HB 2690

Testimony

TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-FIFTH LEGISLATURE, 2010

ON THE FOLLOWING MEASURE:
H.B. NO. 2690, PROPOSED S.D. 1, RELATING TO GOVERNMENT.

BEFORE THE:
SENATE COMMITTEE ON WAYS AND MEANS

DATE: Tuesday, March 23, 2010 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): Mark J. Bennett, Attorney General

Chair Kim and Members of the Committee:

The Department of the Attorney General opposes part I of proposed S.D. 1 of this bill.

Part I of proposed S.D. 1 would repeal sections 28-7.5, 28-8, and 28-8.5, Hawaii Revised Statutes, thereby eliminating statutory authority to appoint and remove a first deputy attorney general and all other deputies, law clerks, the administrative services manager, and the special assistant to the Attorney General. It would also eliminate express authority for attorneys, other than the Attorney General, to act on behalf of the State of Hawaii (except in court), and the Attorney General's ability to retain special deputies from the private sector. Essentially, all of the common law and statutory duties of the Attorney General could only be performed by the Attorney General, after the bill took effect and all incumbent deputy attorneys general had left their positions. And, except for court appearances by deputy attorneys general pursuant to section 28-1, all actions by deputy attorneys general could be called into question. We note, moreover, that some form of section 28-8 has been in existence for more than 140 years, since 1866.

If part I of this bill were passed, the Department would have great difficulty carrying out its statutory duties, including providing legal advice and furnishing written legal opinions to state agencies, officers, and employees, representing the State, its agencies and officials in all civil actions in which the State is a party, approving as to legality and form all documents relating to the acquisition of land or interest in lands by the State, and prosecuting cases involving violations of state laws and cases involving agreements, uniform laws, or other matters that are enforceable in the courts of the State. Moreover, the repeal of section 28-8 would call into significant question the actual duties and authority of deputy attorneys general, except when appearing in court pursuant to section 28-1.

In addition, public policy is clearly not served by preventing the Attorney General from removing or terminating deputies who should be removed or terminated because of malfeasance, poor performance, or other reasons.

We also believe that the drastic changes to the Department of the Attorney General proposed in part I of this bill should be considered by the Senate Committee on Judiciary and Government Affairs (and by the House Committee on Judiciary), as the subject matter of part I is clearly within the purview of those committees.

We recommend that part I of proposed S.D. 1 not be adopted.

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 2690, PROPOSED S.D. 1

March 23, 2010

RELATING TO GOVERNMENT

House Bill No. 2690, Proposed S.D. 1, transfers the duties and operations of the Hawaii Film Office from the Department of Business, Economic Development and Tourism to the Hawaii Tourism Authority in Part I. This bill also establishes the Hawaii Film Office Special Fund and redirects approximately $500,000 in tax revenues presently deposited into the general fund to the Hawaii Film Office Special Fund in Part II. The special fund will be used for operations including the costs of processing taxpayer letters pursuant to Chapter 235-17, HRS, the motion picture, digital media, and film production income tax credit. In addition, the bill changes the terms of service for principals, vice principals and cafeteria managers and workers from 12 months to 10 months in Part III. Finally, the bill also proposes to suspend employer contributions for active and retiree life insurance premiums beginning July 1, 2010 in Part IV.

In regard to Part II, as a matter of general policy, this department does not support any special fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the Hawaii Film Office Special Fund would meet these criteria with the amendments made in Senate Bill No. 2690, Proposed S.D. 1.

This department supports the language in Senate Bill No. 2682, which provides a mechanism for the Department of Business, Economic Development and Tourism to carry out its functions and operations in developing, promoting, and assisting film, television, digital media, and other creative industries in Hawaii. We recommend that the committee adopt the language contained in Senate Bill No. 2682.

In regard to Part IV, this department supports the suspension of employer contributions for active and retiree life insurance premiums beginning July 1, 2010, which would result in an annual general fund savings of $4,100,000 ($1,400,000 for active premiums and $2,700,000 for retiree premiums).

