

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
GOVERNOR

CHRIS J. SADAYASU
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

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: dbedt.hawaii.gov

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

Statement of
CHRIS J. SADAYASU
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
Wednesday, February 8, 2023
10:15 AM
State Capitol, Conference Room 423 & Videoconference

In consideration of
HB1373
RELATING TO WORKFORCE DEVELOPMENT.

Chair Holt, Vice Chair Lamosao and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) offers comments on HB1373 which seeks to add a section to HRS 235-17 to provide an incentive rebate program for independent film and television productions of an amount equal to 50% of Hawaii W-2 wages, capped at \$50,000 per employee and requires the Department of Taxation (DoTAX) to remit payment of the rebate within 30 days of the filer submitting the required documentation.

As DBEDT must administer the program, the department would require additional staff, should this measure pass. We note that there are sections for additional reporting from the Department of Taxation (DoTAX), and therefore defer to them on the fiscal and other operational impacts related to HB1373.

Due to the nomenclature of workforce development in its title, HB1373 can also be a vehicle which all levels of independent productions should be able to participate in, regardless of whether they are a \$100,000 or a \$5,000,000 production. We want to

ensure this level of independent productions can also benefit from such an incentive and not be unintentionally, negatively impacted.

Several areas require further discussion: 1) The language on page 4, item d, regarding the timeframe for the rebate to be paid within 30 days would be problematic for DBEDT and defer to DoTAX as to the viability of this requirement and 2) Item (e) which eliminates the ability for “an eligible employer who claims the rebate shall not be eligible for HRS 235-17” may require additional clarifying language.

DBEDT will work with DoTAX, industry, and committee leadership to further vet these aspects of the measure as it moves through session.

Thank you for the opportunity to testify.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1373, Relating to Workforce Development

BEFORE THE:

House Committee on Economic Development

DATE: Wednesday, February 8, 2023

TIME: 10:15 a.m.

LOCATION: State Capitol, Room 423

Chair Holt, Vice-Chair Lamosao, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding H.B. 1373 for your consideration.

H.B. 1373 creates a workforce development incentive rebate program, to be administered by the Department of Business, Economic Development, and Tourism (DBEDT), to incentivize local independent film and television productions. Section 2, page 4, lines 10 through 11 of the bill, provides that the rebate issued under the program will not be subject to income tax or general excise tax. Additionally, section 3, page 6, lines 7 through 9 of the bill, provides that any taxpayer who claims the motion picture, digital media, and film production income tax credit ("film credit") shall not be eligible for the workforce development incentive rebate, for the same project. The bill is effective upon approval, provided that section 3 applies to taxable years beginning after December 31, 2022.

The Department defers to DBEDT regarding its ability to administer the rebate program in connection with the film credit. The Department further notes that it is able to administer this bill by the current effective date.

Thank you for the opportunity to provide comments on this measure.



House of Representatives
The Thirty-Second Legislature
Regular Session of 2023

COMMITTEE ON ECONOMIC DEVELOPMENT
Rep. Daniel Holt, Chair
Rep. Rachele F. Lamosao, Vice Chair

RE: HB 1373 RELATING TO WORKFORCE DEVELOPMENT

Date: Wednesday, February 8, 2023
Time: 10:15 a.m.

VIA VIDEOCONFERENCE
Conference Room 423
State Capitol
415 South Beretania Street

February 6, 2023

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

Aloha Chair Holt, Vice Chair Lamosao, 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

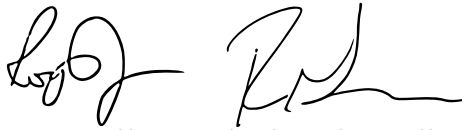
television movies and series, as well as a variety of commercial productions.

We **SUPPORT** HB 1373, which provides an alternative to the motion picture, digital media, and film production income tax credit.

HB 1373 will **directly benefit local film and television productions** by **encouraging the hiring of local crew members** in order to qualify for the rebate.

In addition, this program will establish a strong incentive that will be **much simpler for the State to administer** than the production tax credit.

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

HB-1373

Submitted on: 2/6/2023 5:06:02 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Gerard Elmore	?Ohina	Support	Written Testimony Only

Comments:

Aloha, my name is Gerard Elmore, VP of Film at NMG network. Executive Director of ‘Ohina (ohina.org) and also a lecturer at the School of Cinematic Arts (formerly ACM) at University of Hawai‘i at Manoa.

I may start to sound like a broken record with all my support for other bills but want to reiterate my support for bills that support tax incentives and workforce rebates for the film industry. These bills are important and vital for us as we continue to cultivate and nurture local talent. We have done a lot of bootstrapping our current resources to get our local stories and filmmakers on the global stage but we need more help if we want to build our local industry. The talent is here but we need to cultivate it and support our talent.

Hawai‘i continues to make strides and we have a voice in Hollywood but to earn those above-the-line jobs, we need to develop our IP and our storytellers.

This bill does that.

Mahalo nui,

Gerard

HB-1373

Submitted on: 2/7/2023 9:35:36 AM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Douglass S. Adams	Department of Research and Development, County of Hawaii	Support	Written Testimony Only

Comments:

Chair Holt, Vice Chair Lamosao, and Members of Committee on Economic Development:

Thank you for the opportunity to testify in support of HB 1373, which enables the Department of Business, Economic Development and Tourism to administer a workforce development incentive rebate program to incentivize local independent film and television productions. This bill will support quality jobs for our local film and creative industry workforce, while equitably diversifying and revitalizing our state's and county's economy.

