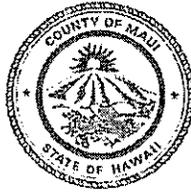


# LATE TESTIMONY

ALAN M. ARAKAWA  
MAYOR



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## OFFICE OF THE MAYOR

Ke'ena O Ka Meia  
COUNTY OF MAUI – Kalana O Maui

TO: The Honorable Angus McKelvey, Chair  
Honorable Isaac Choy, Vice Chair  
Honorable Members of the Committee on Economic Revitalization & Business

FROM: Alan Arakawa, Mayor  
County of Maui

HEARING: Economic Revitalization & Business  
Thursday, February 9, 2012  
8:30 a.m.  
Room 312

SUBJECT: POSITION STATEMENT & TESTIMONY OF MAUI COUNTY MAYOR ALAN ARAKAWA ON  
HB 1758 RELATING TO THE BUSINESS DEVELOPMENT IN HAWAII

Thank you for this opportunity to offer our "Position Statement" and testimony on **HB1758**. While we support the intent and spirit of this bill, it is the continued and consistent position of Maui County that:

- 1) This, and any bill relating to film, television, and digital media tax credits, include the following:
  - a. A "Qualified media infrastructure project tax credit";
  - b. A "Motion picture, digital media, film production, special or visual effects and animation production income tax credit";
  - c. The establishment of a qualified Hawaii crew training program; and,
  - d. That all neighbor counties should receive a 10% differential between themselves and the City & County of Honolulu (the existing differential is currently at 5%).
- 2) We believe that **HB1308 (HD 2, SD 2, CD 1, Proposal)**, which remains in conference from last session, encompasses the issues referenced herein-above in 1 (a) – (d). Accordingly, taking into consideration all of the time, effort, and expertise of Chair McKelvey, Vice Chair Choy, Members of this Committee, and House Leadership during the 2011 session, we urge you to stand by your work and position on **HB1308 (HD 2, SD 2, CD 1, Proposal)** as currently written.

Justification:

- 1) The County of Maui supports HB1308 (HD 2, SD 2, CD 1, Proposal) and legislation that includes the measures referenced herein-above in 1 (a) – (d), based on the following:
  - Such legislation will benefit the entire State of Hawaii by bringing a new industry to the state, and thereby diversifying and stimulating our economy, creating new jobs for our residents, and producing long-term opportunities for our children through training/deeming programs;
  - According to presentations made to the legislature during last year's session, (a) each stage built in the State of Hawaii would inject nearly \$140 million into our economy via the hiring of local labor and purchasing materials locally over a two year period; and, (b) Each movie filmed in Hawaii (i.e. \$90 million budget) would create approximately 193 local jobs immediately.
  - An infrastructure tax credit is especially important to Maui County (and, the neighbor islands) as outside of the City & County of Honolulu, there isn't a single soundstage, post-production facility, nor camera equipment rental houses, etc.;
  - Our own research shows that on March 5, 2011, the governor of Puerto Rico signed a new law that increased the amount of its existing tax credits. In passing the law, the PR Film Commissioner announced that in 2010, 12 projects were filmed on the island, creating 17,528 jobs and 22,671 hotel nights. Nearly \$70 million was said to have been injected into their local economy through a dozen movies, TV series, and documentaries.
  
- 2) 10% Differential – Currently the Neighbor Counties receive a 5% differential in the film and television tax incentive program over the City & County of Honolulu. The Chief Officer of the Creative Industries Division Film Office, released industry numbers at the latest Hawaii Film & Entertainment Board (HFEB) meeting in January, 2012. These numbers reinforced the disparity between the counties showing: (a) The City & County of Honolulu, with a 15% tax incentive, managed to file \$126,441,000 spending in 2011; while (b) the three neighboring counties, with a 20% tax incentive, filed \$5,183,245. The three neighbor counties combined managed a mere 4.09% of the market.



**Testimony to the House Committee on Economic Revitalization and Business  
Thursday, February 9, 2012**

**8:30 a.m.**

**State Capitol - Conference Room 312**

**RE: HOUSE BILL NO. 1758, 2869, 2225**

Chair McKelvey, Vice Chair Choy, and members of the committee:

The Chamber of Commerce of Hawaii ("The Chamber") respectfully requests that the committee pass HB 1758, 2869 and 2225 for further discussion.

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.

The Chamber supports initiatives and industries that will attract business and jobs to our State. One of the industries that appear to have a growing presence is film. This industry has steadily been establishing a job base, marketing and exposing Hawaii to an international audience, and providing commerce to many of our businesses, especially small ones.

As such, the Chamber supports legislation that provides incentives to attract, retain and grow industries in Hawaii. The extension provided in these bills will help generate and maintain a higher number of jobs per tax dollar, generate higher tax revenues for dollar spent, and stimulate significantly more economic activity in the state per dollar of tax credit. Also, the credit will strengthen the State's effort to compete with other destinations in the national and international arena, and help broaden and diversify Hawaii's economic base.

Thank you for the opportunity to provide comments.