

OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF HAWAII
STATE CAPITOL
HONOLULU, HAWAII 96813

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR

**TESTIMONY OF
THE OFFICE OF THE LIEUTENANT GOVERNOR
TO THE
HOUSE COMMITTEE ON FINANCE**

HOUSE BILL NO. 1847 HD1

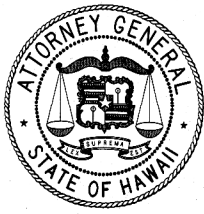
Relating to the Sports and Entertainment Authority

March 1, 2016

Chair Luke, Vice Chair Nishimoto and members of the Committee on Finance, the Office of the Lieutenant Governor **strongly supports** HB1847, HD1, which establishes the sports and entertainment authority to coordinate and develop an entertainment and sports industry in the State.

Hawaii's sports and entertainment industries represent an untapped growth segment of our tourism and overall economy. Hawaii has the potential to establish itself as a premier destination for entertainment and sporting events, as well as provide an ideal location for training facilities for youth, amateur, and professional athletes across many sports. Hawaii's unique geographic location can be an asset as a middle point between the Asia Pacific region and the mainland United States. With our natural landscape, Hawaii is a prime location for ocean sports, including surfing and sailing, while our diverse climates and elevations provide an ideal training environment, and centralized venue for attracting concerts, international rugby, soccer, football, and other similar events. Hawaii's climate can also provide an ideal respite for mainland events seeking alternatives to the cold weather.

The Office of the Lieutenant Governor respectfully seeks your favorable consideration of this measure. Thank you for the opportunity to submit testimony in support of this measure.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-EIGHTH LEGISLATURE, 2016**

ON THE FOLLOWING MEASURE:

H.B. NO. 1847, H.D. 1, RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Tuesday, March 1, 2016

TIME: 3:00 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Russell A. Suzuki, First Deputy Attorney General

Chair Luke and Members of the Committee:

The Department of the Attorney General opposes section -13 in section 2 of the bill (page 22, lines 19-21, and page 23, lines 1-9).

This bill establishes the Sports and Entertainment Authority to coordinate and develop an entertainment and sports industry in the State. It also repeals the Stadium Authority.

The purpose of section -13 in section 2 of the bill is to allow the Sports and Entertainment Authority to hire its own attorneys to handle contract negotiations in which the Attorney General lacks sufficient expertise without the approval of the Attorney General.

As a general matter, state agencies should be advised by deputy attorneys general. By locating the attorneys for state agencies within a single department, the Department of the Attorney General is able to provide consistent advice and a wide range of experience and expertise to those agencies. Private attorneys retained by Sports and Entertainment Authority are unlikely to possess the necessary breadth of knowledge and experience that already exists in the Department of the Attorney General. Additionally, because state agencies are regulated by a variety of laws, such as the Procurement Code, the Sunshine Law, and the Uniform Information Practices Act, that are not applicable in the private sector, the Department of the Attorney General has a depth of expertise in representing state agencies that would be difficult to duplicate by private attorneys, and certainly not without additional expense.

The Department of the Attorney General is also unique in its ability under the law to undertake concurrent representation of multiple state agencies that may have conflicting

interests. This distinctive feature is something that private attorneys are not able to do under the Hawai‘i Rules of Professional Conduct, the rules governing lawyers. In State v. Klattenhoff, 71 Haw. 598, 801 P.2d 548 (1990), the Hawai‘i Supreme Court ruled that the Department of the Attorney General may assign deputies to represent agencies that have competing interests as long as it erects appropriate firewalls between those attorneys and takes steps to ensure that no prejudice is suffered by the clients. The Department of the Attorney General has done this in past cases to ensure that all client agencies are vigorously, and separately, represented. We have provided, and will continue to provide, vigorous and objective legal representation to Stadium Authority.

Notwithstanding the prohibition against employing or retaining an attorney, section 28-8.3(a)(22), Hawaii Revised Statutes, permits the hiring of an attorney “[b]y a department, if the attorney general, for reasons deemed by the attorney general to be good and sufficient, declines to employ or retain an attorney for the department; provided that the governor waives the provision of this section.”

