

BILL045(21)
Testimony

MISC. COMM. 398

BUDGET

BUDGET Meeting

Meeting Date: Sep 21, 2022 @ 09:00 AM

Support: 6

Oppose: 0

I wish to comment: 0

Name: Christopher Lee	Email: cpl@hawaii.edu	Zip: 96816
Representing: Self	Position: Support	Submitted: Sep 19, 2022 @ 10:15 AM
Name: Bruce Coppa	Email: Bruce.Coppa@808cch.com	Zip: 96813
Representing: Capitol Consultants of Hawaii, LLP	Position: Support	Submitted: Sep 19, 2022 @ 11:38 AM
Name: David Zelon	Email: dzmgmt@hotmail.com	Zip: 90402
Representing: MBS Media Campus - Manhattan Beach Studios	Position: Support	Submitted: Sep 19, 2022 @ 01:03 PM

Testimony:
September 19, 2022

The Honorable Calvin Say, Chair
The Honorable Radiant Cordero, Vice Chair
Members of the Committee on Budget
530 South King Street, Room 202
Honolulu, Hawaii 96813

RE: Bill 45 (2021) – Relating to Incentives for Business

IN SUPPORT

Dear Chair Say, Vice Chair Cordero, and Members of the Committee:

Thank you for the opportunity to testify today in STRONG SUPPORT of Bill 45 (2021) – RELATING TO INCENTIVES FOR BUSINESS.

My name is David Zelon and I am a Founder of the Manhattan Beach Studio Group's Advisory Board. MBS specializes in building, operating and servicing independent studios around the world. Through our affiliate Hackman Capital we own 123 stages across 16 studios and operate another 15 studios for other property owners and major content creators. We currently supply lighting and grip equipment to over 450 stages as well, across more than 65 locations in six different countries. One of our strongest attributes are our excellent relationships, cultivated over the past 30 years, with every network, content studio and streaming service. Through this we know every project going into production which allows us to fill our studios with TV shows, films and streaming programs. We are the largest independent studio operator in the world.

We have been reviewing and researching the possibility of building a major studio on the island of Oahu for the past 24 months. This studio would consist of approximately 6-12 soundstages, production offices, construction mills and associated warehouse buildings. It would be the biggest studio in the State since filming started there over a century ago and be one of the most technically advanced studios in the world.

Building this studio complex will translate to jobs -- literally hundreds of living wage jobs during construction and hundreds more as the studio complex becomes the operational hub for Hawaii's growing production industry. Films, television shows, streaming content and commercials in 2021 will exceed \$400 million in direct spend in the State of Hawaii. With a first-class studio complex, that number could more than double to a consistent \$1 billion a year in direct spend. Large studio complexes such as the ones we manage globally create entire eco-systems through the innumerable tertiary businesses they foster and support.

Hawaii's successful diversification of the economy through the filmed production industry is currently constrained by the severe lack of physical infrastructure. There is only one small stage complex -- Diamond Head Studios, which can only accommodate one tv show at a time and is not fit for any large films. The blockbuster films of today require not just Hawaii's beautiful scenery and culture, but extensive studio sound stages and post production facilities. Through the University of Hawaii Academy for

Creative Media, the State has developed a steady pipeline of qualified production workers. This human infrastructure coupled with responsible economic incentives still lacks the physical facilities to significantly magnify the full potential of the film & TV industry.

We have been working with our local development, architectural and construction partners to develop a significant film studio on Oahu. A major obstacle to launching this project is the vastly increased cost of construction. Any developer who wishes to build a film studio in the State will encounter this hurdle. The passage of Bill 45, which would provide property tax relief for this project -- currently estimated to cost well more than the \$100 million threshold as stated in Bill 45, would be a crucial step to making this project a reality.

I would be happy to make myself or any of my colleagues available to discuss our plan so you could see the enormous benefit it would have for the local film community and the number of jobs it would create immediately and over the next decade.

Thank you for your consideration.

Sincerely,

David Zelon

David Zelon
Founder, Advisory Board
The MBS Group
c) 310-567-2700
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Name: Irish Barber	Email: alohairish@iatse665.org	Zip: 96817
Representing: IATSE Local 665	Position: Support	Submitted: Sep 19, 2022 @ 10:42 PM
Name: Michael Shibata	Email: shibatam@hawaii.edu	Zip: 96822
Representing: University of Hawaii	Position: Support	Submitted: Sep 20, 2022 @ 10:21 AM
Name: Melvin Mar	Email: chinese guy88@mac.com	Zip: 91030
Representing: The Detective Agency	Position: Support	Submitted: Sep 21, 2022 @ 08:11 AM

April 20, 2022

The Honorable Calvin Say, Chair
The Honorable Radiant Cordero, Vice Chair
Members of the Committee on Budget
530 South King Street, Room 202
Honolulu, Hawaii 96813

RE: Bill 45 (2021) – Relating to Incentives for Business

IN SUPPORT

Dear Chair Say, Vice Chair Cordero, and Members of the Committee:

Thank you for the opportunity to testify today as a private citizen in STRONG SUPPORT of Bill 45 (2021) – RELATING TO INCENTIVES FOR BUSINESS.

