



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

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Statement of  
**RICHARD C. LIM**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON FINANCE**

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

State Capitol, Conference Room 308  
in consideration of  
**SB2111, SD2, HD1**

**RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT**

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

The Department of Business, Economic Development, and Tourism (DBEDT) supports the sections of SB2111, SD2, HD1 which amends HRS 235-17 to extend the motion picture, digital media, and film production tax credit from January 1, 2016, to January 1, 2025; expands the definition of qualified labor to include musicians; expands qualified media to include visual effects, special effects and animation; and includes internet-only distribution as a qualified expense. The department has concerns about the cost implications of the sections which increase the basic percentages of the existing credit as outlined in this measure. *we understand the measure*

We call to your attention Section 3, and believe it was the legislature's intent to include internet-only distribution as a qualified expense, in which case the words "Does not" in line 18 on page 13 should be deleted and item (3) would read "Includes an advertising message with *book* internet distribution."

DBEDT appreciates the legislature's recognition of the importance of Hawaii's film industry and the Act 88 program. Should this measure, as well as infrastructure tax credits pass this session, the Creative Industries Division will require additional staffing capacity of a minimum of two and maximum of four additional positions in the film branch to ensure the necessary support for these programs. Thank you for the opportunity to testify on this measure.



L A T E

To: House Committee on Finance  
Rep. Marcus R. Oshiro, Chair  
Rep. Marilyn B. Lee, Vice Chair  
Members of the Committee

From: Monica Roberts, CEO  
The Hollywood Hawaii Media Alliance

Date: April 2, 2012

Re: **Testimony in STRONG SUPPORT of the Spirit and Intent of SB2111 SD2 HD1**

Aloha, Chair, Vice Chair, and Members of the Committee:

My name is Monica Roberts. I am the founder and CEO of The Hollywood Hawaii Media Alliance. I am also a broadcast media specialist, a marketing communications consultant and a film/video producer. I have worked and conducted business in Hawaii since 1996.

I STRONGLY SUPPORT the spirit and intent of **SB2111 SD2 HD1** as the passage of this legislation will: 1) have a dramatic positive effect upon Hawaii's creative industries; 2) create quality, good paying jobs for Hawaii residents; and 3) help promote Hawaii as a desirable tourist destination.

As a collaborative business venture, **The Hollywood Hawaii Media Alliance** advocates for the business-related growth of the creative industries affiliated with the arts, music, sports, television, film production and digital media originating in Hawaii. Our early initiatives include offering Associate and Sponsor membership benefits such as creating valuable connections that lead to industry jobs and production project completion in Hawaii. We support the building of a full-scale production studio and are committed to serving as a conduit between the business community and the creative community by providing forums, symposiums, contests, awards competitions, leadership workshops, conferences and a creative industry incubator program focused on:

- ✓ Supporting diversification of Hawaii's economy into high growth industries.
- ✓ Providing support for early stage entrepreneurial creativity businesses.
- ✓ Offering internships and educational outreach in support of Hawaii's diverse population.
- ✓ Creating a platform for creativity worker job creation as a major export industry.
- ✓ Cultivating human capital and an attractive environment for global creativity industry (i.e. film production, digital media, cultural products and services).



- ✓ Draw investors to invest in Hawaii due to commercially viable intellectual property.
- ✓ Provide entrepreneurial coaching to align and optimize leadership development, strategy and organizational development with host culture.
- ✓ Provide expert guidance and strategies to accelerate market traction and job growth in creativity companies in Hawaii.
- ✓ Promote Hawaii as a global destination and learning hub for executive education (transformation leadership, team building, strategic planning for creativity advantage, etc.).
- ✓ Provide community outreach mentor and education programs (at-risk teens, veterans and families, families with children with autism).

