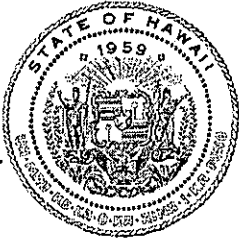


# SB 2776

Requires the board of directors of the high technology development corporation to create a film and media park. Designates certain properties to be included in the park.



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

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Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
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NEIL ABERCROMBIE  
GOVERNOR

RICHARD C. LIM  
DIRECTOR

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DEPUTY DIRECTOR

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Statement of  
**RICHARD C. LIM**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, GOVERNMENT  
OPERATIONS AND HOUSING**

Monday, February 10, 2014  
2:45 PM  
State Capitol, Conference Room 016

in consideration of  
**SB2776**  
**RELATING TO ECONOMIC DEVELOPMENT**

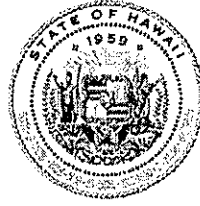
Chair Dela Cruz, Vice Chair Slom, and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports the intent of SB2776 which seeks to establish a creative film and media park as part of the statutory duties of the High Technology Development Corporation (HTDC). The bill also designates certain properties to be included in the park. This bill would require a funding appropriation which is not currently available through HTDC.

Further, the Legislature appropriated \$250,000 in CIP funds to DBEDT in FY14 for the purposes of conducting a feasibility study including site recommendations, facility recommendations and a business plan for a Creative Media/Film Studio Facility. This feasibility and market analysis is in the process of being allotted. As this feasibility study directly addresses infrastructure development, direct and indirect tax revenue and market viability, DBEDT would defer to the recommendations of this study prior to passing this measure.

Thank you for the opportunity to testify on this measure.

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

Testimony of  
**WILLIAM J. AILA, JR.**  
Chairperson

Before the Senate Committee on  
**ECONOMIC DEVELOPMENT, GOVERNMENT OPERATIONS AND HOUSING**

Monday, February 10, 2014  
2:45 P.M.  
State Capitol, Conference Room 16

In consideration of  
**SENATE BILL 2776**  
**RELATING TO ECONOMIC DEVELOPMENT**

Senate Bill 2776 proposes to establish a creative film and media park to facilitate economic growth of the creative film and media industry by locating film and media entities in a designated geographic hub. Specifically, Senate Bill 2776 identifies twelve parcels of land in Kapolei, Oahu, for the proposed creative film and media park, three of which are under the jurisdiction of the Department of Land and Natural Resources (the "Department"). **The Department opposes the bill to the extent it seeks to utilize lands currently in the Department's inventory.**

The Department is responsible for managing approximately 1.3 million acres of public lands including the State's unique and limited natural, cultural and historic resources held in public trust for current and future generations of the people of Hawaii nei. The Department's responsibilities include managing and maintaining the State's coastal lands and waters, water resources, conservation and forestry lands, historical sites, small boat harbors, parks, and recreational facilities; performing public safety duties (e.g., flood and rockfall prevention); issuing and managing leases of public lands (agriculture, pasture, commercial, industrial, and resort leases); maintaining unencumbered public lands; and enforcing the Department's rules/regulations.

To properly perform these duties, the Board of Land and Natural Resources (BLNR) determined that the Department should utilize a portion of the lands it manages to generate revenues to support the Department's operations and programs. The three parcels under the Department's jurisdiction that are identified in this bill have been identified by the Department as long term revenue generating properties that are critical to the Department's ability fulfill its fiduciary responsibilities to protect, preserve and manage Hawaii's natural, cultural and historic resources.

WILLIAM J. AILA, JR.  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

ESTHER KIA'AINA  
FIRST DEPUTY

WILLIAM M. TAM  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

The three parcels under the Department's management include TMK: 9-1-017:097 with an area of 36 acres, over which the BLNR has approved two dispositions to the Honolulu Authority for Rapid Transportation (HART). One is a non-exclusive easement for an overhead guideway for the rail project, and the other is a lease of an area of approximately five acres for a park-and-ride facility. On the balance of the remaining 31 acres, the Department intends to develop commercial or mixed commercial-light industrial uses to support the rail and surrounding community. The two other parcels, TMKs: 9-1-018:005 and 008, are currently leased to Larry Jeffs for agriculture purposes under a revocable permit but are also targeted for development at the appropriate time. All development would occur in accordance with the City's Transit-Oriented Development implementation framework.