My name is Chris Lee, Founder and Director of the University of Hawaii Academy for Creative Media System. Since starting the ACM at UHM Manoa in 2003, the program has expanded to all ten campuses on all islands and resulted in hundreds of graduates staying in the islands contributing to our growing creative economy.

Hawaii's successful diversification of the economy through the production industry is currently constrained by the severe lack of physical infrastructure. We have only one stage -- Diamond Head Studios, which can only accommodate one tv show at a time, and is not fit for any large films. The blockbuster films of today require not just our scenery, but extensive studio sound stages and post production facilities. Through the University of Hawaii Academy for Creative Media, the State has developed a steady pipeline of qualified production workers. This human infrastructure coupled with responsible economic incentives still lacks the physical facilities to significantly diversify our economy.

Building a studio complex will translate to jobs -- literally hundreds of living wage jobs during construction and as the studio complex becomes the operational hub for Hawaii's growing production industry. Films, television shows, streaming content and commercials in 2021 will exceed \$400 million in direct spend in the State of Hawaii. With a first-class studio complex, that number could double to a consistent \$1 billion a year in direct spend. Large studio complexes create entire eco-systems through the innumerable tertiary businesses they foster and support. This is not possible with just the Diamond Head Studio which is restricted in a residential neighborhood and does not have the scale to accommodate more than one television series

As Sumner La Croix and James Mak have written on behalf of [UHERO](#) in their report [Understanding the Role of the Hawaii Film/TV/Digital Production Tax Credit In Diversifying the Hawaii Economy](#), "Since the passage of the film credit in 2006, spending in Hawaii on TV/film productions has soared, with

inflation-adjusted spending increasing by 116 percent between 2007 (\$164.5 million) and 2019 (\$355.6 million). This is much larger than the overall increase in Hawaii real gross domestic product over the same period, a modest 17 percent. “ Indeed, with Direct Spending exceeding \$400 million a year now, film, television and streaming content production ranks as Hawaii’s most successful diversification of our economy. Bill 45, if passed, offers an opportunity to dramatically build on this success.

Mahalo for the opportunity to testify today and I am happy to answer any questions from the Committee.

Thank you for your consideration.

Sincerely,

Chris Lee
Founder and Director,
Academy for Creative Media System, University of Hawaii



September 19, 2022

The Honorable Calvin Say, Chair
The Honorable Radiant Cordero, Vice Chair
Members of the Committee on Budget
580 South King Street, Room 202
Honolulu, HI 96813

RE: IN SUPPORT for Bill 45 (2021) Relating to Incentives for Business

Dear Chair Say, Vice Chair Cordero and Members of the Committee:

Thank you for the opportunity to submit written comments in support of Bill 45 (2021) Relating to Incentives for Business. We support Bill 45 (2021) for the following reasons:

- 1) It provides incentives to businesses
- 2) It creates new jobs and opportunities
- 3) Increase in real property tax rebate for film and media infrastructure.

Thank you for your consideration. We urge you to support Bill 45 (2021).

Sincerely,

Bruce A. Coppa
President



Local 665
HAWAII'S TECHNICIANS
for
FILM, TELEVISION, STAGE AND PROJECTION
Since 1937

INTERNATIONAL ALLIANCE OF THEATRICAL STAGE EMPLOYEES, MOVING PICTURE TECHNICIANS, ARTISTS AND ALLIED CRAFTS
OF THE UNITED STATES, ITS TERRITORIES AND CANADA, AFL-CIO, CLC

September 19, 2022

The Honorable Calvin Say, Chair
The Honorable Radiant Cordero, Vice Chair
Members of the Committee on Budget
530 South King Street, Room 202
Honolulu, Hawaii 96813

RE: Bill 45 (2021) – Relating to Incentives for Business – IN SUPPORT

Dear Chair Say, Vice Chair Cordero, and Members of the Committee:

Mahalo for the opportunity to testify and provide STRONG SUPPORT of Bill 45 (2021) – RELATING TO INCENTIVES FOR BUSINESS.

The International Alliance of Theatrical Stage Employees (IATSE) Local 665 is a union of men and women who are technicians and artisans in film, television, live events, tradeshow and conventions throughout the Hawaiian Islands. The bulk of our work comes from the film and television industry, and the demand for more streaming content has provided fairly steady income for our families.

During the pandemic, we witnessed the need for economic diversity when our visitor industry came to a halt. Through the adoption of strict COVID protocols, Hawaii's film and television industry was able to recover quickly in the Fall of 2020 to meet growing demand for more content. Right now, we have six shows either filming or prepping to film. The industry has exceeded all previous earning records, and we are poised to capture more of that work. We have a competitive film tax credit, and we have experienced crews, film trucks and equipment. The only thing we are missing is suitable stage space.

