

SB 2144

Testimony

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2144, S.D. 1

February 25, 2010

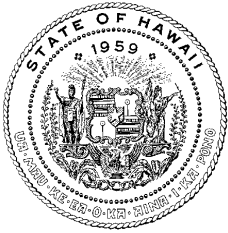
RELATING TO ECONOMIC DEVELOPMENT

Senate Bill No. 2144, S.D. 1, renames the Hawaii Television and Film Development Special Fund as the Hawaii Film Office Special Fund and redirects approximately \$500,000 in tax revenues presently deposited into the general fund to the Hawaii Television and Film Development Special Fund. The renamed special fund will be used for operations including personnel costs of the Hawaii Film Office. This bill also makes an unspecified appropriation from the Hawaii Film Office special fund in Fiscal Year 2011 to be expended by the Department of Business, Economic Development and Tourism for operation of the Hawaii Film Office.

Senate Bill No. 2144, S.D. 1, also amends the Hawaii Community-Based Economic Development Revolving Fund to expand use of the fund to include support of personnel costs related to the Department of Business, Economic Development and Tourism's Community-Based Economic Development program and Enterprise-Zone program. This bill further makes an unspecified appropriation from the temporary assistance for needy families funds in Fiscal Year 2011 for deposit into the Hawaii Community-Based Economic Development Revolving Fund to be used for Community-Based Economic Development program operations.

As a matter of general policy, this department does not support any special fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the Hawaii Community-Based Development Revolving Fund would meet these criteria with the amendments made in Senate Bill No. 2144, S.D. 1.

This department supports the language in Senate Bill No. 2682, which provides a mechanism for the Department of Business, Economic Development and Tourism to carry out its functions and operations in developing, promoting, and assisting film, television, digital media, and other creative industries in Hawaii. We respectfully urge the committee to adopt the language contained in Senate Bill No. 2682.



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

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
PEARL IMADA-IBOSHI
DEPUTY DIRECTOR

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Statement of
THEODORE E. LIU
Director

Department of Business, Economic Development, and Tourism
before the

**SENATE COMMITTEE ON
WAYS AND MEANS**

Thursday, February 25, 2010
11:00 a.m.
State Capitol, Conference Room 211

in consideration of
SB 2144 SD1
RELATING TO ECONOMIC DEVELOPMENT

Chair Kim, Vice Chair Tsutsui, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of SB2144 SD1 as it will provide much needed resources that would enhance the functions of the respective programs - film industry branch, the community-based economic development program, and the enterprise zone-partnership. We agree that the programs are important economic generators for the State and want to assure the committee that these statutorily-mandated programs are being adequately addressed by existing staff that have expertise, familiarity and knowledge of these sectors and programs, though this is sometimes at the expense of other priority programs that also have positive fiscal impacts on the economy.

SB 2144 SD1 additionally proposes the Community Based Economic Development (CBED) and Enterprise Zone (EZ) Programs' personnel and operating costs be funded through the Community-Based Economic Development Revolving Fund with funds appropriated from the temporary assistance for needy families fund. We defer to comment on this area to the Department of Human Services.

SB2144 SD1 requires DBEDT to report aggregate data as part of the existing requirements of the film production tax credit, in addition to the effectiveness of the credit, which we are amenable to. We would also engage the department of taxation in this effort.

The measure also addresses changes that redirect the income, purpose, and uses of the television and film development fund to provide perpetual support for the operations and functions of the film office within DBEDT's Creative Industries Division. We appreciate the committee's inclusion of the rents from the Hawaii Film Studio, as outlined in the administration's bill SB2682 (HB 2529) which also seeks to redirect the income to support the creative sectors, with a priority focus on film branch operations. We request the committee's consideration to include the other provisions outlined in the SB2682 which amends HRS Chapter 231 to establish a Creative Media Commission and a Creative Media Development Special Fund, providing additional non-general fund support to carry out functions and operations. We feel the more inclusive recommendations that support the creative sectors as a whole are important to the sustainability and growth of Hawaii's overall creative economy, including the film and television production sector. Collectively, these sectors contributed \$4 billion to Hawaii's GDP in 2008 and represent a workforce of 44,000+ statewide.

