



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Energy, Economic Development & Tourism
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By
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on behalf of
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University of Hawai'i System

SB 33 SD1 – RELATING TO ECONOMIC DEVELOPMENT

Chair Wakai, Vice Chair Taniguchi and members of the Committee,

The University of Hawai'i (UH) supports this measure to repeal the annual \$35,000,000 rolling cap for the motion picture, digital media and film production income tax credit.

The University of Hawai'i greatly appreciates the strong support the Hawai'i State Legislature has given to the Academy for Creative Media System (ACM System), which now helps fund and coordinate collaboration among 17 different programs at all ten UH campuses throughout the islands. Most recently, ACM System lead the effort of students, faculty and staff from five different campuses in re-recording Disney's *Moana* into the Hawaiian language for distribution to all of our schools to encourage the learning of 'ōlelo Hawai'i.

Also, UH appreciates the Legislature's support for the film, television and digital content industry, which hires ACM graduates and makes it possible for them to stay in the islands with living wage jobs. In 2018, Hawai'i set a new record of almost \$477 million in direct production spending with an economic impact heading towards \$1 billion for our local economy. All three major production unions: IATSE, Teamsters and SAG report record membership numbers.

It is UH's belief that the new, \$35 million cap on the state's film, television and digital media tax credit, which took effect in 2019, will have a very deleterious effect on this robust industry and supports any efforts to roll back this cap completely. Already there are confirmed reports from the studios and networks, as well as independent projects, that they are reconsidering shooting in Hawai'i because of this cap and the uncertainty this has meant for their budgeting process. The decision of where to shoot a project is primarily one determined by incentives, as Louisiana, New Mexico and Michigan discovered when they restricted their tax credits and saw production plummet. Georgia, which has offered stable and consistent tax credits, has seen production spending rise from about \$100 million a decade ago to \$2.7 billion in direct spending with 455 films and television shows shot there in 2018 alone.

Thank you for the opportunity to testify on this measure.