

TESTIMONY IN SUPPORT OF SB 2111, SD 1 PROPOSED
Relating to Film and Digital Media Industry Development

Senate Committee on Economic Development and Technology

February 13, 2011
Conference Room 016
2:30pm

Committee on EDT
Senator Carol Fukunaga, Chair
Senator Glenn Wakai, Vice Chair

Chair Fukunaga, Vice Chair Wakai, Members of the Committee,

My name is Chris Lee and as a private citizen, motion picture producer, and the Founder and Director of the Academy for Creative Media at UH, thank you for the opportunity to testify today in support of the intent of SB 2111 SD 1 relating to Film and Digital Media Industry Development.

SB 2111,SD 1 deserves your support because it recognizes that Hawaii needs to keep pace with the opportunities of the broad spectrum of the creative media industries in film, television and digital production. SB 2111 SD 1 recognizes our growing success as a production hub and take things to the next level with a proactive approach to this industry and a matrix of incentives.

In 2010, Hollywood spent over \$400 million dollars in Hawaii producing an unprecedented number of films, including the Oscar-nominated *The Descendants*, *Pirates of the Caribbean 4*, *Journey to the Center of the Earth 2*, *Battleship*, *Just Go With It*, *Soul Surfer*, *Hereafter*, and *The Tempest* as well as the television series *Hawaii Five-O* and *Off the Map*.

As impressive as that number is, we left a lot of money and jobs on the table.

Why? Because we did not have the studio space, post production or visual effects facilities to provide the full services this industry demands. Why are we willing to settle for half of the pie?

Big-budget pictures like *Pirates 4*, *Battleship*, and *Journey 2* shot their exteriors here, but then went to places like North Carolina, Los Angeles and Louisiana to build their sets, shoot their interiors, and execute post production, including one of the biggest parts of any blockbuster's budget, special effects. Worse, television shows like Steven Spielberg's *Terra Nova* had to shoot in Australia because we did not have the capacity to accommodate them here.

This \$400 million dollar year was not an anomaly.

It was a clear indication that Hawaii could have a billion dollar industry – generated both from Hollywood and locally – through the right combination of responsible incentives, dedicated infrastructure, broader development of our own IP workforce, and a global perspective.

This industry is not a fad but also not something that will just happen without the active management of our state. It's already a winner for us. The right incentives are an investment that ripple through our economy and provide an international marketing advantage for our number one industry, tourism. We enjoy a natural competitive advantage with our talented local students and a lifestyle that few locations can offer the discerning creative classes.

Hawaii has been blessed with long running shows filmed entirely in our state, starting with Five-0, Magnum, Five-0 2.0 and now The River. Our blue skies, beaches and jungles along with a great crew base make us the premiere tropical location in the world, and give us a base line of production activity.

If all we aspired to is being “Hollywood’s Tropical Backlot” as we used to advertise ourselves, it’s probably sufficient to just continue providing location services, help with permitting, and assistance with processing tax credits at existing levels.

But now that we know this is a business which can have a \$400 million year as we saw in 2010, how do we get this to be a billion dollar a year industry that is a true jobs creation pillar of our state rather than just a diversification of our economy?

We get there by recognizing what other states and countries have done in successfully managing this business – we must move beyond a “one size fits all” approach to a full tool belt of incentives, workforce development, proactive engagement with the global content creation industry and enhanced efforts to hire and support our own people, local talent and original IP digital media companies.

Take a look at Florida, <http://www.filminflorida.com/ifi/incentives.asp>, with their variety of incentives that differentiate between big budget tv and movies and digital and emerging media – including specific local hire requirements that recognize the difference between the employment needs of an animation or game or post production studio with permanent facilities and staff and a movie that just shoots on location for a few weeks or months. They’re both vital, but they’re not equal in needs or execution.

Look at Connecticut, which not only uses their incentives to attract television shows and movies, but was able to get the animation studio responsible for the Ice Age, Rio and Horton Hears a Who to relocate to Stamford, thereby creating over 400 jobs for Connecticut's citizens. This was accomplished by a determination of the executive branch to use legislative authority to build a new industry in that state.

<http://www.ctmirror.org/story/14236/blue-sky-studio-expand-again-state-aid>).

Hawaii to get past waiting for Hollywood to green light shows that need our jungles and beaches and follow the example of places like Singapore (<http://www.mda.gov.sg/Pages/Home.aspx>) whose Media Development Authority incentivized George Lucas to move his video game and animation division from San Francisco to that island nation and create over 400 jobs for local Singaporeans. Their MDA has also overseen the building of a studio complex, anchors several film funds, attracted numerous other visual effects companies and, in a place half the size of Oahu, has 9 film schools.

And we cannot forget our own filmmakers and game makers and animators, most of whom have not been able to access the level of incentives currently in place under Act 88. What cannot rely on an incentive structure that seems to work almost solely for big Hollywood studios and networks and does little to support local filmmakers on a budget. Nor can we fail to recognize the exponential growth of the video game industry (now SIX times bigger than films) or internet based production. The Big Island's Ryan Higa is the single biggest media star our state has ever produced and he did it from his Hilo bedroom via Youtube at a time when Act 88 specifically doesn't even support "internet distributed" product.

This bill, and a number of others similar to it introduced this session, has the opportunity to exponentially expand Hawaii's film, television, and digital media industries providing far more living wage jobs for our talented, local workforce and IP creators.

For all these reasons and more, I support the intent of SB2111, SD1, and thank you again for the opportunity to testify.

I would like to voice my support for SB 2415, which transfers title of land from the University of Hawaii to the High Technology Development Corporation (HTDC).

Currently, HTDC provides office and conference room facilities to both young companies and business organizations. I have attended several events at HTDC, and appreciate the value that this team and their facilities brings to the local business community. By transferring title to HTDC, HTDC will then be better able to ensure their presence in Hawaii, maintain a location and facilities from which to perform their duties and host valuable events, and generate some much-needed revenue from facilities rentals.

Please support this bill. There are very few organizations in Hawaii that truly support economic growth in the manner that HTDC can and does. By providing them with ownership and control of their facilities, you will be helping to ensure their continued existence and effectiveness.

Thank you,
Jason Rushin
Founder, HulaCopter LLC
437 Opihikao Place
Honolulu, HI 96825
808-778-2860



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Local Hiring Requirements: State Film Incentives/Credits Rebates

Currently, 40 states and Puerto Rico offer motion picture incentives.¹ These incentives include tax credits, rebates and exemptions. Twenty-one of these jurisdictions either have a local hire requirement in order to receive the incentive or have an increased award for hiring local residents.

- Five states (CO, FL, ID, MN and TX) have a local hire requirement in order to receive the incentive. In Colorado for example, at least 25 percent of the workforce must be Colorado residents in order for a project to meet state incentive guidelines. In Texas, 70 percent of the cast and crew must be Texas residents unless it is determined and certified by the Texas Film Commission that a sufficient number of qualified cast and crew are not available. Minnesota requires that an eligible project must fill three of the following five positions with a current Minnesota resident: producer, director, director of photography, writer or line producer.
- Fifteen states and Puerto Rico offer a supplementary award for hiring local residents. In Alaska, the base credit is 30 percent. Wages paid to Alaska residents receive an additional 10 percent credit. Oregon offers a base credit of 20 percent and an added 10 percent credit for Oregon-based payroll. In Illinois, a base credit of 30 percent is available and an additional 15 percent credit on salaries for Illinois residents that live in an economically disadvantaged area (at least 10 percent unemployment).
- Many of the states with incentives that do not require or offer additional awards for hiring state residents only offer credits on wages paid to state residents.

