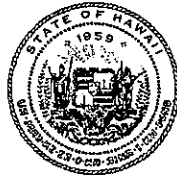


NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR



FREDERICK D. PABLO  
INTERIM DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF TAXATION

P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1564

To: The Honorable Marcus R. Oshiro, Chair,  
and Members of the House Committee on Finance

Date: Monday, April 2, 2012  
Time: 5:00 p.m.  
Place: Conference Room 308, State Capitol

From: Frederick D. Pablo, Director  
Department of Taxation

Re: S.B. 2111, S.D. 2, H.D. 1 Relating to Film and Digital Media Industry Development

The Department of Taxation (Department) supports the intent of S.B. 2111, S.D. 2, H.D. 1, but is concerned about the potential revenue impact of this measure. The Department also provides the following comments for the Committee's information and consideration.

S.B. 2111, S.D. 2, H.D. 1 extends the motion picture, digital media, and film production tax credit to January 1, 2025, from January 1, 2016; raises the qualified production tax credit ceiling to \$16,000,000 from \$8,000,000; separates the calculation of the credit amount based on wages and salaries from the credit amount based on other qualified production costs, plus an additional five per cent credit amount on wages and salaries of cast, crew, and musicians who are state residents; and qualified production costs paid to Hawaii vendors and suppliers.

This measure also increases the credit amount to 25% of qualified production costs for counties with a population of less than 700,000. The Department would like to note its concern of the potential fiscal impact of doubling the tax credit ceiling, increasing the credit amount to 25% for all counties except Honolulu, and providing an additional 5% for hiring of Hawaii residents and qualified production costs paid to Hawaii vendors. In certain situations, this measure would allow for a 30% credit of qualified production costs.

The Department recommends that the measure be amended by inserting the word "resident" into the new proposed language in section 235-17(a)(4)(A)(i) to read:

"Evidence that an individual has filed a Hawaii resident income tax return for the previous taxable year; and"

This will clarify that a filed non-resident return for the previous taxable year, such as form N-15, will not suffice as evidence of residency for the purpose of this tax credit.

Thank you for the opportunity to provide comments.

OFFICE OF THE MAYOR  
**CITY AND COUNTY OF HONOLULU**

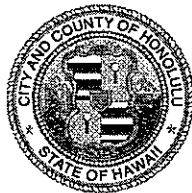
HONOLULU FILM OFFICE

530 SOUTH KING STREET, ROOM 306 • HONOLULU, HAWAII 96813

PHONE: (808) 768-6100 • FAX: (808) 768-6102

EMAIL: [info@filmhonolulu.com](mailto:info@filmhonolulu.com) • WEB: <http://www.filmhonolulu.com>

PETER CARLISLE  
MAYOR



WALEA CONSTANTINAU  
FILM COMMISSIONER

Testimony of Walea Constantinau, Film Commissioner  
Honolulu Film Office - Office of the Mayor  
City and County of Honolulu

HOUSE COMMITTEE ON FINANCE

April 2, 2012 – 5:00 pm State Capitol, Conference Room 308

RE: SB 2111 SD2, HD1 - Relating to Film and Digital Media Industry Development

Dear Chair Oshiro, Vice Chair Lee and members of the committee:

I strongly support the intent of SB 2111 SD2 HD1 which seeks to extend the sunset date, increase the cap and create a bonus in the amount of a 5% differential between resident and non-resident hires for Act 88. The legislature has been a strong supporter of the growth of Hawaii's film industry and I believe **this approach is a sound and fiscally responsible way to enhance the credit** in a way that is the most beneficial to Hawaii.

The sunset date is **currently within the 5-year window** that television series look for when considering business certainty. The extension will address this issue. In addition, the need for facility infrastructure development is an important part of the continued growth of the industry. The extension of the sunset date will encourage sustained work in the pipeline, providing more business certainty for those considering facility investments.

The **increase in the cap is a crucial change** as well. If we hope to attract more of a project and increase the in-Hawaii spend by production, the cap needs to be raised to accommodate this.

