

LATE TESTIMONY

The Twenty-Sixth Legislature
Regular Session of 2012

HOUSE OF REPRESENTATIVES
Committee on Economic Revitalization & Business
Rep. Angus L.K. McKelvey, Chair
Rep. Isaac W. Choy, Vice Chair
State Capitol, Conference Room 312
Thursday, March 15, 2012; 9:45 a.m.

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

The ILWU Local 142 supports S.B. 2111, proposed HD1, which authorizes the Director of DBEDT to issue revenue bonds for qualified media infrastructure projects, creates a special fund for disbursement of funds, requires matching funds and post-audits, extends the motion picture, digital media, and film production tax credit to January 1, 2025, raises the qualified production tax credit ceiling from \$8 million, separates the calculation of the credit amount based on wages and salaries from the credit amount based on other qualified production costs, and provides different credit amounts based on residence within the counties for the wages and salaries paid to all cast, crew, and musicians of the qualified production, plus an additional unspecified per cent credit amount of wages and salaries of cast, crew, and musicians who are state residents.

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 the benefit of 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 islands on film and want to come to experience 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, proposed HD1. Thank you for allowing us to offer testimony.

LATE TESTIMONY



HOUSE OF REPRESENTATIVES
TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2012

COMMITTEE ON ECONOMIC REVITALIZATION & BUSINESS

Representative Angus L.K. McKelvey, Chair

Representative Isaac W. Choy, Vice Chair

Members of the Committee

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

The Screen Actors Guild (SAG), the International Alliance of Theatrical Stage Employees (IATSE) Mixed Local 665, the American Federation of Musicians (AFM) Local 677 and Hawaii Teamsters Local 996, collectively represents over 2,000 plus union members who work in the film, television, digital and new media industry.

We support SB 2111, SD2, HD1, as it extends 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 3, page 5, line 10, Amend: (1) Fifteen (15) per cent of the qualified costs ...;

Section 3, page 5, line 20, Amend: (3) Fifteen (15) per cent of the wages and salaries ...;

Section 3, page 6, line 3, Amend: (4) Twenty (20) per cent of the wages and salaries ...;

Section 3, page 6, line 8, Amend: (5) An additional Five (5) per cent of the wages ...;

Section 3, page 12, lines 15-16, Amend: (k) Total tax credits claimed ... shall not exceed \$16,000,000.

We believe these proposals are needed 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 this opportunity to submit testimony on Senate Bill 2111, SD2, HD1.

Glenn Cannon, SAG
President

Henry Fordham, IATSE
Business Agent

Brien Matson, AFM
President

Jeanne Ishikawa, Teamsters
Business Agent

Brenda Ching, SAG
Executive Director
596-0388

596-0227

596-2123

847-6633

LATE TESTIMONY

March 14th, 2012

TO: Rep. Angus L.K. McKelvey, Chair
Rep. Isaac W. Choy, Vice Chair
Rep. Karen L. Awana
Rep. James Kunane Tokioka
Rep. Tom Brower
Rep. Clift Tsuji
Rep. Cindy Evans
Rep. Barbara C. Marumoto
Rep. Mark J. Hashem
Rep. Kymberly Marcos Pine
Rep. Scott Y. Nishimoto
Members of the Committee on Economic Revitalization & Business

DATE: Thursday, March 15, 2012

TIME: 9:45 a.m

PLACE: Conference Room 312, State Capitol

Re: SB 2111 RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT.

FROM: David Hotniansky, Technical Lead
Hyperspective Studios, Inc.

I am writing in support of the intent of SB2111 as it relates to digital media. This bill has the potential to act as a stimulus for a budding industry that is viable and sustainable here in Hawaii. The support of this bill will aid in building an industry that will provide high quality and high-tech jobs for professionals living in the islands as well as provide a future for students currently pursuing a career in digital media.

I myself, am a product of Hawaii. Born, raised, and educated through our public schools. Studied Computer Science at University of Hawaii at Hilo and graduated from the University of Hawaii at Manoa with a degree in Creative Media. Since then I have been working in a professional capacity in digital media for the past seven years. I have managed to build a stable career all the while maintaining my residency here in the islands and have been a contributing member to the Hawaii economy.

The nature of the digital media allows for a very broad range of opportunities as we are not limited to a location for a project. During my career a majority of projects I've been involved in have been for clients based outside of the state. This being the case not only expands my possibility of employment but also acts as a stimulus for our local community since the income I earn stays and circulates here locally. Also a studio will produce many projects throughout the year which provides a sense of stability as we are not dependent on the success or failure of a singular large scale project. This being the case we can provide stable long term jobs as well as additional subcontract work as projects require.

