



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

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GOVERNOR

LUIS P. SALAVERIA  
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Statement of  
**LUIS P. SALAVERIA**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON FINANCE**  
Tuesday, March 1, 2016  
3:00 p.m.  
State Capitol, Conference Room 308  
in consideration of  
**HB 2229, HD1**  
**RELATING TO SPORTS.**

Chair Luke, Vice Chair Nishimoto, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of HB2229, HD1, which creates a Hawaii Sports Task Force to plan and coordinate efforts to establish and maintain Hawaii as a host site for Pro Bowl, a NFL pre-season game, work-title soccer tournaments, mixed martial arts, and other international sporting events.

DBEDT notes that the EDB Committee has amended the bill to broaden the scope to other sporting and sports entertainment events, broadened the membership of the task force to include the county mayors, Economic Development Boards, and a Hawaiian cultural specialist for a total of nineteen members.

DBEDT agrees that sporting events can strengthen and diversify Hawaii's economy by attracting a diversified visitor demographic, as well as bring pleasure to Hawaii's residents. We note that the sports industry is a dynamic area of business and to attract sporting events requires a knowledge of the finances of each different sport and the sports infrastructure of each island. We are grateful for the addition of county and private sector representation on the task force.

DBEDT humbly recognizes the honor of being designated to serve as the host of the Hawaii Sports Task Force. However, active participation from the members will be needed to complete the report to the Legislature on findings and recommendations, since DBEDT does not have the staff capacity or expertise in the broad array of sports to carry out this mandate with its own limited resources.

Thank you for the opportunity to offer comments.

**DAVID Y. IGE**  
GOVERNOR

**DOUGLAS MURDOCK**  
COMPTROLLER

**CHARLES T. TOGUCHI**  
CHAIRMAN, STADIUM AUTHORITY

**SCOTT L. CHAN**  
MANAGER



*An Agency of the State of Hawaii*

TESTIMONY  
OF  
CHARLES T. TOGUCHI, CHAIRMAN  
STADIUM AUTHORITY  
TO THE  
HOUSE COMMITTEE  
ON  
FINANCE  
ON  
March 1, 2016

H.B. 2229, HD1

RELATING TO SPORTS

Chair Luke, Vice Chair Nishimoto, and members of the Committee, thank you for the opportunity to submit testimony in the form of comments on H.B. 2229, HD1.

The Stadium Authority supports the intent of planning and coordinating the many varying levels of existing government and private-sector resources in an effort to place the State of Hawaii in the best possible position to attract and retain large scale sporting events to the State of Hawaii.

In order to capitalize on all that Hawaii has to offer as an event location, it is imperative that coordination of resources must occur at all levels. The Stadium Authority appreciates the Legislature's attention to maximizing opportunities through a means it deems most effective and efficient.

Thank you for the opportunity to provide comments on HB 2229, HD1.



Statement of  
**George D. Szigeti**  
Chief Executive Officer  
Hawaii Tourism Authority  
on  
**HB 2229**  
**Relating to Sports**  
House Committee on Finance  
Tuesday, March 1, 2016  
3:00pm  
Conference Room 308

The Hawaii Tourism Authority (HTA) offers the following **comments** on HB 2229, which would create a Hawaii Sports Task Force to plan and coordinate efforts to keep the Pro Bowl in Hawaii and to secure Hawaii as a host site for a National Football League preseason game, world-title soccer tournaments at Aloha Stadium, mixed martial arts Ultimate Fighting Championship tournaments at Aloha Stadium and other international sporting events.

HTA supports the goal of ensuring that Hawaii remains a premier destination for sporting events. Deepening Hawaii's connection to the sports industry is consistent with HTA's mission to promote Hawaii as a visitor destination and improve the visitor experience in the State. In furtherance of this goal, HTA sponsors several events in Hawaii, including the Diamond Head Classic, the Maui Invitational, the Hawaii Bowl, PGA Tour events and Ironman events. Hosting major sporting events in Hawaii draws visitors and generates substantial media exposure, which in turn produce a manifold return on investment. This was certainly true for the recently held Quiksilver in Memory of Eddie Aikau big-wave surfing invitational, for which HTA was a valued supporter. HTA continues to look for new sporting event partner and new events to sponsor.

