



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

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
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

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Fax: (808) 586-2377

Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Wednesday, February 21, 2024
2:00 PM
State Capitol, Conference Room #308

In consideration of
HB1804
RELATING TO TAX CREDITS

Chair Yamashita, Vice Chair Kitagawa, and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) provides comments on HB1804 which requires income tax credits, established, or renewed after December 31, 2024, include a five-year sunset or an annual one-third reduction of the credit, beginning with the sixth year of the credit. We defer to the Department of Taxation on the impacts to all tax credits.

The department has concerns specific to the proposed changes and the potential effects on HRS 235-17, the Motion Picture, Digital Media and Film Production Income Tax Credit, the immediate downturn in production activity, adversely impacting our residents who work in the industry.

While we understand the methodology behind HB1804, the amendments as proposed will have a direct impact on local employment of entertainment union members and impede infrastructure and workforce development efforts for this key facet of the state's economic diversification portfolio.

As we strategically build the film industry to be an alternative to tourism-centric economic development, incentivizing this sector plays a pivotal role in the increase of production, new facilities and the economic impact that brings to our tax base.

HRS 235-17 currently has a \$50 million cap per year, a per production cap of \$17 million and layers of additional requirements and benchmarks required to ensure the state is receiving a return on its investment. This credit, as well as others, are reviewed every five years by the Office of the Auditor.

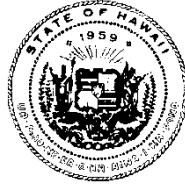
Hawai'i's film production industry has maintained a steady \$400 million per year base of activity. In 2022, the \$420 million in production spend provided \$726.68 million in economic impact, generating an additional \$168.02 million and \$45.36 million in tax revenue for the state.

DBEDT will work with the introducer of HB1804, the Legislature and industry, to provide input and data to assist in decision making as this measure moves through the session.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

Statement of **DEAN MINAKAMI**

Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

February 21, 2024 at 2:00 p.m.
State Capitol, Room 308

In consideration of
H.B. 1804
RELATING TO TAX CREDITS.

HHFDC has comments on HB 1804, which requires that income-tax credits established or renewed after December 31, 2024 include a five-year sunset or an annual one-third reduction over a three-year period, beginning with the sixth year of the credit. Our concern is that this bill affects the State Low-Income Housing Tax Credit (LIHTC).

Under Hawaii Revised Statutes (HRS) Section 235-110.8, the State LIHTC is tied to the Federal LIHTC under Section 42 of the Internal Revenue Code—the amount of annual tax credit is the same for each, but the State credit is available for only five years while the Federal LIHTC has a 10-year credit period. Both credit periods begin upon completion of construction and the project being placed in service.

Last week in response to the 2024 deadline to apply for financing from HHFDC's main affordable rental housing programs, HHFDC received consolidated applications for the financing of 30 projects. All applications assume the continued existence of the State LIHTC in its current form, which this bill would change in a detrimental way.

Given the state's severe housing shortage, we respectfully request that HB 1804 be amended so that it does not apply to the State LIHTC set forth in HRS Section 235-110.8, pending the outcome of the 2023 review of HRS Section 235-110.8 under HRS Section 23-95(c)(7).

Thank you for the opportunity to testify on this bill.

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. 1804, Relating to Tax Credits.

BEFORE THE:

House Committee on Finance

DATE: Wednesday, February 21, 2024

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 308

Chair Yamashita, Vice-Chair Kitagawa, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding H.B. 1804 for your consideration.

H.B. 1804 would add a new section to chapter 235, Hawaii Revised Statutes (HRS), to require all income tax credits established or renewed after December 31, 2024, to include a five-year sunset date or a gradual reduction over a three-year period, beginning in the sixth year. The measure is effective July 1, 2024.

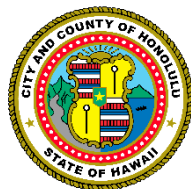
The Department notes that because this bill will apply to future legislation, there is no immediate impact to the Department.

