

## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI A HO'OMĀKA'IKA'I

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JOSH GREEN, M.D. GOVERNOR

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Telephone: (808) 586-2355 Fax: (808) 586-2377

Statement of CHRIS J. SADAYASU Director

Department of Business, Economic Development, and Tourism before the

#### SENATE COMMITTEE ON WAYS AND MEANS

Wednesday, February 22, 2023
Time 9:30 AM
State Capitol, Conference Room 211 and Videoconference

In consideration of SB 822 SD1
RELATING TO CREATIVE DISTRICTS.

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) and its Creative Industries Division (CID) offers comments on SB 822 SD1, which seeks to establish creative districts under the direction of the State Foundation for Culture and the Arts, an agency attached to the Department of Accounting and General Services (DAGS) and proposes a five-year tax credit and county incentives for established districts. DBEDT defers to DAGS and its agency the State Foundation on Culture and the Arts (SFCA), and Department of Taxation (DoTAX) on sections related to establishment and implementation of tax credits in this measure.

CID supports the concept of Creative Districts, noting that the initiative must be coupled with an economic strategy which bolsters the talent and business acumen of all artists and gig workers, beyond the designation of an area.

Development of creative districts is a recognized mechanism to unify businesses and organizations in areas with significant cultural resources, boosting economic development in their communities and regions.

With clusters of creative entrepreneurs and businesses across the neighbor islands and Oahu, this effort would further catalyze opportunities and potentially investments in much needed affordable housing and dedicated spaces for creative businesses to thrive throughout our state.

As recently reported in the World Economic Forum in 2022, the Unseco 2021 and the Brookings Institute Lost Art: The Impact of COVID-19 on Americas Creative Economy, the creative sectors globally and regionally, particularly in the performing, cultural and visual arts, were disproportionately impacted due to the pandemic. Hawaii is one of 5 states in the nation with a higher concentration of culture and arts sectors affected, then and now.

According to the National Assembly of State Arts Agencies (NASAA), there are currently 16 States with active cultural district programs with 343 unique cultural districts across the counties in these regions.

DBEDT and CID look forward to partnering with SFCA, our county offices of Arts and Culture, Economic Development and culture and arts nonprofit sector should this measure pass.

Thank you for the opportunity to testify.



No. 1 Capitol District Building 250 South Hotel Street Second Floor Honolulu, HI 96813

Governor Josh B. Green

Comptroller Keith A. Regan

Commissioners Susan Browne Nalani Brun Randall Fujiki Jill Kuramoto Michael Marshall Ronald Michioka

Interim Executive Director Karen A. Ewald

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# TESTIMONY OF THE STATE FOUNDATION ON CULTURE AND THE ARTS TO THE SENATE COMMITTEE ON WAYS AND MEANS February 22, 2023 Conference Room 211 & Videoconference at 9:30AM S.B. 822

#### **RELATING TO CREATIVE DISTRICTS**

Chair Dela Cruz and members of the Committee, the State Foundation on Culture and the Arts (SFCA), is pleased to offer testimony in **SUPPORT** of S.B.822. S.B.822 creates a process for the establishment of a creative district. Establishes a five-year tax credit for creative districts. Permits counties to enact incentives for creative districts.

Hawaii's unique creative economy is one of our most important resources that separates us from all other destinations. When we invest in our creative economy, we invest in the economic stability of Hawaii. By developing policies that create economic incentives for the private sector to put financial backing behind the creative economy, we create economies of belonging that are sustainable and can absorb the visitor impact.

Nationwide, Creative Districts offer a variety of different strategies, each tailored to their respective communities. There is no one size fits all. The Creative District designation varies in complexity from the most complex including tax credits, to the simplest designation by name only. Overall, Creative Districts designation supports economic growth in communities.

The Washington State Arts Commission Arts WA website provides a good example of how <u>Creative Districts</u> can work.

