



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
before the

**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, ENVIRONMENT, AND
TECHNOLOGY**

Wednesday, March 16, 2016

1:20 p.m.

State Capitol, Conference Room 414
in consideration of

**HB 2229, HD1
RELATING TO SPORTS.**

Chair Wakai, Vice Chair Slom, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of HB2229, HD1, which creates a Hawaii Sports Task Force to plan and coordinate efforts to establish and maintain Hawaii as a host site for Pro Bowl, a NFL pre-season game, work-title soccer tournaments, mixed martial arts, and other international sporting events.

The House EDB Committee amended the bill to broaden the scope to other sporting and sports entertainment events, broadened the membership of the task force to include the county mayors, Economic Development Boards, and a Hawaiian cultural specialist for a total of nineteen members.

DBEDT agrees that sporting events can strengthen and diversify Hawaii's economy by attracting a diversified visitor demographic, as well as bring pleasure to Hawaii's residents. We note that the sports industry is a dynamic area of business and to attract sporting events requires a knowledge of the finances of each different sport and the sports infrastructure of each island. We are grateful for the addition of county and private sector representation on the task force.

DBEDT humbly recognizes the honor of being designated to serve as the host of the Hawaii Sports Task Force. However, active participation from the members will be needed to complete the report to the Legislature on findings and recommendations, since DBEDT does not have the staff capacity or expertise in the broad array of sports to carry out this mandate with its own limited resources.

Thank you for the opportunity to offer comments.



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David Y. Ige
Governor

George D. Szigeti
President and Chief Executive Officer

Statement of
George D. Szigeti
Chief Executive Officer
Hawai'i Tourism Authority
on
HB 2229
Relating to Sports
Senate Committee on Economic Development, Environment, and Technology
Wednesday, March 16, 2016
1:20pm
Conference Room 414

The Hawai'i Tourism Authority (HTA) offers the following **comments** on HB 2229, which would create a Hawai'i Sports Task Force to plan and coordinate efforts to keep the Pro Bowl in Hawai'i and to establish or maintain Hawai'i as a host site for a National Football League preseason game, world-title soccer tournaments, mixed martial arts Ultimate Fighting Championship tournaments and other international sporting events.

HTA supports the goal of ensuring that Hawai'i remains a premier destination for sporting events. Deepening Hawai'i's connection to the sports industry is consistent with HTA's mission to promote Hawai'i as a visitor destination and improve the visitor experience. In furtherance of this goal, HTA sponsors several events in Hawai'i, including the Diamond Head Classic, the Maui Invitational, the Hawai'i Bowl, PGA Tour events and Ironman events. Hosting major sporting events in Hawai'i draws visitors and generates substantial media exposure, which together produce a manifold return on investment. In 2016, HTA is committed to supporting 19 sports events statewide and counting, with a projected economic impact of at least \$144 million. HTA continues to look for new sporting event partners and new events to sponsor.

In light of HTA's existing mission and efforts, we question the practical benefit of a sports task force. Indeed, the task force's central directive to "coordinate efforts" to establish and maintain events will be difficult to implement because the task force has no staff or administrative resources. Securing first-tier sporting events involves a host of considerations, including funding and contract terms, which are always paramount, as well as mutual interest between organizers, sponsors and authorities, timing considerations, infrastructure and travel arrangements. The task force is not equipped to handle these issues. HTA already secures and maintains various sporting events, and HTA continues to look for new opportunities. Creating a task force, which would include HTA's President and CEO as a member, will add another layer of administration and duplicate programs that are already under way.

Mahalo for the opportunity to offer our comments.

DAVID Y. IGE
GOVERNOR

DOUGLAS MURDOCK
COMPTROLLER

CHARLES T. TOGUCHI
CHAIRMAN, STADIUM AUTHORITY

SCOTT L. CHAN
MANAGER



An Agency of the State of Hawaii

TESTIMONY
OF
CHARLES T. TOGUCHI, CHAIRMAN
STADIUM AUTHORITY
TO THE
SENATE COMMITTEE
ON
ECONOMIC DEVELOPMENT, ENVIRONMENT, AND TECHNOLOGY
ON
March 16, 2016
H.B. 2229, HD1

RELATING TO SPORTS

Chair Wakai, Vice Chair Slom, and members of the Committee, thank you for the opportunity to submit testimony in the form of comments on H.B. 2229, HD1.