We additionally recommend the committee reinstate the grants section in 201-112, 213, HRS, as this provides a mechanism, as originally intended, to fund and develop locally originated creative product.

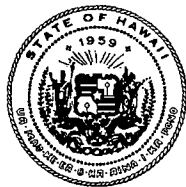
We agree that supporting Hawaii's digital media, film, music, culture and arts sectors are critical to a vibrant creative economy in our state, which is the mission of our Creative Industries Division. Since the department began tracking the thirteen creative sectors employment activity in 2002, the rate of growth for the arts, culture, music, film, television and digital media sectors has increased 9.7%. The combined computer and digital media sectors have increased 15.9%

with average earnings of \$68,244 and are cited as a key transitioning creative industry group based on performance, as reported in the *Hawaii's Creative Industries Update 2010* compiled by DBEDT's Research and Economic Analysis Division (READ) in collaboration with the Creative Industries Division.

In regards to the comments in standing committee report No. 2301, we appreciate the committee's concern, but want to emphasize that in the area of film, television and digital media area functions, the creative industries division and its film branch continue to provide effective management of DBEDT's statutorily mandated activities of film permitting, (116 filing entities, 210 general permits and 173 annual permits processed to date), as well as the co-management with Department of Taxation for Act 88 HRS 235-17 the film, television and digital media investment tax credit (16 applications reviewed to date). Based on current projections, Hawaii is on track to generate an estimated \$181 million in production expenditures this calendar year. This is not to suggest that additional special fund support for film branch operations is not welcomed, but that the statutorily mandated functions have continued to be delivered.

We encourage your thoughtful review of these recommendations and thank you for the opportunity to provide these comments.

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR
HENRY OLIVA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 25, 2010

MEMORANDUM

TO: The Honorable Donna Mercado Kim, Chair
Senate Committee on Ways and Means

FROM: Lillian B. Koller, Director

SUBJECT: **S. B. 2144, S.D. 1 - RELATING TO ECONOMIC DEVELOPMENT**

Hearing: Thursday, February 25, 2010; 11:00 a.m.
Conference Room 211, State Capitol

PURPOSE: Section 10 of this bill appropriates federal Temporary Assistance for Needy Families (TANF) funds for deposit into the Hawaii community-based economic development revolving fund under section 210D-4, Hawaii Revised Statutes, and to be expended by the Department of Business, Economic Development, and Tourism (DBEDT).

DEPARTMENT'S POSITION: The Department of Human Services (DHS) opposes Section 10 of this bill that appropriates federal TANF funds for deposit into the Hawaii community-based economic development revolving fund funds to be expended by the Department of Business, Economic Development and Tourism.

The federal TANF Block Grant is money given to the State under the Social Security Act, 42 U.S.C. chapter 7, subchapter IV-A. Per federal law, there can be only one state agency to receive and expend TANF federal funds. In Hawaii, DHS is the

sole receiving and expending agency identified in the State plan for TANF funds submitted to and approved by the U.S. Department of Health and Human Services pursuant to 42 U.S.C. §602(a)(4).

Also, the direct transfer of TANF Block Grant funding is allowed in only two situations: Transfer of funding to the Child Care Development Fund (CCDF); and transfer of funding to the Social Services Block Grants (SSBG). The provision in this bill for appropriation and expenditure of TANF funds directly by the Department of Business, Economic Development, and Tourism would not be authorized under the terms of the TANF Block Grant.

The provision in this bill for expenditure of TANF funds by DBEDT would not be authorized under the terms of the federal TANF Block Grant.

Additionally, TANF money can only be used for one of four purposes: (1) to provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (2) to end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; (3) to prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and (4) to encourage the formation and maintenance of two-parent families. 42 U.S.C. §601(a).

For the first and second enumerated purposes, TANF money may only be used to serve eligible needy families. For the third and fourth purposes, TANF money may be used to serve a broader population, but the purposes for which it can be used are obviously more narrowly defined.