Finally, a 5 percent **bonus for local labor will create a meaningful increase** that also:

- drives local job creation, both direct and indirect to the industry
- keeps the money in the State flowing through the local economy
- supports a statewide workforce development initiative

I respectfully request that FIN move this measure out of committee and allow any unresolved details that may come up in discussion to be finalized during conference hearings.

Thank you for the opportunity to provide these comments.

HONOLULU. PRODUCTION CENTER OF THE TROPICS.

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** INCOME, Extend motion picture, digital media and film production credit; increase credit/credit ceiling, expand credit

**BILL NUMBER:** SB 2111, HD-1

**INTRODUCED BY:** House Committee on Economic Revitalization and Business

**BRIEF SUMMARY:** Amends HRS section 235-17 to provide that the motion picture, digital media, and film production income tax credit shall consist of the sum of all of the applicable: (1) 15 % of the qualified production costs other than wages and salaries of cast, crew, and musicians, incurred by a qualified production in any county with a population of over 700,000; (2) 25% of the qualified production costs, other than wages and salaries of cast, crew, and musicians, incurred by a qualified production in any county of the state with a population of 700,000 or less; (3) 15% of the wages and salaries of all cast, crew, and musicians that are included in the qualified production costs incurred by a qualified production in any county of the state; and (4) an additional 5% of the wages and salaries of cast, crew, and musicians included in the qualified production costs incurred by a qualified production in the state who are residents of the state and to Hawaii vendors and suppliers; provided that: for the purposes of this section legal residency is demonstrated by: (a) evidence that an individual has filed a Hawaii income tax return for the previous taxable year; and (b) a valid Hawaii driver's license or other state-issued identification confirming residency; and Hawaii vendors and suppliers are registered with the state, have a physical location in the state, and employ one or more legal residents of this state.

Requires the department of business, economic development, and tourism (DBEDT) to submit a report to the governor and legislature at least 20 days prior to the convening of the regular sessions of 2015, 2020, 2025, and 2030 on the economic impact of the tax credit, with an estimate of the following for each year since 2012 or the last year covered by the preceding report: (1) capital from out of state expended in the state on qualified production costs; (2) total expenditures for qualified production costs in the state; (3) total full-time equivalent jobs created by qualified productions in the state; (4) number of those full-time equivalent jobs filled by residents of the state; (5) total wages and salaries paid in the state for qualified productions; (6) amount of the total wages and salaries paid in the state to residents of the state for qualified productions; and (7) any contributions resulting from qualified productions that DBEDT deems necessary including donations to improve the education and communities of the state. The report shall also include any other information that DBEDT deems necessary.

Increases the qualified production credit ceiling from \$8 million to \$16 million.

Amends the definition of "production" to include animation or special and visual effects and adds a definition of "animation."

Amends Act 88, SLH 2006, to extend its repeal date from January 1, 2016 to January 1, 2025.

**EFFECTIVE DATE:** January 1, 2112; applicable to tax years beginning after December 31, 2112

STAFF COMMENTS: The legislature by Act 107, SLH 1997, enacted an income tax credit of 4% for costs incurred as a result of producing a motion picture or television film in the state and 7.25% for transient accommodations rented in connection with such activity. The credit was adopted largely to address the impost of the state's general excise tax on goods and services used by film producers. The exclusion of income received from royalties was initially established by Act 178, SLH 1999, as an incentive to attract high technology businesses to Hawaii. The original proposal would have applied to royalties and other income received from high technology businesses. This section of the law was later amended in 2000 by Act 297 which added the inclusion of royalties from "performing arts products" and was again amended by Act 221, SLH 2001, to include authors of "performing arts products."

