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LEGISLATIVE REFERENCE BUREAU  
State of Hawaii  
State Capitol, Room 446  
415 S. Beretania Street  
Honolulu, Hawaii 96813

## Written Comments

### HCR182

#### **REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO CONDUCT A STUDY TO CREATE A STATUTORY DEFINITION OF CREATIVE WORKERS AND DEVELOP RECOMMENDATIONS ON HOW THE TRANSIENT ACCOMMODATIONS TAX MAY BE USED TO ASSIST CREATIVE WORKERS.**

Charlotte A. Carter-Yamauchi, Director  
Legislative Reference Bureau

Presented to the House Committee on Culture, Arts, & International Affairs

Wednesday, March 17, 2021, 9:30 a.m.  
Conference Room 329

Chair Gates and Members of the Committee:

Good morning Chair Gates and members of the Committee, my name is Charlotte Carter-Yamauchi, and I am the Director of the Legislative Reference Bureau. Thank you for providing the opportunity to submit written **comments** on H.C.R. No. 182, Requesting the Legislative Reference Bureau to Conduct a Study to Create a Statutory Definition of Creative Workers and Develop Recommendations on How the Transient Accommodations Tax May Be Used to Assist Creative Workers.

The purpose of this measure is to request the Legislative Reference Bureau to conduct a study to create a statutory definition of creative workers and develop recommendations on how the Transient Accommodations Tax may be used to assist creative workers. The measure also urges the Bureau, when conducting the study, to consult with the Department of Business, Economic Development, and Tourism; Department of Taxation; Department of Commerce and Consumer Affairs; Department of Labor and Industrial Relations; Hawaii Tourism Authority; Hawaii State Foundation on Culture and the Arts; and Hawaii Arts Alliance.

The measure further requests the Bureau to submit a report, including any recommendations and proposed legislation, to the Legislature no later than twenty days prior to the convening of the 2022 Regular Session.

The Bureau takes no position on this measure but submits the following comments for your consideration.

With regard to requesting the Legislative Reference Bureau to conduct the study, we note that the Bureau has no specific expertise or particular experience in matters relating to the transient accommodations tax, tourism, or the creative arts. Moreover, the parameters of the requested study seem to be far too general to allow the Bureau to determine if it will be able to successfully undertake the task. The measure provides no guidance as to what factors the Bureau should consider in creating a definition of "creative workers" and to what extent the "support" of creative workers should be prioritized over other policy considerations. Due to the measure's lack of explicit guidance, the Bureau would be hard-pressed to provide any meaningful report to the Legislature on this matter.

For these reasons, the Bureau respectfully requests that, if this measure proceeds in the legislative process, amendments be made to provide explicit guidance upon which the Bureau may rely in conducting the study. In the alternative, given the Bureau's lack of expertise relating to the transient accommodations tax, tourism, and the creative arts, the policy goals of the measure's proponents may be more effectively met if the measure were amended to request the Department of Taxation, the Hawaii Tourism Authority, and the Hawaii State Foundation on Culture and the Arts to collaborate and develop an appropriate statutory definition of "creative workers" and an appropriate mechanism for using moneys from transient accommodations tax revenues to assist those workers.

If the measure is amended in this manner, and the Committee desires to keep the Bureau involved, we would respectfully request that the measure be further amended to have the Bureau assist with only the drafting of any proposed legislation that may be a product of the foregoing agencies' findings and recommendations. Further, we would ask that those agencies submit to the Bureau by December 1, 2021, any draft documents for the proposed legislation to allow us adequate time to prepare bill drafts. The Bureau believes that such alternative assistance would be manageable, provided that the Bureau's interim workload is not adversely impacted by too many other studies or additional responsibilities, such as conducting, writing, or finalizing other reports, drafting legislation, or both, for other state agencies, task forces, or working groups that may be requested or required under other legislative measures.

Thank you again for your consideration.



## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of  
**MIKE MCCARTNEY**  
Director

Department of Business, Economic Development, and Tourism  
before the

**HOUSE COMMITTEE ON CULTURE, ARTS, AND INTERNATIONAL AFFAIRS**

Wednesday, March 17, 2021  
9:30 AM  
State Capitol, Conference Room 329

In consideration of  
**HCR 182 / HR 151**

**REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO CONDUCT A  
STUDY TO CREATE A STATUTORY DEFINITION OF CREATIVE WORKERS AND  
DEVELOP RECOMMENDATIONS ON HOW THE TRANSIENT ACCOMMODATIONS  
TAX MAY BE USED TO ASSIST CREATIVE WORKERS.**

Chair Gates, Vice Chair LoPresti and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports HCR 182 / HR 151 which requests the Legislative Reference Bureau to conduct a study to establish a statutory definition of “creative workers” and to develop recommendations on how the transient accommodations tax may be used to assist this sector which represents Hawaii’s creative economy.

The proposed study will help further define the role this sector plays as a key facet of our state’s economic recovery and resiliency. As noted in the 2020 DBEDT Emerging Industries reports, the creative sectors represent over 54,000 individuals and small businesses which contributed \$4.2 billion to the State’s GDP in 2019. Unfortunately many of these artists, cultural artisans, musicians, media makers and designers have been disproportionately affected financially due to the pandemic.

According to the June 2020 report by Brookings Institute, *The LOST ART: MEASURING COVID-19's DEVASTATING IMPACT ON AMERICAS CREATIVE ECONOMY*, the creative economy is one of the sectors most at risk from the COVID-19 crisis. It also notes that the State of Hawaii has been identified as one of the top 5 States with a creative sector that has been affected with job and revenue losses greater than the national average of 30.3%.

For these reasons, DBEDT welcomes the opportunity to work with the LRB, sister agencies and the community, sharing insights through our Creative Industries Division experience in these sectors.

Thank you for the opportunity to testify.

I am writing in SUPPORT of both HCR 182 and HCR 183. The Creative sector has been devastated by COVID and many artists have not been able to get unemployment or PUA when it was available last year. By defining CREATIVE WORKER and using the transient accommodations funds to help support creative workers, the state would help the creative sector recover. To date, nothing has been done for the creative workers. The focus has been on tourism and institutions but not the gig or contract workers who are employed therein.

A Task Force would help reveal the devastation that has crippled the creative sector in Hawai'i. The State cannot recover unless the creative sector is supported and creative workers are employed. The creative sector brought in \$2.6 Billion to the Hawai'i economy before COVID hit (see attached AFTA Hawaii Factsheet). The Hawai'i Arts Alliance is committed to helping with the economic study of the creative sector. Please convene a Task Force to study the creative sector.

Mahalo for the opportunity to submit testimony and mahalo for your work in support of the creative sector.

Mālama pono,

Teri Skillman  
Executive Director  
Hawai'i Arts Alliance  
2nd Floor, Chinatown Gateway Plaza  
1041 Nu'uuanu Ave., Honolulu, HI 96817  
Phone: (808) 533-2787  
Cell: (808) 389-4462  
Email: [teri@hawaiiartsalliance.org](mailto:teri@hawaiiartsalliance.org)



# WHY THE ARTS MATTER IN HAWAII



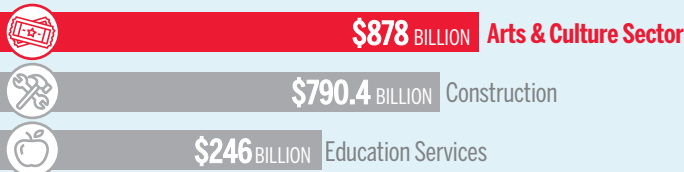
## NATIONAL ARTS FACTS

ARTS & CULTURE SECTOR'S PERCENTAGE OF U.S ECONOMY (Artists, University Arts, Commercial & Nonprofit Arts Organizations Combined)

**ARTS & CULTURE SECTOR REPRESENTS 4.5% OF NATION'S GDP & 5.1 MILLION JOBS**

The U.S. Bureau of Economic Analysis reports that nationally the arts and culture sector is a **\$878 billion industry**, representing 4.5% of the nation's GDP—a larger share of the economy than construction or education services.

Source: [U.S. Bureau of Economic Analysis](#), 2017.



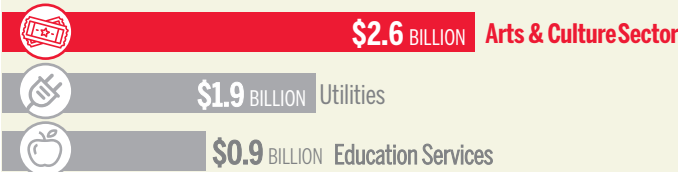
**BONUS:** U.S. exports generate a \$29.7 billion arts trade SURPLUS.