For the foregoing reasons, we respectfully request that section -13 in section 2 of the bill be stricken.

Thank you for the opportunity to testify on this matter.

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR

PAULA A. YOUNGLING
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
FINANCE

MARCH 1, 2016, 3:00 P.M.

House Bill 1847 HD1
RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY

Chair Luke, Vice-Chair Nishimoto, and members of the committee, thank you for the opportunity to submit testimony on HB 1847 HD1. The State Procurement Office takes no position on the intent of this bill, but opposes the exemption language on page 22, SECTION 2, lines 3 to 8.

Statutory exemptions are contrary to the Hawaii Public Procurement Code (Code), section 103D-102, HRS, on the applicability of the chapter that states in part "...shall apply to all procurement contracts made by governmental bodies whether the consideration for the contract is cash, revenues, realizations, receipts, or earnings..." Any governmental agency with the authority to expend funds should be in compliance with chapter 103D, which promotes the policy of fair and equitable treatment of all persons who deal with the procurement system; fosters effective broad-based competition; and increases public confidence in public procurement.

The Code should not be viewed as an obstacle to a purchasing agency's mission, but rather as the single source of public procurement policy to be applied equally and uniformly to obtain its requirements, which was the legislature's intent for the Code. If individual agencies are exempted and allowed to develop their own individual processes, it becomes problematic for the administration and vendors/contractors that must comply with a variety of processes. Most agencies agree that fairness, open competition, a level playing field, and government disclosure and transparency in procurement and contracting process are vital to good government. They believe that for this to be accomplished, we must participate in the process with one set of statutes and rules.

One of public procurement's primary objectives is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in the awarding of contracts. Another critical objective is to ensure disclosure and public visibility into the way tax-payer dollars are being spent. As such, along with open competition the Code provides safeguards to ensure procurement integrity, determination of fair and reasonable pricing, public notice, and transparency. The Code also provides consistency in the manner in which purchasing agencies procure goods, services, and construction.

The National Association of State Procurement Officials state: "Businesses suffer when there is inconsistency in procurement laws and regulations. Complex, arcane procurement rules of numerous jurisdictions discourage competition by raising the costs to businesses to understand and comply with these different rules. Higher costs are recovered through the prices offered by a smaller pool of competitors, resulting in unnecessarily inflated costs to state and local governments."

Exemptions to the Code mean that all procurements made with taxpayer monies for this authority, will not have the same oversight, accountability and transparency requirements mandated by those procurement processes provided in the Code. It means that there is no requirement for due diligence, proper planning or consideration of protections for the State in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, the authority can choose whether to compete any procurement or go directly to one contractor. As a result, leveraging economies of scale and cost saving efficiencies found in the consistent application of the procurement code are lost. It also means the authority is not required to adhere to the Code's procurement integrity laws.

When public bodies are removed from the State's procurement code it results in the harm described above. As these entities create their own procurement rules, businesses are forced to track their various practices. Moreover, a public body often can no longer achieve the benefits of aggregation by using another public body's contract because different state laws and regulations may apply to the various public bodies making compliance more difficult.

To provide fairness and consistency, and due process for vendors/contractors, the Code offers a legal and contractual remedy process to resolve protested solicitations and awards, which includes impartial reviews by the Department of Commerce and Consumer Affairs administrative hearings process and the ability to request judicial review. The protest process also protects agencies and taxpayers from onerous and baseless protests, minimizes delays and disruptions in the award of contracts, and supports a prompt resolution.

To ensure all vendors/contractors who seek public contracts compete on equal footing they are required to demonstrate compliance with Hawaii laws. The Code requires potential vendors/contractors to comply with Hawaii laws prior to award of a contract, i.e. DOTAX Tax Clearance Certificate including IRS certification, DLIR Certificate of Compliance; DCCA Certificate of Good Standing; or Hawaii Compliance Express (HCE) Certificate of vendor compliance. Upon completion of goods provided or services performed, and before final payment is made, a vendor/contractor is again required to demonstrate compliance with Hawaii laws, thereby assuring that public funds are paid to compliant vendors/contractors.

