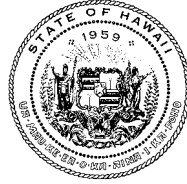


NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR



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**LATE**

To: The Honorable Carol Fukunaga, Chair  
and Members of the Senate Committee on Economic Development and Technology

The Honorable David Y. Ige, Chair  
and Members of the Senate Committee on Ways and Means

Date: Tuesday, April 3, 2012  
Time: 9:30 a.m.  
Place: Conference Room 211, State Capitol

From: Frederick D. Pablo, Director  
Department of Taxation

Re: H.B. No. 2338, H.D. 2, Proposed S.D. 1 Relating to the Creative Media Industry

The Department of Taxation (Department) defers to the Hawaii Tourism Authority and Department of Business, Economic Development and Tourism regarding the merits of this bill and provides the following comments.

Section 3 of this measure adds a new section to Chapter 237 of the Hawaii Revised Statutes and exempts amounts received from the construction and operation of a Hawaii film facility from general excise tax (GET). Section 6 of this measure exempts from use tax the use of material, parts, or tools imported or purchased by a GET licensed person for the construction or use at a Hawaii film facility.

The Department would like to note its concern regarding the potential revenue impact of such broad general excise and use tax exemptions. For example, if the construction of film facility costs \$100 million, the revenue impact to the State would be \$4 million or \$4.5 million depending on the county in which the film facility is located. The revenue impact will multiply with the number of film facilities erected and operated.

Thank you for the opportunity to provide comments.

**LATE**



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**Neil Abercrombie**  
*Governor*

**Mike McCartney**  
*President and Chief Executive Officer*

Testimony of  
**Mike McCartney**  
President and Chief Executive Officer  
Hawai'i Tourism Authority  
on  
**H.B. 2338, H.D. 2, Proposed S.D. 1**  
**Relating to Creative Media Industry**  
Senate Committee on Economic Development and Technology  
Senate Committee on Ways and Means  
Tuesday, April 3, 2012  
9:30 a.m.  
Conference Room 211

The Hawai'i Tourism Authority (HTA) supports H.B. 2338, H.D.2, Proposed S.D. 1, which assigns to the HTA the responsibilities for the development of film, television, digital, and new media industry activities in Hawaii.

The 2000 Film and Television Study found that the film business is good business for Hawaii's visitor-based economy. The study found that key visitor business can be substantially affected, as when the film and television related business for an O'ahu hotel totaled 4,300 room nights, valued at \$1.6 million. Film and television projects provide millions in dollars of free advertising and marketing by simply showcasing a Hawai'i location and consequently, the Hawai'i brand. In addition, the film and television industry contributes to the economy by utilizing the services of other businesses such as hotels, airlines, vehicle rentals, restaurants and caterers, and various suppliers and retailers.

The proposed S.D. 1 of H.B. 2338, provides a structure to optimize the development of the industry by pooling diverse and fragmented resources to aggressively market and nurture the growth of a film industry. It will create a sound base that can be built upon to develop the programs and infrastructure to expand Hawai'i's opportunities in film, television, digital and new media.

Mahalo for the opportunity to offer these comments.