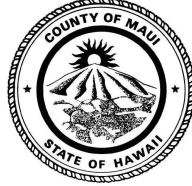


ALAN M. ARAKAWA
MAYOR

KEITH A. REGAN
MANAGING DIRECTOR



200 South High Street
Wailuku, Maui, Hawai'i 96793-2155
Telephone (808) 270-7855
Fax (808)270-7870
E-mail: mayors.office@mauicounty.gov

OFFICE OF THE MAYOR

Ke`ena O Ka Meia
COUNTY OF MAUI – Kalana O Maui

LATE

February 14, 2011

TO: The Honorable Carol Fukunaga, Chair
Honorable Members of the Senate Committee on Economic Development
& Technology
The Honorable Donna Mercado Kim, Chair
Honorable Members of the Senate Committee on Tourism

FROM: Alan Arakawa, Mayor
Keith Regan, Managing Director
County of Maui

DATE: **Joint Hearing of Monday, February 14, 2011**

**SUBJECT: TESTIMONY OF MAUI COUNTY MAYOR ALAN ARAKAWA
AND MANAGING DIRECTOR KEITH REGAN IN SUPPORT OF
SB1550 RELATING TO TAX CREDITS**

Thank you for this opportunity to testify in support of **SB1550** relating to Tax Credits.

The County of Maui supports the intent of this measure which we believe will benefit the entire State of Hawaii by diversifying and stimulating our economy, creating new jobs for our residents, and producing long term opportunities through training/deeming programs for our children.

We thank you for considering our testimony and humbly ask for your support for SB1550.

Jody Nakanelua

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 14, 2011 10:57 AM
To: EDTTestimony
Cc: Lardizabal@local368.org
Subject: Testimony for SB1550 on 2/14/2011 1:30:00 PM

LATE

Testimony for EDT/TSM 2/14/2011 1:30:00 PM SB1550

Conference room: 016
Testifier position: support
Testifier will be present: No
Submitted by: Al Lardizabal
Organization: Hawaii Laborers' Union
Address:
Phone:
E-mail: Lardizabal@local368.org
Submitted on: 2/14/2011

Comments:
February 14, 2011

The Hawaii Laborers' Union strongly supports SB1550 Relating to Tax Credits to encourage film production development.

My apologies for the late testimony.

Testimony of Glenn Ida
Representing,
The Plumbers and Fitters, Local 675

In Support of SB 1550

LATE

Before the Senate:
Committee on Economic Development and Technology, and
Committee on Tourism
Monday, Feb. 14, 2011
1:30 PM, Conference Room 016

Aloha Chair Fukunaga and Chair Mercado Kim, Vice-Chair Wakai and
Vice-Chair Kouchi and Members of the Committees,

My name is Glenn Ida; I represent the 1300 plus active members and
about 600 retirees of the Plumbers and Fitters Union, Local 675.

SB1550 will provide the incentives that will encourage Production
Companies to come to Hawaii to make films, and bring with them the
employment opportunities in the Motion Picture and Entertainment
industry. They hire extras to fill their movie scenes and workers to build
sets.

The economic impact will be spread throughout the local business
community. Production Companies rent, lease, and buy a variety of
equipment and services, along with lodging, transportation, and
catering.

There is a potential to renovate and expand the current studios at
Diamond Head or build new State of the Art facilities for special effects
and high tech animation.

The Plumbers and Fitters, Local 675, **Support SB1550.**

Thank you for the opportunity to testify.

Glenn Ida, 808- 295-1280

From: Glenn Beadles [mailto:glenn@onloc.com]
Sent: Monday, February 14, 2011 12:10 AM
Cc: Glenn Beadles
Subject: Outline for House Rep Testimony for SB 1550

Aloha ka kou,

My name is Glenn Beadles and I am owner and president of On Location Service, a film production Services company, based here in Hawaii.

I provide location scouting ,location management, production support and line produce film, video, product advertisements, commercials ,fashion and catalog shoots and science based documentaries throughout the state. My clients range from the major Hollywood and International Film Studios , National and International Commercial Adverting Agencies to Discovery and Science Channels and I am known as a preferred vendor and "fixer" for the BBC. I also provide services to the Hawaii State and County governments.

As a Location scout and manager, I am one of the preliminary contacts and on the frontline of productions that budget and plan for their projects to film in Hawaii.

I know first hand the costs to budget, the logistics , work force, Union and space requirements, permitting procedures , crew and equipment availability and timely details needed to land and service the productions that do decide to film here.

I also know the direct benefits of tax credits and how it directly affects productions to consider where to produce their projects.

I firmly believe that additional tax credits and infrastructure improvements are needed to further the momentum generated by the recent a number of productions and their interest in filming more here in Hawaii.

To further develop this lucrative industry in Hawaii, critical components are the requirement for and availability of studio space, a larger technical crew base, a willing community and the acumen of State and County government to invest in the long term economic and educational opportunity before us.

A perfect case in point and model we could certainly emulate, is the Letterman Digital Arts Studio ,at the Presidio in San Francisco, the current home of Industrial Light and Magic.

The City of San Francisco , Federal , State and local government and private industry made the long term investment to turn the Presidio, an aging military facility (which Hawaii also has plenty of...) into a commercially viable and vital economic engine. It also has allowed further development and creativity in the medium of Digital Arts, by providing educational opportunities where little existed before.

I encourage all of those skeptical of the intentions of the proposals before us today to review the web sites of www.onelettermandrive.com and www.presidio.gov and see for oneself the immediate positive economic affect it has created in that community for thousand of new technical jobs, employee and educational opportunities and ancillary businesses and services.

There is what I call a "stream down" economic effect, not a "trickle down" effect to this clean and lucrative industry. When a production, large or small, comes

to Hawaii there are many benefits sown throughout the community. Jobs are created and money spent here stays within the community. I'm sure most of us here recognize the benefits, and to be able to create and keep job opportunities here is Hawaii is what we are all striving for.

We have that "watershed" moment now to move to that rare opportunity and supporting an increase in tax credits to make Hawaii competitive in the global field and improving our infrastructure to attract future business is extremely critical now.

Aloha and Mahalo nui loa,

Glenn Beadles
On Location Services
808-870-7499
www.onloc.com

Jody Nakanelua

From: Ben Shafer [bdshafer@gmail.com]
Sent: Monday, February 14, 2011 10:09 AM
To: EDTTestimony
Subject: SB 1550 In Support

LATE

Aloha mai kakou,

I support SB 1550 with this statement re included. [(5) in partnership with related local industry labor organizations, educational institution toward the furthering of the local film and television and digital media industries to include those labor organizations who for almost 100 years provided hiring specialized and qualified training in this arena utilizing our local qualified talent.

Mahalo nui loa kakou for all you do to move this and other economic development projects forward.

Malama pono
Ben Shafer
IATSE Local 665
Legislative Liaison
52-210 Kamehameha Hwy
Hauula, Hawaii 96717
808-222-3138

Sent via BlackBerry by AT&T



From: mailinglist@capitol.hawaii.gov
To: [EDTTestimony](#)
Cc: hawaiifedwomen@aol.com
Subject: Testimony for SB1550 on 2/14/2011 1:30:00 PM
Date: Monday, February 14, 2011 11:14:09 AM

Testimony for EDT/TSM 2/14/2011 1:30:00 PM SB1550

Conference room: 016
Testifier position: support
Testifier will be present: No
Submitted by: CAROLINE MICHAEL
Organization: Individual
Address:
Phone:
E-mail: hawaiifedwomen@aol.com
Submitted on: 2/14/2011

Comments:

I am Caroline Michael, a U.S. Air Force veteran and President Emeritus of Federally Employed Women, Hawaii and federal women's group. We won the 2009 National Champion of Diversity against all other states with its talent management. Our nonprofit organization reachout to also U.S.nonfederal.

When Hawaii Senate asked in facebook, how to save the Hawaii economy, I first commented to have our Beloved Honolulu as 2nd Hollywood City and And to make it environmentally friendly.

People come to me from professional associations, college career advisors, a parent of 2 new foster kids, a wife who just lost a Hawaii police husband. They are looking for a decent job to pay for high-cost housing rent or mortgage or another resource.

With high cuts on federal and state positions, most will compete with local jobs. Because of the federal employees' years of experience, others including students will find it harder to find an income and hope they do not resort to more prostitutions, crimes, illegal drugs, and so on.

The seniors are having a hard time retiring and not affording long term care.

We could not mentor as much young ones in due to not much position, almost none. And our veterans find it hard to find jobs though they are in priority, some are homeless.

1. Hawaii should compete and expedite this opportunity that even former President Clinton is proposing. It will be a regret if they change their mind, while we need jobs and income.

2. The other wishes we have will just come as we negotiate them. Most important is we win contracts that will employ many.

Hawaii has great talents in science, engineering, arts, hospitality, and other services.

What could be a better choice? I thank everyone for expediting this. Thank you for giving hope and inspiration in times of great hardships.

I am noting Mr. Brad Hayes, note below and I informed him that I am adding his note.

I apologize that I just got the information this morning for me to prepare, and I am not able to testify in person. Mahalo!

CAROLINE MICHAEL

U.S. Air Force Veteran and President Emeritus, 2009 National Champion of Diversity, Federally Employed Women, Hawaii

Brad Hayes February 13 at 10:51am Report

The movie industry here has shot itself in the foot with the state leadership holding the pistol for them...lol...

The locals that work that industry here have a feast or famine mentality with regards to the productions. They typically have a lot of money to be made and extract every little penny due to the unions backing them.

I mean that when a unskilled driver gets to work on a filmset due to thier family member bringing them onboard...to make 300 dollars a day to drive a van shuttle between base camp and the set, its not the

film company taking advantage.

I am an aircraft mechanic and pilot. I have yet to fly in any TV or film because when Hollywood comes here they hire a pilot in the mainland that's on a preferred list. That guy then comes and rents a local helo company helicopter, puts it on his insurance, has his own approved movie manual with the FAA, and he will make 40K in two days of work here in paradise. The local pilots that typically have forty million times the experience can't get in...hawaii 50 is an episodic and Richard Schuman with Makani Kai helicopters has maneuvered himself to be H50's exclusive helicopter company here....to his credit. He flies the show as well. But movies?

I had to fly a Huey into a tight spot on a filmset on LOST once on a Sunday because Chuck Tambura (big Shot "movie" pilot from LA) said on a Wed he couldn't do it....the Spot was "too tight" Purely an experience thing....So we did this as a favor to the Huey's owner and we didn't get paid any SAG or movie rates and couldn't claim credit of course...lol..And we had to fly it home!!!! Local pilots had to fly this thing into the set, position the bird in the bushes, and then fly it home and Chuck Tambura gets: Credit, Pay, and notoriety.

Does the State realize this and protect the place?..Do they encourage film work on the airport???. Nope. I promise you that the leadership in this state has failed us in attracting films and TV to come here due to the sheer cost of doing business in Hawaii. Unions and Locals that work the industry have not made it easier either. There needs to be a balance and the more work coming here the better for the economy and Hawaii. I promise. The more incentive to spend needs a tax break to be a reality. The money will come back into the economy in the form of income taxes and other rev generated from the influx. The state of Hawaii only likes to spend your money on social and welfare programs anyways...and can't seem to spend it education, roads, and infrastructure. but they love to eat up the Hurricane fund and the other desperately needed projects money. The Gov hasn't even presented a budget...till way into the session in March. How does that work? SO the Leg is worrying about Civil Unions, and other silly stuff....AGAIN....

Voting in favor is a plus for this bill. I NEVER thought I would be concurring with Bill Clinton. But the POTUS is dead on here.

Brad Hayes February 13 at 10:51am [Report](#)

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I am also air museum guy. Being a museum guy, I work aboard a historic airport that has the potential to literally be any airport in the entire world with the right set dressing. From Cam Rahn Bay in Vietnam, to a Floyd Bennett field in NYC, to a Templehoff airport in Germany.....

Does the State realize this and protect the place?..Do they encourage film work on the airport???. Nope. I promise you that the leadership in this state has failed us in attracting films and TV to come here due to the sheer cost of doing business in Hawaii. Unions and Locals that work the industry have not made it easier either. There needs to be a balance and the more work coming here the better for the economy and Hawaii. I promise. The more incentive to spend needs a tax break to be a reality. The money will come back into the economy in the form of income taxes and other rev generated from the influx. The state of Hawaii only likes to spend your money on social and welfare programs anyways...and cant seem to spend it education, roads, and infrastructure. but they love to eat up the Hurricane fund and the other desperately needed projects money. The Gov hasnt even presented a budget...till way into the session in March. How does that work? SO the Leg is worrying about Civil Unions, and other silly stuff....AGAIN....

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LATE

Thomas Loftus, Senior Vice President, Business and Legal Affairs

Testimony presented before the Committee on Economic Development and Technology and the Committee on Tourism

Monday, February 14, 2011, 1:30 PM

SB 1550—Relating to Tax Credits

Members of the Committees:

My name is Thomas Loftus. I am Senior Vice President of Business and Legal Affairs at Relativity Media, LLC and have over 10 years experience in film business affairs. I am here to testify in support of S.B. 1550, specifically as it relates to the benefits that it will bring to Hawaii.

I thank the Committees for the opportunity to present testimony on this matter.

Thomas Loftus

Senior Vice President, Business and Legal Affairs, Relativity Media, LLC

RELATIVITY



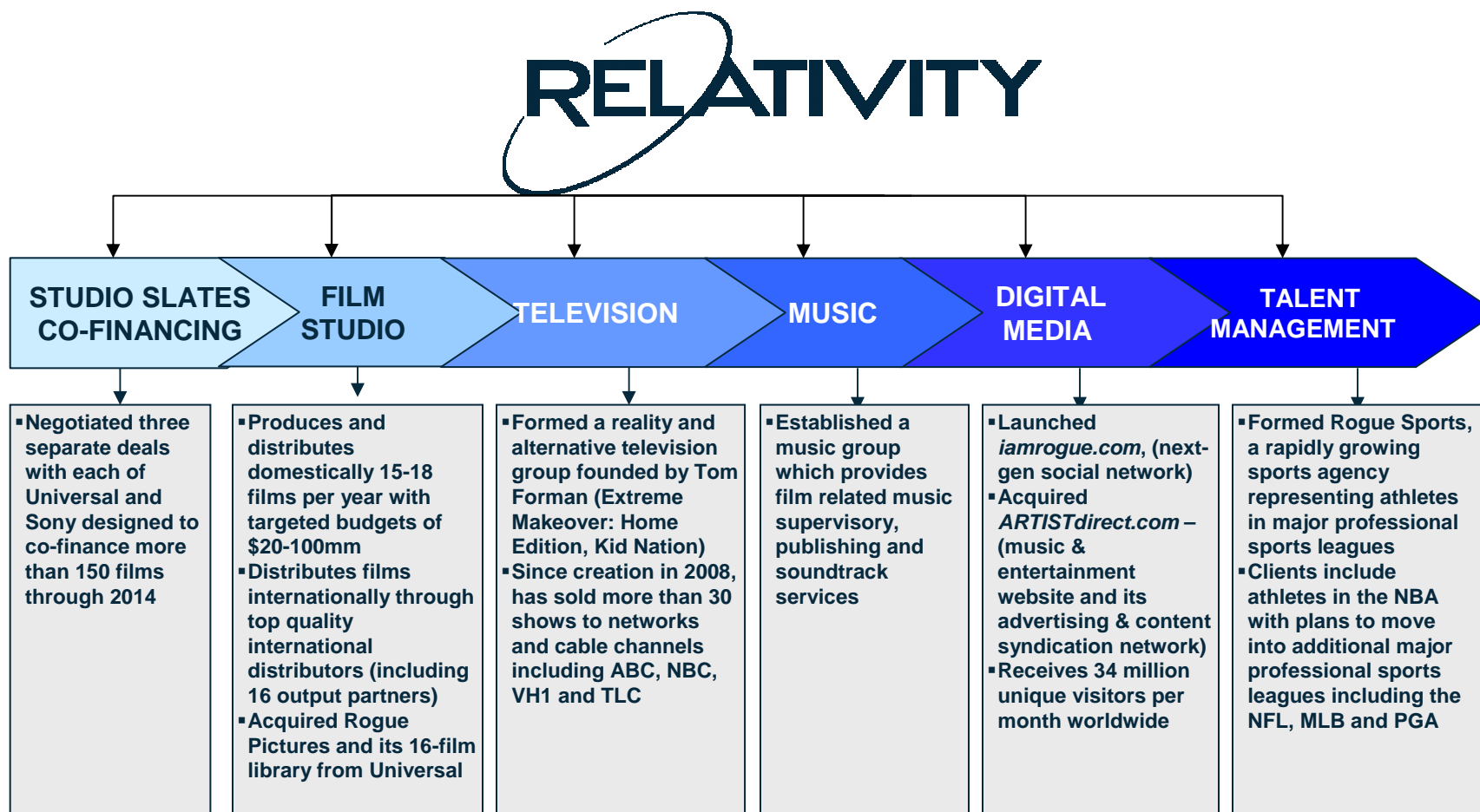
HB1551 / SB1550

Date: February 2011

Relativity Media Overview

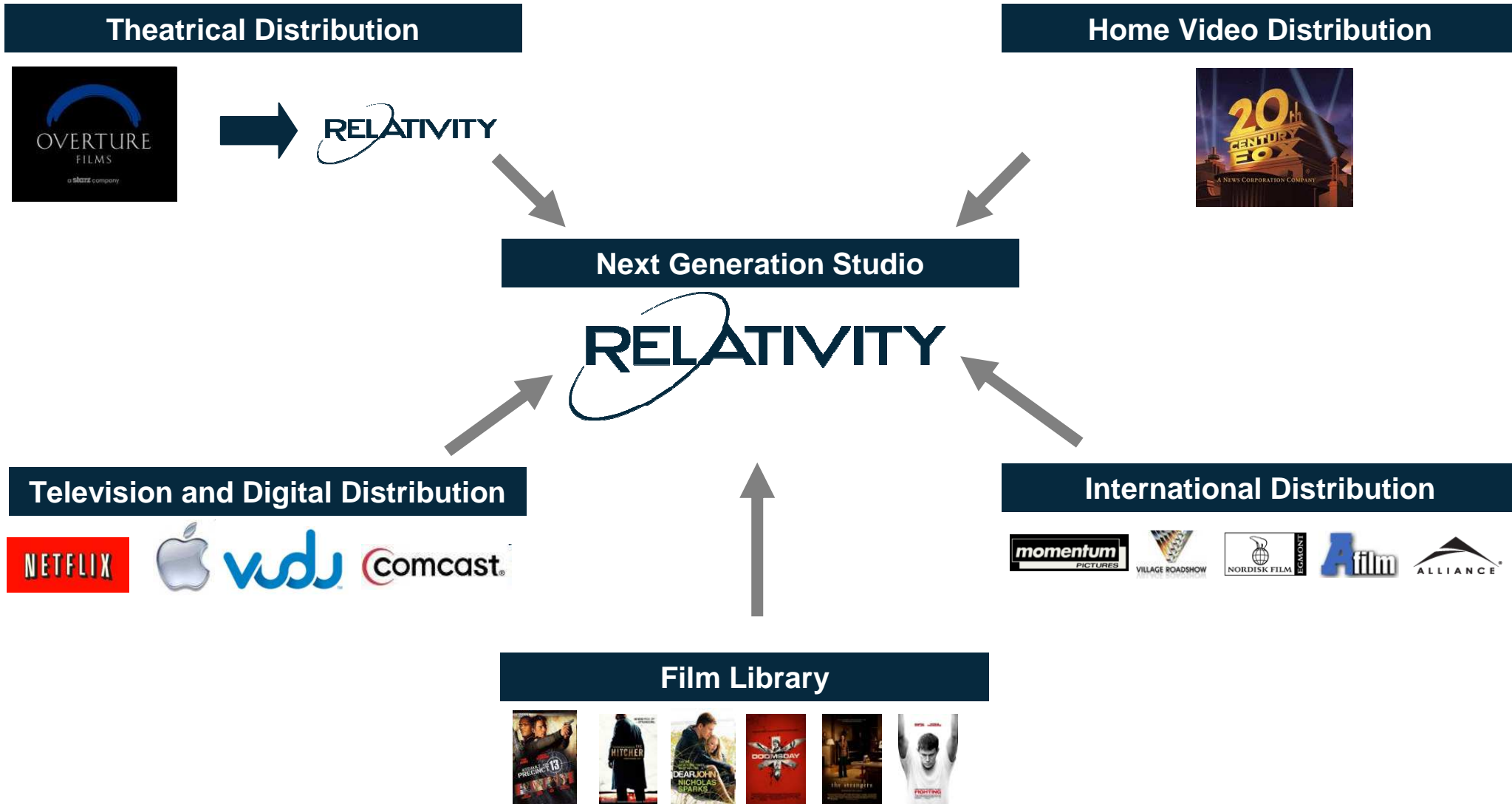
Overview

- Relativity Media, LLC (“Relativity”), led by principal and founder Ryan Kavanaugh, is a diversified next-generation media company and studio engaged in studio-level independent film and television production and distribution, co-financing major studio film slates, music, digital media and other related initiatives
- Relativity currently has approximately 150 employees and a management team comprised of talented media and entertainment business professionals with more than 250 combined years of industry and transactional experience from Hollywood studios, top-tier Wall Street investment banks, independent production companies, multi-billion dollar investment firms and leading talent agencies and law firms