Each year new procurement laws are applied to state agencies causing state agency contracts to become more complex and costly, while other public bodies, such as agencies with strong legislative influence, are exempted. Relieving some public bodies from some laws by exempting or excluding them from compliance with a common set of legal requirements creates an imbalance wherein the competitive environment becomes varied among the different jurisdictions and the entire procurement process becomes less efficient and more costly for the State and vendors.

Open bidding procedures assures that the State obtains value, and potential vendors/contractors are treated fairly. Those who lack a working knowledge of the Code, may view it as a cumbersome process. The SPO believes that it is vital to good government to have a fair and consistent process to award government contracts that hold agencies responsible and accountable for their actions.

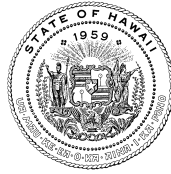
The SPO is against exempting specific agencies from the Code, as it is not in the best interest of government, the business community, and the general public. The Code establishes a time-tested, fair, reliable set of rules and processes for award of contracts. In conclusion, there is no compelling reason to

H.B. 1847 HD1
House Committee on Finance
March 1, 2016
Page 3

statutorily exempt the sports and entertainment authority from chapter 103D. The SPO recommends that page 22, SECTION 2, lines 3 to 8 be deleted.

Thank you.

DAVID Y. IGE
GOVERNOR



WRITTEN ONLY

WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1847, H.D. 1**

March 1, 2016
3:00 p.m.

RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY

House Bill No. 1847, H.D. 1, establishes the Sports and Entertainment Authority, repeals the Stadium Authority, and establishes the Sports and Entertainment Authority Special Fund. The bill authorizes the deposit of \$10 million in transient accommodations tax revenues into the special fund.

In addition, the bill authorizes the deposits of gifts, grants, appropriations by the Legislature, and funds collected by the Sports and Entertainment Authority from the operations of a State sports and entertainment complex into the special fund. Moneys in the special fund may be used by the Authority for administrative expenses, capital improvement projects, and for operations, maintenance, promotion, and management of Aloha Stadium and related facilities.

The Department of Budget and Finance (B&F) does not take any position on the proposed Sports and Entertainment Authority; however, as a matter of general policy, the department does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the HRS. Special funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users of 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 House Bill No. 1847, H.D. 1, it is uncertain if there is a clear link between the program and the sources of revenue and if the special fund will be self-sustaining.

B&F also has concerns with the allocation of \$10 million from the transient accommodation tax to the special fund as it will have an impact on the Administration's general fund financial plan.

DAVID Y. IGE
GOVERNOR



DOUGLAS MURDOCK
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
DOUGLAS MURDOCK, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
FINANCE
ON
MARCH 1, 2016
H.B. 1847, H.D. 1

RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY

Chair Luke and members of the Committee, thank you for the opportunity to submit written testimony on H.B. 1847, H.D. 1. The Department of Accounting and General Services (DAGS) supports the intent of H.B. 1847, H.D. 1 (the measure).

We support the intent of this measure to establish Hawaii as a premier destination for entertainment and sporting events, and training environments for youth, amateur, and professional athletes provided it does not increase the size of government and administrative burden. However, we recommend that these goals be met without creating a new authority.

In the interest of utilizing and leveraging our current agencies staffing and financial resources we offer the following comments on the bill.

1. The objectives of the sports and entertainment authority should be placed into the statutes of the Hawaii Tourism and Stadium Authorities if they are currently not present to leverage the current capabilities of the agencies. This will eliminate the

need for the sports and entertainment authority and not increase the size of government.

2. Modify statutes to provide for an ex officio member representing the Stadium Authority on the Hawaii Tourism Authority.
3. Modify statutes to provide for an ex officio member representing the Hawaii Tourism Authority on the Stadium Authority.

Our last two comments are provided to ensure a formal communication mechanism between the two organizations so that they are able to work jointly to achieve the objectives of this bill.

If this measure moves forward with the formation of the sports and entertainment authority (the authority), we would suggest that the Committee consider the appropriateness of this authority in DAGS.