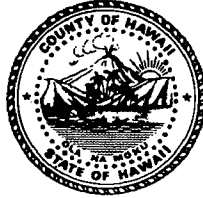
The purpose for which the money is appropriated by this bill does not clearly relate to one of the four allowed purposes, and may violate the use of the federal TANF Block Grant. Inadvertent or unintentional violations of the TANF requirements could

result in substantial financial penalties to the State if expenditures are found ineligible by the U.S. Department of Health and Human Services.

In order to comply with the Social Security Act and the terms of the federal TANF Block Grant, the bill must designate any federal TANF funds to be expended by DHS only. In addition, the bill should include more information regarding its purpose, and specifically how the purpose satisfies one of the allowed purposes for which TANF money may be used. Alternatively, it should at least make clear that the money will only be expended in accordance with the applicable federal TANF requirements.

Thank you for the opportunity to provide comments on the bill.

William P. Kenoi
Mayor



Randall M. Kurohara
Director

Laverne R. Omori
Deputy Director

County of Hawaii

DEPARTMENT OF RESEARCH AND DEVELOPMENT

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February 25, 2010

The Honorable Donna Mercado Kim, Chairperson
and Members of the Senate Ways and Means Committee
State Capitol, Conference Room 211
Honolulu, Hawai'i, 96800

RE: SB 2144, SD1 Relating to Economic Development

Dear Chairperson Mercado Kim:

On behalf of the County of Hawaii, Department of Research and Development, we strongly support SB 2144, SD1 which will create a mechanism to fund staff and operational costs for the Community Based Economic Development Program (CBED) and Enterprise Zone (EZ) programs thru CBED's revolving fund.

Approximately 55 businesses from the Big Island are currently participating in the EZ program. The EZ program promotes key industries like agriculture, manufacturing, wholesaling, and wind energy which are not only a priority to the County but important for our economic recovery. Moreover, Hawai'i County has the largest agriculture acreage (about 63%) and the highest volume of agriculture production; it is necessary to have incentives and programs to help agriculture producers and manufacturers.

The EZ program was originally designed to be a joint State and County government initiative to encourage job creation and economic development in distressed communities. Without the proper State staffing and resources, our businesses are not receiving the necessary level of information and services, and cannot succeed.

Please pass SB 2144, SD1 to create a mechanism to fund staff and operational costs for these income-generating programs critical to the State's economy.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Kurohara".

Randy Kurohara
Director

HAWAII FILM & ENTERTAINMENT BOARD



*Brenda Ching, Chair
Screen Actors Guild*

Chris Conybeare, Esq.

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

*Benita Brazier
Maui Film Commission*

*Walea Constantinau
Honolulu Film Office*

*Dana Hankins
Independent Filmmaker*

*Jeanne Ishikawa
Teamsters, Local 996*

*Stephan Kato
H.I.F.A.*

*John Mason
Big Island Film Office*

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

*David Rosen
A.I.C.P.*

*Georja Skinner
DBEDT, Creative
Industries Division*

*Jason Suapaia
F.A.V.A.H.*

*Art Umezu
Kauai Film Commission*

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

COMMITTEE ON WAYS AND MEANS

February 25, 2010 – 11:00 a.m.
State Capitol, Conference Room 211

RE: SB 2144, SD1 -- RELATING TO ECONOMIC DEVELOPMENT

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

The Hawaii Film and Entertainment Board, whose members include all of the film industry labor unions, associations and film commissions, **supports the measure in concept**, which is to find a way to fund the film office functions since this is a revenue generating agency, and are **submitting specific testimony in support of a portion of the measure**.

As we reported to the legislature in September 2009, **the state has received a 2000 percent return on investment** in 2007 and 2008. Almost **\$20 million of tax revenues were generated, \$10 million per year**. This is a NET gain figure, after the payout of the tax credit. The expense to fund film office functions is approximately \$500,000 per year.

Specifically, we **support the reporting requirements stated in the bill and the establishment of a Hawaii film office special fund** in which revenues generated from the rental of the Hawaii Film Studio can be placed and used to help off-set costs of running the film office functions.