I believe by including definitions for digital media, digital media projects, independent and emerging media projects as well as a lower threshold of \$50,000 will aid in the growth of a strong, sustainable digital media industry that will provide opportunities to create high quality jobs within the state.

Thank you for the opportunity to testify.

Re: Proposed Amendments to SB 2111 HD1 RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT.

The following amendments would provide digital media the ability to grow as a result of this bill:

1. In Section 3.b.2, ADD the statement [or \$50,000 for a qualified digital media project or qualified independent and emerging media project]

2. ADD the following definitions:
 - "Qualified digital media project" means development of animation, graphics, visual effects, related sound recordings, post production, and interactive media for entertainment and education in any and all formats, now existing, or hereafter developed that is produced for distribution in commercial or educational markets, including but not limited to applications for electronic devices, now existing, or hereafter developed, video games and productions intended for game platform, physical media, internet or wireless distribution.
 - "Qualified independent and emerging media project" means a qualified production of film, video, television, or interactive entertainment that is produced for distribution in commercial or educational markets, including but not limited to feature film, short film, television show, television series, a video game or production intended for game platform, physical media, internet, or wireless distribution

LATE TESTIMONY

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 15, 2012 6:27 AM
To: ERBtestimony
Cc: kcstuff@hotmail.com
Subject: LATE TESTIMONY - Testimony for SB2111 on 3/15/2012 9:45:00 AM

Testimony for ERB 3/15/2012 9:45:00 AM SB2111

Conference room: 312
Testifier position: Support
Testifier will be present: No
Submitted by: KC Connors
Organization: Individual
E-mail: kcstuff@hotmail.com
Submitted on: 3/15/2012

Comments:

STRONG SUPPORT for SB 2111

ALOHA distinguished Senators, legislators & staff

I strongly support SB2111 and the growth of the Film/TV & Visual Media are the 21st Century's communication tools and the Literacy of the 21st Century. The Gifts & Talents of our youth and local communities is a perfect fit for the Film Industry! Film/TV & Digital Media partnered with our Creative Arts will give Hawaii the opportunity to develop the high-tech, high-paid, interesting jobs that our youth and islands need for a bright future.

Supporting a good Film Tax Credit and complimentary Film/TV & Visual/Digital Media training will allow Hawaii to grow high-paying 21st Century Jobs. Hawaii, with our world-class music, dance, story-telling and spectacular scenery could become a Film Industry Center with the right Vision & Support.

Several states have good Film tax credits, Ontario's Film Industry is huge-even though they are in snow half the year and places like the maverick island state of Singapore are rapidly growing their modern Film Industry, understanding the potential for dynamic 21st Century Jobs. Hawaii could have a \$1billion Film Industry revitalizing its economy with good jobs that showcase our local traditions.

However, Film/TV & Digital Media is woefully underfunded in many of our Public Schools. We would like the Film Industry to even more strongly support Film/Digital Media in our Public Schools, and develop more internship and opportunities for our local High School students.

After two days of filming, the Western Film Company donated \$1000 to the student Kahuku Film Club at Kahuku High School, and their Film Executives came and talked to Kahuku students. This was a wonderful experience !- and new career opportunities and training for the students. More Film/TV Companies, in greater ways need to be supporting our youth and ourschools. Our beautiful coastal Ko'olau Loa district which includes: Kualoa Ranch, Turtle Bay, Kahana Bay, Chinaman's Hat, etc. and is where so many movies and TV series are filmed. However the Digital Media classes at local Kahuku Intermediate & High School and the new little award-winning student Kahuku Film Club www.kahukufilmclub.com still struggling with outdated equipment and facilities. Our students would thrive with more financial support and mentoring from the Film Industry.

I strongly support SB 2111 because More FILM/TV & EDUCATION INITIATIVES are needed
i- Greater funding & support of Digital Media/Film in all Public Schools from the Film Industry ii-More internships & mentoring for Public School Students. (More & in-depth fieldtrips to Film Productions.)
iii-More Above-the-Line Internships for local High School & College students at Film/TV productions iv- Support for local youth Music in Film. Support for Local Music at our Public Schools. (Dance in Hawaii is world-class too!)

Thank you for your consideration. And Thank you growing Hawaii's Film Industry and 21st Century Jobs for our communities and our youth.

