



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

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
Luis P. Salaveria
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND
TECHNOLOGY**

Monday, March 19, 2018
1:35 PM

State Capitol, Conference Room 414

in consideration of
HB1328, HD1
RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT.

Chair Wakai, Vice Chair Taniguchi, and Members of the Senate Committee on Economic Development, Tourism, and Technology.

The Department of Business, Economic Development and Tourism (DBEDT) supports HB 1328, HD1, which was tabled last session, although portions became law via Act 143, SLH 2017, which: 1) extended the sunset date to January 1, 2026; 2) required a third-party review by CPA and tax professionals for productions which spend one million dollars or more; and 3) imposed a tax credit cap of \$35 million per year, effective January 1, 2019.

DBEDT concurs with the Department of Taxation (DOTAX) on their recommendations to amend Act 143 for clarity in the third-party review section, to provide consistency in language on the required tax credit professionals required credentials.

In regards to the annual tax credit cap, DBEDT understands the need to balance the state's financial plan in current and out years and recognizes there is an impact from any tax credit on this plan. According to an analysis of the economic impacts, the film and media industries remain a positive catalyst for job growth and have proven to generate beneficial economic impact to our citizens, the tourism industry and our state.

In 2017, 48 productions registered and potentially will claim \$55 million in tax credits. This is based on \$268 million in estimated production expenditures, resulting in \$464 million in sales generated, \$107 million in direct household economic impact/income generated, as well as an estimated \$29 million in tax revenues.¹

Based on this data, if the same level of production exists in 2019, DBEDT must determine when the ceiling is reached and notify producers whose projects will need to carry forward or “roll over” rebates into their following taxable year. This will cause a ripple effect, depleting funds available for the following year, and out years. The cap will have a negative impact on our local producers, as not all companies have the ability to carry forward a credit.

DBEDT calls to your attention the current staffing limits in the Creative Industries Division’s Hawaii Film Office, and the need to acquire additional accounting services to manage the tax credit cap. Based on other states’ best practices a tax credit program the size of Hawaii’s would have two FTE’s vs. Hawaii’s one staff member working 60% of the time on tax credit accounting. If DBEDT is successful in obtaining the accounting services requested in the Administration’s budget, the accounting services and a marketing program to alert the industry would need to be in place well before December 1, 2018.

DBEDT welcomes the opportunity to find ways to address these concerns as this measure moves forward this session with lawmakers, film industry decision-makers, and labor unions.

Thank you for the opportunity to testify on this measure.

¹ based on Research and Economic Analysis Division calculations



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Economic Development, Tourism, and Technology
Monday, March 19, 2018 at 1:35 p.m.

by
Christopher Lee, Director, Academy for Creative Media, University of Hawai'i System
on behalf of
Vassilis L. Syrmos, Vice President for Research and Innovation
University of Hawai'i System

HB 1328 HD1 – RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee:

The University of Hawai'i (UH) supports this measure.

In many ways, the world has come to know Hawai'i through such shows as *Hawai'i Five-0*, *Magnum PI*, and *Lost*, which doubled as a beacon for attracting tourists to the state.

Hawai'i has enjoyed a robust film and television industry, often bringing in \$200 million a year in direct production spending, including reaching a one-time high of \$400 million. This consistent diversification of our economy has been made possible by Hawai'i's production tax credit. While some may question the efficacy of these credits, the reality is that the studios and networks decide where to shoot films based on where the credits are being offered. When Louisiana severely restricted its production credits, Georgia become the South's production powerhouse – with the industry contributing over \$7 billion to the state's economy and employing 30,000 residents. Please see a video link about this transformation at: <https://www.youtube.com/watch?v=06Bzg6SY7SY>

HB 1328 HD1 provides stability and predictability for this vital local industry, recognizes the need for appropriate recognition of the state's investment in films and television shows through end credit or alternative marketing opportunities, and—most importantly for the growing number of creative media students at UH — offers them the chance to stay in Hawai'i with living wage jobs.

Additionally, HB 1328 HD1 recognizes the reality that production tax incentives drive the decision making of the studios, networks and streaming services in terms of where they will shoot. By amending the aggregate tax credit cap to an unspecified amount, it will ensure that Hawai'i remains on the financial map of Hollywood decision makers.

Thank you for your consideration on this matter.

Bernard P. Carvalho Jr.
Mayor

George K. Costa
Director of Economic Development



Wallace G. Rezentes Jr.
Managing Director

OFFICE OF ECONOMIC DEVELOPMENT

County of Kaua'i, State of Hawai'i

4444 Rice Street, Suite 200, Lihue, Hawai'i 96766
TEL (808) 241-4946 FAX (808) 241-6399

March 16, 2018

**Hawaii State Senate
Economic Development, Tourism & Technology Committee
Chair, Glenn Wakai, Vice-Chair Brian T. Taniguchi and Members**

**Monday, March 19, 2018
1:35 P.M. – Conference Room 414**

Dear Chair Wakai, Vice Chair Taniguchi and Members:

RE: HB1328 HD1: Relating to Film and Digital Media Industry

The Kauai Film Commission of the County of Kauai – Office of Economic Development is in **Support** of HB1328 HD1.

This will allow the Cap to continue and provide for additional time to review the impact and implementation of the Cap that was included in the last legislative session. We also along with our counterparts throughout the industry request that the cap increase to at least \$50M. The Kauai Film Commission and Kauai industry businesses and partners appreciate the 2017 session's support of the extension of the Film Tax Credit and requests that during this session that this bill to be reported out of the Committee.

I am also pleased to provide you a brief update of the positive impact of the extension of the credit during the past year since it was signed into law. Due to the credit, Kauai County was able to have a variety of projects produced on Kauai that ranged from the following: feature film to television shows/series, commercials and print ads, to documentaries, travel, sports and digital/internet. We are also anticipating several additional medium to large movie productions that we are waiting for confirmation and a 'Green Light'. These are only some examples of the positive impact that have provided Kauai's businesses an opportunity to benefit from the support of the legislation. Most of all it communicates that the State of Hawaii and the counties of Kauai, Hawaii, Maui and Oahu do indeed support the industry and recognizes both its economic, workforce, tourism and education benefits to the islands as well as creates a pathway youth.

Should you need additional information, please do not hesitate to contact me at rfrancisco@kauai.gov or (808) 241-4953 or (808) 635-4130.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read "Randall Francisco".

Randall Francisco

Creative Industries Division – Kauai Film Commissioner & Small Business Coordinator



MOTION PICTURE ASSOCIATION OF AMERICA
TESTIMONY IN SUPPORT
OF HAWAII HOUSE BILL 1328, HOUSE DRAFT 1
BEFORE THE SENATE COMMITTEE ON
ECONOMIC DEVELOPMENT, TOURISM AND TECHNOLOGY

Monday, March 19, 2018

State Capitol

Honolulu

The Motion Picture Association of America, Inc. (MPAA) submits this written testimony in support of the goals and objectives of Hawaii House Bill 1328 HD 1. MPAA members include the leading producers and distributors of television programs and motion pictures worldwide. In addition to CBS, which as you are well aware produces the locally based Hawaii 5-0 television series, MPAA members include Walt Disney Studios Motion Pictures, Twenty-First Century Fox, Paramount Pictures, NBC Universal, Sony Pictures Entertainment and Warner Bros.

MPAA and its members applaud the Hawaii Legislature for passing and the Governor signing into law a bill that extends the production tax incentive program for seven years during the 2017 legislative session.