The industry greatly appreciates the intent behind a number of measures introduced this year and respectfully requests that time be allowed for the industry to work in concert with the legislature over the summer **to develop a strategic plan for the future growth of the industry**. We would like the opportunity to discuss what is needed for the next five, ten and 20 years.

Thank you for the opportunity to provide these comments

Brenda Ching
Chair

Attachments: 2007-2008 Econ Impact, Direct and Indirect expenditures; 2007-2008 Tax Revenues Generated (summary); 2007 Econ Impact Detailed spreadsheet; 2008 Econ Impact Detailed spreadsheet

Economic Impact

The Film Industry is a part of the solution

Total Direct and Indirect impact:

2007 (based on \$229 M spend) \$304 million

2008 (based on \$146 M spend) \$194 million

Total Economic Impact 2007-2008 \$498 million

Multiplier of 1.29 and revenue calculation provided by DBEDT- READ; Direct and Indirect economic formulas provided by Dr. William Boyd, UH Economist; Based on direct spend figures provided by DBEDT-FIB

Note: "Film Industry" is used in a generic sense and represents film, television, commercial and new media

Tax Revenues Generated

Year	Direct Spend	Tax Revenues Generated
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2007	\$229 million	\$ 11.3 million
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2008	\$146 million	<u>\$ 8.06 million</u>
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\$19.37 million into State coffers

Major projects:

Forgetting Sarah Marshall

LOST

Tropic Thunder

Indiana Jones 4

Pirates of the Caribbean 3

Oahu

Oahu

Kauai

Big Island

Maui / Molokai

Direct and Indirect economic formulas provided by Dr. William Boyd, UH Economist

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

Hawaii Film and Entertainment Board

2008 Tax Incentive Economic Impact Analysis for Act 88

Oahu split calculated at	50%		
NI split calculated at	50%		
Oahu cost	15% x estimated split		\$7,035,000
NI cost	20% x estimated split		\$9,380,000
	\$46,900,000 Oahu split		
	\$46,900,000 NI split		
	Total Act 88 cost:		\$16,415,000
Indirect Impact (Production Spend x multiplier)			\$188,340,000
	Indirect revenues generated =		\$42,340,000
	Indirect revenues x Revenue calculation =		\$5,504,200
	(3) total direct and indirect impact		\$193,844,200
	(1) multiplier		1.29
Annual Production Spend*	\$146,000,000		
Act 88 Spend**	\$93,800,000	% of Act 88 total	64%
non-Act 88 Spend	\$52,200,000	% of non-Act 88 total	36%
Annual Tax Revenues	\$18,980,000	(2) Revenue calculation @	13.00%
Rebate Cost	\$16,415,000	Oahu and NI figures	
subtotal (cost to state)	\$2,565,000	(net gain/net loss)	
Indirect Impact	\$5,504,200	(net gain/net loss)	
+ cost to state	\$2,565,000		
TOTAL	\$8,069,200	(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

* Honolulu Advertiser 5/18/09; quote by Donne Dawson, Film Industry Branch

** draft figures provided by DBEDT - Film Industry Branch

(1) Multiplier figure provided by: DBEDT

(2) Revenue calculation figure provided by: DBEDT

(3) Direct and Indirect economic formulas provided by: Dr. William Boyd, UH Economist

From: [Ben Shafer](#)
To: [WAM Testimony](#); [Ben Shafer](#); [Donovan Ahuna](#)
Subject: In Support of SB 2144 SD1 SSCR2301
Date: Wednesday, February 24, 2010 10:51:47 PM

Benjamin D. Shafer, Trustee
IATSE Mixed Local 665
875 Waimanu Street Suite 310
Honolulu, Hawaii 96813
808. 596.0227
Hawaii State Senate
Committee on Ways and Means
Senator Donna Mercado-Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
And Members of the Senate Ways and
Means Committee
February 24, 2010
Committee Hearing
Thursday, February 25, 2010
11:00 am
Conference Room: 211