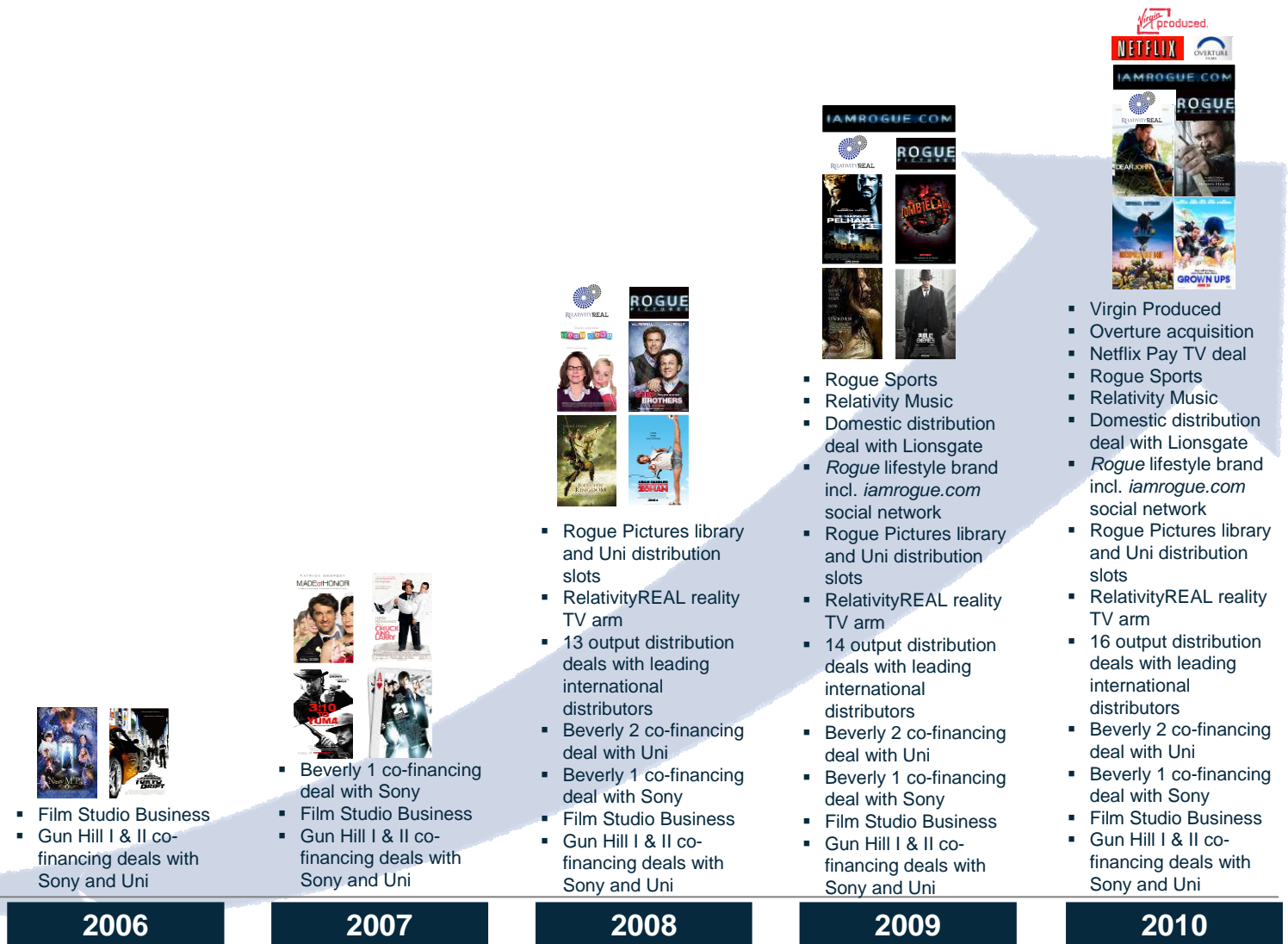
Operating Platform

- Relativity has become a full-scale studio capable of distributing up to 30 films per year



Explosive Growth

- Relativity's strong relationships and innovative business model have led to significant growth

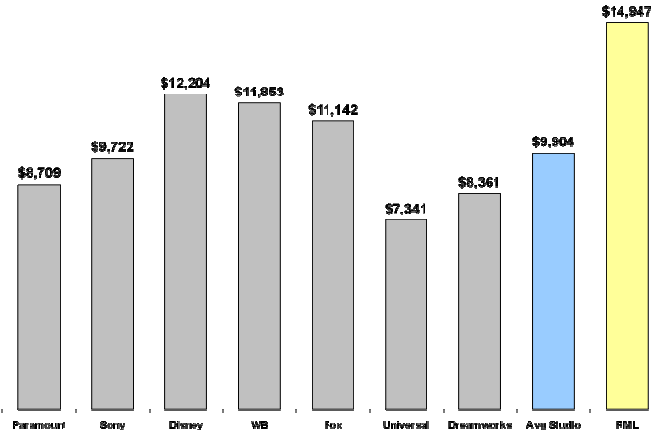


Premier Results

- Premier results are at the heart of Relativity's unparalleled industry leadership as a next generation studio and since 2006...

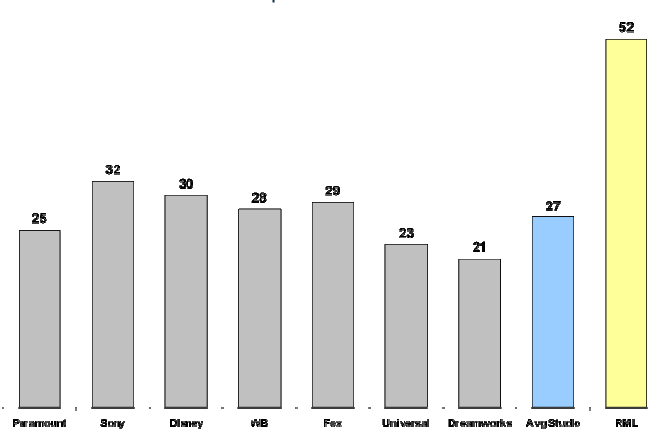
Total WWBO

...Relativity's films have generated more than \$14.9 billion in worldwide box office revenue from more than 100 films



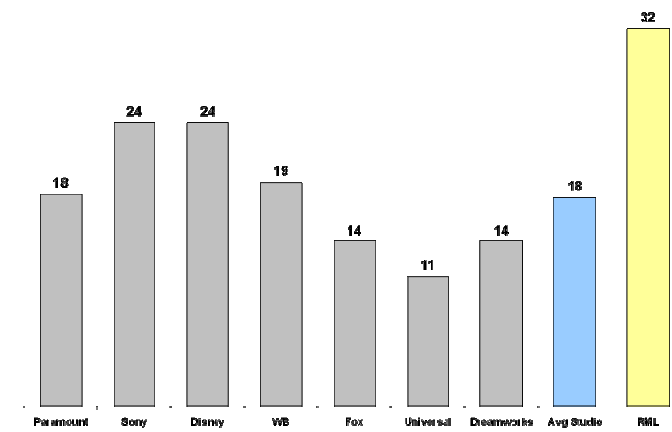
Films > \$100mm WWBO

...52 of its films have each generated more than \$100 million in worldwide box office receipts



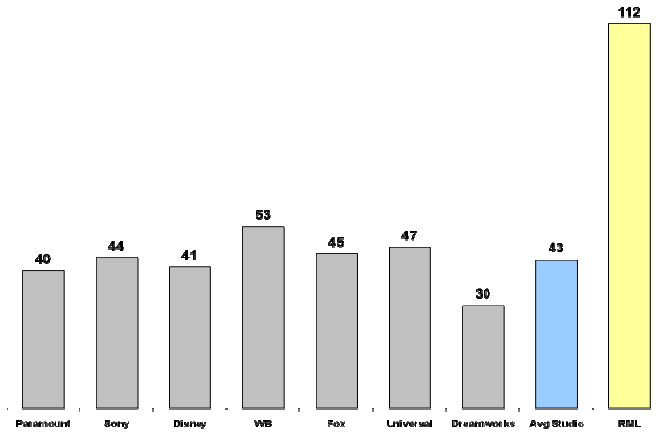
#1 DBO Releases

...32 of its films have been #1 box office releases



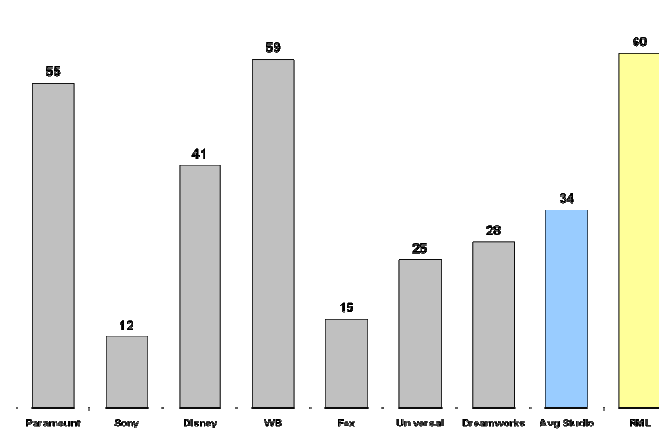
Top 10 DBO Releases

...112 of its films were top 10 box office releases



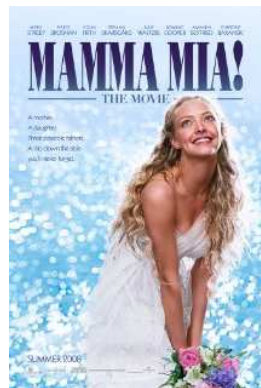
Oscar Nominations

...Its films have earned 60 Oscar nominations



Note: Data includes all films produced or financed by aforementioned studios since 2006

Relativity's Films



RELATIVITY

- **126 films** released
- **\$15.3 billion** in worldwide box office
- **\$7.2 billion** in production spend
- **6,300 days** of production
- **18,900 people** employed
- **11.3 million hours** worked
- **472,500** hotel nights
- **378,000** vehicle rental days

Relativity's Upcoming Releases

Productions / Acquisitions



The Fighter
(12/17/10 Wide)
Distributor: Paramount /
Relativity (PayTV)
Starring: Mark Wahlberg,
Christian Bale
Director: David O. Russell



Season of the Witch
(1/7/11)
Distributor: Relativity
Starring: Nicolas Cage
Director: Dominic Sena



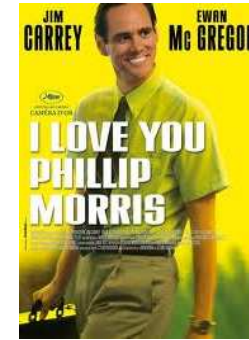
Sanctum (3D)
(2/4/11)
Distributor: Universal
Starring: Rhys
Wakefield
and Christopher Baker
Producer: James
Cameron



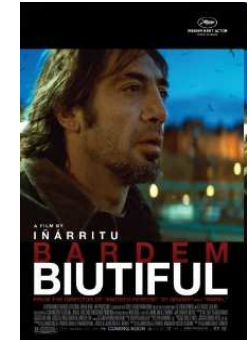
Take Me Home Tonight
(3/4/11)
Distributor: Relativity
Starring: Anna Faris,
Topher Grace and Teresa
Palmer
Producer: Brian Grazer



Limitless
(3/18/11)
Distributor: Relativity
Starring: Bradley
Cooper and Robert De
Niro
Director: Neil Burger



I Love You Phillip Morris
(12/3/10)
Distributor: Roadside Attractions
/
Relativity (PayTV)
Starring: Jim Carrey, Ewan
McGregor
Director: Glenn Ficarra, John
Requa



Biutiful
(12/29/10)
Distributor: Roadside
Attractions / Relativity
(PayTV)
Starring: Javier Bardem
Director: Alejandro Gonzalez
Inarritu



Haywire
(TBD 2011)
Distributor: Relativity
Starring: Gina Carano, Ewan
McGregor and Michael
Douglas
Director: Steven Soderbergh

From the
Directors of:



The Farrelly Bros' Movie 43
(TBD 2011)
Distributor: Relativity
Starring: Hugh Jackman, Kate
Winslet, Gerard Butler, et al.
Director: the Farrelly Brothers,
Brett Ratner, et al.



Immortals
(11/11/11)
Distributor: Relativity
Starring: Henry Cavill, Mickey
Rourke, Freida Pinto
Director: Tarsem Singh



The Raven
(TBD)
Distributor: Relativity
Starring: John Cusak, Alice
Eve
Director: James McTeigue



Shark Attack 3D
(9/2/11)
Distributor: Relativity
Starring: Sara Paxton,
Dustin Milligan,
Katharine McPhee
Director: David R. Ellis



Judy Moody
(2011)
Distributor: Relativity
Starring: Heather
Graham
Director: John
Schultz



Paranorman
(2013)
Distributor: Relativity
Starring: Kodi Smith-
McPhee
Director: Chris Butler

Rent-a-system Films

A Perfect Getaway Case Study: Video

Video

Budget Comparison – Hawaii vs Puerto Rico

37 Day Shoot

Hawaii		Puerto Rico (with 1 week of VFX plates in Hawaii)	
Above the Line (Writer, Producer, Director, Talent – salary and Travel/Living)	\$ 5,965,618	Above the Line (Writer, Producer, Director, Talent – salary and Travel/Living)	\$ 5,478,166
Extras	\$ 106,865	Extras	\$ 63,545
Production Staff	\$ 896,432	Production Staff	\$ 870,307
Art Department/Set Design	\$ 232,877	Art Department/Set Design	\$ 204,645
Set Construction/Set Dressing	\$ 997,429	Set Construction/Set Dressing	\$ 363,194
Special Effects	\$ 216,742	Special Effects	\$ 60,382
Property	\$ 337,081	Property	\$ 140,258
Picture Vehicles and Equipment	\$ 38,560	Picture Vehicles and Equipment	\$ 20,136
Makeup, Hair, Wardrobe	\$ 490,990	Makeup, Hair, Wardrobe	\$ 386,369
Set Operations, Lighting, Camera	\$ 1,918,676	Set Operations, Lighting, Camera	\$ 1,580,875
Locations	\$ 1,023,755	Locations	\$ 788,381
Transportation	\$ 1,771,105	Transportation	\$ 792,521
Production Sound	\$ 249,353	Production Sound	\$ 85,961
Below the Line Travel and Living	\$ 1,088,277	Below the Line Travel and Living	\$ 305,493
Second Unit/Aerial Unit	\$ 333,642	Second Unit/Aerial Unit	\$ 295,393
Production Film, Lab, Telecine	\$ 273,337	Production Film, Lab, Telecine	\$ 256,563
Post Production (Editorial, Music, Lab, VFX, Delivery)	\$ 1,361,390	Post Production (Editorial, Music, Lab, VFX, Delivery)	\$ 1,201,311
General Expenses	\$ 508,060	General Expenses	\$ 452,920
TOTAL (Above the Line, Below The Line, and General Expense)	\$ 17,810,189	TOTAL (Above the Line, Below The Line, and General Expense)	\$ 12,558,039

Why Are We Here?

Relativity Is Here To Discuss:

- Proposing film tax incentives that will make Hawaii competitive with film production hubs like Louisiana, Michigan, and New Mexico
- Building a state-of-art, environmentally conscious production facility that, coupled with tax incentives, will ensure Hawaii is always the first choice for film and television productions
- Creating a training program that prepares local citizens for the new, high-paying jobs that come with increased production



Relativity Is Prepared To:

- Move our film and television projects to Hawaii
- Build the facility with Steve Bing and his Shangri-La Construction
- Help establish and support the training program

With your help, and your support of HB1551/SB1550, we'll create jobs and raise revenue for Hawaii

TELEVISION PRODUCTION IN HAWAII

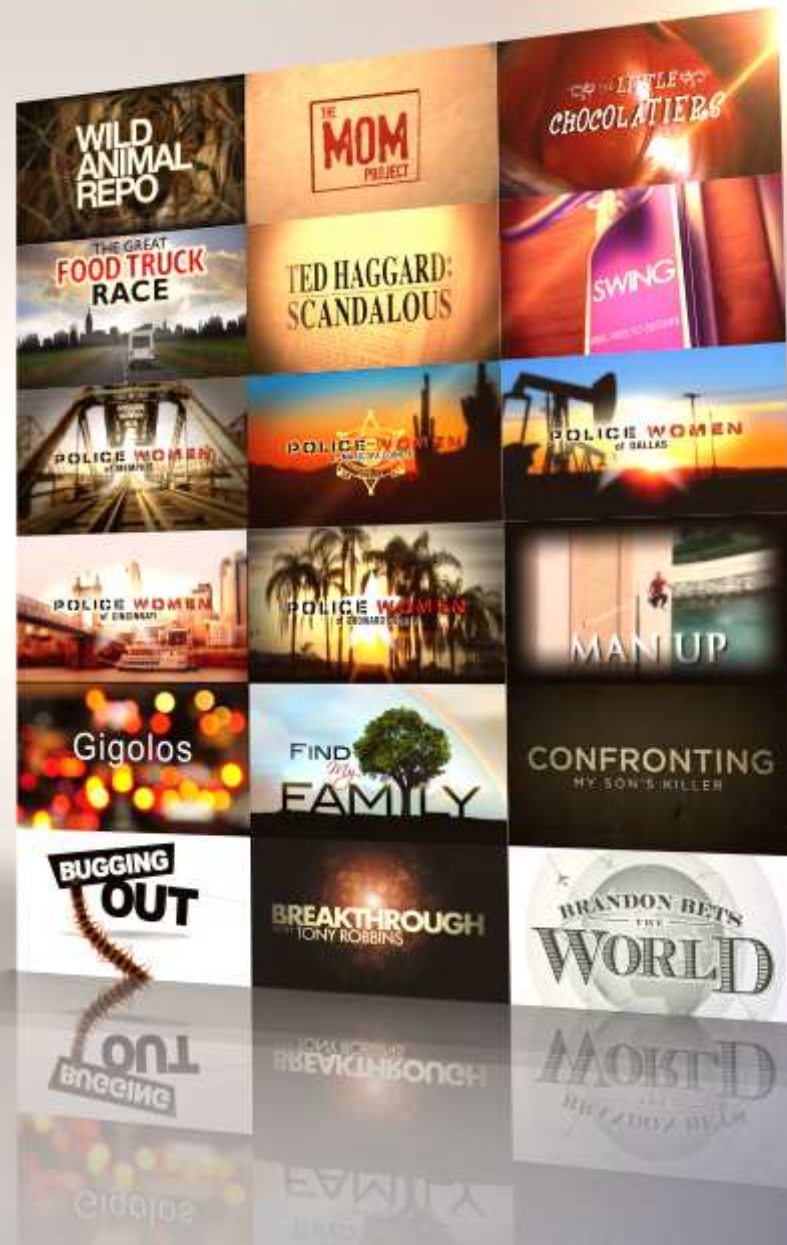


RELATIVITY **REAL**
BEHAVIALLY **BEVT**

TELEVISION PRODUCTION IN HAWAII

RELATIVITYREAL:

- **3,000** people employed
- **6 million** paid hours
- **1,600** shooting days
- **4,000** car and truck rentals
- **26,000** hotel nights/\$4mil
- **80,000** meals
- **\$1.3 million** crew per diem



TELEVISION PRODUCTION IN HAWAII



- **400+** original channels available on broadcast and cable TV

- Approx. **9,000** hours of programming/year

- **360,000+** hours of original programming EVERY YEAR

TELEVISION PRODUCTION IN HAWAII

- **\$20,000-100,000** spent/day at location.
And that's just one show!
- **Jobs: long term, predictable, stable**

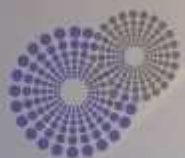


RELATIVITYREAL

TELEVISION PRODUCTION IN HAWAII

How will Television Production spend money in Hawaii?

