitate their production needs in the state. As a producer myself, I know that it would give me great pause coming here knowing that the State had decided to dismantle the one agency with the institutional knowledge to handle hundreds of millions of dollars of production.

At a time when the media industry is one of the few bright spots on our economic horizon, I am optimistic that the business sense of our executive branch will reconsider these lay offs and take them off the table, as there is simply no justification for them.

Sincerely,

Chris Lee

Founder and Director, Academy for Creative Media

President, Chris Lee Productions

# LATE TESTIMONY

**From:** Genie Joseph [lightwave7@hotmail.com]  
**Sent:** Sunday, September 20, 2009 1:23 PM  
**To:** EBMtestimony; Sen. Carol Fukunaga; Rep. Angus McKelvey  
**Subject:** LATE TESTIMONY Testimony in Support of the Film Office

## **HAWAII MOVIE STUDIOS, LLC**

2043 Makiki Street Honolulu, Hawaii 96822  
808-949-8255 [Genie@HawaiiMovieStudios.com](mailto:Genie@HawaiiMovieStudios.com)

TESTIMONY AGAINST THE REDUCTION / ELIMINATION OF THE FILM OFFICE

September 21, 2009:

Aloha Committee:

It has been suggested by those who wish to close the Hawaii Film Office that permits could be handled by other agencies. I wish to address this issue specifically in terms of what the permit process is like at the movie production side of the table. First, to put the process of permits in context, it is never a simple "one phone call" process as the needs of film, TV and Commercial production and location use can change on a daily basis, thereby meaning the permit process needs flexibility and instant response.

Here are just a few common examples from productions I have been involved in where we have gone through the process of permitting a certain location, only to have the entire production be forced to reschedule because of weather, wind or water conditions that were not suitable to the scene scheduled. Actor issues: sunburns, health, schedule conflicts or other reasons that may cause an entire day may be rescheduled. Special effects – any number of conditions may not be optimal, causing scenes to be rescheduled. Continuity issues, prop readiness, wardrobe repair – the list is endless. In summary, one location may be permitted, but the schedule may change entirely with often less than 24 hours notice. This is "business as usual" in the movie industry, and we need a dedicated film office that is prepared and able to respond efficiently.

In the Director's Guild of America Training program there is a question on one of the applications for apprenticeship. "At four PM the director tells you he has decided he needs elephants to walk across Times Square at dawn tomorrow. What is your response? Correct answer: "How many?"

Our industry requires support from a dedicated film office that understands our logistical needs, can work with many departments to resolve issues in a timely manner, and on top of that has the flexibility to match the ever changing demands of film and TV production.

Our reputation as a film-friendly state is in jeopardy, and our ability to attract productions here is at stake. Please understand how important the Hawaii State and County Film Offices are in insuring the success of a Hawaii film industry.

Mahalo for your understanding and kokua!

Sincerely,  
Genie Joseph

# LATE TESTIMONY

September 20, 2009

Testimony of  
MONICA LEVINSON  
Film Producer, Los Angeles, CA  
(CV includes "Bruno" "Borat" "Dodgeball" "Zoolander" "The Insider")

TO:  
COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY  
and  
COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS & MILITARY  
AFFAIRS

Dear Chairs Fukunaga and McKelvey and Vice-chairs Baker and Choy and members of the committee:

I am writing as a film producer who is very concerned about the prospect of losing the State Film Office in Hawaii. Film Commissions are the only way film producers can get the service necessary to bring a film (or television show) to a state.

When I am trying to weigh the options of where to shoot a film, my first call is to the state film commission. I ask for inside information on filming in that state (which cities to explore, etc), location photos, information on any breaks (rebates, etc), local crew resumes, equipment companies and suggestions for affordable crew hotels. If a state doesn't have a film commission, I usually disregard that state since there is no infrastructure there to help me.

In the past several years, more and more films and television shows are shooting in Hawaii, in large part due to the outreach of the film commissioner. These great strides have now made Hawaii an actual reality as a film location where people would consider shooting their entire film. Years ago, it was widely believed that Hawaii wasn't strong enough to support a film and should only be used for 2<sup>nd</sup> unit shoots for exterior beauty shots (which consists of a small crew filming for 1-2 days) to make a film LOOK like it shot in Hawaii.

The State Film Office has a view on all of the islands and is able to help producers like me narrow our choices and then point us to the right city/cities/islands that would work best for our needs.

If the State Film Office is dissolved, I can honestly tell you that filming will dwindle and cease in Hawaii. Hollywood films will no longer have the infrastructure they need to shoot a movie there.

That may not seem like a problem to the committee, but as a producer, I will tell you what money we spend while on location:

Hotels/Housing (up to 6 months)

Restaurants/Bars (the crew is given approx \$75 a day per diem in cash)

Food for catering (100+ people a day)

Movie Equipment Rentals

Office Equipment Rentals

Office Supplies

Car/Truck/Van/Trailer/Motorhome rentals

Local crew hires (transportation, camera, production support and assistance, sound, grip, electric, caterers, cast/producer assistants, etc)

Taxi fares

Production Office Space Rental

Wrap and/or Mid-production parties

Local cast hires (including Background extras)

Location Rentals

Gas

Residences for Cast

These are just a few examples of the money spent locally on a film. This is a huge boost to the local economy.

I would strongly encourage you to reconsider your proposal of eliminating the State Film Office of Hawaii. There is just too much to lose if you follow through with that action.

If you have any questions, I would be happy to speak to you further by telephone.

Best regards,

Monica Levinson

# LATE TESTIMONY

**From:** Kuyper, Jon [Jon.Kuyper@warnerbros.com]  
**Sent:** Monday, September 21, 2009 6:32 AM  
**To:** EBMtestimony  
**Subject:** Hawaii Film Commission testimony

To Whom It May Concern:

I write to express my surprise and shock in hearing that there is pressure to dissolve the Hawaii State filming tax credit incentive and possibly the Film Commission. Frankly, it is counter intuitive and will prove to end film production in the state and its many fiscal benefits.

I am an executive at one of the major Hollywood studios and a large part of my job is studying the many incentives around the world in order to find the most competitive location to shoot our films. Due to the fact that retail market and the economy have put more pressure on our production budgets and yet the consumer wants to see more on the screen, we have been forced to address filming incentives as one of the major factors in deciding where to spend the production money to get the most out of it. In fact, we have even changed the venue in the screenplay in order to set the story in a location that has a more favorable incentive.

In studying these incentives, I have clearly seen from my research, as well as the research I have seen from the various US States and foreign countries around the world, that luring film production to a local economy generates generous fiscal benefits to the state and local governments as well as its businesses and citizens. This is proven fact especially when you consider the additional tax revenues to the government, the instant influx of millions of dollars that is spent in a short period of time with no lasting impact to the local community except leaving a lot of money in the pockets of local laborers, vendors and businesses (and then their tax revenues to the state).

In my experience, the offices of Hawaii Film Commission have been extremely professional and very effective. They are knowledgeable about production, which is surprisingly rare, and know their filming incentive inside and out as well as their competitors. In fact, in my opinion, they as a group, and Walea and Benita in particular, are at the top of the list of the most respected film commissioners in the world. It would be a pity to see them and the work and progress they have achieved in recent years, go by the wayside. It takes many years to build an indigenous film production industry, especially in a location as remote as the State of Hawaii, but as you can plainly see from territories like Louisiana and New Mexico, it takes a vision, hard work and staying the course.

Respectfully submitted, and very sincerely,

Jon Kuyper

**Jon Kuyper**

Vice President, Physical Production  
Warner Premiere, a division of Warner Bros. Pictures  
4000 Warner Boulevard, Burbank, CA 91522  
818 954-1941 office  
818 954-2436 fax  
[jon.kuyper@warnerbros.com](mailto:jon.kuyper@warnerbros.com)

# LATE TESTIMONY

Senator Carol Fukunaga  
Rep. Angus L.K. McKelvey

September 21, 2009

Re: Impact of potential layoffs within the Hawaii Film Office (DBEDT)

Chairs Fukunaga and McKelvey, Committee Members,

Aloha, my name is Jeremy Spear and I am a filmmaker.

I am deeply disappointed and dismayed at the prevalent thinking that justifies, in essence, the closure of the Hawaii State Film Office. Common sense dictates that in order for something to flourish – it needs nurturing and expert handling. Simply put - the Film Industry in Hawaii will wither and die without the proper people in place to shepherd and tend to the multitude of tasks that are necessary for the industry's survival.

As a local filmmaker who directed, wrote and produced the ESPN and PBS show, "Polynesian Power: Islanders in Pro Football" - narrated by "The Rock", I can attest to the importance of a capable film office being readily available and tuned into the intricate production needs of a feature length film. The Hawaii Film Office was instrumental in offering me advice and issuing permits for various location shots. Prior to production of "Polynesian Power" I had been made aware of the Film Office and its figurehead, Donne Dawson, by their presence at not only Hawaii film festivals, but also as *film ambassadors of aloha* at Mainland festivals like Sundance and Pacifika. A visible presence outside of Hawaii is what ultimately makes the possibility of shooting in Hawaii a reality and not just an artistic pipedream for Mainland and Global production companies.

Filmmaking is not just a series of private edits in a secluded post-production suite. It is by its very nature a collaboration of the greatest kind. Hawaii of all places should recognize the importance of the collective whole and the need to look to others for the completion and realization of a final product. It takes a village to make a movie - and without our tribal elders in place we are less guided in this world. Without the Hawaii Film Office – there is no community, no connective tissue for the film industry. Young filmmakers and seasoned veterans alike – need to know that someone is in their corner and that optimism and professionalism abound to help projects reach their fullest potential. As an Island State with a host culture that values the oral tradition of myths and story telling – we are less valuable as a people and a place - without having the full resources of filmmaking available. In the end we all suffer spiritually, socially and last, but not least, economically.

Yours truly,

Jeremy Spear  
Shortstop Films Inc.

# LATE TESTIMONY

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**From:** Tia Carrere [info@tiacarrere.com]  
**ent:** Sunday, September 20, 2009 7:28 PM  
**io:** EBMtestimony  
**Subject:** Testimony from Tia Carrere re: Hawaii Film Office

Dear legislators of the great state of Hawaii,

With all the complexities and intricacies involved in filming and production, it is of the utmost importance for Hawaii to have a clearing house of information available for producers; a one-stop shop to make it easier and more appealing while dealing with permits, finding locations, or dealing with incentives. In these highly competitive financial times, other states are actively pursuing and wooing production: states like New Mexico, Louisiana, and now, even Iowa! I fear that the closing or truncation of the Hawaii film office, coupled with the recent reduction of tax incentives, sends a very dangerous message to Hollywood. I am personally aware of a few big productions that were taking a wait-and-see attitude toward shooting in Hawaii. I am deeply concerned that this may be a push in exactly the wrong direction. Film is a very important source of revenue for the state. Outside of the actual budget of a film, consider the local people that are employed, the hotels that are filled, the restaurants, retail stores, and services that are patronized. Please do not turn your back on the extremely lucrative film industry. It is now more than ever that we need to nurture and grow such an important revenue stream for the state.

