



HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
CITY AND COUNTY OF HONOLULU

COMMITTEE ON BUDGET

Voting Members:
Radiant Cordero, Chair
Matt Weyer, Vice Chair
Esther Kia'aina
Calvin K.Y. Say
Augie Tulba

AGENDA
ADDENDUM
SPECIAL MEETING
CITY COUNCIL CHAMBER
THURSDAY, NOVEMBER 21, 2024
1:00 P.M.

Pursuant to Section 92-3.7, Hawai'i Revised Statutes, this meeting will be conducted as a remote meeting by interactive conference technology, with the following procedures in effect for the meeting:

The meeting will be viewable: (1) by internet live streaming through <https://www.honolulucitycouncil.org/meetings>; (2) by televised live broadcast on 'Ōlelo TV Channel 54; and (3) on the monitor situated outside the Council Chamber. Viewers who experience a loss of viewing signal should try switching to another viewing option.

After the meeting, the meeting will be viewable on demand at <https://www.honolulucitycouncil.org/meetings>. Copies of older meeting videos may be requested by calling the City Clerk's Office at (808) 768-5822, charges may apply.

Some Councilmembers and presenters may be participating in the meeting by interactive conference technology from remote locations.

Remote and in-person oral testimony will be permitted on all items on the agenda when each agenda item is taken up. Each speaker may not have anyone else read their statement and is limited to a one-minute presentation.

Remote Testimony

1. For direct access to submit oral testimony call: +1-253-215-8782, enter ID **83277766255** and Passcode **529450**.
2. To testify by videoconference visit: <https://hnlidoc.ehawaii.gov/hnlidoc/testimony>. Videoconference access information will be provided upon registration. Testifiers are encouraged to register/submit testimony at least 24 hours prior to the meeting.

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Persons wishing to testify in-person in the Council Chamber are requested to register by 1:00 p.m. by filling out the registration form in person outside the Council Chamber. Persons who have not registered will be given an opportunity to speak following the oral testimonies of the registered speakers.

Written testimony may be uploaded at <https://hnlidoc.ehawaii.gov/hnlidoc/testimony>, or mailed to Office of the City Clerk, Attention: Information Section, 530 South King Street, Room 100, Honolulu, HI 96813. If submitted, written testimonies, including the testifier's address, email address and phone number, will be available to the public at both <https://hnlidoc.ehawaii.gov>. Written testimony will not be accepted in person at the meeting.

Should you have any questions, please call (808) 768-3819 or send an email to darci.nago@honolulu.gov.

Meeting materials are accessible at <https://hnlidoc.ehawaii.gov/hnlidoc/browse/agendas> by clicking on the appropriate Committee meeting.

If you need an auxiliary aid/service or other accommodation due to a disability or an interpreter for a language other than English, please call the Office of the City Clerk Information Section at (808) 768-5822 between 7:45 a.m. and 4:30 p.m. or send an email to darci.nago@honolulu.gov as soon as possible or at least three (3) business days before the scheduled meeting. Requests made as early as possible have a greater likelihood of being fulfilled.

The addendum item provides a description of a proposed CD2 amendment to Agenda Item No. 9, Bill 59 (2023), CD1.

FOR ACTION

9. [BILL 59 \(2023\), CD1](#) – **RELATING TO INCENTIVES FOR FILM STUDIO FACILITIES.** Providing incentives for eligible film studio facilities. (Bill passed second reading and public hearing held 1/24/24; Committee postponed action 2/6/24)

[PROPOSED CD2 TO BILL 59 \(2023\), CD1](#) (Submitted by Council Chair Waters) – The CD2 (OCS2024-1010/11/18/2024 11:58 AM) makes the following amendments:

A. In SECTION 2 of the bill:

1. Amends new ROH § 8-10.A(a) to:

a. Amend the definition of "film studio facility" to read as follows:

"A building or complex of buildings and associated back-lot facilities on real property situated within the geographic boundary of the city in which pre-production, production, and post-production activities occur, which contain at least one sound stage; pre-production, production, and post-production offices; catering or dining facilities; parking; facades; and mill space, and which is closed to the general public and is within a footprint of the site plan that forms a secure compound that is clearly delineated with a tall perimeter enclosure. The term excludes buildings and facilities that are not used for pre-production, production, and post-production activities, but are constructed or used in connection with the film studio facility, including hotel and lodging facilities, or portions thereof."

b. Add definitions of "post-production," "pre-production," and "production," which reference the definitions in ROH § 8-10.B(a).