MPAA understands the purpose of HB 1328 HD 1 is to increase the annual aggregate cap on the incentive program. Increasing the annual cap on the production tax incentive program would provide enhanced stability and predictability for motion picture and television producers who want to bring projects to Hawaii. This, in turn, extends Hawaii's economic reach into the world. Both the state and the industry will benefit.

Today, cost is the single most important factor for a producer in determining where a project will be located. Hawaii competes, successfully against other states, as well as nations worldwide, in attracting its share of motion picture and television productions.

The vision of the Hawaii legislature to create jobs and stimulate the economy is being realized by attracting Hawaii 5-0 and sustaining the production, which is now in its eighth season. The series currently employs 300 cast and crew members and about 250 local background performers per episode. In addition, Hawaii has been the location recently for *Jurassic World*, *Jumanji*, *Godzilla* and *The Hunger Games*. Universal Studios recently complete the production of the sequel to *Jurassic World*. This major motion picture production employed 1,289 Hawaii residents and contributed \$31,620,494 to the state economy through spending on Hawaii businesses that provide goods and services.

Hawaii House Bill 1328 HD 1 has the potential to enhance that stability and paves the way for Hawaii 5-0 in future years upon renewal, as well as, potentially, new television series and motion picture productions.

In addition to stimulating the economy, which is estimated to be \$400 million total spend over the past five years, and this year will be an additional \$87 million dollars, Hawaii 5-0 has been a Hawaiian showcase that has also stimulated tourism to the islands from visitors around the world. Hawaii 5-0 is not only popular in the US, it has found enormous audiences worldwide.

Chairperson Wakai and members of the committee, we urge you to approve House Bill 1328 HD 1. On behalf of MPAA and our member company studios and television companies, we look forward to the continuation of a long and successful partnership with Hawaii, and being part of your welcoming and dynamic community for years to come.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Modify Cap on Movie/TV Production Tax Credit

BILL NUMBER: HB 1328, HD-1

INTRODUCED BY: House Committee on Economic Development & Business

EXECUTIVE SUMMARY: Tweaks the motion picture, digital media, and film production income tax credit. Changes the aggregate cap from \$35 million to an unspecified amount. It may be possible to make the case that the benefits have outweighed the costs.

SYNOPSIS: Amends HRS section 235-17(d) to require that a production shall provide the State, as an alternative to a shared-card end title screen credit, alternative marketing opportunities approved by DBEDT.

Amends HRS section 235-17(l) to change the aggregate credit cap from \$35 million to an unspecified amount.

Makes other technical changes.

EFFECTIVE DATE: July 1, 2112.

STAFF COMMENTS: Tax credits are nothing more than the expenditure of public dollars, but out the back door. If, in fact, these dollars were subject to the appropriation process, would taxpayers be as generous about the expenditure of these funds when our kids are roasting in the public school classrooms, there isn't enough money for social service programs, or our state hospitals are on the verge of collapse? With tax credit expenditures, lawmakers don't know what they are buying or how much it will cost.

With an aggregate credit cap, at least we know that it won't cost more than a specified dollar amount, whatever it may be.

Digested 2/24/2018

HB-1328-HD-1

Submitted on: 3/16/2018 2:52:43 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Lisa Barnes | Individual | Support | No |

Comments:

I fully support the tax credit for producers bringing Motion Pictures, Television, Digital Media, Film Production to Hawaii. We are a growing business and have many of our young folks working and learning about this incredible field -who don't want to leave their families for LA or NY. I am on the Board of Directors of Hawaii Filmmakers Collective - a non-profit supporting our filmmakers and actors to tell their stories of Hawaii. If we make Hawaii a welcoming place for the pros, think how much more experience our kids can enjoy. And don't think because it's Hawaii, production companies will automatically come here without incentive. Florida, Louisiana, Georgia also have decent weather and palm trees and huge tax incentives, as well as being cheaper places to rent - gear that doesn't have to be transported over the Pacific, and local acting talent so they don't have to hire from LA or NY. Please consider giving us a break out here in the middle of the Pacific and allow the experienced filmmakers hire locally and provide this great experience for our actors and crew. MAHALO!

HB-1328-HD-1

Submitted on: 3/16/2018 4:03:51 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Leanne N. Teves | Individual | Support | No |

Comments:

Aloha!

Many states do not have a cap. Our cap could be reached easily with pre-production costs alone with some larger productions. The cap would put a damper on the filming industry and could lead to a decrease with productions coming to film in Hawaii. The result could be a decrease of jobs and spending revenue for our great state. Thank you for allowing me to submit this brief comment.

Sincerely,

Leanne Natsuyo Teves

HB-1328-HD-1

Submitted on: 3/17/2018 8:14:09 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Victoria Arnstein | Individual | Support | No |

Comments:

I believe we should have more films and television shows made in Hawaii.

Victoria Arnstein

HB-1328-HD-1

Submitted on: 3/17/2018 8:40:10 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Scott Rogers | Individual | Support | No |

Comments:

Honorable Representatives,

Before we instituted our tax incentive we did less than \$100 million in production expenses per year. Immediately after passing the tax incentive we did \$200 million that year. The following year productions spent over \$300 million! Putting a "cap" on the incentive, completely undoes all the good this incentive creates by making it impossible for productions to know if they will be shooting in time to take advantage of the tax breaks. Production companies must plan in advance and by limiting our incentive in this way, production companies won't be able to plan and budget their production since the cap depends on who shoots first. If a show plans on spending a million dollars per week in Hawaii and they learn a few weeks before they start shooting, that the tax incentive has "run out" their budget will be completely worthless. Instead, they WILL shoot in other locations that don't have a cap. And BTW, this tax break costs our residents NOTHING! If productions shoot and spend money here, they get a tax break. No tax break and most won't shoot here. THAT costs all of us. These shows advertise Hawai'i and publicize tourism better than any advertisement ever could - not to mention that all their direct spending boosts our economy. And that doesn't even include collateral spending! Yearly production may directly spend (in cast and crew hires, Hotels, meals, locations, props, costumes, etc.) \$300 million in a year BUT collateral spending is sooo much more! All these cast and crew members brought here must buy food and clothes and sometimes they find their own housing etc. - not to mention the free advertising a show like Hawaii Five-0 gives us for an hour every week. For the jobs, for the economy, for all of us, please fix this law! Please pass HB1328. Thank you.

HB-1328-HD-1

Submitted on: 3/18/2018 10:02:39 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Jonathan Hanks | Individual | Support | No |

Comments:

Aloha Senator Wakai and Senator Taniguchi and committee members,

Please Remove or raise the ceiling to the tax cap, so that it will continue to encourage productions to come to our state and help our economy to thrive.

Mahalo,

Jonathan P. Hanks

HB-1328-HD-1

Submitted on: 3/17/2018 1:28:34 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Holly Baker | Individual | Support | No |

Comments:

Aloha- Please remove the tax cap and raise cap to 75 million. We want more filming here in the Islands and time has moved on. 25 million cap worked in the past, but its a new day. Thank you for your consideration.