- Field production
 - Outdoor locations
 - Sound stages
- Post production



Hawaii Production Facility

Proposed Production Facility

- Currently, all over the world, studios are fighting for stage space. Relativity has a plan to solve this problem, create local jobs and increase tax revenue in Hawaii.



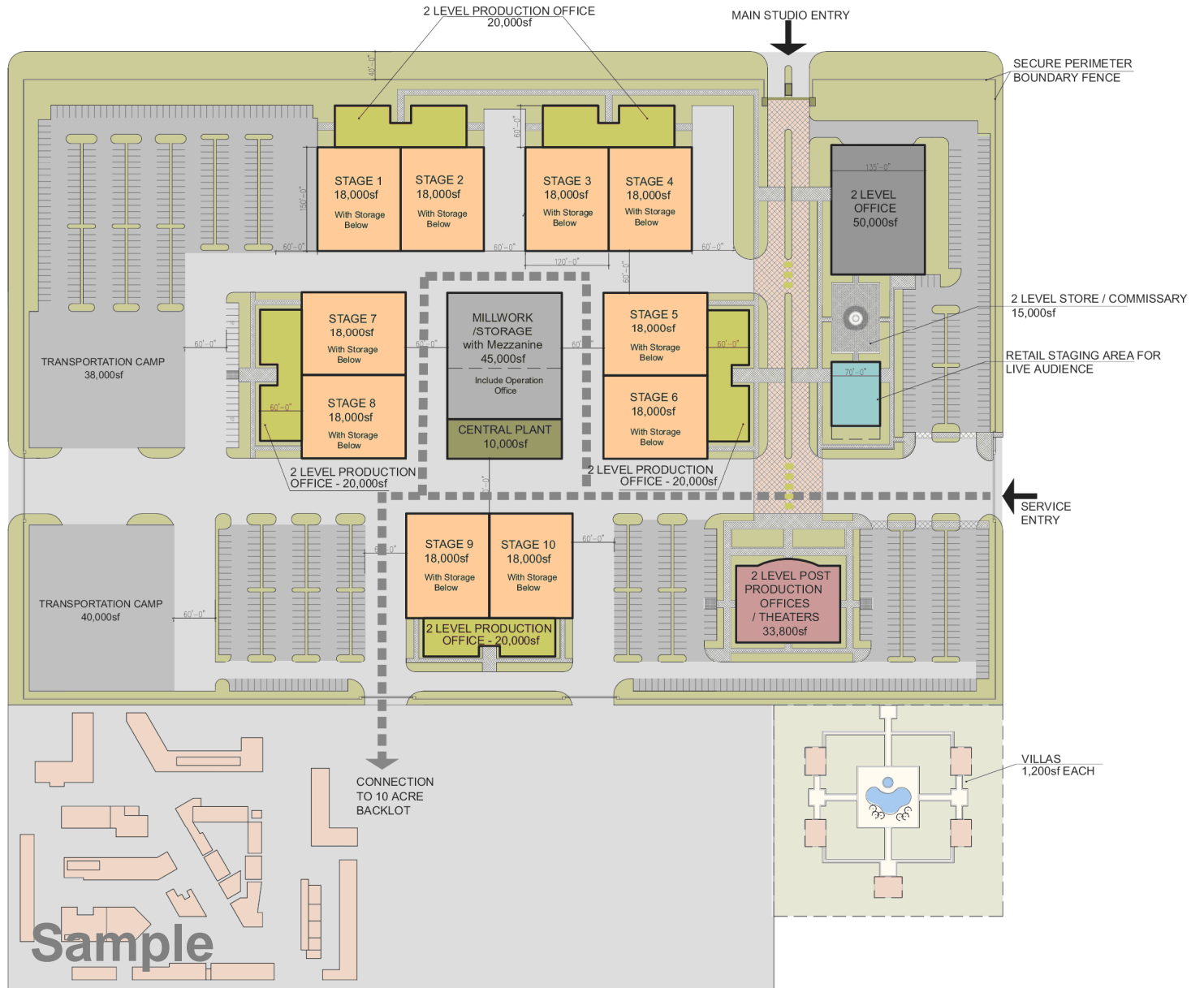
Production Facility – Blueprint

Relativity Media and Shangri-La are committed to building a green, state-of-the-art production facility

LEGEND

STAGES	180,000sf
10 X 18,000sf	
PRODUCTION OFFICE	100,000sf
5 X 20,000sf	
POST PRODUCTION OFFICE & THEATER	33,800sf
OFFICE	50,000sf
STORE & COMMISSARY	15,000sf
MILL SHOP & STORAGE	45,000sf
CENTRAL PLANT	10,000sf
PARKING	860 spaces

Total Site Area: 31 Acres
 Additional: 10 Acre Backlot
 Villas: 2 Acres
 Stages: 10 Stages



Production Facility – Green Aspects

- Steve Bing's Shangri-La Business Group, which is one of America's leading green builders, is 100% on board to build out a state of the art, multi-stage production, post production and equipment facility if HB1551/SB1550 becomes law
- The proposed production facility will be
 - Environmentally friendly
 - The 5th LEED Platinum Certified building project in Hawaii (highest environmental rating available)
- It has been proven that a “green” facility of this size can achieve:
 - 61% less indoor water use than a code-compliant building
 - 51% less landscape water use than a typical building
 - 77% recycled construction/demolition waste
 - 35% recycled construction materials
 - 48% locally harvested and manufactured construction materials
 - 110% of its total energy needs with on-site solar
 - 400,000 kWh per year of clean, distributed renewable energy
 - 90% operating cost reduction from \$0.20 per square foot to \$0.02 per square foot

Production Facility – Relativity Studio Assumptions

Production Mix and Economic Impact

Type of Production	Quantity	Budget per Production	Total Production Spend (\$mm)
Films	10	\$50mm (80% in studio)	\$400
Network TV Shows (22 episodes)	2	\$2.5mm	\$110
Cable TV Shows (10 episodes)	30	\$500k	\$150
Total Production Spend			\$660
Average Multiplier for States with Successful Tax Credits			2.17x
Total Economic Impact			\$1,432

Hangar 25 Video

Video

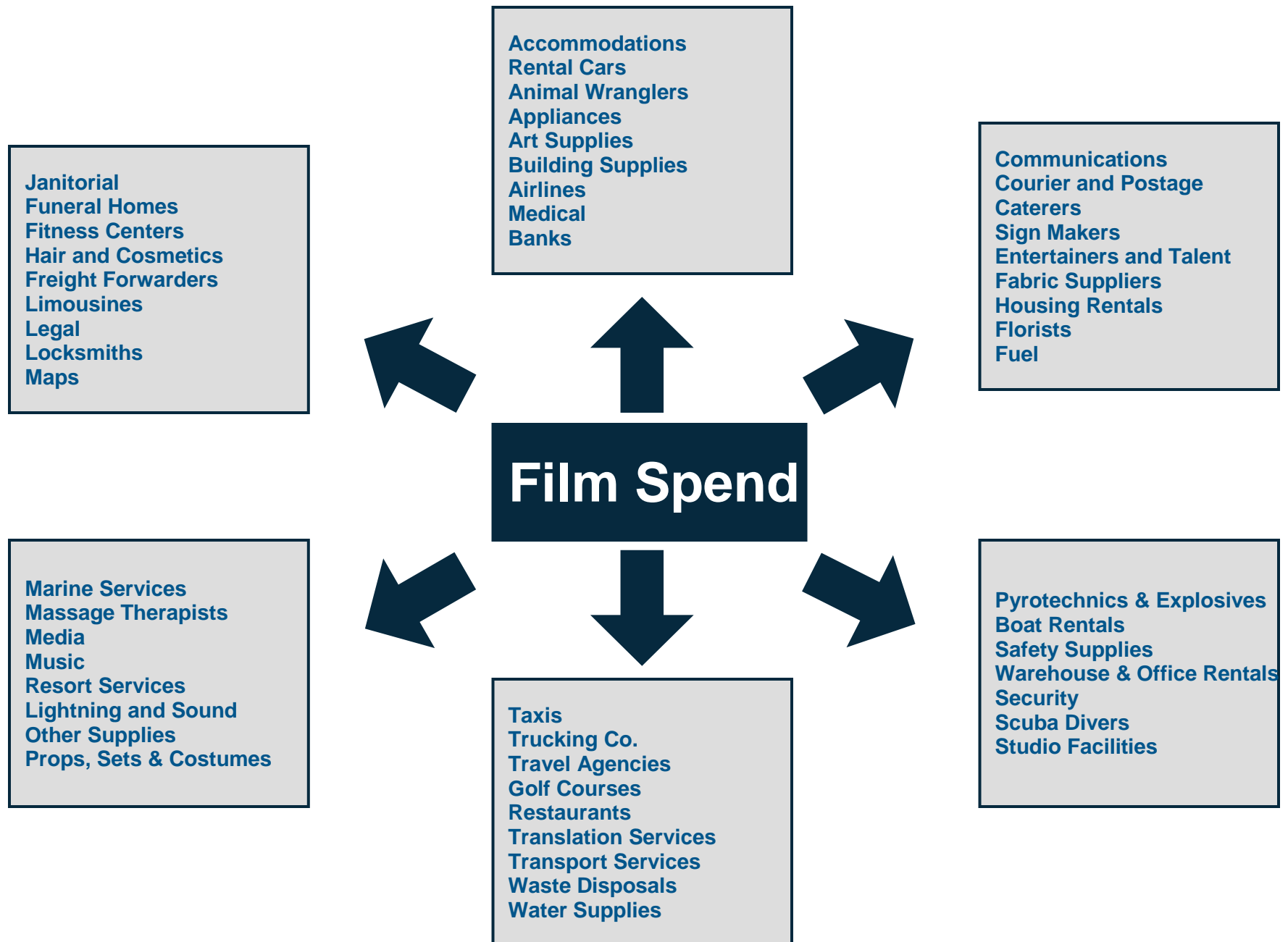
Proposed Amendment

Proposed Amendment to Hawaii Film Tax Credit

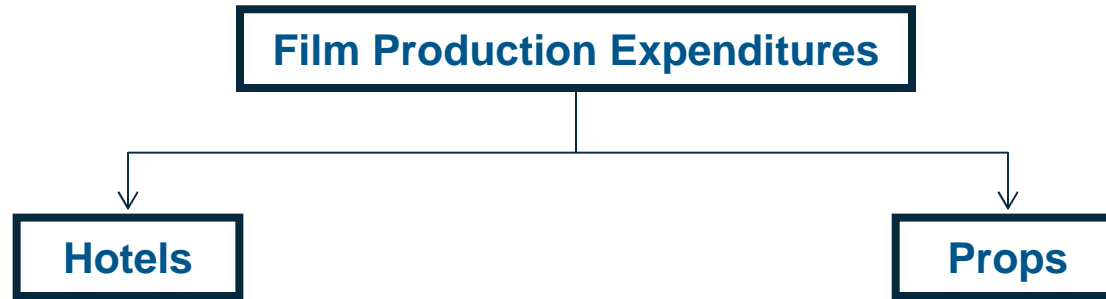
Summary of HB1551 / SB1550

- Establishes an assignable infrastructure tax credit of:
 - 25% in counties with population over 700,000
 - 40% in counties with population under 700,000
 - \$25mm cap
- Provides for an increase to the income tax credit for qualified productions to:
 - 35% for population over 700,000
 - 40% for population under 700,000
 - Removes tax credit caps
 - Make assignable
 - Provides an additional 5% bonus for special and visual effects and animation
- Provides the State with a fee equal to $\frac{1}{2}$ of 1 percent of the production spend for the administration, monitoring, auditing and certification of the tax credit with a cap of \$75,000
- Allows for purchases and rentals not available in Hawaii to qualify for the tax credit if obtained through a resident production services company
- Exempts the 9.25% Transient Accommodation Tax for stays exceeding 30 days
- Establishes a local crew training program

Direct Spending Generated by Film Industry



Economic Multiplier



Direct Spend

Economic Multiplier

Film Production Expenditures

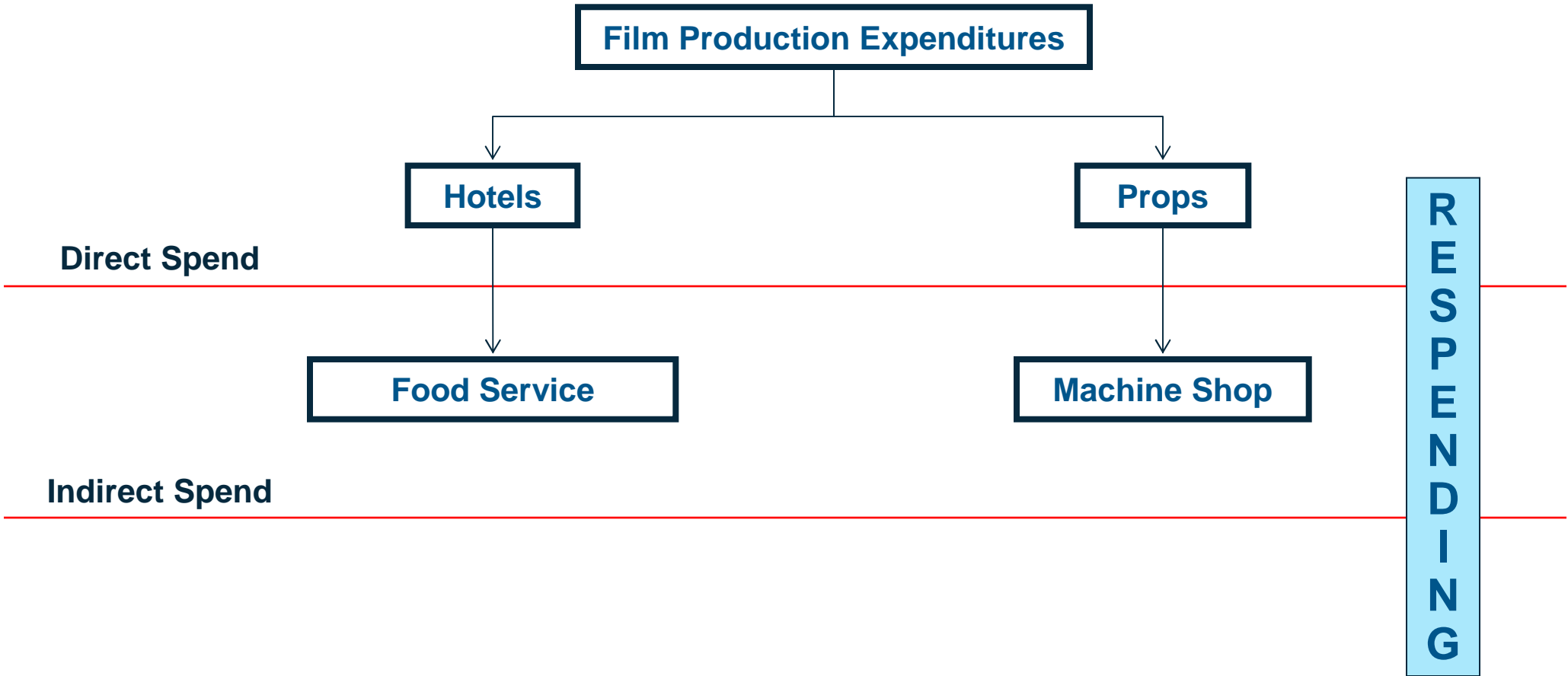
Hotels

Props

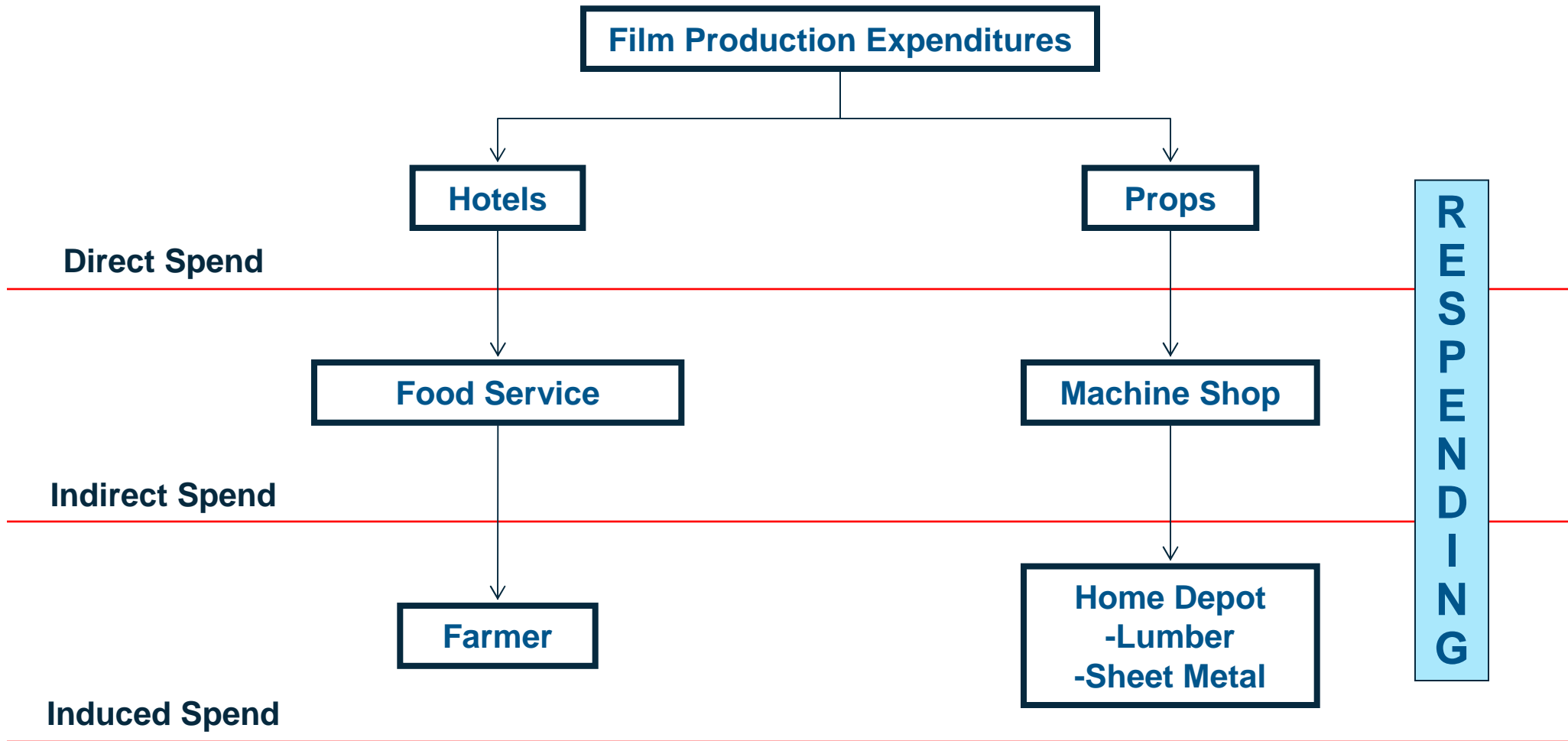
Direct Spend

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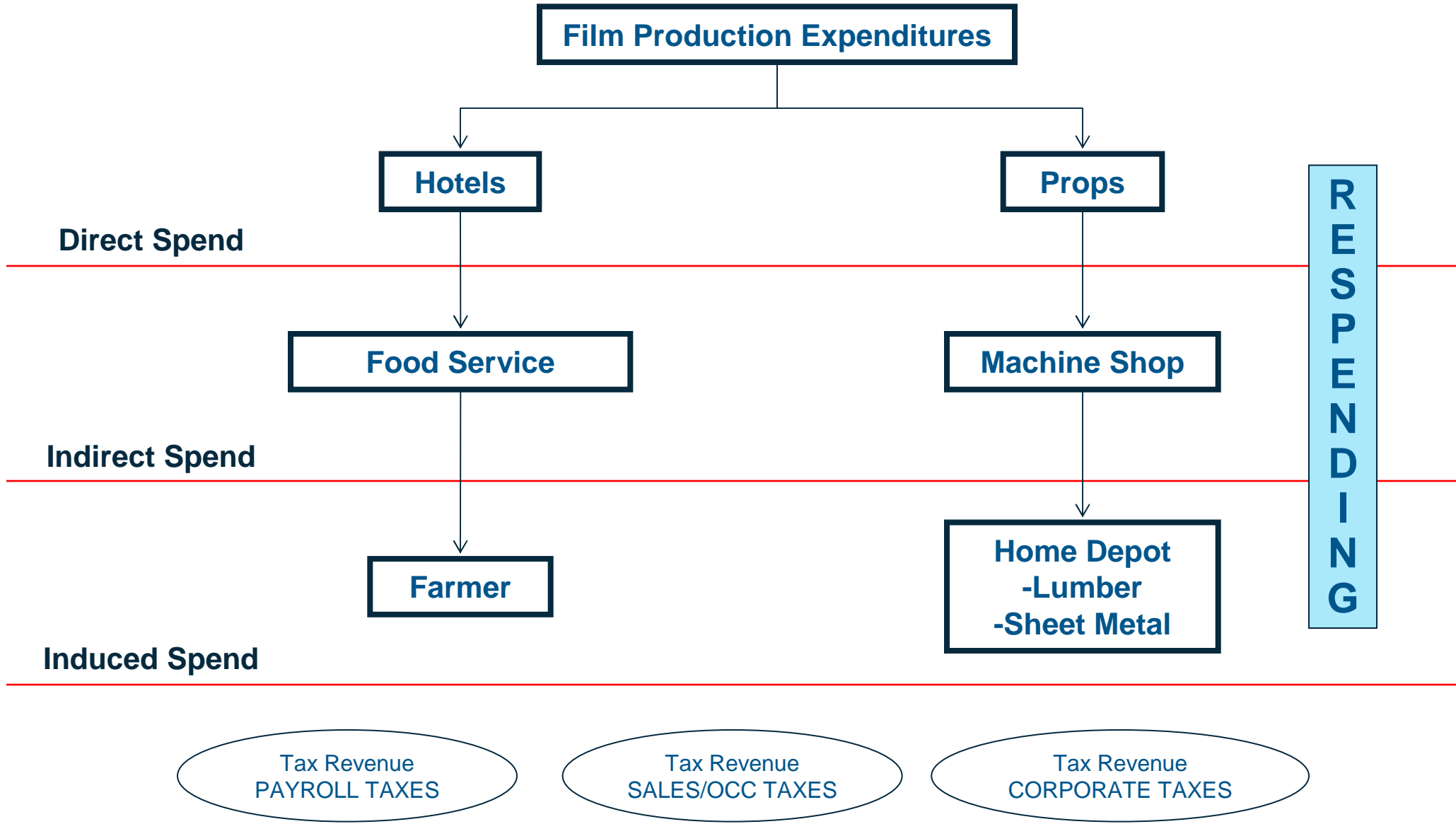
Economic Multiplier