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- c. Amend the definition of "qualifying construction work" to:
 - i. Refer to "qualifying construction" (instead of "qualifying construction work").
 - ii. Reformat the definition into subdivisions.
 - iii. Require that the new film studio facility be constructed in accordance with land use and labor statutes, ordinances, rules and regulations, as applicable, including Title 12, Chapter 22, Hawaii Administrative Rules; provided that if specialty construction is involved, a project labor agreement for the specialty construction work must be negotiated and executed between the applicable construction unions and the specialty construction contractors or subcontractors. Renumber the subsequent subdivision.
 - iv. Require that the new film studio facility has a minimum of \$100,000,000 in actual costs to design and construct a film studio facility.
 - d. Add a definition of "specialty construction" to mean:

"The construction, assembly, or installation of equipment or systems for which a specific vendor or supplier has notable expertise, and local labor is not trained or experienced to construct, assemble, or install."
2. Amends new ROH § 8-10.A(b) to:
- a. Provide that the assessed building value of a new film studio facility will be exempt from property taxes during construction; provided that the owner files a claim for exemption and satisfies certain requirements.
 - b. Amend ROH § 8-10.A(b)(1) to require that a minimum of \$100,000,000 financial commitment was made to design and construct the film studio facility in the City.

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- c. Amend ROH § 8-10.A(b)(2) to require that building permits must have been issued for the development and construction of the new film studio facility in accordance with the construction and building permit plans for the film studio facility.
 - d. Add a new ROH § 8-10.A(b)(3) to require that the land on which the film studio facility is located be leased or purchased from the United States, State, or City within five years of the application for the exemption.
 - e. Add a new ROH § 8-10.A(b)(6) to require that the construction of the film studio facility and all appurtenant buildings, facilities, and grounds within the film studio facility be performed in accordance with land use and labor statutes, ordinances, rules, and regulations, as applicable, including the payment of wages that are not less than the rates for classifications stated in the wage rate schedule bulletin posted on the State department of labor and industrial relations website, or if a classification is not set forth in the wage rate schedule bulletin, then the prevailing local area standard wage; provided that if specialty construction is involved, a project labor agreement for the specialty construction work must be negotiated and executed between the construction unions holding the applicable jurisdiction over the scope of work and the specialty construction contractors or subcontractors.
3. Amends new ROH § 8-10.A(c) to provide that the claim for exemption will expire on the first to occur of the following:
- a. Within five calendar years after the claim for exemption has been accepted by the director, if design of the new film studio facility has not commenced within the five-year period;
 - b. Within 10 calendar years after the claim for exemption has been accepted by the director, if construction of the new film studio facility has not been completed within the 10-year period; or

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- c. Upon the issuance of a certificate of occupancy for the new film studio facility by the department of planning and permitting.
 4. Reformats new ROH § 8-10.A(d) into subdivisions, and in new subdivisions (d)(1) and (d)(2), changes references from "report" to "written notice".
- B. In SECTION 3 of the bill:
 1. Amends new ROH § 8-10.B(a) to
 - a. Delete the definition of "City-approved logo."
 - b. Amend the definition of "film studio facility" to reference the definition in ROH § 8-10.A(a) (instead of duplicating the definition in its entirety).
 - c. Add a definition of "film studio name" to mean the name associated with the film studio facility.
 - d. Amend the definition of "local workforce development" to add that educational activities include but are not limited to internships, apprenticeships, and other educational endeavors connected to an anchor institution, union or government training program, or nonprofit training program engaged in activities within the State or City.
 - e. Amend the definition of "pre-production" to read as follows:

"The planning process and execution of every task that must occur before the production process begins, including but not limited to forming a new company, locking the script, breaking down the script, hiring key department heads, finalizing the budget, creating storyboards and shot lists for the scenes to be captured, scouting and securing locations, casting actors and hiring the crew, obtaining permits and insurance for the project, scheduling the shoot days, performing a technical scout, and arranging for equipment rentals."