SAG Member and Actress, Holly Baker (Big Island of Hawaii)

DAVID C. FARMER

ATTORNEY AT LAW

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Suite 15A
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email: farmer6348@twc.com

The Senate
The Twenty-Ninth Legislature
Regular Session of 2018

Senator Glenn Wakai, Chair
Senator Brian T. Taniguchi, Vice Chair
Members of Committee on Economic Development, Tourism, and Technology

Date: Monday, March 19, 2018
Time: 1:35 p.m.
Place: Conference Room 414
State Capitol
415 South Beretania Street
Honolulu, HI

Re: HB1328, HD1: RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

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

My name is David C. Farmer. Although I am privileged to serve as President of SAG-AFTRA, Hawai'i Local, I submit my testimony today in support of the measure as a private citizen and member of the local film industry.

We appreciate your commitment to support, grow, and sustain film work in Hawai'i by passing Act 143 in 2017, extending the Motion Picture, Digital Media and Film Production Tax Credit to 2026. The members and working families of the industry greatly appreciate the Legislature's commitment to the film industry and humbly ask for your continued support.

This tax credit is an investment in the diversity of our state's economic landscape. The Film and Digital Media industry currently employs thousands of Hawai'i residents, and generates, on average, an estimated \$380 million a year. In 2017, 48 productions registered and potentially will claim \$55 million in tax credits, based on \$268 million in estimated production expenditures, resulting in \$464 million in sales generated, \$107 million in direct household economic impact/income generated, as well as an estimated \$29 million in tax revenues.

Your continued involvement is critical. The current ceiling of \$35 million and its carryover provision would effectively create a cycle of diminishing returns that will severely inhibit our industry. We need only to look to other jurisdictions that have added a ceiling to their film tax credit to see the negative impact.

In the years when the tax incentive program was not capped, for example, the New Orleans region saw as much as \$600 million in film and television production spending. Southeastern Louisiana was considered the biggest beneficiary of the program, with a broad infrastructure supporting the industry and thousands of jobs in the region.

In 2015, a \$180 million ceiling was added, and New Orleans experienced a \$200 million drop as 75% of their work moved to Atlanta. It also lost about 1,000 jobs, according to the Mayor's office of cultural economy.

On the bright side, currently pending since January 24, 2018, is New Mexico HB113, which removes the annual cap of \$50 million on film production tax credits that was implemented in 2011 and is widely viewed as having had a detrimental impact on New Mexico's film industry. <http://www.kob.com/politics-news/new-mexico-legislature-politics-film-tax-credit-cap/4757613/>

As the supporting testimony of the Motion Picture Association of America, Inc. has pointed out, Hawai'i needs to compete against other states and national jurisdictions as well as internationally in attracting our share of motion picture and television productions. The competition is stiff indeed, but we have held our own.

The vision of the Hawai'i legislature to create jobs and stimulate the economy is being realized by attracting Hawai'i 5-0 and sustaining the production, now in its eighth season. It currently employs 300 cast and crew members and about 250 local background performers per episode.

In addition, Hawai'i has provided some of the locations for such blockbuster films as the soon-to-be-released *Jurassic World: Fallen Kingdom*. Major motion picture production will employ hundreds of Hawai'i residents and spend millions of dollars into the state economy with small businesses that provide ancillary goods and services.

HB1328 HD1 enhances that stability and paves the way for new television series and motion picture productions, including the reboot of *Magnum PI* that is just starting to shoot its pilot episode today.

In addition to stimulating the economy, -- estimated to be \$400 million total spent over the past five years and an additional \$87 million dollars this year -- Hawai'i 5-0 and *Magnum PI* will continue to showcase Hawai'i and stimulate tourism to the islands by visitors from around the world.

Mahalo for your time and your Committee's support of HB1328 HD1.



David C. Farmer

HB-1328-HD-1

Submitted on: 3/17/2018 3:27:57 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Jean Simon | Individual | Support | No |

Comments:

My name is Jean S Simon. Although I am privileged to serve as Secretary of SAG-AFTRA, Hawai'i Local, I submit my testimony today in support of the measure as a private citizen and member of the local film industry.

We appreciate your commitment to support, grow, and sustain film work in Hawai'i by passing Act 143 in 2017, extending the Motion Picture, Digital Media and Film Production Tax Credit to 2026. The members and working families of the industry greatly appreciate the Legislature's commitment to the film industry and humbly ask for your continued support.

This tax credit is an investment in the diversity of our state's economic landscape. The Film and Digital Media industry currently employs thousands of Hawai'i residents - including me.

The current ceiling of \$35 million and its carryover provision would effectively create a cycle of diminishing returns that will severely inhibit our industry. We need only to look to other jurisdictions that have added a ceiling to their film tax credit to see the negative impact, such as New Orleans. New Mexico removed their cap after it negatively impacted their film industry.

Hawaii's film industry not only brings in revenue for Hawaii, it employs lots of people - like me! -who live and work in Hawaii. It also showcases our beautiful islands, bringing in additional tourist revenue.

Mahalo for your time and your Committee's support of HB1328 HD1.

Jean S Simon

Testimony of LeRoy Jenkins

Government Liaison Hawaii International Film Association (HIFA)

Chair Hawaii Film & Entertainment Board (HFEB)

Monday March 19, 2018

Time: 1:35 p.m. Conference Room 414 State Capitol

COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, TECHNOLOGY

Senator Glenn Wakai Chair

Senator Brain T. Taniguchi Vice Chair

RE: HB 1328-HD1 - RELATING TO FILM AND DIGITAL MEDIA INDUSTRY

Aloha, Chair Wakai, Vice Chair Taniguchi and the Members of the Committee,

Mahalo for your continued support of our growing industry.

Hawaii International Film Association (HIFA) and Hawaii Film & Entertainment Board (HFEB) appreciate greatly the extension of the Motion Picture, Digital Media and Film Production Tax Credit.

The extension is important in the growth and the positive message Hawaii sends to all incoming productions so they can plan and continue to depend on the advantages of Hawaii Tax Credit.

Our industry supports many small businesses and generates over \$300 million annually in our State with a potential of a much higher positive impact to our economy. It supports our visitors industry infrastructure.

Your continued support is critical. Please consider the following:

That Act 143 be extended till 2020 to take affect to allow time for the film office to hire staff necessary to manage. This would give the industry enough time to work towards a equitable solution.

Sincerely,



LeRoy Jenkins/HIFA/HFEB

HB-1328-HD-1

Submitted on: 3/17/2018 5:04:31 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|--------------------------------|---------------------------|---------------------------|
| Tomoko Staggs | Testifying for HT Project, Inc | Support | No |

Comments:

March 16, 2018

Committee on Economic Development, Tourism and Technology

March 19, 2018 -- 1:35 pm

Conference Room 414

RE: HB1328 HD1

RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

Dear Chair Wakai, Vice chair Taniguchi and members of the committee:

I am a film industry worker in the state of Hawaii and support Hawaii's film tax credit program and HB1328 HD1. The film industry tax credit program:

- Creates livingwage jobs
- Attracts large sums of money into Hawaii's economy
- Generates a significant amount of household income for the people of Hawaii
- Supports existing visitor industry infrastructure while diversifying the economy
- Generates invaluable media exposure for Hawaii

I am respectfully requesting that you extend the effective date of Act 143 to the year 2020 to allow DBEDT and the industry to review the effects of the changes and allow enough time work towards equitable solutions to all parties that will maintain the success of the program.

Thank you very much.

Tomoko Staggs

Vice President

HT Project, Inc.

