



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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HONOLULU, HAWAII 96813
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February 20, 2013

To: The Honorable Sylvia Luke, Chair,
The Honorable Scott Y. Nishimoto, Vice Chair,
The Honorable Aaron Ling Johanson, Vice Chair, and
Members of the House Committee on Finance

Date: Thursday, February 21, 2013
Time: 1:30 p.m.
Place: Conference Room 308, State Capitol

From: Dwight Y. Takamine, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 799, HD2, Relating to Creative Media Development

I OVERVIEW OF PROPOSED LEGISLATION

H.B. 799, HD 2, proposes to:

- Amend the motion picture, digital media, and film production tax credits;
- Delete the Internet-only distribution exclusion for advertising;
- Clarify the definitions of qualified production costs; and
- Extend the sunset date to January 1, 2025.

DLIR supports this Administration measure that provides tax incentives to support the growth of the workforce for film and digital media productions.

II. CURRENT LAW

Chapter 235-17, HRS, established a tax incentive to attract film and digital media productions to Hawaii. To qualify for the tax credit, a production company must:

1. Meet the definition of a qualified production;
2. Have qualified production costs totaling at least \$200,000;
3. Provide the State, at a minimum, a shared-card, end-title screen credit, where applicable;
4. Provide evidence of reasonable efforts to hire local talent and crew; and
5. Provide evidence of financial or in-kind contributions or educational or

workforce development efforts, in partnership with related local industry labor organizations, educational institutions, or both, toward the furtherance of the local film and television and digital media industries.

III. COMMENTS ON THE HOUSE BILL

The extension of the sunset date from January 1, 2016 to January 1, 2025 would enable the State to attract more film and digital media productions to Hawaii that would result with the infusion of additional revenues to the state and benefit the residents, communities and businesses.

More importantly, the proposed legislation would ensure that Hawaii's film and digital media production industry continues to create high-paying jobs and cultivate Hawaii's workforce to acquire and improve on the necessary skills, training and experience required in this industry.



HOUSE OF REPRESENTATIVES
THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johanson, Vice Chair
Members of the Committee

TESTIMONY ON HOUSE BILL 799, HD2
RELATING TO CREATIVE MEDIA DEVELOPMENT

SAG-AFTRA, 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 represent over 2,500 union members who work in the film, television, digital and new media industry.

We support HB 799, HD2 as it would extend the sunset date to January 1, 2025, delete internet-only distribution for advertising and clarify the definition of qualified production costs.

The extension of the sunset date is critical to our industry as it provides production companies and filmmakers with business certainty which directly impacts Hawaii's profile as a viable location.

Thank you for giving us this opportunity to submit testimony in support of HB 799 HD2.

Brenda Ching
SAG-AFTRA Hawaii
596-0388

Henry Fordham
IATSE, Local 665
596-0227

Brien Matson
AFM, Local 677
596-2123

Jeanne Ishikawa
Teamsters, Local 996
864-7300

Twenty-Seventh Legislature
Regular Session of 2013

HOUSE OF REPRESENTATIVES
Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
Rep. Aaron Ling Johanson, Vice Chair
State Capitol, Conference Room 308
Thursday, February 21, 2013; 1:30 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 799, HD2
RELATING TO CREATIVE MEDIA DEVELOPMENT**

The ILWU Local 142 strongly supports H.B. 799, HD2, which amends motion picture, digital media, and film production tax credits and deletes Internet-only distribution exclusion for advertising, clarifies definitions of qualified production costs, and extends the sunset date to January 1, 2025.

Hawaii's economy has been reliant over the years on one or two industries. For a time, sugar was king, then pineapple. But when sugar prices declined and plantations began to close, and competition from foreign grown and canned pineapple prompted companies to cease operations in Hawaii, the ILWU, which represented workers in those industries saw a decline in membership. ILWU brothers and sisters from other industries, like longshore, stepped up to support sugar and pineapple workers but soon realized that economic diversification was the key to jobs in Hawaii.

Today, tourism is our main industry, but many other visitor destinations compete with Hawaii for tourist dollars. Now, more than ever, Hawaii's economy needs to be diversified. An ideal industry to promote in Hawaii is the motion picture and film industry. Our climate, scenic views, diverse culture, and locations are attractive to film producers, particularly if incentives are provided to encourage productions in Hawaii.

H.B. 799, HD2 will provide the vehicle needed for these incentives. We support this bill because it will bring revenue into the state and provide good-paying jobs for workers who live and work in Hawaii. However, workers in Hawaii currently do not possess the skills and training needed to work in the film industry. We, therefore, propose an amendment to H.B. 799, HB2 to facilitate a workforce development component.

To attract more film and digital media productions to Hawaii, we request the following additions to H.B. 799, HD2 to develop a locally trained film industry workforce similar to that in New Mexico, which is now benefiting from a thriving film industry:

1. Amend Chapter 394, HRS, by adding a new section to be appropriately designated and to read as follows:

“The department of labor and industrial relations shall administer a workforce development training program that provides wage reimbursement for on-the-job training to persons who are newly hired by motion picture, digital media, television, and film production entities that are prequalified by the department of business and economic development and tourism to receive a tax credit as described in section 235-17(f). These prequalified entities are eligible for a fifty per cent reimbursement of wages, not to exceed a maximum duration of 1,040 hours per employee who receive on-the-job training, is newly hired in a job paying at least the equivalent of \$40,000 per year in base pay, and working at least 32 hours per week. Wages, fringe benefits, and other benefits paid to the new hire must be the same or comparable to others similarly employed by that entity. The entity shall not be reimbursed for fringe and other benefits. The new hire must be guaranteed full-time employment (minimum 32 hours per week) with the entity upon successful completion of the training period or upon the termination of the motion picture, digital media, television, or film production.”

2. Include an appropriation from the general in an amount as may be necessary for fiscal year 2013-2014 to carry out the purposes of implementing the workforce development training program established by this Act. The sum appropriated shall be expended by the Department of Labor and Industrial Relations.
3. Allow the Director to adopt rules pursuant to Chapter 91 for the workforce development training program established by this Act.

The ILWU is especially supportive of extending the sunset of HRS 235-17(f) to 2025 to provide industry decision-makers with the stability and predictability they need to invest in Hawaii as a location for their productions. Film and media productions will come to Hawaii if a trained workforce exists and long-term tax credits are available.

With the proposed amendment, the ILWU urges passage of H.B. 799, HD2 that will provide everything needed to attract solid production companies to Hawaii and create good-paying jobs for Hawaii's workforce. Thank you for the opportunity to share our views on this important matter.

FINTestimony

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 21, 2013 12:54 PM
To: FINTestimony
Cc: senos@honolulu.gov
Subject: *Submitted testimony for HB799 on Feb 21, 2013 13:30PM*

HB799

Submitted on: 2/21/2013

Testimony for FIN on Feb 21, 2013 13:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Stanley Chang	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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