

BILL045(21)
Testimony

MISC. COMM. 82

BUDGET (BUD)

BUDGET (BUD) Meeting

Meeting Date: Feb 28, 2023 @ 09:00 AM

Support: 7

Oppose: 1

I wish to comment: 0

Name: Chris Lee	Email: chris@chrisleemedia.com	Zip: 96816
Representing: Self	Position: Support	Submitted: Feb 23, 2023 @ 12:56 PM
Name: David Zelon	Email: dzmgmt@hotmail.com	Zip: 90402
Representing: Manhattan Beach Studios	Position: Support	Submitted: Feb 23, 2023 @ 03:16 PM
Name: Mericia Palma Elmore	Email: mericia.palmaelmore@sagaftra.org	Zip: 96813
Representing: SAG-AFTRA Hawaii Local	Position: Support	Submitted: Feb 23, 2023 @ 05:00 PM
Name: David Lassner	Email: uhgovrel@hawaii.edu	Zip: 96822
Representing: University of Hawaii	Position: Support	Submitted: Feb 24, 2023 @ 08:54 AM
Name: Bryan Li	Email: bryan@blacksandcapital.com	Zip: 96815
Representing: BlackSand Capital, LLC	Position: Support	Submitted: Feb 26, 2023 @ 09:14 PM
Name: Natalie Iwasa	Email: iwasajunk@mail.com	Zip: 96825
Representing: Self	Position: Oppose	Submitted: Feb 26, 2023 @ 10:19 PM
Name: Tuia'ana Scanlan	Email: president@iatse665.org	Zip: 96817
Representing: IATSE 665	Position: Support	Submitted: Feb 27, 2023 @ 08:48 AM
Name: Georja Skinner	Email: georja.skinner@hawaii.gov	Zip: 96813
Representing: Dept of Business, Economic Development and Tourism (DBEDT)	Position: Support	Submitted: Feb 27, 2023 @ 03:20 PM

February 28, 2023

The Honorable Radiant Cordero Chair
The Honorable Matt Weyer, 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 Cordero, Vice Chair Weyer, 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 [Unde rstandi ng 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



February 23, 2023

The Honorable Radiant Cordero, Chair
The Honorable Esther Kiaāina, 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 Cordero, Vice Chair Esther Kiaāina , 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 6-10 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 an 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
e) dzmgmt@hotmail.com



February 28, 2023

City and County of Honolulu
Tommy Waters, Chair

RE: Bill 45 CD1
DATE: Tuesday, February 28, 2023
TIME: 9:00 AM
PLACE: CITY COUNCIL CHAMBER
City and County of Honolulu,
96813-3077

Aloha Chair Waters and Members of the City Council,

We **support** this measure. [SAG-AFTRA](#) represents over 1300 actors, recording artists, and media professionals in our state. We are professional performers working in front of the camera and behind the microphone.

The Film and Digital Media industry employs hundreds of Hawaii Local members, accounting for thousands of jobs and millions of dollars in economic impact for the State. According to the Hawaii Department of Economic Development, Business, and Tourism, in the 2019 calendar year, the industry spent \$405 million in estimated production expenditures, generated an estimated \$707 million of economic impact, \$43.7 million in estimated tax revenues, and total job impacts of 3,303 jobs.¹

We support the real property tax rebate for film and media infrastructure development in transit-oriented development plan areas.

SAG-AFTRA supports a robust, and fair incentive program. We support the development of a studio and other infrastructure and the development of programs that support local filmmakers and the creative industries.

Thank you for your time and consideration.

Respectfully,

Mericia Palma Elmore

Mericia Palma Elmore, Executive Director SAG-AFTRA Hawaii Local

¹ https://files.hawaii.gov/dbedt/economic/data_reports/hawaii-creative-report/HI_Creative_Ind_2019.pdf



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Testimony

Hō‘ike Mana‘o

Testimony Presented Before the
Committee on Budget

February 28, 2023 at 9:00 a.m.

By

David Lassner

President, University of Hawai‘i

BILL 45 – RELATING TO INCENTIVES FOR BUSINESSES

Chair Cordero, Vice Chair Weyer, and Members of the Committee:

Thank you for the opportunity to present testimony on this issue. With the consideration as an “Anchor institution,” the University of Hawai‘i (UH) supports Bill 45, 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 UH is already working to advance transit-oriented development opportunities and potentials on our lands at or surrounding the transit stops. While the UH would not benefit directly from a real property tax exemption, the proposed approach in Bill 45 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 UH 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 O‘ahu.

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.

BLACKSAND
CAPITAL

February 27, 2023

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

RE: Bill 45 CD1 (2021) – Relating to Incentives for Business

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

Thank you for the opportunity to testify in **STRONG SUPPORT** of Bill 45 (2021) CD1 – RELATING TO INCENTIVES FOR BUSINESS. BlackSand Capital is a locally owned and operated real estate investment firm based in Honolulu. A large part of BlackSand Capital's investor base is composed of people who live in or have a connection to Hawaii — including beneficiaries of local retirement funds and endowments. We invest in, finance, and develop real estate projects solely in the state of Hawaii.

Bill 45 provides incentives for certain qualified businesses in certain locations to be eligible for real property tax rebates, waiver of City imposed fees, and expedited permits. The proposed CD1 includes several amendments to clarify the intent of the bill.

