DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
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Statement of
Luis P. Salaveria
Director
Department of Business, Economic Development, and Tourism
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Friday, February 10, 2017
9:00 AM
State Capitol, Conference Room 309

In consideration of
HB423
RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT.

Chair Nakashima, Vice Chair Keohokalole, and Members of the House Committee on Economic Development and Tourism.

The Department of Business, Economic Development and Tourism (DBEDT) supports Section 4 of HB 423 related to extending Act 89, HRS 235-17 film tax credit program to January 1, 2024. We defer to the film industry labor unions on the reasonableness of proposing hiring quotas, as the studios are signatories to these guilds and, as such, they have jurisdiction in this area.

DBEDT has concerns regarding any increase to the current tax credit program at this time due to the current budget climate, but recognize the increase from 20% to 25% enacted in 2013 alone is not enough to drive production business to the neighbor islands. Increasing neighbor island crew bases for studio films and television productions is best handled by the International Alliance of Theatrical Stage Employees (IATSE) and other film industry labor unions. DBEDT's Creative Industries Division will work with the guilds and the University of Hawaii Community Colleges to develop an industry specific training and apprentice program for below-the-line crew base.

Of equal importance is the development of our above-the-line talent base, who provide creative direction for productions, and the content creators, directors, and producers who are exporting their work through programs such as Creative Lab Hawaii, Hawaii Women in Film, Pacific Islanders in Communications and other targeted media development programs in our state. Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Mark M. Nakashima, Chair
and Members of the House Committee on Economic Development & Business

Date: Friday, February 10, 2017
Time: 9:00 A.M.
Place: Conference Room 309, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 423, Relating to Film and Digital Media Industry Development

The Department of Taxation (Department) defers to the Department of Business Economic Development and Tourism on the merits of H.B. 423, and provides the following comments for your consideration.

H.B. 423 extends the sunset date of the motion picture, digital media, and film production income tax credit (film credit) from January 1, 2019 to January 1, 2024, and provides a new 35% refundable film credit to qualified productions in any county with a population of 700,000 or less, provided that have at least 50% of the crew are hired from the county in which the qualified production costs are incurred, and provided that certain individuals are exempted from this provision. The measure also requires the production company to verify the county of residency of local hires. The measure takes effect upon its approval.

If the Committee wishes to advance the measure, the Department suggests that it be applicable to taxable years beginning after December 31, 2017. This will allow sufficient time for the necessary form, instruction and computer system modifications necessary for proper implementation.

The measure does not have a significant administrative impact on the Department's administration of the film credit. The Department notes that the Hawaii Film Office certifies the film credit by pre-qualifying productions, certifies qualified production costs, and certifies the amount of film credits claimed by qualified productions for each taxable year.

Thank you for the opportunity to provide comments.

STATE OF HAWAI‘I
OFFICE OF AUDITOR
465 S. King Street, Room 500
Honolulu, Hawai‘i 96813-2917

LESLIE H. KONDO
State Auditor

(808) 587-0800
lao.auditors@hawaii.gov

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
The Honorable Mark M. Nakashima, Chair
The Honorable Jarrett Keohokalole, Vice Chair

H.B. No. 423, Relating to Film and Digital Media Industry Development

Hearing: Friday, February 10, 2017, 9:00 a.m.

The Office of Auditor has **no position** on H.B. No. 423, Relating to Film and Digital Media Industry Development, which, among other things, will increase the amount of the tax credit to 35 percent of qualified production costs incurred by a production on a neighbor island. We recently completed an audit of the motion picture, digital media, and film production tax credit (the “film tax credit”), Report No. 16-08, *Audit of Hawai‘i’s Motion Picture, Digital Media, and Film Production Tax Credit* (November 2016), and offer testimony to advise the committee as to certain findings that may be relevant to its consideration of the bill.

Among other things, **we determined that the benefit of the film tax credit to the state cannot reasonably be assessed** because the production data that the Hawai‘i film office currently captures is insufficient and inaccurate. We further found that the economic benefit that the film office and the department of business, economic development and tourism (“DBEDT”) report as being generated by productions filming in Hawai‘i is **overstated and misleading**. The film office and DBEDT currently include all of the production costs that qualify for the film tax credit in calculating the amount of production spending that circulates through the state in the form of household income, other industry sales, and state tax revenue. However, the production costs that are used to calculate Hawai‘i impacts include salaries and other payments to “above-the-line” talent, such as highly paid actors, directors, and producers, most of whom likely live outside of Hawai‘i.

