



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Finance  
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By  
Kalbert K. Young  
Vice President for Budget and Finance/Chief Financial Officer  
University of Hawai'i System

### SB 33 SD3 HD1 – RELATING TO ECONOMIC DEVELOPMENT

Chair Luke, Vice Chair Cullen, and members of the Committee:

Thank you for the opportunity to present testimony on SB 33 SD3 HD1. The University only offers the following comments on this measure. This bill proposes to raise the annual \$35,000,000 rolling cap to \$55,000,000 and extends the repeal date for the motion picture, digital media, and film production income tax credit; provided that the University of Hawai'i (UH), West O'ahu campus (UHWO) and Hawai'i Technology Development Corporation (HTDC) execute a memorandum of understanding for a no-cost lease agreement for at least 65 years that includes a provision for the potential transfer of title to a certain parcel of UHWO campus land. The University defers to Department of Business, Economic Development and Tourism (DBEDT) or the State Department of Taxation as to the merits of changing the structure of the tax credit. The University does offer comments on the condition of a no-cost lease agreement included in the HD1 version of the bill.

The UH has been developing an academic program to elevate creative media education at UHWO for the better part of the past decade. Furthermore, the University's Academy of Creative Media System (ACM System), helps fund and coordinates collaboration among 17 different programs at all ten UH campuses throughout the islands. The Legislature has been supportive of this effort and have even appropriated funds towards the construction of an Academy for Creative Media building at UHWO. Through the UH efforts and buoyed by the Legislature's support, the film, television and digital content industry, hires ACM graduates and makes it possible for them to stay in the islands with living wage jobs.

Since 2015, the UH has been working on a partnership with DBEDT on their efforts to develop a film production studio on the west side of O'ahu. UH has provided DBEDT with a letter of intent and have already reserved 30 acres of land from UHWO's campus and University village development plans in order to lease the property to DBEDT for its film studio project.

The University does not want to be the developer of the film studio, but does want to support DBEDT's efforts in this area, because UH believes that a studio in close

proximity to the UHWO campus will not only help develop the local industry, it will also help with the State workforce, our University graduates, and also elevate our ACM program academically.

The University had always anticipated giving a long-term lease to DBEDT for their development of the film studio. For development of a conventional film studio concept the University would agree that a no-cost lease arrangement is agreeable. However, if DBEDT or the film studio developer were to develop a facility or use that is other than a conventional film studio – for example, entailing retail, commercial, or visitor attraction businesses, UH would expect that use of its land include provisions for some consideration of revenue sharing.

The University has been a very cooperative partner to make its own land available for the project – even incorporating it into the University's development plans for the UHWO campus. Having property legislatively identified to be stripped away from the University is objectionable, but also does not account for the University's needs to retain value for its assets.

Thank you for the opportunity to submit testimony on this measure.