Creative District programs help communities thrive by turning cultural activities into economic growth. As Hawaii looks to diversify its economy, creative district designation can play a role in Hawaii's economy by connecting the visitor with Hawaii's rich culture and arts resources including music, dance and food.

For more information on State Cultural Districts nationwide, there are several studies:

State Cultural Districts Policy Brief - National Assembly of State Arts Agencies

National Cultural Districts Exchange Toolkit - Americans for the Arts

The State Foundation on Culture and the Arts supports an appropriation and staff to facilitate the establishment of a Creative Districts Program in Hawaii.

Thank you for the opportunity to testify on this matter.

SYLVIA LUKE LT. GOVERNOR



GARY S. SUGANUMA DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

### STATE OF HAWAI'I **DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau P.O. BOX 259 HONOLULU, HAWAI'I 96809 PHONE NO: (808) 587-1540 FAX NO: (808) 587-1560

## TESTIMONY OF GARY S. SUGANUMA, DIRECTOR OF TAXATION

#### **TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 822, S.D. 1, Relating to Creative Districts

**BEFORE THE:** 

Senate Committee on Ways and Means

**DATE:** Wednesday, February 22, 2023

**TIME:** 9:30 a.m.

**LOCATION:** State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee:

The Department of Taxation ("Department") offers the following <u>comments</u> regarding S.B. 822, S.D. 1, for your consideration.

S.B. 822, S.D. 1, seeks to amend chapter 9, Hawaii Revised Statutes (HRS), to establish creative districts in designated areas of the State. The Foundation on Culture and the Arts ("Foundation") will be responsible for the establishment and administration of the creative districts, including collaboration with the counties where application for a creative district is made as well as extension of the approval beyond the undetermined duration as currently written.

For taxation purposes, the new section 9-D, beginning on page 6, line 11 of the bill, provides for a nonrefundable income tax credit for taxpayers who are deemed to be "creative enterprises" within a "certified creative district." The amount of the credit shall be equal to an unspecified percent of the tax due for each of the first five years. The credit will be applicable to a taxpayer's income tax liability, as long as the taxes are on the gross proceeds attributable to a designated creative district, with any excess credit carried forward to the following year. The Foundation will be responsible for certifying the applicability of the tax credit on an annual basis. Section 23-94, HRS, will also be amended with the addition of the creative district tax credit. The Foundation must also

Department of Taxation Testimony S.B. 822, S.D. 1 February 22, 2023 Page 2 of 2

submit an annual report to the legislature no later than twenty days prior to the convening of the regular session.

The bill is effective upon approval and will apply to taxable years beginning after December 31, 2023.

The Department appreciates that the Committee on Transportation and Culture and the Arts amended the measure to distinguish between income earned inside and outside of the creative district. The Department suggests further clarifying taxpayers' reporting obligation by amending the last sentence in section 9-D(d) on page 7, lines 10 through 12 of the measure, to read: "Taxpayers shall allocate and apportion their taxable income based on business conducted inside and outside of the creative district."

Further, the Department defers to the Foundation on Culture and the Arts on its ability to certify and administer the designation of creative districts and eligibility for this credit, but requests that the third-party certification requirement be maintained.

Finally, the Department notes that it is able to administer this bill by the current effective date.

Thank you for the opportunity to provide comments on this measure.



## SB822 SD1 RELATING TO CREATIVE DISTRICTS Senate Committee on Ways and Means

February 22, 2023

9:30 AM

Room 211

The Office of Hawaiian Affairs (OHA) provides <u>COMMENTS</u> on SB822 SD1 which would create a process for the establishment of creative districts and establishes a creative district advisory committee. <u>OHA asks the Legislature to protect Native Hawaiian culture and identity against misappropriation and other disruptions by amending this measure to include two seats on the creative district advisory committee dedicated to Native Hawaiian traditional and customary practitioners.</u>