Although most shows come to Hawai'i to film outdoors, having interior stage space determines how long a show stays in the islands or whether they come to Hawai'i at all. The longer a show stays, the longer workers are employed and the more money is poured into the economy.

The Diamond Head Film Studio and the makeshift aircraft hangars at Kalaeloa currently serve as two studio stages for two television series. The Diamond Head stages are small but insulated, and the Kalaeloa "stages/hangars" are large but not soundproof. Still, both stage spaces allow a show to have their offices, equipment and interior filming area all in one place. Since those two stages are already occupied, other shows that come to town would need to find suitable spaces to rent, whether they are hotel ballrooms,

warehouses and other large buildings to provide enough work space for everyone. Having multiple stages and offices all on one property is ideal in sharing information for a project.

One show built a huge exterior set, shot it for just over a month and then packed everything up and flew to Atlanta where they built the interior sets. Had we enough stage space, we would have been able to keep that whole show here.

Mahalo, again, for allowing us to testify on Bill 45. We hope you support its adoption.

Respectfully,

A handwritten signature in black ink, appearing to read "Irish Barber". The signature is stylized with a large, looped "I" and a cursive "Barber".

Irish Barber

Business Representative



UNIVERSITY OF HAWAII SYSTEM

Testimony

Testimony Presented Before the
Committee on Budget
Honolulu City Council
September 21, 2022 at 9:00 a.m.

By
David Lassner
President, University of Hawai'i

BILL 45 (2021) Proposed CD1 – RELATING TO INCENTIVES FOR BUSINESSES

Chair Say, Vice Chair Cordero, and members of the Budget Committee:

Thank you for the opportunity to present testimony on this issue. With the consideration as an “Anchor institution,” the University of Hawai'i supports Bill 45 Proposed CD1, which would provide added incentives to entice high-value commercial development in selective re-development areas that could spur economic growth and job creation – especially in transit development areas.

The University of Hawai'i is already working to advance transit-oriented development opportunities and potentials on our lands at or surrounding the transit stops. While the University of Hawai'i would not benefit directly from a real property tax exemption, the proposed approach in Bill 45 Proposed CD1 would create an attractive benefit to some private developers or businesses that may eventually develop on or around UH properties. Taking the current exemption of three years and extending the exemption to 30 years. while expanding the list of eligible businesses types that may fall under this extension would further the opportunity for growth.

The University of Hawai'i believes that for at least one major project we are attempting to develop, the proposed tax incentives would significantly improve the financial feasibility of the opportunity for private development and investment that could be a significant contributor to economic diversification and job creation on Oahu.

We welcome the opportunity to support economic development and business sustainability as a vital part of post-pandemic recovery. Thank you for your consideration of our testimony in support of Bill 45 Proposed CD1.

September 21, 2022

The Honorable Calvin Say, Chair
The Honorable Radiant Cordero, Vice Chair
Members of the Committee on Budget
530 South King Street, Room 202
Honolulu, Hawaii 96813

RE: Bill 45 (2021) – Relating to Incentives for Business

IN SUPPORT

Dear Chair Say, Vice Chair Cordero, and Members of the Committee:

Thank you for allowing us the opportunity to testify as private citizens in **strong support** of Bill 45 (2021) – RELATING TO INCENTIVES FOR BUSINESS.

As filmmakers, we are grateful to have had the good fortune to bring film (JUMANJI franchise) and television (*Doogie Kamealoha, M.D.*) productions to the state of Hawaii, and the Oahu community. While the natural beauty of the Hawaiian landscape allows for an ideal place to film, we have found there to be an unfortunate lack of additional resources that could help to make Hawaii the ideal hub for the film and television industry. If passed, we believe that Bill 45 would help strengthen and diversify the Hawaiian economy by creating and securing jobs for the hundreds of skilled workers and craftsmen that our industry employs.

At present, there is one stage on Oahu, Diamond Head Studios. Though it can house a single television show's production footprint, it sadly is insufficient to handle the infrastructure needs of the growing local film and television community, especially those creating larger feature films for theatrical and streaming release. In addition to filming on the beaches, in the jungles, and near other beautiful natural landscapes on the islands, large productions require dedicated stage space for crucial filmmaking elements like visual effects, stunt work, and large set builds, all of which employ hundreds of people and support local suppliers.

Through the passing of Bill 45, the film and television industry will be afforded the much-needed opportunity to build new studios to support the expanding infrastructure requirements of productions and alleviate that burden from residential areas that currently shoulder it due to the restrictive footprint of Diamond Head Studios. We strongly believe that the construction of a first-class production facility will foster further economic growth from what began in Hawaii with the passage of the film/tv/digital production tax credit in

2006. It will play an integral part in the diversification of the Hawaiian economy and advancement of employment opportunities and stability by attracting larger, and more numerous productions to the state.

Thank you for your time and consideration.

Sincerely,

Jake Kasdan & Melvin Mar
The Detective Agency