The legislature by Act 88, SLH 2006, increased the 4% credit to 15% in a county with a population over 700,000 and to 20% in a county with a population of 700,000 or less. Act 88 also repealed the income tax credit for transient accommodations and expanded the credit to include commercials and digital media productions, and limited the credit to \$8 million per qualified production. While Act 88, SLH 2006, is scheduled to be repealed on January 1, 2016, this measure extends the repeal date to January 1, 2025. This measure also increases the motion picture, digital media, and film production income tax credit, increases the credit ceiling from \$8 million to \$16 million, and expands the definition of production to include animation.

The motion picture, digital media and film production credits have been morphing and expanding into full-blown tax credits since they "got their foot in the door" in 1997. It should be remembered that the perpetuation and expansion of motion picture credits are a drain on the state treasury. It is incredulous how lawmakers can bemoan the fact that there are insufficient resources to catch up on the backlog of school repairs and maintenance, to fund social programs and not being able to provide tax relief to residents and yet they are willing to throw additional public resources at a subsidy of film production and media infrastructure as proposed in this measure. Taxpayers should be insulted that lawmakers can provide breaks for film productions but refuse to provide tax relief for residents, many of whom work two or three jobs just to keep a roof over their head and food on the table.

There is absolutely no rational basis for increasing and continuing these tax credits other than that other states are offering similar tax credits. Then again, those states can't offer paradise, year-round good weather during which to film. Instead of utilizing back door subsidies through tax credits, film industry advocates need to promote the beauty that is synonymous with Hawaii.

Income tax credits are designed to reduce the tax burden by providing relief for taxes paid. Tax credits are justified on the basis that taxpayers with a lesser ability to pay should be granted relief for state taxes imposed. Sponsors try to make an argument that Hawaii needs to enact such incentives to compete for this type of business, one has to ask "at what price?" Promoters of the film industry obviously don't give much credit to Hawaii's natural beauty and more recently its relative security. Just ask the actors of "Lost" or "Hawaii 5-0" who have bought homes here if they would like to work elsewhere. While film producers may moan that they will lose money without the proposed tax credits, is there any offer to share the wealth when a film makes millions of dollars? If promoters of the film industry would just do their job in outlining the advantages of doing this type of work in Hawaii and address some of the costly barriers by correcting them, such tax incentives would not be necessary. From permitting to skilled labor to facilitating transportation of equipment, there are ways that could reduce the cost of filming in Hawaii. Unless these intrinsic elements are addressed, movie makers will probably demand subsidies, such as this incentive. Unfortunately, they come at the expense of all taxpayers and industries struggling

to survive in Hawaii. While lawmakers look like a ship of fools, movie producers and promoters are laughing all the way to the bank and the real losers in this scenario are the poor taxpayers who continue to struggle to make ends meet, a scenario akin to the bread and circus of ancient Rome.

So while there may be the promise of a new industry and increased career opportunities, lawmakers must return to the cold hard reality of solving the problems at hand. The long and short of it is that due in large part to the irresponsibility of handling state finances in the past, taxpayers cannot afford proposals like this. Thanks to the gushing generosity of those lawmakers who gave the state's bank away in all sorts of tax incentive schemes in recent years, taxpayers have had to bear increasing tax burdens.

It should be noted that this measure would make the film tax credit a permanent part of the state's tax code for just over 10 years with no opportunity to put the brakes on the credit should it be abused or should it not live up to the unbridled promises that the film industry has made to state policymakers. The real question is whether or not the state can sustain the kind of losses that such productions will claim against the state and will there be a way to alter the law should any of the criteria that is required to be reported under this measure not be met. It would appear more prudent to extend the credit for a shorter duration that would allow lawmakers to assess and evaluate whether incentives are still needed for these productions.

Instead of creating sustainable economic development incentives, the film tax credits waste moneys that could otherwise create an environment that is nurturing for all business activity, activity that lasts more than the six or eight months of a production. The overall tax burden could be lowered not only for families but for the businesses that provide long-term employment for Hawaii's people. Even national observers of the tax climate in the states criticize the effort to attract media productions with such tax incentives, noting that the jobs created are temporary and are usually low-paying for but the lead actors and the professional crew that is brought into the state from outside the state. Advocates, on the other hand, argue that these productions help to promote Hawaii as a visitor destination. While that may be true, it is the natural beauty of Hawaii that stands heads and shoulders above other locations and, therefore, the tax incentive is just the gravy, gravy that comes at the expense of all taxpayers in Hawaii.