Tia Carrere

# LATE TESTIMONY

## TESTIMONY OF JASON K. LAU

### Informational Briefing

HEARING DATE/TIME: Monday, September 21, 2009  
1:30p.m. in Conference Room 325

TO: Senate Committee on Economic Development and Technology  
House Committee on Economic Revitalization, Business & Military Affairs

RE: **Testimony in Strong Opposition to the Anticipated Reduction and Possible Elimination of Most of the Film Industry Branch**

Dear Chairs, Vice-Chairs and Committee Members:

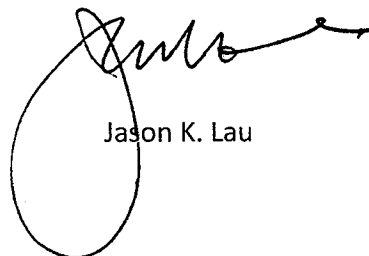
My name is Jason K. Lau. I am the President of TalkStory Productions, LLC ("TalkStory"), a locally based film and television production company in Hawaii. We produced a series, BEYOND THE BREAK, for the Nickelodeon Channel, and two movies for the Sci-Fi Channel. We've also produced THE TEMPEST, a theatrical movie starring Academy Award winner, Helen Mirren, which shall be distributed by Miramax. We're currently in pre-production on SPY VS. STU, a theatrical movie starring Pierce Brosnan and will be distributed by Twentieth Century Fox. Also in pre-production is THE SHORT LIST, a television series drama featuring 100% of local talent. All of these projects were or will be primarily produced in Hawaii.

I started TalkStory just about five years ago. It was a challenging process (to say the least), which included putting my personal finances and reputation at stake. But through it all, I could always count on one thing: the guidance of the Hawaii Film Office and Ms. Donne Dawson. Beyond the ability to issue film permits and Act 88 credits, Ms. Dawson was our central hub of information and resources. Her contacts and reputation with the local community is spot-on, but even more important, are her contacts in Hollywood and beyond. For without her support, TalkStory would not have had the success that we have experienced.

It should also be noted that our company has been able to produce over \$60 million worth of projects. More than half of these budgets were off-island monies that have been or will be directly injected into the local Hawaii economy (including Lanai, Maui, and the Big Island). These monies created jobs and were spent directly into local business, including hotels, airlines, restaurants, etc. All of this can be traced back to my early interaction with the Hawaii Film Office, which opened these possibilities.

Therefore, I respectfully request that the Governor reconsider her position in this matter.

Respectfully submitted,



Jason K. Lau



**BED 144:**  
**Office of Planning**

Statement of  
**ABBEY SETH MAYER**  
Director, Office of Planning  
Department of Business, Economic Development, and Tourism

before the  
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY  
AND HOUSE COMMITTEE ON ECONOMIC REVITALIZATION,  
BUSINESS, AND MILITARY AFFAIRS**

Monday, September 21, 2009  
1:30 PM  
State Capitol, Conference Room 325

**INFORMATIONAL BRIEFING ON THE DEPARTMENT OF BUSINESS, ECONOMIC  
DEVELOPMENT AND TOURISM, PART II.**

Chairs Fukunaga and McKelvey, Vice Chairs Baker and Choy and Members of the  
Committees.

The State Office of Planning (OP) is, like the Administration, extremely disappointed that the Governor's Furlough Plan has not been implemented and that as an alternative the State must pursue Reductions in Force (RIF). A vast majority of OP employees have echoed this deep disappointment.

OP understands, however, that as long as the State continues operations without significantly reducing expenses, our budgetary shortfall increases, as does our risk of being unable to meet our basic obligations without taking on increasing debt load. In this broader sense, however significant the impacts this round of reductions would be to OP, this ultimately pales in comparison to the greater issues now facing all of State Government.

Under the RIF proposal, the State Office of Planning (OP) will lose seven (7) positions from a total of seventeen (17) General-funded positions, and twenty-seven (27) positions total (a RIF of 41% of General-funded positions). This is proportional to RIFs throughout the rest of DBEDT.

These reductions, while extremely painful to identify, were made with deep regard for the future of OP and how we will best continue to function in light of such great losses.

OP is deeply committed to search for increased efficiencies and opportunities for collaboration with other programs, in an effort to re-create itself as a viable, effective and relevant organization, fully able to carry out its statutory duties. However, there will undoubtedly be loss in its capacity to produce results, especially in the short-term. The following is an attempt to describe and disclose this potential loss of capacity and to specify areas of impact of the looming RIFs:

Four (4) of the seven (7) positions to be reduced are professional planners including the Program Manager of the Coastal Zone Management Program and three (3) positions are administrative support staff.

The Land Use Division will lose three (3) of five (5) positions, two (2) Planner V positions and a Secretary II. The remaining Division will consist of the administrator and one (1) Planner VI position. The Land Use Division represents the State's position on all matters before the State Land Use Commission under Chapter 205, HRS, State Land Use Law. The Planner positions review petitions for land use district boundary amendments; prepare position papers and other filings before the Land Use Commission and coordinate with other state agencies to assure that the State's interest is represented. The Secretary II position is essential to monitor the submittal, tracking and filing of OP positions, testimonies and legal documents, and those served upon OP by other Parties, for all State Land Use Commission proceedings. We may be unable to maintain current operations, particularly on controversial dockets such as the recent Hoopili petition.

Current high profile and controversial projects before the State Land Use Commission include Hawaiian Memorial Park expansion in Kaneohe, the D.R. Horton – Schuler Homes, LLC (Hoopili) and Castle and Cooke Homes Hawaii, Inc. (Koa Ridge) housing projects on Oahu, the Waimanalo Gulch Sanitary Landfill in Ewa and the Bridge Aina Lea, LLC resort and housing project in Kona. OP is also finalizing its own petition to reclassify a large portion of the Ka Iwi Shoreline from the Urban to the Conservation District in East Oahu.

The Office of Planning administers the Coastal Zone Management Program under Chapter 205A, HRS. The loss of the Coastal Zone Management (CZM) Program Manager position may adversely affect the operations of the CZM Program and could potentially result in reduced Federal funding. The CZM Program receives \$2 million in Federal funds which must be matched by State funds. The manager position provides part of the State match for these Federal funds and Federal funds may be reduced if this match is lost. The CZM Program prepared and implements the Ocean Resources Management Plan, particularly through community-based projects. The CZM Program conducts overall Special Management Area Permit administration; Federal Consistency reviews; and is involved with issues related to coastal hazards, coastal nonpoint pollution control, public involvement and outreach and other critical coastal issues.

Planning and policy analysis services also face cuts. The Special Plans Branch will be reduced to one person, its Program Manager. OP conducts planning and policy analysis on important issues such as important agricultural lands; prepares legislation to improve the planning and land use management system and provides testimony on planning issues during the legislative session; and implements Chapter 225M, HRS, State Planning and Chapter 226, HRS, the Hawaii State Plan. The Special Plans Program also currently manages five federal economic planning grants from the U.S. Department of Commerce, Economic Development

Administration (approximately \$625,000 total) and the Brownfields Cleanup Revolving Loan Fund grant (approximately \$2.0 million dollars) from the U.S. Environmental Protection Administration. These services may have to be reduced or curtailed with the cuts in staffing.

The Special Plans Branch coordinates the Statewide Comprehensive Economic Development Strategy Update every five years which is a pre-requisite for government and non-profit organizations to qualify for federal Economic Development construction grants. Loss of the planner position may jeopardize the completion of the CEDS Update and Hawaii's eligibility for EDA construction funds for economic development projects.

Loss of these positions will also impact the Office of Planning's capacity to apply for new federal funds. There will be fewer general fund dollars to provide the required local match and less capacity to manage additional grants.

OP will lose significant support staff through the RIF. The secretary, clerk steno and account clerk positions will be cut. In addition, the OP Director's secretary was cut during the last budget cycle. The provision of basic office services will be adversely impacted affecting staff and office productivity. With the loss of the account clerk position, the office will lack fiscal management, fiscal record keeping and controls – duties management will have to assume directly.

Historically, long before this budgetary crisis, OP suffered the loss of professional staff required to produce quality research, analysis and recommendations. OP currently has 27 positions, (10 of which are federally-funded) and a general fund budget of \$1.557 million. In FY76-77, during Governor Ariyoshi's term, the budget category comparable to OP's had 48 positions and a general fund budget of \$1.351 million. Meanwhile, population and development pressures and impacts have increased tremendously since 1977. Issues such as important

agricultural lands, traffic congestion, loss of open space and natural resources, renewable energy, climate change and economic conditions have both the public and policy makers' attention. All of these issues are impacted by land use policies and decisions, which once rendered effect permanent changes to our state's landscape and resources. Any further cuts in staff and budget will cripple our ability to advise and represent the State on these critical issues.

Hawaii is an island state with precious land and natural resources. Although we face difficult budgetary times, we must come together to ensure that those functions which will help balance economic development with the need to retain the land, natural and cultural resources which make Hawaii special are not lost. The Office of Planning provides planning and policy analysis, represents the State before the State Land Use Commission and administers the Coastal Zone Management Program in order to balance economic development, the environment and societal needs. These reductions will severely restrict the ability of the Office of Planning to provide planning services and contribute to the quality of life in the communities in our state.

Lastly, I most emphatically state that I offer this testimony without blame. The budgetary and economic crisis facing our state is extremely real and must be responded to with real action. I understand that if reductions were not taken from OP, they would have to be taken elsewhere, to the severe detriment of other programs, whose managers would advocate as passionately for their programs as I now am for mine. I offer this testimony only in an effort to make the Legislature and the public aware of the effects of the looming reductions on our Office and our future challenges in carrying out its core mission.

Thank you for the opportunity to comment.



# Marine and Coastal Zone Advocacy Council

## *Ke Kahu O Na Kumu Wai*

### MACZAC Members:

#### Maui

Donna L. Brown (chair)  
James E. Coon (vice-chair)  
Henry T.S. Lau

#### Lanai

Robin Kaye

#### Molokai

Walter Ritte

#### Oahu

Susan A. Sakai  
Donna Wong

#### Hawaii Island

Kanoa Withington  
Mike Gleason

#### Kauai

Rhoda Makanani Libre  
Makaala Kaaumoana

To: House Committee on Economic Revitalization, Business & Military Affairs  
Senate Committee on Economic Development and Technology

Re: Informational Briefing Regarding the Department of Business, Economic  
Development and Tourism's Proposed Layoff Plan (September 21, 2009)

This testimony is presented by the Marine and Coastal Zone Advocacy Council (MACZAC). Established by state statute HRS § 205A-3.5, our group of 11 volunteers representing six islands, serves in an advisory capacity to the Hawaii Coastal Zone Management (CZM) Program in the Office of Planning, Department of Business, Economic Development and Tourism (DBEDT).

Under the proposed layoffs, the CZM Program would lose its Program Manager as well as several other key staff who will be "bumped." Our understanding of this "bumping" process is that staff with experience/expertise in specific areas could potentially be replaced with staff (including individuals from other departments) lacking the experience/expertise required for the position. We are particularly concerned about the possible repercussions resulting from the elimination of the CZM Program Manager position. We are further concerned that the impact of the proposed layoffs would go beyond the loss of positions and services that the people in those positions render. CZM staff collaborates extensively with partners, including numerous state agencies also affected by the layoffs. Hence, the Office of Planning would experience the cumulative effects of layoffs within the CZM Program combined with cuts in the Departments of Land and Natural Resources, Health, Agriculture, Civil Defense, and Transportation, as well as the University of Hawaii, Office of Hawaiian Affairs, and Hawaii Community Development Authority. Moreover, the recent progress which the CZM Program has made with regard to interagency collaboration and government-community partnerships may be jeopardized as positions are eliminated and staff are bumped.