OHA wishes to emphasize the critical importance of Native Hawaiian agency in the perpetuation of Native Hawaiian traditional and customary practices, while also acknowledging the recognition of this State to constitutionally protect these practices belonging to the Native Hawaiian people. The establishment of creative districts and the creative district tax credit would be an economic benefit to creative enterprises, however it may encourage the appropriation and misappropriation of Native Hawaiian culture for profit. It is inappropriate for this State to take the traditional and customary practices of the Native Hawaiian people without the input or involvement of Native Hawaiians, and to encourage their appropriation with an added economic incentive, while watching Native Hawaiians suffer many of the State's worst socio-economic conditions.

OHA was constitutionally established<sup>2</sup> with the responsibility for the betterment of conditions of Native Hawaiians and to serve as the principal public agency of the State responsible for the performance, development, and coordination of programs and activities relating to Native Hawaiians.<sup>3</sup> OHA proposes that the measure should be amended to acknowledge the importance of Native Hawaiian culture and identity to the culture and economy of Hawai'i by adding a new subsection to \$9-C(a) of the proposed new part in Section 2 of the measure; on page 5, lines 13-20, and page 6, lines 1-5, to read:

§9-C Creative district advisory committee. (a) For each proposed creative district, the foundation shall establish an advisory committee, which shall be comprised of:

<sup>&</sup>lt;sup>11</sup> Haw. Stat. Con. Art. XII, Sec. 7 (1978).

<sup>&</sup>lt;sup>2</sup> Haw. Stat. Con. Art. XII, Sec. 4-6 (1978).

<sup>&</sup>lt;sup>3</sup> Haw. Rev. Stat. *§*10-3.



# SB822 SD1 RELATING TO CREATIVE DISTRICTS Senate Committee on Ways and Means

- (1) A chairperson, who shall be designated by the chairperson of the commission;
- (2) Three members recognized as being professionally qualified in the fields of culture and the art; provided that two of the members shall be residents of the county in which the proposed district is located;
- (3) The planning director of the county in which the proposed district is located or the planning director's designee; and
- (4) Two Native Hawaiian cultural practitioners professionally qualified in the field of Hawaiian Studies, selected by the Board of Trustees of the Office of Hawaiian Affairs.

OHA appreciates the opportunity to provide <u>COMMENTS</u> on SB822 SD1 and urges the Committee to consider amending the measure to ensure the necessary protections for Native Hawaiian culture and identity. Mahalo nui loa.

### **OFFICE OF INFORMATION PRACTICES**

STATE OF HAWAII NO. 1 CAPITOL DISTRICT BUILDING 250 SOUTH HOTEL STREET, SUITE 107 HONOLULU, HAWAI'I 96813

TELEPHONE: 808-586-1400 FAX: 808-586-1412

EMAIL: oip@hawaii.gov

To: Senate Committee on Ways and Means

From: Cheryl Kakazu Park, Director

Date: February 22, 2023, 9:30 a.m.

State Capitol, Conference Room 211

Re: Testimony on S.B. No. 822, S.D. 1

Relating to Creative Districts

Thank you for the opportunity to submit testimony on this bill, which would create a process for the establishment of creative districts. The Office of Information Practices (OIP) takes no position on the substance of this bill, but testified previously to suggest an amendment regarding the creative district advisory committee(s) created by this proposal. The Committee on Transportation and Culture and the Arts made OIP's suggested amendment in the S.D. 1 version of this bill, and OIP has no further concerns regarding this bill.

#### **DEPARTMENT OF PLANNING**

KA'ĀINA HULL, DIRECTOR JODI A. HIGUCHI SAYEGUSA, DEPUTY DIRECTOR



#### Testimony of Ka'āina Hull

Planning Director, Planning Department, County of Kaua'i

Before the
Senate Committee on Ways and Means
Wednesday, February 22, 2023 at 9:30AM

Conference Room 211 and Via Videoconference

In consideration of SB822, SD1 Relating to Creative Districts

Aloha Honorable Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members:

I am writing in **support** of SB822, SD1 relating to creative districts which are areas designated to encourage economic growth through the development of creative activities within the community.