In the report, we used Walt Disney’s *Pirates of the Caribbean: On Stranger Tides*, which was partially shot in Hawai‘i in 2010, to illustrate how those expenses skew the economic benefit that the film office and DBEDT are reporting (see Report No. 16-08 at page 26):

> Johnny Depp reportedly received an upfront payment of **$55 million**, or 22 percent of the production budget. If, hypothetically, Depp earned one-quarter of his wages or **13.75 million** for filming in Hawai‘i, his pay, by itself, would have purportedly generated **$24.06 million** in local sales and more than **$10.11 million** in income for local households, using [DBEDT’s Research and Economic Analysis Division’s] multipliers.

(Emphasis in original.)

We recommended that the film office ensure it is reporting accurate information on the tax credit and collaborate with DBEDT's Research and Economic Analysis Division to identify production information the division needs to calculate a more realistic estimate of the economic impact of the productions' local spending.

We do not know the status of the film office's implementation of the recommendations.

We also found that: (1) the department of taxation had increased the cost of the film tax credit to the state by broadening the scope of the tax credit to include out-of-state expenses as "qualified production costs," an action we found to be inconsistent with the plain language and legislative intent of the incentive statute; and (2) the department of taxation had not adopted administrative rules needed to provide assurance that the film tax credit is properly administered.

The Auditor's Summary is attached to this testimony. Our full report is accessible through our website at http://files.hawaii.gov/auditor/Reports/2016/16-08.pdf.

Thank you for considering our testimony related to H.B. No. 423.

Auditor's Summary

Audit of Hawai'i's Motion Picture, Digital Media, and Film Production Income Tax Credit

Report No. 16-08

Photo: Petty Officer 2nd Class Nardel Gervacio - Public Domain, https://commons.wikimedia.org/w/index.php?curid=39383018

What problems did the audit work identify?

IN REPORT NO. 16-08, *Audit of Hawai'i's Motion Picture, Digital Media, and Film Production Income Tax Credit*, we found that insufficient administration of the film tax credit by the Department of Taxation (DoTAX) and the Hawai'i Film Office has likely increased the cost of the credit while overstating the possible economic benefits that it provides to the State.

Why did these problems occur?

DOTAX HAS BROADENED THE SCOPE of the film tax credit by including out-of-state expenses as "qualified production costs." That action is inconsistent with the plain language of the statute and the Legislature's intent that the incentive would stimulate economic growth in Hawai'i. For example, expenditures paid to out-of-state businesses and service providers do not infuse money into Hawai'i's economy or provide income for local residents; they do not create local jobs.

We also found that DoTAX has not adopted administrative rules needed to provide assurance that the film tax credits are sufficiently administered. Without such rules, tax credit qualifications are unclear, the film office

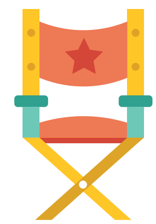
Tax credits: tools for economic development

TAX CREDITS and other forms of financial incentives are forms of government spending. Tax credits reduce the amount of tax that a business otherwise would be required to pay. In the case of refundable tax credits, if the amount of a tax credit exceeds a taxpayer's tax liability, the excess of the credit over the liability can be paid by the government to the taxpayer in the form of a tax refund.

does not have the administrative tools to enforce deadlines and other filing requirements, and there is no requirement that production costs be independently verified as qualifying for the tax credit. We have serious concerns about DoTAX's extended delay in promulgating rules. It has been more than ten years since the current form of the film tax credit was enacted.

Although the film tax credit law has existed in its current form since 2006, DoTAX has yet to promulgate rules.

While we strongly recommend that DoTAX promulgate rules without further delay, we found a number of provisions in the most recent public version of the proposed rules that should be revised to provide greater assurance that the film tax credits are being managed in accordance and consistent with the statute's intent.



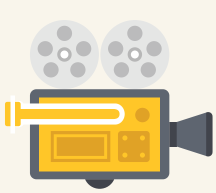
20/25

The percentages of qualified production costs a company receives as a tax credit for filming on O‘ahu (20 percent or a neighbor island (25 percent.