Residency requirements vary state-to-state but usually consist of one or more of the following:

- An individual domiciled and who maintains a permanent residence in the state;
- Possess a valid state issued drivers license;
- Filed as a resident on the most recent state tax return; and/or
- Reside in the state for a specified number of days prior to the commencement of the projects production.

The attached table provides additional information.

¹ States without film incentives are: Arizona, Delaware, Indiana, Nebraska, Nevada, New Hampshire and South Dakota. Iowa, Kansas and New Jersey have temporarily suspended their existing programs.

State Film Incentives/Credits/Rebate: Local Resident Hiring Requirements, Amount of Increased Credit for Hiring Residents and Definition of "Legal Resident"			
State/ Jurisdiction	Local Hire requirement in order to receive incentive/credit/rebate?	Increased or additional incentive/credit/rebate for hiring local residents?	Definition of local resident
Alabama	No.	Yes. Base credit of 25%. Payroll paid to Alabama residents receive a credit of 35%.	A natural person and, for the purpose of determining eligibility for the incentives provided by this article, any person domiciled in the State of Alabama and any other person who maintains a permanent place of abode within the state and spends in the aggregate more than six months of each year within the State of Alabama.
Alaska	No.	Yes. Base Credit 30%. Wages paid to Alaska residents receive an additional 10% credit.	<p>A person establishes residency in the state by being physically present in the state with the intent to remain in the state indefinitely and to make a home in the state.</p> <p>(b) A person demonstrates the intent required under (a) of this section</p> <p>(1) by maintaining a principal place of abode in the state for at least 30 days or for a longer period if a longer period is required by law or regulation; and</p> <p>(2) by providing other proof of intent as may be required by law or regulation, which may include proof that the person is not claiming residency outside the state or obtaining benefits under a claim of residency outside the state.</p> <p>(c) A person who establishes residency in the state remains a resident during an absence from the state unless during the absence the person establishes or claims residency in another state, territory, or country, or performs other acts or is absent under circumstances that are inconsistent with the intent required under (a) of this section to remain a resident of this state.</p>

State Film Incentives/Credits/Rebate: Local Resident Hiring Requirements, Amount of Increased Credit for Hiring Residents and Definition of "Legal Resident"			
State/ Jurisdiction	Local Hire requirement in order to receive incentive/credit/rebate?	Increased or additional incentive/credit/rebate for hiring local residents?	Definition of local resident
Arizona	<i>No film incentive/credit/rebate.</i>		
Arkansas	No.	Yes. Base rebate of 15% plus an additional 10% rebate for the payroll of below-the-line employees who are full-time residents of Arkansas.	"Resident" means natural persons and includes for the purpose of determining eligibility for the rebate incentive provided by this subchapter, a person domiciled in Arkansas and who maintains a permanent residence within the state and spends at least six (6) months of the taxable year within the state;
California	No.	No.	N/A
Colorado	Yes. In order for the project to meet state incentive guidelines, at least 25% of the workforce on every project must be Colorado residents.	No.	Must maintain a residence in Colorado, usually supported with a driver's license.
Connecticut	No.	No.	N/A
Delaware	<i>No film incentive/credit/rebate.</i>		
Florida*	Yes, A production does not qualify for the credit if less than 50% for the first two years of the program, and 60% thereafter, of the positions that make up its production cast and below-the-line production crew or, in the case of a digital media projects, less than 75% of such positions are filled by Florida residents.	No.	A person who is either (a) a legal resident of the State, as demonstrated by a valid Florida driver's license or other State-issued identification accompanied by a completed and signed Declaration of Florida Residency Form, or (b) a student enrolled full-time in a film-and-entertainment-related course of study at an institution of higher education in the State.
Georgia	No.	No.	No.
Hawaii	No.	No.	No.



**State Film Incentives/Credits/Rebate:
Local Resident Hiring Requirements, Amount of Increased Credit for Hiring Residents and Definition of "Legal Resident"**

State/ Jurisdiction	Local Hire requirement in order to receive incentive/credit/rebate?	Increased or additional incentive/credit/rebate for hiring local residents?	Definition of local resident
Idaho*	Yes. At least 20% of crew must be Idaho residents (will slide up to 30% over time).	No.	Idaho's media production rebate remains unfunded due to state budget deficits. (June, 2011). Qualifying criteria and rules will be available upon implementation.
Illinois	No*	Yes.* Base credit 30%. An additional 15% tax credit on salaries of individual Illinois residents (making at least \$1,000 in total wages) that live in an economically disadvantaged area (at least 10% unemployment).	An Illinois resident qualifies as someone who has a valid Illinois state ID or drivers license, issued prior to commencement of production.
Indiana	<i>No film incentive/credit/rebate.</i>		
Iowa	<i>Program has been suspended</i>		
Kansas	<i>Program has been suspended</i>		
Kentucky	No.	No.	No.
Louisiana	No.	Yes. Base credit 30%. An additional payroll credit of 5% for employing Louisiana residents.	A natural person domiciled in the state of Louisiana. Domicile may be established: a) by maintaining a permanent place of abode within the state and spending in the aggregate more than six months of each year in the state; or by agreeing in writing to file a Form IT 540 or Form IT 540B as applicable, for the taxable year employed by the motion picture production company, provided the person subsequently files the form and pays any Louisiana income taxes due.



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Maine	No.	Yes. Base credit of 10% for wages paid to non-Maine residents. A certified production company is allowed a reimbursement equal to 12% of certified production wages paid to employees who are residents of Maine.	"Resident of Maine" means a person who: A. Filed as a resident individual under Part 8 on that person's most recently filed Maine income tax return; B. Could have filed as a resident individual under Part 8 if a return had been required in a case where no income tax return was required; or C. Was claimed, or could have been claimed, as a dependent on the Maine income tax return of an individual who filed as a resident individual under Part 8 on the filer's most recently filed Maine income tax return.
Maryland	No.	No.	N/A
Massachusetts	No.	No.	N/A
Michigan	No.	Yes. Base credit 27%. Michigan personnel expenditures qualify for a 32% refund..	To be a resident of Michigan for tax purposes you must be domiciled in Michigan. Your domicile is your permanent home; it is the place to which you intend to return after any temporary absence. You can have only one domicile. A change in domicile is established only by establishing a physical presence in a new location with an intent to abandon your old domicile and make a home in the new location permanently or indefinitely.
Minnesota	Yes. An eligible project must fill three of the five following positions with a current Minnesota resident: Producer, Director, Director of Photography, Writer or Line Producer.	No.	A Minnesota resident is someone who is currently living in Minnesota with a permanent address/driver's license.