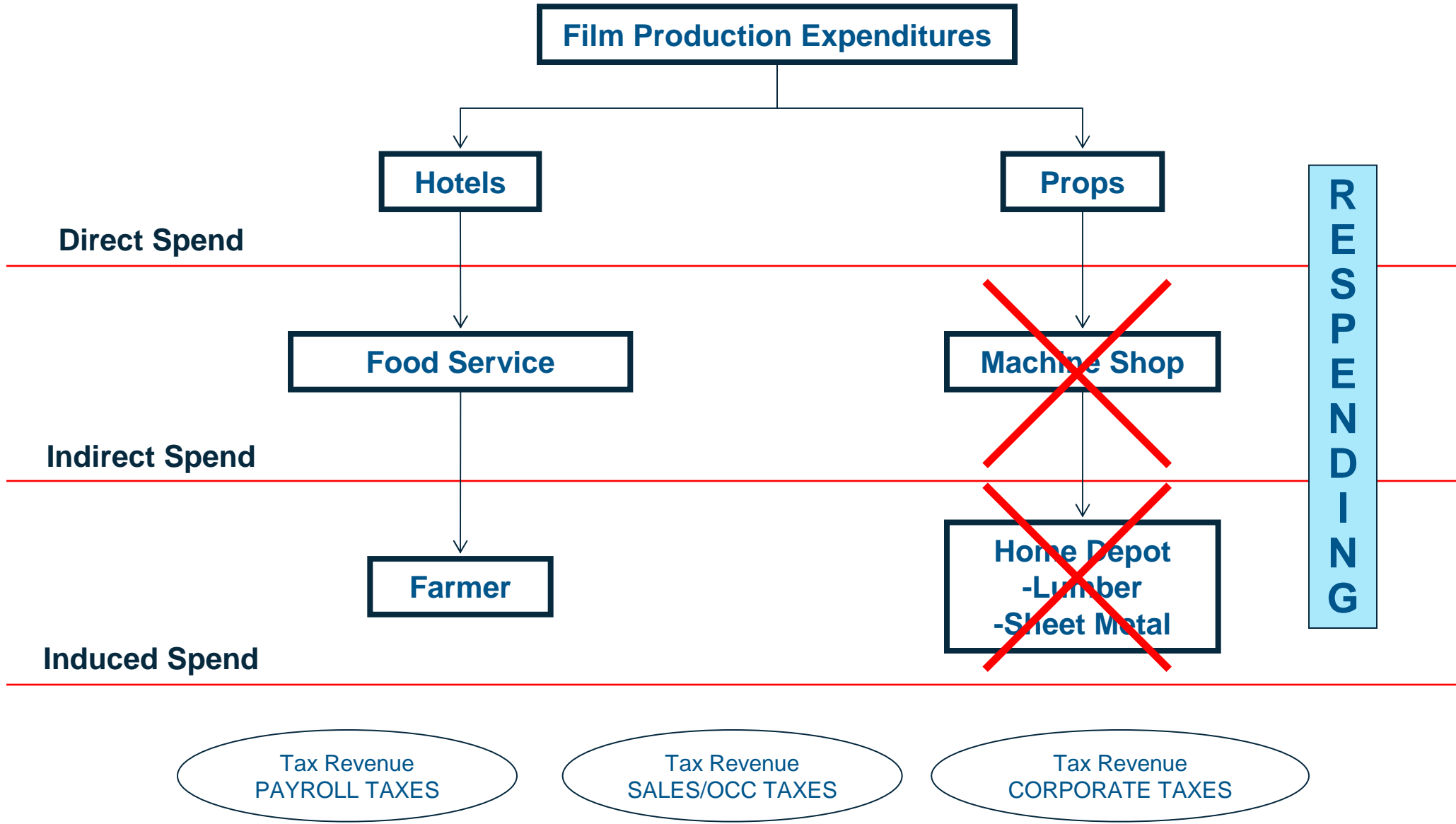
Economic Multiplier



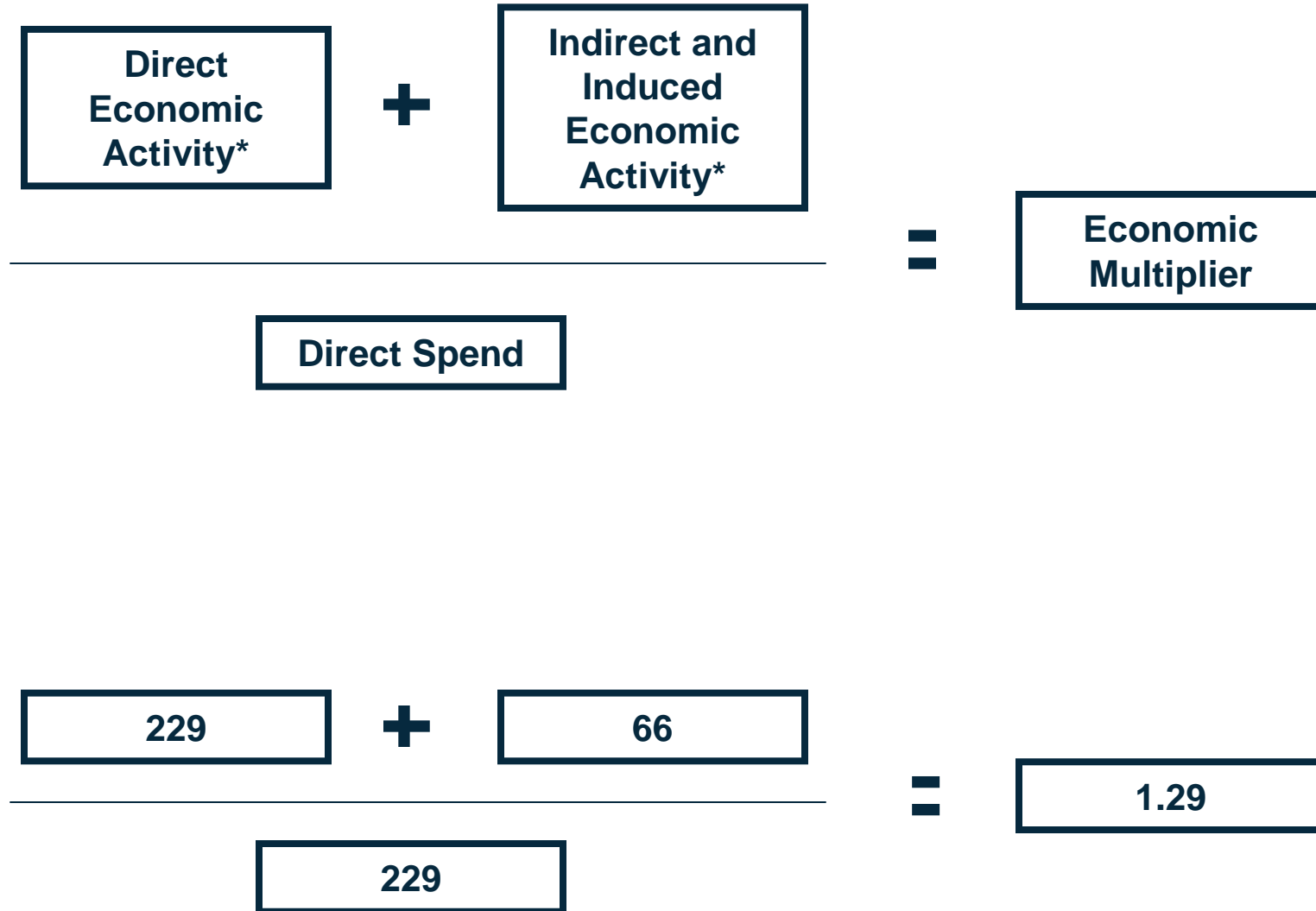
Economic Multiplier



Economic Multiplier



Economic Multiplier Calculation



*Direct, indirect and induced economic activity includes goods & services and wages

Film Infrastructure Tax Credit

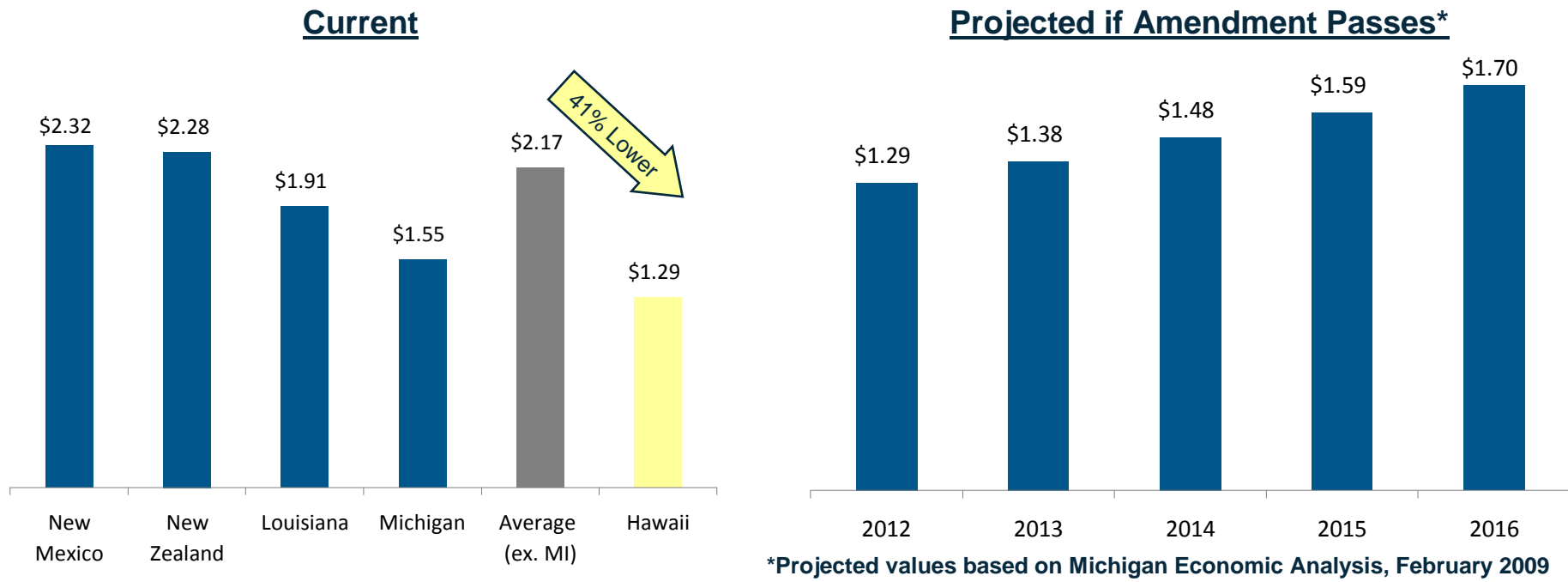
Proposal to Hawaii:

- Establish a nonrefundable infrastructure tax credit (sunsets on Jan. 1, 2016 and is capped at \$25MM per project) with a carry forward of up to 10 years of:
 - 25% for counties with population > 700,000
 - 40% for counties with population < 700,000

Benefit to Hawaii (if properly implemented)*:

- Increase in-state economic activity generated by each film production
- Create a “green”, state-of-the-art production infrastructure

Economic Multiplier of Film Production



Sources:

- (1) Economic and Fiscal Impacts of New Mexico Film Production Tax Credit
- (2) Louisiana Motion Picture Sound Recording and Digital Media Industries state of Louisiana Economic Development Baton Rouge, LA. Feb 2009

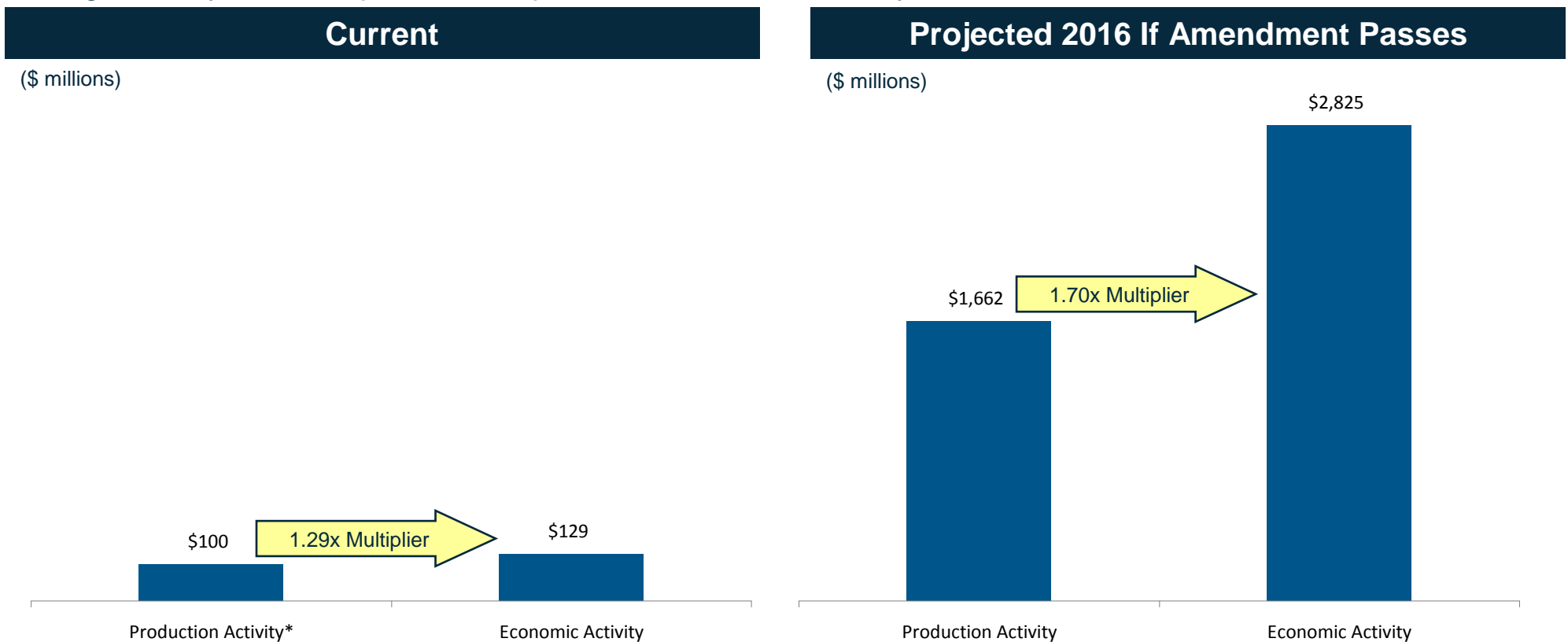
Film Production Tax Credit

Proposal to Hawaii:

- Increase the film production tax credit from:
 - 15% to 35% (5% bonus for computer aided effects and animation) for counties with population > 700,000
 - 20% to 40% (5% bonus for computer aided effects and animation) for counties with population < 700,000
 - Make fully assignable and remove cap

Benefit to Hawaii:

- Significantly increase production spend and economic activity



*2010 has been adjusted to normalize annual film production activity by excluding the anomalous film productions Battleship and Just Go with It

Administration Fee

Proposal to Hawaii:

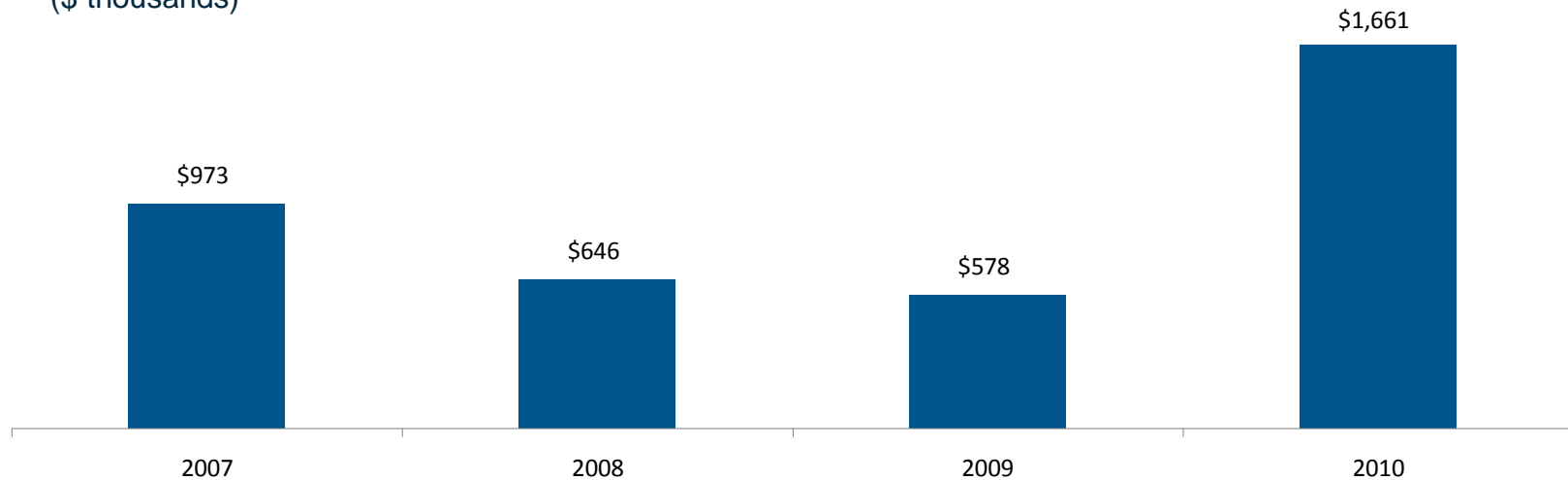
- Charge each production an administration fee of 0.5% of its qualified production spend (\$75,000 cap per production)
- Require a production audit by an independent C.P.A.