We also found that the film office's analysis of film tax credit data does not measure the incentive's true costs and reports economic impacts that are based on incomplete and overstated data. For instance, it includes an unknown amount of out-of-state expenditures and wages paid to non-residents, as well as inaccurate production expenditure data. For example, highly paid producers, directors, actors, and crew are often residents of other states. While they may spend some of their salary or wages in Hawai‘i, it is very unlikely that a significant percentage of their Hawai‘i-earned income flows into the local economy. Including these salaries and other out-of-state expenditures in the calculation of benefits to the State significantly over-inflates the film tax credit's economic impacts. Instead, the film office should report to the Legislature on the quality of the jobs generated by film productions. Currently, the film office collects this type of information from production companies applying for the tax credit, but it does not track or report on it.

Why do these problems matter?

THE FILM TAX CREDIT is set to sunset at the end of 2018, at which time the Legislature will need to decide whether the benefits of the program justify its continuing costs. Unfortunately, the film office cannot provide the Legislature with the relevant, accurate, and timely data necessary to make this determination.



Starring Roles

We found that, for a major motion picture shot in 2014, above-the-line talent earned $3.36 million in wages while filming in Hawai‘i. All of these jobs were filled by non-Hawai‘i residents. Based on the Department of Business, Economic Development and Tourism's economic model, the film office likely estimated that the $3.36 million earned by the non-resident talent generated more than $1.41 million in local household income, even though the majority of the above-the-line talents' earnings likely were spent outside of Hawai‘i.

Randy Perreira
President

HAWAII STATE AFL-CIO

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The Twenty-Ninth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Economic Development and Business

Testimony by
Hawaii State AFL-CIO
February 10, 2017

H.B. 423 – RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

The Hawaii State AFL-CIO supports H.B. 423 which amends the Motion Picture, Digital Media, and Film Production Income Tax Credit by providing an additional credit amount for qualified production costs in a county with a population of 700,000 or less, provided that certain hiring criteria are met; requiring the taxpayer to verify the county of residence of local hires; and extending the repeal of the credit until January 1, 2024.

The film industry is a significant economic driver for the State of Hawaii. Many popular television shows such as Hawaii Five-0 and Lost have been produced in Hawaii including a number of box office hits such as Jurassic Park, Pirates of the Caribbean, and 50 First Dates. These movies and television shows help promote Hawaii's tourism industry and provide high-quality jobs to a number of Hawaii residents. By extending the film tax credit it will continue to encourage production companies to film and produce movies and shows in the State of Hawaii and allow Hawaii to remain competitive with other states and countries that have enacted a similar film tax credit.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira
President

SAG·AFTRA.

The House of Representatives
The Twenty-Ninth Legislature
Regular Session of 2017

Committee on Economic Development and Business
Representative Mark M. Nakashima, Chair
Representative Jarrett Keohokalole, Vice Chair

RE: HB 423 RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

Date: Friday, February 10, 2017
Time: 9:00 a.m.
Conference Room 309
State Capitol, 415 South Beretania Street, Honolulu, HI

Aloha Chair Nakashima, Vice Chair Keohokalole and Members of the Committee,

We are the representatives of the film and entertainment industry unions, Brenda Ching, SAG-AFTRA Hawaii Local, Irish Barber, I.A.T.S.E. Local 665, Steve Pearson, American Federation of Musicians' Local 677 and Wayne Kaululaau, Hawaii Teamsters & Allied Workers Local 996. Collectively, we represent over 1700 members who work in film, television and new media productions as performers, crew, musicians and drivers in Hawaii.

We ***support*** HB 423 portion of the bill that extends the sunset date to January 1, 2024. Today we are competing in a global market and without tax credits we are at risk of losing jobs and productions. It is vital to extend the tax credit's sunset date.

We ***oppose*** the increase of the tax credit to 35% and the quotas. There was a ruling by the Attorney General's office dated February 7, 2005 that quotas may be unconstitutional. There are qualified professionals in the industry that work around the world no matter where they reside. Increasing the tax credit tied to quotas to incentivize productions in areas where there is an existing tax credit may be imprudent. Is there data to support the increase?

The film industry is a *vibrant* and *creative* industry. At its core, it promotes the State, provides numerous jobs and business opportunities for a broad spectrum of local companies and is a proven business and economic driver for our State.

We appreciate the legislature's strong support of the industry. Thank you for giving us the opportunity to offer testimony on this measure.