HB-1328-HD-1

Submitted on: 3/17/2018 7:59:58 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Bernard Aderhold | Individual | Support | No |

Comments:

If productions shoot and spend money here, they get a tax break. No tax break and most won't shoot here. THAT costs all of us. These shows advertise Hawai'i and publicize tourism better than any advertisement ever could - not to mention that all their direct spending boosts our economy. And that doesn't even include collateral spending! Yearly production may directly spend (in cast and crew hires, Hotels, meals, locations, props, costumes, etc.) \$300 million in a year BUT collateral spending is sooo much more! All these cast and crew members brought here must buy food and clothes and sometimes they find their own housing etc. - not to mention the free advertising a show like Hawaii Five-0 gives us for an hour every week!

March 16, 2018

Committee on Economic Development, Tourism and Technology
March 19, 2018 -- 1:35 pm
Conference Room 414

**RE: HB1328 HD1
RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT**

Dear Chair Wakai, Vice chair Taniguchi and members of the committee:

I am a film industry worker in the state of Hawaii and support Hawaii's film tax credit program and HB1328 HD1.

I am respectfully requesting that you extend the effective date of Act 143 to the year 2020 to allow DBEDT and the industry to review the effects of the changes and allow enough time work towards equitable solutions to all parties that will maintain the success of the program.

For the past 30 years I have devoted my time and career solely to Hawaii's film industry. I run a business that supports numerous local cameramen, electricians, technicians, artists, coordinators, managers - the list is endless. Hawaii's film industry touches thousands of lives in our state and it affects them for the better. Seeing the changes over decades, I have witnessed the ways that the tax incentive has grown this facet of Hawaii's workforce and economy. I urge you to vote to extend the film tax credit. In our current socioeconomic and political climate, it is the decisions that support the people, support the workforce, and encourage growth and sustainability for our local professionals that are most critical.

Name: William Maheras
First Last

Honolulu 96813
City Zip

Position in the industry: Production Company Owner (Sight & Sound Studios, LLC)
Director, Director of Photography

Signature: William F Maheras

HB-1328-HD-1

Submitted on: 3/17/2018 8:10:36 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| jason l | Individual | Support | No |

Comments:

Dear Chair Wakai, Vice Chair Taniguchi and members of the committee:

I am a film industry worker or supplier in the state of Hawaii and support Hawaii's film tax

credit program and HB1328 HD1. The film industry tax credit program:

- Creates living-wage jobs
- Attracts large sums of money into Hawaii's economy
- Generates a significant amount of household income for the people of Hawaii
- Supports existing visitor industry infrastructure while diversifying the economy
- Generates invaluable media exposure for Hawaii

I am respectfully requesting that you extend the effective date of Act 143 to the year 2020 to

allow DBEDT and the industry to review the effects of the changes and allow enough time to

work towards equitable solutions for all parties that will maintain the success of the program.

Jason Lamport

Hc1 box 5320 Keaau, HI 96749

member IATSE local 665

As a long time member Of IATSE local 665 I have seen the positive effects of the the tax credits on the film industry in Hawaii. This tax credit has swayed companies to pick Hawaii over the many options,"Hollywood magic" can happen anywhere. Without this tax credit they will choose the easy option as Hawaii is a logistically complicated place to film. I have seen it go from one or two large productions a year to the new normal of several films/TV shows a year. Please continue this tax credit as it will forward Hawaii in the film industry, with more jobs we create more skilled workers.

COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM AND TECHNOLOGY

**March 19, 2018 -- 1:35 pm
Conference Room 414**

RE: HB1328 HD1 - RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

Dear Chair Wakai, Vice Chair Taniguchi and members of the committee:

I am a film industry worker or supplier in the state of Hawaii and support Hawaii's film tax credit program and HB1328 HD1. The film industry tax credit program:

- Creates living-wage jobs
- Attracts large sums of money into Hawaii's economy
- Generates a significant amount of household income for the people of Hawaii
- Supports existing visitor industry infrastructure while diversifying the economy
- Generates invaluable media exposure for Hawaii

I am respectfully requesting that you extend the effective date of Act 143 to the year 2020 to allow DBEDT and the industry to review the effects of the changes and allow enough time to work towards equitable solutions for all parties that will maintain the success of the program.

First Name: _____ Last Name: _____

Street Name: _____ City: _____ Zip Code: _____

Position in the industry: _____

Signature

COMMENTS:

HB-1328-HD-1

Submitted on: 3/17/2018 9:21:06 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Chantal BoomLa | Individual | Support | No |

Comments:

I have been a makeup artist in the TV and film industry for over 23 years. Hawaii is my home, I was born and raised here. Every penny of my hard earned wages has stayed in Hawaii and added to our economy. I have been able to buy two homes here and help financially support my family here. I urge you to please follow the dollars we are paid and how it pours over into other business locally, such as restaurants, shops, cars, real estate, and many more.

Thank you

Chantal BoomLa

HB-1328-HD-1

Submitted on: 3/17/2018 9:46:44 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| kamakani de dely | Individual | Support | No |

Comments:

Aloha, Chair Glen Wakai, Vice Chair Brian Taniguchi and Members of the Committee:

Please extend the effective date of Act 143 to the year 2020. We need more time to find a solution that works for our government and the film industry.

Mahalo,

Kamakani De Dely

I live in Makaha, and Senator Maile Shimabukuro and Rep. Cedric Gates represent my district. Mahalo!

HB-1328-HD-1

Submitted on: 3/17/2018 10:11:13 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Laura Aguon | Individual | Support | No |

Comments:

Dear Chair Wakai, Vice Chair Taniguchi and members of the committee:

I am a Make-Up Artist in Hawaii's film industry, and I support Hawaii's film tax credit program and HB1328 HD1.

I am respectfully requesting that you extend the effective date of Act 143 to the year 2020 to allow DBEDT and the industry to review the effects of the changes and allow enough time to work towards equitable solutions for all parties that will maintain the success of the program.

I live on Kaholo Street in Mililani, and Rep. Ryan Yamane and Sen. Michelle Kidani represent my district, and I request their support of this bill. Mahalo!

HB-1328-HD-1

Submitted on: 3/17/2018 11:32:42 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Jacob Holcomb | Individual | Support | No |

Comments:

I am respectfully requesting that you extend the effective date of Act 143 to the year 2020 to allow DBEDT and the industry to review the effects of the changes and allow enough time to work towards equitable solutions for all parties that will maintain the success of the program.

HB-1328-HD-1

Submitted on: 3/18/2018 2:05:58 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Jeff Juett | Individual | Support | No |

Comments:

The tax credit has brought over Productions that have supported myself and friends with mostly consistent work. It's been essential in providing us jobs and further our careers.

HB-1328-HD-1

Submitted on: 3/18/2018 6:08:01 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|------------------------|---------------------------|---------------------------|
| Ahmad Ramadan | Testifying for Da Spot | Support | No |

Comments:

Dear Chair Wakai, Vice Chair Taniguchi and members of the committee:

I am the owner of the restaurant called Da Spot located on King Street near University Avenue. We have been fortunate to cater several commercials and films, and we support Hawaii's film tax credit program and HB1328 HD1.

Catering for the film industry has allowed us to hire more workers, especially for larger films, and design and purchase a custom-made kitchen trailer specifically designed for working in tight, remote locations. You can see it on our website, under Locations: <http://daspot.net/views/locations.php>.

Because we are not ready for the effects a cap will bring to the film industry, I **respectfully request that you extend the effective date of Act 143 to the year 2020.**

Sincerely,

Ahmad Ramadan

HB-1328-HD-1

Submitted on: 3/18/2018 7:42:18 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|-----------------------------------|---------------------------|---------------------------|
| Michael | Testifying for IATSE Local 665 | Support | No |

Comments:

I am respectfully requesting that you extend the effective date of Act 143 to the year 2020 to allow DBEDT and the industry to review the effects of the changes and allow enough time to work towards equitable solutions for all parties that will maintain the success of the program.