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- f. Amend the definition of "production" to read as follows:

"A stage in the process, also known as principle photography, in which the media project is captured, including but not limited to a series of activities to create and capture the visual and cinematic imagery that is to be delivered for mass consumption via various methods including film, video, or digital means, either for sale or display."

- g. Amend the definition of "property owner" or "owner" to reference the definition in ROH § 8-10.A(a) (instead of duplicating the definition in its entirety) and relocate the definition to be in alphabetical order.

- 2. Amends new ROH § 8-10.B(b) to:

- a. Provide that the assessed building value of a new film studio facility will be exempt from property taxes during the exemption period; provided that the owner satisfies certain requirements.
- b. Amend ROH § 8-10.B(b)(1) to specify that the film studio facility must be located on real property that is leased or purchased from the United States, State, or City (instead of a government agency).
- c. Amend new ROH § 8-10.B(b)(4) to require that the film studio name appear in the end credits of all film, video, or digital media produced or created at the film studio facility during the exemption period, and that this requirement be included in all contracts with users of the film studio facility.
- d. Deletes new ROH § 8-10.B(b)(5), which would have required the film studio facility to conduct public tours by the fifth year of the exemption. Renumbers subsequent subdivisions.
- e. Add a new ROH § 8-10.B(b)(5) to require that the film studio facility facilitate the creation of a minimum of 100 full-time equivalent local film industry jobs annually.

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- f. Add a new ROH § 8-10.B(b)(6) to require that to the extent permitted by law, throughout the exemption period, all employees responsible for the maintenance and operations of the film studio facility building and grounds must be paid prevailing wages that are not less than:
 - i. The prevailing wage rates set forth in the current wage rate schedule bulletin posted on the State department of labor and industrial relations website if a wage classification exists for a particular scope of work; or
 - ii. If a prevailing wage rate classification is not listed on the State department of labor and industrial relations wage rate schedule bulletin, in accordance with the local area standard wage if a standard wage exists for a particular scope of work,unless a prevailing wage rate under a collective bargaining agreement applies.

- g. Add a new ROH § 8-10.B(b)(7) to require that in the event that public tours are conducted onsite at the film studio facility through the use of motorized or electric vehicles, all tour drivers or tour vehicle operators must be paid wages that are not less than:
 - i. The prevailing wage rates set forth in the current wage rate schedule bulletin posted on the State department of labor and industrial relations website if a wage classification exists for a particular scope of work; or
 - ii. If a prevailing wage rate classification is not listed on the State department of labor and industrial relations wage rate schedule bulletin, in accordance with the local area standard wage if a standard wage exists for a particular scope of work,unless a prevailing wage rate under a collective bargaining agreement applies.

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3. Amends new ROH § 8-10.B(c) to:
 - a. Provide that the owner is required to file an initial claim for an exemption with the BFS Director, on a form prescribed by the Director.
 - b. Add a new ROH § 8-10.B(c)(2) to require the owner to submit evidence that the land on which the film studio facility is located was leased or purchased from the United States, State, or City. Renumbers subsequent subdivisions.
 - c. Amends renumbered ROH § 8-10.B(c)(4) to require the owner to submit evidence that a preliminary plan has been prepared to provide incentives to filmmakers and digital media artists who are engaged in the development of film or digital products relating to the history of Hawai'i, and local culture, traditions, or customs to promote expansion of the motion picture, film, and digital media industry in the City.
 - d. Amends renumbered ROH § 8-10.B(c)(6) to require the owner to submit evidence that the owner has or will require the film studio name to appear in the end credits of all film, video, or digital media produced or created at the film studio facility.
 - e. Add a new ROH § 8-10.B(c)(7) to require the owner to submit evidence that to the extent permitted by law, throughout the exemption period, the owner has required, or will require the payment of prevailing wages to all employees responsible for the maintenance and operations of the film studio facility building and grounds, and all tour drivers or tour vehicle operators of motorized or electric vehicles used for public tours conducted onsite at the film studio facility.
4. Amends new ROH § 8-10.B(e) to:
 - a. Delete new ROH § 8-10.B(e)(3), which would have required the owner to annually certify that in the preceding tax year, the film studio facility conducted public tours, if the certification was after the fifth year of the exemption.