Benefit to Hawaii:

- No cost to state to operate the Film Tax Credit Program (cost est. at \$500k per year)
- Complete transparency of qualified production spend

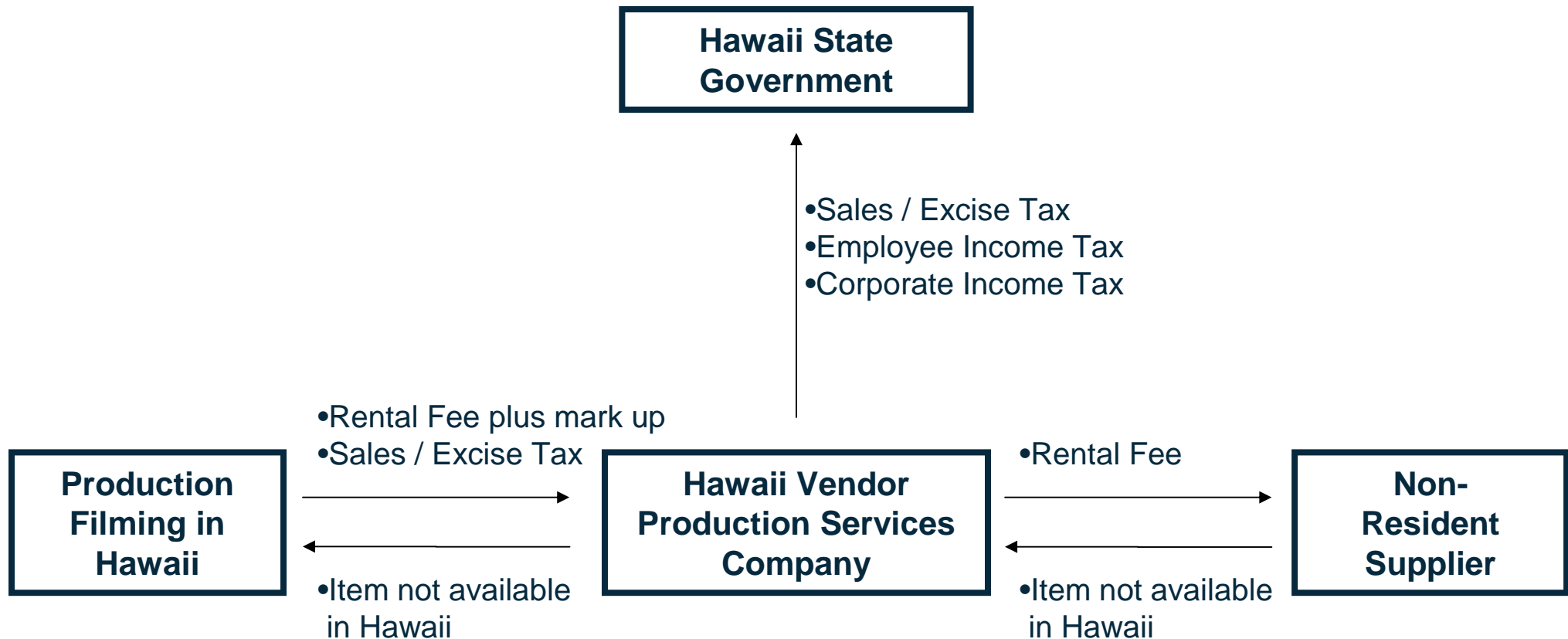
Estimated Administration Fee Based on Historical Production Spend in Hawaii

(\$ thousands)



Resident Vendor Production Services Allowance

- **Proposal to Hawaii:** Allow items not available in Hawaii to qualify for the film production tax credit if purchased / rented through in-state production services companies
- **Benefit to Hawaii:** Create new tax-paying production services businesses to support increased film production activity

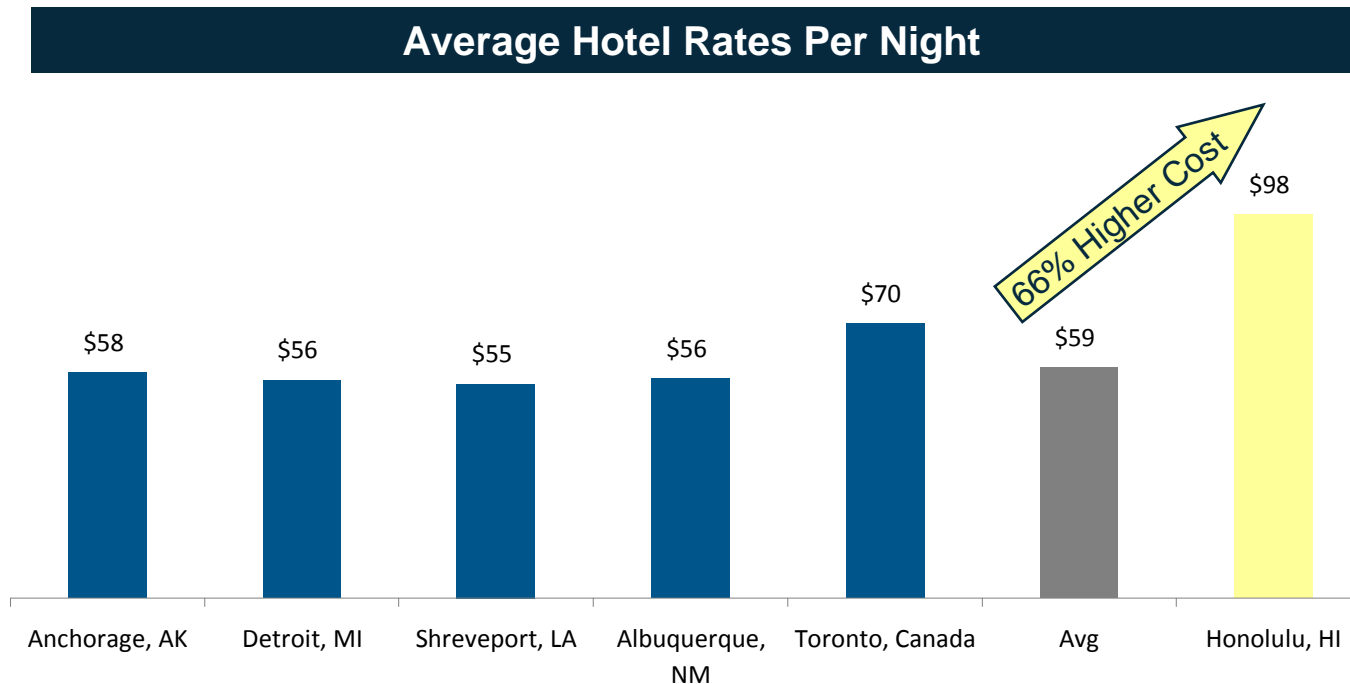


Transient Accommodation Tax

Proposal to Hawaii:

- Exempt the 9.25% Transient Accommodation Tax for stays exceeding 30 days

Benefit to Hawaii: Drive increased production and economic activity by making accommodation rates more comparable to other locations

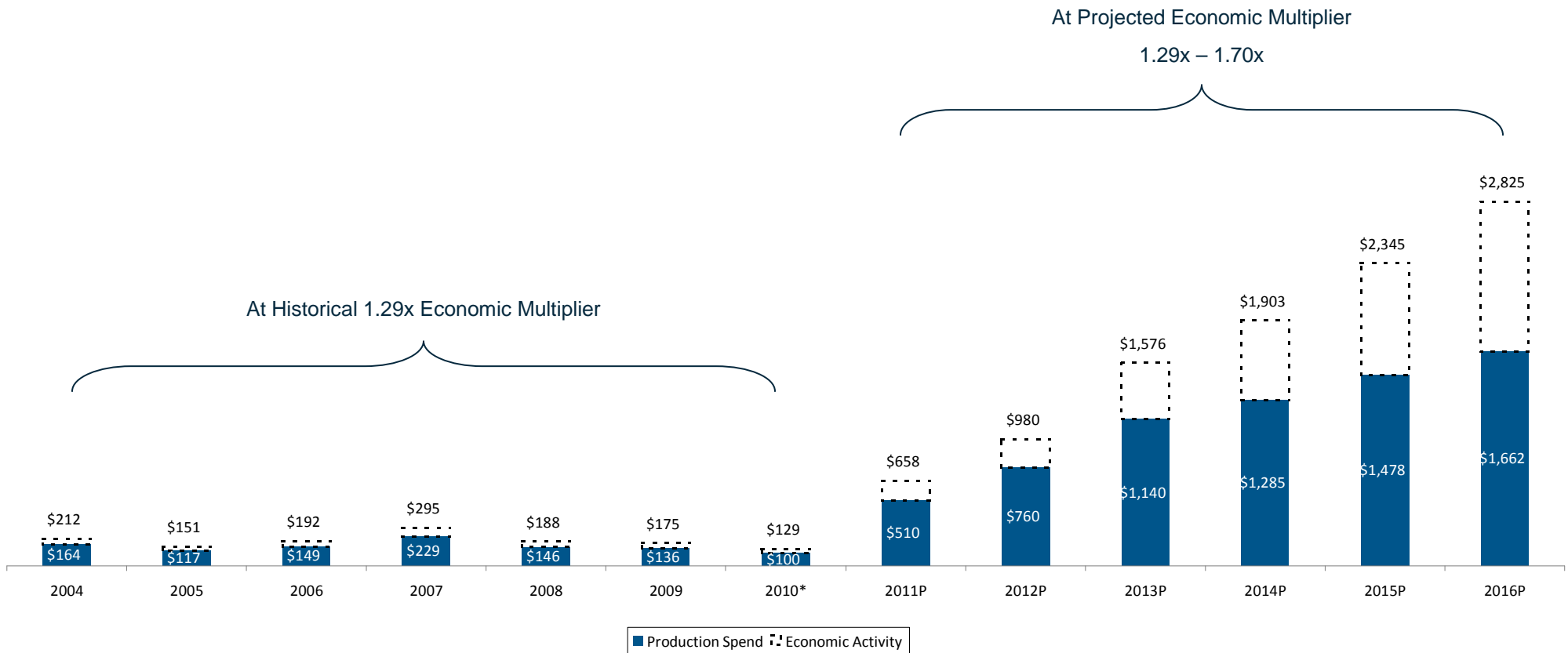


Source: Road Rebel

Projected Film Production and Economic Activity in Hawaii

- If Hawaii improves its film incentive program, as outlined, it can increase the level of film production and economic activity significantly, based on the historical growth trends of other states which have improved their incentives

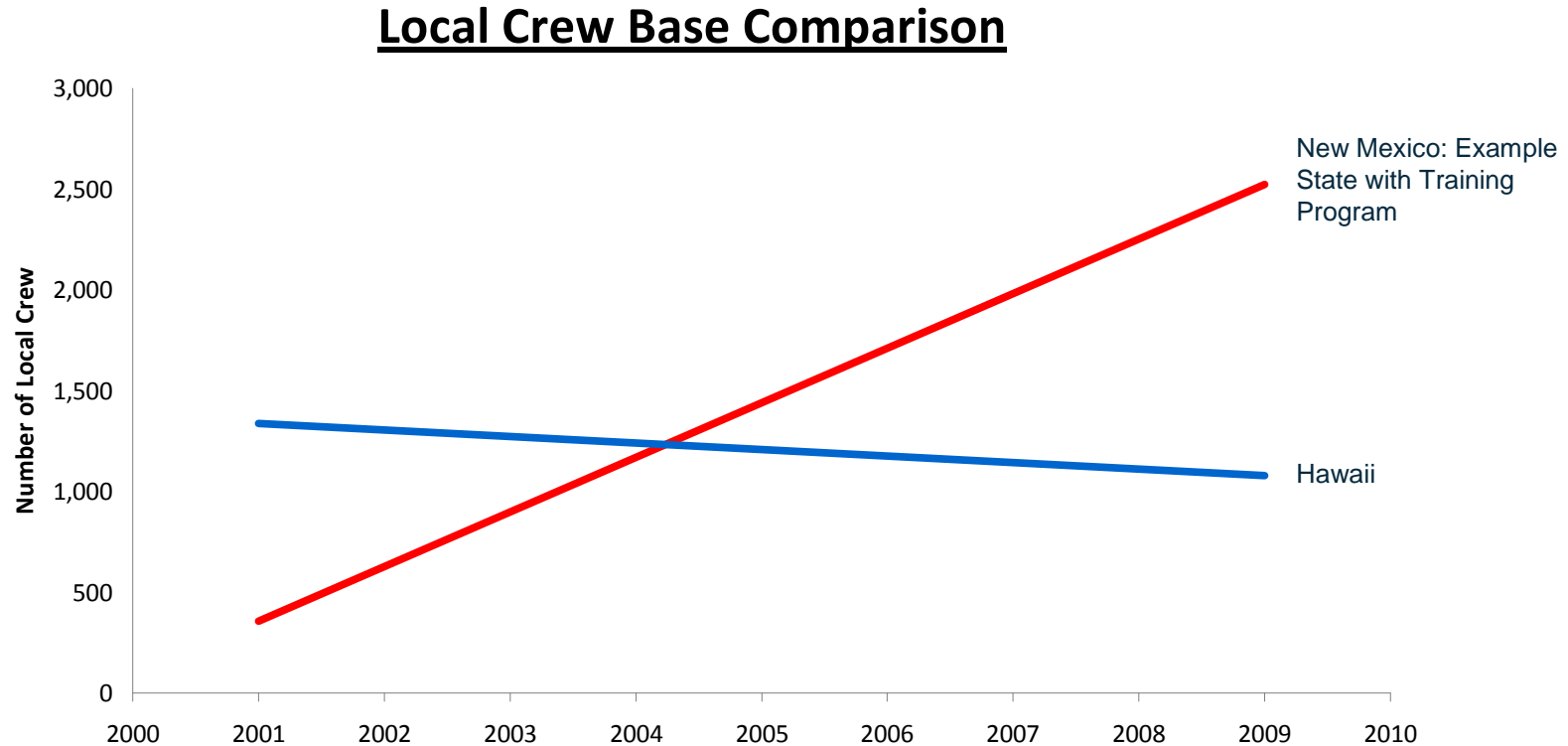
Annual Film Production Spend in Hawaii



*2010 has been adjusted to normalize annual film production activity by excluding the anomalous film productions Battleship and Just Go with It

Film Advancement Career Training Program (F.A.C.T.)

In order to compete with other film production centers, it's a "F.A.C.T." that Hawaii needs to increase its crew base, including set dressers, electricians, grips, craft service, sound cable, construction and office staff, among others:



Source: US Bureau of Labor Statistics

F.A.C.T. Training Program

Proposal to Hawaii:

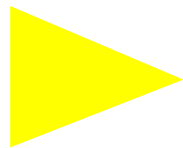
- Establish a Film Advancement Career Training Program (F.A.C.T.) for State residents including a wage rebate of 50% of the first 900 hours worked

Benefit to Hawaii:

- Grow a permanent base of high wage, skilled film crew members at no cost to the state

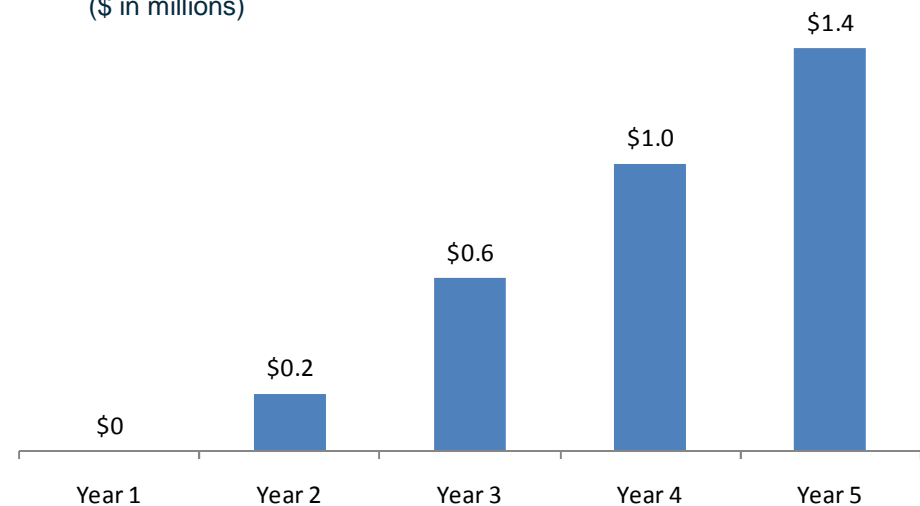
F.A.C.T. Pays for Itself

- Increased State Income Tax
- Savings on Unemployment
- Worker's Comp Payments
- SUI Payments



Projected Net Revenue Generated by F.A.C.T.

(\$ in millions)



Closing Video

Video

Why Are We Here?

Relativity Is Here To Discuss:

- Proposing film tax incentives that will make Hawaii competitive with film production hubs like Louisiana, Michigan, and New Mexico
- Building a state-of-art, environmentally conscious production facility that, coupled with tax incentives, will ensure Hawaii is always the first choice for film and television productions
- Creating a training program that prepares local citizens for the new, high-paying jobs that come with increased production



Relativity Is Prepared To:

- Move our film and television projects to Hawaii
- Build the facility with Steve Bing and his Shangri-La Construction
- Help establish and support the training program

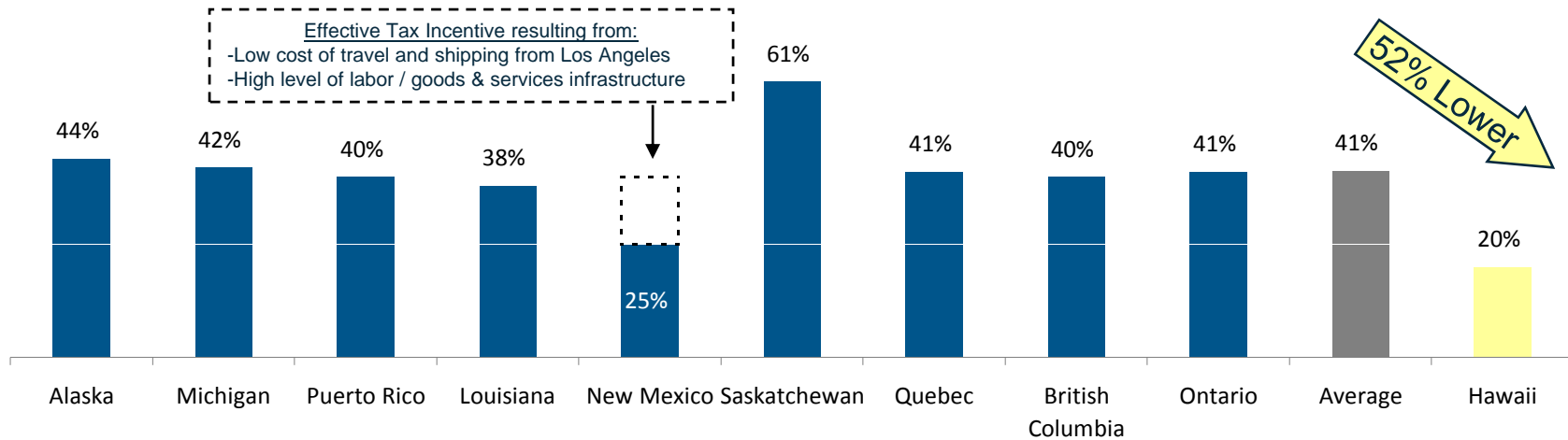
With your help, and your support of HB1551/SB1550, we'll create jobs and raise revenue for Hawaii.

