

# SB1275

Measure Title: RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR ASSISTING AN INDUSTRIAL ENTERPRISE.

Report Title: SPRB; Paradise Ohana (\$)

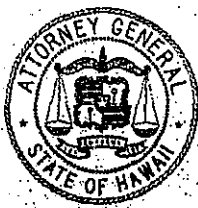
Description: Authorizes the issuance of SPRBs to assist industrial enterprises.

Companion: HB1329

Package: None

Current Referral: EDT, WAM

Introducer(s): SHIMABUKURO



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-EIGHTH LEGISLATURE, 2015**

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**ON THE FOLLOWING MEASURE:**

**S.B. NO. 1275, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR ASSISTING AN INDUSTRIAL ENTERPRISE.**

**BEFORE THE:**

**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY**

**DATE:** Friday, February 13, 2015

**TIME:** 2:45 p.m.

**LOCATION:** State Capitol, Room 016

**TESTIFIER(S):** WRITTEN COMMENTS ONLY. For more information, call  
Deputy Attorney General Diane Erickson, (808) 586-0618

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Chair Wakai and Members of the Committee:

The Attorney General has concerns about this bill.

The bill as introduced authorizes special purpose revenue bonds for four separate projects of Paradise Ohana Automotive Training & Education, LLC. We believe that the projects described in parts I, II, and IV of the bill do not fall within the scope of "industrial enterprises" under article VII, section 12, of the Hawaii State Constitution, as the State has interpreted that provision. Neither the Constitution nor part V of chapter 39A, Hawaii Revised Statutes, define what fits within that category, so where words in the Hawaii Constitution or in a Hawaii statute are undefined, it is presumed that the words are used in their "natural sense" or in "their meaning in common language." Hanabusa v. Lingle, 105 Hawaii 23, 32 (2004); Schmidt v. AOA of the Marco Polo Apts., 73 Haw. 526, 532 (1992); Hawaii Revised Statutes section 1-14 ("The words of a law are generally to be understood in their most known and usual signification . . . their general or popular use or meaning.") The common or general meaning of an "industrial enterprise" appears to be an organization, venture, undertaking or business activity, involving systematic labor, which produces or supplies goods or services. Cf. Webster's Third New International Dictionary (1986) (definitions of enterprise, industrial and industry); Black's Law Dictionary, Eighth Edition (2004) (same).

Although the "manufacturing and industrial facility" described in part II of the bill may fit within the definition of "industrial enterprise," the bill does not describe what manufacturing the facility will do.

In addition, it is unclear how the four separate projects work together. For example, the fact that the bill treats each project separately implies that the educational and "motorsports" projects are not physically integrated components of the "manufacturing and industrial facility" in part II. Also, the projects described in parts III and IV are not expressly identified to be within the 400-acre parcel mentioned in parts I and II, which raises the possibility that they are geographically separate from the 400-acre site.

Finally, based upon consultation with the State's bond counsel for general public finance matters, it does not appear that any of the projects described in the bill will qualify for federal tax exemption, either because the particular project is not an exempt facility or manufacturing facility within the meaning of applicable Internal Revenue Code provisions (section 142(a) and section 144(a)(12)(C), respectively), or, in the case of the project described in part II, would not qualify as an exempt small issue described in section 144(a)(4)(A) of the Internal Revenue Code and because of the capital expenditure limitation in section 144(a)(4)(A)(ii) and section 144(a)(4)(G) of the Internal Revenue Code. The small issue provisions permit a tax-exempt bond issue for a manufacturing facility of not more than \$10 million principal amount, so long as the borrower's aggregate capital expenditures within the county, including the \$10 million bond amount, do not exceed \$20 million for the six year period beginning three years prior to the bond issue date and ending three years after the bond issue date. While part II of the bill provides for a \$20 million project size, of which \$10 million might be small issue-qualified, the capital expenditures to be made in the City and County of Honolulu for the projects described in the remaining parts would breach the \$20 million threshold. Please also note that section 144(a)(8)(B) of the Internal Revenue Code expressly forbids the issuance of tax-exempt small issue bonds if any portion of the proceeds are used for a "racetrack." It is unclear whether the "motorsports center" project in part IV of the bill would constitute a "racetrack."

Thank you for the opportunity to present our concerns.

**WRITTEN ONLY**

TESTIMONY FROM PARADISE OHANA CENTERS LLC  
RODNEY Y. SATO, MANAGING MEMBER  
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY  
ON  
SENATE BILL NO. 1275

February 13, 2015  
Friday  
2:45 p.m.  
Room 016

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR ASSISTING AN INDUSTRIAL ENTERPRISE.

Thank you very much for scheduling this hearing and giving us an opportunity to present testimony.

S.B. 1274 was introduced along with S.B. 1275 to assist in the financing and development of a motor sports industry here in Honolulu, Hawaii.

S.B. 1274 requires Department of Business, Economic Development, And Tourism to study and analyze the feasibility of establishing a motor sports center in Hawaii, including but not limited to location, cost of land acquisition, costs of construction and development, projected revenues, and means of financing. Requires a report to the legislature.

S.B. 1275 is authorizes the issuance of special purpose revenue bonds for Hawaii corporations that provide industrial enterprises.

We are very thankful to State Senator Maile Shimabukuro and House Speaker Joseph Souki for introducing these bills in the Senate and the House.

Hawaii needs a motor sports center.

S.B. 1274 authorizes four (4) special purpose revenue bonds totaling \$100mil. \$30mil. for an Automotive Discovery Center, \$20mil. for an Automotive Technologies Center, \$15mil. for an Automotive Training & Learning Center and \$35mil. for a Motorsports Center. Like type businesses would cluster around these centers and have synergy and critical mass to launch a Motorsports industry here in Hawaii.

Stand alone projects like the Honolulu Stadium, Hawaii Convention Center, University of Hawaii John A. Burns School of Medicine, Cancer Research Center, Deep Barber's Point Deep Draft Harbor cannot be successful if like type business are not clustered around these anchor

entities. The anchor entity is as important as the like type business. They need to be clustered to be economically & financially successful.

The Automotive Discovery Center is to spark an interest in young and old in everything relating to the automotive industry. The Automotive Technologies Center will dazzle and excite anyone in what can happen in the automotive industry and that there are so many more innovative technologies not yet in the marketplace. The Automotive Training & Learning Center will properly train anyone in sanely, safely, securely, socially and successfully being an automotive enthusiast. The Motorsports Center is the actual raceway park for all levels of automotive enthusiasts to practice and compete on a track or to be an observer and supporter. By situating these like type businesses next to each other there could be the synergy to collaborate on new technologies for training and learning at a new type of simulated racing center, a new simulated racing center where racers in different parts of the world can race through new telecommunications and technologies. Many new products and services could be developed through collaboration between these centers.

There are many great examples of motor sports centers and motor sports industry in the U.S.A and other parts of the world. Attached is a copy of the items as follows:

1. Motors Sports Centers State Legislature Summary Of Bills  
1-page
2. Motorsports Talking Points  
2-pages
3. Motorsports Economic Impact  
2-pages

We strongly support S.B. 1275.

PARADISE OHANA MOTOR SPORTS CENTERS  
Hawaii Not For Profit Corporations  
SUMMARY OF HAWAII STATE LEGISLATURE BILLS  
as of 02/11/15 8:00 a.m.