In light of HTA's existing mission and efforts, we question the practical benefit of a task force directed to prepare a report and recommendation to the Legislature. At best, creating a task force, which would include as a member HTA's President and CEO, may simply duplicate programs that are already under way. At worst, identifying specific events and organizations to target may place Hawaii at a disadvantage when negotiating contracts with those event partners.

Mahalo for the opportunity to offer our comments.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 2:56 PM  
**To:** FINTestimony  
**Cc:** jasmineramos808@yahoo.com  
**Subject:** Submitted testimony for HB2229 on Mar 1, 2016 15:00PM

**HB2229**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 15:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jasmine Ramos	Individual	Support	No

Comments: I submit testimony in strong support for HB2229 Relating to Sports. Tourism is the top economic drive for the state of Hawaii. Moreover, in 2003 the Pro Bowl alone brought in 18,000 visitors to Hawaii and generated \$28 million dollars for our economy. Hawaii has over ten major intentional sporting events generating millions of dollars to our economy. Therefore, with a Sports Task Force, they would focus on additional ways of providing Hawaii as a venue for future sporting events and thus generate more money for our economy. This is a win-win for the state and people of Hawaii. Thank you for allowing me to provide testimony in strong support for HB2229. Sincerely, Jasmine Ramos

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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March 1, 2016  
3:00 PM  
Conference Room 308

To: House Committee on Finance  
Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair

From: Grassroot Institute of Hawaii  
President Keli'i Akina, Ph.D.

RE: HB 2229 -- RELATING TO SPORTS  
*Comments Only*

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on HB 2229, which would establish the Hawaii Sports Task Force to plan and coordinate efforts to keep the Pro Bowl in Hawaii as well as secure the state as the host site for other high-profile sports and sports entertainment events.

While we understand the affection in which the Pro Bowl is held and the desire to bring more tourism revenue to the state, we would like to urge the legislature to examine the assumptions behind this bill more closely. Most specifically, the assertion that the Pro Bowl creates significant revenue, worthy of further state subsidies, requires a deeper appraisal.

The Pro Bowl is the single most highly-subsidized event in the state, with the Hawaii Tourism Authority paying the NFL \$4 million and covering an additional \$152,000 in game management costs for the privilege of hosting the Pro Bowl. This is more than all other subsidized events combined.<sup>1</sup>

The HTA suggests that this expense is offset by the visitors brought to Hawaii because of the Pro Bowl (approximately 47,270 in 2014). However, analysis suggests that this vastly overstates the event's tourism effect. In fact, a survey of flight arrivals during that period reveals that only

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<sup>1</sup> Jason Keisling. "The Pro Bowl Scam." *Reason*. (Jan. 27, 2016). Available at <http://reason.com/blog/2016/01/27/the-pro-bowls-impact-on-tourism>

about 6726 non-residents arrived for the Pro Bowl, a fraction of those claimed.<sup>2</sup> Therefore, the revenue supposedly coming into the state from the Pro Bowl is largely local money being transferred from elsewhere in the economy.

Moreover, because the Pro Bowl has moved (in terms of time and location) multiple times, it is easy to measure its actual economic effect. Two economics professors at the College of Holy Cross studied four years of data related to the event and concluded that there was no measurable economic benefit to the state from hosting the Pro Bowl. In their paper, "Many Happy Returns? The Pro-Bowl, Mega-events, and Tourism in Hawaii," Professors Robert Baumann and Victor Matheson write:

"While the HTA estimates that 2014 Pro Bowl produced \$71.9 in direct visitor spending, our analysis of the organization's current methodology for determining economic impact is seriously flawed. Furthermore, an examination of tourist arrivals finds no statistically significant increase in tourism associated with the game. This result fails to justify the \$5 million subsidy, which roughly two-thirds of the HTA's expenditures on sporting events, it spends for the rights to the Pro Bowl."<sup>3</sup>