The Stadium Authority supports the intent of planning and coordinating the many varying levels of existing government and private-sector resources in an effort to place the State of Hawaii in the best possible position to attract and retain large scale sporting events to the State of Hawaii.

In order to capitalize on all that Hawaii has to offer as an event location, it is imperative that coordination of resources occur at all levels. The Stadium Authority appreciates the Legislature's attention to maximizing opportunities through a means it deems most effective and efficient.

Thank you for the opportunity to provide comments on HB 2229, HD1.



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March 16, 2016

1:20 PM

Conference Room 414

To: Senate Committee on Economic Development, Environment & Technology

Senator Glenn Wakai, Chair

Senator Sam Slom, Vice Chair

From: Grassroot Institute of Hawaii

President Keli'i Akina, Ph.D.

RE: HB 2229 -- RELATING TO SPORTS

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on HB 2229, which would establish the Hawaii Sports Task Force to plan and coordinate efforts to keep the Pro Bowl in Hawaii as well as secure the state as the host site for other high-profile sports and sports entertainment events.

Though we are not opposed in principle to the Pro Bowl and appreciate the affection in which it is held, we would like to urge the legislature to examine the assumptions behind this bill more closely. The numbers provided by the state and the NFL have been accepted without question, even though there is substantial research that throws such claims into question. Therefore, the assertion that the Pro Bowl creates significant revenue, worthy of further state subsidies, requires deeper appraisal.

The Pro Bowl is the single most highly-subsidized event in the state, with the Hawaii Tourism Authority paying the NFL \$4 million and covering an additional \$152,000 in game management

costs for the privilege of hosting the Pro Bowl. This is more than all other subsidized events combined.¹

The HTA suggests that this expense is offset by the visitors brought to Hawaii because of the Pro Bowl (approximately 47,270 in 2014). However, analysis suggests that this vastly overstates the event's tourism effect. In fact, a survey of flight arrivals during that period reveals that only about 6726 non-residents arrived for the Pro Bowl, a fraction of those claimed.² Therefore, the revenue supposedly coming into the state from the Pro Bowl is largely local money being transferred from elsewhere in the economy.

Moreover, because the Pro Bowl has moved (in terms of time and location) multiple times, it is easy to measure its actual economic effect. Two economics professors at the College of Holy Cross studied four years of data related to the event and concluded that there was no measurable economic benefit to the state from hosting the Pro Bowl. In their paper, "Many Happy Returns? The Pro-Bowl, Mega-events, and Tourism in Hawaii," Professors Robert Baumann and Victor Matheson write:

"While the HTA estimates that 2014 Pro Bowl produced \$71.9 in direct visitor spending, our analysis of the organization's current methodology for determining economic impact is seriously flawed. Furthermore, an examination of tourist arrivals finds no statistically significant increase in tourism associated with the game. This result fails to justify the \$5 million subsidy, which roughly two-thirds of the HTA's expenditures on sporting events, it spends for the rights to the Pro Bowl."³

Finally, we must address the probability that the Task Force envisioned in this legislation would recommend significant upgrades to (or even rebuilding) Aloha Stadium in order to keep the Pro Bowl in the state. Any such project would require a significant outlay of state funds—especially if what is sought is a venue that can host multiple types of sports entertainment events.

Any stadium renovation/rebuilding recommendation must be carefully vetted in light of the negative economic effect of taxpayer-funded stadium projects. Since 1997, more than \$4.7 billion has been spent to build new NFL stadiums and 78% of those costs have been borne by taxpayers. Yet, the benefit of the stadium to the municipality is so small that 86% of economists agree that state and local governments should eliminate subsidies to pro sports franchises.⁴

¹ Jason Keisling. "The Pro Bowl Scam." *Reason*. (Jan. 27, 2016). Available at <http://reason.com/blog/2016/01/27/the-pro-bowls-impact-on-tourism>

² Robert Baumann & Victor Matheson. "Many Happy Returns? The Pro-Bowl, Mega-events, and Tourism in Hawaii." International Association of Sports Economists, Working Paper Series, Paper 15-01 (August 2015). Available at http://college.holycross.edu/RePEc/spe/1501-Baumann-Matheson_HawaiiTourism.pdf

³ *Ibid*.

⁴ Jason Keisling & Jim Pagels. "Economists Agree – Publicly Financed Sports Stadiums Are a Bust." *Reason*. (Dec. 2015). Available at <https://reason.com/archives/2015/12/01/economists-agree-publicly-financed-sport>

As James Hamilton, an economist at University of California, San Diego, commented, “I am not aware of a recent example of a major sports facility investment that earned anything approaching a reasonable return on capital or turned out to be self-financing in terms of tax revenues.”