In addition, cuts in state CZM funding could lead to a loss of federal CZM funding from NOAA, which requires the commitment of state matching funds.



# Marine and Coastal Zone Advocacy Council

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Most disturbing to us is that the Office of Planning would lose its capacity to continue work on critical initiatives such as the Ocean Resources Management Plan (ORMP), climate change, coastal hazards, and the Coastal Nonpoint Pollution Control Program, among others. These collaborative programs enable the state to proactively manage and protect its coastal and marine resources. Without the facilitative "glue" provided by the Office of Planning, the programs will either fall by the wayside or operate at a low, ineffective level. The impact on Hawaii's economy, environment, and citizens will be significant, and some adverse impacts may prove to be irreversible.

In closing, may we leave a final thought with you. We are all volunteers. We are not Office of Planning employees. You can't furlough MACZAC. You can't lay us off. We will continue to advocate for our respective communities on coastal and marine issues and to support the CZM Program. We will continue to help implement the Ocean Resources Management Plan (ORMP) that our group was instrumental in developing. In turn, however, we depend upon the CZM staff to support us in our advisory and outreach efforts. It's a statewide volunteer-staff partnership with an amazing multiplier effect. The layoffs will diminish the effectiveness of both staff and volunteers. We hope that we're not the ones expected to turn off the lights.



Douglas S.Y. Tom  
777 Paani Street, #505  
Honolulu, Hawaii 96826

Briefing Regarding the Department of Business, Economic Development and Tourism's Layoff  
Plan

Thursday, September 3, 2009

Chair Fukunaga, Chair McKelvey, Vice-Chair Baker, Vice-Chair Choy, and members of the Senate Committee on Economic Development and Technology and House Committee on Economic Vitalization, Business, and Military Affairs, thank you for allowing me to provide comments about the Department of Business, Economic Development and Tourism's (DBEDT) reduction-in-force (RIF) plan.

My name is Douglas Tom. I am employed in the Office of Planning, which is administratively attached to DBEDT. My comments, however, are personal and not intended to represent the view of the office in which I work. Nonetheless, they reflect the concerns and sentiments of the people in the office affected by the RIF.

DBEDT's plan to carry out the administration's RIF within the Office of Planning will cause substantial adverse impacts to public service, far outweighing any budget reducing effect. Its number crunching approach is devoid of fundamental public service purposes, needs, and goals; meaningful and equitable criteria for identifying employee positions for termination; and effective communication with affected employees. The combination of coerced retirement, unsubstantiated removal of positions and productive work, and the infusion of new people with uncertain dedication and skills will heavily task programs in their efforts to carry out statutory requirements and meaningful initiatives.

The various projects and initiatives of the Coastal Zone Management (CZM) Program in the Office of Planning that involve collaboration with communities statewide will be stymied, and this will be a major reversal in government-community relations. This is because collaboration is people oriented and continuous, and not something that can be effective and efficient with the mere shuffling of people. Interpersonal trust and respect are the foundation upon which effective government-community partnerships are predicated, and these critical factors are earned, not inherited. The loss of dedicated and capable people trusted by communities from the musical chair strategy is not in the best interest of public service. It does not equate to doing more with less.

DBEDT's closed door approach to the RIF provides an easy opportunity for personal and capricious targeting of individuals. In the Office of Planning, there are five management positions below the director level. The only one proposed for abolishment is the CZM program manager position, one of only two directly responsible for carrying out state law. It is also a position of importance because it is directly connected to a federally-funded program that infuses more than \$2,000,000 of federal funds into the state each year to carry out a program based on state law. While this amount may not be large from a statewide perspective, it is for the Office

of Planning budget. It is also important to note that a substantial amount of the costs for the affected general fund positions in OP is used to help satisfy the state match requirement for the federal grant. Hence, the wisdom of this action is questionable.

Annual special award grant conditions as well as other federal documents specifically refer to the program manager. This clearly shows the importance the federal administering agency places on the position. Elimination of the CZM program manager position will weaken the program and threaten the state's federal approval status because it is a negative alteration of the approved program organizational structure. A September 1, 2009 letter from the National Oceanic and Atmospheric Administration to the DBEDT director expressed disapproval of the elimination action and concern about the capability of the people that would replace the existing program staff by way of the bumping process. In addition, the CZM program manager oversees nine professional staff, more than any other manager in the Office of Planning. Moreover, given CZM's extensive contextual reach, its management is more than a full-time effort. It also includes liaison services with national, state, and local governments, insular U.S. jurisdictions, private organizations, and community groups. This is why the organizational structure is important. These responsibilities cannot be simply absorbed by others in the organization. Clearly, DBEDT's decision to abolish the position will have a tremendously adverse impact on the work of the CZM Program, which translates to a threat to the inflow of federal program grant monies at a time when they are most needed, reduction in public service, and less care for the state's coastal and natural resources.

RIF communications thus far reveal major changes to be made in programs as knowledgeable and productive employees are being displaced by senior employees from other programs. The action threatens to weaken the CZM program at a time when its strength is needed more than ever before given the state of the economy and the need to assure economic activities are designed and carried out in a manner that respects the environmental and cultural values important to the insular lifestyle. It should be pointed out that a major CZM purpose is the preservation and protection of quality beaches and clean coastal waters, the very foundation of the state's tourism industry and which are critically important to the residents. The RIF essentially dismisses the importance of this CZM relationship with the state's economic and environmental well-being.

The RIF will severely impact both the CZM Program and the Land Use Division, the two major statutory programs of the Office of Planning. It will reduce the number of employees in the CZM Program as well as alter its professional employee complexion. Proven dedicated and productive employees will be displaced, and because of this, the quality and quantity of work will suffer. Only time will determine whether the new people will be able to help the program return to a productive state. The Land Use Division will be reduced to two people, a manager and a planner, a work force inadequate to carry out the work load. With twenty-two active petitions for amending land use boundaries, how will the critical legal deadlines be met? What level of quality can be expected?

Land use planning is the process for determining particular uses of land resources, and it involves locating people, public services, and facilities. It also deals with relationships among governments in addressing population increases and distribution, the economy, social values,

technology, physical resources, and the environment. In essence, it is a complex task that deals with opportunities and issues that impact upon the future in many ways.

As the population continues to increase, the pressures for urbanization also increase, and the competition for the limited natural and cultural resources intensifies. Because these trends will undoubtedly continue, the importance of and need for these programs are more pronounced than ever before.

CZM is about balancing the needs of economic development and conservation of resources in a sustainable manner. It reflects the view of the ecosystem as an integrated whole in which nothing is mutually exclusive or independent. CZM is in the forefront of initiatives that are critically important. The Ocean Resources Management Plan (ORMP) is its flagship, which makes sense because the ocean is Hawaii's heritage, and it ought to be its future. For generations, people of Hawaii have depended on ocean resources for subsistence, and some continue to do so today. The ocean is where we seek cultural enhancement, inspiration, and recreation. It is also where we harvest valuable resources and carry out numerous economic activities. Quality beaches and clean coastal waters remain the foundation or major attractions for tourism. Protecting and preserving them are important CZM functions which, unfortunately, are not immediately recognizable because the planning and management actions are not physical and clearly visible. Nonetheless, program support statewide continues to expand as more communities learn more about CZM and the ORMP. They express hope that the ORMP will be transformed into a prescriptive, living document that offers a sense of purpose, place, and direction for guiding statewide resource planning and management based on government-community partnerships. They see this as a needed change to a government system dealing with natural and cultural resources which they characterize as totally dysfunctional.

CZM is also in the forefront of planning adaptation measures for climate change, a subject that needs to be taken seriously because its implications for islands are life altering. Although it is important to understand how climate change will affect our future, it is more vital to decide how the impacts should be addressed so that we may shape our own future. The science is clear, climate change is occurring, and we will have to face the effects. How severe and long-lasting the effects will be is up to us. How will these changes impact our island life? What effects will they have on the marine life and their migratory patterns? How and to what extent will commercial, recreational, and subsistence fishing be affected? How will the health and productivity of the coral reefs change? What will happen to the beaches and nearshore water quality that sustain our tourist industry? To what extent will sea level rise occur? How can we avoid harm to life and property? Will the tsunamis, hurricanes, and storms we experience be more intense? What will the impacts be to our potable water sources? What effects will there be on agricultural crop and livestock production? What are the human health concerns? There are many, many questions that need to be addressed. CZM is at the forefront in addressing these questions and concerns, and it makes sense. I say this because CZM is about balancing the needs of economic development with conservation of resources, and it reflects the view of the ecosystem as an integrated whole in which nothing is mutually exclusive or independent. Moreover, CZM aligns with the island perspective and the principles of balance, sustainability, and interrelationships. The effect of the RIF will result in an undoing of these important

initiatives. Who will then take on this important public service responsibility with the practical demise of the CZM program, and how?

Given the significance of the adverse effects, it is obvious that DBEDT's RIF does not serve a meaningful public purpose. The loss of qualified and dedicated people and the infusion of new and untested people will result in lower public service and perhaps less qualitative interaction with interested public members. The various initiatives that have appealed to communities statewide may be stymied or discontinued with the removal of the dedicated personnel ingredients. More importantly, the strategy also lacks an acceptable context.

To guide government action, the seminal question is what kind of Hawaii is desired twenty years from now? Fifty years? A hundred years? Obviously, there are desires for a strong economy, a clean environment, enhanced culture, and better education, among a host of other interests. The combinations can number in the thousands. The task is to develop and select the scenario that best describes the preferred future so a road map can be prepared. Otherwise, planning and management will be futile, and personnel and budget decisions will be arbitrary at best. With a scenario, there is a rational context to determine appropriate government programs and their budgets.

Vision is the most fundamental need. It provides the sense of purpose, place, and direction, and the context for goals, objectives, and policies. Vision is the logical framework for coordination and partnerships. Moreover, it is the defining guide for government functions and programs, their interrelationships, and their preferred carrying capacities. In other words, government should not decide personnel matters without context. On the contrary, vision should define government and programs, as well as their capacities. Since government is the agent for change, the vision for change must be clear. Unfortunately, there is no apparent vision besides cost cutting that is guiding the RIF strategy. As a result, continued controversy, confusion, debate, conflict, unnecessary red tape, questionable requirements, and other non-productive factors we are presently experiencing will likely continue. These are symptoms of a circular, ineffective, and inefficient governance system.

In summary, the administration's strategy is unreasonable and unfair, and it will have adverse public services consequences. The way the RIF strategy has been carried out is completely unacceptable. In addition to the lack of a coherent vision to determine the layoffs, everything is conducted behind closed doors, with no meaningful consultations with the affected. In the mandated staff meetings on the subject, the director's message has been that he is not at liberty to tell us much of anything. So why have a meeting? And yet, affected employees are expected to maintain high morale and continue their high level of productivity, not a fair or reasonable expectation since they feel they have been treated with disrespect and apathy. The net effect of the present RIF strategy will likely be diminished quality of public service. If a RIF is indeed necessary, it should be carried out as transparently as possible with clear public service purposes, fair and equitable treatment of the employees, and with the aim of minimizing adverse consequences.