Digested 3/30/12

The Twenty-Sixth Legislature  
Regular Session of 2012

HOUSE OF REPRESENTATIVES

Committee on Finance

Rep. Marcus R. Oshiro, Chair

Rep. Marilyn B. Lee, Vice Chair

State Capitol, Conference Room 308

Monday, April 2, 2012; 5:00 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2111, SD2, HD1  
RELATING TO THE ECONOMY**

The ILWU Local 142 supports S.B. 2111, SD2, HD1, which extends the motion picture, digital media, and film production tax credit to January 1, 2025, raises the qualified production tax credit ceiling to \$16 million, and separates the calculation of the credit amount based on wages and salaries from the credit amount based on other qualified production costs, plus an additional 5% credit amount on wages and salaries of cast, crew, and musicians who are state residents and qualified production costs paid to Hawaii vendors and supplies.

We support economic development and creation of jobs for Hawaii residents. The film and television industry can provide Hawaii residents with good-paying jobs while promoting Hawaii to benefit its number one industry, tourism. There is no question that films like "The Descendants" and television shows like "Hawaii Five-0" have significantly promoted Hawaii as a destination of choice for many visitors. They see Hawaii's beautiful scenery on film and want to come to see it in person.

Legislation that will encourage more economic activity and provide jobs to Hawaii residents is definitely worth considering.

The ILWU urges passage of S.B. 2111, SD2, HD1. Thank you for allowing us to offer testimony.

1065 Ahua Street  
Honolulu, HI 96819  
Phone: 808-833-1681 FAX: 839-4167  
Email: [info@gcahawaii.org](mailto:info@gcahawaii.org)  
Website: [www.gcahawaii.org](http://www.gcahawaii.org)



# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

April 2, 2012

TO: HONORABLE REPRESENTATIVES MARCUS OSHIRO, CHAIR, MARILYN LEE, VICE CHAIR, MEMBERS OF THE HOUSE COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF S.B. 2111, SD2, HD1, RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT.** Extends the motion picture, digital media, and film production tax credit to January 1, 2025, from January 1, 2016. Raises the qualified production tax credit ceiling to \$16,000,000 from \$8,000,000. Separates the calculation of the credit amount based on wages and salaries from the credit amount based on other qualified production costs, plus an additional five per cent credit amount on wages and salaries of cast, crew, and musicians who are state residents and qualified production costs paid to Hawaii vendors and suppliers. Effective January 1, 2112. (SB2111 HD1)

### HEARING

DATE: Monday, April 2, 2012  
TIME: 5:00 p.m.  
PLACE: Room 308

Dear Chair Oshiro, Vice Chair M. Lee and Members of the Committee,

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is celebrating its 80<sup>th</sup> anniversary this year; GCA remains the largest construction association in the State of Hawaii whose mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest. GCA is **in support** of S.B. 2111, SD2, HD1, Relating to Film and Digital Media Industry Development.

S.B. 2111, SD2, HD1 extends the tax credit for digital media and film production to January 1, 2016 and raises the tax credit ceiling to \$16,000. The bill also establishes a film and digital media special fund and a motion picture infrastructure tax credit.

The GCA supports the passage of S.B. 2111, SD2, HD1, as a positive affirmation of the economic benefits of digital and film production has had on Hawaii's economy. Tax credits are one avenue to encourage the continued production and filming of television and movie on Hawaii, that hire cast, crew, musicians, and production personnel who are Hawaii residents.

This bill will support the continued development of the digital and film industry as an additional avenue to diversify Hawaii's economic base as an additional source of jobs for our residents.

The GCA recommends the passage of S.B. 2111, SD2, HD1 by the House Committee on Finance.