NO.	BILLS	AUTHORIZATION	AMOUNT
1.	HB1328/SB1274	Requires Department of Business, Economic Development, And Tourism to study and analyze the feasibility of establishing a motor sports center in Hawaii, including but not limited to location, cost of land acquisition, costs of construction and development, projected revenues, and means of financing. Requires a report to the legislature.	
<p>HB 1328 01/29/15 Introduced and Passed First Reading. 02/02/15 Referred to EDB, TRN, FIN, referral sheet 6. 02/03/15 Bill scheduled to be heard by EDB on Friday, 02-06-15 9:30AM in the House conference room 312. 02/06/15 The committees on EDB recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 9 Ayes: Kawakami, Kong, Brower, Cachola, Choy, Ohno, Onishi, Tsuji, Ward; Ayes with reservations: none; 0 Noes: none; and 4 Excused: Ito, Tokioka, Woodson, Matsumoto. 02/10/15 Reported from EDB (Stand. Com. Rep. No. 68), recommending passage on Second Reading and referral to TRN. 02/10/15 Passed Second Reading and referred to the committee(s) on TRN with none voting aye with reservations; none voting no (0) and none excused (0).</p> <p>SB1274 01/29/15 Introduced. 01/29/15 Passed First Reading. 01/29/15 Referred to EDT, WAM.</p>			
2.	HB 3129/SB1275	Authorizing the issuance of special purpose revenue bonds to assist industrial enterprises.	\$100mil.
<p>Section 12: \$30mil. SPRB Paradise Ohana Automotive Discovery Center.</p> <p>Section 7: \$20mil. SPRB Paradise Ohana Automotive Technologies Center.</p> <p>Section 2: \$15mil. SPRB Paradise Ohana Automotive Training &amp; Education Center.</p> <p>Section 17: \$35mil. SPRB Paradise Ohana Motorsports Center.</p> <p>HB 1329 01/29/15 Introduced and Passed First Reading. 02/02/15 Referred to EDB, TRN, FIN, referral sheet 6. 02/06/15 Bill scheduled to be heard by EDB on Tuesday, 02-10-15 9:00AM in House conference room 312. 02/06/15 Bill scheduled to be heard by EDB on Tuesday, 02-10-15 9:00AM in House conference room 312. 02/10/15 The committees on EDB recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 12 Ayes: Representative(s) Kawakami, Kong, Brower, Cachola, Choy, Ohno, Tokioka, Tsuji, Woodson, Matsumoto, Ward; Ayes with reservations: none; 0 Noes: none; and 1 Excused: Representative(s) Ito.</p> <p>SB1275 01/29/15 Introduced. 01/29/15 Passed First Reading. 01/29/15 Referred to EDT, WAM. 02/10/15 The committee(s) on EDT has scheduled a public hearing on 02-13-15 2:45PM in conference room 016.</p>			

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### **Motorsports Talking Points**

- **Motorsports is among the most watched sports worldwide**
  - Global fanbase both locally, nationally, and internationally
  - Annual physical attendance at US events estimated at 15 million people
  - Fastest growing spectator sport in the United States
  - F1 Viewership ratings on par with Olympics and Soccer World Cup (30 million)
- **Motorsports is an economically important statewide cluster**
  - Involves both racing and non-racing firms
  - Includes firms that specialize in engineering, advanced manufacturing, transportation, education and logistics
  - Large source of statewide employment
  - Promotes education and training
- **Motorsports would enhance many positive attributes of our state**
  - Increase our national and international image resulting in increased tourism and revenue
  - Attract human capital and foreign investment and drive local economic expansion
  - Engender national and international market relationships through positive imports and exports
- **Local economic impact is immense**
  - Facilities can generate massive amounts of annual incomes and jobs
    - Example: Phoenix International Raceway generates approximately \$475 million annually and over 5,000 jobs.
    - Example: Indiana motorsports industry directly employs 23,000 people and generates \$3 billion to the state annually while providing 421,000 jobs indirectly
  - Strong spending in nearby localities for lodging, food, gas, miscellaneous supplies, tips, air fare, and medical expenses
    - Example: Summit Motorsports Park:
      - \* Food, more than \$6.1 million
      - \* Drinks, more than \$4.6 million
      - \* Gas, more than \$6.4 million
      - \* Miscellaneous supplies, more than \$5.1 million
      - \* Tips, more than \$4 million

- \* Other expenses such as airline, repairs, souvenirs and medical, more than \$5.4 million
- Promotes existing workforce mobilization while providing new avenues for job creation such as construction and development
- The motorsports industry is high tech, innovative, and attracts the same
  - Attracts high tech firms, well-educated workers, and promotes constant innovation
  - Includes a wide range of high technology engineering and manufacturing firms as well as NAICSs
  - Includes firms that provide materials, parts and service firms that benefit from financial and technical interactions
- Motorsports can foster new avenues of education and training while supporting current ones
  - Students will support existing educational courses
    - Examples: 3D and computer aided design, marketing, accounting, logistics, business management, engineering, programming, marketing
  - Local community colleges and universities can develop technology and business related programs to support the industry
- Motorsports is a community based industry
  - Racing promotes family and community concepts
  - Fosters safety and education amongst our youth
  - Provides opportunity for self-improvement



## **MOTORSPORTS ECONOMIC IMPACT**

The following is a sample of economic impact studies from various industry partners and from racing facilities.

This summary does not reflect the overall economic impact of the industry or the industry's significant contributions to local and state income, sales, property and other taxes.

### **Alabama**

#### **Talladega Superspeedway**

Talladega Superspeedway generates a \$407 million economic impact and nearly 8,000 jobs for the state each year. *Source: Washington Economics Group, June 2008.*

### **Arizona**

#### **Phoenix International Raceway**

Phoenix International Raceway generates approximately \$475 million annually and over 5,000 jobs. *Source: Arizona State University Study, November 2005.*

### **California**

#### **Auto Club Speedway**

Auto Club Speedway created 5,000 jobs in 2007 and the regional economic impact is estimated at \$210 million annually. *Source: Conventions, Sports & Leisure Report, August 2008.*

### **Florida**

#### **Daytona International Speedway and Homestead-Miami Speedway**

The two facilities generate an annual economic impact of over \$2.1 billion and over 35,000 permanent jobs in the State of Florida. *Source: Washington Economics Group, December 2007.*

### **Georgia**

#### **Atlanta Motor Speedway**

Atlanta Motor Speedway contributes \$455 million annually to the Atlanta economy which is more than the combined total of all other sporting events in the city. *Source: Atlanta Journal-Constitution, March 11, 2004.*

### **Illinois**

#### **Chicagoland Speedway and Route 66 Raceway**

Overall economic impact is estimated at \$140 million annually and creates nearly 2,000 full-time equivalent jobs. *Source: Frost Motorsports, LLC, February, 2005.*

### **Indiana**

#### **Indianapolis Motor Speedway**

Indianapolis Motor Speedway provides approximately \$727 million in annual economic impact for the local economy. *Source: September 2000 study by Dr. Mark Rosentraub of Indiana University – Purdue University at Indianapolis.*

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### **Kansas**

#### **Kansas Speedway**

Kansas Speedway generates approximately \$243 million for the local economy annually and over 5,000 jobs. *Source: Washington Economics Group, August 2008.*

### **Michigan**

#### **Michigan International Speedway**

Michigan International Speedway creates more than \$400 million in economic impact and over 6,000 jobs for the State of Michigan. *Source: Hillsdale Policy Group, Ltd., May 2007.*

### **Nevada**

#### **Las Vegas Motor Speedway**

The Speedway generates approximately \$200 million in annual economic impact. *Source: Scene Daily, LVCA study 2006.*

### **North Carolina**

The total economic impact of the motorsports industry to the State of North Carolina is estimated at nearly \$6 billion and generates over 27,000 jobs for the local economy. *Source: Dr. John Cannaughton, Dr. Ronald A. Madsen at UNC Charlotte, January 2006.*

### **Pennsylvania**

#### **Pocono Raceway**

Pocono Raceway generates more than \$363 million for the State's economy. *Source: Pocono Raceway and Buhart Horn, Inc/BASCO Associates, 2006.*

### **Virginia**

#### **Martinsville Speedway and Richmond International Speedway**

The two facilities generate an annual economic impact of \$637 million and over 10,000 jobs in the State of Virginia. *Source: Washington Economics Group, March 2009.*

**§39A-151 Definitions.** Whenever used in this part, unless a different meaning clearly appears from the context:

"Department" means the department of budget and finance.

