

SB 1247

Linda Lingle
GOVERNOR



KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO

Statement of
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

March 2, 2009, 9:30 a.m.
Room 211, State Capitol

In consideration of
S.B. 1247, S.D. 1
RELATING TO THE ECONOMY.

The HHFDC supports the intent of S.B. 1247, S.D. 1, but requests that technical amendments be made to Section 3(d) of the S.D. 1 to fully effectuate its purpose. Specifically, the HHFDC respectfully requests that page 10, lines 1 and 2, be amended to read as follows:

"Paragraphs (7) and (11) of this subsection and the tax exemption in paragraph (9) of this subsection shall not apply to those"

(amendments highlighted).

Thank you for the opportunity to provide written comment on this bill.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA
Executive Director
Tel: 808.543.0011
Fax: 808.528.0922

NORA A. NOMURA
Deputy Executive Director
Tel: 808.543.0003
Fax: 808.528.0922

DEREK M. MIZUNO
Deputy Executive Director
Tel: 808.543.0055
Fax: 808.523.6879

The Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association
March 2, 2009

S.B. 1247, S.D. 1 – RELATING
TO THE ECONOMY

The Hawaii Government Employees Association supports the purpose and intent of S.B. 1247, S.D. 1, which will institute an ongoing program evaluation of tax credits and tax exemptions that have no sunset dates. Under this legislation, the Department of Taxation must compile the data necessary for the Legislature to evaluate tax credits and tax exemptions with consistent standards. The measure also requires the Legislature to implement the recommendations of the department before the mandate for those specific tax credits or tax exemptions are scheduled to sunset.

The Legislature needs such information to evaluate whether these particular credits and exemptions should be extended. As economic conditions change over time, the State will need different combinations of credits and exemptions to promote certain types of business activity. Without a regular evaluation of tax credits and exemptions, the Legislature will not be able to make fiscally sound and effective spending decisions.

In these difficult economic times, states need to ensure that tax credits and exemptions are regularly evaluated and that ineffective or overly expensive tax breaks are repealed.

Thank you for the opportunity to testify in support of S.B. 1247, S.D. 1.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director



HAWAII FILM & ENTERTAINMENT BOARD

*Brenda Ching, Chair
Screen Actors Guild*

Chris Conybeare, Esq.

*Donovan Ahuna
I.A.T.S.E., Local 665*

*Benita Brazier
Maui Film Commission*

*Walea Constantinau
Honolulu Film Office*

*Donne Dawson
Hawaii Film Office*

*Jeanne Ishikawa
Teamsters, Local 996*

*Leroy Jenkins
H.I.F.A.*

*John Mason
Big Island Film Office*

*Brien Matson
A.F.M., Local 677*

*Stephanie Spangler
F.A.V.A.H.*

*Art Umezu
Kauai Film Commission*

*Randall Young
I.B.E.W., Local 1260*

SENATE COMMITTEE ON
WAYS AND MEANS

March 2, 2009 – 9:30 am
State Capitol, Conference Room 211

RE: SB1247 SD1 - Relating to the Economy

Dear Chair Kim, Vice Chair Tsutsui and members of the committee:

The Hawaii Film and Entertainment Board, whose members include all of Hawaii's film unions, film commissions and leading industry associations, thank the legislature for its strong support of Hawaii's film industry. We **support SB 1247 SD1** specifically Section 4 of the bill referencing an evaluation of Act 88, Section 235-17, by the department of taxation.

We designed Act 88, in collaboration with legislators and the administration, to be a **fiscally responsible tax credit that would not be a drain on the general fund**. We also committed ourselves to continuing a dialog with the legislature on the status and impact of the credit. The summary information attached, which was compiled with base DBEDT numbers and analysis by economist Dr. William Boyd, show that we have met and exceeded our goals by creating **over \$300 million dollars of direct spend** since the inception of the credit (July 2006-Oct 2008) and that for calendar year 2007, **over \$11 million of tax revenues was generated after factoring in the payout of the credit**.

Sincerely,

Brenda Ching
Chair

Attachment: Act 88 ROI summary – calendar year 2007

2007 Economic Impact estimates - Act 88 and non-Act 88 Scenario

Oahu split calculated at	50%		
NI split calculated at	50%		
Oahu cost	15% x estimated split		\$11,592,208
NI cost	20% x estimated split		\$15,456,277
	\$77,281,387 Oahu split		
	\$77,281,387 NI split		
	Total Act 88 cost:		\$27,048,486
	Indirect Impact (Production Spend x multiplier)		\$294,997,152
	Indirect revenues generated =		\$66,317,189
	Indirect revenues x Revenue calculation =		\$8,621,235
	total direct and indirect impact		\$303,618,387
		multiplier	1.29
Annual Production Spend	\$228,679,963		
Act 88 Spend	\$154,562,775	% of Act 88 total	67.589120%
non-Act 88 Spend	\$74,117,188	% of non-Act 88 total	32.410880%
			100.000000%
Annual Tax Revenues	\$29,728,395	Revenue calculation @	13.00%
Rebate Cost	\$27,048,486	Oahu and NI figures	
subtotal (cost to state)	\$2,679,910	(net gain/net loss)	
Indirect Impact	\$8,621,235		
+ cost to state	\$2,679,910		
TOTAL	\$11,301,144	(net gain/net loss)	

Legend- base figures:

Blue = input figures

Green = formula figures

Black = formula figures with positive results

(Red) = formula figures with negative results

Total figures

Black = net gain to state

(Red) = net loss to state