



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Energy, Economic Development and Tourism  
Wednesday, March 13, 2019 at 2:45 p.m.

By

Christopher P. Lee, Director, Academy for Creative Media System  
on behalf of

Vassilis L. Syrmos, Vice President for Research and Innovation  
University of Hawai'i System

HB 773 HD2 – RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC  
DEVELOPMENT, AND TOURISM

Chair Wakai, Vice Chair Taniguchi, and members of the Committee:

The University of Hawai'i (UH) would like to provide comments on HB 773 HD2.

The University of Hawai'i greatly appreciates the strong support that the Hawai'i State Legislature has given to the Academy for Creative Media System (ACM System), which now helps fund and coordinate collaboration among 17 different programs across all ten campuses of the UH System.

The Legislature's support for the film, television and digital content industry, which hires ACM graduates and makes it possible for them to stay in the islands with living wage jobs, is also greatly appreciated. In 2018, Hawai'i set a new record of almost \$477 million in direct production spending with an economic impact heading towards a billion dollars for the local economy.

The University of Hawai'i recognizes that the state's film, television and digital production tax credit has been instrumental in attracting much of this production work. However, UH is also aware that this tremendous growth has resulted in increased administrative needs from the industry on everything from marketing, location scouting, permit processing, certifying tax credits -- and even trouble shooting for residents who might feel inconvenienced by production in their neighborhoods -- tasks that may require additional staff for the Hawai'i Film Office to better serve the industry, as well as UH's creative media education programs.

Thank you for the opportunity to testify on this measure.



DAVID Y. IGE  
GOVERNOR

MIKE MCCARTNEY  
DIRECTOR

## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of  
**Mike McCartney**  
Director

Department of Business, Economic Development, and Tourism  
**SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND  
TOURISM**

Wednesday, March 13, 2019

2:45 PM

State Capitol, Conference Room 414

In consideration of  
**HB 773, HD2**  
**RELATING TO THE DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT AND TOURISM.**

Chair Wakai, Vice Chair Taniguchi and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) appreciates the intent and offers the following **comments** on HB773, HD2, which strengthens Hawaii's creative, film and media industries development through four additional positions to support the fiscal and accounting demands of the film tax credit cap and division programs, expands funding opportunities for creative entrepreneurs and the multiple areas of infrastructure development for the creative, film and media industries. The measure also recommends renaming Creative Industries Division (CID) to the Office of Creative, Film and Media Development.

Structurally, CID is comprised of two branches; the arts and culture development branch and the film industry branch (aka Hawaii Film Office), with eleven civil service employees in the division. As written, the bill has inconsistencies in language where existing positions are concerned, including key sections which do not address the inclusion of the existing arts and culture development branch in a new structure.

DBEDT requests that renaming or restructuring be deferred at this time, allowing the department and division leadership more time to work with the Legislature on refining the proposal. While many aspects of HB773, HD2, support a broader vision, any restructuring of the CID division should be undertaken by DBEDT, in consultation with all stakeholders and required parties.

Of the four requested positions, the most critical is the Accountant IV position to assist the Hawaii Film Office in meeting the increased requirements for managing the motion picture, digital media and film tax credit program. This will help ensure the tax credit and other statutory responsibilities are managed effectively, in light of Act 143's tax credit cap, roll-over, and pro-rata provisions, provided the priorities in the Executive Budget are not negatively impacted.

DBEDT supports the appropriations for infrastructure and creative entrepreneurial development programs, as outlined in this measure, as they are also requests contained in the executive budget for FY19-21.

Thank you for the opportunity to testify.



March 11, 2019

Committee on Energy, Economic  
Development & Tourism  
Sen. Glenn Wakai, Chair  
Sen. Brian T. Taniguchi, Vice Chair

The Senate  
The Thirtieth Legislature  
Regular Session of 2019

RE: HB 773 HD2 - RELATING TO THE DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT, AND TOURISM

Wednesday, March, 13, 2019

TIME: 2:45 p.m.

PLACE: Conference Room 414 State Capitol 415 South Beretania Street, Honolulu HI

Aloha Chair Wakai, Vice Chair Taniguchi, and the Members of the Committee,

Thank you for the opportunity to testify in **support** of this measure. [SAG-AFTRA](#) represents over 1000 actors, recording artists, and media professionals in our state. Our professional performers work in a wide variety of Creative Media projects. No longer just in the realm of traditional film and television, but online, on social media, embedded in mobile apps, as performers in interactive games, voicing podcasts and other creative media endeavors.

We support the Department of Business, Economic Development and Tourism's efforts to add staff, organize, name or rename divisions as needed to best serve the creative industries. This evolution of the department looks to the future and encompasses a wide variety of creative media sectors.

Regarding the specific details of the creation and infrastructure of the office we defer to DBEDT and the Creative Industries Division's knowledge and expertise.

Thank you again for your continued support of our industries, our performers and Hawaii's workers. Please don't hesitate to contact the SAG-AFTRA Hawaii Local office for more information.

Respectfully,

A handwritten signature in black ink, appearing to read "Mericia Palma Elmore".

Mericia Palma Elmore  
Executive Director SAG-AFTRA Hawaii Local

**HB-773-HD-2**

Submitted on: 3/11/2019 10:44:12 PM

Testimony for EET on 3/13/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lara Palafox	Individual	Support	No

Comments:

Honorable Representatives,

As a local resident, an international actor, and a veteran of the film industry, I urge you to remove the cap on the tax credit for the film industry. The cap not only hurts the earning potential of Hawaii's residents (which in turn affects spending on local businesses), but it also cripples a huge, non-tourist source of income for the state. Mufi Hanneman has said that we need a lesser quantity but a greater quality of tourists, as a way to lessen the negative impact on Hawaii. In the same vein, the income from film productions (which film for short periods at a time), could reduce our reliance on tourism volume. Furthermore, instead of adding to the number of people coming to the islands, as tourism necessitates, film crews and industry employees already in Hawaii can be utilized.

We should not disadvantage ourselves with a narrow vision of the benefits of a healthier film industry, especially when we clearly have the advantage of being blessed with an environment that the world would love to see. The benefits are far-reaching and have ongoing trickle-down effects. I have witnessed the enormous benefits that Shanghai and the Gold Coast, Australia have enjoyed in revenue and employment for locals when they built studios and extravagant sets that hosted foreign film productions.

As a SAG-AFTRA member and an ESL Instructor at UH Manoa, I see so many talented actors, filmmakers, and students at the Academy for Creative Media (UH), lacking opportunity for work and looking to the mainland to secure their future. I too, have contemplated moving my family for this reason. Yet, it would be heart-breaking as most of us wish to continue living aloha in the Aloha State.

Please consider carefully the negative ramifications of not removing the cap.

Yours sincerely,

Lara Palafox