"Project" means any combination of land, buildings, and other improvements thereon, including without limitation parking facilities, for use of, or for, or to assist an industrial enterprise, including, without limiting the generality of the foregoing, machinery, equipment, furnishings, and apparatus which shall be deemed necessary, suitable, or useful to such enterprise.

"Project agreement" means any agreement entered into under this part by the department with a project party to finance, construct, operate, or maintain a project from the proceeds of special purpose revenue bonds, or to lend the proceeds of special purpose revenue bonds to assist an industrial enterprise, including without limitation any loan agreement.

"Project party" means a person, firm, or corporation qualified to do business in this State and conducting or proposing to conduct an industrial enterprise in this State.

"Special purpose revenue bonds" or "bonds" means bonds, notes, or other evidences of indebtedness of the State issued pursuant to this part. [L 1981, c 122, pt of §2; am L 1985, c 43, §1; am L 1999, c 105, §6]

TESTIMONY NO. 2 FROM PARADISE OHANA CENTERS LLC  
RODNEY Y. SATO, MANAGING MEMBER  
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS  
ON  
SENATE BILL NO. 1275

February 13, 2015  
Friday  
2:45 p.m.  
Room 016

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR ASSISTING AN INDUSTRIAL ENTERPRISE.

Thank you very much for scheduling this hearing and giving us an opportunity to present testimony.

S.B. 1275 authorizes the issuance of special purpose revenue bonds for assisting an industrial enterprises.

S.B. 1275 authorizes four (4) special purpose revenue bonds totaling \$100mil. \$30mil. for an Automotive Discovery Center, \$20mil. for an Automotive Technologies Center, \$15mil. for an Automotive Training & Learning Center and \$35mil. for a Motorsports Center. Like type businesses would cluster around these centers and have synergy and critical mass to launch a Motorsports industry here in Hawaii.

For your convenience, we have attached section 39A-151, Hawaii Revised Statutes, entitled Definitions.

Section 39A-151, Hawaii Revised Statutes, defines "Project" and "Project party" as follows:

"Project" means any combination of land, buildings, and other improvements thereon, including without limitation parking facilities, for use of, or for, or to assist an industrial enterprise, including, without limiting the generality of the foregoing, machinery, equipment, furnishings, and apparatus which shall be deemed necessary, suitable, or useful to such enterprise.

"Project party" means a person, firm, or corporation qualified to do business in this State and conducting or proposing to conduct an industrial enterprise in this State.

Section 39A-151, Hawaii Revised Statutes does not require a “project party” to be a not-for-profit corporation. We will be changing our not-for-profit Hawaii corporations to a Hawaii corporations.

Section 39A-151, Hawaii Revised Statutes has very specific language on what a project is defined as and what the bond proceeds can be used for and we would recommend that the language be copied into the bill.

We request changes in the language of the bill as follows:

1. Page 1, Section 2:

Pursuant to part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed \$15,000,000, in one or more series, for the purpose of assisting Paradise Ohana Automotive Training & Education, LLC, a Hawaii not-for-profit corporation, for the planning, design, and construction of an automotive training and education facility in Hawaii. The legislature hereby finds and determines that the planning, design, and construction of industrial enterprise facilities a portion of more than four hundred acre facility constitutes a project as defined in part V, chapter 30A, Hawaii Revised Statutes, and the financing thereof is assistance to industrial enterprises.

Change to:

Pursuant to part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed \$15,000,000, in one or more series, for the purpose of assisting Paradise Ohana Training & Education, LLC, a Hawaii (not-for-profit) corporation, for the (planning, design, and construction of) land, buildings, and other improvements thereon, including without limitation parking facilities, for use of, or for, or to assist an industrial enterprise, including, without limiting the generality of the foregoing, machinery, equipment, furnishings, and apparatus which shall be deemed necessary, suitable, or useful to an automotive training and education facility in Hawaii. The legislature hereby finds and determines that the (planning, design, and construction of) land, buildings, and other improvements thereon, including without limitation parking facilities, for use of, or for, or to assist an industrial enterprise, including, without limiting the generality of the foregoing, machinery, equipment, furnishings, and apparatus which shall be deemed necessary, suitable, or useful to an automotive training and education facility (industrial enterprise facilities a portion of more than four hundred acre facility) constitutes a project as defined in part V, chapter 30A, Hawaii Revised Statutes, and the financing thereof is assistance to industrial enterprises.

2. Page 3, Section 7:

Pursuant to part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed \$20,000,000, in one or more series, for the purpose of assisting Paradise Ohana Automotive Technologies, LLC, a not-for-profit Hawaii corporation, for the planning,

design, and construction of a manufacturing and industrial facility on a portion of a more than four hundred acre facility in West Oahu. The legislature hereby finds and determines that the planning, design, and construction of a manufacturing and industrial facility on a portion of a more than four hundred acre facility in West Oahu constitutes a project as defined in part V, chapter 39A, Hawaii Revised Statutes, and the financing thereof is assistance to an industrial enterprise.

Change to:

Pursuant to part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed \$20,000,000, in one or more series, for the purpose of assisting Paradise Ohana Automotive Technologies, LLC, a (not-for-profit) Hawaii corporation, for the (planning, design, and construction of) land, buildings, and other improvements thereon, including without limitation parking facilities, for use of, or for, or to assist an industrial enterprise, including, without limiting the generality of the foregoing, machinery, equipment, furnishings, and apparatus which shall be deemed necessary, suitable, or useful to a manufacturing and industrial facility (on a portion of a more than four hundred acre facility) in West Oahu. The legislature hereby finds and determines that the (planning, design, and construction of) land, buildings, and other improvements thereon, including without limitation parking facilities, for use of, or for, or to assist an industrial enterprise, including, without limiting the generality of the foregoing, machinery, equipment, furnishings, and apparatus which shall be deemed necessary, suitable, or useful to a manufacturing and industrial facility (on a portion of a more than four hundred acre facility) in West Oahu constitutes a project as defined in part V, chapter 39A, Hawaii Revised Statutes, and the financing thereof is assistance to an industrial enterprise.

3. Page 5, Section 12:

Pursuant to part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed \$30,000,000, in one or more series, for the purpose of assisting Paradise Ohana Automotive Discovery Center, LLC, a not-for-profit Hawaii corporation, for the development of an education facility in West Oahu. The legislature hereby finds and determines that the planning, design, and construction of an education facility constitutes a project as defined in part V, chapter 39A, Hawaii Revised Statutes, and the financing thereof is assistance to an industrial enterprise.

Change to:

Pursuant to part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed \$30,000,000, in one or more series, for the purpose of assisting Paradise Ohana Automotive Discovery Center, LLC, a (not-for-profit) Hawaii corporation, for the (development of) land, buildings, and other improvements thereon, including without limitation parking facilities, for use of, or for, or to assist an industrial enterprise, including, without limiting the generality of the foregoing, machinery, equipment, furnishings, and apparatus which shall be deemed necessary, suitable, or useful to an education facility in West Oahu. The

legislature hereby finds and determines that the (planning, design, and construction of) land, buildings, and other improvements thereon, including without limitation parking facilities, for use of, or for, or to assist an industrial enterprise, including, without limiting the generality of the foregoing, machinery, equipment, furnishings, and apparatus which shall be deemed necessary, suitable, or useful to an education facility constitutes a project as defined in part V, chapter 39A, Hawaii Revised Statutes, and the financing thereof is assistance to an industrial enterprise.