We believe there are several possible Kauai County business areas that could truly benefit from being a designated cultural or creative district. Possible programs could evolve to improve the quality of life for residents of the area and as an extension help to build community. This bill could help stimulate economic development, revitalize communities, and support the artistic and cultural potential of all of those who live, work, and play within these designated areas with five years of tax credit support.

Mahalo for the opportunity to testify in support of SB822, SD1.

Respectfully submitted,

Ka'āina Hull

Planning Director, County of Kaua'i

<u>SB-822-SD-1</u> Submitted on: 2/18/2023 11:10:16 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

| <b>Submitted By</b> | Organization                   | <b>Testifier Position</b> | Testify                   |
|---------------------|--------------------------------|---------------------------|---------------------------|
| chucky boy chock    | Testifying for Kauai<br>Museum | Support                   | Written Testimony<br>Only |

#### Comments:

Kaua`i Museum is in full support of SB822!!!!! MAHALO chucky boy chock executive director KM

Submitted on: 2/19/2023 3:05:58 PM

Testimony for WAM on 2/22/2023 9:30:00 AM

| Submitted By | Organization  | <b>Testifier Position</b> | Testify                   |
|--------------|---|---------------------------|---------------------------|
| Tommy Noyes  | Testifying for The Friends<br>of Kamalani & Lydgate<br>Park | Support                   | Written Testimony<br>Only |

Comments:

#### Support for SB 882

Aloha,

Since 1994 The Friends of Kamalani & Lydgate Park -- a community service organization -- has worked collaboratively with the County of Kaua'i to encourage the arts, provide attractive spaces for physical activity, and reduce smoking & tobacco use, particularly among youth.

The Friends of Kamalani & Lydgate Park **supports SB 882** because Creative Districts offer a variety of strategies, with each tailored to their respective communities. There is no one size fits all. The Creative District designation varies in complexity from name designation only to tax credits. The designation of Creative Districts within communities supports economic growth.

Creative District programs help communities thrive by turning cultural activities into economic growth.

As the State looks to diversify its economy, Creative Districts designation can play a role in Hawai'i's economy by connecting the visitor with Hawaii's rich culture and arts resources, which include music, dance, and food.

Mahalo,

Tommy A. Noyes General Coordinator The Friends of Kamalani and Lydgate Park

### LEGISLATIVE TAX BILL SERVICE

## TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Tax Credit for Creative Districts

BILL NUMBER: SB 822 SD 1

INTRODUCED BY: Senate Committee on Transportation, Culture & the Arts

EXECUTIVE SUMMARY: Creates a process for the establishment of a creative district. Establishes a five-year tax credit for creative districts. Permits counties to enact incentives for creative districts. Requires the State Foundation on Culture and the Arts to submit an annual report to the Legislature on creative districts.

SYNOPSIS: Adds a new part to chapter 9, HRS, to govern Creative Districts.

The income tax credit is granted by section 9-D to a "creative enterprise" within a creative district. It applies only to taxes on the gross proceeds attributable to a designated creative district. The tax credit shall be \_\_\_% of the tax due for the first year, \_\_\_% of the tax due for the second year, \_\_\_% of the tax due for the third year, \_\_\_% of the tax due for the fourth year, and \_\_\_% of the tax due for the fifth year. The credit is nonefundable but may be carried forward until exhausted.

Amends section 23-94, HRS, to have the incentive created by this bill reviewed by the State Auditor periodically, like all credits and incentives are supposed to be.

EFFECTIVE DATE: Taxable years beginning after December 31, 2023.

STAFF COMMENTS: The apparent intent of the measure is to create arts districts with attached tax incentives that have some similarity to the incentives for Enterprise Zones under chapter 209E, HRS.

