

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
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To: The Honorable Glen Wakai, Chair;
The Honorable Bennette E. Misalucha, Vice Chair;
and Members of the Senate Committee on Energy, Economic Development, and
Tourism

From: Isaac W. Choy, Director
Department of Taxation

Date: Friday, January 28, 2022
Time: 3:00 P.M.
Place: Via Video Conference, State Capitol

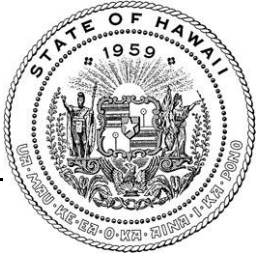
Re: S.B. 2568, Relating to Motion Picture, Digital Media, and Film Production

The Department of Taxation (Department) appreciates the intent of S.B. 2568 and offers the following comments S.B. 2568 for your consideration.

S.B. 2568 prevents a production from qualifying for the motion picture, digital media, and film production tax credit under section 235-17, Hawaii Revised Statutes, if the production hires or compensates an employee of the State or county whose official capacity is related to motion picture, digital media, or film production for certain services, and requires a taxpayer claiming the tax credit to identify any such employee in the statements required to be submitted to the Department of Business, Economic Development and Tourism. The measure is effective upon approval.

The Department suggests clarifying the term “compensated for services.” For example, it is not clear if providing a free parking pass or a complimentary lunch is sufficient to constitute compensation. Clarifying this definition will help to prevent any misunderstanding and avoid unnecessary litigation.

Thank you for the opportunity to provide comments.



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

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Friday, January 28, 2022
3:00 PM

State Capitol, Conference Room #224

In consideration of
SB 2568

RELATING TO MOTION PICTURE, DIGITAL MEDIA, AND FILM PRODUCTION.

Chair Wakai, Vice Chair Misalucha and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) offers the following comments on SB2568, which prohibits a production from qualifying for the motion picture, digital media, and film production tax credit if the production hires or compensates an employee of the State or county whose official capacity is related to the production for certain services.

DBEDT understands the intent of the proposed amendments to HRS 235-17, Section 1, as noted in item (7) of this measure, relating to assurances that no government officials are hired or compensated by a production applying for the Hawaii Motion Picture, Digital Media, and Film Production Tax Credit, HRS 235-17.

We agree, should this situation arise, this is cause for concern and pledge to work with the Legislature to provide recommendations on additional clarifying language for your consideration.

DBEDT wants to assure lawmakers and industry that there are no unintended consequences from inclusion of this language which may inadvertently negatively impact the state or the much-needed production activity going forward.

We appreciate the Legislature's commitment and support to this industry and thank you for the opportunity to testify.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented to the
Senate Committee on Energy, Economic Development, and Tourism
Friday, January 28, 2022 at 3:00 p.m.

by

Vassilis L. Syrmos, Vice President for Research and Innovation
University of Hawai'i System

**SB 2568 – RELATING TO MOTION PICTURE, DIGITAL MEDIA, AND FILM
PRODUCTION**

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

The University of Hawai'i (UH) understands the intent of SB 2568, but its passage may result in unintended consequences that may prevent or deprive faculty members from necessary professional development and scholarship opportunities vital to their teaching career.

Thank you for the opportunity to comment on this measure.



UNIVERSITY
of HAWAII®
MĀNOA

Academy for Creative Media
College of Arts, Languages & Letters

LATE

To: The Honorable Glen Wakai, Chair;
The Honorable Bennette E. Misalucha, Vice Chair;
A and Members of the Senate Committee on Energy, Economic Development, and
Tourism

From: Christine Acham, Chair, Academy for Creative Media *Christine Acham*

Date: Friday, January 28, 2022

Time: 3:00 P.M.

Place: Via Video Conference, State Capitol

Re: S.B. 2568, Relating to Motion Picture, Digital Media, and Film Production

As Chair of the Academy for Creative Media at Mānoa I am writing to ask that the committee consider faculty who work for ACM and who may take a job on one of these productions. Faculty members in film who continue to have a professional career, either as filmmakers or cultural consultants are considered valuable to the reputation of a film school. These faculty members would take a leave of absence without pay if offered these opportunities and fill out any necessary conflict of interest paperwork that UH requires.

