



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
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT ENVIRONMENT AND TECHNOLOGY
AND THE SENATE COMMITTEE ON TOURISM AND INTERNATIONAL AFFAIRS**

HOUSE BILL NO. 1847 HD2
Relating to the Sports and Entertainment Authority

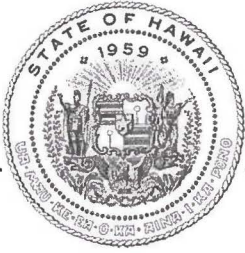
March 15, 2016

Chairs Wakai, English Vice Chair Slom and, Members of the Committee:

The Office of the Lieutenant Governor **strongly supports** HB1847 HD2, which establishes the sports and entertainment authority to coordinate and develop an entertainment and sports industry in the State.

Hawaii's sports and entertainment industry is 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, and centralized venue for attracting concerts, international rugby, soccer, football, and other similar events. Hawaii's climate can provide an ideal respite for mainland events seeking alternatives to the cold weather.

The Office of the Lieutenant Governor respectfully ask that you pass the measure out of your committee. Thank you for the opportunity to submit testimony.



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

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEES ON ECONOMIC DEVELOPMENT, ENVIRONMENT, AND
TECHNOLOGY AND
TOURISM AND INTERNATIONAL AFFAIRS**
Wednesday, March 16, 2016
1:15 p.m.
State Capitol, Conference Room 414
in consideration of
HB 1847, HD2
RELATING TO SPORTS AND ENTERTAINMENT AUTHORITY.

Chair Wakai, Vice Chairs Slom and English, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) respectfully provides comments on HB1847, HD2, which establishes the Sports and Entertainment Authority to coordinate and develop an entertainment and sports industry in the State; and repeals the Stadium Authority and transfers the jurisdiction of stadiums and related facilities to this new Authority.

While DBEDT agrees that sporting and entertainment events can strengthen and diversify Hawaii's economy by attracting a diversified visitor demographic, as well as bring pleasure to Hawaii's residents, we are concerned that repeal of the Stadium Authority is premature at this time.

The Aloha Stadium rail station will be at the center of a Transit-Oriented Development (TOD) plan. DBEDT suggests that the creation of a Sports and Entertainment Authority is a major undertaking which would distract from the on-going efforts to plan for a TOD community adjacent to the stadium with affordable housing and retail opportunities that support sports and entertainment events, as well as resident needs. The Office of Planning is working with DAGS and the Stadium Authority to conduct this planning process which will provide the Legislature with choices that will shape the future of this community.

Thank you for the opportunity to provide comments.

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
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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 SENATE COMMITTEES ON ECONOMIC DEVELOPMENT, ENVIRONMENT,
AND TECHNOLOGY AND TOURISM AND INTERNATIONAL AFFAIRS
ON
HOUSE BILL NO. 1847, H.D. 2

March 16, 2016
1:15 p.m.

RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY

House Bill No. 1847, H.D. 2, establishes the Sports and Entertainment Authority placed within the Department of Business, Economic Development and Tourism, repeals the Stadium Authority, and establishes the Sports and Entertainment Authority Special Fund. The bill authorizes the deposit of an unspecified amount 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. 2, 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.

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
SENATE COMMITTEES
ON
ECONOMIC DEVELOPMENT, ENVIRONMENT, AND TECHNOLOGY
AND
TOURISM AND INTERNATIONAL AFFAIRS
ON
MARCH 16, 2016
H.B. 1847, H.D. 2

RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY

Chairs Wakai and English, and members of the Committees, thank you for the opportunity to submit written testimony on H.B. 1847, H.D. 2. The Department of Accounting and General Services (DAGS) does not support H.B. 1847, H.D. 2 (the measure).

The current Stadium Authority is in the middle of planning and executing significant stadium repair and maintenance projects, evaluating stadium replacement options, and preparing for transit oriented development around the stadium. The Stadium Authority and its staff have also developed good working relationships with key clients of the facility. A change to the responsible board members and staff could have significant negative consequences due to loss of momentum, corporate memory, and relationships.

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



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

ON THE FOLLOWING MEASURE:

H.B. NO. 1847, H.D. 2, RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY.

BEFORE THE:

SENATE COMMITTEES ON
ECONOMIC DEVELOPMENT, ENVIRONMENT, AND TECHNOLOGY AND ON
TOURISM AND INTERNATIONAL AFFAIRS

DATE: Wednesday, March 16, 2016 **TIME:** 1:15 p.m.