Appendix 1

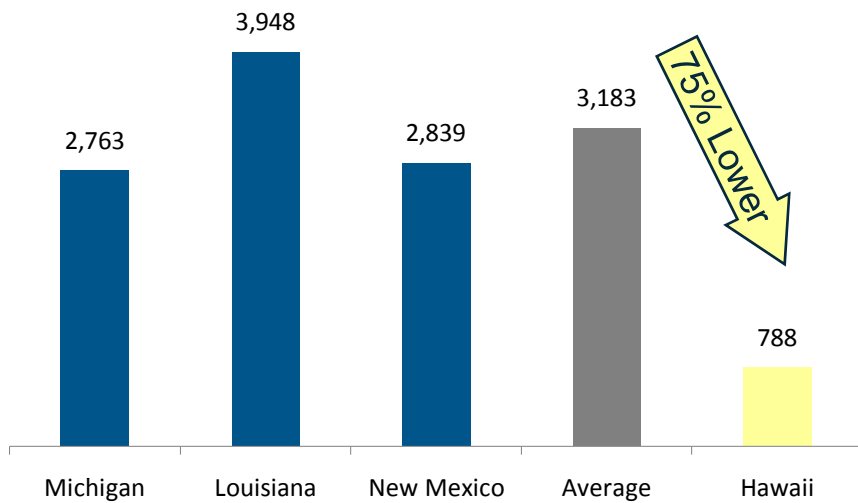
Comparative Film & TV Incentives

- Hawaii's tax credit needs to increase significantly in order to be competitive and drive increases in film labor / infrastructure and economic multiplier

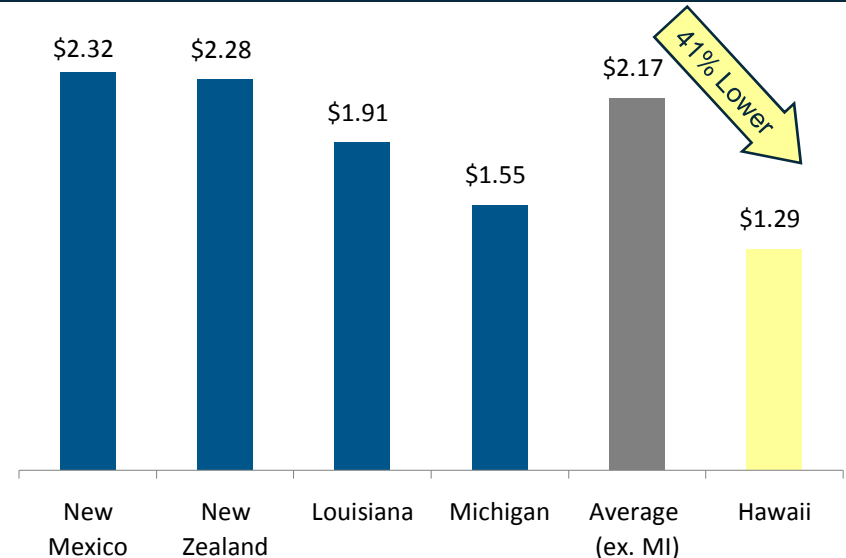
Maximum Allowable Tax Incentive*



Film Labor



Economic Multiplier



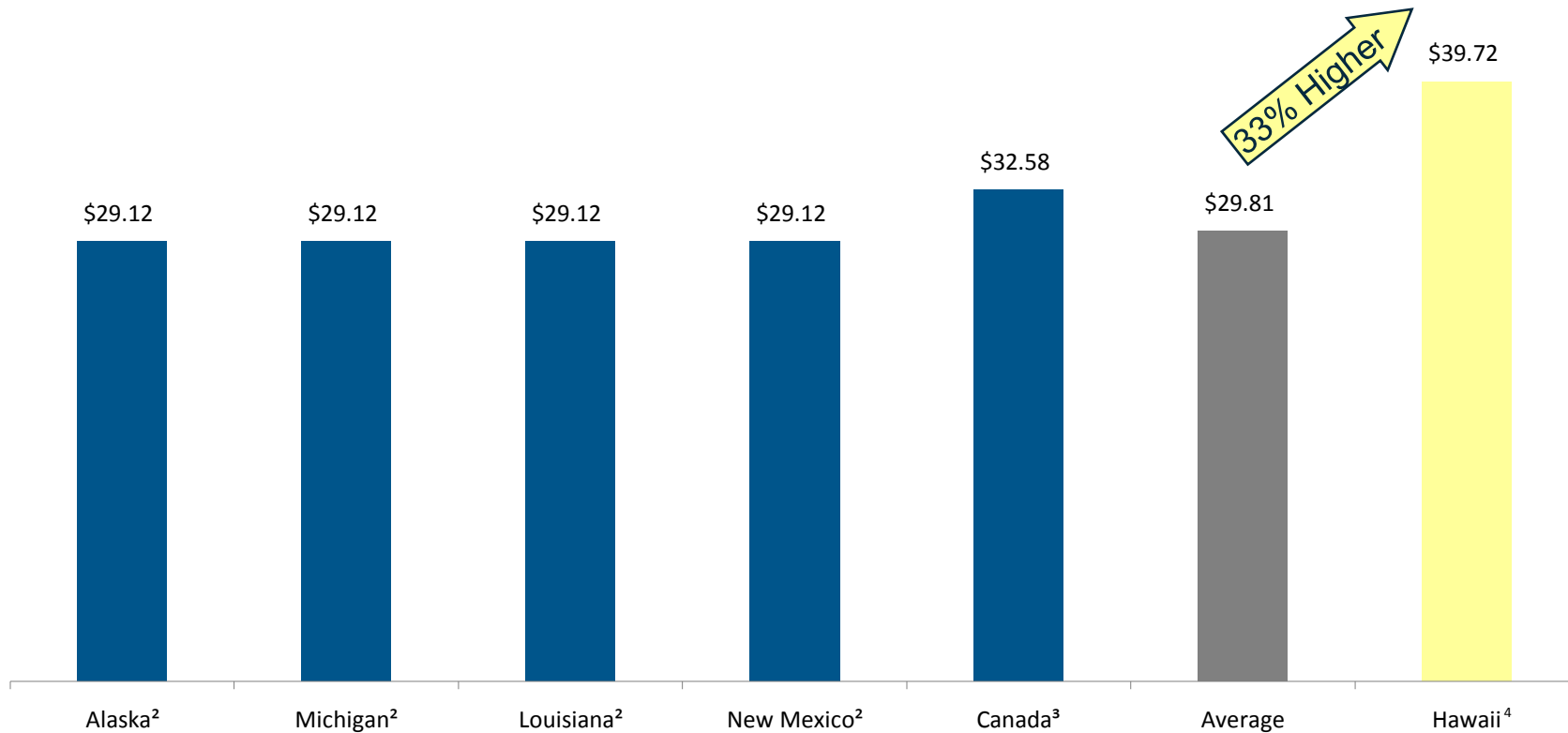
Source: Each respective film commission; Most recently available information from U.S. Bureau of Labor Statistics, Louisiana Motion Picture Sound Recording and Digital Media Industries, Economic and Fiscal Impacts of New Mexico Film Production Tax Credit, Michigan State University Center for Economic Analysis

*Includes total of maximum available local, federal and labor incentives

Comparative Film Labor Cost

- Even with an increased tax incentive and more labor, Hawaii still faces...
- ...Union film crew rates among the highest in North America

Average Hourly Film Crew Rate¹



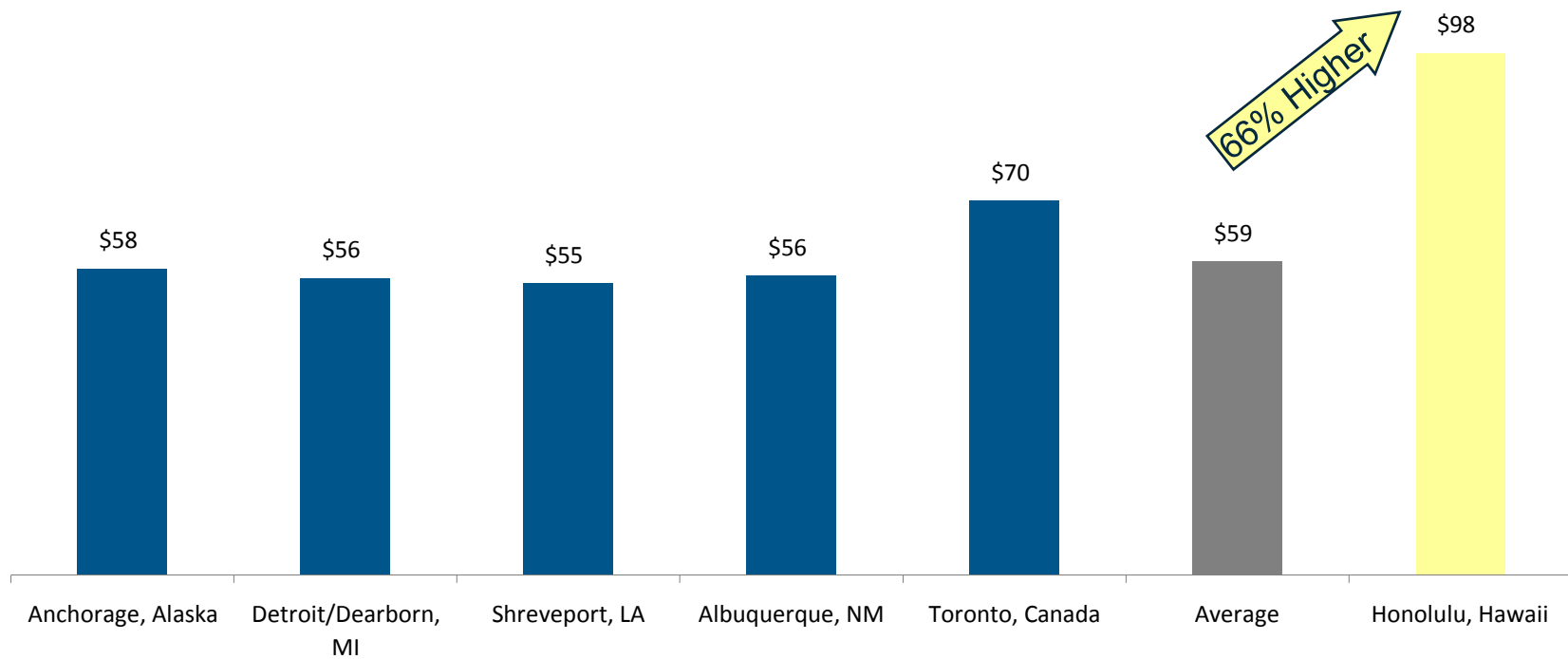
Source: Entertainment Partners PAYMASTER 2010/2011 IATSE rates

- Footnotes:
1. Average hourly is based on the Prop Master / Key Grip / Gaffer Rates
 2. Covered under the AREA STANDARDS AGREEMENT: Non-Maryland Rates
 3. IATSE Quebec Agreement: Exchange Rate 1USD:0.9880CND
 4. Covered under the IATSE BASIC AGREEMENT

Comparative Hotel Rates

- Even with an increased tax incentive Hawaii still faces...
- ...Hotel / Accommodation costs among the highest in North America

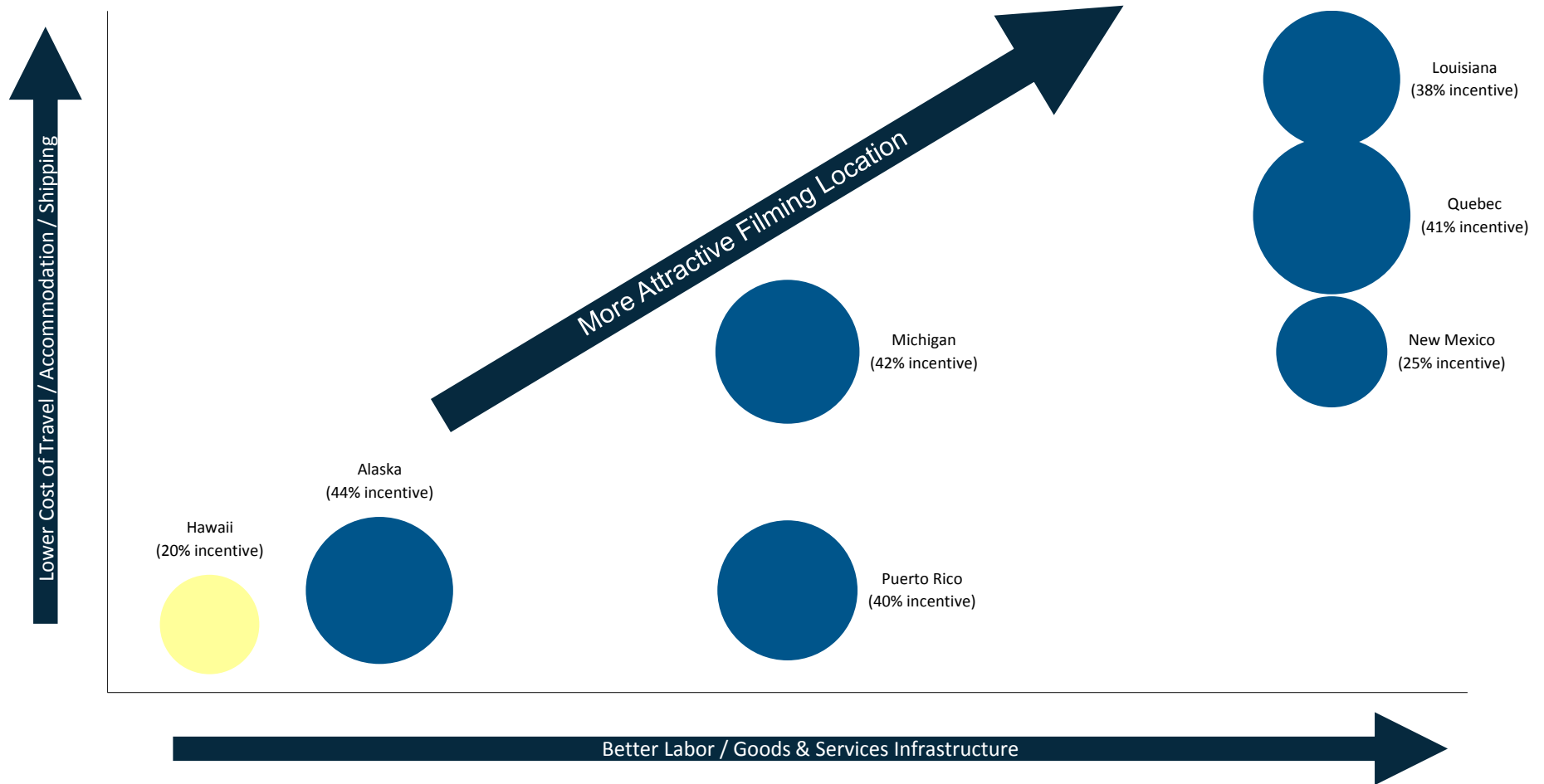
Average Nightly Film Crew Hotel Rates



Source: Road Rebel

Comparative Filming Location Attractiveness

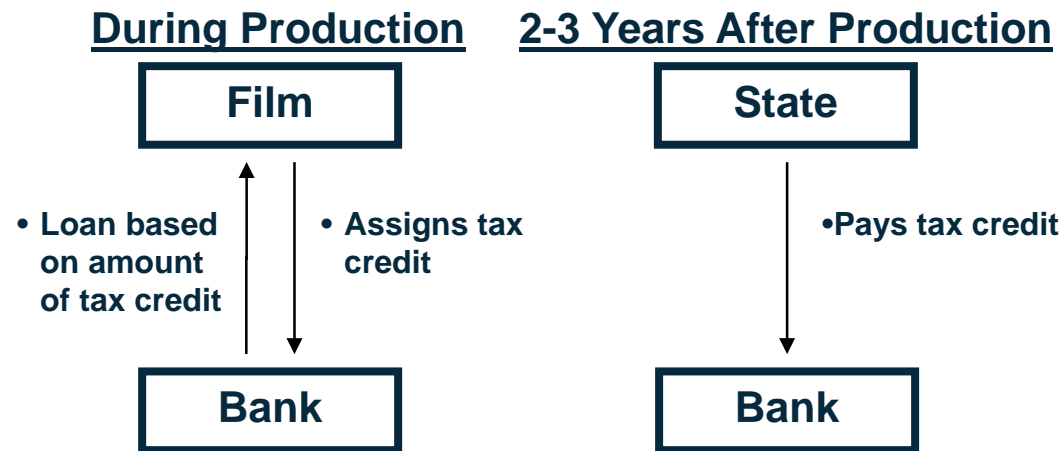
Filming Location Attractiveness



Making the Film Tax Credit Assignable* is a Win-Win

- Hawaii currently pays films an income tax refund based on the qualified amount of money they spend on production costs in-state
 - Currently the tax refund is typically paid within 6 months of filming
- As films use the tax refund to offset production costs, the sooner they can access the money the better
- If the tax refund is made **assignable* to a bank** (or similar financial party), then both the state and film benefit
 - If films can assign the payment to a bank, then the bank will provide a loan to the film thereby **allowing the film access to the money sooner** and at the same time...
 - ...the **state can delay payment of the refund for 2 to 3 years** thereby improving its cash flow

If Tax Credit Is Assignable* and State Makes Payment 2-3 Years After Production



Making the tax credit assignable* can improve the state's cash flow, does not change the amount of the refund and does not add any risks or complications

*Making a tax credit "assignable" gives a film the ability to assign and have the state remit a tax refund payment directly to a bank. Making a tax credit "transferable" means to transfer the tax credit from one tax payer to another tax payer (who can use the tax credit as an offset to state tax) which can have an impact on the amount of the tax refund among other things issues. The proposal is to make the tax credit ASSIGNABLE NOT TRANSFERABLE.

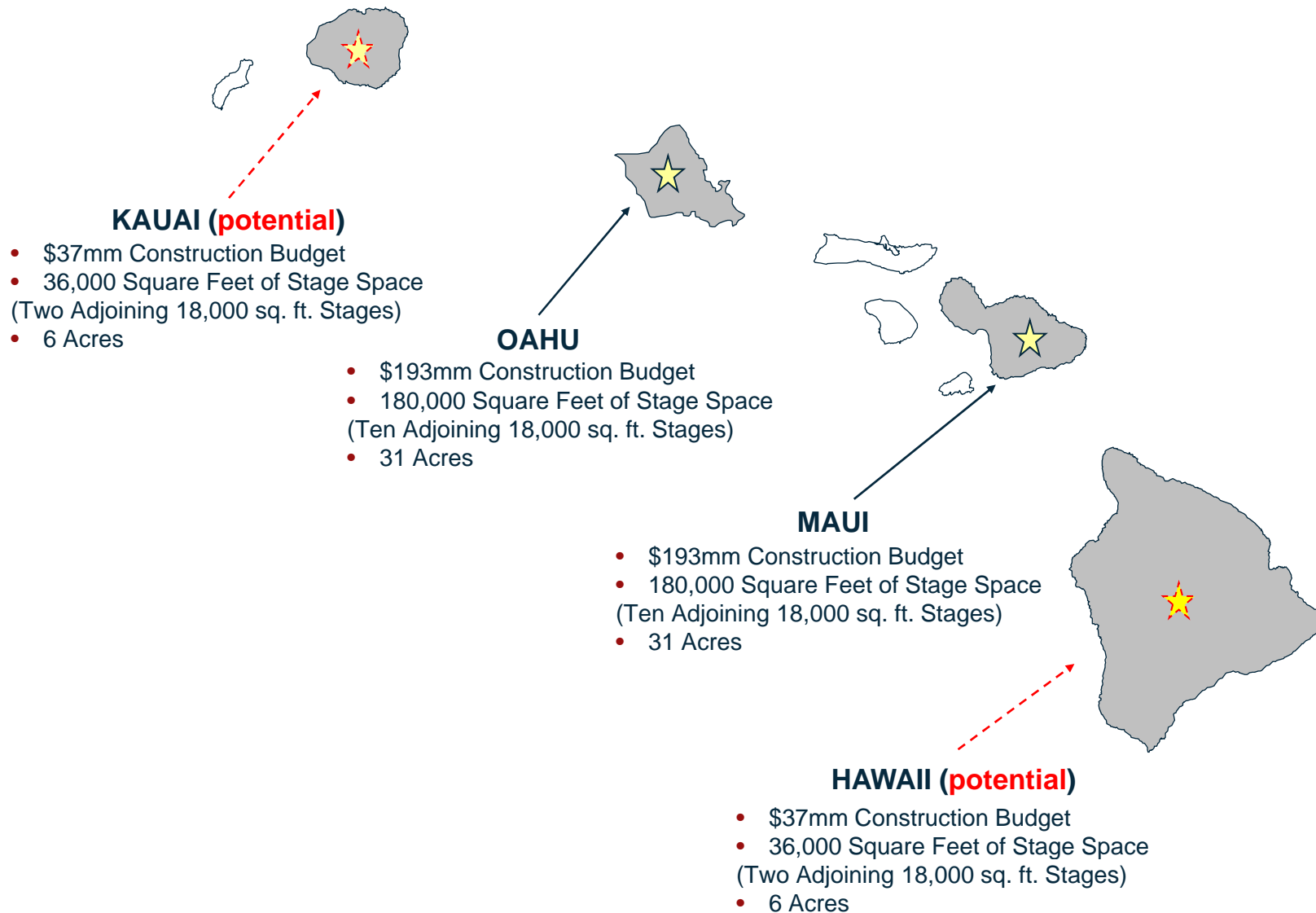
Worldwide First-Class Production Facilities

There are currently a very limited number of first-class production facilities (100,000 – 200,000 square feet of stage space) in the world, which is not enough to satisfy current film production demand...