## HAWAII ARTS FACTS

**HAWAII ARTS & CULTURE SECTOR REPRESENTS 2.9% OF STATE'S GDP & 22,186 JOBS**

The U.S. Bureau of Economic Analysis reports that the arts and culture sector contributes **\$2.6 billion** to Hawaii's economy, representing 2.9% of the state's GDP—a larger share than some other industries in the state.

Source: [U.S. Bureau of Economic Analysis](#), 2017.



**BONUS:** In 2017, HI arts and culture generated \$1.37 billion in compensation.

NUMBER OF ARTS-RELATED BUSINESSES AND JOBS (Commercial & Nonprofit Arts Organizations Combined)

Nationally **673,656 businesses** employ **3.48 million people** who are involved in the creation or distribution of the arts. Based on Dun & Bradstreet data, this means that 3.9% of all businesses and 1.9% of all employees are connected to the creative industries.

Source: Americans for the Arts, [Creative Industries](#), 2017.



In Hawaii, **2,788 Arts-Related Businesses** employ **12,323 people**.

- In Hawaii County, **303 Arts-Related Businesses** employ **1,108 people**.
- In Honolulu County, **1,788 Arts-Related Businesses** employ **9,002 people**.
- In Maui County, **516 Arts-Related Businesses** employ **1,530 people**.

Source: Americans for the Arts, [Creative Industries](#), [Hawaii](#) report, 2017.



ECONOMIC IMPACT OF NONPROFIT ARTS ORGANIZATIONS & THEIR AUDIENCES

Nationally, the nonprofit arts industry alone generates **\$166.3 billion in economic activity** annually that supports **4.6 million jobs** and generates **\$27.5 billion** in federal, state, and local government revenue.

- Spending by arts audiences generated **\$102.5 billion** to local businesses.

Source: Americans for the Arts, [Arts & Economic Prosperity 5](#), 2017.



In 2015, nonprofit arts organizations in Hawaii generated **\$205.6 million in economic activity** annually that supported **5,968 jobs** and generated **\$23.2 million** in state and local government revenue.

- Nonprofit arts and culture events annually attracted 2,907,608 state residents and 249,404 non-resident attendees. Event-related spending was \$25.26 per person, excluding the cost of admission. These audiences generated **\$79.7 million** in economic activity, excluding the cost of admission.

Source: Americans for the Arts, [Arts & Economic Prosperity 5](#), [Hawaii](#) report, 2017.



PUBLIC INVESTMENT IN GRANTS TO NONPROFIT ARTS ORGANIZATIONS & ARTISTS

**Q** So how much is the federal government investing in the National Endowment for the Arts (NEA)?

**A** Congress has proposed allocating **\$162.25 million** to the NEA in FY 2020, which has been relatively level for the last several years. This amounts to just **49¢** per capita, yet the nonprofit arts industry generates over \$13 billion in federal tax revenue back to the treasury. Imagine what nonprofit arts groups could generate with \$1 per capita!

Source: [Americans for the Arts Action Fund](#), 2020.  
Read: "Funding The Arts Is Good For the Nation," [The Hill](#), 2015.

**Q** What about Hawaii—how much does state government budget to the Hawaii State Foundation on Culture and the Arts each year?

**A** In FY 2020, the state allocated **\$6,945,067** to the Hawaii State Foundation on Culture and Arts. The Foundation also received **\$737,800** in federal NEA funds, which it re-granted to dozens of cultural organizations throughout the state.. Another 17 nonprofit arts organizations received direct grants from the NEA totaling \$1,173,700.

Source: [NEA](#) and [NASAA](#), 2020.  
Read: "Art is Education," State Foundation on Culture and Arts, 2017.

GDP & JOBS

BUSINESS

ECONOMICS

FUNDING

“Art is as important as education because art is education”

—Masaru “Pundy” Yokouchi, First Chairman of the Hawai’i SFCA



## HAWAI’I ARTS FACTS

### IN THE ALOHA STATE, THE ARTS UNITE US

Art Bento uses the Hawai’i State Art Museum’s as a learning laboratory for students in grades 2 through 6, along with their teachers and chaperones. A catalyst for inquiry-based learning, the program cultivates an appreciation of our diverse cultural heritages.

