



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Energy, Economic Development, and Tourism
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by

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on behalf of

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SB 3265 – RELATING TO FILM INDUSTRY DEVELOPMENT

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

The University of Hawai'i (UH) supports SB 3265 that aims to diversify our economy, increase workforce development, grow our successful production industry, and keep our graduates in the islands with living wage jobs.

Independent economists Professor Emeritus James Mak and Sumner LaCroix of UHERO have previously written on the role of the Hawai'i TV/film/digital production tax credit in diversifying the Hawai'i economy. According to their research, since the passage of the Act 88 film credit in 2006, spending in Hawai'i on TV/film productions has soared, with inflation-adjusted spending increasing by 116 percent between 2007 (\$164.5 million) and 2019 (\$355.6 million).

This is much larger than the overall increase in Hawai'i real gross domestic product over the same period, a modest 17 percent. Before Act 88, Hawai'i never saw more than \$100 million in production per year. Since then, our industry has climbed to a DBEDT reported average of \$396 million dollars in direct spend per annum.

In 2022, the latest figures from DBEDT, the total Hawai'i film production direct spend was \$420.04 million (includes qualified tax credit spend and non-tax credit spend). The breakdown by island is as follows:

O'ahu: \$354.88 million
Hawai'i County: \$39.32 million
Kaua'i County: \$12.56 million
Maui County: \$13.28 million

With Hawai'i household income generated at \$168.02 million and tax revenue generation of \$45.36 million, DBEDT estimates the total economic impact from film production on our economy at an impressive \$726.68 million.

As with all industries, growth depends on three factors: workforce development, physical infrastructure and incentives.

Workforce development has been accomplished in part by the statewide expansion of the Academy for Creative Media System (ACM System) which has developed or enhanced educational programs across the entire UH System. Thanks to the Legislature, several governors, UH alumni, the production industry, supporters in the community, and students and faculty across the islands, ACM is now celebrating our 20th year.

SB 3265 aids in both incentivising production in the islands and the building of much needed physical infrastructure. SB 3265 will help ensure that our graduates remain in the islands with their families through living wage jobs.

Thank you for the opportunity to testify today.