Lastly, we support the intent of this bill provided it does not have a negative impact on the administration's executive supplemental budget and initiatives submitted for fiscal year 2017.

Thank you for the opportunity to submit written testimony on this measure.

DAVID Y. IGE
GOVERNOR

DOUGLAS MURDOCK
COMPTROLLER

CHARLES T. TOGUCHI
CHAIRMAN, STADIUM AUTHORITY

SCOTT L. CHAN
MANAGER



ALOHA STADIUM

An Agency of the State of Hawaii

TESTIMONY
OF
CHARLES T. TOGUCHI, CHAIRMAN
STADIUM AUTHORITY
TO THE
HOUSE COMMITTEE
ON
FINANCE
ON
March 1, 2016

H.B. 1847, HD1

RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY

Chair Luke, Vice Chair Nishimoto, and members of the Committee, thank you for the opportunity to submit testimony in the form of comments on H.B. 1847, HD1.

Prior to the introduction of HB 1847, the Stadium Authority was consulted by the bill's originator for comments and recommendations on its impact. The Stadium Authority provided comments in the form of technical recommendations, and in the process, shared the depth of involvement and myriad of activities and projects concurrently being addressed by the Stadium Authority Board and management and staff at the Aloha Stadium.

Technical support was also provided to ensure that, upon the bill's enactment, there would be no technicalities that would adversely impact implementation of the bill as well as impact ongoing operations at the Aloha Stadium.

Currently, the Stadium Authority Board and Management and staff at the Aloha Stadium are involved in a number of large stadium-related projects as well as a myriad of regular ongoing events at the Aloha Stadium.

Projects include:

- The Honolulu Rail Transit Project – inclusive of a rail transit station and rail guideway built on Aloha Stadium property involving the execution of agreements to address the project’s right of entry and easement and the eventual construction and long term occupancy of a rail transit station on stadium property.
- Transit Oriented Development (TOD) – Coordinating information, resources, and planning with TOD, who is tasked with developing a ½-mile radius surrounding each rail transit stop. This project is in conjunction with the establishment of a rail transit station on the Aloha Stadium property.
- Lifting of the federal and city deed restrictions that currently encumber a major portion of the Aloha Stadium property.
- Determining and recommending an appropriate course of action to take on the 40-year old Aloha Stadium facility and whether to continue repairing the aged facility or build and finance (through various options) a new facility. In the course of doing so, ensuring that optimum use of the facility and its surrounding property is properly planned, constructed, and achieved.
- Capital improvement projects involving health and safety measures continue to require attention and if not tended to nor funded, have the potential to create an even greater backlog over the projected \$200 million amount.
- On an operational level, the Stadium Authority shared its operational activities that include the Aloha Stadium Swap Meet and Marketplace, recurring-seasonal

collegiate and high school football games, year-around youth football leagues, and many other types of events that occur both inside and outside of the Stadium proper.

- It should also be noted that the Stadium Authority/Aloha Stadium is a special funded agency and is responsible for maximizing revenue generating opportunities while controlling expenditures to maintain and ensure continued solvency.

We respectfully share this information to the House Committee on Finance to ensure that all stakeholders and decision-makers have a thorough understanding of the breadth and depth of participation and responsibilities in which the current Stadium Authority Board is involved.

Thank you for the opportunity to provide comments on this matter.



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David Y. Ige
Governor

George D. Szigeti
President and Chief Executive Officer

Statement of
George D. Szigeti
Chief Executive Officer
Hawai'i Tourism Authority
on
HB 1847
Relating to the Sports and Entertainment Authority
House Committee on Finance
Tuesday, March 1, 2016
3:00pm
Conference Room 308

The Hawai'i Tourism Authority (HTA) offers the following **comments** on HB 1847, which proposes to create a new authority to coordinate and develop the entertainment and sports industry in the State of Hawai'i. The new authority would be funded by the transient accommodation tax (TAT).