The enterprise zone program was enacted as a cooperative program between the state and the counties to promote jobs in areas of high unemployment. Certain areas are designated as enterprise zones through joint action of the state and counties. In a zone, the state offers an income tax credit for the tax attributable to the eligible business conducted in the zone, which is normally applied on a sliding scale – 80% for the first year, 70% for the second, and so on until the credit is 20% for the seventh and last year in the program. It also offers an unemployment tax credit for the tax attributable to employees doing the eligible business in the zone, on the same sliding scale. Finally, the state offers a general excise tax exemption for the eligible business attributed to the zone. The counties also offer incentives, which vary by county. In return, the business commits to either maintain or increase the number of employees in the zone doing the eligible activity, depending on whether it was already in the zone upon designation or moved to the zone.

As business incentives go, the enterprise zone program is better than most. The incentive applies to a specific activity (here, creating and maintaining employment) targeted to the problem the

Re: SB 822 SD1

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program seeks to address. The incentive tapers off over time and then stops. It requires accountability, namely required reports to DBEDT for a business to retain its eligibility. The business itself may need a different kind of assistance, such as financing, but the state is here focusing on creating and maintaining jobs in areas that need them.

To support the Creative District program, we suggest that the overseeing agency manage the creative enterprises in a district by securing the commitment of the enterprise to a metric that the Legislature finds relevant (such as creating and maintaining employment within the zone as is required under the enterprise zone program).

The part of the bill saying that the counties "may" offer incentives to creative districts actually accomplishes nothing. Counties already have the power to offer incentives of the kinds suggested in the bill and do not need state permission to do so. In fact, *State ex rel. Anzai v. City and County of Honolulu*, 99 Hawai'i 508, 57 P.3d 433 (2002), established that for at least the past twenty years, any county is "free to exercise its exclusive authority to increase, diminish, enact, or repeal any exemptions involving real property taxes without interference by the legislature." *Id.*, 57 P.3d at 446. Thus, even if this bill said that the counties "shall" offer a property tax exemption, the counties would have the right to ignore the bill.

Digested: 2/19/2023

Submitted on: 2/20/2023 9:24:41 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

| Submitted By   | Organization                      | <b>Testifier Position</b> | Testify                   |
|----------------|-----------------------------------|---------------------------|---------------------------|
| Robert Pollock | Testifying for Ebb & Flow<br>Arts | Support                   | Written Testimony<br>Only |

#### Comments:

This is testimony to support the establishment of Creative Districts.

The pandemic hit the arts community very hard. According to one report, "nowhere has the effect been more direct, deep, and immediate than on the performing arts."

The establishment of Creative Districts will help revive the Arts in Hawai'i. Once again the Arts will be a powerful driving force for our economy. According to an authoritative report, "the production of arts and cultural goods (pre-pandemic) and services in the U.S. added **4.3 percent** directly to the nation's GDP, for a total approaching a trillion dollars (**\$919.7 billion**). This amount is greater than the value added by such industries as construction, transportation and warehousing, mining, and agriculture."

According to another study, each \$1 in state arts funds leverages over \$3 in state and local revenue.

Composer, George Antheil dreamed that cities would hum and roar in different keys - so, Honolulu in B fat major, Lihue in F sharp minor, Wailuku in E flat major, and Hilo in F minor, etc. Such powerful if fanciful imaginings would spring forth from Creative Districts.

Einstein said that intelligence is not measured by knowledge but by **imagination**. Vital Creative Districts are essential for a thriving, spiritually healthy community. The Arts cultivate, inspire, induce, stimulate, and foster our IMAGINATION. For example, the Honolulu Rail Transit project has languished for many years not primarily because of funding, domain, and political issues. Its failure of completion is because of a fundamental lack of imagination. We need the Arts to help us dream and then act upon our dreams for the future. The stronger our imagination, the more detailed, complex, proactive and powerful will be our vision.