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
PEARL IMADA-IBOSHI
DEPUTY DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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

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

LATE

Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, March 23, 2010
9:30 a.m.
State Capitol, Conference Room 211

in consideration of
HB 2690
RELATING TO GOVERNMENT

Chair Kim, Vice Chair Tsutsui, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) offers the following comments to HB2690, Part II that specifically pertains to DBEDT.

While we appreciate the concept of a Hawaii Film Office special fund, we request the committee consider the broader language as proposed in previous legislation to a Creative Media Development Special Fund, with a priority on the funding film branch operations within DBEDT and its Creative Industries Division, not HTA.

We are opposed to transferring the film industry branch operational and statutory responsibilities under DBEDT, as the functions of creative industry development, which include the film and television industries, align with DBEDT and its Creative Industries Division and not the current mission and functions of HTA – the state's lead tourism marketing agency which is attached to DBEDT.

The mission of HTA would have to change drastically, based on board approval, in order to accommodate this recommended transfer. As a division dedicated to accelerating the growth of Hawaii's film, teleivision, digital media, arts, culture and music industries, we have and will continue to work closely with our tourism partners to develop opportunities that show a marketing benefit. While there are synergies certainly, at this time, without fully engaging in a dialogue with the industries affected by such a move, it does not appear prudent and would encourage the committed to consider more thoughtful discussion on the matter with all affected parties.

It is important to note that DBEDT's Creative Industries Division has overseen the operations of the film branch and arts and culture development branch since 2003. The division continues to manage the statutorily mandated functions in addition to focusing on accelerating the growth of Hawaii's creative arts, culture, music, film, television and digital media sectors which collectively contributed $4 billion to Hawaii's GDP in 2008. Film and teleivison production activity is projected at $181 million this year, and is a testament to the effective management of the state's film program.

Overall, DBEDT believes that this is not the time to enact such a massive shift in priorities and mandates. With a decline in tourism, it is important for the agency that is charged with its revival for our state to focus on its core mission, which is not aligned with the business development or operational aspects of the daily management of developing Hawaii's film and television program.

We welcome further dialogue with the committee and industry and respectfully encourage your thoughtful review of these comments. Thank you for the opportunity to provide this testimony.

LATE

Date: 03/23/2010

Committee: Senate Ways and Means

Department: Education

Person Testifying: Kathryn Matayoshi, Interim Superintendent of Education

Title of Bill: HB 2690, Proposed SD1 RELATING TO GOVERNMENT.

Purpose of Bill: Requires that the Senate President and Speaker of the House of Representatives be notified in writing upon the receipt of any federal-aid money accepted for expenditure in the state.

Department's Position: The Department of Education has the following comments with regards to Part III of the proposed SD1 of SB 2690 Relating to Government: Section 10, pages 19-20. The Department does not support the amendment proposed by this section. The section proposes to return Principals and Vice Principals to a ten-month schedule. Current funding supports Principals and Vice Principals in multi-track schools for a twelve-month schedule. Many of our twelve-month administrators' current workload include No Child Left Behind compliance, designing extended learning opportunities for their students, meeting and planning time with their student services coordinators and/or other complex staff. Additionally, the Department believes that in order to develop our twelve-month administrators into the instructional leaders we require, we must invest in them the necessary professional development and provide them with opportunities to build professional learning communities. To that extent, the Department is committed to minimizing disruptions and the time our twelve-month administrators are away from the school during the regular school year by requiring such training and opportunities to occur outside of the regular school year. Accordingly, the Department has been actively coordinating necessary trainings and other meetings to take place during the summer months. With ever expanding expectations, including those of the Federal Race to the Top Grants, the Department believes that the current workload of these administrators requires the twelve-month work schedules to continue.

Section 11, page 20. The Department does not support the amendment proposed by this section. Currently, cafeteria managers work a ten-month schedule but are paid over a twelve-month period. The Department supports this current work schedule and payment schedule. The Department recommends against the amendment proposed for this section as it would change the payment schedule, not the current work schedule.