LOCATION: State Capitol, Room 414

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

Chairs Wakai and English and Members of the Committees:

The Department of the Attorney General opposes section -12 in section 2 of the bill (page 22, lines 16-21, and page 23, lines 1-6).

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 -12 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 the 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 -12 in section 2 of the bill be stricken.

Thank you for the opportunity to testify on this matter.



HB1847 HD2
RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY
Senate Committee on Economic Development, Environment, and Technology
Senate Committee on Tourism and International Affairs

March 16, 2016

1:15 p.m.

Room 414

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on HB1847 HD2, 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 HD2 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 Committees amend HB1847 HD2, 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 HD2 would allow the leasing of stadium lands without the leasing procedures outlined in Chapter 171, the Committees 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.



THE SENATE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2016

ECONOMIC DEVELOPMENT, ENVIRONMENT & TECHNOLOGY
COMMITTEE

Senator Glenn Wakai, Chair

TOURISM & INTERNATIONAL AFFAIRS COMMITTEE

Senator J Kalani English, Vice Chair

3/16/2015

Rm. 414, 1:15 PM

HB 1847, HD 2

Relating to the Sports & Entertainment Authority

Chair Wakai, Chair English and Members of both Committees, my name is Max Sword, here on behalf of Outrigger Hotels Hawaii, in support of HB 1847.

Outrigger Hotels has supported sports activities & events with in the State of Hawaii for many years, such as the various sports tournaments involving the University of Hawaii's men's and women's teams. We also have and continue to support large events such as the Honolulu Marathon, medium size events such as the Xterra Championships in Maui and smaller youth events such as the Hawaii High School Soccer championships and Youth Soccer Tournaments.

Even with all those events, with almost 365 days of sunshine, we believe that we could be hosting more events here in Hawaii. When someone wants to stage an event here, they have to go to the 3 or 4 different government and private entities to get things done. With a Sports Authority or Commission, we could set up a one-stop shop like they do in Los Angeles, Chicago & New York. Even the tourism destination of Orlando, Florida has a sports commission.

We believe that we need a Sports Commission to coordinate the various facilities around the state, such as Aloha Stadium, to better utilize their uses. The Commission could also help in bid assembly, facility preparations amongst other services to entice an event to be held here in Hawaii.

Mahalo for allowing me to testify and urge your support of this bill.



**Testimony to the Senate Committee on Economic Development, Environment,
& Technology and Committee on Tourism & International Affairs
Wednesday, March 16, 2016 at 1:15 P.M.
Conference Room 414, State Capitol**

**RE: HOUSE BILL 1847 HD 2 RELATING TO THE SPORTS AND
ENTERTAINMENT AUTHORITY**

Chair Wakai, Vice Chairs Slom and English, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 1847 HD 2, 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.



HAWAII TOURISM AUTHORITY

Hawaii Convention Center
1801 Kalākaua Avenue, Honolulu, Hawaii 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii tourism authority.org

David Y. Ige
Governor

George D. Szigeti
President and Chief Executive Officer

Statement of
George D. Szigeti
Chief Executive Officer
Hawaii Tourism Authority

on

HB 1847 - Relating to the Sports and Entertainment Authority
Senate Committees on Economic Development, Environment, and Technology
and Tourism and International Affairs
Wednesday, March 16, 2016
1:15pm
Conference Room 414

The Hawaii 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 industries in Hawaii. A portion of the transient accommodation tax (TAT) would fund the new authority.

HTA supports the goal of ensuring that Hawaii remains a premier destination for entertainment and sporting events. Deepening Hawaii's connection to these industries is consistent with HTA's mission to promote Hawaii as a visitor destination and improve the visitor experience. In furtherance of its mission, HTA proudly sponsors several sporting and entertainment events in Hawaii, including the Diamond Head Classic, the Hawaii Bowl, the Ironman World Championship, the Pan-Pacific Festival, the Maui Film Festival at Wailea, and the Kōloa Plantation Days. Especially notable HTA-driven tourism events were the Arashi concerts, which attracted over 15,000 visitors to the state. Hosting major sporting and entertainment events in Hawaii draws visitors to our state and generates substantial media exposure, which together produce a manifold return on investment. In 2016, HTA has committed to supporting over 19 sports and entertainment events statewide, with a projected economic impact of at least \$144 million.