The COVID-19 pandemic has emphasized the need to make the State's economy more resilient, and Bill 45 will be a strong catalyst to achieve this goal. Significant and meaningful investments in infrastructure for various growth industries including healthcare, film and creative media, and specialty tourism can create new employment opportunities for our island residents. Acting now will allow our State to grow our economy expeditiously.

Mahalo for the opportunity to submit testimony for Bill 45. We commend the City Council for proposing bold ideas to spur economic growth and to provide new employment opportunities for our island residents.

Sincerely,

Bryan K.K. Li
Principal

TO: Members of the Budget Committee

FROM: Natalie Iwasa
808-395-3233

DATE: Tuesday, February 28, 2023

SUBJECT: Bill 45 (2021), Business Incentives within TODs - **OPPOSED**

Aloha Chair Cordero and Councilmembers,

Thank you for allowing testimony on Bill 45 (2021), which would provide incentives for certain businesses within Transit-Oriented Development areas.

We've been told many times over the past decade that one of the benefits of rail is that properties would be revitalized and revenues would increase due to TODs. Now you're considering giving certain businesses real property tax rebates for not just three years but **up to 30**.

Besides the lost tax revenue, how much would it cost to administer this annual rebate program?

Who's going to monitor businesses to ensure they continue to meet the requirements?

Please vote "no" on Bill 45 (2021).

Testifying in my individual capacity.

By the way, transit oriented development can happen around bus stations. It is not limited to rail.

IATSE LOCAL 665

FILM, TELEVISION, STAGE, PROJECTION AND TRADESHOWS

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

Testimony by Tuia'ana Scanlan, President
IATSE Local 665

Honolulu City Council
Budget Committee
Monday, February 27, 2023
Honolulu Hale

RE: BILL 45 (2021) – RELATING TO INCENTIVES FOR BUSINESSES

Aloha Chair Cordero and Councilmembers,

My name is Tuia'ana Scanlan, president of IATSE Local 665, the union representing technicians in the entertainment industry in Hawai'i. **Local 665 supports Bill 45 (2021).**

Infrastructure is a vital component to drawing new Film and TV business to Honolulu. The lack of studio space creates unnecessary hurdles to diversifying our economy. I have personally worked in facilities that we've had to retrofit to our needs. And while we can make things work in lieu of actual studio space, it is costly, time-consuming, and directly affects our ability to work safely and efficiently. This high-growth industry, and the unions associated with it, provide not only a living wage, but a thriving wage to local working families. Brick and mortar facilities that are designed specifically with industry needs in mind are crucial to the growth of our Film/TV industry. Not only would this greatly benefit our industry, but it has the potential to create significant positive effects for building and construction trades as well.

In order to strengthen the positive impacts of the Film and TV industry in Hawai'i, IATSE Local 665 asks your committee to support Bill 45 (2021). Thank you for the opportunity to testify.

In Solidarity,



Tuia'ana Scanlan
President, IATSE 665
he/him/his



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
GOVERNOR

CHRIS J. SADAYASU
DIRECTOR

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DEPUTY DIRECTOR

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Statement of
CHRIS SADAYASU
Director
Department of Business, Economic Development, and Tourism
before the

**CITY AND COUNTY OF HONOLULU
COUNTY COUNCIL MEETING**

Tuesday, February 28, 2023
9:00 AM
City and County Council Chambers

In consideration of
Bill 45 (21) CD1

A BILL FOR AN ORDINANCE RELATING TO INCENTIVES FOR BUSINESSES

Honorable Chair Cordero, Vice Chair Weyer and members of the Honolulu County Council Committee on Budget. The Department of Business, Economic Development & Tourism (DBEDT), its Creative Industries Division (CID) and the Hawaii Film Office support Bill 45 (21) CD1, which provides for a property tax exemption for 30 years, makes requirements to ensure job creation is maintained over that period of time with a baseline of 100 jobs, amends the proposed ROH subdivision 231-1.3 (a) (4) stating the minimum investment of \$75,000,000 to establish economic incentives within the City and County of Honolulu, with a focus on transit-oriented development (TOD) areas designated within the City and County of Honolulu, which will accelerate jobs and economic growth for the region, as well as the state.

The department recognizes the value of this measure to bring County, State, community, industry, and private sector together to build strategic infrastructure. The opportunities presented align with the annual DBEDT Targeted and Emerging Industries Report as crucial to diversification of our economy.

Key elements to advance the infrastructure, job, and workforce development in our state require a consistent, stable tax credit program, integrated training, and certification, including the January 2023 announcement of the University of Hawaii Good Jobs Hawaii EDA Grant program, which DBEDT is partnered with for the creative and energy sectors job training and placement.

With the Motion Picture, Digital Media, and Film Income Tax Credit Program to January 1, 2033, along with the increase in the credit for Oahu productions to 22%, neighbor islands at 27% and the per project cap raised to \$17 million, the amendments made in SLH 2022 provide a foundation for business certainty to production as well as private investors.

Thanks to the work of our state and county film offices, from 2017 to 2022 (apart from 2020) Hawaii's film and media industries have consistently generated an average annual production spend of \$400,000,000, generating over 4,200 jobs. Imagine what is possible when we have purpose-built facilities and a crew base to support increasing the production industry to a billion-dollar economic driver.

The department supports Bill 45, CD1 and looks forward to working collaboratively with the Council and Mayor Blangiardi to create a foundation for public-private-partnerships which to achieve a collective vision to establish Honolulu and our state as a thriving creative hub in the Pacific.

Thank you for the opportunity to testify.