Thank you for the opportunity to comment on this measure.



**KAUAI**

*Chamber  
of  
Commerce*

**TESTIMONY**

**Hawaii State House of Representatives**

**Committee on Finance**

**Monday April 2, 2012**

**5:00 p.m.**

**Hawaii State Capitol - Conference Room 308**

**FAX 1-800-535-3859**

**RE: SB2111, SD2, HD1**

Honorable Chair Oshiro, Vice Chair Lee, and members of the committee:

Aloha! My name is Randall Francisco and I represent the Kauai Chamber of Commerce which comprises of 450+ members, nearly 700 representatives and about 6000 employees.

**The Chamber is in support of SB2111,SD2,HD1:  
Relating to Film and Digital Media Industry Development**

Approximately 87% of the Chamber's members are small businesses.

We have all witnessed the benefits of the contributions of the Industry to Hawaii's economic and workforce landscape. As the former Principal Investigator/Director of Title III Federal Funds at Kapi'olani Community College and as a Dean at Leeward Community College, I had the unique opportunity to be involved in the establishment, development and expansion of the Digital Media and Creative Arts Programs at both campuses.

On a recent visit with Mayor Bernard Carvalho, members of the Kauai County Council, Kauai Economic Development Board and staff from the US Dept. of Commerce - Economic Development Assistance Program to O'ahu, we had the opportunity to visit and learn first-hand of the benefits and importance in continuing to support legislation that supports youth, college students and industry professionals in this clean and unique industry which can only help to enhance the lure of bringing more industry development and expansion to the Hawaiian islands. Kauai's rich history and tradition of film-making and the recently and highly acclaimed 'The Descendants' film will continue to benefit by this type of positive and practical legislation. Furthermore, when directors, production crews, and actors have extremely positive experiences of choosing to have production in Hawaii and the added benefits of legislation such as this, it sends a positive and strong signal that Hawaii is indeed a good place to in fact, conduct business.

For these reasons, the Chamber supports this measure. Thank you very much for the opportunity to testify. Please do not hesitate contact me at, 245-7363.

Mahalo Nui Loa and Aloha.

Randall Francisco  
Kauai Chamber of Commerce



**TESTIMONY OF NBC UNIVERSAL MEDIA, LLC**

HEARING DATE/TIME: Monday, April 2, 2012  
5:00 p.m. in Conference Room 308

TO: House Committee on Finance

RE: **Testimony in Support of the Spirit and Intent of SB 2111, SD2, HD1 with  
Comments and Recommendations**

Dear Chair, Vice-Chair and Committee Members:

**I. INTRODUCTION**

NBC Universal Media, LLC ("NBC/U") develops, produces, broadcasts and distributes motion pictures, television programs and related content around the world. In the Spring of 2011, the State of Hawaii, through the Creative Industries Division of DBEDT, reached out to NBC/U to inquire as to what NBC/U would consider to be essential modifications to Hawaii film tax incentive program in order to build and sustain a robust Film Industry in Hawaii. After careful consideration, NBC/U recommended a few reasonable and measured modifications to Act 88 designed to make Hawaii's incentive program more stable, competitive and technologically friendly given the emerging significance of internet delivered content as an adjunct to traditional content delivery. Specifically, the following modifications to Act 88 (the "Proposed Act 88 Modifications") were respectfully recommended:

A. Increase the refundable production credit ("RPC") by 10% **with the increase tied to local hires/vendors.**

B. Eliminate the prohibition against internet only projects from qualifying for the RPC and make the law technologically transparent.

C. Allow pass-through entities to recover the RPC directly.

D. Increase the per production RPC cap from \$8,000,000 to \$16,000,000.

E. Allow webisodes to be included in the RPC application for the related series (avoids failing to meet the \$200K minimum spend).

F. Extend sunset date of Act 88 to at least 2025 to assure certainty and predictability for long term production planning.

**II. ANALYSIS OF SB 2111, SD2, HD1**

A. Current Law. Currently under Act 88, all "Qualified Production Costs" bear a refundable production credit of 15% on Oahu and 20% on the neighbor islands.