HTA supports the goal of ensuring that Hawai'i remains a premier destination for entertainment and sporting events. Deepening Hawai'i's connection to the entertainment and sports industries is consistent with HTA's mission to promote Hawai'i as a visitor destination and improve the visitor experience in the state. As part of its work for Hawai'i, HTA proudly sponsors several events, including the Diamond Head Classic, the Maui Invitational, the Hawai'i Bowl, the PGA Tour and the Ironman. Hosting major sporting events in Hawai'i draws visitors to our state and generates substantial media exposure, which in turn produces a manifold return on investment.

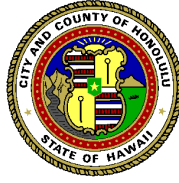
If a new authority is created, rather than assigning the proposed responsibilities to HTA, it will be important for HTA and the new authority to avoid duplicating efforts as we each work toward strengthening the visitor economy in Hawai'i. It will also be important to ensure that revenues from the TAT are sufficient to support all legislative priorities without imposing burdens on the market that could reduce Hawai'i's appeal to visitors.

Every session, bills call for additional allocations of TAT revenues or seek to change existing allocations. Redirecting finite revenues or attempting to increase those revenues through higher taxation can have unanticipated consequences. From its efforts to market Hawai'i to travelers worldwide, HTA knows firsthand that our state faces stiff competition from other global destinations. It is important for Hawai'i that we preserve current allocations to the Tourism Special Fund and remain committed to investing in our visitor industry as the state's largest economic engine. Equally important is ensuring that Hawai'i remains cost-competitive with the many other destinations also seeking to grow their visitor base.

Mahalo for the opportunity to offer our comments.

**OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU**

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KIRK CALDWELL
MAYOR

ROY K. AMEMIYA, JR.
MANAGING DIRECTOR DESIGNATE

GEORGETTE T. DEEMER
DEPUTY MANAGING DIRECTOR

**CITY AND COUNTY OF HONOLULU
BEFORE THE SENATE COMMITTEES ON
ECONOMIC DEVELOPMENT, ENVIRONMENT, AND TECHNOLOGY
AND GOVERNMENT OPERATIONS**

Tuesday, March 1, 2016, 3:00 P.M.

TO: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

The Office of the Mayor of the City and County of Honolulu respectfully **opposes** HB1847, HD1, which establishes a Sports and Entertainment Authority. We take no position on: (1) whether a Sports and Entertainment Authority should be created; and (2) whether a Sports and Entertainment Authority should assume the role of the Stadium Authority.

We oppose this measure because it allocates \$10 million from the transient accommodation tax (TAT). The State-County Functions Working Group, established by the Legislature in Act 174, Session Laws of Hawaii 2014, has worked for over a year on the allocation of the TAT and recently submitted its findings and recommendations to the Legislature. The Working Group's final report presents a wholistic view of how the TAT should be allocated. Making ad hoc decisions such as using the TAT to fund a Sports and Entertainment Authority before decisions have been made on the larger question of the allocation of the TAT is premature. We urge this committee to hold HB1847, HD1 until the Legislature has wrestled with the recommendations of the State-County Functions Working Group.

Again, we oppose HB1847, HD1 at this time and recommend that you hold it for a discussion on the merits of the idea of establishing a Sports and Entertainment Authority at a future date. Thank you for the opportunity to testify.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Tuesday, March 1, 2016 at 3:00 P.M.
Conference Room 308, State Capitol**

**RE: HOUSE BILL 1847 HD 1 RELATING TO THE SPORTS AND
ENTERTAINMENT AUTHORITY**

Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 1847 HD 1, which establishes the sports and entertainment authority.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Sporting events draw massive spending and can have great economic impact. The Sports and Entertainment Authority (SEA) will be able to tap into Hawaii's unique location and potential as an entertainment and sporting destination of the Asia Pacific region. A Sports and Entertainment Authority (SEA) can be an enhancement to the work of the Hawaii Tourism Authority as it could help with research and attracting events during the tourism shoulder months.

Some statistics are listed below.