State Film Incentives/Credits/Rebate: Local Resident Hiring Requirements, Amount of Increased Credit for Hiring Residents and Definition of "Legal Resident"			
State/ Jurisdiction	Local Hire requirement in order to receive incentive/credit/rebate?	Increased or additional incentive/credit/rebate for hiring local residents?	Definition of local resident
Mississippi	No.	Yes. A base 25% cash rebate on payroll paid to non-resident cast and crew. A production is eligible for a 30% cash rebate on payroll paid to resident cast and crew.	"Resident" or "resident of Mississippi" means a natural person, and for the purpose of determining eligibility for the rebate provided by Section 57-89-7, any person domiciled in the State of Mississippi and any other person who maintains a permanent place of abode within the state and spends in the aggregate more than six (6) months of each year within the state.
Missouri	No.	Yes.* 30 percent credit for out-of-state cast and crew when Missouri income taxes are withheld. A production company can qualify for up to 35 percent for Missouri resident cast and crew.	A person residing in Missouri more than 180 days before the start of a film production for which film tax credit expenditures are being claimed.
Montana*	No.	No.	N/A
Nebraska	<i>No film incentive/credit/rebate.</i>		
Nevada	<i>No film incentive/credit/rebate.</i>		
New Hampshire	<i>No film incentive/credit/rebate.</i>		
New Jersey	<i>Program has been suspended</i>		
New Mexico	No.	No.	N/A
New York	No.	No.	N/A
North Carolina	No.	No.	N/A
North Dakota	No.	No.	N/A



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State/ Jurisdiction	Local Hire requirement in order to receive incentive/credit/rebate?	Increased or additional incentive/credit/rebate for hiring local residents?	Definition of local resident
Ohio	No.	Yes. Base credit 25%. 35 % for Ohio resident wages on eligible productions.	Production personnel (cast and crew) are considered a resident if they are in Ohio for more than 60 days before an agreement is approved. Residency must be proven with an Ohio driver's license or an Ohio voter's registration card.
Oklahoma	No.	No.	N/A
Oregon*	No.	Yes. Base rebate is 20% of goods/services and an additional 10% for Oregon-based payroll. Projects that spend a minimum of \$1m in the state can receive an additional rebate of 6.2% for payroll for which Oregon withholding applies, for a total rebate of 16.2% for Oregon-based payroll	"Resident" or "resident of this state" means: (A) An individual who is domiciled in this state unless the individual: (i) Maintains no permanent place of abode in this state; (ii) Does maintain a permanent place of abode elsewhere; and (iii) Spends in the aggregate not more than 30 days in the taxable year in this state; or (B) An individual who is not domiciled in this state but maintains a permanent place of abode in this state and spends in the aggregate more than 200 days of the taxable year in this state unless the individual proves that the individual is in the state only for a temporary or transitory purpose.
Pennsylvania	No.	No.	N/A
Puerto Rico	No.	Yes. Base credit of 20%. 40% tax credit on all payments to Puerto Rico Residents.	Puerto Rico Resident" -- an individual who meets the requirements set forth in section 1411(a) (25) of the Code and a corporation.
Rhode Island	No.	No.	N/A



**State Film Incentives/Credits/Rebate:
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State/ Jurisdiction	Local Hire requirement in order to receive incentive/credit/rebate?	Increased or additional incentive/credit/rebate for hiring local residents?	Definition of local resident
South Carolina*	No.	Yes.* The wages of all South Carolina residents and all non-resident performing artists (including stunt performers) are eligible for the maximum 20% rebate. The wages of all other non-residents, including crew, are eligible for a 10% rebate up to \$3,500 per person.	To be a resident of South Carolina for the purposes of claiming the Wage Rebate, you must be domiciled in South Carolina. Your domicile is your permanent home; it is the place to which you intend to return after any temporary absence. You can only have one domicile. A change in domicile is established only by establishing a physical presence in a new location with an intent to abandon your old domicile and make a home in the new location permanently or indefinitely.
South Dakota	<i>No film incentive/credit/rebate.</i>		
Tennessee	No.	No.	N/A
Texas*	Yes. 70% of the paid crew and paid cast (including extras) must be Texas Residents unless it is determined and certified by the Texas Film Commission that a sufficient number of qualified crew and cast (including extras) are not available and every effort has been made by the production to meet the requirement by the principal start date.	No.	Texas resident--An individual who is a permanent resident of Texas for at least 120 days prior to the Principal Start Date of the project and who has completed a Declaration of Texas Residency Form.
Utah	No.	Yes. Base credit up to 20%. A motion picture company can receive an additional 5% credit if a production company fulfills certain requirements, including: employing a significant percentage of cast and crew from Utah.	A "Utah Resident" has lived in Utah for the entire year, even if temporarily outside of Utah for an extended length of time (years in certain situations); or maintains a permanent home in Utah, even if you lived outside Utah, and spent a total of 183 or more days of the taxable year in Utah; and is required to pay tax income tax in the State of Utah.



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Vermont	No.	No.	N/A
Virginia	No.	Yes.* Base credit of 15%. A production company is allowed an additional credit of 10 % to 20% of aggregate payroll for Virginia residents employed in connection with the motion picture production.	"Virginia Resident" means an individual domiciled in Virginia at any time during the taxable year and every other individual who, for an aggregate of more than 183 days of the taxable year, maintained his place of abode within Virginia, whether domiciled in Virginia or not.
Washington	No.*	No.	N/A
West Virginia	No.	Yes. 27% base, plus 4% for 10 or more resident crew or talent hires.	
Wisconsin	No.	No.	N/A
Wyoming	No.	No.	N/A



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State/ Jurisdiction	Local Hire requirement in order to receive incentive/credit/rebate?	Increased or additional incentive/credit/rebate for hiring local residents?	Definition of local resident
<p>Notes:</p> <p>Florida: Any qualified production that employs students enrolled full-time in a film and entertainment-related or digital media-related course of study at an institution of higher education in this state is eligible for an additional 15-percent tax credit on qualified expenditures that are wages, salaries, or other compensation paid to such students. The additional 15-percent tax credit shall also be applicable to persons hired within 12 months of graduating from a film and entertainment-related or digital media-related course of study at an institution of higher education in this state. The additional 15-percent tax credit shall apply to qualified expenditures that are wages, salaries, or other compensation paid to such recent graduates for 1 year from the date of hiring.</p> <p>Idaho: Idaho's media production rebate remains unfunded due to state budget deficits. (June, 2011).</p> <p>Illinois: The Illinois Film Production Tax Credit Act, which offers producers a credit of 30% of all qualified expenditures. Illinois Production Spending includes tangible, personal property and services purchased from Illinois vendors and compensation paid to Illinois resident employees. Compensation maximum is \$100,000 for each Illinois resident employee.</p> <p>Missouri: State Tax Credits are issued to a qualified film production company for up to 35 percent of the amount expended in Missouri (or up to 30 percent for qualifying out-of-state cast and crew when Missouri income taxes are withheld) for production or production-related activities to facilitate film production in Missouri.</p> <p>Montana: Montana offers a refundable tax credit to qualified production companies that film in Montana. Production companies earn a 14% refundable tax credit on the first \$50,000 in wages paid to Montana crew members, and a 9% refundable tax credit based on qualified Montana expenditures by the production company. To be a resident of Montana for tax purposes, you are required to be domiciled in Montana. Your domicile is your permanent home; it is the place to which you intend to return after any temporary absence. You can have only one domicile. A change in domicile is established only by establishing a physical presence in a new location with intent to abandon your old domicile and make a home in the new location permanently or indefinitely.</p> <p>Oregon: In addition to the standard program Oregon has a rebate for <i>local filmmakers</i> only: (i-OPIF) – rebates 20% of goods/services and 10% of Oregon-based payroll (including fringe benefits). Applies to projects spending a minimum of \$75,000 and less than \$750,000 in Oregon for any single project or season of a series. The local filmmaker must hire at least 80% Oregon crew, contract with a CPA for payroll services and carry production insurance.</p> <p>South Carolina: Qualified Production is eligible for a wage rebate up to twenty percent (20%) for the persons employed in conjunction with the South Carolina production. The wages of all South Carolina residents and all non-resident performing artists (including stunt performers) are eligible for the maximum 20% rebate. The wages of all other non-residents, including crew, are eligible for a 10% rebate up to \$3,500 per person. However, depending upon the project, this amount may be negotiated to the full 20% rebate.</p>			