Thank you for the opportunity to offer these comments.

ACKNOWLEDGED

Acknowledged

Georgina K. Kawamura, Director of Finance

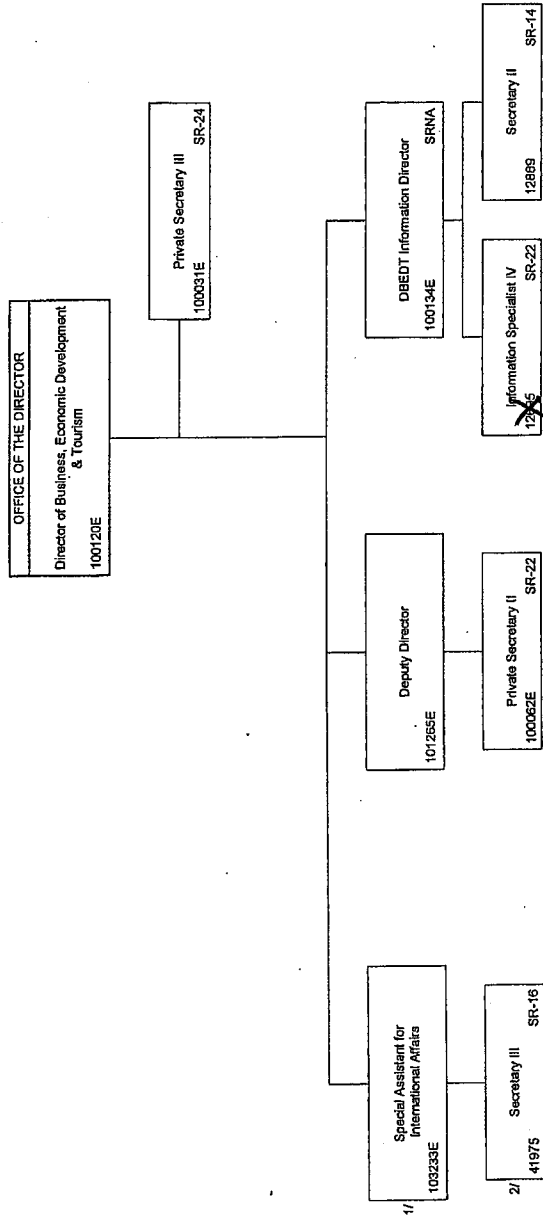
4/2/2004

Date

STATE OF HAWAII  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
OFFICE OF THE DIRECTOR

POSITION ORGANIZATION CHART

PRESENT



E = Exempt  
1/ Re-described to Special Assistant for International Affairs - 05/25/07; NTE 06/30/09  
2/ NTE - 06/30/09  
Position No. 117452, DBEDT Projects Coordinator - Established 07/01/05-abolished 06/30/06

July 3, 2007

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

**OFFICE OF THE DIRECTOR  
PRESENT FUNCTIONAL STATEMENT**

Under the General direction of the Governor of the State of Hawaii, plans, organizes, directs, coordinates, and reports on the various activities of the department within the scope of laws and established policies and regulations. The work of the department includes statewide economic development; energy development and management; and research, economic analysis, artistic, entertainment and film industry liaison and other support activities.

To the extent that the State seeks to market itself as a business location and in business development initiatives, the department will create and initiate business attraction programs and proactively seek to promote the State of Hawaii in venues both foreign and domestic.

- Recommends policies, programs, organizations, and directs their implementation after approval is obtained.
- Promulgates administrative rules, regulations, and procedures governing the conduct of departmental activities.
- Directs and maintains program and financial planning, evaluation activities and management improvement services.
- Develops and directs the State's primary economic development and business marketing program to external constituencies.
- Provides interface with the visitor industry, Hawaii Tourism Authority and inter-governmental agencies on tourism related issues.
- Provides the State's interface with the Art, Film and Entertainment communities, with the intent of supporting Hawaii's cultural activities as a viable business sector.
- Directs the preparation of program budgets, submits and justifies budgets before reviewing and approving authorities, and exercises control and expenditure of funds made available to the department.
- Serves as a major liaison with the news media, the public and business sectors, particularly in conveying DBEDT initiatives and priorities aimed at developing and attracting business, capital investment and supporting statewide planning activities.
- Represents the department before the legislature and community and public groups.
- Maintains effective working relationships between the department and the Governor, legislature, other government officials and the general public.
- Conceptualizes and administers a wide-ranging information and advertising program which targets current economic activities in Hawaii and pursues new sources of employment and revenue.
- Exercises leadership, guidance and control of the efforts of employees toward the achievement of department objectives; directs personnel management of the department and serves as the department appointing authority.
- Serves on committees, boards, and commissions established by the Governor from time to time or as provided by legislation.

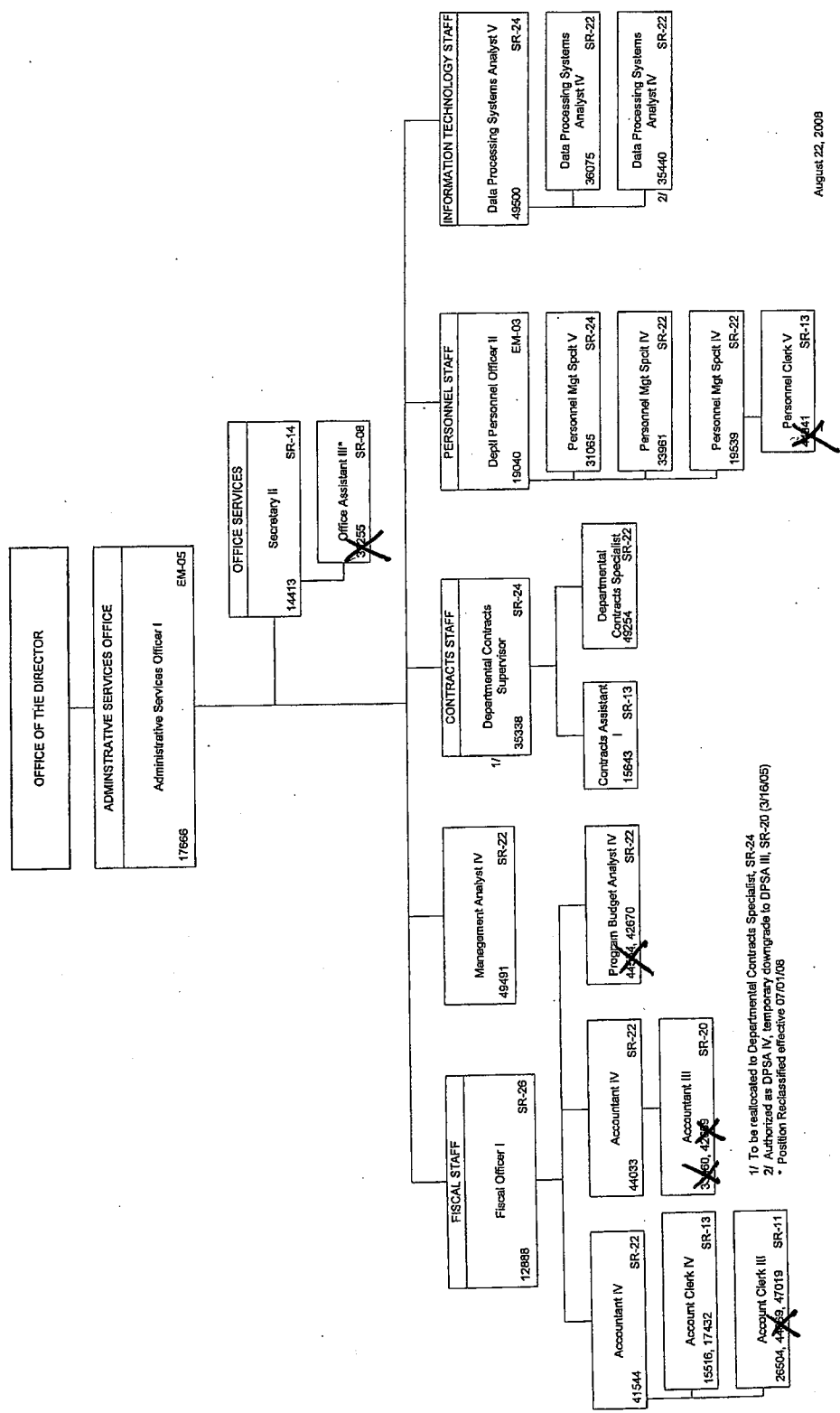
STATE OF HAWAII  
 DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
 ADMINISTRATIVE SERVICES OFFICE

POSITION ORGANIZATION CHART  
 PRESENT

ACKNOWLEDGED

August 07, 2008  
 Date

Theodore E. Liu  
 Theodore E. Liu, Director, DBEDT



1/ To be reallocated to Departmental Contracts Specialist, SR-24  
 2/ Authorized as DPSA IV, temporary downgrade to DPSA III, SR-20 (3/16/05)  
 \* Position Reclassified effective 07/01/08

August 22, 2008

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

**ADMINISTRATIVE SERVICES OFFICE  
PRESENT FUNCTIONAL STATEMENT**

Provides internal management, fiscal, budgetary, contractual, legislative, personnel, and information technology services in support of departmental programs and activities; provides advice and assistance to Director and staff in administrative matters.

- Provides general internal management assistance to the administering programs and activities of the department.
- Examines goals, objectives, policies, procedures, and operations of the department and programs and recommends changes.
- Coordinates the preparation and submittal of program and financial plans, budgets, fiscal, variance, personnel, and other reports to the Department of Budget and Finance (B&F), the Department of Accounting and General Services (DAGS), the Department of Human Resources Development (DHRD), and other government agencies.
- Advises and assists department staff in developing, drafting, processing, and monitoring contracts; maintains a tracking system for contracts going through the approval and execution process; coordinates contract approvals with the Office of the Governor, B&F, the Department of the Attorney General, DAGS, and other government agencies.
- Coordinates the formulation, preparation, compilation, and submittal of bills, resolutions, testimony, reports, and requested information to the Legislature, its members, committees, and staff. This includes the development and maintenance of a system of reviewing, analyzing, and monitoring legislative measures affecting the department.
- Coordinates the preparation and submittal of the departmental organization.
- Coordinates and supports information technology activities of the department.
- Provides divisions and programs with advice and assistance in obtaining other administrative support services.

Fiscal Staff

- Establishes and maintains an accounting system for the department's budget consisting of General, Special, Federal, Revolving, Trust, and Bond funds, in conformity with applicable State and Federal rules and regulations and governmental accounting standards. Reviews and implements revisions to the accounting systems required for compliance with regulations and the maintenance of proper internal control over accounting ledgers and records.
- Performs purchasing activities in conformity with applicable policies and requirements; maintains departmental property and equipment records and prepares quarterly and annual inventory reports.
- Processes the departmental payroll; reports expense data to comply with federal requirements, distributes payroll checks/statements, and maintains payroll records.
- Administers the expenditure and receipt of departmental funds in accordance with Federal/State statutes, rules and regulations, budget execution and other administrative policies, and generally accepted accounting practices and procedures.
- Prepares various financial reports as required or requested for the department, Department of Accounting and General Services, Department of Budget and Finance, Federal agencies, and legislative committees.
- Prepares audit schedules and prepares or coordinates responses for information requested for operational and financial audits of the department including the annual single audit of federal grants and audits conducted by State, Federal, Legislative, or other agency.