I have been working in the Motion Picture Industry for over 30 years. An IATSE union member for 24 years. I have seen the positive economic impact motion picture and television production creates for the cities and states where production is supported. The state of Georgia has created a huge economic engine by creating a film industry production area where none existed 10 years ago. Hawaii can continue to offer professional crews and unique locations to productions with the support of the people and government of Hawaii.

Please continue to support this valuable industry that impacts other business in Hawaii. Shows like Hawaii 5-0 create a global promo for the state and people visit the various locations to see where favorite movies and television shows have been shot.

Respectfully,

Michael Gerzevitz

IATSE Locals 665 & 728

HB-1328-HD-1

Submitted on: 3/18/2018 8:05:43 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| E.G. DAVIS | Individual | Support | No |

Comments:

I am respectfully requesting you extend the effective date of Act 143 to the year 2020.

The Film and TV industry here in Hawaii is a crucial and beneficial economy for myself and my family. It has created a lucrative career for many here on the islands. We need to continue to bring film projects to the islands to continue our successful careers. Not only does the TV&Film industry create jobs directly for its members but indirectly brings solid income to other small business across Hawaii that is extremely important to the islands. So many business benefit from this industry and provide reliable income for their families. Please extend the date so we can allow enough time to work towards an equitable solution and maintain success for the program.

mahalo for your consideration.

aloha

E.G. DAVIS

HB-1328-HD-1

Submitted on: 3/18/2018 9:02:41 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|-----------------------------------|---------------------------|---------------------------|
| Kevin | Testifying for IATSE Local 665 | Comments | No |

Comments:

To The ETT Committee,

I am respectfully requesting that you extend the effective date of Act 143 to the year 2020. To allow DBEDT and the industry to review the the effects of the changes and allow enough time to work towards equitable solutions for all parties that will maintain the success of the program.

Thank you,

Kevin Kersting



March 18, 2018

Committee on Economic Development, Tourism and
Technology
Sen. Glenn Wakai Chair
Sen. Brian T. Tanugichi, Vice Chair

The Senate
The Twenty-Ninth Legislature
Regular Session of 2018

RE: HB 1328 HD1 - RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

DATE: Monday, March 19, 2018

TIME: 1:35 pm

PLACE: Conference Room 414

State Capitol 415 South Beretania Street, Honolulu HI

Aloha Chair Wakai, Vice Taniguchi and the Members of the Committee,

Thank you for the opportunity to testify in support of this measure. [SAG-AFTRA](#) represents approximately 1000 actors, recording artists, and media professionals in our state.

The Film and Digital Media industry currently employs thousands of Hawaii residents, and generates, on average, an estimated **\$380 million** a year in our state.¹ Recent figures estimate **\$29 million** taxes, **\$465 million** sales, and **\$107 million** household income generated.²

The 2017 passage of Act 143 saw the extension of the Motion Picture, Digital Media, and Film Production tax credit to 2026. The members of the industry and their families appreciate the Legislature's support.

Your continued involvement is critical; please consider the following amendments:

- Remove or raise the ceiling for the Film and Digital Media tax credit; and
- Add an accounting position to the Creative Industries Division to manage the current film and digital media tax credit program.

The current ceiling of \$35 million and its carryover provision, would effectively create a cycle of diminishing returns that will severely inhibit our industry. We need only to look to other states to see the negative effects of such a ceiling.³

This tax credit is an investment in the diversity of our state's economic landscape. We thank you for your time and consideration, and ask for this committee's support.

Respectfully,

Mericia Palma Elmore
Executive Director SAG-AFTRA Hawaii Local

¹ Hawaii Film Office/CID/DBEDT

² Id.

³ Please see http://www.theadvocate.com/baton_rouge/news/politics/article_06a9d62c-1e0a-11e7-9638-eb1f201cdb6f.html Last accessed 9:39am, March 18, 2018

HB-1328-HD-1

Submitted on: 3/18/2018 10:06:55 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Chad Hirokane | Individual | Support | No |

Comments:

I am a film industry worker in the state of Hawaii and I support Hawaii's film tax credit program and HB1328 HD1. The film industry tax credit program creates living-wage jobs, attracts large sums of money into Hawaii's economy, generates a significant amount of household income for the people of Hawaii, supports existing visitor industry infrastructure while diversifying the economy and generates invaluable media exposure for Hawaii. I am respectfully requesting that you extend the effective date of Act 143 to the year 2020 to allow DBEDT and the industry to review the effects of the changes and allow enough time to work towards equitable solutions for all parties that will maintain the success of the program.

HB-1328-HD-1

Submitted on: 3/18/2018 11:09:52 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|--------------|--------------------|--------------------|
| Kaipu Seales | Individual | Support | No |

Comments:

Economic Tourism and Technology Committee

RE: HB1328, RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

Dear members of the committee:

I am writing in **STRONG SUPPORT** for leaving the tax credit as it is now, WITH NO CAP, for the film and digital media industry.

I urge you to leave the tax credit as it is now, with no cap. If you make the painful decision to consider changing the cap, I am respectfully requesting that you extend the effective date of Act 143 to the year 2020 to allow DBEDT and the industry to review the effects of the changes and allow enough time to work towards equitable solutions for all parties that will maintain the success of the program.

Any cap will be devastating for Hawaii's film industry and workers and families like ours. Hawaii's \$35 mil cap will deter films from coming here. Over the years, we have grown steadily from a \$100 mil annual industry to a \$300 mil industry, and that has generated hundreds of millions of business revenue and over \$100 mil in household income every year. Having the cap will be like forcing our industry into a recession. None of us can afford that and the consequences will be widespread.

We have learned from New Orleans (\$180 mil cap) and Pittsburgh (\$60 mil cap) that when they capped their tax credit, 75% of their film work left their State and went to Atlanta. Atlanta made \$9.2 billion in film revenue last year because they have a high tax credit and NO CAP. They created a Georgia Film Academy and building stages in and around Atlanta. We don't want to be Atlanta. We are happy with the films we have, but Georgia is a good example of how a thriving film industry benefits the State. Their governor is 100% supportive of the film industry there.

I work hard to support our family of six by working for the film industry. This industry has meant so much to our family as it has helped us to get off of government assistance and to help my children envision a much better life for themselves. We moved from

Molokai to O'ahu in order for me to work for this industry so that I could support the family. Working for films and digital media has helped me to put food on our table and send our children to school. I would need to leave the industry that I have trained so long to be in if a film cap happens. I know that I would be on Unemployment until I could find other work. The cap would definitely hurt many families here.

Because of the devastating experiences suffered by cities that implemented caps on their credits, we think any cap, no matter how high, will deter films from coming here. For that reason, we support the recommendation of the EDB Committee to remove the cap completely.

Sincerely,

Kaipu Seales

Member of IATSE 665

HB-1328-HD-1

Submitted on: 3/18/2018 11:06:54 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Karen Archibald | Individual | Support | No |

Comments:

I highly support HB1328 HD1. This bill extending the film tax credits and removing the cap is vital to the continuation of a healthy, highly sustainable industry that benefits Hawaii's economy in many ways. In addition to the hundreds of individuals who work in the industry and pay income taxes, there are also hundreds of other benefactors from the housing, hotels, transportation and food industry to vendors of all kinds.