As a business owner and creative person living in Hawaii, I am motivated to promote the growth of the film industry in an effort to create an opportunity to live the life I want to lead. I believe Hawaii has no lack of talent but it does currently lack skilled, high-paying job opportunities. In challenging times such as these, and those that will undoubtedly come again, Hawaii's policy makers and economy advocates should value and invest in creative enterprises and professionals for expeditious growth now. This applies also to the arts education and cultural participation for long-term sustainable local talent cultivation. The current economy mandates smart solutions. Creativity has to be part of our big picture to promote future economic growth and sustainable job creation. Typically, the development of advanced technologies to increase productivity is seen as the road to better jobs. This bill also supports a clean, non-polluting industry, of which Hawaii can be proud.

By bridging the arts and entertainment to other sectors of the local economy – we can see why and how the creative sectors are essential partners in advancing not only the economy but social health, education and of course, Hawaii's rich cultural vibrancy. Regions and States develop a competitive advantage when they attract creative people because creative thinkers provide the seeds of innovation from which germinate economic growth.

For example, when a movie is filmed, actors, costume designers, and special effects creators benefit, but so do persons working in industries as disparate as food services, security, transportation and florists. Creativity also serves to build both brand awareness, and an attractive vacation environment to entice tourists and other talented people to come to Hawaii.



The creative economy is even more powerful considering its high multiplier effect on other aspects of Hawaii's economic growth potential. For example, the allure and substance of art, design and entertainment in Hawaii would enhance tourism and can add the incremental growth of 'cultural tourists' who are known to visit longer and spend more money.

I am optimistic that great professional jobs can be provided and that HB2869 will illuminate the multiple dimensions of our local creative capital that can sustain and grow local jobs in a wide arrange of categories. The list of services anticipated to fuel local jobs that can be expected to thrive with a more vibrant and active creative arts, film, digital media and entertainment industry presence in the Hawaiian Islands include:

*(Note: Approximately 74 professional & support services are listed in alphabetical order)*

- Accountants / Payroll Services
- Advertising Agencies and Marketing Firms
- Architectural, Interior Design, Landscape design services
- Airlines
- Automobile Rentals
- Broadcasting and Cable Network Programming
- Catering
- Charters (boats, bus, air)
- Childcare Services
- Commercial Construction
- Communications
- Crew Members: Construction, Electrical, Lighting, etc.
- Creative Education and Training Institutes / Workshops
- Digital Media
- Diving / Scuba
- Dry Cleaners / laundry services fabric specialties
- Event Planning
- Extras: Cast Members
- Fashion / Retail Services / Resort Stores & Hawaiian
- Festivals
- Financial Services / Banking
- Florists
- Food Services / Restaurants
- Freight Services
- Furniture / Home Furnishings
- Graphic Design Services
- Hair Stylists and Hair Salons



- Healthcare
- Hotels & other accommodations
- Housing / Real Estate Markets
- Hula Teachers & Dancers
- Independent Artists, Writers and Performers
- Insurance Services
- Language services translation
- Legal Services / Attorneys
- Leisure and Hospitality Industry
- Local Entertainment, Night clubs, Bars and Theatres
- Location Managers / Scouts
- Makeup Artists
- Mail Services
- Marine Consultants & equipment
- Military Personnel
- Motion Picture/Video Production
- Musicians
- News Media
- Non Profits
- Pet Industry & Suppliers: Animal Trainers
- Outrigger Canoes
- Photographers
- Printing – Offset, digital, wide format
- Product / Industrial Design
- Producers & Independent Production Studios
- Professional Sports Teams / Franchises
- Publicists
- Professional and Business Services
- Research Technical Advisors
- Retail Sales and Apparel
- Seamstress
- Signage: banners, vehicle graphics
- Social Services, Therapists and Counselors
- Sports Trainers and Athletes
- Sound Recording
- Spa Services, Massage Therapists
- Storage Spaces
- Stunt Companies
- Talent Agencies



- Technology Companies
- Truck and Motorcycle Rentals and Helicopter Rentals
- Union Members: Talent, Crew, SAG, etc.
- Visual and Performing Arts Companies
- Web / Internet Designers
- Wedding / Chapel Services & Locations
- Wellness and Holistic Service Providers
- Wine and Liquor/Spirits Distributors

In summary, the local job opportunities associated with a growing film industry in Hawaii represents our ability to create an economic engine for the State. It will do so by generating thousands of full-time jobs, attracting new employers, encourage small business growth and development for professional business services. Every job in the creative sector supports or sustains other indirect jobs in the area. To be clear, *direct employment* is created for those who actually work in the creative industries to support motion picture, digital media, film and television productions. *Indirect employment* is created when firms in these industries make purchases from their suppliers and vendors, as can be seen from the list provided above. A strong Multiplier Effect is induced when the direct and indirect workers spend their wages on consumer goods and services in Hawaii – and becomes another source of State tax revenues.