B. SB 2111, SD2, HD1.

1. Under SB 2111, SD2, HD1, Act 88 would be modified to provide that the RPC for Oahu would remain at 15% for Qualified Production Costs consisting of wages and salaries with an additional 5% for Qualified Production Costs consisting of wages and salaries paid to Hawaii residents. Thus, on Oahu the RPC for Qualified Production Costs consisting of wages and salaries could be increased, on a case by case basis, up to 20%.

2. Under SB 2111, SD2, HD1, Act 88 would be modified to provide that the RPC for the neighbor islands would be reduced from 20% to 15% for Qualified Production Costs consisting of wages and salaries with an additional 5% for Qualified Production Costs consisting of wages and salaries paid to Hawaii residents. Thus, on the neighbor islands the RPC for Qualified Production Costs consisting of wages and salaries could be reduced, on a case by case basis, by up to 5% to 15%.

3. Under SB 2111, SD2, HD1, Act 88 would be modified to provide that the RPC for Oahu would remain at 15% for Qualified Production Costs consisting of non-wages and salaries with an additional 5% for Qualified Production Costs consisting of non-wages and salaries paid to local vendors.

4. Under SB 2111, SD2, HD1, Act 88 would be modified to provide that the RPC for the neighbor islands would be increased from 20% to 25% for Qualified Production Costs consisting of non-wages and salaries with an additional 5% for Qualified Production Costs consisting of non-wages and salaries paid to local vendors.

In summary, given the fact that Hawaii is currently ranked 21<sup>st</sup> out of 21 jurisdictions in terms of "net affordability," SB 2111, SD2, HD1 would not make Hawaii more competitive and would therefore not act to increase production activity in the state. In fact, SB 2111, SD2, HD1 would appear to make neighbor island production activity less attractive than is the case under current law.

III. RECOMMENDATIONS

It is respectfully submitted that in order to achieve the stated goal of this legislation – to wit: to build a robust and sustainable motion picture, television and digital media industry, your committee should increase the RPC under existing law by 10% with this increase tied to payments to Hawaii residents and local vendors. This can be accomplished by amending HRS 235-17(a) to read as follows:

**"§235-17 Motion picture, digital media, and film production income tax credit.** (a) Any law to the contrary notwithstanding, there shall be allowed to each taxpayer subject to the taxes imposed by this chapter, an income tax credit which shall be deductible from the taxpayer's net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed. The amount of the credit shall be:

(1) ~~Fifteen~~

(A) Fifteen per cent of the qualified production costs incurred by a qualified production in any county of the State with a population of over seven hundred thousand; ~~or~~ and

~~(2) Twenty~~

(B) Twenty per cent of the qualified production costs incurred by a qualified production in any county of the State with a population of seven hundred thousand or less~~er~~; and

(2) An additional ten per cent of the qualified production costs paid to legal residents of this State and to Hawaii vendors and Hawaii suppliers; provided that:

(A) Any law to the contrary notwithstanding, for purposes of this section, legal residency is demonstrated by:

(i) Evidence that an individual has filed a Hawaii income tax return for the previous taxable year; or

(ii) A valid Hawaii driver's license; and

(B) Hawaii vendors and Hawaii suppliers are vendors and suppliers that are registered with the State, have a physical location in the State, and employ one or more legal residents of this State.

In addition, it is also respectfully recommended that Act 88 also be amended to:

- (a) Eliminate the prohibition against internet only projects from qualifying for the RPC and thereby make the law technologically transparent; and
- (b) Allow pass-through entities to recover the RPC directly; and
- (c) Allow webisodes to be included in the RPC application for the related series (avoids this type of content from failing to meet the \$200K minimum spend).