4. Page 7, Section 17:

Pursuant to part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed \$35,000,000, in one or more series, for the purpose of assisting Paradise Ohana Motorsports Center, LLC, a Hawaii corporation, for plans and construction of a motor sports center. The legislature hereby finds and determines that plans and construction of a motor sports center constitutes a project as defined in part V, chapter 39A, Hawaii Revised Statutes, and the financing thereof is assistance to an industrial enterprise.

Change to:

Pursuant to part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed \$35,000,000, in one or more series, for the purpose of assisting Paradise Ohana Motorsports Center, LLC, a Hawaii corporation, for (plans and construction of) land, buildings, and other improvements thereon, including without limitation parking facilities, for use of, or for, or to assist an industrial enterprise, including, without limiting the generality of the foregoing, machinery, equipment, furnishings, and apparatus which shall be deemed necessary, suitable, or useful to a motor sports center. The legislature hereby finds and determines that (plans and construction of) land, buildings, and other improvements thereon, including without limitation parking facilities, for use of, or for, or to assist an industrial enterprise, including, without limiting the generality of the foregoing, machinery, equipment, furnishings, and apparatus which shall be deemed necessary, suitable, or useful to a motor sports center constitutes a project as defined in part V, chapter 39A, Hawaii Revised Statutes, and the financing thereof is assistance to an industrial enterprise.

We strongly support S.B. 1275.

**§39A-151 Definitions.** Whenever used in this part, unless a different meaning clearly appears from the context:

"Department" means the department of budget and finance.

"Project" means any combination of land, buildings, and other improvements thereon, including without limitation parking facilities, for use of, or for, or to assist an industrial enterprise, including, without limiting the generality of the foregoing, machinery, equipment, furnishings, and apparatus which shall be deemed necessary, suitable, or useful to such enterprise.

"Project agreement" means any agreement entered into under this part by the department with a project party to finance, construct, operate, or maintain a project from the proceeds of special purpose revenue bonds, or to lend the proceeds of special purpose revenue bonds to assist an industrial enterprise, including without limitation any loan agreement.

"Project party" means a person, firm, or corporation qualified to do business in this State and conducting or proposing to conduct an industrial enterprise in this State.

"Special purpose revenue bonds" or "bonds" means bonds, notes, or other evidences of indebtedness of the State issued pursuant to this part. [L 1981, c 122, pt of §2; am L 1985, c 43, §1; am L 1999, c 105, §6]



**WRITTEN ONLY**

TESTIMONY FROM PARADISE OHANA CENTERS LLC  
GEORGE GRACE, III, MANAGING MEMBER  
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY  
ON  
SENATE BILL NO. 1275

February 13, 2015  
Friday  
2:45 p.m.  
Room 016

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR ASSISTING AN INDUSTRIAL ENTERPRISE.

Thank you very much for scheduling this hearing and giving us an opportunity to present testimony.

S.B. 1274 was introduced along with S.B. 1275 to assist in the financing and development of a motor sports industry here in Honolulu, Hawaii.

S.B. 1274 requires Department of Business, Economic Development, And Tourism to study and analyze the feasibility of establishing a motor sports center in Hawaii, including but not limited to location, cost of land acquisition, costs of construction and development, projected revenues, and means of financing. Requires a report to the legislature.

S.B. 1275 is authorizes the issuance of special purpose revenue bonds for Hawaii corporations that provide industrial enterprises.

We are very thankful to State Senator Maile Shimabukuro and House Speaker Joseph Souki for introducing these bills in the Senate and the House.

Hawaii needs a motor sports center.

We strongly support S.B. 1275.

TO: Senator Glenn Wakai, Chair  
Vice Chair Sam Slom, Vice Chair  
Committee on Economic Development & Technology

FROM: Jeanette Grace

BILL: S.B. 1275

DATE: February 13, 2015, Friday, 2:45 p.m. Room 016

RE: S.B. 1275 Relating To The Issuance Of Special Purpose Revenue Bonds For Assisting An Industrial Enterprise (Motor Sports Centers).

Good morning. My name is Jeanette Grace. I am a resident of Kapolei.

Thank you very much for scheduling this hearing and giving us an opportunity to present testimony.

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Stand alone projects like the Honolulu Stadium, Hawaii Convention Center, University of Hawaii John A. Burns School of Medicine, Cancer Research Center, Deep Barber's Point Deep Draft Harbor cannot be successful if like type business are not clustered around these anchor entities. The anchor entity is as important as the like type business. They need to be clustered to be economically & financially successful.

The Automotive Discovery Center is to spark an interest in young and old in everything relating to the automotive industry. The Automotive Technologies Center will dazzle and excite anyone in what can happen in the automotive industry and that there are so many more innovative technologies not yet in the marketplace. The Automotive Training & Learning Center will properly train anyone in sanely, safely, securely, socially and successfully being an automotive enthusiast. The Motorsports Center is the actual raceway park for all levels of automotive enthusiasts to practice and compete on a track or to be an observer and supporter. By situating these like type businesses next to each other there could be the synergy to collaborate on new technologies for training and learning at a new type of simulated racing center, a new simulated racing center where racers in different parts of the world can race through new telecommunications and technologies. Many new products and services could be developed through collaboration between these centers.

There are many great examples of motor sports centers and motor sports industry in the U.S.A and other parts of the world. Attached is a copy of the items as follows:

1. Motors Sports Centers State Legislature Summary Of Bills  
1-page
2. Motorsports Talking Points  
2-pages
3. Motorsports Economic Impact  
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We strongly support S.B. 1275.

PARADISE OHANA MOTOR SPORTS CENTERS  
Hawaii Not For Profit Corporations  
SUMMARY OF HAWAII STATE LEGISLATURE BILLS  
as of 02/11/15 8:00 a.m.

NO.	BILLS	AUTHORIZATION	AMOUNT
1.	HB1328/SB1274	Requires Department of Business, Economic Development, And Tourism to study and analyze the feasibility of establishing a motor sports center in Hawaii, including but not limited to location, cost of land acquisition, costs of construction and development, projected revenues, and means of financing. Requires a report to the legislature.	
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### **Motorsports Talking Points**

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  - Annual physical attendance at US events estimated at 15 million people
  - Fastest growing spectator sport in the United States
  - F1 Viewership ratings on par with Olympics and Soccer World Cup (30 million)
- **Motorsports is an economically important statewide cluster**
  - Involves both racing and non-racing firms
  - Includes firms that specialize in engineering, advanced manufacturing, transportation, education and logistics
  - Large source of statewide employment
  - Promotes education and training
- **Motorsports would enhance many positive attributes of our state**
  - Increase our national and international image resulting in increased tourism and revenue
  - Attract human capital and foreign investment and drive local economic expansion
  - Engender national and international market relationships through positive imports and exports
- **Local economic impact is immense**
  - Facilities can generate massive amounts of annual incomes and jobs
    - Example: Phoenix International Raceway generates approximately \$475 million annually and over 5,000 jobs.
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      - \* Food, more than \$6.1 million
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  - Promotes existing workforce mobilization while providing new avenues for job creation such as construction and development
- The motorsports industry is high tech, innovative, and attracts the same
  - Attracts high tech firms, well-educated workers, and promotes constant innovation
  - Includes a wide range of high technology engineering and manufacturing firms as well as NAICSs
  - Includes firms that provide materials, parts and service firms that benefit from financial and technical interactions
- Motorsports can foster new avenues of education and training while supporting current ones
  - Students will support existing educational courses
    - Examples: 3D and computer aided design, marketing, accounting, logistics, business management, engineering, programming, marketing
  - Local community colleges and universities can develop technology and business related programs to support the industry
- Motorsports is a community based industry
  - Racing promotes family and community concepts
  - Fosters safety and education amongst our youth
  - Provides opportunity for self-improvement

## **MOTORSPORTS ECONOMIC IMPACT**

The following is a sample of economic impact studies from various industry partners and from racing facilities.