If a new authority is created, rather than assigning the proposed additional responsibilities to HTA, it will be important for HTA and the new authority to avoid duplicating efforts as we each work toward strengthening Hawaii's visitor economy. Ensuring that revenues from the TAT are sufficient to support all legislative priorities, without imposing burdens on the market that could reduce Hawaii's appeal to visitors, is also important. The new authority's staffing arrangements, infrastructure and business model should be as streamlined and self-sufficient as possible.

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 may have unanticipated consequences. HTA knows firsthand that our state faces stiff competition from many other global destinations. It is important for Hawaii 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 Hawaii remains cost-competitive with the other destinations also seeking to grow their visitor base.

Mahalo for the opportunity to offer our comments.

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
SENATE COMMITTEE ON
ECONOMIC DEVELOPMENT, ENVIRONMENT, AND TECHNOLOGY
AND THE
SENATE COMMITTEE ON
TOURISM, AND INTERNATIONAL AFFAIRS
ON
March 16, 2016
H.B. 1847, HD2

RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY

Chair Wakai, Vice Chairs Slom and English, and members of the respective Committees, thank you for the opportunity to submit testimony in the form of comments on H.B. 1847, HD2.

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 respective Senate Committees 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.



Board of Directors

Richard Rowland
Chairman and Founder

Keli'i Akina, Ph.D.
President/CEO

Eddie Kemp
Treasurer

Gilbert Collins

Robert W. "Bill" Hastings II

Robin Tijoe

March 16, 2016

1:15 PM

Conference Room 414

To: Senate Committee on Economic Development, Environment & Technology

Senator Glenn Wakai, Chair

Senator Sam Slom, Vice Chair

Senate Committee on Tourism & International Affairs

Senator Kalani English, Vice Chair

From: Grassroot Institute of Hawaii

President Keli'i Akina, Ph.D.

RE: HB 1847 -- RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on HB 1847, which establishes the Sports and Entertainment Authority to develop the entertainment and sports industry in the State, including oversight of the stadium attracting new events, and developing state-of-the-art athletic facilities. It also creates a special fund for this purpose.

While we appreciate the effort to bring new revenues to the state and increase tourism through special events, there are two primary areas of concern that we believe must be addressed—the need for full and unbiased data regarding the revenues and costs of such events and the probability that this is a first step towards a substantial renovation/rebuilding of Aloha Stadium.

When it comes to the real costs and benefits of sports and entertainment events, nothing demonstrates the need for better analysis like the Pro Bowl. Though the Hawaii Tourism Authority and the NFL both put forth numbers that suggest that event is well worth the \$5 million-plus that it will cost Hawaii taxpayers, independent economists have thrown those assertions into question.

The HTA claims that the revenue from Pro Bowl visitors (approximately 47,270 in 2014) makes the event a good deal for Hawaii. However, analysis suggests that this vastly overstates the event's tourism effect. In fact, a survey of flight arrivals during that period reveals that only about 6726 non-residents arrived for the Pro Bowl, a fraction of those claimed.¹ Therefore, the revenue supposedly coming into the state from the Pro Bowl is largely local money being transferred from elsewhere in the economy.

Two economics professors at the College of Holy Cross studied four years of data related to the event and concluded that there was no measurable economic benefit to the state from hosting the Pro Bowl. In their paper, "Many Happy Returns? The Pro-Bowl, Mega-events, and Tourism in Hawaii," Professors Robert Baumann and Victor Matheson write:

"While the HTA estimates that 2014 Pro Bowl produced \$71.9 in direct visitor spending, our analysis of the organization's current methodology for determining economic impact is seriously flawed. Furthermore, an examination of tourist arrivals finds no statistically significant increase in tourism associated with the game. This result fails to justify the \$5 million subsidy, which roughly two-thirds of the HTA's expenditures on sporting events, it spends for the rights to the Pro Bowl."²

This effect is not limited to Hawaii and the Pro Bowl. Analysis of other high-profile sports events finds that expected tourism boosts to Lillehammer and Calgary from the Winter Olympics, South Africa from the 2010 World Cup, or even regular season NHL games all failed to materialize or were short-lived.³

This does not mean that all sports and entertainment events are considered wasteful—only that the state must engage in a more careful analysis of how the events will affect tourism and whether the outlay in taxpayer funds is worth it. For example, the research of Baumann & Matheson suggests that the unsubsidized Honolulu Marathon creates a greater net tourism boost to the Hawaii economy than the heavily subsidized Pro Bowl.⁴

¹ Robert Baumann & Victor Matheson. "Many Happy Returns? The Pro-Bowl, Mega-events, and Tourism in Hawaii." International Association of Sports Economists, Working Paper Series, Paper 15-01 (August 2015). Available at http://college.holycross.edu/RePEc/spe/1501-Baumann-Matheson_HawaiiTourism.pdf

² *Ibid.*

³ *Ibid.*

⁴ *Ibid.*

Finally, there is the implied promise to renovate the stadium so as to create a “state-of-the-art” athletic facility, a guarantee that this will develop into an expensive public building project.