ACKNOWLEDGED

08/09/07

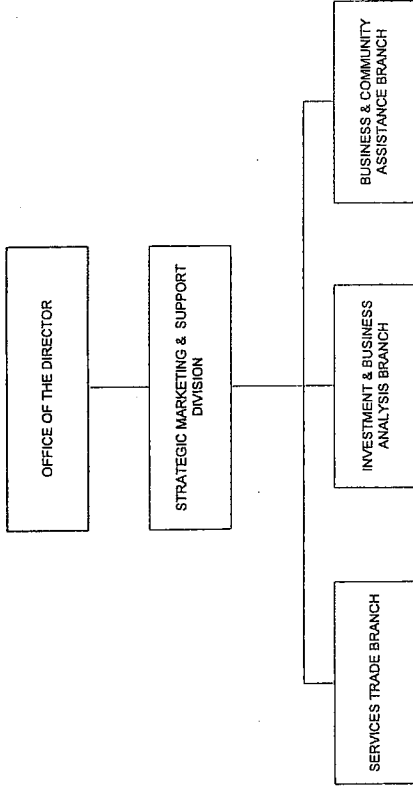
Date

ACKNOWLEDGED

Georgina K. Kawamura, Director of Finance

ORGANIZATION CHART

PRESENT



December 1, 2003

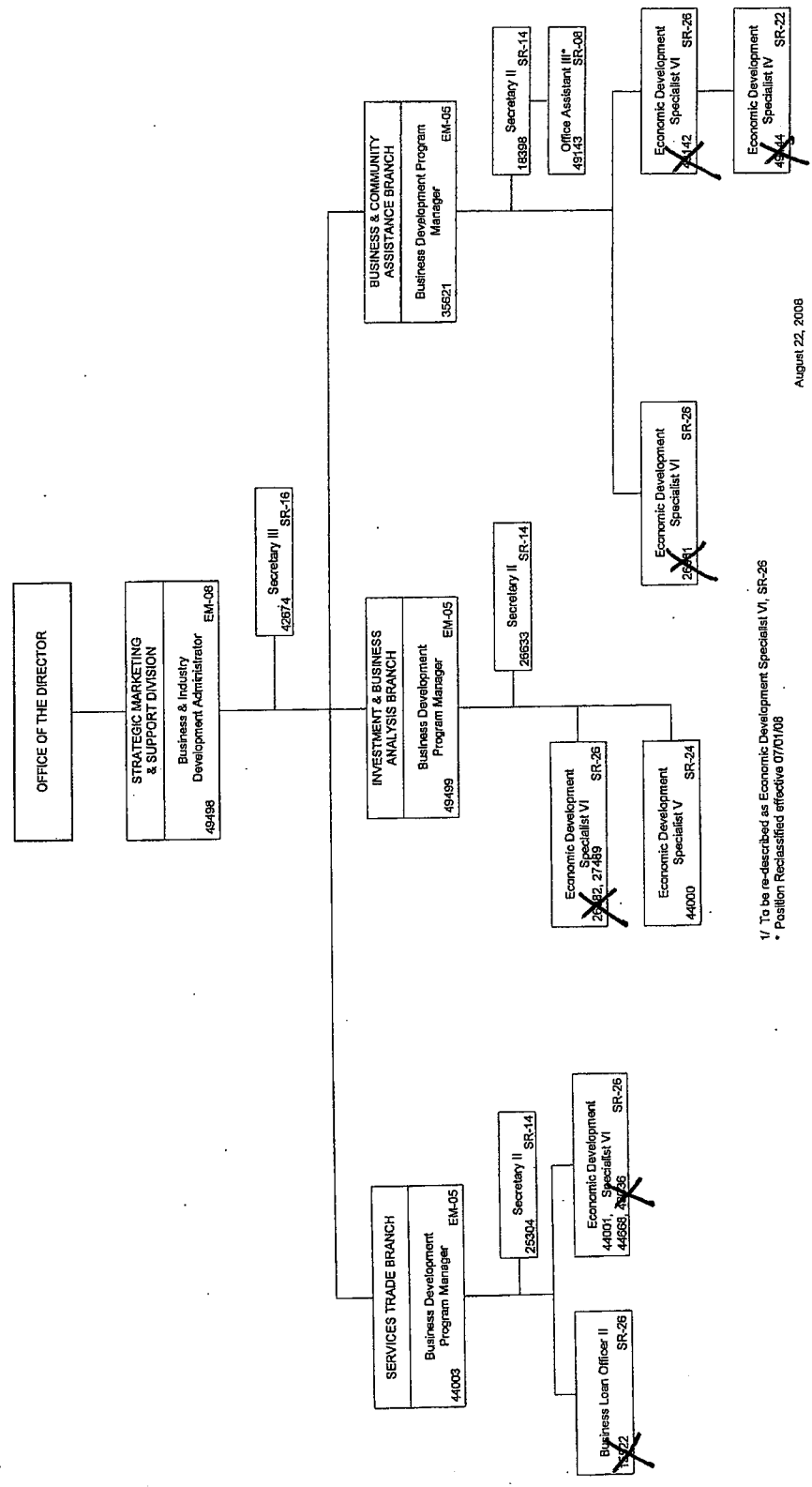
STATE OF HAWAII  
 DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
 STRATEGIC MARKETING & SUPPORT DIVISION  
 SERVICES TRADE BRANCH AND  
 INVESTMENT & BUSINESS ANALYSIS BRANCH  
 BUSINESS & COMMUNITY ASSISTANCE BRANCH

POSITION ORGANIZATION CHART  
 PRESENT

ACKNOWLEDGED

08/03/07  
 Date

Georgina K. Kawamura, Director of Finance



1/ To be re-described as Economic Development Specialist VI, SR-26  
 • Position Reclassified effective 07/01/08

August 22, 2008

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

**STRATEGIC MARKETING & SUPPORT DIVISION  
PRESENT FUNCTIONAL STATEMENT**

The Strategic Marketing & Support Division (SMSD) promotes industry development and economic diversification by supporting existing and emerging industries through the attraction of new business, investment, and support services; increase in exports of Hawaii professional services; expansion of Hawaii's participation in global trade and commerce, assistance to new entrepreneurs and community based economic organizations. Working collaboratively with a network of public and private sector partners, SMSD plans and implements programs to:

- Encourage the growth of existing and emerging industries by opening and developing domestic and international markets for Hawaii firms;
- Attract new business and investment, particularly knowledge-based and environmentally compatible industries to grow and diversify Hawaii's economy;
- Market Hawaii as a serious place to do business;
- Create new jobs, particularly those that require high-skills to support knowledge-based industries;
- Increase sales and exports of professional services;
- Administer and promote Hawaii's sister-state relationships to facilitate economic development objectives;
- Collaborate with the counties and private business and economic development organizations to support the state's economic development objectives.
- Serves as business advocate within the Executive Branch by facilitating relations with other departments.
- Administers and coordinates the activities of division branches.
- Represents the department on various government and private task forces, resource committees, and other policy development and implementation bodies that deal with growth and diversification of Hawaii's economy.
- Supports small business operations through loans and technical assistance. Loan assistance is also provided to business and personal setbacks caused by a state-declared natural disaster.

**Investment and Business Analysis Branch**

The Investment and Business Analysis Branch (IBAB) develops, plans and implements programs to attract investment and businesses to Hawaii. IBAB provides information and facilitates opportunities for businesses considering investing in or expanding to Hawaii.

- Compile and provide information needed by prospective companies to make their relocation and expansion decisions;
- Operate representative offices to provide stable linkages with selected regions to generate and follow-up on business opportunities;
- Establish Hawaii as a significant resource for economies in transition;
- Encourage new business and investment into Hawaii through developing and implementing programs;
- Facilitate matches and strategic alliances for investment into Hawaii's firms in key areas;
- Administer and promote Hawaii's sister-state relationships to facilitate economic development objectives.

**Services Trade Branch**

The Services Trade Branch (STB) plans, implements and supports marketing initiatives to expand existing markets and open new markets for Hawaii's professional services. STB works closely with industry and professional associations to increase sales, build

capacity and serve as a communication link for domestic and international trade opportunities; plans and implements initiatives to increase the export and growth of Hawaii's professional services in targeted industries such as medical and health care services including health and wellness tourism, education-related services including education, infrastructure-related services including resort development, architectural, engineering, planning, and environmental services; and technology-related services.

The branch also seeks out and facilitates overseas investments directly into Hawaii or through partnerships and alliances with Hawaii service firms to expand market reach growth potential, and is the lead coordinator of the public-private development and marketing of Hawaii's business brand.

- Raise the level of awareness, assist, and provide relevant information for companies interested in exporting;
- Organize and support firms to gain new customers, increase sales and access new markets;
- Work with industry to build capacity, encourage cohesiveness, and plan marketing efforts to strengthen the industry.
- Promote Hawaii as an center of excellence for selected professional services;
- Increase trade and investment attraction services to Hawaii companies by developing international networks;
- Promote Hawaii as a good place to do business in partnership with the private sector;
- Collaborate with the counties and private business and economic development organizations to support the state's economic development objectives.
- Promote Hawaii as the "Geneva of the Pacific" for international conferences, meetings and seminars;
- Facilitate an international leadership, teacher exchange program and "experience abroad" opportunities for Hawaii students;
- Coordinate with DBEDT's Office Of International Affairs on international projects.

#### **Business and Community Assistance Branch**

The Business and Community Assistance Branch provides support to businesses in dealing with the regulatory environment and in their interactions with government. The branch reviews and monitors proposed rules, regulations and legislation for economic impact on the business sector, and proposes rule or statutory changes that would improve the business climate. The branch coordinates and facilitates community economic development technical and financial assistance programs, administers economic development activities associated with the various state and federal agencies and administers the State Enterprise Zones Program.

- Provides administrative and research support to the Small Business Regulatory Review Board which acts as direct representatives of the small business community. Reviews existing state and county Administrative Rules and provides comments on new and modified Administrative Rules to rule-making agencies.
- Acts as a facilitator between the private sector and agencies; recommends streamlining of government practices; reviews existing and proposed administrative rules or laws to determine the impact on business and the economy; recommends legislation in support of economic growth and business stability and to remove government barriers to business formation and expansion.
- Provides management and technical advice to help the development, start-up, and growth of small businesses. Provides assistance to small businesses to help them use the resources of federal, state and county business support agencies.
- Coordinates rural area economic development activities of the State and counties.
- Prepares grant applications and administers various federal grants for statewide economic development projects.