I encourage the Committee to move this bill forward with a positive recommendation for passage by the House.

very respectfully

Douglass S Adams

Director, Department of Research and Development

County of Hawaii



Committee on Economic Development
Rep. Holt, Chair
Rep. Lamosao, Vice Chair

The House of Representatives
The Thirtieth-Second Legislature
Regular Session of 2023

RE: HB 1373 RELATING TO WORKFORCE DEVELOPMENT
DATE: Wednesday, February 8, 2023
TIME: 10:15 am
PLACE: Conference Room 423
State Capitol 415 South Beretania Street, Honolulu HI

Aloha Chair Holt, Vice Chair Lamosao, and the members of the committee,

Thank you for the opportunity to testify in SUPPORT of HB 1373 RELATING TO WORKFORCE DEVELOPMENT.

SAG-AFTRA represents over 1350 actors, stunt performers, recording artists, and media professionals in our state. We are professional performers working in front of the camera and behind the microphone.

This measure is important to SAG-AFTRA and the Hawaii Local Members for two reasons:

1. SB1616 “encourages the growth of local independent film and television productions by requiring the department of business economic development and tourism to administer a workforce development incentive rebate program that incentivizes local independent film and television productions.” Independent films and lower-budget projects provide wages for our members and create more opportunities for local actors, performers, and stunt people to hone their craft; thus growing a better-prepared, more attractive workforce ready to be hired for more roles on bigger-budget studio projects.
2. SB 1616 protects performers and creative industry workers by discouraging the misclassification of employees as independent contractors in lower-budget films/tv

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

productions.¹ Misclassifying employees as independent contractors rob them of state and federally-mandated employee protections, leading to potentially uninsured injury claims, wage theft, and other violations. Additionally, the misclassification of workers can result in a reduction in state tax and unemployment insurance collections.

For reference here is a graphic created by the [US Department of Labor](#) showing the differences between independent contractors and employees.

Thank you for your continued support of our SAG-AFTRA Hawaii Local members, creative industry workers, and the independent film community in our state. We welcome the opportunity to discuss this further.

Respectfully,

Mericia Palma Elmore

Mericia Palma Elmore, Executive Director SAG-AFTRA Hawaii Local

¹ More information on the myths about the misclassification of workers is provided by the US Department of Labor, found [here](#).

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

Thirty-Second Legislature, State of Hawai'i
House Committee on Economic Development

Testimony by IATSE 665
February 07, 2023

H.B. 1373 - RELATING TO WORKFORCE DEVELOPMENT

Aloha Chair Holt, Vice Chair Lamosao and members of the House Committee,

My name is Tuia'ana Scanlan, president of IATSE Local 665, the union representing technicians in the entertainment industry in Hawai'i. **Local 665 supports HB1373.**

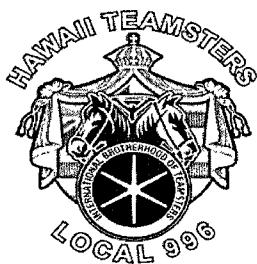
We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. It is equally important to our union and our industry that we create pathways for local storytellers to access this tax incentive. By supporting this bill, you will be empowering the development of local technicians and creative workforce staff that are the backbone of the Film/TV and creative industries in the state of Hawai'i.

In order to strengthen the positive impacts of the Film and TV industry in Hawai'i, IATSE Local 665 asks your committee to support HB 1373. Thank you for the opportunity to testify.

In Solidarity,



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



HAWAII TEAMSTERS & ALLIED WORKERS LOCAL 996

Affiliated with the International Brotherhood of Teamsters

Local996@hawaiiunion.com

1817 Hart Street
Honolulu, HI 96819-3205

Telephone: (808) 847-6633
Fax: (808) 842-4575

COMMITTEE ON ECONOMIC DELVELOPMENT

KEVIN HOLU
President/Principal Officer

Rep. Daniel Holt, Chair
Rep. Rachele F. Lamosao, Vice Chair
Wednesday, February 8, 2023, 10:15 AM

JOELLE HUSSEY
Secretary – Treasurer

H.B. 1373: RELATING TO WORKFORCE DEVELOPMENT.

WALTER FOX III
Vice President

Aloha Representative Daniel Holt Chair, Representative Rachele F. Lamosao Vice Chair and Committee Members.

TAVESI AUGAFA
Recording Secretary

Mahalo for the opportunity to provide testimony on today's bill.

The Hawaii Teamsters & Allied Workers, Local 996, does not support HB1373.

**FELIPE "PACO"
ANGUIANO**
Trustee

This session, the legislature is currently having discussion on the State's existing motion picture, digital media, and film production income tax credit. The film tax credit legislation is seeking to increase the annual cap from \$50,000,000 to \$75,000,000. We believe that tax credit legislation will address many of the labor issues that HB1373 is trying to address. The Teamsters Local 996 believe HB1373 is unnecessary, and no additional film tax credit/rebate is needed at this time, since the raising of the film tax credit is already being addressed by the House and Senate.

BEVERLY TUSI
Trustee

JONATHAN LEO REED
Trustee

If the bill is attempting to address the issue of timely payments to production companies, adding another tax credit/rebate will exacerbate the existing concern. It would be better to spend time addressing the issue with the current film tax credit process. Furthermore, most troubling is the bill is unclear on the financial obligation and impact it would place on the Department of Taxation and the State of Hawaii.

Mahalo.

Kevin K. Holu
President/Principal Officer

Mike Gueso
Chief Steward

HB-1373

Submitted on: 2/7/2023 3:34:56 PM

Testimony for ECD on 2/8/2023 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Ann Chung	Individual	Support	In Person

Comments:

We need to support local film productions in Hawaii and incentivize hiring of LOCAL crew workers. This is a unique and easy to administer pilot program to support local film productions and the hiring of local crew members. We urge you to pass this bill and continue the discussion on this very ingenious alternative for small local productions. Proponents are in discussions with Workforce Development Council and DBEDT to identify existing funding sources.