For the foregoing reasons, the Department opposes Senate Bill 2776 as it relates to the three parcels under the management of the BLNR.

Written Statement of  
**ROBBIE MELTON**  
**Executive Director & CEO**  
High Technology Development Corporation  
before the  
**SENATE COMMITTEE ON**  
**ECONOMIC DEVELOPMENT, GOVERNMENT OPERATIONS AND HOUSING**

Monday, February 10, 2014  
2:45 p.m.  
State Capitol, Conference Room 16  
In consideration of

**SB 2776 RELATING TO ECONOMIC DEVELOPMENT.**

Chairs Dela Cruz and Espero, Vice Chairs Slom and Baker, and Members of the Committee on Economic Development.

The High Technology Development Corporation (HTDC) offers **comments** on SB 2776 relating to Economic Development. HTDC supports innovation and technology development in any industry, including creative film and media. Today, creative media is inseparable from technology with companies in this sector developing applications, games, and multimedia productions. HTDC comments that our agency has a core competency in technology and manufacturing and works closely with the Department of Business, Economic Development and Tourism (DBEDT) Creative Industries Division in this sector. With limited resources HTDC suggests that our agency would be best suited in a support role for this initiative.

Thank you for the opportunity to offer these comments.

NEIL ABERCROMBIE  
GOVERNOR



CRAIG K. HIRAI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
Honolulu, Hawaii 96813  
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of  
**Craig K. Hirai**  
Hawaii Housing Finance and Development Corporation  
Before the

**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT,  
GOVERNMENT OPERATIONS AND HOUSING**

February 10, 2014 at 2:45 p.m.  
State Capitol, Room 016

In consideration of  
**S.B. 2776**  
**RELATING TO ECONOMIC DEVELOPMENT.**

The HHFDC ***offers the following comments*** on S.B. 2776. HHFDC defers to the High Technology Development Corporation on the overall merits of S.B. 2776, which creates a film and media park. However, HHFDC is willing to provide consultation assistance to the High Technology Development Corporation should it be adopted.

Thank you for the opportunity to testify.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Economic Development, Government Operations and Housing  
February 10, 2014 at 2:45pm

by

Dr. Linda Randall  
Vice Chancellor for Academic Affairs  
University of Hawai'i - West O'ahu

SB 2776 – RELATING TO ECONOMIC DEVELOPMENT

Chair Dela Cruz, Vice Chair Slom, and Members of the Committee:

Thank you for the opportunity to testify today in support of the intent of SB 2776—  
Relating to Economic Development.

My name is Linda Randall, Vice Chancellor for Academic Affairs at University of Hawai'i  
- West O'ahu. I am testifying today on behalf of the University.

The University of Hawai'i - West O'ahu (UHWO) supports SB 2776. We would very  
much like to be a part of such an innovative opportunity to further the film production  
and creative media industries in Hawai'i. The creation of a Film and Media Park on  
UHWO land, in conjunction with our new Academy for Creative Media academic  
programming, will establish a strong connection between education and high-  
technology industry in Hawai'i.

UHWO has a Creative Media program and is partnering with the community colleges to  
build a program that taps into the strengths of each campus. The goal of UHWO's  
partnership is to provide a seamless gateway for these students to earn a  
baccalaureate degree.

A Film and Media Park in proximity to UHWO's campus would encourage highly  
talented high school students in programs like Searider productions to continue their  
education and pursue a bachelor's degree in creative media at UHWO.

The Film and Media Park could provide internship and practicum opportunities as a way  
to enhance students' education. This hub of activity and creativity would be a showcase  
of university student talent. Hands-on opportunities in a dedicated Film and Media Park  
near the UHWO will better prepare baccalaureate students for professional work in the  
industry. The collaborative nature of the Park will also draw attention to the innovative  
academic programs in our State's high schools and University system – a win-win  
situation for our State.

While we support this concept, UHWO is concerned about the exact location of the Film  
and Media Park, and the potential for the site to interface and provide opportunities for  
collaboration with the UHWO campus, and request to be a part of the decision making  
process for the siting of the Park.

Thank you for the opportunity to express our support and concerns on this measure.