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<p>Texas : (a) Feature Films and Television Programs must select the Texas Spend Option or the Texas Wage Option for their projects when submitting an application to the program. The selected option may be changed after the application is submitted, but not after the formal grant agreement has been signed. Grant awards will be calculated as follows:</p> <p>(1) Texas Spend Option--projects with total eligible in-state spending of:</p> <p>(A) At least \$250,000 but less than \$1 million will be eligible to receive a grant equal to 5% of eligible in-state spending.</p> <p>(B) At least \$1 million but less than \$5 million will be eligible to receive a grant equal to 10% of eligible in-state spending.</p> <p>(C) At least \$5 million will be eligible to receive a grant equal to 15% of eligible in-state spending.</p> <p>(2) Texas Wage Option--projects with total eligible in-state spending of:</p> <p>(A) At least \$250,000 but less than \$1 million will be eligible to receive a grant equal to 8% of eligible Wages paid to Texas Residents.</p> <p>(B) At least \$1 million but less than \$5 million will be eligible to receive a grant equal to 17% of eligible Wages paid to Texas Residents.</p> <p>(C) At least \$5 million will be eligible to receive a grant equal to 25% of eligible Wages paid to Texas Residents.</p> <p>Virginia: Additional Virginia Resident First-Time Industry Employee Credit: In addition to the above outlined credits, companies may claim a credit of 10 percent of their total aggregate payroll for Virginia residents who are employed as first time actors or first time members of a production crew in connection with a production in Virginia.</p> <p>Washington: In order to qualify an applicant must demonstrate that every effort will be made to maximize the hiring of local cast, crew and production and support services</p>			
Source: NCSL calculations,			

State of Florida – Office of Film & Entertainment
DECLARATION OF FLORIDA RESIDENCY

Purpose: Film, television, commercial and digital media production companies claiming wages or salaries paid to Florida residents for work performed on a qualified production in Florida under Florida’s incentive program must complete this declaration of residency for each resident. All production companies must retain this form in its records and submit a copy to the Office of Film & Entertainment when submitting verifying documentation for the tax credits. Additional documentation is required. See item #3 below.

Name	Social Security Number
Permanent Residence - physical address	
City, State and Zip Code	Home Telephone Number
Title of Film or Entertainment Project	Production Company

1. Is employee presently a resident of Florida? See *Residency* below. _____
2. Does employee anticipate changing his/her residency status during the time expected to work on this project?

3. **The production company must provide at least one of the following, and attach to this document:**

- A copy of employee’s valid Florida driver’s license.
Enter the driver’s license number: _____ Expiration Date: _____
- A copy of employee’s current Florida voter registration.
Enter the registering county: _____
- A copy of employee’s most recent personal income tax return.
- Other. Indicate type. If employee cannot provide one of the previous three forms of evidence, other evidence may be acceptable. For example, a minor may present parent’s proof of residency. Other evidence must be clear and convincing, and show intent to maintain a permanent residence in Florida. Proof of ownership of property or establishing an abode in Florida is not acceptable unless supplemented by other information showing intent.

4. Police Officers who are unable to provide a driver’s license **must** provide the following two items:

Precinct #: _____ Badge #: _____

Residency. To be a resident of Florida you must be domiciled in Florida. Your domicile is your permanent home; it is the place to which you intend to return after any temporary absence. You can have only one domicile. A change of domicile is established only by establishing a physical presence in a new location with intent to abandon your old domicile and make a home in the new location permanently or indefinitely.

I declare under penalty of perjury that I have examined this document and to the best of my knowledge and belief it is true, correct and complete.

Signature (Employee)	Date
Signature (Producer, Production Manager or Production Coordinator)	Date

Sample Florida Qualified Expenditures Budget

The following is meant as a helpful guide, and not an exact list, of what are considered qualified expenditures for Florida's incentive program. Qualified expenditures are for pre-production, production, and post-production (NOT for development, marketing, publicity or distribution.)

THE FOLLOWING BUDGET ASSUMES, WHERE 'YES' IS DESIGNATED, THAT THE PERSON HIRED OR VENDOR BEING PAID IS A FLORIDA RESIDENT OR FLORIDA BUSINESS.

Acct#	Description	Qualified	Comments
101-00	STORY & RIGHTS		The FL incentive only covers expenses relating to pre-production, production and post. Story rights, screenplay cost, writer, etc. are considered development costs, which are not qualified
101-02	Story Rights	NO	
101-99	Fringes	NO	
103-00	WRITING		
103-02	Writers	NO	See above
103-04	Story Editor	NO	
103-06	Research	NO	
103-08	Secretaries	YES	For a FL resident
103-10	Script Printing	YES	To a Florida vendor
103-12	Materials & Supplies	NO	
103-99	Fringes	NO	
105-00	PRODUCER & STAFF		
105-02	Executive Producer	YES	<i>REMINDER: Only the wages of FL residents are considered qualified expenditures</i>
105-04	Line Producer	YES	
105-06	Producers	YES	
105-08	Associate Producers	YES	
105-10	Secretaries	YES	
105-12	Assistants	YES	
105-14	Purchases and supplies	YES	
105-16	Wrap Party	NO	Wrap Party is NOT considered a qualified expenditure
105-18	Entertainment	NO	Entertainment is NOT considered a Qual. Expenditure
105-99	Fringes	See 112	
107-00	DIRECTOR & STAFF		
107-02	Director	YES	
107-04	Dialogue Coach	YES	
107-06	Secretaries	YES	
107-08	Choreographers	YES	
107-10	Assistants	YES	
107-12	Towncar Allowance	YES	
107-14	Purchases and Supplies	YES	
107-16	Director Assistant Computer	YES	
107-18	Director Office Rentals	YES	
107-20	Entertainment Allowance	NO	
107-99	Fringes	See 112	
109-00	TALENT		
109-02	Principal Cast	YES	
109-04	Supporting Cast	YES	
109-06	Day Player	YES	
109-08	Weekly Player	YES	
109-10	Talent Staff	YES	
109-12	Talent Expenses	YES	
109-14	Stunt Coordinator	YES	

Acct#	Description	Qualified	Comments
109-16	Stunts	YES	
109-18	Looping and Expenses	YES	If in FL
109-20	Casting Director	YES	
109-22	Casting Assistants	YES	
109-24	Casting Office Expenses	YES	
109-99	Fringes	See 112	
111-00 TRAVEL & LIVING Above the Line			
111-02	Producer Travel--General	YES	
111-04	Producer Travel -- to Distant Location	YES	If booked trough a Florida Travel Agency.
111-06	Producers Assistants Travel--General	YES	
111-08	Producers Assistants Travel--to Distant Location	YES	
111-10	Director--General Travel	YES	
111-12	Director Travel -- to Distant Location	YES	
111-14	Director's Assistants Travel--General	YES	
111-16	Director's Assistants Travel-- to Distant Location	YES	
111-18	Talent Travel--General	YES	
111-20	Talent Travel--to Distant Location	YES	
112-00 FRINGE BENEFITS (ATL)			
112-02	Pension Plan & Health and Welfare	YES	RE: FRINGES: Fringes that are paid on behalf of a Florida resident employee as part of their compensation are qualified expenditures. Payroll handling fees count only if paid to a FL payroll company.
112-04	Employer Taxes	YES	
112-06	Local Hire Fringes	YES	
112-08	Payroll Handling	See 112	
PRODUCTION			
113-00 PRODUCTION STAFF			
113-02	Production Manager	YES	RE: SALARIES, WAGES & OTHER COMPENSATION: The first \$400,000 paid to a Florida resident employee is considered a qualified expenditure. No additional rebate is given for any amount in excess of \$400,000. Any payment included on a FL resident employee's check is considered part of their total salary, wage and other compensation, including PER DIEM for food, housing or location expenses. These are qualified expenditures not only for the percentage rebate, but for reaching the \$400,000 limit per employee. Fringes are included in the \$400,000 salary limit. Any contractual obligation made to a FL resident employee that is not cash, but has monetary value, should be included in calculating the total salary of the employee.
113-04	Production Supervisor	YES	
113-06	First Assistant Director	YES	
113-08	Second AD's and Trainees	YES	
113-10	Script Supervisor	YES	
113-12	Location Manager	YES	
113-14	Asst Location Managers & Scouts	YES	
113-16	Tech Advisors	YES	
113-18	Production Coordinators	YES	
113-20	Asst Production Coordinators	YES	
113-22	Production Secretaries	YES	
113-24	Production Accountants	YES	
113-26	Assistant Accountants	YES	
113-28	Payroll	YES	
113-30	Construction Estimator	YES	
113-32	Post Accounting	YES	
113-34	Production Assistants	YES	
113-36	Pre-Production Breakdown	YES	
113-38	Board & Budget	YES	
113-40	Script Timing	YES	
113-42	POC and Assistants	YES	