Brenda Ching	Irish Barber	Steve Pearson	Wayne Kaululaau
SAG-AFTRA Hawaii	I.A.T.S.E. Local 665	A.F.M. Local 677	Teamsters Local 996

c/o SAG-AFTRA, 949 Kapiolani Blvd., Suite 106, Honolulu, Hawaii 96814 * 808-596-0388

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304 Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Extend Movie/TV Production Tax Credit

BILL NUMBER: HB 423; SB 1060 (Identical)

INTRODUCED BY: HB by WOODSON, AQUINO, EVANS, HASHEM, KONG, MIZUNO, MORIKAWA, NAKASHIMA, SAIKI, SAN BUENAVENTURA, SAY, YAMANE, Ichiyama, LoPresti, Oshiro; SB by GALUTERIA, ENGLISH, KEITH-AGARAN, Espero, Gabbard, Wakai

EXECUTIVE SUMMARY: Extends the motion picture, television, and digital media production credit until 1/1/2024. Increases the credit amount for qualified production costs in a county other than Honolulu, if certain hiring criteria are met. It may be possible to make the case that the benefits have outweighed the costs.

BRIEF SUMMARY: Amends HRS section 235-17(a) to allow a credit of 35% of production costs in any county with a population of 700,000 or less, if at least 55% of the production's crew is hired from the county in which the qualified production costs are incurred; for this purpose, crew does not include individuals who principally add to the creative direction, process, voice, and narrative of the production, including the screenwriter, producer, and on-camera, microphone, or voice-over talent.

Amends HRS section 235-17(h) to require the taxpayer to verify the county of residence of local hires.

Amends Act 89, SLH 2013, to extend the sunset date of the credit in HRS section 235-17, so that the credit is repealed on 1/1/2024.

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: Act 107, SLH 1997, enacted an income tax credit of 4% for costs incurred because of producing a motion picture or television film in the state and 7.25% for transient accommodations rented in connection with such activity. The credit was adopted largely to address the burden of the state's general excise tax on goods and services used by film producers. Act 88, SLH 2006, increased the 4% credit to 15% in a county with a population over 700,000 and to 20% in a county with a population of 700,000 or less. Act 88 also repealed the income tax credit for transient accommodations and expanded the credit to include commercials and digital media productions, and limited the credit to $8 million per qualified production. Act 89, SLH 2013, increased the motion picture, digital media, and film production tax credit from 15% to 20% for the costs incurred in a county with a population over 700,000 and from 20% to 25% for costs incurred in a county with a population of 700,000 or less; and increased the total tax credits that may be claimed per qualified production from $8 million to $15 million. The act also extended the motion picture, digital media and film production credit to 12/31/18.

On the broader policy question of whether the credit is justified, we call attention to the findings of California's Legislative Analyst's Office (LAO).

Perhaps the most startling is the LAO's conclusion that $1 out of every $3 in credits went to productions that would have shot in California anyway. It turns out that California's credit was limited, the production companies applied for more credits than were available, and the state had to conduct a lottery to determine which of the productions would be awarded credit. But several productions began shooting even before lottery results were announced.

This result supports what Hawaii credit opponents have been saying over the years, namely, "They'll come anyway, so why do we need to pay them to come? We have great weather, blue sky, pristine beaches, and more."

The hard reality, however, is that productions are businesses and most do take a hard look at the bottom line, evidenced by the companies accounting for the other two-thirds of credits. Indeed, although the LAO lamented that industry-specific tax credits were "inappropriate public policy because they (1) give some businesses an unequal advantage at the expense of others and (2) promote unhealthy competition among states in a way that does not benefit the nation as a whole," LAO concluded that California shouldn't be giving up its production credit program while other states (including Hawaii) are actively competing with it for the production dollars. LAO recommended that California should consider scaling its program back when other states do.

At the same time, we in Hawaii need to remember that this interstate competition does affect us. We don't have a monopoly on beaches, sand, sunshine, forested hills, overgrown jungle, or other natural wonders. Productions can and do find comparable locations in Puerto Rico, New Zealand, and elsewhere.

Next, the LAO concluded that the tax credit program boosted California's economy only minimally, if at all. Because of the way California credits work, they saw state revenue benefits in the early years of the credit but found that the program cost more as time went on. We in Hawaii have had our production credit since 1997, so it's been almost twenty years. Have there been any studies about what the program has done for Hawaii's economy or Hawaii's tax revenue? None were cited to the Legislature when the Hawaii production tax credit was increased in 2013. Maybe we don't care as much about the hard dollars as we do about other intangible effects like local jobs, the development of a skilled workforce, or robust media education programs that simply weren't around at the turn of the century. Even if so, lawmakers should have data on these intangibles, and other cost-benefit information, so they can make intelligent decisions on this matter.