## TESTIMONY IN SUPPORT OF THE INTENT OF SB 2776

Committee on economic Development, Government Operations and Housing  
Senator Donovan M, Dela Cruz, Chair  
Senator Sam Slom, Vice Chair

Mnday, February 10, 2014  
2:45pm  
Conference Room 16  
State Capitol

Chair Dela Cruz, Vice Chair Slom, Members of the Committee,

Mahalo for the opportunity to testify today in support of the intent of SB 2776 –  
RELATING TO ECONOMIC DEVELOPMENT.

My name is Chris Lee and I am the Founder and Director of the Academy for Creative Media System at the University of Hawaii. I testify today as an individual and not on behalf of the University.

Hawaii is blessed with a vibrant and growing entertainment economy. The motion picture, television, and digital media industry employs our people with living wage jobs, keeps our graduates of the Academy for Creative Media here in the islands in the career of their choice, doesn't pollute or endanger our fragile ecology, and dramatically compliments our visitor industry providing priceless marketing exposure on a global scale throughout the year.

Production in all its forms is a leading new growth industry even when the overall economy falters due to external forces. For example, in 2010 during the depths of the recent Great Recession, the motion picture and television industry in Hawaii reached a high water mark of over \$400 million in direct spend.

This past week, the Honolulu Star Advertiser reported that, "spending by film and television productions in Hawaii dropped 7 percent last year ... (to) an estimated \$228.2 million statewide last year, said state Film Commissioner Donne Dawson. In 2012 that figure was \$245.6 million, she said," generating "2,852 jobs in 2013 compared with 3,168 jobs for 2012."

Walea Constantinou, Honolulu Film Office commissioner, noted "Oahu typically attracts 75 percent of the production money spent in the state. Last year film and TV productions spent an estimated \$171.1 million on Oahu, she said. The year before, that figure was higher: \$184.2 million."



“That kind of robustness benefits a lot of people, according to the state's Department of Business, Economic Development and Tourism, which tracks how production dollars flow through the community — in other words, how much additional spending the money generates.

The agency's so-called "multiplier" formula estimates that production spending resulted in \$399.3 million powering Hawaii's economic engine.”

Last year the Legislature raised the Production Tax Credit which has kept Hawaii competitive with film and television friendly production hubs around the globe. But we continue to limit the amount of business we could realize for the simple reason that we do not have a proper studio complex capable of handling multiple shows and the interior production that big budget pictures need to complement the location shooting they do here.

For example, *Pirates of the Caribbean, Battleship, and Journey to the Center of the Earth* all came and did their exteriors here in Hawaii, but then headed to Los Angeles, London, and North Carolina to build their massive and expensive sets because there are no available stages to accommodate productions of their size. Similarly, *Jurassic Park 4* will soon come to Hawaii to shoot their exteriors, but the interiors will be done in Louisiana. Quite simply, we are missing out on half the pie when all we can offer is our jungles and beaches.

Actually, we're missing out on more than half the pie, because where there are stages, there is post-production. The tertiary industries of large set construction, post-production sound, visual effects and the living wage jobs they create all follow from the foundation of a studio complex. The Diamond Head Studio, owned by the State, has been a valuable resource for, most recently, *Hawaii Five-0* and before that *Lost*. But it has only one stage and can only accommodate one show at a time and has no post-production capabilities. Moreover, none of the big budget films mentioned above could have done their interiors on that single, relatively small stage. And neither *Hawaii Five-0* nor *Lost* nor virtually any tv show or movie has ever done their post-production here in Hawaii.

While specific details for this “film and media park” are not exactly clear from the current wording of the bill, the intent of supporting such a complex essentially on or near the University of Hawaii West Oahu makes a great deal of sense in both the context of growing industry where Hawaii's population is growing fastest and where the land rich new campus plans to make creative media a central focus of curriculum for Hawaii's students.

As Director of ACM System working with the leadership and faculty at UHWO, and LCC, KCC, HCC, programs at Manoa, and soon the neighbor island community colleges, we are currently implementing last session's SB 1273 which provides the resources to create a new, seamless, articulated pathway to a BA in

Creative Media at UHWO to maximize the number of Hawaii students pursuing careers in the field.

There is with this bill the opportunity to broaden the state's incentives beyond the traditional studio and network legacy model to the broadband driven digital industries such as transmedia, computer animation, mobile game production, social media platforms and smart phone applications.

Hawaii has wisely invested in this industry, both through educational efforts and the existing Production Tax Credits. The results are clear and positive. SB 2776 is a chance to build upon this rare economic diversification success story.

Mahalo for the opportunity to testify.