

LATE

WRITTEN ONLY

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON ECONOMIC DEVELOPMENT AND
TECHNOLOGY AND
TOURISM AND INTERNATIONAL AFFAIRS
ON
SENATE BILL NO. 1155

February 6, 2015

RELATING TO THE CREATIVE MEDIA INDUSTRY

Senate Bill No. 1155 assigns to the Hawaii Tourism Authority the responsibilities for film, television, digital and new media development; repeals the film industry activities within the Department of Business, Economic Development and Tourism (DBEDT); establishes the film, television, digital, and new media development special fund; and appropriates an unspecified amount of general funds for deposit to the special fund.

The Department of Budget and Finance (B&F) defers to DBEDT regarding the merits of the bill; however, as a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the HRS. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 1155, it is difficult to determine whether the fund will be self-sustaining.

I encourage the Legislature to review the fiscal and operational plan for this program to ensure that it does conform to the requirements of Section 37-52.3, HRS.



The Senate
The Twenty-Eighth Legislature
Regular Session of 2015

LATE

Committee of Economic Development and Technology
Senator Glenn Wakai, Chair
Senator Sam Slom, Vice Chair

Committee on Tourism and International Affairs
Senator Gilbert Kahele, Chair
Senator J. Kalani English, Vice Chair

RE: SB1155 - RELATING TO THE CREATIVE MEDIA INDUSTRY
Friday, February 6, 2015, 2:45 p.m., Conference Room 016
State Capitol, 415 South Beretania Street, Honolulu, HI

Aloha Chairs, Vice Chairs and Members of the Committees,

We are the film industry unions that represent over 1500 members working in film, television and new media productions as performers, crew and musicians in Hawaii.

We appreciate the legislature's strong support of the creative industry sector and that we all work together to create the best environment for measured growth and sustainability for the industry.

We would like to provide the following comments on the measure:

The Film industry is a unique and creative industry. At its core, it promotes and provides jobs and business opportunities for a broad spectrum of local companies. It is a business and economic driver for the State.

Structurally the film tax credit may not fit with HTA. We encourage detailed discussions about this as the Production Tax Credit and its administration is vital to grow and sustain the industry.

Film and Tourism do complement each other but they are very distinct and separate industrial engines that influence our local economy, particularly when it comes to how the islands are positioned in marketing messages.

The Film industry is a business that is driven by content; the telling of stories commemorating events or documenting history which touches on many subjects and sensitivities. Hawaii has proven it is a stage that can play the world as itself as in *Hawaii Five-0* and *The Descendants*, or as other locations as in *Jurassic Park*, *Lost* and *Pirates of Caribbean*. The industry must be able to support content without prejudice, whether or not it is the Visitor Bureau's view of Hawaii. We also encourage detailed discussions about this as you deliberate the best place for the creative industries division to be located.

Thank you for giving us the opportunity to offer these comments.