



## Maui Film Studios, LLC

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### TESTIMONY OF SOCRATES BUENGER, CEO OF MAUI FILM STUDIOS, LLC

BEFORE THE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS  
Tuesday, March 19<sup>th</sup>, 2013, Conference Room 312, 9:00 AM

#### Senate Bill 463

RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

#### Senate Bill 750

RELATING TO DIGITAL MEDIA INFRASTRUCTURE

The Honorable Representative Clift Tsuji, Chair  
The Honorable Representative Gene Ward, Vice Chair  
And the Members of the Committee on Economic Development & Business

SUBJECT: **TESTIMONY OF SOCRATES BUENGER, OWNER OF MAUI FILM STUDIOS, LLC ON SB463 and SB750, RELATING TO MOTION PICTURE, DIGITAL MEDIA, AND FILM PRODUCTION**

Thank you for the opportunity to offer testimony partly in support, and partly against SB463 and SB750. The Film & Television industry has proven itself as being vital to the the economy of the State of Hawaii, bolstered by the Legislation's support of the film & TV industry through Act 88 - Hawaii's economically-prudent foray into attracting the film & TV industry here.

Act 88 has been a very good start, but it seems unwise to blend Production Tax Incentives with Media Infrastructure Tax Credits into one bill. While both seem to be supporting the film & TV industry, they each have dramatically different effects on Hawaii's economy at large.

**I do NOT support the Media Infrastructure Tax Credit in both SB463 and SB750.** While the Media Infrastructure Tax Credit would be of a direct financial benefit to Maui Film Studios, it seems to be a very narrow, ineffective application of taxpayers money. It turns out that the business of private, independent film studio facilities is profitable without having the taxpayers pay for any portion of such facilities. The emergence of Maui Film Studios proves this, as we expect to be fully operational by summer 2013, providing the largest film & TV production facility in the State of Hawaii using ONLY funds from private investors.

Maui Film Studios is currently developing an advanced film crew training program with UHMC and film industry unions to provide the necessary training for careers in the film industry – and at essentially no extra cost to the taxpayers of Hawaii. It is my hope that the plan we develop could be applied to all of Hawaii to help invigorate the film & TV industry further throughout the State.

Judging by the amount of film & TV production activity going on throughout the state, Act 88 should be considered a success – and a good start. Supporting Production Tax Incentives is an extremely effective use of taxpayers money for attracting film & TV productions to Hawaii, as it offers the widest disbursement of funds throughout the state. The effects of Production Tax Incentives have a tangible impact on the economy of Hawaii far exceeding the film & TV industry, and are certainly more effective than taxpayer funds being diverted to help pay for the buildings of private entrepreneurs.

That said, **I strongly support the extension of Act 88 through 2025, and increasing the Production Tax Incentives from 15-20% to 20-25%, and increasing the current Production Incentive cap from \$8 million to \$12 million.** This alone will create stability in the film & TV industry in Hawaii, and make Hawaii properly competitive with the rest of the country. To let Act 88 sunset would almost instantly remove an enormous economic engine from the State of Hawaii, with devastating impact. So too would be jumping too far ahead with the implementation of an Infrastructure Tax Credit as outlined in the bills mentioned herein.

It was with financial prudence that the Legislation first enacted Act 88, and it is with this same prudence that the next logical step toward improving the Production Tax Incentives of Act 88 should be considered.

Thank you for consideration of my testimony regarding SB463 and SB 750.

Socrates Buenger, CEO  
Maui Film Studios, LLC