Thank you for the opportunity to submit our comments.

Sincerely,

Keli'i Akina, Ph.D.

President, Grassroot Institute of Hawaii

wakai1 - Lilinoe

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 13, 2016 3:44 PM
To: EET Testimony
Cc: smith808143@yahoo.com
Subject: Submitted testimony for HB2229 on Mar 16, 2016 13:20PM

HB2229

Submitted on: 3/13/2016

Testimony for EET on Mar 16, 2016 13:20PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Smith	Individual	Support	No

Comments: I submit testimony in strong support of HB2229, HD1 Relating to Sports. As you know tourism is the top economic driver in our island state. Hawaii makes nearly \$30 million (report in 2003) on the pro bowl - if and when the pro bowl is in Hawaii. We need to work on keeping the pro bowl and secure additional sporting events for our state. The Sports Task Force will look at best practices to ensure more international sporting events in Hawaii, which will generate millions of dollars to our economy. The state's top economic driver is the visitor industry which has generated over \$15 billion dollars in 2015. Hawaii is a world class tourist destination and has a number of major international sporting events, such as but not limited to the Iron Man competition, the Honolulu Marathon, PGA top golf tournaments, Bill Fishing tournaments, and can become a premier destination for other major international sporting events, such as World Class Soccer Tournaments, MMA events, and many more, which will continue to generate revenue for Hawaii's residents and government. Mahalo for allowing me to testify on HB2229, HD1 for the benefit of our state, our economy, and our people.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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wakai1 - Lilinoe

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 13, 2016 4:02 PM
To: EET Testimony
Cc: jasmineramos808@yahoo.com
Subject: Submitted testimony for HB2229 on Mar 16, 2016 13:20PM

HB2229

Submitted on: 3/13/2016

Testimony for EET on Mar 16, 2016 13:20PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Jasmine Ramos	Individual	Support	No

Comments: I submit testimony in strong support for HB2229, HD1 Relating to Sports. Tourism is the top economic driver for the state of Hawaii. Moreover, in 2003 the Pro Bowl alone brought in 18,000 visitors to Hawaii and generated \$28 million dollars for our economy. Hawaii has over ten major intentional sporting events generating millions of dollars to our economy. Therefore, with a Sports Task Force, they would focus on additional ways of providing Hawaii as a venue for future sporting events and thus generate more money for our economy. This is a win-win for the state and people of Hawaii. Thank you for allowing me to provide testimony in strong support for HB2229. Sincerely, Jasmine Ramos

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wakai1 - Lilinoe

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 13, 2016 8:58 PM
To: EET Testimony
Cc: hawaiiifishingfanatic@gmail.com
Subject: Submitted testimony for HB2229 on Mar 16, 2016 13:20PM

HB2229

Submitted on: 3/13/2016

Testimony for EET on Mar 16, 2016 13:20PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Don Aweau	Individual	Support	Yes

Comments: In full support of the legislation to institute a Hawaii Sports Task Force to assist the Hawaii Tourism Authority in keeping and promoting sports and entertainment events in Hawai'i. Living on the East Coast, I was fortunate to work for several professional and amateur sports & entertainment entities, including Comcast Spectacor (previous owners of the Philadelphia 76ers and current owners of the Philadelphia Flyers hockey team) and the Philadelphia Eagles. I have seen great financial gains to both the City of Philadelphia, State of Pennsylvania and businesses that have thrived in the sports and entertainment industry. I urge the Committee to pass this legislation for an economic engine that'll provide for years to come.

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wakai1 - Lilinoe

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2016 8:48 AM
To: EET Testimony
Cc: lynnehi@aol.com
Subject: Submitted testimony for HB2229 on Mar 16, 2016 13:20PM

HB2229

Submitted on: 3/15/2016

Testimony for EET on Mar 16, 2016 13:20PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
lynne matusow	Individual	Oppose	No

Comments: This is pie in the sky. Stop wasting money and kill this bill now. There are other programs that need the money, starting with cooling classrooms.