I ask that this issue is considered. The Bill as stated may discourage productions from hiring ACM faculty.

Thank you for your time in reading these comments.

January 26, 2022

Committee on Energy, Economic
Development and Tourism
Sen. Wakai, Chair
Sen. Misalucha, Vice Chair

The Senate
The Thirtieth-First Legislature
Regular Session of 2022

RE: [SB2568](#) - RELATING TO MOTION PICTURE, DIGITAL MEDIA,
AND FILM PRODUCTION

DATE: Friday, January 28, 2022

TIME: 3:00 pm

PLACE: Conference Room 224

VIA Videoconference

State Capitol 415 South Beretania Street, Honolulu HI

Aloha Chair Wakai, Vice Chair Misalucha and the members of the committee,

Thank you for the opportunity to testify in SUPPORT of SB2568 - RELATING TO
MOTION PICTURE, DIGITAL MEDIA, AND FILM PRODUCTION.

SAG-AFTRA represents over 1200 actors, recording artists, and media professionals in our
state. We are the professional performers working in front of the camera and behind the microphone.

Even through a pandemic and supply chain shortages, the film and television industry has
continued to thrive and grow in Hawaii. We are grateful for the Legislature's continued support. The
tax credit to qualified producers has been a beneficial incentive, creating thousands of jobs for local
people to support their families and enrich our community.

We support the Legislature's intent to quell any undue influence of persons employed by the
state or counties whose official capacity is related to motion picture, digital media or film production
may exert on the productions they oversee. This present bill as written, may need some clarifying
language to ensure that it is **NOT** too broad or vague. We welcome the opportunity to discuss further.

Mericia Palma Elmore, Executive Director
SAG-AFTRA Hawaii Local
mericia.palmaelmore@sagaftra.org
201 Merchant St. Suite 2301
Honolulu, HI 96813
Ph: 808-596-0388 Fax: 808-593-2636

SCREEN ACTORS GUILD - AMERICAN
FEDERATION OF
TELEVISION AND RADIO ARTISTS
SAGAFTRA.org
Associated Actors & Artistes of America / AFL-CIO



Respectfully,

Mericia Palma Elmore

Mericia Palma Elmore, Executive Director SAG-AFTRA Hawaii Local

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The Senate
The Thirty-First Legislature
Regular Session of 2022

COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT AND TOURISM
Sen. Glenn Wakai, Chair
Sen. Bennette E. Misalucha, Vice Chair

RE: SB 2568 RELATING TO MOTION PICTURE, DIGITAL MEDIA, AND DIGITAL
PRODUCTION

Date: Friday, January 28, 2022
Time: 3:00 p.m.
Conference Room 224
State Capitol
415 South Beretania Street

January 27, 2022

From: Roy Tjioe and Ricardo Galindez
Island Film Group
99-1245 Halawa Valley St.
Aiea, HI 96701
808-536-7955

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

Our Background

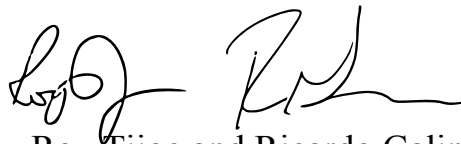
Island Film Group is a locally owned and operated production company. We began working in Hawaii's film and television industry in 2001 as attorneys at Goodwill Anderson Quinn & Stifel, where we represented filmmakers and other production companies. Since our formation of Island Film Group in 2007, we have been working full-time as producers of feature films such as "Princess Ka'iulani" and "Soul Surfer", network and cable

television movies and series, as well as a large number of commercial productions.

We OPPOSE the proposed language prohibiting the hiring or compensation of a State employee whose official capacity is related to motion picture, digital media, or film production, for services rendered to a production. Furthermore, the way the Bill is written, the hiring of such a person would unfairly result in denial of the entire tax credit for the project, notwithstanding the fact that the production is required to disclose the fact that such an individual was hired.

It should be noted that the Mayor of San Francisco, London Breed, was cast in the role of “Caliope” in the latest Matrix movie. Any concerns about such hirings should be addressed by the applicable ethics rules.

Me ke aloha,

Handwritten signatures of Roy Tjioe and Ricardo Galindez in black ink.