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TO: Senator Glenn Wakai, Chair  
Vice Chair Sam Slom, Vice Chair  
Committee on Economic Development & Technology

FROM: Michael Kitchens

BILL: S.B. 1275

DATE: February 13, 2015, Friday, 2:45 p.m., Room 016

RE: RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE  
BONDS FOR ASSISTING AN INDUSTRIAL ENTERPRISE.

My name is Michael J. Kitchens, a resident of Ewa Beach, and I am writing this letter in full support of Senate Bill 1275.

Since the closure of Hawaii Raceway Park in April 2006, I have been a constant advocate for the construction of a motorsports facility on Oahu. I have spent thousands of dollars of my own money and time holding annual events promoting the need for a motorsports facility. In addition, I have worked on several projects including the now closed Kalaeloa Raceway Park in an effort to bring this idea to fruition.

I am the former Track Director & Public Relations Director for Kalaeloa Raceway Park and am also the former Media Director for Drift Session, Super Lap Series, & Wheel 2 Wheel events that were once held at the now closed Hawaii Raceway Park. In total, I have fifteen years of experience participating in and managing motorsports and related events.

Our motorsports community is in a very dire situation. Currently, there are no viable alternatives for the majority of racing activities that have existed since the early 1960's when Jimmy Pfleuger first opened HRP. This has resulted in several problems for our motorsports community and the supporting companies, and public community.

- Substantial loss of income and jobs for the local economy
- Substantial loss of youth development and peer guidance opportunities
- Substantial loss of family oriented activities for the public
- Substantial loss for driver development through organized and legal racing
- Increased chance of risky activities due to the loss of the only legal avenue for racing
- Millions of dollars of wasted investment in the thousands of race-prepped, vehicles designed specifically for racing
- Loss of additional training facilities for City and State organizations, such as the Honolulu Police Department, and the Honolulu Sheriffs Division.
- 

Motorsports is a major world-wide industry that Oahu and the State of Hawaii currently lacks any substantial foothold in. Oahu, in particular, is devoid of a motorsports center

in its entirety. Multiple economic studies have shown that a motorsports center is capable of generating millions of dollars and thousands of jobs resulting in enormous annual economic benefit, employment, and community-based support for its host locale. There is substantial evidence that a motorsports center creates strong spending in nearby localities for lodging, food, gas, miscellaneous supplies, air fare, and medical expenses.

A motorsports center would increase our national and international image resulting in increased tourism, attract human capital and foreign investment while driving local economic expansion. In addition, it allows the opportunity to engender national and international market relationships through positive imports and exports.

The motorsports industry is high-tech, innovative, and attracts like-minded businesses. High-tech firms employ well-educated workers, promote constant innovation through product development and production. It includes a wide range of high technology engineering and manufacturing firms as well as NAICSs.

In addition, the motorsports industry can foster new avenues of education and training while supporting current ones. Students will support existing educational courses that include 3D and computer aided design, marketing, accounting, logistics, business management, engineering, programming, and marketing. In conjunction with the motorsports center, local community colleges and universities can develop technology and business related programs to support the existing functions and facilities.

Motorsports also promotes family and core community concepts while fostering safety and education for our youth. A motorsports center provides opportunity for constant self-improvement and peer mentoring.

SB1275 authorizes four (4) special purpose revenue bonds totaling \$100mil. \$30mil. for an Automotive Discovery Center, \$20mil. for an Automotive Technologies Center, \$15mil. for an Automotive Training & Learning Center and \$35mil. for a Motorsports Center. Like type businesses would cluster around these centers and have synergy and critical mass to launch a Motorsports industry here in Hawaii.

As a former track operator, I understand the importance of situating like-minded businesses together to drive further economic stimulus and business development. We present a plan to you to accomplish these goals by way of organized centers of excellence.

The Automotive Discovery Center is to spark an interest in young and old in everything relating to the automotive industry. The Automotive Technologies Center will provide a facility to foster innovation and development of new automotive technology. The Automotive Training & Learning Center will provide different levels of driver's education in order to foster socially responsible drivers and successful racing enthusiasts. The Motorsports Center would provide a safe, controlled multi-venue motorsports facility to

provide for all levels of automotive enthusiasts to practice and compete on-track or as a spectator.

By situating these like type businesses next to each other there could be the synergy to collaborate on new technologies for training and learning at a new type of simulated racing center, a new simulated racing center where racers in different parts of the world can race through new telecommunications and technologies. Many new products and services could be developed through collaboration between these centers.

Oahu's motorsports community needs a home, a safe place to race, and the freedom to enjoy our automotive hobbies. Please help us to provide for our youth and our community, today, and in the future.

I fully support SB1275 for the benefit of our motorsports community. I ask that you support this bill as well.

I have attached two documents with data that I have compiled for your review concerning the benefits of a motorsports facility and its economic impact.  
Mahalo for your time and consideration.  
Respectfully,

Michael J. Kitchens  
Motorsports Enthusiast

Attachment: Motorsports Economic Impact  
Motorsports Talking Points

## **MOTORSPORTS ECONOMIC IMPACT**

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TO: Senator Glenn Wakai, Chair  
Vice Chair Sam Slom, Vice Chair  
Committee on Economic Development & Technology

FROM: George "Bungi" Grace IV

BILL: S.B. 1275

DATE: February 13, 2015, Friday, 2:45 p.m., Room 016

RE: RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE  
BONDS FOR ASSISTING AN INDUSTRIAL ENTERPRISE.

Good morning. My name is George "Bungi" Grace IV. I am a resident of Waianae.

Thank you very much for scheduling this hearing and giving us an opportunity to present testimony.

S.B. 1274 was introduced along with S.B. 1275 to assist in the financing and development of a motor sports industry here in Honolulu, Hawaii.

S.B. 1274 requires Department of Business, Economic Development, And Tourism to study and analyze the feasibility of establishing a motor sports center in Hawaii, including but not limited to location, cost of land acquisition, costs of construction and development, projected revenues, and means of financing. Requires a report to the legislature.

S.B. 1275 is authorizes the issuance of special purpose revenue bonds for Hawaii corporations that provide industrial enterprises.

We are very thankful to State Senator Maile Shimabukuro and House Speaker Joseph Souki for introducing these bills in the Senate and the House.

Hawaii needs a motor sports center.

We strongly support S.B. 1275.

S.B. 1275 authorizes four (4) special purpose revenue bonds totaling \$100mil. \$30mil. for an Automotive Discovery Center, \$20mil. for an Automotive Technologies Center, \$15mil. for an Automotive Training & Learning Center and \$35mil. for a Motorsports Center. Like type businesses would cluster around these centers and have synergy and critical mass to launch a Motorsports industry here in Hawaii.

As a former motorsports facility operator, I understand the struggles with the day-to-day operations of the racing industry. With today's economy, there is a definite need to



situate like-minded businesses within close effect to achieve sustainable growth while supporting related businesses at the same time.

Stand alone projects like the Honolulu Stadium, Hawaii Convention Center, University of Hawaii John A. Burns School of Medicine, Cancer Research Center, Deep Barber's Point Deep Draft Harbor cannot be successful if like type business are not clustered around these anchor entities. The anchor entity is as important as the like type business. They need to be clustered to be economically & financially successful.

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TO: Senator Glenn Wakai, Chair  
Vice Chair Sam Slom, Vice Chair  
Committee on Economic Development & Technology

FROM: Jackie Grace

BILL: S.B. 1275

DATE: February 13, 2015, Friday, 2:45 p.m., Room 016

RE: RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE  
BONDS FOR ASSISTING AN INDUSTRIAL ENTERPRISE.