Any stadium renovation/rebuilding recommendation must be carefully vetted in light of the negative economic effect of taxpayer-funded stadium projects. Since 1997, more than \$4.7 billion has been spent to build new NFL stadiums and 78% of those costs have been borne by taxpayers. Yet, the benefit of the stadium to the municipality is so small that 86% of economists agree that state and local governments should eliminate subsidies to pro sports franchises.⁵

Moreover, the costs of keeping up with such a building and renovation project can become a taxpayer boondoggle that stretches far past the initial estimate. Judith Long, an urban planning professor from Harvard, estimates that over the life of a stadium, taxpayers will pay an extra and unforeseen \$10 billion in “obscured costs” not initially included in the public’s share of the building project.⁶

Finally, the assumption that the stadium itself can become profitable to the state or municipality is often unfounded and overly optimistic. “Most of the time, you can't make any money directly from the stadium or stadium owners would've done it themselves,” says Professor Matheson.⁷

Given the spiraling costs of the Rail project, the state should approach any new construction projects with caution.

As James Hamilton, an economist at University of California, San Diego, commented, “I am not aware of a recent example of a major sports facility investment that earned anything approaching a reasonable return on capital or turned out to be self-financing in terms of tax revenues.”

Thank you for the opportunity to submit our comments.

Sincerely,

Keli'i Akina, Ph.D.

President, Grassroot Institute of Hawaii

⁵ Jason Keisling & Jim Pagels. “Economists Agree – Publicly Financed Sports Stadiums Are a Bust.” Reason. (Dec. 2015). Available at <https://reason.com/archives/2015/12/01/economists-agree-publicly-financed-sport>

⁶ Jolie Lee. “Taxpayers on the Hook for Stadium Costs.” *USA Today*. (Nov. 25, 2013) Available at <http://www.usatoday.com/story/news/nation-now/2013/11/25/stadiums-taxpayers/3663541/>

⁷ *Ibid.*

March 15, 2016

Dear members of the EET/TSI Committee,

I am writing in opposition to HB 1847 that has passed the House and is now with the Senate.

Whatever purpose the bill purports to have in helping Hawaii generate sports and entertainment revenue, and regardless of the language in the bill, the main purpose of the creation of the Sports and Entertainment Authority is to implement a proposed development of either a sports arena or stadium on the site of the Ala Wai Golf Course, transform the Ala Wai Canal into something similar to the San Antonio Riverwalk, and use these developments as an impetus to revitalize the backside of Waikiki.

As reported in Civil Beat, the main driving force behind the creation of the new Authority is the Lt Governor. In an article on January 13, 2016 in the StarAdvertiser which I have attached, Dave Reardon conducted an interview with Mark Roling, the head of the Lt Governor's Sports Advisory Committee. In this article, and followed by various interviews with electronic media, Mr. Roling has pushed for the proposed development I outlined above.

The arguments made by Mr. Roling in support of development contain half-truths, innuendos and outright lies. Contrary to his suggestion, Ala Wai Golf Course is not being underutilized. If rounds have been down compared to earlier years, rounds have been down on all golf courses around the world. If Ala Wai Golf Course was considered the busiest golf course in the world, I believe that it remains the busiest golf course in world. As have been said, Hawaii still has the "best weather on the planet" that allows for year-round play, especially at the Ala Wai Golf Course location. It is never snowed out, and how many times a year does it rain out? I imagine less than a handful a year if that many. I played Ala Wai two Sundays ago going out at around 11:30 am and waited behind six groups back up on the notorious second hole. The busiest golf course in the world is not underutilized.

Mr. Roling also maligns self-interested golfers as the main impediment to developments on the golf course property that he believes should have happened decades ago, gloating that the generation of politically connected or politically powerful golfers who played on this course is now gone. He could not be further from the truth. Fifteen years or so ago, when Cayetano proposed conversion of the fenced-in golf course to a park, it was residents and owners of property in the adjacent neighborhoods, some who did not even golf, who came out to hearings to oppose the change, fearing that the new park would become a crime-ridden area attracting a transient population.