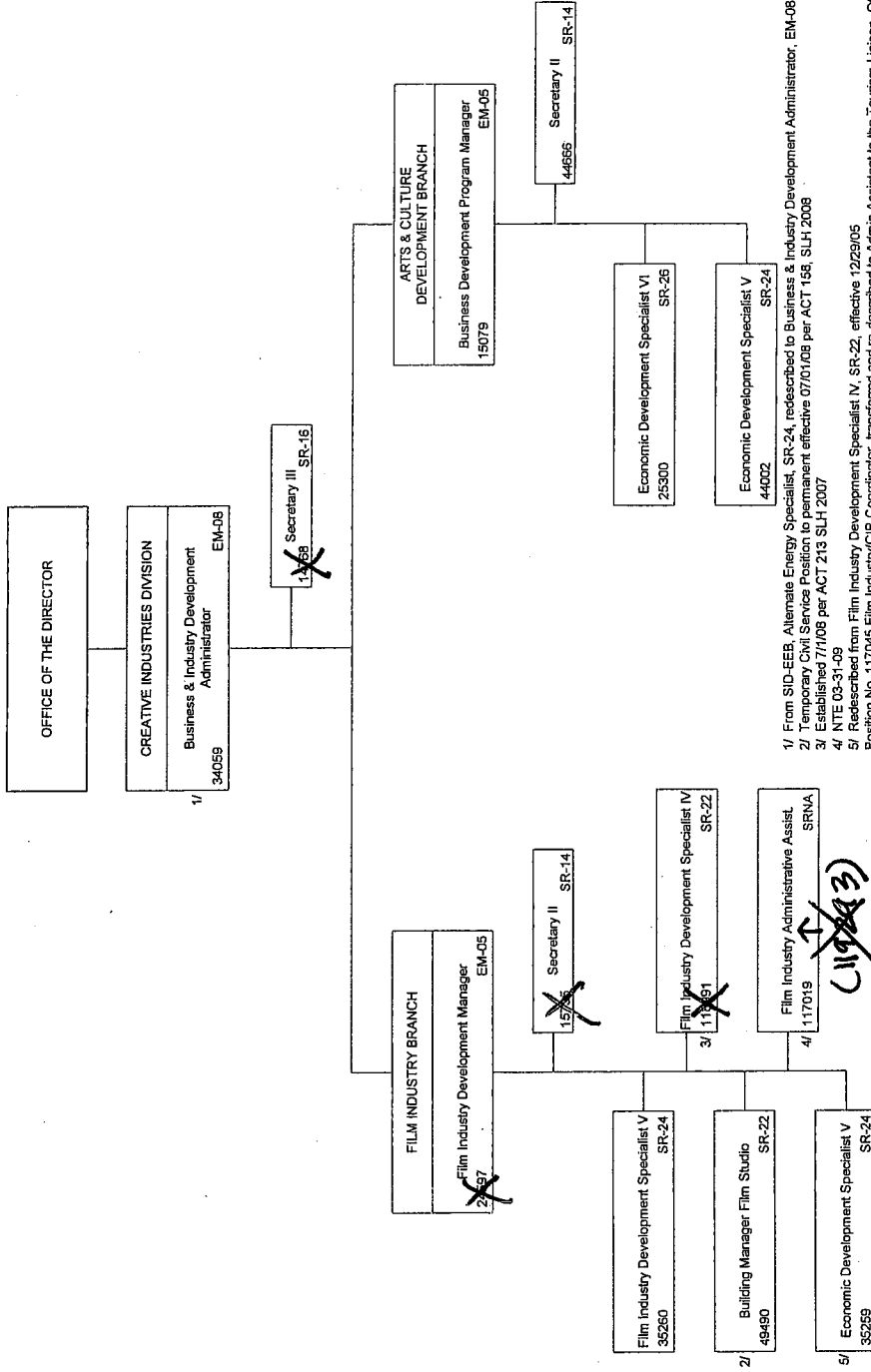
- Formulates specific economic development plans for distressed rural areas, including those transitioning from an economy based on production and manufacturing of large-scale agricultural sugarcane.
- Facilitates overall job creation strategies in rural areas.
- Administers the Community-Based Economic Development (CBED) Program and provides administrative and research support to the CBED Advisory Council.
- Prepares and administers CBED grant contracts.
- Provides technical assistance to CBED grant recipients relating to organizational development, business activities and determination of financial assistance.
- Administers the Enterprise Zones (EZ) Partnership in coordination with county councils and mayors to identify areas qualifying for zone designation.
- Markets, administers and facilitates business participation for the EZ Partnership in conjunction with county governments and other economic development organizations.
- Underwriting and servicing loans for the Hawaii Capital Loan Program, the Commercial/Personal Disaster Loan Program, and the Community-Based Economic Development Loan Program.

ACKNOWLEDGED

7/21/2008  
Date

Georgina K. Kawamura, Director of Finance

STATE OF HAWAII  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT  
& TOURISM  
CREATIVE INDUSTRIES DIVISION  
FILM INDUSTRY BRANCH  
ARTS & CULTURE DEVELOPMENT BRANCH  
POSITION ORGANIZATION CHART  
PRESENT



1/ From SID-EEB, Alternate Energy Specialist, SR-24, re-described to Business & Industry Development Administrator, EM-08, 6/16/06  
 2/ Temporary Civil Service Position to permanent effective 07/01/08 per ACT 158, SLH 2008  
 3/ Established 7/1/08 per ACT 213 SLH 2007  
 4/ RTE 03-31-09  
 5/ Redescrbed from Film Industry Development Specialist IV, SR-22, effective 12/29/05  
 Position No. 117045 Film Industry/CIP Coordinator, transferred and re-described to Admin Assistant to the Tourism Liaison, Office of the Director, NTE 12/30/09  
 Position No. 116894, Temporary to Permanent Exempt Position -- ACT 160-06; SLH, Abolished 06/30/08

August 22, 2008

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

**CREATIVE INDUSTRIES DIVISION**

**PRESENT FUNCTIONAL STATEMENT**

Creative Industries Division (CID) promotes, accelerates and advocates for the growth of Hawaii's creative industries, through implementation of programs, projects, and activities resulting in a vibrant, internationally recognized self-sustaining sector of Hawaii's economy.

CID administers and coordinates the activities of the division branches; Film Industry Branch (aka Hawaii Film Office) and Arts and Culture Development Branch.

CID represents the department on various government and private task forces, resource committees, and other policy development and implementation bodies that deal with growth and diversification of Hawaii's economy.

**Film Industry Branch**

- In coordination with county film commissioners, develops and administers a statewide program to encourage motion picture and television production companies and studios to use Hawaii as a production site for feature films, television films and programs, television commercials, and other filming activities.
- Develops and maintains contacts with representatives of the film industry and others involved in related activities to keep them apprised of local resources, and development of new resources including locations, financial support, equipment and human resources.
- Provides assistance to producers in obtaining film locations, equipment, facilities, permits and clearances, and other requirements for production of films.
- Provides administrative, logistical and research support to the Film and Television Development Board.
- Conducts or arranges for research regarding the film industry; develops data to identify people, firms, and other resources available to support production; disseminates research findings and information.
- Prepares and administers state contracts for the development and promotion of the film industry.
- Identifies and analyzes major public problems and issues involving the film industry; recommends appropriate State actions through the development of legislative proposals and policies.
- Works closely with committees, task forces, community groups, and industry representatives in addressing problems and issues involving the film industry and in addressing development and promotion of the film industry in Hawaii.
- Markets, administers and manages the Hawaii Film Studio, a multi-soundstage facility for the production of television series, motion pictures and commercials. Oversees the design, construction and operation of the facility, as well as develops materials to promote the facility.

### Arts and Culture Development Branch

- Directs the formulation and implementation of a statewide program to assist Hawaii businesses in developing and expanding domestic and foreign markets for Hawaii's arts and cultural products and services and other Hawaii-made products whenever possible.
- Assumes the role of facilitator for export- and visitor-related components of Hawaii's arts and culture industry.
- Acts as a statewide liaison to identify and support economic development opportunities for arts and culture sectors and organizations.
- Attracts national, regional and international arts and culture events with the potential for positive net export and visitor-related benefits.
- Arranges and conducts research regarding baseline data on the local arts and culture industry and its relation to export-earning sectors.
- Prepares and administers state contracts for the development and promotion of Hawaii's arts and culture industry.
- Identifies and analyzes major challenges and issues involving the arts and culture industry; works closely with industry representatives and recommends appropriate State actions through the development of legislative proposals and policies.

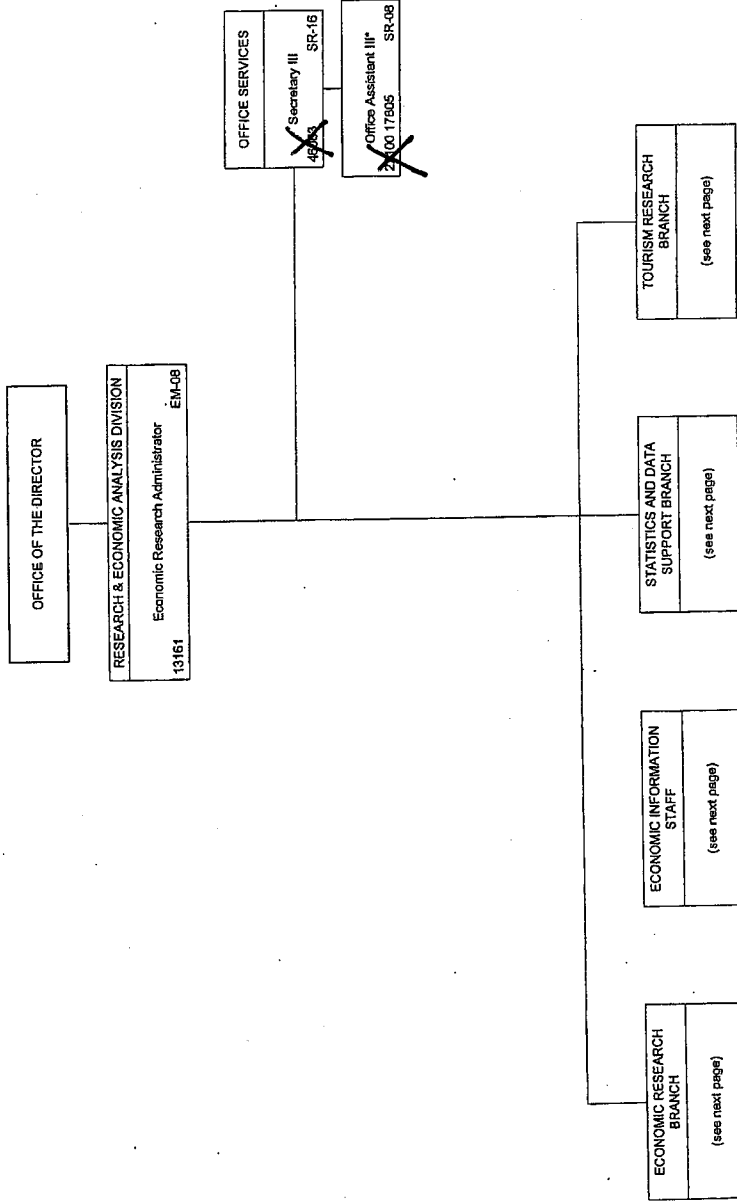


ACKNOWLEDGED

ACKNOWLEDGED-Theodore E. Liu  
Georgina K. Kawamura, Director of Finance

05/29/2007  
Date

STATE OF HAWAII  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
RESEARCH & ECONOMIC ANALYSIS DIVISION  
POSITION ORGANIZATION CHART  
PRESENT