#### IV. CONCLUSION

While Hawaii may be perceived as a highly desirable destination that would instinctively attract motion picture and television production activity, the State needs to take affirmative steps to ensure Hawaii is at the top of the list and not left behind in the wake of other domestic and international production locales. NBC-U supports the spirit and intent of SB 2111, SD2, HD1 and applauds Hawaii's desire to grow the Film Industry. The proposed Act 88 modifications set forth hereinabove will enhance the positive changes anticipated by SB 2111, SD2, HD1 and ensure that Hawaii is competitive with film destinations around the globe in a manner that is sustainable and rational for the long term. NBC/U stands ready to work with the Legislature, the Administration and local Film Industry stakeholders to improve and enhance Hawaii's film

incentive program to help build a robust, stable and sustainable Film Industry in the State of Hawaii.



---

William G. Meyer, III  
On behalf of  
NBC Universal Media, LLC



HOUSE OF REPRESENTATIVES  
 TWENTY-SIXTH LEGISLATURE  
 REGULAR SESSION OF 2012

COMMITTEE ON FINANCE  
 Representative Marcus R. Oshiro, Chair  
 Representative Marilyn B. Lee, Vice Chair  
 Members of the Committee

TESTIMONY ON SB 2111, SD2, HD1  
 RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

\*SAG-AFTRA (formerly the Screen Actors Guild) Hawaii, the International Alliance of Theatrical Stage Employees (IATSE) Mixed Local 665, the American Federation of Musicians (AFM) Local 677 and the Hawaii Teamsters Local 996, collectively represents more than 2,500 plus union members who work in the film, television, digital and new media industry.

We support SB 2111, SD2, HD1 as it will extend the sunset date, increases the credit ceiling for qualified productions and provides an additional increase on wages for state resident hires.

We would like to offer the following amendments to this measure:

Section 1, page 1, lines 8-14: **Amend (3) and Delete:** ~~Provides for the separate calculation of the credit amount on wages and salaries included in qualified production costs. The credit amount is calculated at fifteen percent of the wages and salaries in any county of the State, plus an additional five per cent of the wages and salaries paid to state residents and Hawaii vendors and suppliers;~~

Section 1, page 1, lines 10-14: **Amend (3) and Add:** “(3) Provides for an additional five per cent on the wages and salaries of cast, crew, and musicians included in the qualified production costs incurred by a qualified production in the State, and who are residents of the State;

Section 2, page 2, lines 9-10: **Amend (1) and Delete:** ~~other than wages and salaries of cast and crew, and musicians,”;~~

Section 2, page 2, lines 13-17: **Amend (2) to Read:** “(2) Twenty per cent of the qualified production costs, other than wages and salaries of cast and crew, and musicians, incurred by a qualified production in a county of the State with a population of seven hundred thousand or less”;

Section 2, page 2, lines 18-21: **Delete provision (3);**

HOUSE OF REPRESENTATIVES  
TWENTY-SIXTH LEGISLATURE  
REGULAR SESSION OF 2012

COMMITTEE ON FINANCE  
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
Members of the Committee

TESTIMONY ON SB 2111, SD2, HD1  
RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

Section 2, page 3, line 1, lines 4-5: **Change** ~~(4)~~ to (3). **Delete:** ~~and to Hawaii vendors and Hawaii suppliers;~~

Section 2, page 3, lines 15-18: **Delete:** ~~provision (B).~~

Section 4, page 14, line 21: **Change:** ~~July 1, 2006~~ to July 1, 2012;

Section 4, page 15, lines 5-6: **Change:** ~~Section 4~~ to (3);

Section 5, page 15, lines 7-9: **Delete:** Section 5.

We believe these proposals are needed in order to continue to generate film activity statewide. We also believe these proposed amendments are reasonable and responsible to the State.

Thank you for giving us the opportunity to submit testimony and amendments on Senate Bill 2111, SD2, HD1.

Glenn Cannon  
SAG-AFTRA  
Co-President

Henry Fordham  
IATSE, 665  
Business Agent

Brien Matson  
AFM, 677  
President

Jeanne Ishikawa  
Teamsters, 996  
Business Agent

\*On Friday, March 30, 2012, the Screen Actors Guild and the American Federation of Television and Radio Artists merged. The union's new name is SAG-AFTRA.



