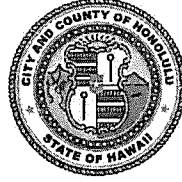


HONOLULU FILM OFFICE
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WALEA L. CONSTANTINAU
FILM COMMISSIONER
Komikina Līpine

November 20, 2024

The Honorable Radiant Cordero, Chair
and Members
Committee on the Budget
Honolulu City Council
530 South King St
Honolulu, Hawai'i 96813

Dear Chair Cordero and Committee Members:

SUBJECT: Testimony relating to Bill 59 (2023)

The Honolulu Film Office would like to thank the City Council, Chair Waters and Budget Chair Cordero for their long-standing support of Hawai'i's film industry. The Honolulu Film Office strongly supports Bill 59, Proposed CD2 (OCS2024-1010/11/18/2024 11:58 AM), which seeks to incentivize infrastructure development and the construction of a permanent large-scale film studio complex which has the realistic potential to increase the economic output of the film industry in Hawai'i from over \$700 million per year to \$1 billion annually.

The proposed CD2 is thoughtfully done with input from many stakeholders and limits the financial risk to the City, while driving meaningful industry development. The measure restricts the development to lands that currently do not generate property tax revenue and further contains the exemption to just the assessed value of the improvements to the land that is within the actual studio complex footprint. It requires property taxes be paid on the land value and adjacent facilities open to the general public thereby generating an estimated minimum revenue of \$250,000 annually for the city, which will increase over time. It also does not ask for a large upfront investment so does not contribute to the city's debt ceiling.

The benefits to incentivizing this kind of infrastructure development are numerous and significant including creating living-wage jobs and a real-world pathway towards a career for Hawai'i's talented graduates of the media programs offered through the University of Hawaii and other educational institutions. Additionally, film and television

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projects are economic catalysts in their own right. In general, two-thirds of a project's cost is labor and the remaining monies is spent broadly in the community creating opportunities for local businesses. The global economic research firm Olsberg SPI, which specializes in screen sector data analysis, reports that 67 percent of a film's budget goes to vendors outside of the film sector ecosystem reaching far into the community, and sparks what it calls 'The Ripple Effect,' generating an increase in growth in other Creative Industry sectors by 38 – 47 percent.

Thank you for support of this measure and the opportunity to provide these comments.

Sincerely,



Walea L. Constantinou
Film Commissioner

APPROVED:



Michael D. Formby, Managing Director
Office of the Managing Director