Roy Tjioe and Ricardo Galindez
Co-Founders
Island Film Group
Honolulu, Hawaii

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Prohibits Production from Compensating Relevant State Employee

BILL NUMBER: SB 2568

INTRODUCED BY: WAKAI, MISALUCHA, RHOADS, Chang, Dela Cruz, Ihara, Riviere

EXECUTIVE SUMMARY: This bill prohibits a production from qualifying for the motion picture, digital media, and film production tax credit if the production hires or compensates an employee of the State or county whose official capacity is related to motion picture, digital media, or film production for certain services. Requires a taxpayer claiming the tax credit to identify any such employee in the statement submitted to DBEDT. The conflict of interest identified in this bill is already addressed in the State Ethics Code and it is unclear why this industry and its regulators are being targeted for special treatment.

SYNOPSIS: Amends section 235-17(d), HRS, to require that a production not hire or compensate any employee of the State or county whose official capacity is related to motion picture, digital media, or film production for services for the production, including but not limited to services related to consulting, producing, or performing.

Amends section 235-17(h), HRS, to require a production to identify any such employee in its production cost report.

EFFECTIVE DATE: Upon Approval

STAFF COMMENTS: The thrust of the legislation appears to be to prevent a conflict of interest between a state employee having an official capacity related to motion picture, digital media, or film production and any such production. Such conflicts of interest are already prohibited by the State Ethics Code, HRS § 84-14, which states, in part:

§84-14 Conflicts of interests. (a) No employee shall take any official action directly affecting:

- (1) A business or other undertaking in which the employee has a substantial financial interest; or
- (2) A private undertaking in which the employee is engaged as legal counsel, advisor, consultant, representative, or other agency capacity.

The State Ethics Code already has an attached enforcement mechanism, namely the State Ethics Commission, which has authority to punish violators.

It is unclear why motion pictures and digital media are being singled out in this bill for special unfavorable treatment. The measure seems unfair for that reason.

Digested: 1/26/2022

IATSE LOCAL 665

FILM, TELEVISION, STAGE, PROJECTION AND TRADESHOWS
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

LATE

The Thirty-First Legislature, State of Hawai'i
Hawai'i State Senate
Committee on Energy, Economic Development, and Tourism

Testimony by
IATSE Local 665
January 27th, 2022

S.B.2568 - RELATING TO MOTION PICTURE, DIGITAL MEDIA, AND FILM PRODUCTION

Aloha Chair Wakai, Vice Chair Misalucha, and Members of the Senate Committee,

My name is Tuia'ana Scanlan, President of IATSE Local 665. We represent Entertainment Technicians in Stagecraft, Tradeshow & Conventions, and Film/TV industries across the State of Hawaii. We **support the intent** of S.B. 2568, but would like to offer comments.

While we are in full support of the intent to eliminate conflicts of interest and "double-dipping", we believe that the scope of this bill can be narrowed to maximize its effect. As it is currently written, S.B 2568 may unintentionally exclude key personnel from encouraging the "furtherance of the local film and television and digital media industries".

In its current form, S.B. 2568 states "To qualify for this tax credit, a production shall: [...] (7)Not hire or compensate any employee of the State or county whose official capacity is related to motion picture, digital media, or film production[...]" We humbly suggest that the language be amended from "any employee of the State or county whose official capacity is related to motion picture, digital media, or film production" to "any employee of the State or county film commissions, or company for whom said employee is a stakeholder". This will aid in our efforts to maintain the ethical administration of the film tax incentive and the issuing of film permits while avoiding any unintended consequences.

We appreciate your consideration of our testimony and additional commentary on S.B 2568.

Respectfully submitted,



Tuia'ana Scanlan
President, IATSE Local 665
he/him/his

SB-2568

Submitted on: 1/27/2022 11:53:39 AM

Testimony for EET on 1/28/2022 3:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Sandie Wong	Individual	Oppose	Yes

Comments:

I join the Testimony of Island Film Group in opposing this bill. Thank you.

LATE

SB-2568

Submitted on: 1/27/2022 5:27:45 PM

Testimony for EET on 1/28/2022 3:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Brenda Ching	Individual	Support	No

Comments:

I support SB 2568.