## **FINTestimony**

---

**From:** mailinglist@capitol.hawaii.gov  
**ent:** Friday, March 30, 2012 5:23 PM  
**To:** FINTestimony  
**Cc:** ddawson@dbedt.hawaii.gov  
**Subject:** Testimony for SB2111 on 4/2/2012 5:00:00 PM

Testimony for FIN 4/2/2012 5:00:00 PM SB2111

Conference room: 308  
Testifier position: Support  
Testifier will be present: Yes  
Submitted by: Georja Skinner  
Organization: DBEDT  
E-mail: [ddawson@dbedt.hawaii.gov](mailto:ddawson@dbedt.hawaii.gov)  
Submitted on: 3/30/2012

Comments:  
DBEDT testimony attached for SB2111 SD2 HD1



## **FINTestimony**

---

**m:** mailinglist@capitol.hawaii.gov  
**sent:** Monday, April 02, 2012 7:30 AM  
**To:** FINTestimony  
**Cc:** rgalindez@islandfilmgroup.com  
**Subject:** Testimony for SB2111 on 4/2/2012 5:00:00 PM

Testimony for FIN 4/2/2012 5:00:00 PM SB2111

Conference room: 308  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Ricardo Galindez  
Organization:  
E-mail: [rgalindez@islandfilmgroup.com](mailto:rgalindez@islandfilmgroup.com)  
Submitted on: 4/2/2012

Comments:

## **FINTestimony**

---

**m:** mailinglist@capitol.hawaii.gov  
**nt:** Saturday, March 31, 2012 2:30 PM  
**To:** FINTestimony  
**Cc:** ssmith@shmpartners.net  
**Subject:** Testimony for SB2111 on 4/2/2012 5:00:00 PM

Testimony for FIN 4/2/2012 5:00:00 PM SB2111

Conference room: 308  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Stephan D Smith  
Organization: SHM Partners  
E-mail: [ssmith@shmpartners.net](mailto:ssmith@shmpartners.net)  
Submitted on: 3/31/2012

Comments:

## **FINTestimony**

---

**From:** mailinglist@capitol.hawaii.gov  
**ent:** Monday, April 02, 2012 10:39 AM  
**To:** FINTestimony  
**Cc:** info@schha.com  
**Subject:** Testimony for SB2111 on 4/2/2012 5:00:00 PM

Testimony for FIN 4/2/2012 5:00:00 PM SB2111

Conference room: 308  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Mike Kahikina, Legislative Chair  
Organization: SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 4/2/2012

Comments:

## FINTestimony

---

**From:** mailinglist@capitol.hawaii.gov  
**ent:** Monday, April 02, 2012 10:39 AM  
**To:** FINTestimony  
**Cc:** info@schha.com  
**Subject:** Testimony for SB2111 on 4/2/2012 5:00:00 PM

Testimony for FIN 4/2/2012 5:00:00 PM SB2111

Conference room: 308  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Branscombe Richmond, Comm. Chairman Media & Product  
Organization: SCHHA  
E-mail: [info@schha.com](mailto:info@schha.com)  
Submitted on: 4/2/2012

Comments:

## **FINTestimony**

---

**From:** mailinglist@capitol.hawaii.gov  
**Content:** Thursday, March 29, 2012 8:46 PM  
FINTestimony  
**Cc:** Tree@hawaii.rr.com  
**Subject:** Testimony for SB2111 on 4/2/2012 5:00:00 PM

Testimony for FIN 4/2/2012 5:00:00 PM SB2111

Conference room: 308  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Stephen Luksic  
Organization: Individual  
E-mail: [Tree@hawaii.rr.com](mailto:Tree@hawaii.rr.com)  
Submitted on: 3/29/2012

**Comments:**

As a video consultant and editor I support this Bill to bring more productions into Hawaii.  
Thank you