- 2014 National Sports Industry Visitor spending \$8.96 billion. (NASC 2014)
- 2014 National Sports Industry Visitors 25.62 million. (NASC 2014)
- In 2014 of the 8.1 million visitors to Hawaii only 105,839 visitors came for a sporting event that is only 1.3% of the overall visitor arrivals in 2014. (DBEDT)
- Sports Tourism has an economic impact of \$150 to \$200 million a year. (HTA)
- The Honolulu Marathon is the state's largest participatory event, with 22,615 registered runners in 2011. About 85 percent of the non-Hawaii runners were from Japan. Generated about \$5 million in taxes. (Honolulu Marathon Association)
- The [Maui Invitational](#) attracted nearly 5,000 visitors and generated \$13.3 million in visitor spending, an increase of nearly five percent from 2013, for the island of Maui in 2014. In all, the Maui Invitational has contributed more than \$190 million to the local island economy since the Tournament's inception in 1984, welcoming 108



Chamber of Commerce HAWAII

The Voice of Business

- different schools from 40 states and Washington D.C. to the county of Maui. (Kemper Sports Management Inc.)
- A Markrich Research Ironman Triathlon study said participants stay about eight days on the Big Island and a total of about 12 days statewide. The athletes don't come alone, the study said, but bring, on average, 2.6 companions.
 - In 2014 data collected by the City and County of Honolulu showed revenue to the city for the Lion King and Bruno Mars's performances in March and April brought in close to \$1,000,000.
 - Wicked and Lion King estimated local economic impact was more than \$30 million and Bruno Mars was \$370,000.
 - Touring Broadway shows brought in \$3.4 billion into the U.S. economy, and for every dollar spent on a ticket for a touring Broadway show, another three dollars is generated in the local marketplace. (Anthology Group)

We believe that there is an opportunity for the State to benefit from such an authority that can plan, coordinate and market to strengthen this industry and at the same time offer the facility to host these events.

Thank you for the opportunity to testify.



LATE

HB1847 HD1
RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY
House Committee on Finance

March 1, 2016

3:00 p.m.

Room 308

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on HB1847 HD1, which proposes to establish the Sports and Entertainment Authority to undertake and expand on the objectives and responsibilities of the Stadium Authority.

OHA appreciates the intent of establishing the Sports and Entertainment Authority to coordinate and develop a thriving entertainment and sports industry in the state. However, OHA notes that HB1847 HD1 gives the Sports and Entertainment Authority the power “[n]otwithstanding chapter 171, [to] acquire, lease as lessee or lessor, own, rent, hold, and dispose of the stadium” (emphasis added). Such language would allow the Sports and Entertainment Authority to sell, exchange, lease, or otherwise dispose of stadium lands without complying with the procedures established under Hawai‘i Revised Statutes (HRS) Chapter 171, including the procedures outlined in sections 171-50 and 171-64.7.

OHA respectfully requests that the Committee amend HB1847 HD1, to state that HRS §§ 171-64.7 and 171-50 shall apply to the Sports and Entertainment Authority. HRS §§ 171-50 and 171-64.7 establish a comprehensive process for the sale, gift, or exchange of state-owned lands, to ensure that key details about any such transactions are shared with the Legislature and with OHA in a timely manner. Under this process, state agencies must provide advance notice to OHA when considering a sale, gift, or exchange of state lands, thereby allowing OHA to determine whether the subject lands constitute “ceded” government or crown lands. OHA reiterates that “ceded” lands must be maintained by the state, until the Native Hawaiian peoples’ claims to the ceded lands corpus have been resolved. OHA’s initial research indicates that a small portion – 1.25% – of Aloha Stadium sits on “ceded” lands. Accordingly, the process outlined in HRS §§ 171-50 and 171-64.7 may be critical to ensuring that the ceded lands within Aloha Stadium are not inadvertently sold or disposed of by the Sports and Entertainment Authority.

Specifically, OHA requests that subsection (13) beginning on line 20 of page 9 be amended to read as follows:

- (13) Notwithstanding chapter 171, acquire, lease as lessee or lessor, own, rent, hold, and dispose of the stadium in the exercise of its powers and the

performance of its duties under this chapter,
provided that section 171-64.7 and section 171-50
shall apply;

In addition, insofar as HB1847 HD1 would allow the leasing of stadium lands without the leasing procedures outlined in Chapter 171, the Committee may also wish to consider requiring the Sports and Entertainment Authority to adopt alternative lease, license, set aside, and other disposition processes to guide the proper management of this significant asset.