Certainly, the film industry promises increased opportunities. Some of them certainly have materialized. But chasing these opportunities needs to be balanced against the cold hard reality of solving the problems at hand. Lawmakers need to ask whether production tax credits create sustainable economic development. It's well known that most productions shoot for a while and then wrap; the crew that supports the production then jumps to the next one. A case may be made for the production credits if they keep the productions rolling in and contributing to the economy. But the people need to see that case. If not, the resources that are now directed to the credits could instead lower the overall tax burden not only for families but for the businesses that provide long-term employment for Hawaii’s people.

Digested 2/8/2017

House of Representatives
The Twenty-Ninth Legislature
Regular Session of 2017

COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Rep. Mark M. Nakashima, Chair
Rep. Jarrett Keohokalole, Vice Chair

RE: HB 423 RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT

Date: Friday, February 10, 2017
Time: 9:00 AM
Conference Room 309
State Capitol, 415 South Beretania Street, Honolulu, HI

February 8, 2017

From: Roy Tjioe and Ricardo Galindez
Island Film Group
POB 3261
Honolulu, HI 96801
Ph: 808-536-7955

Aloha Chair Nakashima, Vice Chair Keohokalole and Members of the Committee,

We support HB 423, which seeks to extend the sunset date Motion Picture, Digital Media, and Film Production Income Tax Credit and to increase the tax credit for qualified production costs in counties with populations of 700,000 or less, with the following suggestions and comments.

We have been working in Hawaii's film and television industry since 2001, starting as attorneys at the Hawaii law firm of Goodsill Anderson Quinn & Stifel where we represented local, independent and studio clients alike (including the hit ABC series "Lost" and the Fox series "North Shore"). Since our formation of Island Film Group in 2007, we have been working full-time as producers of feature films such as "Princess Kaiulani" and "Soul Surfer", network and cable television movies and series such as "Beyond the Break" for the N Network, as well as local, national and international commercial productions.

The extension of the sunset date of the Tax Credit legislation is critical to the continued growth of our local film and television industry.

As a producer of film and television programs in Hawaii, the Motion Picture, Digital Media, and Film Production Income Tax Credit ("Tax Credit") has been a critical piece of the financing of these projects, which resulted in hundreds of high-paying jobs for our local residents and millions of dollars of expenditures in the local economy.

As a production services company, the Tax Credit has been instrumental in convincing mainland and foreign production companies to bring their projects (film, television and commercial) to Hawaii, again resulting in hundreds of high-paying jobs for our local residents and millions of dollars of expenditures in the local economy.

This increased level of film and television production has allowed local vendors to build and improve facilities, purchase additional equipment for use in productions, and to hire additional personnel.

An incentive to hire and train neighbor island film and television crew is important, but will not be achieved as proposed in this legislation.

The hiring of film and television crew is one of the most important decisions that a producer makes. The experience level of crew members can make or break a production. And while there are qualified crew members on the Neighbor Islands, there are not enough of them to staff even a medium size production. Given this fact, the proposed legislation would only be utilized by very small productions. While this would provide some work (typically at lower wage rates), the experience gained would be limited.

Perhaps a better approach would be to provide a workforce development credit of some sort for each local resident hired. That way larger productions would have an incentive to hire local crew members that would earn higher wages and gain valuable experience.

This might also be a way to avoid the Constitutional issues that have hindered our attempts in the past to provide for a tax credit increase for the hiring of residents vs non-residents.

Me ke aloha,

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

House of Representatives
The Twenty-Ninth Legislature
Regular Session of 2017

Committee on Economic Development and Business
Rep. Mark M. Nakashima, Chair
Rep. Jarrett Keohokalole, Vice Chair

RE: HB –423 RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT
Date: Friday, February 10, 2017, Time: 9:00 AM
Conference Room 309
State Capitol, 415 South Beretania Street, Honolulu, HI

From: Anne Misawa
Via: 2550 Campus Rd., Crawford 210, Honolulu, HI 96822
Office: 808-956-7736
Email: amisawa@hawaii.edu

February 8, 2017

Aloha Chair Nakashima, Vice Chair Keohokalole and Members of the Committee,

I support HB 423. I would like to share the comment that the motion picture, digital media, and film production income tax credit sunset date should be extended, at least to January 1, 2024. The current sunset date will discourage productions from planning to anchor or continue here.