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- b. Add a new ROH § 8-10.B(e)(3) to require the owner of the film studio facility to annually certify that to the extent permitted by law, prevailing wages were paid to all employees responsible for the maintenance and operations of the film studio facility building and grounds, and all tour drivers or tour vehicle operators of motorized or electric vehicles used for public tours conducted onsite at the film studio facility. Renumbers the subsequent subdivision.
5. Amends new ROH § 8-10.B(f) to:
 - a. Provide that to maintain continuing eligibility for the exemption during the exemption period, the owner is required to file an annual certification with the BFS Director, on a form prescribed by the Director.
 - b. Reformats the subsection into subdivisions.
 - c. Add a new ROH § 8-10.B(f)(4) to require the owner to submit evidence that the films, videos, or digital media developed or produced at the film studio facility included the film studio name in the end credits.
 - d. Add a new ROH § 8-10.B(f)(5) to require the owner to submit evidence that to the extent permitted by law, prevailing wages were paid to all employees responsible for the maintenance and operations of the film studio facility building and grounds, and all tour drivers or tour vehicle operators of motorized or electric vehicles used for public tours conducted onsite at the film studio facility. Renumbers the subsequent subdivision.
 6. Amends new ROH § 8-10.B(h), relating to the transfer of the owner's interest in the film studio facility to another owner, to:
 - a. Add a new ROH § 8-10.B(h)(2) to provide that the new owner is required to agree to comply with the qualifications and requirements set forth in subsections (b)(2) through (b)(7) (relating to qualifications for the exemption), and (c)(3) through (c)(7) (relating to filing an initial claim for an exemption). Renumbers subsequent subdivisions.

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- b. Amend renumbered ROH § 8-10.B(h)(3) to add a new ROH § 8-10.B(h)(3)(C) to require the owner to submit evidence that to the extent permitted by law, prevailing wages were paid to all employees responsible for the maintenance and operations of the film studio facility building and grounds, and all tour drivers or tour vehicle operators of motorized or electric vehicles used for public tours conducted onsite at the film studio facility.
 - c. Delete former ROH § 8-10.B(h)(3)(C), which would have required the new owner to annually certify that in the preceding tax year, the film studio facility conducted public tours, if the certification was after the fifth year of the exemption.
- 7. Amends new ROH § 8-10.B(i) to add a new ROH § 8-10.B(i)(4) providing that in accordance with HRS Chapter 91, the director may adopt rules having the force and effect of law for the administration, implementation, and enforcement of this article, including rules that set forth procedures to appeal the denial or cancellation of the exemption.
- C. In SECTION 4 of the bill, provides that in codifying the new ROH sections added by SECTIONS 2 and 3 of the ordinance, the Revisor of Ordinances shall substitute appropriate ROH section numbers for the letters used in designating the new ROH sections added by the ordinance.
- D. In SECTION 5 of the bill, provides that the ordinance applies to the tax years beginning July 1, 2026 and ending on June 30, 2036 (instead of beginning July 1, 2025, and ending on June 30, 2035). The ordinance will be repealed as of July 1, 2036 (instead of July 1, 2035).
- E. Makes miscellaneous technical and nonsubstantive amendments.

RADIANT CORDERO, Chair
Committee on Budget