\* Position Reclassified effective 07/01/08

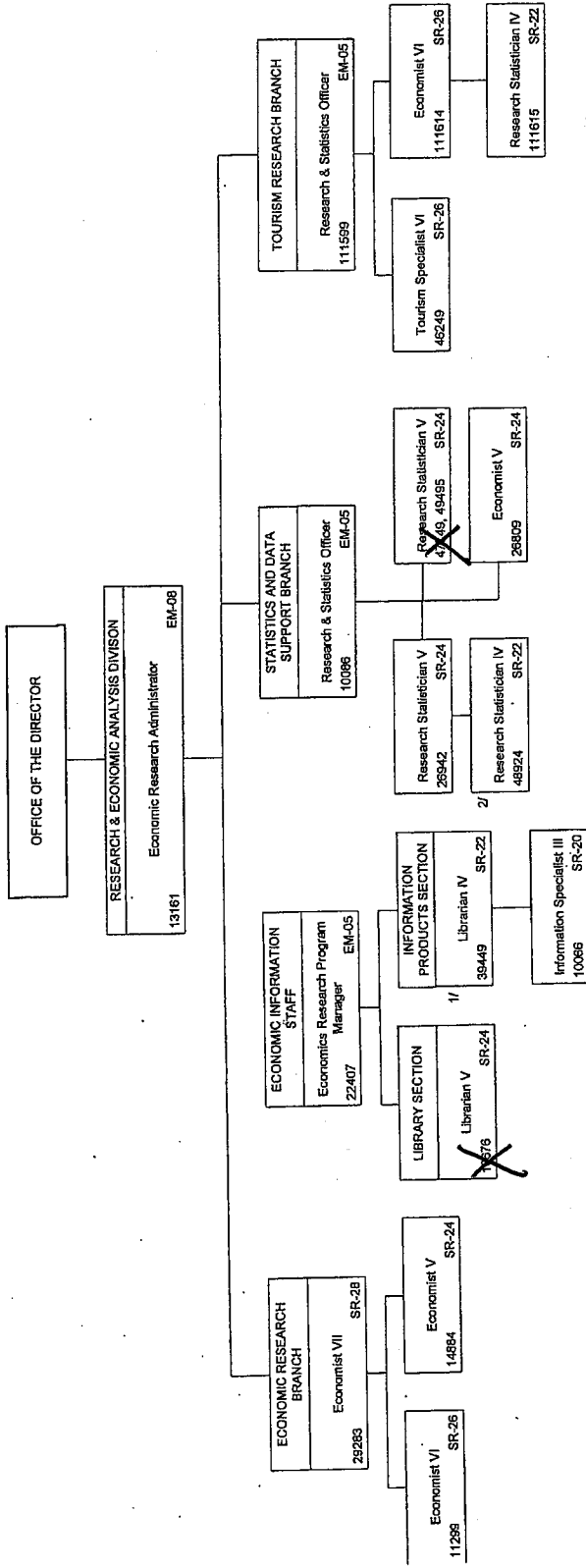
August 22, 2008

ACKNOWLEDGED

ACKNOWLEDGED-Theodore E. Liu  
Georgina K. Kawamura, Director of Finance

05/29/2007  
Date

STATE OF HAWAII  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
RESEARCH & ECONOMIC ANALYSIS DIVISION  
ECONOMIC RESEARCH, STATISTICS AND DATA SUPPORT,  
AND TOURISM RESEARCH BRANCHES  
POSITION ORGANIZATION CHART  
PRESENT



1/ Re-described as Economist V, SR-24, from Librarian IV, SR22, 12/28/07  
2/ Temporary downgrade to Research Statistician III, SR-20, 07/16/07

February 02, 2008

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

**RESEARCH AND ECONOMIC ANALYSIS DIVISION  
PRESENT FUNCTIONAL STATEMENT**

The mission of the Research and Economic Analysis Division is to enable sound public and private decisions by providing timely data, information and analysis on economic, demographic and related issues affecting Hawaii's people, consistent with statewide program objectives under BED 130. The division:

Collects, compiles, interprets, and publishes information and statistical data on all aspects of the economy.

Uses economic models, other analytical tools and economic principles to provide insight, direction and policy recommendations regarding the impact of economic forces and potential policy changes on the economy, as well as to make economic and population growth forecasts and projections.

Maintains a statewide economic, business and tourism statistics reporting system.

Statistics and Data Support Branch

Develops, evaluates, interprets, and disseminates data and reports on economic and business statistics such as income and population characteristics, military personnel and dependents, housing, land use, education, and government finance and employment, for use by the Department, other government agencies, the business community, and the public.

- (a) Prepares the annual *State of Hawaii Data Book*, a statistical abstract for Hawaii, the annual *Foreign Investment Activities in Hawaii and the United States*, the *Quarterly Statistical and Economic Report*, the monthly Selected Economic Activities report and other statistical reports.
- (b) Develops and maintains a statewide economic and business statistical database through its Economic Planning Information System and on the DBEDT Internet web site.
- (c) Provides statistical services to DBEDT staff and other agencies of government and the community.
- (d) Provides data to support the various economic models and accounts maintained by Division staff and other public and private agencies.
- (e) Helps prepare, evaluate, and disseminate population estimates and forecasts for the State and sub-State areas.
- (f) Provides liaison with the U.S. Census Bureau in the development of data for current population estimates and other census reports through the Federal-State Cooperative Program for Population Estimates (FSCPE).
- (g) Operates a State Data Center under a cooperative agreement with the U.S. Census Bureau to make census products and other Federal statistics accessible to government agencies and the public.
- (h) Provides workshops and training on the use and access to Census and other information.

Economic Research Branch

Develops and interprets quantitative information on the state's economy. Also develops and utilizes economic models and other analytic tools to examine the impact of economic changes on Hawaii.

- (a) Maintains the Hawaii Input/Output Model, the Hawaii Population and Economic Projection and Simulation Model, the Short-Run Econometric Forecasting Model, and the Gross State Product Accounts.

- (b) Provides quarterly forecasts of economic growth and monthly reports of the Leading Economic Indicator for Hawaii.
- (c) Analyzes developments in major economic sectors for Hawaii (such as the construction industry), and other issues and events that may require actions by government or industry.
- (d) Through the use of economic models and other tools examines the impact of national and international economic developments on Hawaii's economy.
- (e) Applies quantitative economic methods to special projects such as the impact of tax changes or regulations on the state's economy, benefit-cost analysis of economic activities and development programs, and institutional and programmatic changes that will improve economic development efforts.
- (f) Uses such quantitative economic tools as the Hawaii Input/Output Model to analyze the impact of changes occurring in various sectors of Hawaii's economy, such as agriculture, tourism, defense and communications, among others.
- (g) Provides estimates of Gross State Product and updates selected GSP Accounts.

#### Tourism Research Branch

Administers the state's statistical survey and research program for tourism through the development and administration of contracts with specialized survey-research contractors. Also promotes industry collaboration by conducting statistical and economic analysis of the data developed by contractors, other tourism agencies and department staff.

- (a) Contracts for, oversees, and participates in the development and implementation of surveys of visitors and the visitor industry in order to collect and maintain the official visitor statistics for the State of Hawaii as mandated by Act 156 of 1998.
- (b) Assists the Hawaii Tourism Authority and visitor industry entities by providing timely and appropriate information and reports on visitor activity in order to permit effective decision-making and to measure the effectiveness of the state's visitor industry development effort.
- (c) Provides basic visitor arrival data on a monthly basis including such visitor characteristics as points of origin, visitor days, party size, visit status, travel method, islands visited, length of stay, accommodations, and purpose of trip through the arrival surveys.
- (d) Provides annual data on visitor plant inventory by island and area including the type and class of accommodations.
- (e) Conducts an annual survey on visitor satisfaction.
- (f) Provides data on visitor expenditures.
- (g) Surveys and obtains visitor characteristics for visitors on cruise ships to Hawaii.
- (h) Analyzes visitor and related data and prepares forecasts of visitor activity as well as special reports on the visitor industry.
- (i) Prepares and maintains an annual Tourism Satellite Account, linked to the Hawaii Gross State Product Accounts, in order to monitor the impact of tourism on Hawaii's economy.
- (j) Continuously improves the system of data collection, analysis and dissemination, as well as research contract administration, to monitor the visitor industry in a timely and accurate manner.
- (k) Works closely with federal, state and county agencies, as well as private industry, to develop and collect the necessary visitor data.

#### Economic Information Staff

Researches, develops and maintains printed and electronic analyses, reports and publications designed to help business, government and the public understand the changing economy, its impact on the various segments of the community and private-public policy efforts intended to develop the economy. It accomplishes this by: 1) synthesizing and interpreting the basic research and information developed in other branches of the division, other divisions of the department, other agencies and relevant published materials, as well as supervising division staff in special inter-branch projects to produce and distribute targeted information that can be accessed and clearly understood by a lay audience; and 2) maintaining a resource library to make available

important economic and business information to state government agencies, business, investors and researchers. Vehicles for the distribution of information may range from published reports such as the periodical *Hawaii's Economy*, the publications *County Reports* and *Hawaii Facts and Figures*, to internet website, electronic mail, pamphlet/brochure distributions, and where appropriate, the organization of seminars, workshops and conferences.

#### Information Products Section

- (a) Researches, develops and publishes reports that address and clarify economic events, issues, and policies through publications and other reports and vehicles as needed to support the economic development and policy efforts of the State. The distinguishing features of such reports are: their emphasis on reducing complex economic matters to terms and concepts easily accessible and understandable to the average citizen; and their applicability to practical economic policy and business issues.
- (b) Supervises inter-branch projects designed to integrate the expertise of the division's economists, statisticians, librarians and other specialists in efforts to develop information and reports on important issues that overlap the functional responsibilities of the branches.
- (c) Coordinates the information flow from the division and elsewhere as appropriate, in order to provide quick and convenient access to information by Hawaii's businesses, policy makers, the public, as well as targeted users on the mainland, in the Asia-Pacific Region, and the rest of the world.
- (d) Maintains and continually evaluates and improves the presentation format and information content of the division's information on the internet. This includes the organization of frequently requested information on-line with an emphasis on serving the needs of out-of-state businesses seeking information about investing in Hawaii, Hawaii businesses seeking to expand business abroad, and citizens, policy makers, researcher, media and others seeking a better understanding of Hawaii's economy and economic opportunities.
- (e) Develops and improves vehicles for disseminating information, ranging from potential new reports to organized gatherings designed to provide and exchange information.
- (f) Constantly reviews, updates and keeps the information accessible in order to support the State's economic goals and the division's responsibilities for statewide program support through BED 130.
- (g) Reviews and evaluates the internet presentation of economic and business information by other states and Federal agencies, in order to ensure the completeness and competitiveness of Hawaii's internet web presentation in the area of economic and business information.
- (h) Assists as needed in the development and printing or electronic publication of the division's other periodic reports such as *the State of Hawaii Data Book* and the *Annual Tourism Research Report*.
- (i) Coordinates the division's Legislative responsibilities.

#### Library Section

- (a) Collects, catalogs and maintains a collection of business and economic information needed to support the programs of the division, department and where appropriate, other agencies, businesses and researchers.
- (b) Handles initial calls from government agencies, businesses and the public to DBEDT requesting economic, statistical, business and related information, and either provides the information (if readily available) or refers callers to the most likely source of such information.
- (c) Periodically surveys the needs and views of the Library's clientele regarding library resources and services and provides information and guidance for division, department and other state staff on access to and use

of resources available from the library that may assist the economic development efforts of the State.

