



# DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of  
**THEODORE E. LIU**  
**Director**

Department of Business, Economic Development, and Tourism  
before the

**HOUSE COMMITTEE ON FINANCE**

Thursday, February 18, 2010  
10:00 a.m.  
State Capitol, Conference Room 312

in consideration of

**HB 2446 HD1**  
**RELATING TO HAWAII TELEVISION AND FILM DEVELOPMENT**

Chair Oshiro, Vice Chair Lee, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) opposes HB 2446 HD1, which seeks to transfer the film industry branch operational and statutory responsibilities under DBEDT, (Chapter 201-14, HRS, consolidated film permit processing, and Chapter 235-17, HRS, Motion picture, digital media, and film production income tax credit), to the Hawaii Tourism Authority (HTA), an agency attached to DBEDT. Of concern is the method of funding, number of positions, in addition to the ability and timeframe in which HTA would need to adopt a new mission to accommodate these functions of the Creative Industries Division's film branch. We feel there is much more discussion and exploration required with all stakeholders who would be affected by this transfer.

It is important to note that the Division has overseen the operations of the film branch and arts and culture development branch since 2003, and continues to manage the statutorily mandated functions in addition to its focus on accelerating the growth of the full scope of

Hawaii's creative sectors. The film, television and the emerging digital media sectors in our state is on course to set new records this year, with expenditures expected to exceed \$180 million in calendar year 2010. Projects include Clint Eastwood's Hereafter, Disney's Pirates of the Caribbean, The Descendants, Soul Surfer: The Bethany Hamilton Story, Pretend Wife; the Adam Sandler/Jennifer Aniston project, Universal's Battleship, CBS television's Hawaii 5-0 pilot, a potential NBC Universal pilot, the K-Drama television series the Divine Hero.

The accelerated growth of Hawaii's music, arts and culture sectors, along with film, television and digital media industry growth are the focus of maintaining the health and viability of Hawaii's creative sector, which is the mission of DBEDT's creative industries division, not the Hawaii Tourism Authority. Collectively, the creative sectors contributed \$4 billion to Hawaii's GDP in 2008, with sector growth increasing by 10% since DBEDT began tracking the sectors activity in 2002.

While there are certainly opportunities to work with our tourism partners, which we have done on many television and film projects that support a tourism marketing message, the development of programs, infrastructure and day-to-day management of tax incentives and film permitting are functions that belong in DBEDT and are contrary to the daily functions and mission of the Hawaii Tourism Authority. The HTA's focus would have to change drastically, based on board approval, in order to accommodate this recommended transfer.

We defer to the Department of Taxation as to the viability of the state's lead tourism agency handling the film, television and digital media tax incentive responsibilities.

With a decline in tourism, it is important for the agency that is charged with its revival to focus on its core mission, which is not aligned with the business advocacy or operational aspects of the creative sector development or film branch functions.

Thank you for the opportunity to provide testimony.



LINDA LINGLE  
Governor

MIKE MCCARTNEY  
President and  
Chief Executive Officer

# Hawai'i Tourism Authority

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Testimony of  
**Mike McCartney**  
President and Chief Executive Officer  
Hawai'i Tourism Authority  
on  
**H.B. 2446, H.D. 1**  
**Relating to Hawai'i Television and Film Development**

House Committee on Finance  
Thursday, February 18, 2010  
10:00 a.m.  
Conference Room 308

The Hawai'i Tourism Authority (HTA) supports the intent of H.B. 2446, H.D. 1, which transfers the television and film industry activities and responsibilities under the Department of Business, Economic Development & tourism (DBEDT) to the Authority.

The HTA is tasked with marketing and promoting Hawai'i as a visitor destination, with the goal of increasing visitor spending. One of the keys to branding Hawai'i's visitor industry and increasing visitor spending is through the film and television industry which not only provides economic benefits to the state but also generates national and international media coverage and publicity that promotes Hawai'i as an attractive visitor destination.

In fact, since 1913, Hawai'i has been the site for hundreds of feature films including top-grossing movies like *Jurassic Park*, *Raiders of the Lost Ark* and *Godzilla*; television series such as *Hawai'i Five-O*, *Fantasy Island*, *Magnum P.I.* and *Lost*; and numerous independent television episodes as well as commercials, photo shoots and music videos and locally produced films.

As such, the HTA notes that positive synergy exists between television/film and tourism and that the television/film industry does play an important role in complementing Hawai'i's overall tourism marketing efforts to promote the destination. The HTA further acknowledges that more can be done leverage the two industries and maximize opportunities in the state's core markets such as North America and Japan as well as its developing markets such as Korea and China.

Therefore, if HTA is given these responsibilities, to ensure effectiveness, we would make the following recommendations:

- **Funding.** Additional funding for the television/film responsibilities would be provided to HTA to ensure that funding for tourism programs and projects through the Tourism Special Fund would not be diluted;

- **Staffing.** Additional staffing to carry out television/film responsibilities should be provided to HTA to ensure those functions including but not limited to, the processing and facilitation of statewide filming and photography permits, management of film tax credits, management of the Hawai'i Film Studio are properly handled; and
- **Timing.** The HTA recommends a transition period to ensure that the transfer of responsibilities can be properly handled by the agency.

On the other hand, the HTA also notes that other considerations and complications may arise that could have negative unintended consequences to the two existing organizations and the two industries.

In summary, the HTA acknowledges that this is a policy call and will work with all interested parties for the benefit of Hawai'i and the community.

Thank you for the opportunity to provide comments.