Lastly, Roling suggests that "stake-holders" should have a say. This is a fallacious argument. Any commercial developer can say any golf course, and for that matter any park or any forest or any undeveloped real estate, could confer a greater financial and economic benefit to a community if only the right commercial development could happen. And in the Ala Wai Golf Course case, not only has it served as the busiest course in the world providing recreational

service to seniors and lower and middle income residents and tourists, it has also served as a flood control zone, and, in conjunction with the canal, as a fenced-in Green Belt separating the adjacent residential communities from the hustle and bustle of Waikiki.

Notwithstanding Mr. Roling's condescending and arrogant attitude toward the Ala Wai golfers, who should feel grateful to have a nine hole course and be thankful to the generosity of people like him who know best for everyone, this newspaper article and other media reports have served as the State's PR push to garner interest and support for the creation of the Sports and Entertainment Authority. Even if Representative Scott Nishimoto claimed in my presence at March's neighborhood board #5 meeting that HB 1847 has no provisions related to the golf course, it is clear to any reasonable person that the creation of the Sports and Entertainment Authority is related to the Ala Wai development proposal. They may in fact be part and parcel of each other. Therefore, it behooves the Senate to ask for and thoroughly examine the Ala Wai development proposal as part of its vetting process for HB 1847. Eye witnesses on site at Ala Wai Golf Course have told me Mr. Roling, with drawings and plans in hand, has been down to golf course to meet with City and County Golf Course Division. At the very least, the Senate should know what those development plans may be before it authorizes the creation and funding of the Sports and Entertainment Authority whose main if not sole reason for existence may very well be the controversial Ala Wai developments. The people of Honolulu, the real stakeholders, not a bunch of self-appointed and self-serving Mandarins like Roling and faceless bureaucrats in a new bureaucracy, should have a chance to decide if it is feasible or desirable to expand Waikiki to Date Street inevitably including multiple bridges over the canal.

I respectfully and humbly ask the Senate to reject HB 1847. I hope the Senate will ask sponsors of any bill that has and may come through, such as the proposal to create a task force to look into Sports and Entertainment, to be transparent in any plans including the development on and around the Ala Wai Golf Course. Thank you for your consideration

Sincerely,

A handwritten signature in cursive script, appearing to read "Franklin Chung". The signature is written in dark ink and is positioned above the printed name.

Franklin Chung

DAVE REARDON
FURTHER REVIEW



Half an Ala Wai is better than none, Roling says

A helicopter ride is always a good place to start a story. It's even true in this case when it was nearly 20 years ago that Mark Roling and city and state officials hovered over the 145 acres of what was then known as the busiest golf course in the world. They surveyed and analyzed. They contemplated. What — if anything —

should be done with the Ala Wai Golf Course? Gov. Ben Cayetano wanted to turn it into a park and build a course elsewhere. The retirees who loved Ala Wai for its convenience marshaled their considerable clout, said no way, and Mayor Jeremy Harris backed their play. Roling, in his role as one of the original members of

the Hawaii Tourism Authority, had a different idea. That too was forced to the back burner.

NOW, BACK to work after surgery for salivary gland cancer last summer, Roling isn't content to just return to his job as an on-course reporter and tower announcer for Golf Channel on NBC.

He wants to finish what was barely started. He wants what some would still consider sacrilege, or at the very least, political suicide. But he doesn't care, he's not running for office.

Roling wants the city and state to seriously consider turning the 18 holes at Ala Wai into nine, making room for a stadium or a multi-sport arena.

What? On the surface,

this is akin to the NBA calling for fewer guns; or a pitcher suggesting the umpire tighten up the strike zone.

It's man-bites-dog stuff, right? One of the people most associated with the game in Hawaii — hey, change just one letter in his name and you get "golfling" — wants to fix what a lot of local players don't think is broken. They like Ala Wai just the way it is.

But when Roling replaces his golf visor with his cap as head of LE Gov. Shan Tsutsui's sports advisory committee, he sees nine holes as a fair and logical compromise and part of a large renovation of the entire area on both sides of the canal.

"It's being underutilized now," he said. "I believe it's

still a sensitive political issue, but we've got to get around the politics and make sure all the stakeholders are represented. We know changes need to be made to the back side of Waikiki, and this could be the impetus. This should be part of a big picture."

It includes cleaning the canal and addressing flooding, parking and access issues. He envisions something similar to San Antonio's Riverwalk.