Good morning. My name is Jackie Grace. I am a resident of Kapolei.

Thank you very much for scheduling this hearing and giving us an opportunity to present testimony.

S.B. 1274 was introduced along with S.B. 1275 to assist in the financing and development of a motor sports industry here in Honolulu, Hawaii.

S.B. 1274 requires Department of Business, Economic Development, And Tourism to study and analyze the feasibility of establishing a motor sports center in Hawaii, including but not limited to location, cost of land acquisition, costs of construction and development, projected revenues, and means of financing. Requires a report to the legislature.

S.B. 1275 is authorizes the issuance of special purpose revenue bonds for Hawaii corporations that provide industrial enterprises.

We are very thankful to State Senator Maile Shimabukuro and House Speaker Joseph Souki for introducing these bills in the Senate and the House.

Hawaii needs a motor sports center.

We strongly support S.B. 1275.

S.B. 1275 authorizes four (4) special purpose revenue bonds totaling \$100mil. \$30mil. for an Automotive Discovery Center, \$20mil. for an Automotive Technologies Center, \$15mil. for an Automotive Training & Learning Center and \$35mil. for a Motorsports Center. Like type businesses would cluster around these centers and have synergy and critical mass to launch a Motorsports industry here in Hawaii.

Stand alone projects like the Honolulu Stadium, Hawaii Convention Center, University of Hawaii John A. Burns School of Medicine, Cancer Research Center, Deep Barber's Point Deep Draft Harbor cannot be successful if like type business are not clustered

around these anchor entities. The anchor entity is as important as the like type business. They need to be clustered to be economically & financially successful.

The Automotive Discovery Center is to spark an interest in young and old in everything relating to the automotive industry. The Automotive Technologies Center will dazzle and excite anyone in what can happen in the automotive industry and that there are so many more innovative technologies not yet in the marketplace. The Automotive Training & Learning Center will properly train anyone in sanely, safely, securely, socially and successfully being an automotive enthusiast. The Motorsports Center is the actual raceway park for all levels of automotive enthusiasts to practice and compete on a track or to be an observer and supporter. By situating these like type businesses next to each other there could be the synergy to collaborate on new technologies for training and learning at a new type of simulated racing center, a new simulated racing center where racers in different parts of the world can race through new telecommunications and technologies. Many new products and services could be developed through collaboration between these centers.

There are many great examples of motor sports centers and motor sports industry in the U.S.A and other parts of the world. Attached is a copy of the items as follows:

1. Motors Sports Centers State Legislature Summary Of Bills  
1-page
2. Motorsports Talking Points  
2-pages
3. Motorsports Economic Impact  
2-pages

We strongly support S.B. 1275.



PARADISE OHANA MOTOR SPORTS CENTERS  
Hawaii Not For Profit Corporations  
SUMMARY OF HAWAII STATE LEGISLATURE BILLS  
as of 02/11/15 8:00 a.m.

NO.	BILLS	AUTHORIZATION	AMOUNT
1.	HB1328/SB1274	Requires Department of Business, Economic Development, And Tourism to study and analyze the feasibility of establishing a motor sports center in Hawaii, including but not limited to location, cost of land acquisition, costs of construction and development, projected revenues, and means of financing. Requires a report to the legislature.	
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<p>Section 12: \$30mil. SPRB Paradise Ohana Automotive Discovery Center.</p> <p>Section 7: \$20mil. SPRB Paradise Ohana Automotive Technologies Center.</p> <p>Section 2: \$15mil. SPRB Paradise Ohana Automotive Training &amp; Education Center.</p> <p>Section 17: \$35mil. SPRB Paradise Ohana Motorsports Center.</p> <p>HB 1329 01/29/15 Introduced and Passed First Reading. 02/02/15 Referred to EDB, TRN, FIN, referral sheet 6. 02/06/15 Bill scheduled to be heard by EDB on Tuesday, 02-10-15 9:00AM in House conference room 312. 02/06/15 Bill scheduled to be heard by EDB on Tuesday, 02-10-15 9:00AM in House conference room 312. 02/10/15 The committees on EDB recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 12 Ayes: Representative(s) Kawakami, Kong, Brower, Cachola, Choy, Ohno, Tokioka, Tsuji, Woodson, Matsumoto, Ward; Ayes with reservations: none; 0 Noes: none; and 1 Excused: Representative(s) Ito.</p> <p>SB1275 01/29/15 Introduced. 01/29/15 Passed First Reading. 01/29/15 Referred to EDT, WAM. 02/10/15 The committee(s) on EDT has scheduled a public hearing on 02-13-15 2:45PM in conference room 016.</p>			

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### **Motorsports Talking Points**

- **Motorsports is among the most watched sports worldwide**
  - Global fanbase both locally, nationally, and internationally
  - Annual physical attendance at US events estimated at 15 million people
  - Fastest growing spectator sport in the United States
  - F1 Viewership ratings on par with Olympics and Soccer World Cup (30 million)
- **Motorsports is an economically important statewide cluster**
  - Involves both racing and non-racing firms
  - Includes firms that specialize in engineering, advanced manufacturing, transportation, education and logistics
  - Large source of statewide employment
  - Promotes education and training
- **Motorsports would enhance many positive attributes of our state**
  - Increase our national and international image resulting in increased tourism and revenue
  - Attract human capital and foreign investment and drive local economic expansion
  - Engender national and international market relationships through positive imports and exports
- **Local economic impact is immense**
  - Facilities can generate massive amounts of annual incomes and jobs
    - Example: Phoenix International Raceway generates approximately \$475 million annually and over 5,000 jobs.
    - Example: Indiana motorsports industry directly employs 23,000 people and generates \$3 billion to the state annually while providing 421,000 jobs indirectly
  - Strong spending in nearby localities for lodging, food, gas, miscellaneous supplies, tips, air fare, and medical expenses
    - Example: Summit Motorsports Park:
      - \* Food, more than \$6.1 million
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      - \* Miscellaneous supplies, more than \$5.1 million
      - \* Tips, more than \$4 million

- \* Other expenses such as airline, repairs, souvenirs and medical, more than \$5.4 million
  - ◻ Promotes existing workforce mobilisation while providing new avenues for job creation such as construction and development
- The motorsports industry is high tech, innovative, and attracts the same
  - ◻ Attracts high tech firms, well-educated workers, and promotes constant innovation
  - ◻ Includes a wide range of high technology engineering and manufacturing firms as well as NAICSs
  - ◻ Includes firms that provide materials, parts and service firms that benefit from financial and technical interactions
- Motorsports can foster new avenues of education and training while supporting current ones
  - ◻ Students will support existing educational courses
    - Examples: 3D and computer aided design, marketing, accounting, logistics, business management, engineering, programming, marketing
  - ◻ Local community colleges and universities can develop technology and business related programs to support the industry
- Motorsports is a community based industry
  - ◻ Racing promotes family and community concepts
  - ◻ Fosters safety and education amongst our youth
  - ◻ Provides opportunity for self-improvement

## **MOTORSPORTS ECONOMIC IMPACT**

The following is a sample of economic impact studies from various industry partners and from racing facilities.

This summary does not reflect the overall economic impact of the industry or the industry's significant contributions to local and state income, sales, property and other taxes.

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TO: Senator Glenn Wakai, Chair  
Vice Chair Sam Slom, Vice Chair  
Committee on Economic Development & Technology

FROM: Polly-"Granny" Grace

BILL: S.B. 1275

DATE: February 13, 2015, Friday, 2:45 p.m., Room 016

RE: RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE  
BONDS FOR ASSISTING AN INDUSTRIAL ENTERPRISE.