Acct#	Description	Qualified	Comments
113-99	Fringes	See 112	
115-00 EXTRA TALENT			
115-02	Stand-ins	YES	
115-04	Casting Commission	YES	
115-06	Extras-Studio	YES	
115-08	Non Union	YES	
115-10	Extras-Location	YES	
115-12	Non Union -	YES	
115-14	Sideline Musicians	YES	
115-16	Fittings	YES	
115-18	Wardrobe	YES	
115-20	Atmosphere Cars	YES	
115-22	Casting Svc Fee and Fringes	YES	
115-24	Polaroid	YES	
115-26	Telephone/Office	YES	
115-99	Fringes	See 112	
117-00 CAMERA			
117-02	Director of Photography	YES	
117-04	Operator	YES	
117-06	Asst Cameramen & Operators	YES	
117-08	Steadicam Operator	YES	
117-10	Still Photographer	NO	Cost of marketing/distribution
117-12	Loader	YES	
117-14	Loss and Damage	YES	
117-16	Purchases & Supplies	YES	
117-18	Camera Rentals	YES	
117-20	Box and Still Camera Rentals	YES/NO	Still camera rental and still photos are considered
117-99	Fringes	See 112	costs of marketing/distribution
119-00 ART DEPARTMENT			
119-02	Production Designer	YES	
119-04	Art Director and Assistants	YES	
119-06	Set Designers	YES	
119-08	Illustrators	YES	
119-10	In-state Hire	YES	
119-12	Storyboard Artist	YES	
119-14	Prod. Assistants	YES	
119-16	Blue Printing	YES	
119-18	Stock Units / Backings	YES	
119-20	Purchases & Supplies	YES	
119-22	Processing	YES	
119-24	Research Materials	YES	
119-26	Rentals	YES	
119-28	Equipment	YES	
119-30	Car and Box Rentals	YES	
119-99	Fringes	See 112	
121-00 SET CONSTRUCTION			
121-02	Construction Coordinators	YES	
121-04	Construction Foremen	YES	
121-06	Stage Set Construction Labor	YES	
121-08	Location Set Construction Labor	YES	
121-10	Stage Set Construction Materials Purchase & Rental	YES	

Acct#	Description	Qualified	Comments
121-12	Location Set Construction Materials Purchase & Rental	YES	
121-14	Stage Set Striking Labor	YES	
121-16	Stage Set Striking Materials Purchase and Rental	YES	
121-18	Location Set Striking Labor	YES	
121-20	Location Set Striking Materials Purchase & Rental	YES	
121-22	Set Restoration	YES	
121-24	Fold and Hold Sets	YES	
121-26	Greens Purchase	YES	
121-28	Backings Rental/Purchase	YES	
121-30	Trash Removal	YES	
121-32	Scissor Lifts/Forklifts	YES	
121-34	Car and Box Rental	YES	
121-36	Construction Expendables	YES	
121-99	Fringes	See 112	
123-00	SPECIAL EFFECTS		
123-02	SFX Coordinator	YES	
123-04	SFX Assistants	YES	
123-06	Rig and Strike	YES	
123-08	Loss and Damage	YES	
123-10	Manufacturing Labor & Materials	YES	
123-12	Purchases	YES	
123-14	Equipment Rentals	YES	
123-16	Box Rental	YES	
123-99	Fringes	See 112	
125-00	SET OPERATIONS		
125-02	Key Grip	YES	
125-04	Grips -- all	YES	
125-06	Craft Service Persons	YES	
125-08	Greensperson- Company	YES	
125-10	Stand By Carpenters	YES	
125-12	Stand By Painters	YES	
125-14	Loss and Damage	YES	
125-16	Set Watch/Fireman	YES	
125-18	First Aid & Expenses	YES	
125-20	Medics	YES	
125-22	Other Crafts	YES	
125-24	Heating/Air Conditioning	YES	
125-26	Purchases	YES	
125-28	Grip Expendables	YES	
125-30	Lumber	YES	
125-32	Craft Service Purchases	YES	
125-34	Rentals	YES	
125-36	Grip Package	YES	
125-38	Truck Package	YES	
125-40	Additional Equipment	YES	
125-42	Helicopter Rental	YES	
125-44	Box Rentals	YES	
125-99	Fringes	See 112	
127-00	ELECTRICAL		
127-02	Chief Lighting Technician	YES	

Acct#	Description	Qualified	Comments
127-04	Lighting Assistant and Technicians	YES	
127-06	Rig and Strike	YES	
127-08	Generator Operator	YES	
127-10	Generator Assistants	YES	
127-12	Special Equipment Operator	YES	
127-14	Electric Hookup	YES	
127-16	Current	YES	
127-18	Loss and Damage	YES	
127-20	Purchases-- Expendables, Gels, Etc	YES	
127-22	Globes and Carbons	YES	
127-24	Rentals	YES	
127-26	Electric Package	YES	
127-28	Stage Package	YES	
127-30	Rigging Package	YES	
127-32	Addl Equipment	YES	
127-34	Specialty Lighting	YES	
127-36	Generator Rentals	YES	
127-38	Box Rentals	YES	
127-99	Fringes	See 112	
129-00 SET DRESSING			
129-02	Set Decorator	YES	
129-04	Leadman/Buyer	YES	
129-06	Set Dressing Labor	YES	<i>-REMINDER: Only payments to Florida vendors and businesses count as qualified expenditures</i>
129-08	Drapery/Carpet	YES	
129-10	Loss, Damage, Cleaning	YES	
129-12	Manufacturing/Materials	YES	
129-14	Set Dress Purchase & Materials	YES	
129-16	Fixtures	YES	
129-18	Rentals	YES	
129-20	Rentals - All Sets	YES	
129-22	Car and Box Rentals	YES	
129-24	Research	YES	If during pre-production and/or production
129-26	Film Processing	YES	
129-28	Expendables	YES	
129-99	Fringes	See 112	
131-00 ACTION PROPS			
131-02	Propmaster	YES	
131-04	Assistant Propmaster & Labor	YES	
131-06	Loss and Damage	YES	
131-08	Manufacturing In-state Labor/Materials	YES	
131-10	Purchases & Rentals	YES	
131-12	Car and Box Rentals	YES	
131-14	Film Processing	YES	
131-16	Research	YES	If during pre-production and/or production
131-18	Expendables	YES	
131-99	Fringes	See 112	
133-00 PICTURE VEHICLES/ANIMALS			
133-02	Picture Car Coordinator	YES	
133-04	Picture Car Drivers	YES	
133-06	Picture Car Rentals	YES	
133-08	Picture Car Expense	YES	
133-10	Marine Expense	YES	