Proposed Hawaii Production Facilities

...Our plan to invest \$350mm to \$500mm in new construction will make Hawaii one of the few locations in the world that has first-class production facilities (on Maui and Oahu, and potentially Kauai and Hawaii), thereby making Hawaii a major production hub



Hawaii World-Class Production Complexes

Relativity and Shangri-La plan to build two world-class, LEED Platinum certified production complexes, one on Maui and one on Oahu, for a total of \$386mm (\$193mm each)*

Building & Materials

Description	Quantity	SF	Total SF / Units	\$ per SF / Unit	Total Hard Cost
Stages	10	18,000	180,000	205	\$36,900,000
Production Office	5	20,000	100,000	250	\$25,000,000
Post Production Office and Theater	1	33,800	33,800	300	\$10,140,000
Office	1	50,000	50,000	300	\$15,000,000
Store and Commissary	1	15,000	15,000	180	\$2,700,000
Mill shop & storage	1	45,000	45,000	150	\$6,750,000
Central Plant	1	10,000	10,000	1,800	\$18,000,000
Parking (Spaces)			860	3,000	\$2,580,000
Solar	1	267,000	267,000	75	\$20,025,000
Villas	4	1,200	4,800	425	\$2,040,000
Misc Assoc with Villas			-		\$1,000,000
Misc Site (31 Acres)	31	43,560	1,350,360	12	\$16,204,320
Back Lot (10 Acres)	10	43,560	435,600	18	\$7,840,800
Subtotal					\$164,180,120

Equipment

Description					Total Hard Cost
Lighting and Grip Equipment					\$8,000,000
Post Production Equipment					\$8,000,000
Camera Equipment					\$6,000,000
Office Equipment					\$7,000,000
Subtotal					\$29,000,000

Total for Each Facility	\$193,180,120
--------------------------------	----------------------

Grand Total for 2 Facilities	\$386,360,240
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*Does not include cost of civil infrastructure (e.g., roads, water, power, sewer) or material escalation costs

What Happens After Bill Passes

<i>\$ in millions</i>	2011	2012	2013	2014	2015	2016
Production Facility (Stages)¹	Maui Complex: \$39mm	Maui Complex: \$106mm Oahu Complex: \$39mm	Maui Complex: \$48mm Oahu Complex: \$106mm Kauai Complex: \$7mm	Oahu Complex: \$48mm Kauai Complex: \$20mm Hawaii Complex: \$7mm	Kauai Complex: \$9mm Hawaii Complex: \$20mm	Hawaii Complex: \$9mm
Film Production²	5 films \$250mm production spend	10 films \$500mm production spend	16 films \$800mm production spend	18 films \$920mm production spend	21 films \$1,058mm production spend	24 films \$1,217mm production spend
TV Production³	2 network tv shows \$110mm production spend 30 cable tv shows \$150mm production spend	2 network tv shows \$110mm production spend 30 cable tv shows \$150mm production spend	3 network tv shows \$165mm production spend 35 cable tv shows \$175mm production spend	3 network tv shows \$165mm production spend 40 cable tv shows \$200mm production spend	4 network tv shows \$220mm production spend 40 cable tv shows \$200mm production spend	4 network tv shows \$220mm production spend 45 cable tv shows \$225mm production spend
Economic Activity⁴	\$708mm @ 1.29x multiplier	\$1,167mm @ 1.29x multiplier	\$1,799mm @ 1.38x multiplier	\$2,015mm @ 1.48x multiplier	\$2,392mm @ 1.59x multiplier	\$2,840mm @ 1.70x multiplier
Direct Film and Construction Jobs⁵	3,179 people employed	7,101 people employed	10,593 people employed	10,967 people employed	11,976 people employed	13,503 people employed
Total Film and Construction Jobs⁶ (Direct and Indirect)	9,755 people employed	21,877 people employed	32,554 people employed	33,573 people employed	36,585 people employed	41,215 people employed
Administration Fees Paid to Hawaii⁷ (To be used at the State's discretion)	\$1.7mm	\$2.1mm	\$2.9mm	\$3.2mm	\$3.7mm	\$4.0mm

Notes:

- (1) Does not include cost of civil infrastructure (e.g., roads, water, power, sewer)
- (2) Assumes \$50mm average budget per film
- (3) Assumes each network tv show consists of 22 episodes with a \$2.5mm budget per episode; each cable tv show consists of 10 episodes with a \$500k budget per episode
- (4) Projected economic multiplier values based on Michigan Economic Analysis, February 2009
- (5) Film jobs based upon employment statistics reported by the Canadian Motion Picture Association (2010)
- (6) Includes direct and indirect jobs multiplier for film production per Canadian Motion Picture Association (2010) and construction activity per Shangri-La industry research
- (7) Equals 0.5% of the production budget of each production, with a maximum of \$75k per production

Perspectives on Film Tax Credits

- LOUISIANA: “Economic stimulus of **\$6.64 for every \$1 in tax credits issued**”¹
- NEW MEXICO: “**5,989 total direct jobs attributable to the film production tax credit...create a total of 3,221 indirect jobs, resulting in a total employment impact of nearly 9,210 jobs**”²
- MICHIGAN: “Based on generally accepted theory, multiplier impacts will increase over time. **This occurs as infrastructure develops** around this new industry and a greater proportion of the total production budgets are captured in-state”³
- GREAT BRITAIN: “**The British film trade has defied the recession with stunning success. In 2009 the industry contributed over £4.5 billion to our economy, employing over 36,000 people directly...If we include the multiplier effect...100,000 people derive their income from the film industry...**”⁴
- CANADA: “**...film and television production in Canada generated just over \$6.8 billion in GDP in the Canadian economy in 2009/10... Film and television production led to the employment of an estimated 117,200 individuals on a full-time basis**”⁵
- NEW ZEALAND: “The **film and television production sector activity** is estimated to have generated total output of **\$2.890 billion in 2008**. Associated with this was... **8,328 full time equivalent jobs.**”⁶

Notes:

- (1) Economics Research Associates, Feb 2009, Prepared for State of Louisiana
- (2) Economic and Fiscal Impacts of the New Mexico Film Production Tax Credit, Jan 2009, Ernst & Young
- (3) Center for Economic Analysis, Feb 6, 2009, Michigan State University
- (4) Richard Harrington, MP, (Watford, Conservative) November 20, 2010, Conservative Home Comment
- (5) CMPA and APFTQ, Profile 2010, in Conjunction with the Dept of Canadian Heritage and Nordicity Group LTD
- (6) Price Waterhouse Coopers, Nov 2009, Economic Contribution of the New Zealand Film and Television Industry

Appendix 2

\$ Economic Activity per \$ Production Spend:

MULTIPLIER: "OUTPUT" Goods & Services "ONLY"

STATE/COUNTRY*	OUTPUT (\$ in millions)			Total OUTPUT Direct OUTPUT	=	MULTIPLIER (Output G&S only)
	Direct	Indirect	Induced			
New Mexico ¹	152.78	143.713	48.383	344.876 152.78	=	2.26 NM State Univ. 1.89 weighted ave. of reports
New Zealand ²	1266	1624	**	2890 1266	=	2.28
Louisiana ³	429.2	234.1	100	763.3 429.2	=	1.78
Michigan ⁴	No raw data: "OUTPUT ONLY"				=	1.43
AVERAGE (less HI and using NM State U. multiplier):						1.7 vs. 1.94 ^
Hawaii ⁵	***				=	1.29

* All States & NZ, except Hawaii, have calculated separate multipliers for Output (G&S) vs. Labor

** Included in Indirect number

*** No details are given, assume that it includes OUTPUT (G&S) and Wages as utilized on entire production spend \$

^ 1.7 is the average with out New Zealand and utilizing the weighted average of the reports for NM

1.94 is the ave. with NZ & utilizing on the NM State Univ. report as in concl. the Fed. Resv. deemed this report more conserv.

SOURCES:

- Arrowhead Center NM State Univ.: The Film Industry in New Mexico and The Provision of Tax Incentives by Popp & Peach 2008 pg. 5 & 12
Weighted average was determined from NM State Univ. August 2008 report + Ernst & Young report January 2009 pp. 7
The Federal Reserve (Bank of Boston) report April 2009, concludes that the NM State Univ. report was more conservative than the E&Y Report
- NZFACT Economic contribution of the New Zealand film and television industry November 2009 pg. 1
- ERA I AECOM Louisiana Motion Picture, Sound Recording and Digital Media Industries February 2009 pp.33 & 34
- The Economic Impact of Michigan's Motion Pic. Prod'n Industry & the MI Motion Picture Prod'n Credit Feb.2009 pp. 9 & Exec. Summary
- Hawaii's DBEDT (Dept. of Business, Economic Development and Tourism June 2009) 2008 Act 88 Analysis Impact and + Economic Impact Dr. Wm. Boyd

\$ Economic Activity per \$ Production Spend:

MULTIPLIER: "OUTPUT" Goods & Services + "WAGES" + VALUE ADDED

STATE *	OUTPUT (\$mm)			Earnings (\$mm)			Value Added (\$mm)			Total OUTPUTS Direct OUTPUTS	=	MULTIPLIER (Output+Wages+V.A.)	LOCAL CREW BASE^^	
	Direct	Indirect	Induced	Direct	Indirect	Induced	Direct	Indirect	Induced					
New Mexico ¹	152.78	143.713	48.383	31.06	35.349	14.755	None Calculated			426.043 183.843	=	2.32	80%	
New Zealand ²	1266	1624	**	316	297	**	373	582	**	4458 1955	=	2.28	50%	
Louisiana ³	429.2	234.1	100	100.3	72.5	30.9	136.4	112.2	54.5	1270.1 665.9	=	1.91	50%	
AVERAGE (Locations with substantial INFRASTRUCTURE: NM, NZ, LA)													2.17	
Michigan ⁴	1.43			1.66			None Calculated			3.09 2	=	1.55	10%	
Hawaii ⁵	***			***			None Calculated			***	=	1.29 ***	20%	

* All States but Hawaii have calculated separate multipliers for G&S vs. Labor

** Included in Indirect number

*** No details are given, assume that it includes OUTPUT (G&S) and Wages as utilized on entire production spend \$

^ A simple average was calculated as a weighted average could not be determined with out add'l raw data

^^ Utica Films Survey of production accountants, Line Producers, and/or local crew statistics

SOURCES:

- Arrowhead Center NM State Univ.: The Film Industry in New Mexico and The Provision of Tax Incentives by Popp & Peach 2008 pg. 5 & 12
Weighted average was determined from NM State Univ. August 2008 report + Ernst & Young report January 2009 pp. 7
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\$ Economic Stimulus per \$1 Tax Credit Issued

$$\frac{\text{Output (G\&S) \$mm}}{\text{Tax Credit issued (\$mm)}} = \text{Economic Stimulus of \$x.xx for every \$1 in Tax Credits Issued}$$

$$\text{New Mexico}^1 \quad \frac{\$344.88}{\$38.20} = \$9.03$$

$$\text{Louisiana}^2 \quad \frac{\$763}{\$115} = \$6.64$$

SOURCES for data calculations:

1. Arrowhead Center NM State Univ.: The Film Industry in New Mexico and The Provision of Tax Incentives by Popp & Peach 2008 pp. 5 & 12 data
2. ERA I AECOM Louisiana Motion Picture, Sound Recording and Digital Media Industries February 2009 pp.33 data pp.34 value

Value added

Value added is a measure of the value of output generated by the industry's factors of production - labor and capital. It is the difference between the value of gross output and the cost of the intermediate inputs used in the production process.

This is expressed as a dollar amount.

Value added = labor income + net profit before taxes

EXAMPLE:

To illustrate the difference between gross output and value added, it is helpful to draw the analogy of a single transaction.

- Suppose Firm A sells a feature film DVD for \$10. Its gross output is \$10.
- In doing this, it purchases supplies (e.g. the right to distribute the film, the disc itself, marketing materials, etc) collectively worth \$7 from Firms B, C and D.
- Firm A's value added is the difference; \$3.
- From this, it pays its staff, taxes and other costs, with any remainder being profit.

SOURCE:

2. NZFACT Economic contribution of the New Zealand film and television industry November 2009

ARROWHEAD CENTER

LEADING ECONOMIC DEVELOPMENT FOR NEW MEXICO STATE UNIVERSITY



The Film Industry in New Mexico and The Provision of Tax Incentives

A Report Submitted to the
Legislative Finance Committee
of the
State of New Mexico

August 26, 2008

by

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New Mexico State University
Las Cruces, NM 88005

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Phone: Popp: 575-646-5198 Peach: 575-646-3113



New Mexico State University

The Film Industry in New Mexico and The Provision of Tax Incentives

I. Introduction

The State of New Mexico has been providing tax incentives to film companies since 2002. The program has been successful in the sense that companies are coming to New Mexico to make movies. In that first fiscal year of incentives, two companies received credits for qualified projects. For fiscal year 2008, thirty-one projects qualified for tax credits totaling \$38,195,321.34. Since the credits are for production related expenses in New Mexico and the credit for the time period was twenty-five percent, this implies that the industry spent \$152,771,285.36 on production in New Mexico during the year.

The success of the incentives is also evident in the increase in the number of establishments and employees in the industry and the income generated. Table 1 contains a summary of the the growth of the film industry from 2001 through 2007. Since 2001 the number of establishments in the motion picture and video production industry increased by over fifty percent. The number of employees, and the income received by those employees has increased almost ten-fold.

Table 1 Motion Picture and Video Production In New Mexico by Year Private Establishments, Employees and Wages							
	2001	2002	2003	2004	2005	2006	2007*
Establishments	88	84	81	76	100	126	136
Employees	286	460	362	506	1,048	1,826	2,284
Total Wages (in 1,000's)	\$6,185	\$12,450	\$8,490	\$7,738	\$43,222	\$60,370	\$70,522
Ave. Annual Pay	\$21,633	\$27,042	\$23,437	\$15,292	\$41,226	\$33,068	\$30,881
Average Weekly Wages	\$416	\$520	\$451	\$294	\$763	\$636	\$594
2007 data preliminary Source: U.S. Department of Labor, Bureau of Labor Statistics							

New Mexico is certainly one of the up and coming states when places to film are discussed. Articles from California to New York and on-line stories from a variety of sources document the aggressive incentives that the state provides and the rapid increase in New Mexico film projects.

The amount and growth in the dollar value of incentives has become a point of discussion within the state. The question is not whether the incentives have been successful, but

This all sounds simple enough. There are only three basic ideas. First, a new dollar of spending (the direct effect) in a given area will generate more than a single dollar's worth of new economic activity in that area. Second, all industries purchase inputs from other industries (the indirect effects). Third, households will spend additional income generated from the new economic activity (induced effects).

There are three main areas of concern in estimating local economic impacts. First, the new spending must, in fact, be new to the geographic area being considered. Second, the size of the local economy matters. To the extent that the direct inputs are imported from other areas, new spending doesn't do much for the local economy. In general, the smaller the local economy under consideration, the more likely it is for firms operating locally to obtain inputs from outside the area. Third, supply constraints in the local economy are important. Given knowledge of a pattern of new spending, the direct, indirect, and induced effects of that spending can be calculated.

The three most commonly used modeling systems to perform the calculations are: RIMS II, REMI, and IMPLAN. The RIMS (regional input-output modeling system) system is produced by the U.S. Department of Commerce, Bureau of Economic Analysis (<http://www.bea.gov/regional/rims/index.cfm>). The REMI models are produced privately and customized to user specified geography by REMI (Regional Economic Models, Inc. <http://www.remi.com/>). The IMPLAN model was originally developed for the U.S. Forest Service but for many years it has been maintained and sold by the Minnesota Implan Group (<http://www.implan.com/>).

Each modeling system has well known advantages and disadvantages. The model used to produce the estimates in this report is IMPLAN PRO II with the latest (2006) data and structural matrices available.

The results of using IMPLAN and the initial spending of \$152.780 million are provided in Table 8. The total impact of this spending results in an increase in state product of \$344.796 million, an increase in income of \$81.167 million and an increase of 2,434 jobs.

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
State Product (Mil. of \$)	\$152.780	\$143.713	\$48.383	\$344.796
Income (Mil. of \$)	\$31.063	\$35.349	\$14.755	\$81.167
Employment	890.6	1,083	460.3	2,434
Impacts calculated by the authors through the use of IMPLAN PRO II				

Economic and Fiscal Impacts of the New Mexico Film Production Tax Credit

Prepared for the New Mexico State Film Office
and State Investment Council

January 2009



The economic model of the State of New Mexico was adjusted to reflect the average compensation and output of workers described above. The adjusted model was then used to estimate the total personal income, including employee compensation, proprietor's earnings, and other property-type income (payments to capital). Based on the film spending data supplied by the State Film Office and the adjusted state economic model, the direct personal income impact of film productions in New Mexico during 2007 was nearly \$203 million.

The direct impacts of New Mexico film productions, shown in Table 2, were used as inputs to the adjusted state economic model. As shown in Table 2, the IMPLAN model estimates that direct film production expenditures of \$253 million created an additional \$166 million in indirect economic output, resulting in an estimated total of \$418 million of economic output attributable to film production activities in 2007.³

Direct employment of 2,220 workers by film productions in New Mexico indirectly created an estimated 1,609 additional employees in other sectors of the economy, totaling more than 3,800 total employees in 2007. Based on the estimated indirect output and employment from New Mexico film productions, an estimated \$85 million of indirect personal income was created from film production activities in 2007; total direct and indirect income was \$288 million.

Table 2
Economic Impact of Film Production Activities in 2007

Film Production Activities	Direct	Indirect	Total
Output (\$mil)	\$252.8	\$165.5	\$418.3
Income (\$mil)	\$202.9	\$85.0	\$287.9
Employment	2,220	1,609	3,829

Impact of Film-Related Capital Expenditures in 2007

Capital expenditures related to the expansion of film industry infrastructure in New Mexico totaled \$115 million in 2007. Of this amount, \$103 million was spent on construction while the remaining \$12 million was spent on equipment purchases. The capital expenditure estimate is based on survey responses by New Mexico businesses that indicated they had expanded their businesses due to the increase in New Mexico film production activity assumed to result from the continued support of the film tax credit program.⁴ The \$100 million Albuquerque Studios accounts for more than 85% of total capital expenditures in 2007.

As shown in the first column of Table 3, the construction and equipment expenditures described above generated \$42 million of direct personal income and 930 direct jobs in 2007. Including

³ The ratio of the total impact to the direct impact is referred to as the economic multiplier. For output, the multiplier is 1.65. In other words, one direct job in the film production industry creates 0.65 additional jobs (indirect and induced) for a total of 1.65 new jobs.

⁴ The survey was conducted by the State Film Office in the fall of 2008.

NZFA©T

Economic contribution of the New Zealand film and television industry

November 2009



Executive Summary

Background and purpose

This study examines the contribution of the film and television industry to the New Zealand economy and provides estimates measuring the magnitude of that contribution for 2008. It estimates that the industry's value added is over 1 percent of New Zealand's gross domestic product (GDP).

The analysis takes account of the **direct**, **indirect** and **induced** economic impacts created by the industry to determine the industry's total economic contribution. In other words, it measures not just the spending that occurs by the industry itself, but the subsequent effects of that spending as money, labour and materials impact other industries.

To quantify the economic contribution of the film and television industry, four measures are estimated:

- **gross output** – the combined revenues of all industry participants attributable to film and television activity;
- **value added** – the returns to labour and capital attributable to the industry (which amounts to the industry's contribution to GDP);
- **labour income** – the contribution made by the industry in wage and salary payments (a subset of value added); and
- **employment** – the number of jobs created as a result of film and television industry activity.

Additionally, other contributions made by these industries to the New Zealand economy are identified and described.

The film and television industry is a changing and evolving industry with new services, products and distribution channels frequently.

The system of national accounts that seeks to measure this industry is structured based on industry classifications that are revised relatively infrequently. As is the case with other industries that change with the pace of the technology driving their production, the system cannot separately identify all of the activity of the film and television industry in a manner that reflects current industry structure.

NZFA©T has an interest in knowing with greater accuracy the impact of film and television on the economy, as its role is to protect the creators of content. Better information about the significance of the industry informs the dialogue between copyright owners and the New Zealand government about protecting the rights upon which the industry relies in order to remain commercial.

Results

Table 1 sets out the key estimates calibrated by this study to calculate the economic impact of the NZ film and television industry.