Good morning. My name is Polly Grace. I am a resident of Waianae.

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TO: Senator Glenn Wakai, Chair  
Vice Chair Sam Slom, Vice Chair  
Committee on Economic Development & Technology

FROM: Sabrina Grace DeReis

BILL: S.B. 1275

DATE: February 13, 2015, Friday, 2:45 p.m., Room 016

RE: RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE  
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Good morning. My name is Sabrina Grace DeReis. I am a resident of Waianae.

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As a former motorsports facility manager, I know the financial numbers when it comes to operating a motorsports facility. We need like-minded businesses close to each other

to bring about sustainability and future development. These businesses are important to our community because they provide economic stimulus and jobs for the locals.

We have a group of centers planned that we believe will help foster our youth and provide jobs for our community while encouraging training and education as a tool to improve the lives of many people on Oahu.

The Automotive Discovery Center is to spark an interest in young and old in everything relating to the automotive industry. The Automotive Technologies Center will dazzle and excite anyone in what can happen in the automotive industry and that there are so many more innovative technologies not yet in the marketplace. The Automotive Training & Learning Center will properly train anyone in sanely, safely, securely, socially and successfully being an automotive enthusiast. The Motorsports Center is the actual raceway park for all levels of automotive enthusiasts to practice and compete on a track or to be an observer and supporter. By situating these like type businesses next to each other there could be the synergy to collaborate on new technologies for training and learning at a new type of simulated racing center, a new simulated racing center where racers in different parts of the world can race through new telecommunications and technologies. Many new products and services could be developed through collaboration between these centers.

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NO.	BILLS	AUTHORIZATION	AMOUNT
1.	HB1328/SB1274	Requires Department of Business, Economic Development, And Tourism to study and analyze the feasibility of establishing a motor sports center in Hawaii, including but not limited to location, cost of land acquisition, costs of construction and development, projected revenues, and means of financing. Requires a report to the legislature.	
<p>HB 1328 01/29/15 Introduced and Passed First Reading. 02/02/15 Referred to EDB, TRN, FIN, referral sheet 6. 02/03/15 Bill scheduled to be heard by EDB on Friday, 02-06-15 9:30AM in the House conference room 312. 02/06/15 The committees on EDB recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 9 Ayes: Kawakami, Kong, Brower, Cachola, Choy, Ohno, Onishi, Tsuji, Ward; Ayes with reservations: none; 0 Noes: none; and 4 Excused: Ito, Tokioka, Woodson, Matsumoto. 02/10/15 Reported from EDB (Stand. Com. Rep. No. 68), recommending passage on Second Reading and referral to TRN. 02/10/15 Passed Second Reading and referred to the committee(s) on TRN with none voting aye with reservations; none voting no (0) and none excused (0).</p> <p>SB1274 01/29/15 Introduced. 01/29/15 Passed First Reading. 01/29/15 Referred to EDT, WAM.</p>			
2.	HB 3129/SB1275	Authorizing the issuance of special purpose revenue bonds to assist industrial enterprises.	\$100mil.
<p>Section 12: \$30mil. SPRB Paradise Ohana Automotive Discovery Center.</p> <p>Section 7: \$20mil. SPRB Paradise Ohana Automotive Technologies Center.</p> <p>Section 2: \$15mil. SPRB Paradise Ohana Automotive Training &amp; Education Center.</p> <p>Section 17: \$35mil. SPRB Paradise Ohana Motorsports Center.</p> <p>HB 1329 01/29/15 Introduced and Passed First Reading. 02/02/15 Referred to EDB, TRN, FIN, referral sheet 6. 02/06/15 Bill scheduled to be heard by EDB on Tuesday, 02-10-15 9:00AM in House conference room 312. 02/06/15 Bill scheduled to be heard by EDB on Tuesday, 02-10-15 9:00AM in House conference room 312. 02/10/15 The committees on EDB recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 12 Ayes: Representative(s) Kawakami, Kong, Brower, Cachola, Choy, Ohno, Tokioka, Tsuji, Woodson, Matsumoto, Ward; Ayes with reservations: none; 0 Noes: none; and 1 Excused: Representative(s) Ito.</p> <p>SB1275 01/29/15 Introduced. 01/29/15 Passed First Reading. 01/29/15 Referred to EDT, WAM. 02/10/15 The committee(s) on EDT has scheduled a public hearing on 02-13-15 2:45PM in conference room 016.</p>			

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### **Motorsports Talking Points**

- **Motorsports is among the most watched sports worldwide**
  - Global fanbase both locally, nationally, and internationally
  - Annual physical attendance at US events estimated at 15 million people
  - Fastest growing spectator sport in the United States
  - F1 Viewership ratings on par with Olympics and Soccer World Cup (30 million)
- **Motorsports is an economically important statewide cluster**
  - Involves both racing and non-racing firms
  - Includes firms that specialize in engineering, advanced manufacturing, transportation, education and logistics
  - Large source of statewide employment
  - Promotes education and training
- **Motorsports would enhance many positive attributes of our state**
  - Increase our national and international image resulting in increased tourism and revenue
  - Attract human capital and foreign investment and drive local economic expansion
  - Engender national and international market relationships through positive imports and exports
- **Local economic impact is immense**
  - Facilities can generate massive amounts of annual incomes and jobs
    - Example: Phoenix International Raceway generates approximately \$475 million annually and over 5,000 jobs.
    - Example: Indiana motorsports industry directly employs 23,000 people and generates \$3 billion to the state annually while providing 421,000 jobs indirectly
  - Strong spending in nearby localities for lodging, food, gas, miscellaneous supplies, tips, air fare, and medical expenses
    - Example: Summit Motorsports Park:
      - \* Food, more than \$6.1 million
      - \* Drinks, more than \$4.6 million
      - \* Gas, more than \$6.4 million
      - \* Miscellaneous supplies, more than \$5.1 million
      - \* Tips, more than \$4 million



- \* Other expenses such as airline, repairs, souvenirs and medical, more than \$5.4 million
  - ◻ Promotes existing workforce mobilization while providing new avenues for job creation such as construction and development
- The motorsports industry is high tech, innovative, and attracts the same
  - ◻ Attracts high tech firms, well-educated workers, and promotes constant innovation
  - ◻ Includes a wide range of high technology engineering and manufacturing firms as well as NAICSs
  - ◻ Includes firms that provide materials, parts and service firms that benefit from financial and technical interactions
- Motorsports can foster new avenues of education and training while supporting current ones
  - ◻ Students will support existing educational courses
    - Examples: 3D and computer aided design, marketing, accounting, logistics, business management, engineering, programming, marketing
  - ◻ Local community colleges and universities can develop technology and business related programs to support the industry
- Motorsports is a community based industry
  - ◻ Racing promotes family and community concepts
  - ◻ Fosters safety and education amongst our youth
  - ◻ Provides opportunity for self-improvement

## **MOTORSPORTS ECONOMIC IMPACT**

The following is a sample of economic impact studies from various industry partners and from racing facilities.

This summary does not reflect the overall economic impact of the industry or the industry's significant contributions to local and state income, sales, property and other taxes.