Finally, we must address the probability that the Task Force envisioned in this legislation would recommend significant upgrades to (or even rebuilding) Aloha Stadium in order to keep the Pro Bowl in the state. Any such recommendation must be carefully vetted in light of the negative economic effect of taxpayer-funded stadium projects. Since 1997, more than \$4.7 billion has been spent to build new NFL stadiums and 78% of those costs have been borne by taxpayers. Yet, the benefit of the stadium to the municipality is so small that 86% of economists agree that state and local governments should eliminate subsidies to pro sports franchises.<sup>4</sup>

As James Hamilton, an economist at University of California, San Diego, commented, "I am not aware of a recent example of a major sports facility investment that earned anything approaching a reasonable return on capital or turned out to be self-financing in terms of tax revenues."

Thank you for the opportunity to submit our comments.

Sincerely,  
Keli'i Akina, Ph.D.  
President, Grassroot Institute of Hawaii

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<sup>2</sup> Robert Baumann & Victor Matheson. "Many Happy Returns? The Pro-Bowl, Mega-events, and Tourism in Hawaii." International Association of Sports Economists, Working Paper Series, Paper 15-01 (August 2015). Available at [http://college.holycross.edu/RePEc/spe/1501-Baumann-Matheson\\_HawaiiTourism.pdf](http://college.holycross.edu/RePEc/spe/1501-Baumann-Matheson_HawaiiTourism.pdf)

<sup>3</sup> *Ibid.*

<sup>4</sup> Jason Keisling & Jim Pagels. "Economists Agree – Publicly Financed Sports Stadiums Are a Bust." Reason. (Dec. 2015). Available at <https://reason.com/archives/2015/12/01/economists-agree-publicly-financed-sport>

**LATE**

From: mailinglist@capitol.hawaii.gov  
Sent: Monday, February 29, 2016 7:36 PM  
To: FINTestimony  
Cc: smith808143@yahoo.com  
Subject: Submitted testimony for HB2229 on Mar 1, 2016 15:00PM

**HB2229**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Smith	Individual	Support	No

Comments: I submit testimony in strong support of HB2229 Relating to Sports. As you know tourism is the top economic driver in our island state. Hawaii makes nearly \$30 million on the pro bowl - if and when the pro bowl is in Hawaii. We need to work on keeping the pro bowl and secure additional sporting events for our state. The Sports Task Force will look at best practices to ensure more sporting events in Hawaii, which will generate millions of dollars to our economy. Mahalo for allowing me to testify on HB2229 for the benefit of our state, our economy, our people.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**HAWAI'I LODGING & TOURISM**  
ASSOCIATION

**LATE**

Testimony of

Mufi Hannemann  
President & CEO  
Hawai'i Lodging & Tourism Association

Committee on Finance  
House Bill 2229 HD1: Relating to Sports

Chair Luke, Vice Chair Nishimoto, and members of the Committee on Finance:

The Hawai'i Lodging & Tourism Association (HLTA) is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms that benefit from and strengthen Hawai'i's visitor industry. Today our membership consists of over 700 members representing the state's leading industry, 165 of which are lodging properties representing almost 50,000 rooms. The visitor industry was responsible for generating \$15.2 billion in visitor spending in 2015 and supported 181,500 jobs statewide, representing a vital sector of the economy.

Thank you for the opportunity to testify. On behalf of the Hawai'i Lodging & Tourism Association we support the intent of House Bill 2229 HD1 which calls attention to the importance of sports to our state. Given some of the mishaps and negative publicity that has occurred recently with some of the state sponsored sports, events, and activities, I commend the Legislature of being supportive of pro-actively seeking ways to put more of a laser-like focus on the importance of sports and its positive impact on our economy and tourism industry.

Mahalo.