Section 12, pages 20-21. The Department supports amendments to this section that would provide for a ten-month work schedule for cafeteria workers with a pay schedule over twelve months as is provided for cafeteria managers. There are cafeteria workers who do work at multi-track schools over a twelve-month period and they should be paid for the twelve months that they work. These cafeteria workers would be paid for twelve months of work based on the practice of paying for extra hours as provided for in their collective bargaining contract. If the language in this section were to use the current language in Section 302A-636, then the cafeteria workers and managers would be treated similarly.

The Department thanks you for the opportunity to comment on the proposed amendments.

kim5 - Deborah

From: Kris Hanselman [kris@uhpa.org]
Sent: Monday, March 22, 2010 6:38 PM
To: WAM Testimony
Cc: JN Musto
Subject: HB2690 SD1 Relating to Government; Hearing March 23 9:30 am

Follow Up Flag: Follow up
Flag Status: Completed

Senator Donna Mercado Kim, Chair
Senate Ways and Means Committee

Testimony in Opposition to HB2690 SD1 Relating to Government

The University of Hawaii Professional Assembly strongly opposes Part IV of the proposed legislation which eliminates the employer's obligation to pay the premium cost of life insurance for active and retired public employees. This benefit is part of a fringe benefit program that is provided in lieu of wages for active employees. Retirees earned less wages so that benefits, including life insurance would continue into retirement.
The loss of employer provided life insurance continues a pattern of increased benefit costs being borne by the employee while experiencing diminished wages and a continuing loss of economic security.

UHPA urges the committee to reject this proposed legislation and continue to provide employer paid life insurance for the 86,000 active and retired public employees covered by EUTF.

Respectfully Submitted,

Kristeen Hanselman
Associate Executive Director
University of Hawaii Professional Assembly.

HAWAII FILM & ENTERTAINMENT BOARD

Brenda Ching, Chair
Screen Actors Guild

Chris Conybeare, Esq.

Donovan Ahuna
I.A.T.S.E., Local 665

Benita Brazier
Maui Film Commission

Walea Constantinau
Honolulu Film Office

Dana Hankins
Independent Filmmaker

Jeanne Ishikawa
Teamsters, Local 996

Stephan Kato
H.I.F.A.

John Mason
Big Island Film Office

Brien Matson
A.F.M., Local 677

Georja Skinner
DBEDT, Creative Industries Division

Jason Suapaia
F.A.V.A.H.

Art Umezu
Kauai Film Commission

Randall Young
I.B.E.W., Local 1260

COMMITTEE ON WAYS AND MEANS

March 23, 2010 – 9:30 am
State Capitol, Conference Room 211

RE: HB 2690 Proposed SD1 -- RELATING TO GOVERNMENT

Dear Chair Kim , Vice-chair Tsutsui and members of the committee:

The Hawaii Film and Entertainment Board, whose members include all of the film industry labor unions, associations and film commissions, **would like to provide comments on HB 2690, Proposed SD1 as it relates to the film industry.**

The industry greatly appreciates the intent behind a number of measures introduced this year, **however, we have seen that each well intentioned idea has been done separately and we feel that a cohesive, holistic view of the industry is needed** to be able to assess how the various suggestions impact the industry and can work together to support and build the industry.

We respectfully request that time be allowed for the industry to work in concert with the legislature over the Summer of 2010 **to develop a strategic plan for the future growth of the industry**. We would like the opportunity to discuss what is needed for the next five, ten and 20 years. Our hope is that a cohesive and comprehensive roadmap can be created that can help lead us into the future with regards to incentives, infrastructure and government support systems necessary to grow the industry.

As we have reported to the legislature this year, the industry has been a **revenue-generator for the state, generating almost $20 million of tax revenues for fiscal years 2007 and 2008 while creating $498 million of economic activity for the same time period.** We would like to see this kind of economic contribution continue and would like to look for ways to increase it in the coming years, which we believe can be done if we work together towards a common goal.