**THE STATE FOUNDATION ON CULTURE AND THE ARTS (SFCA)** was established by the Hawai’i State Legislature in 1965, in large part through the vision and effort of Hawai’i leaders such as architect and State Planning Coordinator Alfred Preis, SFCA Founding Chairperson Masaru “Pundy” Yokouchi, State Senator Nadao Yoshinaga, and Governor John Burns. The mission of the SFCA is to promote, perpetuate, preserve, and encourage culture and the arts as central to the quality of life of the people of Hawai’i.

> Learn more [here](#).

### MEET SOME HAWAI’I ARTS ADVOCATES

- **Terence Liu** is CEO of the Hawai’i Arts Alliance and formerly of the National Endowment for the Arts. > [More](#)
- **Georja Skinner** is Chief Officer of the State of Hawai’i Department of Business, Economic Development & Tourism, Creative Industries Division. > [More](#)
- **Jonathan Johnson** is the seventh executive director of the Hawai’i State Foundation on Culture & the Arts. > [More](#)

### ART IN HAWAII

- The Honolulu Star Advertiser’s [Artweek Calendar](#) provides information about arts events.

- Go Hawai’i can direct you to cultural events of each island [here](#).
- Honolulu Magazine’s [Calendar](#) includes a Theater & Arts category.
- Hawai’i Public Radio has a [Community Calendar of great cultural events](#).

### HAWAI’I ART ORGANIZATIONS

ARTS FIRST Partners  
[www.sfca.hawaii.gov/education/education-resources/arts-first-partners](http://www.sfca.hawaii.gov/education/education-resources/arts-first-partners)  
 Creative Industries Hawai’i Resources Page  
[www.cid.hawaii.gov/resources-page](http://www.cid.hawaii.gov/resources-page)  
 Hawai’i Arts Alliance  
[www.hawaiiartsalliance.org](http://www.hawaiiartsalliance.org)  
 Hawai’i Museums Association  
[www.hawaiimuseums.org](http://www.hawaiimuseums.org)

### THE ARTS ARE EVERYWHERE!

- The week-long **Mokihana Festival** on the island of Kaua’i is a celebration of Hawaiian culture, including music and dance, including Hawaiian immersion school students competing musically with songs in the Hawaiian language.
- Native Hawai’ians traditionally celebrated Makahiki, a four-month long season that began in mid-October and included athletic competitions, ceremonies dedicated to the deity Lono, celebrations of renewal and perpetuation of the life cycle with a prohibition on warfare. These cultural traditions and practices have continued with **Ka Moloka’i Makahiki**, involving all of Molokai’s elementary schools, middle school and high school as well as many adults on the island. Joining in on the competition and festivities are

schools from all over the state as well as members from the Coast Guard.

- The annual **Queen Lili’uokalani Keiki Hula Festival and Competition** on O’ahu honors Hawai’i’s last reigning monarch with song and dance in three days of competition for students under the age of 12.
- On Maui, the **Mālama Wao Akua** annual art exhibit of native species in Maui County brings together local conservation organizations, native plant vendors, Maui artists and artisans. Artists are invited to explore Maui’s watersheds and use their creative talents to raise awareness about the importance of protecting native species.

- Hawai’i Island, also called the Big Island, is home to the **Waimea Ocean Film Festival**, an 8-day international film festival dedicated to bringing a greater understanding of the ocean environment and island culture. The **Ukulele & Slack Key Guitar Festival** includes an all-star lineup of musicians visiting schools and leading workshops and classes, reaching over a thousand students.
- Established as the premier international film event in the Pacific, the statewide annual **Hawai’i International Film Festival** showcases features and documentaries from Asia, the Pacific Islands and Hawaii.

**To View the Top 10 Reasons to Support the Arts, Click Here.**

## HAWAI’I ARTS NEED YOU!

### JOIN THE ARTS ACTION FUND FOR FREE TODAY!

E-MAIL US: [ArtsActionFund@artsusa.org](mailto:ArtsActionFund@artsusa.org)

VISIT US: [ArtsActionFund.org/join](http://ArtsActionFund.org/join)

CALL US: 202.371.2830 x2067

FOLLOW US: [f](#) Arts Action Fund | [t](#) @ArtsActionFund | #ArtsVote



To download this fact sheet, “Why the Arts Matter in Hawai’i,” with corresponding resource links visit [www.ArtsActionFund.org/StateFactsheets](http://www.ArtsActionFund.org/StateFactsheets).