Mahalo for the opportunity to testify on this measure.

COMMITTEE ON FINANCE

3 PM, TUESDAY, MARCH 1, 2016

LATE

RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY

HB 1847 HD1

(HSCR289 - 16)

Establishes the Sports and Entertainment Authority to coordinate and develop a thriving entertainment and sports industry in the State, including oversight of the stadium and attracting local, national and international events, as well as developing state-of-the-art facilities for the benefit of professional, amateur and youth athletes. Establishes the Sports and Entertainment Authority Special Fund. Repeals the Stadium Authority and transfers jurisdiction over stadiums and related facilities and the Kapolei recreational sports complex to the sports and entertainment authority. Appropriates funds. (HB1847 HD1)

I am Shannon Wood. For more than 20 years, I've been working with the *Stadium Authority*, its employees, other state and city agencies, the *Legislature*, the *Department of Interior*, *US Senate and House* members, and private companies to work with *Aloha Stadium*.

I am opposed to this bill which will repeal the *Stadium Authority* because there are a number of activities which not only have funds but services that have a major positive impact on folks who live here on O`ahu as well as visitors.

These include having three-times a week **Swap Meets**, non-sports island-wide meetings, and working directly with *HART* and *TOD* on transit systems and affordable housing. I don't believe a Sports and Entertainment Authority can focus properly on these issues.

The *Stadium Authority* addresses sports but only at this facility so operational and maintenance issues have its primary focus.

Including the *Aloha Stadium* as a small part of the *Sports and Entertainment Authority* may result in its being an afterthought. The new *Authority* may see the *Stadium* as merely a cash cow for state-wide sporting events, resulting in its maintenance being neglected.

Shannon Wood, President

***Windward Ahupua`a Alliance*, a 501c3 organization established in 2002**

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HAWAI'I LODGING & TOURISM
ASSOCIATION



Testimony of
Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

Committee on Finance

House Bill 1847 HD1: Relating to a Sports and Entertainment Authority

Chair Luke, Vice Chair Nishimoto, and members of the Committee on Finance:

Thank you for the opportunity to testify in favor of House Bill 1847 HD1, which calls for the establishment of a sports and entertainment authority, to include the administration of Aloha Stadium and similar facilities.

Our state has succeeded in creating or attracting major sports events over the years, among them the Honolulu Marathon, National Football League Pro Bowl, Sony Open and other professional golf tournaments, and college athletics. These events have showcased the beauty of Hawai'i to national and global television audiences and brought teams and fans to our shores. We have also been the venue of some major concert and entertainment shows and productions through the years. Despite these successes we can do better as we have also missed out on opportunities to attract marquee sports events and have fallen short on executing and implementing these events successfully.

Unlike other states and municipalities, we have not had a strong statewide advocate for sports and entertainment; nor have we had a focused and coordinated approach as we have experienced with our film and TV industry. Some recent controversies over our ability to host major events offer evidence that more effective, coordinated leadership will be necessary for this sector of our economy to succeed. These shortcomings point to the need to establish a state sports and entertainment authority, more so since we have witnessed the loss of some of these events to other locals and venues.

Having been personally involved in both public and private sector negotiations to keep the NFL Pro Bowl in Hawaii, fund sports competitions, and attract film and television productions, I can attest to the importance of having an authoritative representative or body convey the innumerable benefits of coming to Hawaii, follow up with the organization or promoter, offer a first-hand introduction to our excellent facilities, and assist with requirements before, during, and after an event. Teams, entertainers, and fans should want to return to the islands because of our involvement and their positive experiences. Certainly, the renovation of the Aloha Stadium should be a high priority of the proposed authority. A sports and entertainment authority, with sufficient funding and creative leadership, would not only provide this much-needed expertise, but provide the catalyst for the development and future growth of this industry.

Mahalo.