Please help re-vitalize our state after the pandemic with the establishment of Creative Districts. For example, Maui already has the most painters per capita in the country. It is ready-made for Creative Districting! Help fight the stifling, crass commodification and corporatization of our lives by your support of non-conforming, independent minded artists in our community. Their art, music, dance, plays, and poetry enable our imagination to reach its full glory!



Submitted on: 2/21/2023 11:58:35 AM Testimony for WAM on 2/22/2023 9:30:00 AM

| Submitted By     | Organization                           | <b>Testifier Position</b> | Testify                   |
|------------------|--|---------------------------|---------------------------|
| Denise Karabinus | Testifying for Honolulu<br>Printmakers | Support                   | Written Testimony<br>Only |

#### Comments:

Honolulu Printmakers founded in Honolulu is 1928 would like to express support for SB 822 SDI Creative Districts. Our community of printers and supporters enables artists to make their best work and supports the economy by bringing creativity, education and vibrancy to downtown. We pay teaching artists a fair wage and offer their creations for sale. Our members come to downtown to work, they eat lunch, shop and spend money in downtown. Creativity vibrancy flushes out the elements that bring drugs and crime to our street. Honolulu Printmakers have supported the economy in downton Honolulu for nearly 100 years and our laws should support and ecourage our creativity. Vote to support Creative Districts.

Mahalo,

Denise Karabinus

**Executive Director** 

Honolulu Printmakers

<u>SB-822-SD-1</u> Submitted on: 2/19/2023 9:31:19 PM

Testimony for WAM on 2/22/2023 9:30:00 AM

| <b>Submitted By</b> | Organization | <b>Testifier Position</b> | Testify                   |
|---------------------|--------------|---------------------------|---------------------------|
| Will Caron          | Individual   | Support                   | Written Testimony<br>Only |

Comments:

Please support SB822 SD1.

Submitted on: 2/20/2023 10:48:02 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

| <b>Submitted By</b> | Organization | <b>Testifier Position</b> | Testify                   |
|---------------------|--------------|---------------------------|---------------------------|
| Michelle Rundbaken  | Individual   | Support                   | Written Testimony<br>Only |

#### Comments:

Arts are the lifeblood of a culture. I fully support the growth of arts districts and funding to help this happen. It will help align with the HTA goals of more culturally sensitive travelers if Hawaiian culture and arts are part of these districts.

Thank you,

Michelle Rundbaken

Submitted on: 2/21/2023 8:40:36 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

| Submitted By | Organization | <b>Testifier Position</b> | Testify                   |
|--------------|--------------|---------------------------|---------------------------|
| Randy Wong   | Individual   | Support                   | Written Testimony<br>Only |

#### Comments:

The arts and culture are essential to the resilience and development of our communities. Creating a process by which Creative Districts can be established will not only inspire and embolden our neighborhoods and artists, but also help local arts organizations obtain funding on local, regional, and nationwide levels. In order for Hawaii's youth to continue to thrive and be civic leaders, they must have ready access to the arts; creative districts will help to concentrate and localize artistic efforts. Thank you for your consideration.

Submitted on: 2/21/2023 8:41:45 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

| Submitted By      | Organization | <b>Testifier Position</b> | Testify                   |
|-------------------|--------------|---------------------------|---------------------------|
| Victoria Takamine | Individual   | Support                   | Written Testimony<br>Only |

#### Comments:

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee.

Aloha Mai Kākou,

I am Vicky Holt Takamine, kumu hula of Pua Ali'i 'Ilima, an artist and cultural practitioner. I am pleased to submit testimony in STRONG SUPPORT of SB 822 which creates a process for the establishment on a creative district and provides a five-year tax credit for creative districts. SB 822 also permits counties to enact incenties for creative districts.