THE LOBBY OF Ala Wai regulars isn't as numerous or powerful as it was when it blocked Cayetano, but it still exists. While rank-and-file golfers might consider him a

traitor, Roling says he wants what benefits more of the community.

"My thoughts have not wavered a bit," he said Tuesday, before boarding a plane on Maui for Oahu after working the Hyundai Tournament of Champions and now gearing up for the Sony Open in Hawaii. "I do know it's a special place and always hope there will be some golf component there."

Mark Roling knows it's time for that discussion about maximizing the benefit of Ala Wai's proximity to Waikiki's hotel rooms to resume. What he's really saying is nine holes are much better than zero.

Reach Dave Reardon at dreardon@staradvertiser.com or 529-4767. His blog is at hawaiiadvertiserworld.com, qlk.kcc.edu.

COMMITTEE ON ECONOMIC DEVELOPMENT, ENVIRONMENT
AND TECHNOLOGY

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COMMITTEE ON TOURISM AND INTERNATIONAL AFFAIRS

RELATING TO THE SPORTS AND ENTERTAINMENT AUTHORITY

HB 1847 HD2

(HSCR974 - 16)

1:15 PM - WEDNESDAY, MARCH 16, 2016

Conference Room 414

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 and allocates a portion of the transient accommodation revenues to the 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 HD2)

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 & events, 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. It has its primary focus on operational and maintenance issues.

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 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

P.O. Box 6366

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wakai1 - Lilinoe

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, March 12, 2016 12:15 AM
To: EET Testimony
Cc: hawaiiifishingfanatic@gmail.com
Subject: Submitted testimony for HB1847 on Mar 16, 2016 13:15PM

HB1847

Submitted on: 3/12/2016

Testimony for EET/TSI on Mar 16, 2016 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Don Aweau	Individual	Support	Yes

Comments: In full support, in the establishment of a Sports and Entertainment Authority to promote and develop an industry that coordinates with the Hawaii Tourism Authority to specifically grow the Sports and Entertainment market for the State of Hawaii. My experience with Pennsylvania professional sports entities, Comcast-Spectacor (Philadelphia Flyers) and the Philadelphia Eagles, has given me a deep appreciation for the industry and it's growth opportunities. Nothing would be more important then to diversify our sports assets and build a foundation for a potentially profitable market/industry for Hawaii and it's residents. Mahalo.

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wakai1 - Lilinoe

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2016 8:44 AM
To: EET Testimony
Cc: lynnehi@aol.com
Subject: Submitted testimony for HB1847 on Mar 16, 2016 13:15PM

HB1847

Submitted on: 3/15/2016

Testimony for EET/TSI on Mar 16, 2016 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
lynne matusow	Individual	Oppose	No

Comments: TAT funds should be returned to the counties, not a new sports organization which, if history is any guide, will do as poorly or worse than the UH Athletic Department and others. Leave things as they are, let HTA handle this. HTA knows best. Lynne Matusow

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wakai1 - Lilinoe

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2016 9:29 AM
To: EET Testimony
Cc: millera012@hawaii.rr.com
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HB1847

Submitted on: 3/15/2016

Testimony for EET/TSI on Mar 16, 2016 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Antya Miller	Individual	Oppose	No

Comments: Aloha, Hawaii's visitor count is the highest it has ever been. When will the HTA consider it enough? Encouraging sports tourism is a part of the HTA's strategic plan, but another agency? HTA needs to do this within their own agency, not create another one that will require more money year after year. They should do as the private sector has had to do: Do more with less. Instead, money needs to go toward infrastructure improvements, not another agency to coordinate sports tourism. Their plan states one of their main goals is, "To maintain and improve transportation access, infrastructure and services to facilitate travel to, from and within Hawaii." In the 2005 Tack-on studies done for the North Shore, visitors were not happy with the infrastructure. The HTA plan goes into great depth on this issue. Our infrastructure should be world-class, not third world for a place where hotel rates and other travel costs are some of the highest in the travel industry. Let's fix our infrastructure before we bring more visitors to the islands. There needs to be a balance between visitors and residents! We, on the North Shore, can't even go to some of our beaches due to lack of parking, pot-hole ridden parking lots, traffic congestion at Laniakea/Chun's etc. etc. Visitors pay a large portion of taxes (TAT, GET), which is why the state strives for more and more visitors, but we will kill the golden goose in the long-run with this strategy . We need to focus our limited resources on what should be government's top priority: infrastructure! Mahalo, Antya Miller North Shore Resident since 1961

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