### **Alabama**

#### **Talladega Superspeedway**

Talladega Superspeedway generates a \$407 million economic impact and nearly 8,000 jobs for the state each year. *Source: Washington Economics Group, June 2008.*

### **Arizona**

#### **Phoenix International Raceway**

Phoenix International Raceway generates approximately \$475 million annually and over 5,000 jobs. *Source: Arizona State University Study, November 2005.*

### **California**

#### **Auto Club Speedway**

Auto Club Speedway created 5,000 jobs in 2007 and the regional economic impact is estimated at \$210 million annually. *Source: Conventions, Sports & Leisure Report, August 2008.*

### **Florida**

#### **Daytona International Speedway and Homestead-Miami Speedway**

The two facilities generate an annual economic impact of over \$2.1 billion and over 35,000 permanent jobs in the State of Florida. *Source: Washington Economics Group, December 2007.*

### **Georgia**

#### **Atlanta Motor Speedway**

Atlanta Motor Speedway contributes \$455 million annually to the Atlanta economy which is more than the combined total of all other sporting events in the city. *Source: Atlanta Journal-Constitution, March 11, 2004.*

### **Illinois**

#### **Chicagoland Speedway and Route 66 Raceway**

Overall economic impact is estimated at \$140 million annually and creates nearly 2,000 full-time equivalent jobs. *Source: Frost Motorsports, LLC, February, 2005.*

### **Indiana**

#### **Indianapolis Motor Speedway**

Indianapolis Motor Speedway provides approximately \$727 million in annual economic impact for the local economy. *Source: September 2000 study by Dr. Mark Rosentraub of Indiana University – Purdue University at Indianapolis.*

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### **Kansas**

#### **Kansas Speedway**

Kansas Speedway generates approximately \$243 million for the local economy annually and over 5,000 jobs. *Source: Washington Economics Group, August 2008.*

### **Michigan**

#### **Michigan International Speedway**

Michigan International Speedway creates more than \$400 million in economic impact and over 6,000 jobs for the State of Michigan. *Source: Hillsdale Policy Group, Ltd., May 2007.*

### **Nevada**

#### **Las Vegas Motor Speedway**

The Speedway generates approximately \$200 million in annual economic impact. *Source: Scene Daily, LVCA study 2006.*

### **North Carolina**

The total economic impact of the motorsports industry to the State of North Carolina is estimated at nearly \$6 billion and generates over 27,000 jobs for the local economy. *Source: Dr. John Cannaughton, Dr. Ronald A. Madsen at UNC Charlotte, January 2006.*

### **Pennsylvania**

#### **Pocono Raceway**

Pocono Raceway generates more than \$363 million for the State's economy. *Source: Pocono Raceway and Buhart Horn, Inc/BASCO Associates, 2006.*

### **Virginia**

#### **Martinsville Speedway and Richmond International Speedway**

The two facilities generate an annual economic impact of \$637 million and over 10,000 jobs in the State of Virginia. *Source: Washington Economics Group, March 2009.*

TO: Senator Glenn Wakai, Chair  
Vice Chair Sam Slom, Vice Chair  
Committee on Economic Development & Technology

FROM: Tom Bryant

BILL: S.B. 1275

DATE: February 13, 2015, Friday, 2:45 p.m., Room 016

RE: RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE  
BONDS FOR ASSISTING AN INDUSTRIAL ENTERPRISE.

My name is Tom Bryant, I am a resident of Kapolei and I am writing this letter in full support of Senate Bill 1275.

Here is a brief history of my 25 year involvement with racing on Oahu, so that you can better understand my involvement in the racing community.

I entered into the racing business with the Skip Barber Racing School in 1990 as an instructor trainee. Skip Barber Racing School at the time was the largest and most successful formula car racing school in the nation. They had 17 different locations for providing racing lessons and offered several competitive racing series. It may interest you to know that Governor Waihehe was one of our regular drivers. After Skip Barber closed down I moved to a new racing school called Hawaii International Racing School (B and S Motorsports, Inc.). The school was started in 1992 by my race instructor and mentor, Shige Hirabayashi, but there was a lot of work we had to do before we can open to the public.

After we were in full operation I was appointed VP of the new company. In 1998 Shige passed away and a new owner bought the company. I still remained VP, but I was very disappointed in the changes that came about by the new owner. So in 2000 I decided to start my own company called Race Events Hawaii, LLC. Still holding down my VP position at HIRS, I now had the flexibility to create new events and racing series and also host businesses and groups to stage their events using the facility at Hawaii Raceway Park where our office and business were located.

In 2001, my new partner David Shimokawa and I, started up another events company we named Drift Session, LLC. In 2006 just before the closure of HRP, Drift Session evolved into a company that put on 1 drifting event and competition series once a month and 1 timed competition event called the Super Lap Series once a month as well.

About 2 years before HRP closed I started my own racing school, Formula Hawaii, LLC. I did this to offer people real racing lesson that HIRS was no longer offering. HIRS eventually turned into a company that only catered to tourist, mainly the Japanese.

I realized after HRP had closed down in April of 2006, that I had all my eggs in one basket. Before the closure I could not fathom the fact that Oahu would not have a race track. The land lord at the time, Hawaii Motorsports Center, informed me that we would be out of a race track for about 3~6 months.

I have waited over 9 years now for an asphalt racing facility.

SB1275 authorizes four (4) special purpose revenue bonds totaling \$100mil. \$30mil. for an Automotive Discovery Center, \$20mil. for an Automotive Technologies Center, \$15mil. for an Automotive Training & Learning Center and \$35mil. for a Motorsports Center. Like type businesses would cluster around these centers and have synergy and critical mass to launch a Motorsports industry here in Hawaii.

I support and ask that you also support these SPRBs for a motorsports facility so that we could return to providing events for our displaced racers and race fans.

I have attached a worksheet detailing the operations I conducted at the now closed Hawaii Raceway Park. This may help you realize how much a motorsports facility can provide for its local and international patrons from just one small business. Imagine what a proper motorsports facility with big business support could provide!

Mahalo for your time, consideration and help.

Tom Bryant, Owner  
Race Events Hawaii, LLC  
Phone: (808) 306-2761

Attachment: REH Examples

## **Race Events Hawaii, LLC History of Operations and Examples at Hawaii Raceway Park**

Race Events Hawaii, LLC was a company acting, in part, as race track manager which solicited and rented out the raceway park for a broad range of various activities. Previous clientele at former Hawaii Raceway Park were Hawaiian Electric Company, JN Auto, Toyota Hawaii (Servco Pacific), Sumitomo Tire, Nissan of Hawaii, seven other drift groups and mainland and Japanese TV production companies.

REH also rented track time to private racecar owners, racecar rentals and offered performance driving classes. Further clientele were other car dealerships, Honolulu Police Department, State of Hawaii Sheriff Department and other interested companies and groups.

All groups had unique goals for their events which REH catered to and provided for on a individual customized basis. The following are examples of each groups unique programs:

Hawaiian Electric Company: Rented the track for their annual "Electrothon" competition for High School students building electric powered vehicles.

JN Auto: Rented the road course and classroom for their four day annual "Track Days" event. The purpose for their event is to thank their high-end customers by providing instruction, track time, food and beverages and entertainment for exotic automobile owners/buyers. This event was televised every year on our local broadcast news stations.

Toyota Hawaii: Rented the track for three days at a time, three to four times a year for the purpose of training their sales staff and mechanics on incoming new vehicles.

Sumitomo Tire Company: Companies like this rented the track for the same purpose as Servco. They do tire test comparisons with other tire brands for their sales staff and managers.

Nissan of Hawaii: Rented the track to debut their new Nissan 350Z to the public. Basically they threw an elaborate party for invited guests and the general public.

Seven drift groups: Private parties would rent the track to have the road course for their exclusive private use.

TV production companies: Mainly from Japan, TV crews would use the racing school as a back drop for their production. Other crews would feature the racing school as an activity to do when visiting Hawaii. Very good exposure for the track and usually no-charge for the TV companies.

Formula Hawaii Racing School- An automobile racing school, utilizing 2 liter class formula type racecars. Operated Monday through Friday and offered classes for local residents and visitors. Formula Hawaii also rented out the racecars to qualified drivers for races and practice sessions. car storage.

Drift Session, LLC: This company hosted two different type of events at HRP. One being drifting and the other being time trials (gripping) utilizing the road course.

Contact:

Tom Bryant

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