I have taught digital cinema at the Academy for Creative Media at the University of Hawai‘i Mānoa (“ACM UHM”) since 2004, and as an industry professional for over 18 years, I have also worked with many of the film industry professionals and organizations here and abroad and have witnessed the growth of Hawai‘i’s film and TV industry.

As we are housed in close proximity to the O’ahu urban core, our ACM UHM students have direct access to TV (LOST, HAWAII 5-0), feature film (such as THE DESCENDANTS), production and equipment company internships that ready them to interface professionally. Our HAWAII 5-0 internship program saw over the years near 100 student interns learn in both the production office and on set. Many of the students, when they graduated, were hired by the show. This has happened on the majority of internship programs we have had. If the tax credit is not extended, it will have a disastrous effect, not only on the local industry and crew, but also on the next generation of this hopeful industry who need a steady flow of film and TV employment.

We all aim for the future film, TV, and creative media industry here to be a viable and thriving one. This bill can assist to pave the way for that future. Thank you for the opportunity to comment on this bill.

Me ke aloha, Anne Misawa
Associate Professor, ACM Mānoa, UHM
Producer, Director, Cinematographer

UNIVERSITY of HAWAI'I®
MĀNOA

Academy for Creative Media

February 8, 2017

The House of Representatives
The Twenty-Ninth Legislature
Regular Session of 2017

Committee on Economic Development and Business
Representative Mark M. Nakashima, Chair
Representative Jarrett Keohokalole, Vice Chair

RE: HB – 423 RELATING TO THE FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT
Date: FRIDAY, February 10, 2017
Time: 9:00 AM
Conference Room 309
State Capitol, 415 South Beretania Street, Honolulu, HI

Aloha Chair Nakashima, Vice Chair Keohokalole, and members of the committee,

I strongly support SB1086 to extend the tax credit in Hawaii. Hawaii already offers a smaller tax credit than many other comparable locals who we compete with for business. With locations such as the Dominican Republic, Malaysia, Fiji and Puerto Rico offering incentives that are more generous than our own, Hawaii stands to loose big if we do not stay competitive. Productions such as Tropic Thunder, Indiana Jones, Pirates of The Caribbean, Battleship, The Descendents, King Kong, Jumanji, LOST, and Hawaii Five-O all came here BECAUSE OF OUR TAX INCENTIVE. If we do not continue to offer this tax credit, our local entertainment industry will suffer dramatically.

Please support SB1086

Sincerely,

Joel Moffett
Associate Professor
Academy for Creative Media
University of Hawaii, Manoa

2550 Campus Road, Crawford 210
Honolulu, HI 96822
Telephone: (808) 956-7736, Fax (808) 956-6662
Email: acm@hawaii.edu, Website: www.hawaii.edu/acm

DATE: Friday, February 10, 2017
TIME: 9:00 AM
PLACE: Conference Room 309, State Capitol, 415 South Beretania Street

To: House Committee On Economic Development & Business
Rep. Mark M. Nakashima, Chair
Rep. Jarrett Keohokalole, Vice Chair
From: Keoni Fernandez, Mākaha Studios

RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT - HB 423

In Support

Mākaha Studios supports HB 423 Relating To Film And Digital Media Industry Development.

We believe that amending the Motion Picture, Digital Media, and Film Production Income Tax Credit, as proposed, will provide additional opportunities for youth throughout Hawaiʻi, especially in rural and remote communities (i.e., in a county with a population of 700,000 or less).

Mākaha Studios is a small business in Waiʻanae, Hawaiʻi, operating as a social enterprise by and for graduates of Waiʻanae High School Searider Productions' digital media program. Our goal is to forge a pathway to success through higher education for youth in our community. The company's core operations - video production, graphic design, and photography - leverage the creativity of our staff and college interns. Through the Kauhale Youth Leadership Training Program, our interns receive monthly stipends and paid tuition to Leeward Community College to achieve Associate's Degrees and Certificates in Digital Media, while benefiting from project-based learning experiences within the creative media industries.

Mahalo piha for allowing us to share our views.