Sincerely,

KC Connors

Film/Education Community Advocate

"Don't neglect the gifts that are in you." 1 Timothy 4:14

NEIL ABERCROMBIE
GOVERNOR

BRIAN SCHATZ
LT. GOVERNOR



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FREDERICK D. PABLO
INTERIM DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR
DEPUTY DIRECTOR

LATE TESTIMONY

To: The Honorable Angus McKelvey, Chair,
and Members of the House Committee on Economic Revitalization and Business

Date: Thursday, March 15, 2012
Time: 9:15 A.M.
Place: Conference Room 312, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

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

The Department of Taxation (Department) defers to the Department of Business Economic Development and Tourism (DBEDT) on the merits of S.B. 2111, S.D. 2, H.D. 1 Proposed.

S.B. 2111, S.D. 2, H.D. 1 Proposed, (1) authorizes the Director of Business, Economic Development, and Tourism to issue revenue bonds for qualified media infrastructure projects; (2) extends the motion picture, digital media, and film production tax credit to January 1, 2025 from January 1, 2016; (3) raises the qualified production tax credit ceiling to an unspecified amount from \$8,000,000; and (4) separates the calculation of the credit amount based on wages and salaries from the credit amount based on other qualified production costs and provides different credit amounts based on residence within the counties for the wages and salaries paid to all cast, crew, and musicians of the qualified production, plus an additional unspecified per cent credit amount on wages and salaries of cast, crew, and musicians who are state residents. If passed, this bill would become effective July 1, 2030.

For consistency, the Department recommends that in at the end of section 2 of the bill, the definition of "resident" shall be revised to read:

"Resident of the State" means a "resident" as defined in section 235-1 and who has filed resident tax returns in the State for the previous five consecutive taxable years."

The Department notes that any increase in the production credit over the current levels set forth in subsection (a) will have an impact on the current financial plan.

Thank you for the opportunity to provide comments.

Owana Salazar
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LATE TESTIMONY

March 13, 2012

To: House Committee on Economic Revitalization & Business
Representative Angus McKelvey, Chair
Representative Isaac Choy, Vice Chair
Members of the Committee

Re: ~~Testimony in STRONG SUPPORT of the Spirit and Intent of SB2111, SD2~~

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

My name is Owana Salazar. I am a Singer, Slack Key & Steel Guitarist, Independent Recording Artist, Hawaiian Cultural Consultant, and Hawaii Realtor Associate.

I STRONGLY SUPPORT the spirit and intent of SB2111, SD2 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 destination.

I look forward to the day when my musical talents are used for a project in the Film Industry, as well as the talents of our many local Hawaiian artists. We need to encourage the utilization of our true cultural sound that we create in music in the Film Industry.

Mahalo nui,



Owana Salazar



Tetris Online, Inc.
55 Merchant Street, Suite 2100
Honolulu, Hawaii 96813

LATE TESTIMONY

March 15th, 2012

TO: Rep. Angus McKelvey, Chair
Rep. Isaac Choy, Vice Chair
Members of the Committee on Economic Revitalization & Business

DATE: Thursday, March 15th, 2012
TIME: 9:45 A.M.
PLACE: Conference Room 312, State Capitol

Re: S.B. No. 2111, SD2, HD1 Proposed – Relating to Film and Digital Media Industry Development

FROM: Dean Hirata, CFO, Tetris Online, Inc.
Michael J.W. Chun, Marketing Manager, Tetris Online, Inc.

Tetris Online, Inc. continues to support the intent of SB 2111, SD2, HD1 Proposed – Relating to Film and Digital Media Industry Development

Today, Tetris Online employs over 50 people in Hawaii. Nationwide, competition for digital media employees is fierce, which makes it increasingly difficult to attract and retain employees, even the ones who have strong family ties to the islands. SB 2111, SD2 will help create and retain jobs in Hawaii, while increasing the state's revenues. This bill will support Hawaii's small local companies in the digital media industry so they can continue to flourish and provide jobs for Hawaii's talented workforce.

We would like to suggest the following changes:

Expand the definition of "production crew" to include the digital media industry

Pages 5 - Lines 11-12, Lines 16-17 & Line 20-21; Page 6 - Lines 3-4 Lines, 8-9; & Lines 18-19; Page 6 – Line 16

CURRENT: wages and salaries of all cast, crew, and musicians

PROPOSED: wages and salaries of all cast, technical and production crew, and musicians

Thank you very much for the opportunity to testify.