Everything from rental of warehousing, purchase of construction materials, clothing and other retail purchases, security guards, rental equipment both large and small are involved in creating film and TV.

Many of the union workers now employed making a living wage, receiving healthcare, etc. were trained in the tourist and convention industry where we had no such benefits. This industry is one of the answers to building a more stable state economy and tax flow that, in the end, benefits all of us as a community. Additionally, as a union worker with a past in theatre, I also know that the donation of materials (paint, wardrobe, scenery, etc.) has benefitted schools, theatres and non-profits around the state.

HB-1328-HD-1

Submitted on: 3/18/2018 11:19:48 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|----------------|--------------|--------------------|--------------------|
| Allison Seales | Individual | Support | No |

Comments:

Economic Tourism and Technology Committee

RE: HB1328, RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

Dear members of the committee:

I am writing in **STRONG SUPPORT** for leaving the tax credit as it is now, WITH NO CAP, for the film and digital media industry.

I urge you to leave the tax credit as it is now, with no cap, in order to avoid a likely industry recession. If you make the painful decision to consider changing the cap, I am respectfully requesting that you extend the effective date of Act 143 to the year 2020 to allow DBEDT and the industry to review the effects of the changes and allow enough time to work towards equitable solutions for all parties that will maintain the success of the program.

Any cap will be devastating for Hawaii's film industry and workers and families like ours. Hawaii's \$35 mil cap will deter films from coming here. Over the years, we have grown steadily from a \$100 mil annual industry to a \$300 mil industry, and that has generated hundreds of millions of business revenue and over \$100 mil in household income every year. Having the cap will be like forcing our industry into a recession. None of the workers and their families can afford that and the consequences will be widespread.

We have learned from New Orleans (\$180 mil cap) and Pittsburgh (\$60 mil cap) that when they capped their tax credit, 75% of their film work left their State and went to Atlanta. Atlanta made \$9.2 billion in film revenue last year because they have a high tax credit and NO CAP. They created a Georgia Film Academy and building stages in and around Atlanta. We don't want to be Atlanta. We are happy with the films we have, but Georgia is a good example of how a thriving film industry benefits the State. Their governor is 100% supportive of the film industry there.

My husband works hard to support our family of six by working for the film industry. This industry has meant so much to our family as it has helped us to get off of government assistance and to help my children envision a much better future for

themselves. We moved from Molokai to O'ahu in order for him to work for this industry to support the family. Working for films and digital media has helped him to put food on our table and send our children to school. He would need to leave the industry that he has trained so long to be in if a film cap happens. I know that he would be on Unemployment (along with many of his colleagues) until he could find other work. The cap would definitely hurt many local workers and families here.

Because of the devastating experiences suffered by cities that implemented caps on their credits, we think any cap, no matter how high, will deter films from coming here. For that reason, we support the recommendation of the EDB Committee to remove the cap completely.

Sincerely,

Allison Seales

Family member of film industry worker

HB-1328-HD-1

Submitted on: 3/18/2018 11:22:18 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|-----------------------|--------------------------|---------------------------|---------------------------|
| Nohealani NihipaliDay | Testifying for IATSE 665 | Support | No |

Comments:

Aloha to the Legislators and People in Office whom we the people have voted for,

Please remove the cap from the tax credit bill HB1328 HD1.

Please approve the tax credit bill.

Let us decide together what is right for the people who are born, raised and now reside for throughout this State we belong to, our home, Hawai'i.

Not only am I a good standing member of IATSE 665, but I have been a freelance technician and now potential native Hawaiian Producer, in the film industry right here in my own island home. The start of my career rooted from an un-wealthy grass roots family of multimedia artists. I was mentored at a very early age, 12 years old at Na Maka O ka 'Aina, by owners Joan Lander and the late Puhipau Ahmad in the art of documentaries as a boom operator and sound mixer. I am a Perspectives Award CBS recipient, an overall documentary award college level from Leeward CC recipient as a Sophomore at Kamehameha Schools, I have my Associates in Arts, Certificate of Completion, and Certificate of Accomplishment degrees in TV productions from Leeward CC, the closest form of film school that existed at the time. I received financial help through the Queen Emma Hawaiian Civic club, Kamehameha Schools, and OHA scholarships. I am an Emmy award recipient with mixer Bobby Anderson for being part of a sound crew in the TV series LOST.

Today, I am a media production business owner established since I was eligible at of age 15. Now 30 years later, I am finally able to take these experiences and accomplishments with the networks formed locally and abroad, to make a dream I have had since childhood come true; producing and directing native Hawaiian produced stories right here in Hawai'i. It has taken me a lifetime to successfully nurture these relationships with everyone who is involved in this industry. I have worked with directors Geoffery Murphy and the late Merita Mita of Aotearoa, Oscar award winning sound mixers and producers William Burton and Sean Rush.

As a member of IATSE 665, former Executive board member, Vice President and Trustee, I find that our local crews and Producers work well together with these mainland productions. They enjoy working with us because we get the work done within

their budget with Aloha. A trait people travel from around the world to learn from us. Today, we successfully shoot their movies, commercials or shows here without hiring too many people from outside of Hawai'i anymore. The native and local people of Hawai'i are who make our Hawaiian islands special. We continue to lure Executive Producers like Brian Splicer and Heads of their Department back to our island home for more reasons than the location.

"Ike 'ia ka loea i ke kuahu"

An expert is recognized by the structure he builds

It is what one does and how well they do it that shows their expertise

puke no'eau by Tutu Kawena Pukui

The local union 665 of the International Alliance of Theatrical Stage Employees in entertainment have existed in Hawai'i for the past 81 years. We have worked too hard, we have come too far in our experiences and proven to our citizens in the State of Hawai'i, that our industry can provide jobs effectively, not outsourcing. We are hard-working people. Our industry alone through IATSE 665 and its membership has made close to a million dollars in revenue at \$911,000 in our state to date. This proves we may be able to support another form of employment beside tourism through the Hawaii Visitors Bureau. Our industry creates solid revenue which in fact compliments the HVB's needs.

Today, we have an actual film school at the University of Hawai'i Manoa and West O'ahu. Now, these graduating students can stay right here at home upon graduating to work on productions instead of leaving our state to take jobs and create profits elsewhere. Our work in this union, IATSE 665, has the most members it has ever had with over 600 members and growing, with local people who are excellent in their craft. It is evident that we can get our people out of the homeless or houseless situation by providing them with another option; a trade within the film making business. I was homeless at one time, like a bunch of my union brothers and sisters. We are survivors off the streets because we were able to succeed in this industry, become financially educated and give back to our people right here in Hawai'i through training.

If this cap is removed, it will make the difference between work coming here to our islands, while providing revenue that will resonate in this economy for generations to come or lose business to another country and state.

Legislators who agree to place this CAP on this tax credit agreement, remove the tax credit agreement and continue to deny our industry rights that will support an income creating tremendous revenue to this State of Hawai'i, are people who are also for the demise of our local people of Hawai'i. Perhaps then they have a hidden agenda faced with the intention to force local and native people alike to reside elsewhere outside of their island home, uproot them, and finally succeed in making the Hawaiian islands a

pure vacation site for the wealthy to meddle in. Legislators who disapprove of these bills are not for the people of Hawai'i.

Ua Mau Ke Ea I Ka 'Aina I Ka Pono!