- (d) Maintains records on the use of library materials and services, in order to better identify and serve priority needs.
- (e) Investigates and makes recommendations on opportunities to improve library services through technological means such as electronic storage and distribution of materials.
- (f) Assists where appropriate in the compilation, preparation and presentation of information for publication, internet and other distribution vehicles.

Office Service Unit

Provides fiscal, personnel, clerical and other support to the division's staff.

- (a) Provides receptionist, mail and other clerical functions to facilitate the work of the division.
- (b) Maintains files of the division and obtains materials from files needed by staff members.
- (c) Prepares purchase orders and other fiscal and personnel documents, maintains an inventory of equipment and supplies, and prepares and maintains a database of expenditures and balance of funds.
- (d) Monitors correspondence and information requests.
- (e) Assists in the production of statistical and economic reports of the division, such as the *State of Hawaii Data Book*.
- (f) Assists in the processing of contracts, letters of agreement, quotations for goods and services, and the maintenance of related files.
- (g) Maintains mailing lists and distributes reports, press releases and announcements in the appropriate manner to staff and various target groups.
- (h) Assists in the processing, monitoring and filing of legislative matters referred to the division for comment or action.

ACKNOWLEDGED

ACKNOWLEDGED

Georgina K. Kawamura, Director of Finance

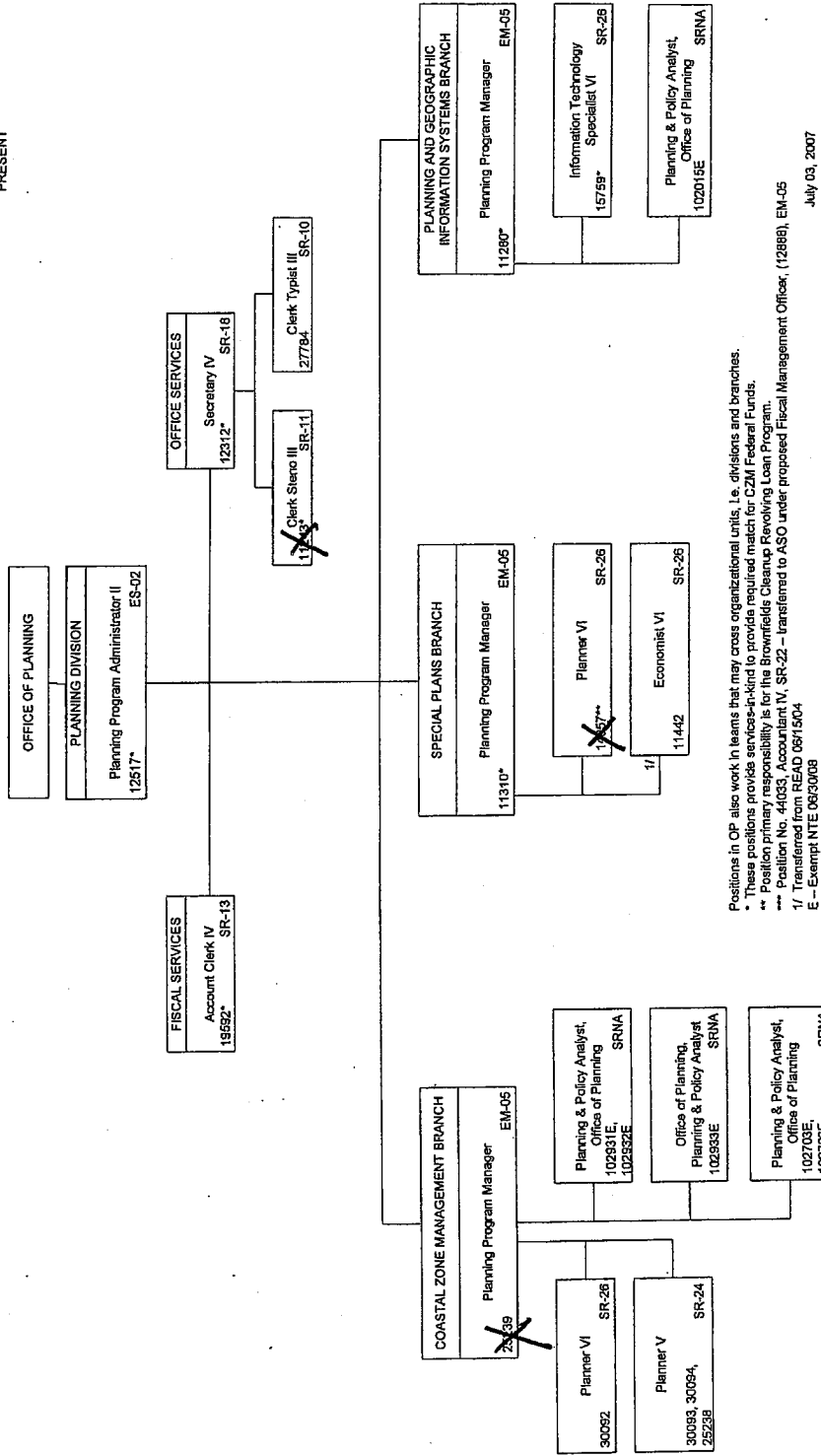
April 2, 2004

Date

STATE OF HAWAII  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
OFFICE OF PLANNING

POSITION ORGANIZATION CHART

PRESENT



Positions in OP also work in teams that may cross organizational units, i.e. divisions and branches.  
 \* These positions provide services-in-kind to provide required match for C2M Federal Funds.  
 \*\* Position responsibility is for the Brunfields Cleanup Revolving Loan Program.  
 \*\*\* Position No. 44033, Accountant IV, SR-22 - transferred to ASO under proposed Fiscal Management Officer, (12888), EM-05  
 1/ Transferred from READ 061504  
 E - Exempt NTE 06/30/08

July 03, 2007

STATE OF HAWAII  
 DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
 OFFICE OF PLANNING

POSITION ORGANIZATION CHART  
 PRESENT

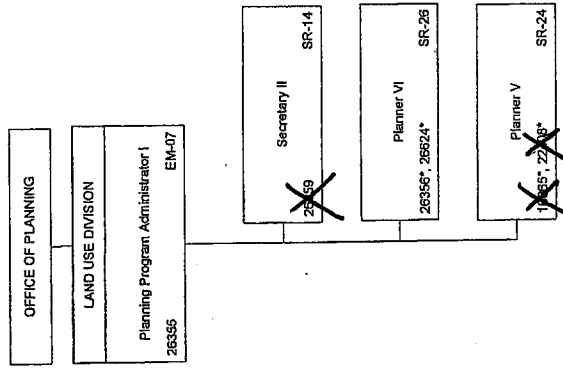
ACKNOWLEDGED

ACKNOWLEDGED

Georgina K. Kawamura, Director of Finance

April 2, 2004

Date



Positions in OP also work in teams that may cross organizational units, i.e. divisions and branches.

- These positions provide services required to provide required match for CZM Federal Funds.
- Position No. 26624 is also assigned duties related to Chapter 226, HRS, Hawaii State Plan and part-time to the Brownfields Cleanup Revolving Loan Fund Program.

August 12, 2008



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

**OFFICE OF PLANNING  
PRESENT FUNCTIONAL STATEMENT**

OFFICE OF THE DIRECTOR

Under the general direction of the Governor and the Director of the Department of Business, Economic Development and Tourism, the Director of Planning plans, organizes, directs, and coordinates, and reports on the various activities within the scope of laws and established policies, rules and regulations. The work of the Office of Planning includes statewide planning, research, coordination, and other support activities.

- Conducts comprehensive, long-range and strategic planning activities, directs land use and coastal zone management programs, administers the State Planning and Geographic Information System Program and carries out other planning activities in accordance with Chapters 205, 205A, and Chapter 226, HRS.
- Recommends policies, programs, organizations and directs their implementation after approval is obtained.
- Exercises leadership, guidance and control of the efforts of employees toward the achievement of program objectives and directs personnel management of the Office of Planning.
- Promulgates administrative rules, regulations, and procedures governing the conduct of OP activities.
- Directs and maintains program and financial planning, evaluation activities and management improvement services.
- Directs the preparation of program budgets, submits and justifies budgets before reviewing and approving authorities, and exercises control and expenditure of funds made available to the office.
- Represents the office before the Legislature and public groups.
- Maintains effective working relationships between the Office of Planning and the Governor, Legislature, and other government officials and the general public.
- Serves on committees, boards, and commissions established by the Governor from time to time or as provided by legislation.
- Conducts periodic staff meetings: establishes procedures for communication between the Office of the Director and subordinate units.
- Administers the Brownfields Cleanup Revolving Loan Fund.
- Directs special projects as instructed by the Governor.

PLANNING DIVISION

The Planning Division of the Office of Planning conducts comprehensive, long-range, and strategic planning activities in furtherance of Chapters 225M, 205A, and 226, HRS. It provides assistance in the development of State policies, strategies, plans, and programs to promote the orderly future growth and development of the State. In carrying out the State planning responsibilities, the Division performs the following functions:

- Provides information to the Director to assist in the overall analysis and formulation of State policies and strategies.

- Provides recommendations to the Director to provide central direction and cohesion in the allocation of resources and effectuation of State activities and programs and effectively addresses current or emerging issues and opportunities.
- Provides recommendations and technical planning assistance to the Director for the resolution of immediate, as well as long-term issues and concerns which are confronted by the State.
- Reviews, assesses and coordinates as necessary, major plans, programs, projects and regulatory activities proposed by State and County agencies.
- Conducts State comprehensive planning and program coordination by formulating and articulating comprehensive statewide goals, objectives, policies, and priorities, and coordinating their implementation through the statewide planning system established in part II of chapter 226.
- Conducts strategic planning by identifying and analyzing significant issues, problems, and opportunities confronting the State, and formulating strategies and alternative courses of action in response to identified problems and opportunities by:
  - Providing in-depth policy research, analysis, and recommendations on existing or potential areas of critical state concern;
  - Examining and evaluating the effectiveness of state programs in implementing state policies and priorities;
  - Monitoring through surveys, environmental scanning, and other techniques--current social, economic, and physical conditions and trends; and
  - Developing, in collaboration with affected public or private agencies and organizations, implementation plans and schedules and, where appropriate, assisting in the mobilization of resources to meet identified needs.
- Facilitates coordinated and cooperative planning and policy development and implementation activities among state agencies, and between the state, county, and federal governments, by:
  - Reviewing, assessing, and coordinating, as necessary, major plans, programs, projects, and regulatory activities existing or proposed by state and county agencies; and
  - Formulating mechanisms to simplify, streamline, or coordinate interagency development and regulatory processes.
- Collects, analyzes, maintains, and disseminates data and information to further effective state planning, policy analysis and development, and delivery of government services by:
  - Assembling, organizing, evaluating, and classifying existing data and performing necessary basic research in order to provide a common data base for governmental planning;
  - Planning, developing, implementing, and coordinating a statewide planning and geographic information system. Carrying out the lead agency responsibilities for planning and coordinating the establishment of a multi-agency, statewide geographic information system and the development of planning applications including spatial data analyses to enhance decision making; and
  - Maintaining a centralized depository of state and national planning references.
- Carries out the lead agency responsibilities for the Hawaii coastal zone management program, as specified in chapter 205A. Also, develops and maintains an ocean and coastal resources information, planning, and management system further developing