Acct#	Description	Qualified	Comments
133-12	Aircraft/Helicopter Expense	YES	
133-14	Pic Vehicle Manufacturing	YES	
133-16	Mechanic	YES	
133-18	Animals	YES	
133-20	Loss & Damage	YES	
133-22	Wranglers, Handlers	YES	
133-24	Feeding and Stabling	YES	
133-99	Fringes	See 112	
135-00 SPECIAL PHOTOGRAPHY			
135-02	Process Operating	YES	
135-04	Blue Screen	YES	
135-06	Matte Shots Contract	YES	
135-08	Matte Crew Expenses	YES	
135-10	Animation	YES	
135-12	Miniature Contact	YES	
135-14	Miniature Expenses	YES	
135-16	Computer Graphics	YES	
135-18	Equipment Rental	YES	
135-99	Fringes	See 112	
139-00 WARDROBE			
139-02	Costume Designer	YES	
139-04	Designer Staff	YES	
139-06	Wardrobe Labor	YES	
139-08	Costumers & Assts.	YES	
139-10	Cleaning and Dying	YES	
139-12	Loss and Damage	YES	
139-14	Alterations & Repairs	YES	
139-16	Allowance	YES	
139-18	Purchases & Rentals	YES	
139-20	Car and Box Rentals	YES	
139-22	Research		
139-24	Expendables	YES	
139-26	Washing Machine & Dryer	YES	
139-28	Shop Set Up	YES	
139-30	Polaroid	YES	
139-99	Fringes	See 112	
141-00 MAKEUP & HAIRDRESSING			
141-02	Makeup Artist	YES	
141-04	Key Makeup	YES	
141-06	Additional Makeup	YES	
141-08	Additional Hairstylists	YES	
141-10	Makeup & Hairdressing Supplies	YES	
141-12	Chair Rental	YES	
141-14	Wigs Purchase/Rentals	YES	
141-16	Appliances	YES	
141-18	Box Rentals	YES	
141-99	Fringes	YES	
143-00 PRODUCTION SOUND			
143-02	Mixer	YES	
143-04	Boom Operator	YES	
143-06	Additional Labor Sound	YES	
143-08	Loss and Damage	YES	

Acct#	Description	Qualified	Comments
143-10	Purchases	YES	
143-12	Rentals	YES	
143-14	Sound Package	YES	
143-16	Addl Equipment	YES	
143-18	Walkie Talkies	YES	
143-20	Beepers	YES	
143-22	Box Rental	YES	If FL
143-99	Fringes	See 112	
145-00 LOCATIONS			
145-02	Site Fees and Rentals	YES	
145-04	Police/Firemen/Watchmen	YES	
145-06	Set Security - In-state	YES	
145-08	Scouting	YES	
145-10	Travel Fares	YES	Only if booked through a Florida travel agent!
145-12	Airfare Rates	YES	
145-14	Hotels	YES	
145-16	Per Diems	YES	Only if paid to a Florida Resident!
145-18	Meals	YES	
145-20	Extras Catering	YES	
145-22	Off Production	YES	
145-24	Catering Assistants	YES	
145-26	Entertainment/Gratuities	NO	
145-28	Film Shipping	YES	Shipping Co. must be a FL registered company
145-30	Shipping Negative	YES	
145-32	Baggage/Equipment Shipping	YES	
145-34	Mileage and Parking	YES	Parking can only be included if lot was rented/leased
145-36	Location Restoration	YES	
145-38	Purchases	YES	
145-40	Office Supplies & Equipment	YES	
145-42	Rentals	YES	
145-44	In-State Office Space	YES	
145-46	Utilities	YES	
145-48	Cleaning	YES	
145-50	Art Dept Office	YES	
145-52	Set Dec/Props Warehouse	YES	
145-54	Construction Mill	YES	
145-56	Telephone/Postage	YES	
145-58	Install Phone Systems	YES	
145-60	Phone Charges	YES	
145-62	Cell Charges	YES	
145-64	Office Equipment Rental	YES	
145-99	Fringes	See 112	
147-00 VIDEO TAPE			
147-02	Supervision	YES	
147-04	Technical Director	YES	
147-06	Video Operator	YES	
147-08	Video Recordist	YES	
147-10	Additional labor	YES	
147-12	Purchases	YES	
147-14	Supplies	YES	
147-16	Rentals	YES	
147-18	Video Assist Package	YES	
147-22	Video Transfers	YES	
147-24	Video Editing	YES	

Acct#	Description	Qualified	Comments
147-26	Video Contact	YES	
147-99	Fringes	See 112	
149-00 TRANSPORTATION			
149-02	Transportation Coordinator	YES	
149-04	Captains	YES	
149-06	Studio Drivers	YES	
149-08	Location Drivers	YES	
149-10	Loss and Damage	YES	
149-12	Repairs/Maintenance	YES	
149-14	Box Rental	YES	
149-16	Car Wash	YES	For production vehicles only
149-18	Pickup Service	YES	In Florida only
149-20	Taxis	YES	Not for personal use
149-22	Car Pickups	YES	In Florida only
149-24	Gas and Oil	YES	
149-26	Genny Gas & Oil	YES	
149-28	Off Production	YES	
149-30	Tolls and Road Permits	NO	
149-32	Purchases	YES	Would need breakdown
149-34	Honeywagon Supplies	YES	
149-36	Studio Vehicles	YES	
149-38	Production Trucks & Vehicles	YES	
149-40	Location Vehicles	YES	
149-42	Cranes	YES	
149-44	Insert Car	YES	
149-46	Camera Cars	YES	
149-99	Fringes	See 112	
151-00 PRODUCTION FILM & LAB			
151-02	Raw Stock	YES	
151-04	Steadicam	YES	
151-06	Negative Develop	YES	
151-08	Develop (90%)	YES	
151-10	Positive Printing	NO	Cost of Distribution
151-12	1/4" Sound Tape	YES	
151-14	Sound Transfers	YES	
151-16	Video Cassette Dailies	YES	
151-18	Telecine Transfers	YES	
151-20	Polaroid - All Department	YES	
153-00 TESTS			
153-02	Talent	YES	
153-04	Labor	YES	
153-06	Purchases	YES	
153-08	Rentals	YES	
153-10	Film	YES	
153-99	Fringes	See 112	
155-00 FACILITY EXPENSES			
155-02	Studio Telephone	YES	All charges in this category would have to be for Florida studio/stage expenditures.
155-04	Studio Phone Charges	YES	
155-06	Post Phone Charges	YES	
155-08	Postage and Messengers	YES	
155-10	Studio Shipping/Messengers	YES	
155-12	Outside Facility	YES	