Thank you for the opportunity to provide these comments

Brenda Ching,
Chair

Attachments: 2007-2008 Econ Impact, Direct and Indirect expenditures; 2007-2008 Tax Revenues Generated (summary); 2007 Econ Impact Detailed spreadsheet; 2008 Econ Impact Detailed spreadsheet

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Economic Impact

The Film Industry is a part of the solution

Total Direct and Indirect impact:

2007	(based on $229 M spend)	$304 million
2008	(based on $146 M spend)	$194 million
Total Economic Impact 2007-2008		**$498 million**

Multiplier of 1.29 and revenue calculation provided by DBEDT- READ; Direct and Indirect economic formulas provided by Dr. William Boyd, UH Economist; Based on direct spend figures provided by DBEDT-FIB

Note: "Film Industry" is used in a generic sense and represents film, television, commercial and new media

Tax Revenues Generated

Year	Direct Spend	Tax Revenues Generated
2007	$229 million	$ 11.3 million
2008	$146 million	$ 8.06 million
		$19.37 million into State coffers

Major projects:

Forgetting Sarah Marshall	Oahu
LOST	Oahu
Tropic Thunder	Kauai
Indiana Jones 4	Big Island
Pirates of the Caribbean 3	Maui / Molokai

Direct and Indirect economic formulas provided by Dr. William Boyd, UH Economist

2007 Economic Impact estimates - Act 88 and non-Act 88 Scenario

Oahu split calculated at	50%		
NI split calculated at	50%		
Oahu cost	15%	x estimated split	$11,592,208
NI cost	20%	x estimated split	$15,456,277
	$77,281,387	Oahu split	
	$77,281,387	NI split	
		Total Act 88 cost:	$27,048,486
		Indirect Impact (Production Spend x multiplier)	$294,997,152
		Indirect revenues generated =	$66,317,189
		Indirect revenues x Revenue calculation =	$8,621,235
		total direct and indirect impact	$303,618,387
		multiplier	1.29
Annual Production Spend	$228,679,963		
Act 88 Spend	$154,562,775	% of Act 88 total	67.589120%
non-Act 88 Spend	$74,117,188	% of non-Act 88 total	32.410880%
			100.000000%
Annual Tax Revenues	$29,728,395	Revenue calculation @	13.00%
Rebate Cost	$27,048,486	Oahu and NI figures	
subtotal (cost to state)	$2,679,910	(net gain/net loss)	
Indirect Impact	$8,621,235		
+ cost to state	$2,679,910		
TOTAL	**$11,301,144**	**(net gain/net loss)**	

Legend- base figures:
Blue = input figures
Green = formula figures
Black = formula figures with positive results
(Red) = formula figures with negative results

Total figures
Black = net gain to state
(Red) = net loss to state

Hawaii Film and Entertainment Board

2008 Tax Incentive Economic Impact Analysis for Act 88

Oahu split calculated at	50%		
NI split calculated at	50%		
Oahu cost	15%	x estimated split	$7,035,000
NI cost	20%	x estimated split	$9,380,000
	$46,900,000	Oahu split	
	$46,900,000	NI split	
		Total Act 88 cost:	$16,415,000
		Indirect Impact (Production Spend x multiplier)	$188,340,000
		Indirect revenues generated =	$42,340,000
		Indirect revenues x Revenue calculation =	$5,504,200
		(3) total direct and indirect impact	$193,844,200
		(1) multiplier	1.29
Annual Production Spend*	$146,000,000		
Act 88 Spend**	$93,800,000	% of Act 88 total	64%
non-Act 88 Spend	$52,200,000	% of non-Act 88 total	36%
Annual Tax Revenues	$18,980,000	(2) Revenue calculation @	13.00%
Rebate Cost	$16,415,000	Oahu and NI figures	
subtotal (cost to state)	$2,565,000	(net gain/net loss)	
Indirect Impact	$5,504,200	(net gain/net loss)	
+ cost to state	$2,565,000		
TOTAL	**$8,069,200**	**(net gain/net loss)**	

Legend- base figures:
Blue = input figures
Green = formula figures
Black = formula figures with positive results
(Red) = formula figures with negative results