DRAFT as of 3/27/2020

**HCR-182**

Submitted on: 3/16/2021 7:50:11 PM

Testimony for CAI on 3/17/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ross Taosaka	Hawaii Youth Opera Chorus	Support	No

Comments:

To the Honorable Chair Gates, Vice Chair LoPresti, and members of the Committee on Culture, Arts and International Affairs:

I submit this in support of HCR182 to create a statutory definition of creative workers and to develop recommendations on how the transient accommodations tax may be used to assist creative workers. As we all fully realize, tourism is Hawaii's lifeblood and significantly supports our economy. A large segment of our residents rely on tourism for their livelihood and many of those residents are employed in the creative arts. HCR182 would be a benefit both to those creative artists as well as the thousands of tourists who enjoy such arts. Tourists flock to Hawaii for the very purpose of experiencing the many forms of art that are unique to our island state, and it would be a logical "next step", therefore, to assist all creative artists to continue in their areas of expertise by using the transient tax paid by those benefitting from it - our valued tourists.

I urge you strongly to pass HCR182.

Much gratitude.



Aloha no e Chair Gates and Committee Members,

**I am writing in support of HCR182**, to study the terminology and associated accommodation taxes that can help our creative communities that includes musicians, artists, writers, poets, sculptors, photographers, songwriters, rappers, muralists, jewelers, hula dancer, stage producers, gallerists, and, and, and....

why is this so hard to do? The work of our creative communities is hard enough, just in choosing to be complex, net thinkers, are tasks and our day to day work requires on the most desired qualities in a work force--problem solving, resilience, inventiveness, responsiveness, not to mention connectivity to beauty, soulful content, aspirational and profound impacts---and more. Hurry up, study away, but please get to the point where you can all feel proud of your work in acknowledging that nature of the contributions of creative sector/economy individuals and entities. Time is fleeting, we are in great need, and as a resource, irreplaceable. respectfully submitted by maile meyer

**MAILE MEYER //**

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HO'OMAIKA'I • Nā Mea Hawai'i • Pu'uuhonua  
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**HCR-182**

Submitted on: 3/16/2021 4:44:34 PM

Testimony for CAI on 3/17/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jean Lilley	Individual	Support	No

Comments:

Dear Chair Gate, Vice Char LoPresti and members of the Committee on Culture, Arts and International Affairs,

I am writing in support of HCR 182 to create a statutory definition of creative workers and develop recommendations on how the TAT may be used to assist creative workers. Creative workers have been heavily involved in the tourism industry and have steadily increased with the number of visitors to our islands. Over the last year, we have seen the results of the ties of creative workers to tourism, as this population of workers have been heavily affected by lack of employment, as well as resources to support our creative workers, many of whom are self-employed. Creative workers continue to be important cultural practitioners who are not only creating new, but preserving the cultural traditions and history of Hawaii's people.

Please pass HCR 182 to support Hawaii's creative workers. Mahalo for your time.

**HCR-182**

Submitted on: 3/16/2021 7:17:26 PM

Testimony for CAI on 3/17/2021 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Daniel A. Kelin, II	Individual	Support	No

Comments:

Very simply, I am in strong support of this bill, as the creative section has long been relegated to Waikiki and other tourist-centric entertainment. However, there is a greater collection of artists across the state that provide multiple other services to the local population and deserve the support of the state.

This is George Kon writing in SUPPORT of both HCR 182 and HCR 183. The Creative sector has been devastated by COVID and many artists have not been able to get unemployment benefits when it was available last year. By defining CREATIVE WORKER and using the transient accommodations funds to help support creative workers, the state would help the creative sector recover. To date, nothing has been done for the creative workers, especially gig workers. The focus has been on tourism and institutions but not the many contract workers who are employed within the industry.

A Task Force would help reveal the devastation that has crippled the creative sector in Hawai'i. The State cannot recover unless the creative sector is supported and creative workers are employed. The creative sector brought in \$2.6 Billion to the Hawai'i economy before COVID hit. The Alliance for Drama Education is committed to helping with the economic study of the creative sector. Please convene a Task Force to study the creative sector.

Mahalo for your work in support of our creative sector.

Aloha, George Kon