Acct#	Description	Qualified	Comments
155-14	Stage Use / Licensing Agreement	YES	
155-16	Stage Includes Power/Security	YES	
155-18	Prep/Strike	YES	
155-20	Shoot	YES	
155-22	Power	YES	
155-24	Backlot Rental	YES	
155-26	Dressing Room Rental	YES	
155-28	Parking Space Rental	YES	
155-30	Prep - Parking	YES	
155-32	Shoot - Parking	YES	
155-34	Other Studio Facilities	YES	
155-36	Studio Personnel Charges	YES	Only if related directly to production
155-38	Dumpsters, Cleaning	YES	
156-00 AUDIENCE RELATIONS			
156-02	Audience	NO	This category may be considered qualified expenditures in some circumstances. OFE will need to discuss your specific production.
156-04	Talent	NO	
156-06	Bleachers/Drapes	NO	
156-08	Food/Drink	NO	
156-10	Transport	NO	
156-99	Fringes	See 112	
157-00 SECOND UNIT			
157-02	Second Unit Director	YES	
157-04	Cast Talent	YES	
157-06	Production Staff	YES	
157-08	Camera	YES	
157-10	Art Department	YES	
157-12	Construction	YES	
157-14	Special Effects	YES	
157-16	Set Operations	YES	
157-18	Electrical	YES	
157-20	Set Dressing	YES	
157-22	Props	YES	
157-24	Pic Vehicles and Animals	YES	
157-26	Extras	YES	
157-28	Wardrobe	YES	
157-30	Makeup and Hair	YES	
157-32	Sound	YES	
157-34	Locations	YES	
157-36	Video Tape	YES	
157-38	Transportation	YES	
157-40	Raw Stock/Develop	YES	
157-42	Post Prod Labor	YES	
157-99	Fringes	See 112	
159-00 SPECIAL UNIT			
159-02	Talent	YES	
159-04	Staff	YES	
159-06	Labor	YES	
159-08	Transportation	YES	
159-10	Contract	YES	
159-12	Locations	YES	
159-14	Raw Stock/Develop	YES	
159-16	Purchases	YES	
159-18	Rentals	YES	

Acct#	Description	Qualified	Comments
159-20	Miscellaneous Expense	YES	All Misc. needs to be detailed
159-99	Fringes	See 112	
163-00 FRINGES-SHOOTING PERIOD			
163-02	Pension Plan & Health and Welfare	See 112	
163-04	Employer Taxes	See 112	
163-06	Local Hire Fringes	See 112	
163-08	Payroll Handling	See 112	
POST PRODUCTION			
165-00 EDITING & PROJECTION			
165-08	Film Editor	YES	
165-10	Assistant Film Editors	YES	
165-12	Conforming	YES	
165-14	Post Prod Supervisor	YES	
165-16	Projectionist	YES	
165-18	Coding and Misc Editorial	YES	
165-20	Coding Equipment	YES	
165-22	Sound Effects Editing	YES	
165-24	ADR Editing	YES	
165-26	Production Assistant	YES	
165-28	Negative Cutting	YES	
165-30	Music Editors	YES	
165-32	Post Ship/Messenger	YES	Post Production is covered if using a FL facility. We urge you to check out Florida's top-quality post production facilities. See our production guide for contacts.
165-34	Travel and Living Expense	YES	
165-35	Meals	YES	
165-36	Continuity Expenses	YES	
165-38	Purchases	YES	
165-40	Expendables	YES	
165-42	Rentals	YES	
165-44	Editorial Room Rentals	YES	
165-46	Editors' KEM/Equipment	YES	
165-48	Bins, Sync, Racks	YES	
165-50	Lightworks System	YES	
165-52	Equip, Deliver/Pickup	YES	
165-54	Sound Editors' Room	YES	
165-56	Music Editors' Room	YES	
165-58	Other Equip.	YES	
165-99	Fringes	See 112	
167-00 MUSIC			
167-02	Clearances	NO	Rights are costs of distribution
167-04	Writers	YES	
167-06	Composers	YES	
167-08	Supervisor	YES	
167-10	Arrangers	YES	
167-12	Copyists	YES	
167-14	Pre-Score Musicians	YES	
167-16	Underscore Musicians	YES	
167-18	Star Vocalist	YES	
167-20	Vocalists	YES	
167-22	Music Editing	YES	
167-24	Travel and Living Expenses	YES	If Florida resident, and work is in-state
167-25	Meals	YES	
167-26	Purchases	YES	

Acct#	Description	Qualified	Comments
167-28	Cassettes	YES	
167-30	Rental and Cartage	YES	
167-99	Fringes	See 112	
169-00 SOUND (POST PRODUCTION)			
169-02	Dubbing Stage	YES	
169-04	Temp Dub	YES	
169-06	Pre Dub	YES	
169-08	Final Dub	YES	
169-10	Post Preview/Session	YES	
169-12	Foreign Mu/Fx	NO	Cost of distribution
169-14	DTS	YES	
169-18	ADR Stage	YES	
169-20	Foley Efx Recording	YES	
169-22	Walkers	YES	
169-24	Video Transfer	YES	
169-26	Tape Transfer	YES	
169-28	Dubbing	YES	
169-30	Travel and Living Expenses	YES	If for Florida residents
169-32	Purchases	YES	Would need further breakdown
169-34	Equipment Rental	YES	
169-36	Dolby Cards	YES	
169-38	DTS Fee	NO	Cost of distribution
169-40	License Fee	NO	Cost of distribution
169-42	Dolby License	NO	Cost of distribution
169-44	DTS License	NO	Cost of distribution
169-46	SDDS License	NO	Cost of distribution
169-48	Close Captioning	NO	Cost of distribution
169-99	Fringes	See 112	
171-00 FILM AND STOCK SHOTS			
171-02	Film Leader	YES	
171-04	Stock Shot Purchase	YES	If from a FL business
171-06	Stock Shots Labor	YES	
171-08	Stock Shots Film & Process	YES	
171-10	Reprints	YES	
171-12	Lab Special Handling	YES	
171-14	Video Cassettes/Tape	YES	
171-16	Reversal Dupes	NO	Cost of distribution
171-18	Tape Purchase	YES	
171-20	Optical Sound Track	YES	
171-22	Reference Print	YES	
171-24	Protection Dupes	NO	Cost of distribution
171-26	Composite Print	NO	Cost of distribution
171-28	Laboratory Overtime	YES	
171-30	Negative Splicing	YES	
171-32	Answer Prints	YES	
171-34	Check Print	NO	Cost of distribution
171-36	Interpositive	NO	Cost of distribution
171-38	Protection Master-YCM	NO	Cost of distribution
171-40	Master Positive/YCM	NO	Cost of distribution
173-00 VISUAL EFFECTS			
173-02	Visual Effects Supervisor	YES	
173-04	Miniatures	YES	
173-06	Wire Removal	YES	

Acct#	Description	Qualified	Comments
173-08	Mattes	YES	
173-10	Purchases	YES	
173-12	Misc Expenses	YES	
173-99	Fringes	See 112	
175-00 TITLES, OPTICALS, INSERTS			
175-02	Main & End Titles	YES	If using a Florida post facility.
175-04	Title Designer	YES	
175-06	Optical Effects	YES	
175-08	Inserts	YES	
175-10	Trademarks and Rating	NO	
175-12	Optical Development	YES	
175-99	Fringes	See 112	
179-00 FRINGES-POST PRODUCTION			
179-02	Pension Plan & Health and Welfare	See 112	
179-04	Employer Taxes	See 112	
179-06	Local Hire Fringes	See 112	
179-08	Payroll Handling	See 112	
OTHER			
181-00 INSURANCE			
181-02	Cast Insurance	YES	If insurance is paid through a Florida-based entertainment insurance provider; E&O Insurance is NOT a qualified expenditure (considered a cost of distribution)
181-04	Negative Insurance	YES	
181-06	Extra Expense	YES	
181-08	Marine and Aircraft	YES	
181-10	Miscellaneous	NO	
183-00 UNIT PUBLICITY			
183-02	Unit Publicist	NO	Considered cost of marketing/publicity
183-04	Publicity Contract	NO	
183-06	Outside Photographer	NO	
183-08	Stills Film and Processing for Shoot	NO	
156-99	Fringes	NO	
185-00 PRODUCT PLACEMENT			
185-02	Product Placement Credits	NO	
187-00 GENERAL EXPENSES			
187-02	MPAA Seal	NO	
187-04	Work Order Transfers	NO	
187-06	Legal Fees	YES	If a Florida Entertainment Attorney, for production only (not distribution)
187-08	Bank/Exchange Costs	NO	
187-10	Professional Fees	NO	
187-12	Studio Entertainment	NO	
187-14	Outside Bank Interest	NO	
187-16	Preview Expenses	NO	
187-18	Previews	NO	
187-20	Office Purchases	YES	If office is in FL and if paid to a FL vendor
187-22	Computers and Software	YES	
187-24	Office Space Rental	YES	
187-26	Post Office	YES	
187-28	Office Equipment Rental	YES	
187-30	Post Office Equipment	YES	