Aloha Ke Akua, Aloha na Aumakua, Aloha e na Kupuna, mahalo ia oukou me ko'u ha'aha'a mai nei,

Nohealani NihipaliDay

HB-1328-HD-1

Submitted on: 3/18/2018 11:23:09 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| David Crans | Individual | Support | No |

Comments:

Aloha Chair Wakai, Vice-Chair Taniguchi and Members of the Committee:

I was born and raised in Hawaii and attended The University of Hawaii for film through the ACM program. The tax credits have brought in lots of jobs into the State and allowed me to get hands on experience in the career that I studied for. Because of this, there has been a lot of work, and I have been able to work in my home state instead of traveling to where the work is.

The money spent by productions changes hands many times over. When I receive my paycheck, I spend it on housing, food, fuel, etc. which supports local businesses. The employees of those businesses spend it on their essential needs as well, and the State receives taxes on my State income as well as the general excise tax for businesses.

The tax credit is doing its job - bringing work to the islands. If the film cap remains, films will go elsewhere - we have seen that in other cities who have a cap (a much higher cap!). Please remove the cap or move the start date to 2020. Our industry needs to prepare for possible employment in other industries.

Sincerely,

David Crans

I live in House District: 27 ([Rep. Takashi Ohno](#)) and Senate District: 13 ([Sen. Karl Rhoads](#)). I hope they will support this measure as well. Mahalo!

HB-1328-HD-1

Submitted on: 3/18/2018 11:43:21 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Clifford Tai | Individual | Support | No |

Comments:

Aloha, Chair Wakai, Vice-Chair Taniguchi and the Members of the ETT Committee:

I have worked in the Tourism industry for many years and just started to work in the film industry to try something new. I recently learned that changes to the HI Film Tax Credit may prohibit some films from coming here. I respectfully ask that the committee extend the start date of Act 143 to 2020 so that we do not make the mistakes that New Orleans and Pittsburgh made when they capped their tax credit.

Mahalo,

Cliff Tai

Resident of:

House District: 21

[Rep. Scott Y. Nishimoto](#)

Senate District: 10

[Sen. Les Ihara\(Jr.\)](#)

HB-1328-HD-1

Submitted on: 3/18/2018 11:34:51 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Beverly Lueder | Individual | Support | No |

Comments:

Aloha, Chair Wakai, Vice-Chair Taniguchi and the Members of the ETT Committee:

I am very new to the film industry, but I support it and hope to make it a career. Please extend the effective date of Act 143 to the year 2020 so that we can look at all options before we implement such a drastic change to the film industry.

Mahalo!

Bev Lueder

HB-1328-HD-1

Submitted on: 3/18/2018 11:55:00 AM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|--------------------------|---------------------------|---------------------------|
| Jeffery Nihipali | Testifying for IATSE 665 | Support | No |

Comments:

Aloha, Chair Wakai, Vice-Chair Taniguchi and the Members of the ETT Committee -

I have been working in the film industry since 1993 as a grip. The film industry has allowed me to excel at my craft and advance in my department. I am currently a dolly grip with "Hawaii Five-O." Because of these long-term projects, I have been able to earn consistent income to purchase a home for the first time last year. The capping of the Film Tax Credit, obviously, comes at a bad time as it will likely keep some film projects away and affect my income and the livelihood of my co-workers.

I respectfully ask that the Committee extend the start date of Act 143 to 2020 so that the industry as a whole has time to look at all viable options and prepare.

Mahalo,

Jeffery NihipaliDay

HB-1328-HD-1

Submitted on: 3/18/2018 12:04:36 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|----------------------------|---------------------|---------------------------|---------------------------|
| Melissa Mahealani Medeiros | Individual | Support | No |

Comments:

Dear Chair Wakai, Vice-Chair Taniguchi and the members of the committee:

I am a make-up artist in the film industry, and this is my primary occupation. Our industry is thriving, and films bring in hundreds of millions of dollars into Hawaii's economy. Adding a cap to the credit will see an immediate decline in the amount of money that comes into the State.

Please extend the effective date of Act 143 to the year 2020. We need to keep our industry vibrant while also looking at options to help government budgets.

Mahalo!

Mahealani

Resident of: House District 24 (Rep. Della Au Belatti) and Senate District 12 (Sen. Brickwood Galuteria). I hope they will support this bill as well!

HB-1328-HD-1

Submitted on: 3/18/2018 12:23:22 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| alex sirois | Individual | Oppose | No |

Comments:

I am respectfully requesting that you extend the effective date of Act 143 to the year 2020 to allow DBEDT and the industry to review the effects of the changes and allow enough time to work towards equitable solutions for all parties that will maintain the success of the program.

HB-1328-HD-1

Submitted on: 3/18/2018 12:33:37 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Aaron Ellis | Individual | Support | No |

Comments:

HB-1328-HD-1

Submitted on: 3/18/2018 12:37:39 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Alexandra Hearn | Individual | Support | No |

Comments:

Aloha, Chair Wakai, Vice-Chair Taniguchi and the members of the ETT Committee -

I attended Chapman University for film school and graduated from UH with BA's in Graphic Design and Marketing. My first film was "The Descendants" where I worked as an Art Dept PA, an entry-level position. Years later, I have been blessed to be working as the Art Dept Coordinator on "Hawaii Five-O." I am working in a field that I studied in and am passionate about.

Working on the inside of a production provides you a unique perspective on how decisions are made - what are they looking for in a location? How easily can we get materials here? What's the skillset of the crew here? All of these and many more play into the decision of why a show comes to Hawaii, but in the end it comes down to dollars. And we all know it's not cheap to come here, let alone shoot here.

The Film Tax Credit keeps Hawai'i competitive as a global location. The cap will make us less competitive. Please remove the cap or move the start date to 2020.

I live on Jack Lane in Rep. Ohno's House District: 27 and Sen. Rhoads' Senate District 13, and I hope they will support my request as well.

Mahalo!

HB-1328-HD-1

Submitted on: 3/18/2018 12:41:11 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Benedict W Kekuewa | Individual | Support | No |

Comments:

Aloha, Chair Wakai, Vice-Chair Taniguchi and Members of the Committee -

I am a member of two film industry unions - IATSE 665 and Teamster 996. I have been working in the film industry for many years, and I support Act 143 and request that the committee extend the start date of the cap to 2020.

Mahalo,

B. Wayne Kekuewa

HB-1328-HD-1

Submitted on: 3/18/2018 12:52:25 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|-----------------------|--|---------------------------|---------------------------|
| W. K. Duvauchelle Jr. | Testifying for I.A.T.S.E. LOCAL #665 Hawaii | Support | No |

Comments:

Aloha

I am respectfully requesting that you extend the effective date of Act 143 to the year 2020 to allow DBEDT and the industry to review the effects of the changes and allow enough time to work towards equitable solutions for all parties that will maintain the success of the program."

My name is Waldemar Kaukahi Duvauchelle Jr. I am half-Hawaiian and fortunate enough to have found a job that I love; that allows me to make a living taking care of my family, and allows us to continue living here.

Thank you for your time and consideration.

Aloha

HB-1328-HD-1

Submitted on: 3/18/2018 12:55:10 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|--------------|--------------------|--------------------|
| Jon T. Dahl | Individual | Support | No |

Comments:

Aloha Chair Wakai, Vice-Chair Taniguchi and the Members of the ETT Committee:

I started in the film business over 20 years ago as a driver. In those days, film companies would ship their trucks and equipment into the State, and their drivers would come with them. If it had a CA license plate, a CA driver was hired to drive it.