In Support of SB 2144 SD1 SSCR 2301

Aloha Kakou Chairperson Donna Mercado-Kim, Vice Chair Tsutsui and Members of the Ways and Means Committee,
On behalf of Local 665, International Alliance of Theatrical and Stage Employees (IATSE), we support SB 2144. Since the introduction of tax credits for the motion picture/media/film production, the DBEDT and the Department of Taxation should already have had in place an annual report to the legislature reflecting factual data relating to the tax credit debits and verifiable expenses incurred by these film ventures. We would like include language from SB 2478 that includes stage and theatrical productions tax credits with the same factual reporting requirements as stated above.
In summary, we support economic development in an industry that could change the dynamics of the film/digital/motion picture/stage-theatrical industry. Geographically speaking we are in the right place for this to happen. Hawaii should be the hub for the all Asia/Pacific/Hollywood/Broadway productions. Our members (400+ 200+ referrals) are some of the best in the industry with the skills and technical know how to make this happen. This industry is economically viable, sustainable, and obtainable for Hawaii. The State of Hawaii needs to be ready to venture to the next step to make this a reality. This bill and other like it makes it possible.
Mahalo nui loa,

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: ADMINISTRATION, Motion picture, digital media and film production tax credit

BILL NUMBER: SB 2144, SD-1

INTRODUCED BY: Senate Committee on Economic Development and Technology

BRIEF SUMMARY: Adds a new section to HRS chapter 201 to require the department of business, economic development and tourism (DBEDT) to use the information collected pursuant to HRS 235-17(h) and (I) to study the effectiveness of the motion picture, digital media, and film production income tax credit. Directs the department to report on the aggregate amount of all qualified production costs per qualified production and per qualified production per taxable year, jobs created by category and by county, compensation levels, and other factors as the department of taxation determines. The report shall be submitted to the legislature by December 1 of each year.

Amends HRS section 201-113 to rename the Hawaii television and film development special fund the Hawaii film office special fund. Amends the uses of the fund by deleting references to the implementation of a grant program and a venture capital program.

Amends HRS section 235-17 to allow DBEDT to establish a fee of \$_____ to process a taxpayer letter regarding the qualified production and the qualified costs and tax credit amount qualified for each taxable year a credit is claimed. The fee shall be deposited into the Hawaii film office special fund.

In order to determine the amount of tax revenue attributable to the economic development impact of the motion picture, digital media, and film production income tax credit for the purpose of determining the amount of tax revenue to be deposited into the special fund, DBEDT is to measure the degree of economic activity generated from the motion picture, digital media, and film production income tax credit, including job creation, hotel room occupancy, restaurant sales, and other sources of related income generating activities.

Moneys in the fund shall be used for the operations of the Hawaii film office, provided that the use of moneys from the fund for current and future personnel costs shall be limited to those employees performing specialized duties and assigned to the Hawaii film office operations. Requires the department of taxation to report annually to the legislature beginning on July 1, 2011 on the deposits, appropriations, and balance in the special fund for the immediately preceding fiscal year.

Amends HRS section 210D-4 to provide that the Hawaii community-based economic development revolving fund is to fund the operations of the community-based program and the enterprise zone program under HRS chapter 209E.

Repeals HRS section 201-112 to repeal the Hawaii television and film development board.

EFFECTIVE DATE: July 1, 2010

STAFF COMMENTS: The legislature by Act 107, SLH 1997, enacted an income tax credit of 4% for costs incurred as a result of producing a motion picture or television film in the state and 7.25% for transient accommodations rented in connection with such activity. The credit was adopted largely to address the impost of the state's general excise tax on goods and services used by film producers. The legislature by Act 88, SLH 2006, increased the 4% credit to 15% of qualified production costs if the film is made on Oahu and 20% of qualified costs if filmed on a Neighbor Island. The credit is to revert back to 4% on 1/1/16.

The proposed measure would direct DBEDT to study the effectiveness of the motion picture, digital media, and film production income tax credit. It should be noted that income tax credits are designed to reduce the tax burden by providing relief for taxes paid. Tax credits are justified on the basis that taxpayers with a lesser ability to pay should be granted relief for state taxes imposed. As it was pointed out when the act was originally enacted, this measure merely results in a subsidy by government at the expense of all taxpayers. While the proponents of the credit try to justify the argument that Hawaii needs to enact such an incentive to compete for this type of business, one has to ask "at what price?" Perhaps when wages are paid to these select workers, there should be a phrase at the bottom of the check that says: "Paid for by the working poor taxpayers of Hawaii."