In conclusion, **SB2111 SD2 HD1** offers another excellent opportunity to further Hawaii's plan for economic self-sufficiency rather than relying predominantly on federal military spending and tourism. HB2869 also has the potential to increase State revenues significantly, thereby benefiting local families, schools, businesses and communities. HB2869 is an excellent opportunity for Hawaii to plan for a self-sustaining future by promoting internal growth that capitalizes on our natural resources such as, year-round mild climates, stunning tropical island scenes, diverse topography and convenient geography, local creative and crew talent, ethnic diversity amongst our population as well as showcasing Hawaii's unique 'aloha spirit' worldwide. The power of Hollywood to provide a unique marketing arm to supplement the promotion of Hawaii's tourism industry is limitless. **SB2111 SD2 HD1** is a dynamic bill that can sow the seeds of prosperity for future generations by offering greater economic opportunities for the people of Hawaii. I personally encourage you to support this groundbreaking initiative.

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Very Respectfully Yours,

Monica Roberts

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monica@hollywoodhawaii.com



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

**(REVISED)** 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 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, increase the credit ceiling for qualified productions and provide 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;~~

THE CREDIT AMOUNT FOR WAGES AND SALARIES SHOULD NOT BE A SEPARATE CALCULATION. IT SHOULD BE INCLUDED IN THE QUALIFIED PRODUCTION COSTS WHICH MAINTAINS A CLEAR AND STRAIGHTFORWARD PROCEDURE. REMOVE THE ADDITIONAL PER CENTAGE FOR 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;

REPLACE ADDITIONAL CREDIT FOR RESIDENT HIRE WITH LANGUAGE WHICH IS CLEAR AND STRAIGHTFORWARD.

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

IN ORDER TO MAINTAIN CONSISTENCY THROUGHOUT THE BILL: REMOVE “OTHER ...WAGES AND SALARIES ... MUSICIANS” AS IT IS COVERED UNDER THE QUALIFIED PRODUCTION COST.



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Section 2, page 2, lines 13-17: **Amend (2) to Read:** “(2) Twenty-five 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”; REMOVE THE TWENTY-FIVE PER CENT AND REPLACE WITH THE EXISITING TWENTY PER CENT FOR THE NEIGHBOR ISLANDS. IN ORDER TO MAINTAIN CONSISTENCY: REMOVE “OTHER ... WAGES AND SALARIES ... MUSICIANS” AS IT IS COVERED UNDER THE QUALIFIED PRODUCTION COST.

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

Section 2, page 3, lines 4-5: **Change (4) to (3). Delete: and to Hawaii vendors and Hawaii suppliers**; REMOVE LANGUAGE AS THIS WILL INCREASE THE COST OF THE CREDIT.

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

Section 4, page 14, line 21: **Change: July 1, 2006 to July 1, 2012**;  
IF APPROVED, THE EFFECTIVE DATE OF THE AMENDMENTS SHOULD BE IMPLEMENTED AFTER OR ON THE EFFECTIVE DATE OF THIS ACT SO AS TO PROHIBIT THE POSSIBILITY OF RETROACTIVE TAX CREDIT CLAIMS.

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

Section 5, page 15, lines 7-9: **Delete: Section 5**.  
THIS SECTION DOES NOT SEEM RELEVANT.





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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<br>SAG-AFTRA<br>Co-President | Henry Fordham<br>IATSE, 665<br>Business Agent | Brien Matson<br>AFM, 677<br>President | Jeanne Ishikawa<br>Teamsters, 996<br>Business Agent |
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\*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.