Today, I am a Transportation Captain on features and TV shows. I own two equipment and truck rental companies. I have invested **hundreds of thousands of dollars** of my own money into buying Honeywagons, cast trailers, 4x4 stakebed trucks, box trucks, etc. I have invested close to **a million dollars** just to purchase the land we park the trucks on. **These trucks are all driven by Hawaii drivers** - every single one of them. Film companies are very concerned about the cost of shipping equipment to Hawaii, so they are very relieved to learn that we have this equipment here in the islands. Having the inventory here really helps with their budget, but **the real reason they come here is because of the film tax credit.**

My investment in the equipment secures jobs for Hawaii workers. It has allowed me to purchase a home for me, my wife and our twin children. Both of our children go to a private school and are being raised in a good environment. They are learning how to be good citizens, and you can't put a price tag on that.

If the \$35 million cap keeps films from coming here, **I stand to lose everything!** These trucks are specialized trucks used only for films. I won't be able to repurpose them for other industries. They will sit idle, and I will need to sell off equipment and possibly close at least one of my companies.

I urge the committee to leave the tax credit the way it is - with no cap. It is doing what it was designed to do and has consistently brought jobs here and allowed many of us to thrive in our industry. At the very least, please extend the start date to 2020 so that we can find solutions to fix the credit without crippling a healthy film industry.

Mahalo,

Jon T. Dahl

Our house is on Hawaii Kai Drive in House District: 18 ([Rep. Mark J. Hashem](#)) and Senate District: 9 ([Sen. Stanley Chang](#)), and I hope my district leaders also support this request.

HB-1328-HD-1

Submitted on: 3/18/2018 1:01:29 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Myles Kawakami | Individual | Support | No |

Comments:

Aloha, Chair Wakai, Vice-Chair Taniguchi and the Members of the ETT Committee -

I am a Fourth Generation film industry worker. Over the course of nearly 50 years in the industry, we have forged relationships with people from all over the world, and they have come to respect the level of talent we have here and confidently hire our local workers. In the end, it is a business, and they need to go where their dollars are best spent. I don't want to see these relationships that have taken decades to develop disappear due to the Film Tax Credit \$35 million cap. I know other states have had to scramble after losing the majority of their jobs once the tax cap was enacted.

Ideally, I would like to leave the Tax Credit the way it is - with no cap - but if the Committee must leave a cap in place, we need more time to prepare our industry [before](#) the jobs stop coming and request that the start date for the cap begin in 2020.

Mahalo,

Myles Kawakami

HB-1328-HD-1

Submitted on: 3/18/2018 1:24:40 PM

Testimony for ETT on 3/19/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------|--|--------------------|--------------------|
| Melodie Aduja | Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i | Support | No |

Comments:

To the Honorable Glenn Wakai, Chair; the Honorable Brian T. Taniguchi, Vice-Chair and Members of the Senate Committee on Economic Development, Tourism and Technology:

Good afternoon, my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") on Legislative Priorities of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **HB1328 HD1**, relating to Motion Picture, Digital Media, and and the Film Production Income Tax Credit.

The OCC Legislative Priorities Committee is in favor of **HB1328 HD1** and support its passage.

HB1328 HD1, is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it amends the annual aggregate cap placed on the amount of the motion picture, digital media, and film production income tax credit that may be claimed by qualified productions; and allows greater flexibility in conditions placed on eligibility requirements for the motion picture, digital media, and film production income tax credit.

Specifically, "[a] diversified and healthy economy in Hawai'i requires a well-educated and healthy citizenry. To encourage existing and new enterprise, we need to develop a combination of tax policies and credits, lending programs and financial incentives that will attract the business community. . . . Our community is enriched by the encouragement of visual, musical, dramatic and cinematic arts and diverse cultural activities that communicate both a regional and universal vision. Through multi-cultural and multi-generational participation in the arts, we strengthen our 'ohana, promote tolerance, and add vitality to the economy through cultural tourism. To this end, we support sufficient public funding for the arts, individual artists, arts and cultural organizations, and educational enterprises. Such activities provide a definite public good for all of our citizens and for our community that is not available through private efforts alone." (DPH Platform, Lines 38-40, 398-404 (2016)).

Given that **HB1328 HD1** amends the annual aggregate cap placed on the amount of the motion picture, digital media, and film production income tax credit that may be claimed by qualified productions; and allows greater flexibility in conditions

placed on eligibility requirements for the motion picture, digital media, and film production income tax credit, it is the position of the OCC Legislative Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Text/Tel.: (808) 258-8889



Local 665
HAWAII'S TECHNICIANS
for
FILM, TELEVISION, STAGE AND PROJECTION
Since 1937

INTERNATIONAL ALLIANCE OF THEATRICAL STAGE EMPLOYEES, MOVING PICTURE TECHNICIANS, ARTISTS AND ALLIED CRAFTS
OF THE UNITED STATES, ITS TERRITORIES AND CANADA, AFL-CIO, CLC

The Senate
The Twenty-Ninth Legislature
Regular Session of 2018

To: The Honorable Glenn Wakai, Chair
The Honorable Brian T. Taniguchi, Vice-Chair, and
Members of the Senate Committee on Economic Development,
Tourism and Technology

Date: Monday, March 19, 2018
Time: 1:35 p.m.
Place: Conference Room 414
State Capitol, 415 S. Beretania St., Honolulu, HI

RE: HB1328: RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

Aloha, Chair Wakai, Vice-Chair Taniguchi and Members of the Committee,

IATSE Local 665 represents the film technicians who work behind the camera on TV series and films throughout the State of Hawai'i.

We appreciate your commitment to support, grow and sustain film work in Hawai'i by passing Act 143 in 2017, extending the Motion Picture, Digital Media and Film Production Tax Credit to 2026. The members and working families of the industry greatly appreciate the Legislature's commitment to the film industry and humbly ask for your continued support.

The success of Act 143 to draw motion pictures to Hawai'i is undeniable. The film industry benefits directly when workers are employed and the economy is strengthened when production companies spend hundreds of millions of dollars every year.

The implementation of the \$35 million ceiling to the Hawaii Film Tax Credit is very concerning when we look to other cities who have added a ceiling to their film tax credit. New Orleans, for example, added a \$180 million ceiling in 2015, and 75% of their work moved to Atlanta. New Orleans is still trying to recover from the instant recession they found themselves in, and they continue to work with their lawmakers to find a more responsible solution while also rebuilding their film industry. Pittsburgh, with a \$60 million ceiling, also suffered severe job losses, and they are working to find solutions. Both cities went over an economic cliff when the ceiling was

Committee on Economic Development, Tourism and Technology

March 19, 2018

RE: HB1328 – RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

imposed, and they are trying to scramble their way back up.

Unlike New Orleans, our ceiling has not gone into effect yet, and **we still have time** to work with our legislators before our industry suffers a severe economic setback. Although, ideally, we would like the Film Tax Credit to remain uncapped so it can continue to bring work to our State, we are sensitive to the needs of the committee and ask for more time. Implementing the cap now will launch the industry into a tailspin.

Please amend the start date of the ceiling to 2020 so that we can find viable options and prepare our workers sufficiently.

On behalf of the men and women of IATSE Local 665 and the many others who benefit from Hawai'i's vibrant film industry, we thank you for your time and careful consideration of our request.

Respectfully,



Irish Barber
Business Representative