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wakai1 - Lilinoe

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 15, 2016 9:31 AM
To: EET Testimony
Cc: millera012@hawaii.rr.com
Subject: Submitted testimony for HB2229 on Mar 16, 2016 13:20PM

HB2229

Submitted on: 3/15/2016

Testimony for EET on Mar 16, 2016 13:20PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Antya Miller	Individual	Oppose	No

Comments: Aloha, Hawaii's visitor count is the highest it has ever been. When will the HTA consider it enough? Encouraging sports tourism is a part of the HTA's strategic plan, but another agency and task force? HTA needs to do this within their own agency, not create another one that will require more money year after year. They should do as the private sector has had to do: Do more with less. Instead, money needs to go toward infrastructure improvements, not another task force or agency to coordinate sports tourism. Their plan states one of their main goals is, "To maintain and improve transportation access, infrastructure and services to facilitate travel to, from and within Hawaii." In the 2005 Tack-on studies done for the North Shore, visitors were not happy with the infrastructure. The HTA plan goes into great depth on this issue. Our infrastructure should be world-class, not third world for a place where hotel rates and other travel costs are some of the highest in the travel industry. Let's fix our infrastructure before we bring more visitors to the islands. There needs to be a balance between visitors and residents! We, on the North Shore, can't even go to some of our beaches due to lack of parking, pot-hole ridden parking lots, traffic congestion at Laniakea/Chun's etc. etc. Visitors pay a large portion of taxes (TAT, GET), which is why the state strives for more and more visitors, but we will kill the golden goose in the long-run with this strategy. We need to focus our limited resources on what should be government's top priority: infrastructure! Mahalo, Antya Miller North Shore Resident since 1961

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Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Economic Development, Environment,
& Technology
Wednesday, March 16, 2016 at 1:20 P.M.
Conference Room 414, State Capitol**

RE: HOUSE BILL 2229 HD1 RELATING TO SPORTS

Chair Wakai, Vice Chair Slom, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent of HB 2229 HD1**, which establishes the Hawaii Sports Task Force to plan and coordinate efforts to keep the Pro Bowl in Hawaii, to secure Hawaii as a host site for a National Football League pre-season game, world-title soccer tournaments, mixed martial arts Ultimate Fighting Championship tournaments and other international sporting events at Aloha Stadium, and to secure and maintain Hawaii as a host site for other sporting and sports entertainment events statewide. Also establishes the Hawaii Sports Task Force to plan and coordinate efforts aimed at the promotion and growth of the State's sports entertainment and event hosting industry.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Sporting events draw massive spending and can have great economic impact. The Hawaii Sports Task Force will be able to tap into Hawaii's unique location and potential to keep the Pro Bowl in Hawaii and as a potential site for more sporting events to fully utilize Aloha Stadium's capabilities.

Some statistics are listed below.

- 2014 National Sports Industry Visitor spending \$8.96 billion. (NASC 2014)
- 2014 National Sports Industry Visitors 25.62 million. (NASC 2014)
- In 2014 of the 8.1 million visitors to Hawaii only 105,839 visitors came for a sporting event that is only 1.3% of the overall visitor arrivals in 2014. (DBEDT)
- Sports Tourism has an economic impact of \$150 to \$200 million a year. (HTA)
- The Honolulu Marathon is the state's largest participatory event, with 22,615 registered runners in 2011. About 85 percent of the non-Hawaii runners were from Japan. Generated about \$5 million in taxes. (Honolulu Marathon Association)



Chamber of Commerce HAWAII

The Voice of Business

- The Maui Invitational attracted nearly 5,000 visitors and generated \$13.3 million in visitor spending, an increase of nearly five percent from 2013, for the island of Maui in 2014. In all, the Maui Invitational has contributed more than \$190 million to the local island economy since the Tournament's inception in 1984, welcoming 108 different schools from 40 states and Washington D.C. to the county of Maui. (Kemper Sports Management Inc.)
- A Markrich Research Ironman Triathlon study said participants stay about eight days on the Big Island and a total of about 12 days statewide. The athletes don't come alone, the study said, but bring, on average, 2.6 companions.
- In 2014 data collected by the City and County of Honolulu showed revenue to the city for the Lion King and Bruno Mars's performances in March and April brought in close to \$1,000,000.
- Wicked and Lion King estimated local economic impact was more than \$30 million and Bruno Mars was \$370,000.
- Touring Broadway shows brought in \$3.4 billion into the U.S. economy, and for every dollar spent on a ticket for a touring Broadway show, another three dollars is generated in the local marketplace. (Anthology Group)

We support the intent of this bill but prefer HB 1847. We believe that there is an opportunity for the State to benefit from such an authority that can plan, coordinate and market to strengthen this industry and at the same time offer the facility to host these events.

Thank you for the opportunity to testify.