Native Hawaiian arts and culture is unique to Hawaii. In addition, Hawaii is one of the most culturally diverse visitor destinations in the world. Creative Districts offer economic opportunities for our artists, residents and businesses.

Mahalo for the opportunity to provide testimony in Strong Support of SB 822.



Submitted on: 2/21/2023 9:38:13 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

| _ | Submitted By         | Organization | <b>Testifier Position</b> | Testify                   |
|---|----------------------|--------------|---------------------------|---------------------------|
|   | carol kouchi yotsuda | Individual   | Support                   | Written Testimony<br>Only |

#### Comments:

#### SB822 SD1 Testimony

As an active community member involved in many aspects of coordinating art and culture activities for the island of Kaua'i for the past sixty years, I have seen the impact that the involvement of the residents and visitors in these events has had on the vitality of this island economy.

When I began involving myself in this venture, this island was hungry for stimulating art and culture activities and events. Over the past six decades I have been involved in the encouraging and creating a varied spectrum of activities in the visual arts, music and culture events, theatrical and dance programs, art in the schools programs, and community-wide events. It has changed the complexion of life on Kaua'i with so many groups creating and presenting stimulating programs, all of which contribute to a healthy revitalization of the island economy.

Consciously establishing Kaua'i as a Creative District gives government support and encouragement to this endeavor. It has been a long time coming and is necessary to continue this movement which does so much to contribute to a happier community with increased contribution to economic growth.

Carol Kouchi Yotsuda, Executive Director, Garden Island Arts Council



Submitted on: 2/21/2023 10:12:22 AM

Testimony for WAM on 2/22/2023 9:30:00 AM

| <br>Submitted By | Organization | <b>Testifier Position</b> | Testify                   |
|------------------|--------------|---------------------------|---------------------------|
| Steve Sue        | Individual   | Support                   | Written Testimony<br>Only |

#### Comments:

I support SB822 as creative skills are a key to a successful future for Hawai'i. Creativity is the furtherest thing away from automations such as artificial intelligence and robotics technologies that replace jobs in industries from the bottom up. The documentary film "Most Likely to Succeed" frames the automation dillema well, postulating that living wage ocupations will increasingly need to find refuge from automation, thus it's important that our state provides opportunities to learn and apply creative skills.

Creativity is also engaging for youth and friendly toward indigenous cultures such as islanders who pass down history through music, chanting, hula and other forms of storytelling. For students, a key finding in a Kauffman Institute study shows a full 70% of US students ages 8-18 list their top choice of occupation as "Social Media Influencer," an occupation that relies on creativity and expression skills. Providing opportunities through districts that support the development of creativity and expression skills both galvanizes student interest and provides a gateway for skills to be applied to other industries. Applied creativity is also a gateway to show relevance and application of STEM skills. For example, a student learning how to make a film needs math skills for time coding and budgeting, and computer literacy skills for camera/sound operations and editing/FX and other post production functions.

From a regional competition standpoint, Hawai'i is well-positioned to be a world leader in creative and expressive arts. It's in our varied culturals' DNA. And the things that drove the success of tourism since the 1960s (beautiful tropical environments and exotic cultures) can be leveraged into new creative products and services to render Hawai'i as a global creative mecca.

I know this all to be true as I am the chairperson of ID8 (formerly BizGym Foundation, DBA Bizgenics), a Hawaii-based education 501(C)(3). For over a decade, I've had first-hand experience building entreprenurship, creativity and innovation programs within the State. And I've see the dividends such programs provide for the betterment of State residents. At ID8, we also operate ID8 Studios, a State of Hawaii-owned film and TV soundstage at the Entrepreneurs Sandbox in Kaka'ako and are the producer of a documentary film entitled, "Shaka, A Story of Aloha." These programs likewise underscore dramatic successes in creativity and expression programs which I have no doubt will paving the way for generations of success in Hawai'i.

I therefore urge the State to approve SB822.

With aloha,

Steve Sue, Honolulu, Hawai'i resident