Table 1: Total economic impact of NZ film and television industry

Industry Sector	Gross output (\$m)		Value added (\$m)		Labour income (\$m)		Employment (FTEs)	
	Direct	Total	Direct	Total	Direct	Total	Direct	Total
Type of impact								
Production	1,266	2,890	373	955	316	613	3,470	8,328
TV Broadcast	1,155	1,950	716	1,120	174	413	2,622	7,850
Distribution	176	361	44	123	6	17	195	570
Film Exhibit'n	145	300	49	129	35	68	1,130	1,780
Rental	153	310	61	146	44	81	1,475	2,375
Retail	210	290	28	68	26	47	680	1,080
TOTAL	3,105	6,101	1,271	2,541	601	1,239	9,572	21,983

Source: PricewaterhouseCoopers, Statistics NZ; Butcher Partners Ltd.



Project Report

**Louisiana Motion Picture, Sound
Recording and Digital Media Industries**



Prepared for

**State of Louisiana
Louisiana Economic Development
Baton Rouge, Louisiana**

Submitted by

Economics Research Associates

February 2009

ERA Project No. 18014

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York Chicago Washington D.C. London Hong Kong

million in production and post-production spending. An additional 2,920 jobs were supported indirectly in other industries throughout the state for a total of 6,230 jobs. This includes both full- and part-time employment in jobs across all sectors of the economy. Total earnings paid resulting from this spending were nearly \$204 million averaging \$32,700 across all jobs in all sectors. The average wage resulting from direct spending in the film industry was \$30,300 in 2007, lower than the BLS reported average of \$37,209 for the industry as ERA defined it. This difference can be attributed to the number of temporary, contract and self-employed workers which are captured in the economic impact analysis, but missing from the Quarterly Census of Employment and Wages data reported by the Bureau of Labor Statistics.

Table 13 – Certified and Non-Certified Spending on Motion Picture Productions in Louisiana

	Certified			Non-Certified		Total Spending		
	2005	2006	2007	2006	2007	2005	2006	2007
Output (millions)								
Direct	\$238.6	\$293.4	\$317.1	\$29.1	\$112.1	\$238.6	\$322.5	\$429.2
Indirect	\$128.4	\$161.8	\$173.0	\$16.0	\$61.2	\$128.4	\$177.9	\$234.1
Induced	\$53.8	\$69.1	\$73.9	\$6.8	\$26.1	\$53.8	\$75.9	\$100.0
Total	\$420.9	\$524.3	\$563.9	\$52.0	\$199.4	\$420.9	\$576.3	\$763.4
Employment (jobs)								
Direct	1,870	2,350	2,450	230	870	1,870	2,580	3,310
Indirect	1,110	1,390	1,450	140	510	1,110	1,530	1,970
Induced	540	680	710	70	250	540	740	950
Total	3,520	4,420	4,610	440	1,630	3,520	4,850	6,230
Earnings (millions)								
Direct	\$55.8	\$68.6	\$74.1	\$6.8	\$26.2	\$55.8	\$75.4	\$100.3
Indirect	\$39.7	\$50.0	\$53.5	\$5.0	\$18.9	\$39.7	\$54.9	\$72.5
Induced	\$16.5	\$21.3	\$22.8	\$2.1	\$8.1	\$16.5	\$23.4	\$30.9
Total	\$112.0	\$139.8	\$150.5	\$13.9	\$53.2	\$112.0	\$153.7	\$203.7
Total Value Added (millions)								
Direct	\$75.8	\$93.2	\$100.7	\$9.2	\$35.6	\$75.8	\$102.4	\$136.4
Indirect	\$61.5	\$77.5	\$82.9	\$7.7	\$29.3	\$61.5	\$85.2	\$112.2
Induced	\$29.3	\$37.6	\$40.3	\$3.7	\$14.3	\$29.3	\$41.3	\$54.5
Total	\$166.5	\$208.3	\$223.9	\$20.6	\$79.2	\$166.5	\$228.9	\$303.1
Fiscal Impact (millions)								
Federal	\$24.1	\$30.2	\$31.5	\$3.0	\$11.1	\$24.1	\$33.2	\$42.6
State	\$8.2	\$10.3	\$10.8	\$1.0	\$3.8	\$8.2	\$11.3	\$14.6
Local	\$4.4	\$5.5	\$5.7	\$0.5	\$2.0	\$4.4	\$6.0	\$7.7
Total	\$36.7	\$46.0	\$48.0	\$4.5	\$16.9	\$36.7	\$50.5	\$64.9

The reason for examining “total value added” is that it represents the degree to which the state economy is enriched by a given activity. The largest component of total value added is wages. It also includes such things as rents, royalties dividends and profits as well as indirect business taxes that were incurred. It does not include taxes on profit or income which are included in the fiscal impacts. It includes payments made to individuals (employee compensation), business owners (proprietary income or corporate profits), investors (dividends, economic rents and royalties) and governments (sales and excise taxes). In 2007, the total value added as a result of qualified spending on motion picture productions was \$303.1 million.

Economic activity like wages, sales and profits generate tax revenue for federal, state and local governments. In addition to income, sales and property taxes, this includes fees paid to governments, including motor vehicle licensing fees, fines and payments for permits. Motion picture projects that received state tax credits generated \$26.4 million in state and local tax revenue during 2007, of which approximately two-thirds (\$14.6 million) went to the State of Louisiana.

Cost Benefit Analysis

In this section, ERA estimates of the costs and benefits to the State as well as the benefits to the overall economy as a result of the motion picture production tax credit program. Productions that have applied for tax credits must be approved by the State and their in-state expenses must be certified. Tax credits are then issued only on qualified expenditures made in the State of Louisiana. For qualified film productions, there is also a wage credit for state residents employed on the project.

As shown in the following table, the State of Louisiana will issue an estimated \$115 million in tax credits for projects with certified and estimated expenditures incurred during 2007. Combined these projects had an estimated \$429 million in qualified expenditures which generated a total economic benefit to the State of \$763 million. This represents an economic stimulus of \$6.64 for every \$1 in tax credits issued for qualifying motion picture expenditures during 2007. This has grown 4.6 percent since 2005. The \$115 million in tax credits supported the creation of 6,230 jobs (direct + indirect) throughout the state. These jobs paid an average annual salary of \$32,690 at the cost of \$18,460 in tax credits each during 2007. The State of Louisiana directly received \$14.6 million in taxes and fees resulting for the \$763 million in economic output.

The Economic Impact of Michigan's Motion Picture Production Industry and the Michigan Motion Picture Production Credit

February 6, 2009

Steven R. Miller
Abdul Abdulkadri

Center for Economic Analysis
Michigan State University



For More Information

Steven Miller, Director, Center for Economic Analysis, (517) 355-2153 or mill1707@msu.edu
The Center for Economic Analysis is sponsored by the Michigan Agricultural Experiment Station, Michigan State University Extension, and the MSU Department of Agricultural, Food, and Resource Economics.

Executive Summary

In the nine months following passage of the Michigan Film Production Credit, 32 Michigan film productions were completed generating nearly \$70 million in spending. This spending directly and indirectly benefited Michigan residents and businesses. This study presents the estimated economic impacts of film production in Michigan following the passage of this incentive. The Michigan REMI model is used to estimate state-wide economic impacts of audited expenditures of Michigan film productions in 2008.

- Michigan productions spent \$65.4 million dollars in 2008. Of this, \$25.1 million was spent on direct wages and salary and \$40.3 million was spent on Michigan goods and services. Productions directly employed 2,763 Michigan residents during the duration of filming.
- Through a multiplier effect, film productions generated 1,102 year-round equivalent jobs in 2008 with total wage and salary income of \$53.8 million. In addition, film expenditures generated \$28.4 million in additional state-wide expenditures through the multiplier effect. In total, film production expenditures generated \$93.8 million in state output in 2008.
- We estimate total production expenditures will grow 187 percent from 2008 to 2012 based on the experiences of Louisiana and New Mexico, who passed similar, but lower incentives in 2002. Both states continue to experience year-over-year growth in total in-state production expenditures.
- By 2012, we project total direct production expenditures will climb to \$187.7 million. These expenditures will likely produce 2,922 jobs with annual income of \$189.5 and total state output of \$335.6 million, once accounting for the multiplier effect.
- Based on generally accepted economic theory, multiplier impacts will increase over time. This occurs as infrastructure develops around this new industry and a greater proportion of the total production budgets are captured in state.
- Michigan film will likely generate tourism impacts. We do not estimate such impacts but illustrate examples of locations in Michigan that have generated tourism and other indirect benefits from film production.

	Employment	Output
2008	1.66	1.43
2009*	1.71	1.52
2010*	1.79	1.61
2011*	1.85	1.70
2012*	1.90	1.79

* Projected values

Population impacts are likely to occur as well. According to the U.S. Census, Michigan has experienced a net outmigration of over 90,000 residents between 2005 and 2008. Michigan leads the nation in unemployment, and according to an annual United Van Lines study of migration, relative to other states Michigan has had the highest percent of outbound migrants for the last 3 years. Furthermore, it is well recognized in Michigan that outmigration of Michigan's young educated workforce is a concern (Burzynski-Bullard, 2008). Michigan is losing its young educated work force to states with better job prospects according to Lou Glazer, President of Michigan Future Inc.

As discussed above, the Michigan jobs connected to film and digital productions are high-paying high-skilled jobs that Michigan desires to attract and retain. The REMI model provides estimates of the population impacts of the film and digital media stimulus. Table 6 shows estimated population changes resulting from Michigan's growing film and digital media production industry. The positive impacts shown are cumulative and show that by 2012, film and digital media enterprises will likely partially offset Michigan's current outmigration by retaining or attracting 1,612 residents.

	2008	2009*	2010*	2011*	2012*
Total Population Change	206	570	926	1273	1612
Ages 0-14	50	141	232	323	414
Ages 15-24	46	121	185	238	281
Ages 25-64	110	307	506	706	906
Ages 65 and Older	0	1	3	7	12

* Projected values

In generating Table 6, the REMI model estimates migrations flows based partially on differences in expected income and prospects for employment. Regions that suffer both low wages and low employment opportunities relative to other regions generally experience outmigration. The REMI model uses relative employment opportunity and relative wage rates to estimate migration impacts. If employment opportunities increase or wages increase relative to the nation, REMI will predict net in-migration. As discussed above, film production expenditures generate high-wages and high-skilled jobs. The REMI model correctly anticipates a responding surge in migration as economic migrants pursue such jobs.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of

THEODORE E. LIU

Director

Department of Business, Economic Development, and Tourism

before the

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY

AND

**HOUSE COMMITTEE ON ECONOMIC
REVITALIZATION, BUSINESS & MILITARY AFFAIRS**

Thursday, September 3, 2009

10:15 a.m.

State Capitol, Room 229

Chairs Fukunaga and McKelvey and Vice Chairs Baker and Choy:

I appreciate the opportunity to comment on the views and concerns expressed by many on the Reduction in Force (RIF) decisions in various DBEDT programs. The layoff of four employees in the Creative Industries Division handling marketing, permitting and tax credits for film productions shooting in Hawaii has received a great deal of attention, but other programs are as equally important and unfortunately will also be affected.

To address these concerns, we need to start with the basic understanding that due to the unprecedented global economic crisis, tax revenue is down and the State no longer has sufficient funds to provide all of the services we have been providing, would like to provide or in the manner we have been providing. Not only are the needed revenues nonexistent, but there is a

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

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

LATE

Aloha, my name is Branscombe Richmond and I am a resident of the state of Hawaii, Maui County. I am a member of Screen Actors Guild, also AFTRA, and local 600 camera union. I'm a second generation in motion picture and television business. In this year 2011 I'm starting my 36th year working in front and behind the camera. I WANT TO WORK IN THE STATE OF HAWAII WHICH I HAVE MY RESIDENCY. I'm forced to work in New Mexico, Louisiana, Michigan and Canada due to the fact those states have become production friendly and have workable tax incentives. Let's face it Hawaii is not progressing, we need your help to entice more productions to film here. Tax incentives must be more progressive please let's get into the game. I'm trying to build my business here in Hawaii, to teach Hawaiian children about working in show business. The future of tomorrow is with them. Only if the work can sustain itself for which it hasn't. So what's the answer.....ANOTHER STUDIO, POST PRODUCTION HOUSE. FX HOUSE, ADR FACILITIES AND A WORKABLE DOABLE TAX INCENTIVE.....Louisiana is one of the poorest states in our union and because of there tax incentives over 140 movies and tv shows will be in production there in 2011. NOT BECAUSE OF THEIR BEAUTIFUL LOCATIONS BUT BECAUSE OF ITS FINANCIAL AND BUSINESS MODEL. It make good business sense, period. So Hawaii make good business sense and pass this bill. THIS BILL WILL CREATE MORE JOBS FOR US ALL,,, Mahalo Nui Loa Branscombe Richmond.

D. Aykroyd Letter to Senate for State of Hawaii

LATE

To the Senate for the State of Hawaii:

It is with enthusiasm and pleasure that I write to declare my wholehearted support for the initiatives of Ryan Kavanaugh to bring increased motion picture, television and video game production to the State of Hawaii.

Mr. Kavanaugh has a reputation and record as a hands-on producer of films which are widely and profitably distributed around the world. The box office numbers of his productions attest to his abilities, insights, effectiveness and genuine passion for the industry and its participants.

Michigan, Louisiana and their film commissions have done an excellent job of drawing production revenues from New York, Illinois and Canada. There is no reason that the State of Hawaii cannot share in these production dollars and showcase the spectacular variety of locations all over the state.

Personally I am looking forward to working with Mr. Kavanaugh and his new studio venture in your state.

Everyone in the Hollywood community would most actively embrace any incentives and encouragement Hawaii has to offer our industry.

Please do not hesitate to contact me at any time if you have any questions.

With gratitude, respect, support and great affection for the state of Hawaii,

Dan Aykroyd, C.M. D. Lit, (H.C.)
President, Black Rhino Enterprises, Co-production entity - Ghostbusters III Head
Proprietor, Globefill Inc. - Manufacturer of Crystal Head Vodka Dictated via
telephone

LATE

Blanche Leialoha Maa Richmond

Aloha kakou! I am Blanche Leialoha Maa Richmond, resident of Waiohuli, Hawaiian Homestead in Kula, Maui.

I was born on Oahu and lived for 25 years in Los Angeles, California with my husband, Branscombe Richmond.

I am a former Miss Hawaii USA, have worked as a model and actress but consider my greatest job to be that of a wife and mother of 4.

Our 2 oldest sons work in the Motion Picture Industry. Presently, Maro-uo works with the Panavision Crane. Fairai works in locations for Hawaii 5-0.

There is nothing that makes a mother happier than to have her children working in the field they know and love, and that would describe me. Happy and grateful. An added blessing is that they can do this here at home in Hawaii.

Today, our high school students choose an academy of their desire, and their class choices are geared toward that interest. At Kamehameha Maui the academies are: Science and Natural Resources, Computer Programming and Robotics, Business/ Leadership, and Information Technology. Part of their graduation requirement is an internship in their chosen academy. Students who have extensive training in film and video technology have limited options on Maui. Though one can take classes in film at UH Maui College, most students travel to Los Angeles to get closer to the Motion Picture business.

When I learned that our fair islands had a rare opportunity to be the home of a brand new film studio, promising major motion pictures to be filmed in Hawaii, I had to represent the young people of our islands. The ones who dream of making movies or working in this industry. Every one of the high school academies could be interning at this studio. There are not many industries that can promise that.

I ask you, our elected officials to look carefully at this bill that would encourage new opportunities in employment for the youth of Hawaii Nei.

Please seize this opportunity to create a future where our children can stay in Hawaii while they grow in this field which was once just a far away dream.

Mahalo for your time,
A hui hou!

SB 1550 Testimony

LATE

Good Afternoon Everyone:

My name is Cody Gomes and I am a member of The Screen Actors Guild as well as The American Federation Of Television and Radio Artist here in Hawaii. Ninety Eight Percent of actors here eventually must move to the mainland in order to sustain a suitable lifestyle in the entertainment industry. The opportunities for growth here sooner or later become stunted; because after a certain amount of success all further advancement will cease. I have lived here all of my life, and if opportunities provided I wouldn't move to pursue my career. However we as local actors are almost forced to do so, due to the lack of growth and opportunity Hawaii doesn't provide. Having this bill passed will allow for local actors, to pursue their dreams here in the island, rather than make such an arduous move. We would be able to raise a family and own a house, here in our home.... not in California or New York. This bill will benefit the economy in more ways then you can imagine, and persuade numerous productions to stay for their entire film making process. As opposed to overlooking local talent and using Hawaii simply as a scenic investment. Passing this bill will benefit all facets of Hawaii. Providing a rise in jobs for not only actors, but also for Audio Crews, Catering, Accounting, Security, Wardrobe, Extras and many many more. All will be positively affected if this bill is passed. Together we can open realistic, and attainable opportunities for everyone involved. So I ask you to look at what a colossal move forward this bill can provide for Hawaii when passed. I appreciate your time and the opportunity to voice my concerns.

Mahalo

LATE

Aloha my name is Maro-uo Richmond. I am a member of S.A.G., AFTRA, IATSE local 600 camera and IATSE local 80 grips. I've been in the motion picture business going on 16 years and I'm a third generation in the business. My work drags me all over the states and even outside the country. Recently the work I've done comes to Hawaii to film utilizing our great locations our jungles and ocean etc..but then leaves to Louisiana, North Carolina, and Canada ONLY to shoot inside some sound stage and take advantage of their tax incentive. I know if we work towards an equal tax incentive and build a fully functional studio and stages the productions will prep here, shoot location and stage work here, as well as complete the post work here. 100s of job and opportunities will be created. I am Hawaiian and .I want to work in Hawaii where I live and raise my family and be able to provide a future for us here. Please help me help you I'm a tax payer. Mahalo

From: mailinglist@capitol.hawaii.gov
To: [EDTTestimony](#)
Cc: ba@iatse665.org
Subject: Testimony for SB1550 on 2/14/2011 1:30:00 PM
Date: Monday, February 14, 2011 12:37:18 PM

LATE

Testimony for EDT/TSM 2/14/2011 1:30:00 PM SB1550

Conference room: 016
Testifier position: support
Testifier will be present: Yes
Submitted by: Henry Fordham
Organization: IATSE Local 665
Address:
Phone:
E-mail: ba@iatse665.org
Submitted on: 2/14/2011

Comments:

Aloha Chairmen, Vice Chairmen and Committee Members,

My name is Henry Fordham. I represent the International Alliance of Theatrical Stage Employees, Local 665. We are the professional, skilled technicians that service the areas of projection, stage, film and video production throughout the State of Hawaii.

I am here today in support SB1550.

Relativity Media, Shangri-La and their various entities have a proven track record of success in designing, developing and implementing major motion picture facilities, training opportunities and work force expansion in a wide range of locations.

I encourage you, committee members, to take a close look at the proposals behind this bill. These provide a platform to move forward to provide both immediate, and long-term, employment opportunities for our working families throughout Hawaii. The opportunity to be international leaders with innovative technology coupled with clean, sustainable industry is in front of us.

The IATSE Local 665 supports these efforts and looks forward to collaborative effort towards the development and advancement of this legislation.

Mahalo for your time and consideration,

Henry H. Fordham III

Acting Business Representative
IATSE Local 665



LATE

Testimony in Support of SB1550 Relating to Tax Credits

Submitted to the Committees on
Economic Development & Technology and Tourism
Wednesday, February 16, 2011
Conference Room 061 at 1:15pm

Dear Chair Fukunaga, Vice-Chair Wakai &
Members of the Committee on Economic Development & Tourism; and
Dear Chair Mercado Kim, Vice-Chair Kouchi &
Members of the Committee on Tourism

The Maui Chamber of Commerce strongly supports SB1550 as this measure will:

- Strengthen and further diversify our economy statewide;
- Generate new investment in production and other facilities;
- Create additional, meaningful, jobs;
- Provide training and new career opportunities for our youth;
- Produce partnership and supplier opportunities to benefit many businesses statewide;
- Leverage investments made in developing Hawaii's film industry to date;
- Expand upon an industry that embraces our natural beauty, storytelling abilities, creative and other talents;
- Benefit our visitor industry and economic engine through additional exposure from more projects being created here; and
- Maximize the real prospect before us to boost our film industry and see our revenues multiple many times over from the interest expressed by numerous media companies thus far, as well as those who will come once we create this incentive.

We have a phenomenal opportunity to turn our economy around, further develop what we have been building for years, take it to another level, and create a substantial return on our investment. It makes complete sense to us.

Please support SB1550 to capture this opportunity and reap the rewards in the short-term and for generations to come.

Sincerely

Pamela Tumpap
President