Acct#	Description	Qualified	Comments
187-32	Miscellaneous	NO	
187-34	OSHA Safety	NO	
187-36	Wrap Party	NO	
189-00 FRINGES- OTHER			
189-02	Pension Plan & Health and Welfare	See 112	
189-04	Employer Taxes	See 112	
189-06	Local Hire Fringes	See 112	
189-08	PR Handling	See 112	
191-00 INSURANCE CLAIMS			
191-02	Cast	NO	
191-04	Negative	NO	
191-06	Extra Expenses	NO	
191-08	Marine, Aircraft Etc.	NO	
193-00 COMPLETION BOND			
		YES	If from a Florida completion bond company
195-00 CONTINGENCY			
		NO	

Please remember that the previous budget assumes, where 'YES' is designated, that the person hired or vendor being paid is a Florida resident or a Florida business. Again, this list is meant as a helpful guide, and not an exact list, of what are considered qualified expenditures for Florida's incentive program. If you have any questions please contact the Office of Film and Entertainment at (850) 410-4765.



Blue Water Multimedia, LLC
401 Kamake'e Street #305
Honolulu, HI 96817
(808) 255-9761

February 13th, 2012

TO: Senator Carol Fukunaga, Chair
Senator Glenn Wakai, Vice Chair
Members of the Committee on Economic Development and Technology

DATE: Monday, February 13th, 2012
TIME: 2:30pm
PLACE: Conference Room 016, State Capitol

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

FROM: Quest Kennelly, Partner, Blue Water Multimedia LLC

Blue Water Multimedia LLC is in support of the intent of SB 2111 relating to film and digital media industry development in Hawaii. We believe that the enactment of SB 2111 will lead to growth in the state's film and digital media sectors.

Blue Water Multimedia started creating visual effects for broadcast television in 2006. Rather than seek employment at the established 3D and VFX studios on the mainland, the founders started their own company here in Hawaii. Our work has won multiple advertising awards over the years and we have also branched out into iPhone/iPad application development, website design and production.

There are currently three full partners at the company and we regularly hire independent, local subcontractors as needed. We hope to take on as many full time employees as possible provided that our project workload continues to increase.

Prior incarnations of the production tax credit have done a very good job of drawing large film and television productions to Hawaii. The economic benefits have been significant but there are drawbacks: pre-production and post production work is not covered and tends to stay on the mainland. Workers are often imported rather than hired locally and many of the jobs created once filming starts evaporate once filming ceases.

The vision that we share with the other digital media companies and independent content producers in support of this bill is more holistic. We foresee permanent, rewarding employment for full time residents in an industry with a small ecological footprint that draws revenue and exports content internationally.

With the amendments proposed in cooperation with our industry peers we look forward to the passage and enactment of SB 2111.

Thank you very much for considering our testimony.

LATE

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR



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

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Monday, February 13, 2012

2:30 p.m.

State Capitol, Conference Room 016

in consideration of
SB2111 Proposed SD1

RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

Chair Fukunaga, Vice Chair Wakai, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) offers comments on SB2111 Proposed SD1, which proposes increases to the Motion Picture, Television and Digital Media refundable tax credit (HRS 235-17) by 10% on the existing base of 15% and 20%, effectively raising the credit to 25% on Oahu and 30% for qualified productions on all neighbor islands. This proposal also raises the cap on total tax claim from \$8M to \$16M per project, and changes the repeal date to January 1, 2027. The proposed draft also combines an infrastructure tax credit originally in SB2462 and other amendments.

We support the intent of this bill, however, we are concerned about the cost implications of this proposal.

We believe it is prudent to maintain the current level of tax credits and prefer SB 2741, the Administration's bill which broadens the criteria for qualifying productions, eliminates the restriction on internet-only distribution and extends the current sunset date of 2015 to 2020.

Thank you for the opportunity to testify on this measure.

Testimony to
Senate Committee on Economic Development and Technology
Monday, February 13, 2012
By: Stephan D. Smith
President, SHM Partners/Film Studio Group

SB 2111 SD1—Relating to Taxation

Senator Carol Fukunaga, Chair; Senator Glenn Wakai, Vice Chair

I am writing in support of a State infrastructure credit, or its equivalent, for purpose-built studio facilities because without it the type of studio infrastructure necessary to attract continuous production and establish a sustainable film and television industry in Hawaii will not happen. This could take the form of a straight credit of at least 25% or a larger credit tied to some form of security and/or repayment.

It's clear that production is increasingly gravitating to places with studios, so jurisdictions which have supported studio infrastructure have set themselves apart from those offering only location opportunities by dramatically increasing local expenditures (location spending typically amounts to well under 50% of total production cost) and building an industry comprised of skilled, high paying jobs.

The lure of Hawaii for producers of visual content is incontrovertible—over 50 years of television production and nearly 100 years of filmmaking, not to mention hundreds of commercials. Lately, the hit television show, *Hawaii Five-0*, and the Oscar nominated film, *Descendants*, have brought much attention, and an attendant boost in tourism, to the State similar to what *Lord of the Rings* did for New Zealand.

Interestingly, the State also boasts an abnormally high incidence of creative, media-savvy young people. However, unless there is public investment in infrastructure, Hawaii, which is already relatively expensive, will progressively lose productions to alternative tropical locations which offer studio facilities. This will inevitably lead to an ever greater exodus of students graduating in media disciplines seeking job opportunities elsewhere.

The film business is evolving, and modern stage facilities, along with a predictable film incentive regime, are needed in order for the State to meet rising competition and to build a stable industry with a consistent, well compensated employment base rather than endure the boom-and-bust of the location-based business.

TESTIMONY OF NBC UNIVERSAL MEDIA, LLC

HEARING DATE/TIME: Monday, February 13, 2012
2:30 p.m. in Conference Room 016

TO: Senate Committee on Economic Development and Technology

RE: Testimony in support of SB2111, Proposed SD1

Dear Chair, Vice-Chair and Committee Members:

NBC Universal Media, LLC (“NBC/U”) develops, produces, broadcasts and distributes motion pictures, television programs and related content around the world. NBC/U recognizes that the motion picture, television and related digital media industries (the “Film Industry”) in Hawaii has become an important component of a diversified economy and has had a positive financial impact on the State of Hawaii which can be strengthened significantly if Hawaii’s existing incentives for the Film Industry are enhanced. Accordingly, NBC/U supports the spirit and intent of SB2111, Proposed SD1.



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