Total figures
Black = net gain to state
(Red) = net loss to state

* Honolulu Advertiser 5/18/09; quote by Donne Dawson, Film Industry Branch
** draft figures provided by DBEDT - Film Industry Branch

(1) Multiplier figure provided by: DBEDT
(2) Revenue calculation figure provided by: DBEDT
(3) Direct and Indirect economic formulas provided by: Dr. William Boyd, UH Economist

HGEA
AFSCME
LOCAL 152, AFL-CIO

888 Mililani Street, Suite 601
Honolulu, Hawaii 96813-2991

Telephone: 808.543.0000
Facsimile: 808.528.4059

www.hgea.org

The Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association
March 23, 2010

H.B. 2690 (Proposed S.D. 1) –
RELATING TO GOVERNMENT

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, opposes Parts III and IV of the proposed S.D. 1. Under Part III of H.B. 2690 (Proposed S.D. 1) educational officers, cafeteria managers and other cafeteria workers would become ten month instead of twelve month employees. The decision to alter the length of time educational officers, cafeteria managers and their staff are employed should be decided through the collective bargaining process and not through statutory changes. Left to the realm of collective bargaining, the employer and the union can develop the most appropriate and flexible answer to this issue.

We strongly oppose Part IV of the bill, which would eliminate the employer's payment for life insurance benefits. Currently, the public employers pay the monthly premium for group life insurance coverage for eligible employees. No employee contributions are required. This is offered through the Hawai`i Employer-Union Health Benefits Trust Fund (EUTF). As of June 30, 2008, 54,636 active employees were enrolled in the life insurance program and almost 32,000 retirees, a total of more than 86,000 people.

This does not cost the state a large amount of money and it is a worthwhile benefit public employees (both actives and retirees) receive. Other states provide a certain level of basic life insurance benefits at no cost and then provide additional coverage if the employee makes a modest contribution. It is shortsighted to reduce this benefit due to budgetary constraints. Employees are already dealing with the financial effects of furloughs and substantially higher health insurance premiums. This is an employee benefit that should be retained. We appreciate the opportunity to submit testimony in opposition to Parts III and IV of H.B. 2690 (Proposed S.D. 1).

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director

OUR UNION OUR FAMILY
UPW
AFSCME LOCAL 646 AFL-CIO

The Senate
The Twenty-Fifth Legislature
Regular Session of 2010

COMMITTEE ON WAYS AND MEANS
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

DATE: Tuesday, March 23, 2010
TIME: 9:30 a.m.
PLACE: Conference Room 211

TESTIMONY OF THE UNITED PUBLIC WORKERS, LOCAL 646, ON HB 2690, SD1 PROPOSED, RELATING TO GOVERNMENT.

Part I of the proposed SD1 repeals certain statutorily established positions within the department of the attorney general; Part II deals with the television and film industry activities and responsibilities; Part III changes the terms of service for principals, vice principals, cafeteria managers, and workers from 12 months to 10 months; and Part IV suspends employer contributions for active and retiree life insurance premiums beginning July 1, 2010.

The United Public Workers, Local 646, strongly opposes Parts III and IV of the proposed SD1.

Part III changes the terms of employment of our Unit 1 cafeteria workers from twelve months to a ten-month period. This reduction in pay will have devastating effects on these workers. First, cafeteria workers' pay is already at the lower end of the pay scale. The recently ratified contract between Unit 1 and the state calls for an additional twenty-four furlough days for fiscal year 2010. Furthermore, employees' contributions to their health plans could jump from the current 40% up to 58% of the premium cost should the state's position of employees paying the entire amount of any increase prevail. Taken together, many workers will not be able to afford health insurance; some will not be able to pay their rent; most will collect unemployment for two months. If enacted, this bill will exacerbate the economic downward spiral.

Part IV eliminates the employer's payment for life insurance benefits. This is a benefit current active employees and retirees receive. We believe that it is only fair that if the legislature is considering reducing or elimination life insurance benefits, it should be done prospectively. Thank you for the opportunity to offer testimony.