Promoters of the film industry obviously don't give much credit to Hawaii's natural beauty and more recently its relative security. If promoters of the film industry would just do their job in outlining the advantages of doing this type of work in Hawaii and address some of the costly barriers by correcting them, such tax incentives would not be necessary. From permitting to skilled labor to facilitating transportation of equipment, there are ways that could reduce the cost of filming in Hawaii. Unless these intrinsic elements are addressed, movie makers will probably demand subsidies such as this incentive. Unfortunately, they come at the expense of all taxpayers and industries struggling to survive in Hawaii.

If lawmakers want to subsidize the film industry in Hawaii, then a direct appropriation of public funds is more accountable and would subject that expenditure to public scrutiny. If taxpayers do not agree with the subsidy or the amount of public funds being spent, they can hold their lawmakers accountable for that expense.

Finally, the proposed study is like the proverbial horse and the barn door, it is a day late and a dollar short. Indeed studies done on the national level have shown that the film industry has basically held states hostage demanding subsidies, such as the film tax credit, while creating only temporary economic activity. The attraction for elected officials is being able to bask in the limelight of stardom while doing very little to improve the overall economic outlook for their local communities. The tax credit subsidies allow these favored industries to increase their profit margins at the expense of local taxpayers.

It is incredulous that lawmakers would continue to push for these subsidies while entertaining substantial tax increases on their resident constituents. While lawmakers approve these targeted tax incentives in the name of creating jobs, the higher income tax and general excise tax burden they are pondering will have businesses and families in Hawaii struggling more just to survive in these difficult economic times. It would be interesting to see how a direct appropriation of general funds to subsidize these and other industries would fare when measured against other pressing needs of the state be it education, health care, or social welfare programs. How would proponents justify subsidizing some Hollywood actor's

swimming pool against homeless families or starving children? No matter how much lawmakers may wish to argue that such tax incentives create jobs, the question that should really be asked is, at whose expense? In this case it is at the expense of not only the hungry and homeless, but at the expense of the family trying to make ends meet or the mom and pop neighborhood store trying to stay in business

Finally, the bemoaning of lawmakers about the "brain-drain" of Hawaii's brightest and best is somewhat disingenuous given proposals like this when the burden of running state government shifts to all other taxpayers. Why would the "brightest and best" want to move home to Hawaii when costs are two or three times as much just to have a decent house for their families and to be able to put food on the table? One has to ask if the beneficiaries of these tax credits truly give back to the community other than lending their presence at celebrity functions? In all truth, these beneficiaries have only taken and rarely have given back the way old time businesses did so willingly in the past.

Digested 2/24/10



Wai`anae Coast Coalition

A community planning and development corporation

Measure: **SB 2144, SD1**
Hearing Date: **Thursday, February 25, 2010**
Time: **11:00am**

TO: Senator Donna Mercado Kim, Chair
Committee on Ways and Means

FROM: Joseph W. Lapilio III, Executive Director
Wai`anae Coast Coalition – Wai`anae Business Center

SUBJECT: **Testimony in Support of SB 2144, SD1**

The Community Economic Development Program at the Department of Business, Economic Development and Tourism has been an important partner in our efforts to plan and implement economic development initiatives on the Wai`anae Coast. Their participation in community planning and the support they provide has become even more important as our economic conditions force us to be more creative and entrepreneurial than ever.

This year, in partnership with the Community Economic Development Program, we have started training and consultation services to non-profits in our area. Through this project, we will assist service providers and other non-profits identify areas in need of improvement, improve operations and develop plans to maintain their services. A key part of this project will be to help non-profits identify strategies for capitalizing and sustaining what they do in the community.

Our other work with the program includes identifying and supporting individual community-based economic initiatives and developing broader and more far-reaching initiatives that will increase the number of businesses and jobs in our community over the next several years.

Their presence in our community is needed and your support of the Community Economic Development Program is requested. Thank you so much for your consideration of this proposed legislation.