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

HONOLULU FILM OFFICE
KE KE'ENA LĪPINE O HONOLULU
CITY AND COUNTY OF HONOLULU

530 SOUTH KING ST, ROOM 306 • HONOLULU, HAWAII 96813
PHONE: (808) 768-6100 • FAX: (808) 768-6102 • INTERNET: www.honolulu.gov/film-office

RICK BLANGIARDI
MAYOR
MEIA



WALEA L. CONSTANTINAU
FILM COMMISSIONER
Komikina Līpine

Testimony of Walea Constantinau,
Film Commissioner, Honolulu Film Office
City and County of Honolulu

HOUSE COMMITTEE ON FINANCE
February 21, 2024
2:00 PM

State Capitol, Conference Room 308 and via Videoconference

RE: HB 1804 RELATING TO TAX CREDITS

Dear Chair Yamashita Vice-chair Kitagawa and members of the committee:

The Honolulu Film Office strongly **opposes** this measure that seeks to create an automatic sunset clause and/or impose automatic reductions in the value of a credit.

We are now poised for the film industry to become a Billion Dollar a Year Industry. HB1804 would curtail all of the forward momentum that has been achieved and set us on a ***backwards trajectory***.

The idea of offering grants has been proposed in lieu of the Hawaii Production Tax Credit (HPTC) but that process does not allow for the **business certainty that is necessary to plan, develop, attract and ultimately grow the industry**. Planning and development can take several years and needs the certainty of a basic refundable credit which is in sync with how governments around the world work to compete for the film business. The granting process does not allow for this.

We are on the cusp of expanding the industry exponentially with the advent of the infrastructure development planned at UH West Oahu and elsewhere in the State. But the investment in facilities, and the economic diversification and job growth that will occur is dependent on the Hawaii Production Tax Credit to be ***viable and whole*** because of the long-range planning it accommodates.

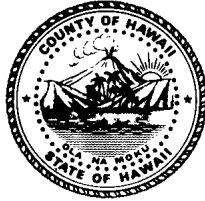
In CY2022 the film industry generated, ***in one year***, over \$420 million in direct expenditures, over \$725 million in economic output and over \$45 million in tax revenues.

We respectfully request that the Hawaii Production Tax Credit remain in its current format which has been a strong economic over-achiever for the State and the people of Hawaii.

Thank you for the opportunity to provide these comments.

HONOLULU. PRODUCTION CENTER OF THE TROPICS

Mitchell D. Roth
Mayor



Douglass S. Adams
Director

Frecia Cevallos
Deputy Director

County of Hawai'i

DEPARTMENT OF RESEARCH AND DEVELOPMENT

25 Aupuni Street, Room 1301 • Hilo, Hawai'i 96720-4252
(808) 961-8366 • Fax (808) 935-1205
E-mail: chresdev@co.hawaii.hi.us

Representative Kyle T. Yamashita, Chair
Representative Lisa Kitagawa
House Committee on Finance

Re: HB 1804, Relating to Tax Credits

Dear Chair Yamashita, Vice Chair Kitagawa, the Member of the Committee on Finance:

I am writing to express my strong opposition regarding the proposed Measure HB 1804, which aims to introduce changes to income tax credits established or renewed after December 31, 2024.

First and foremost, I appreciate the intention behind the Act to ensure greater accountability and periodic review of income tax credits. It is essential to periodically assess the efficacy and relevance of tax credits to ensure they continue to serve their intended purpose and remain aligned with evolving economic and policy objectives.

However, I am opposed regarding the specific provisions outlined in the Act. Section 1 of the Act proposes either a five-year sunset provision or a gradual reduction over a three-year period beginning with the sixth year of the credit. While the aim of these provisions is to introduce accountability and periodic review, they will inadvertently hinder the effectiveness of certain tax credits.

Tax credits often serve as vital tools for incentivizing behaviors or investments that contribute to economic growth, environmental sustainability, or social welfare. To impose strict sunset provisions or gradual reductions, there is a risk of disincentivizing participation in programs that rely on these credits. Moreover, abrupt reductions or eliminations of tax credits could disrupt ongoing projects or investments, leading to unintended economic consequences.

Additionally, the Act may create uncertainty for taxpayers and businesses, particularly those planning long-term investments or projects that rely on the availability of tax credits. The prospect of future reductions or eliminations of credits could deter individuals and entities from engaging in activities that would otherwise benefit the economy.

While I acknowledge the importance of periodically reviewing and assessing tax credits, I urge careful consideration of the potential impacts of the proposed provisions. There may be alternative approaches to achieving the desired accountability and periodic review without risking the effectiveness or stability of tax credit programs.

February 21, 2024

Page 2

In conclusion, I respectfully request a thorough evaluation of the proposed Act and its potential implications. It is crucial to strike a balance between accountability and stability to ensure that tax credit programs continue to support economic growth, environmental sustainability, and social welfare in Hawai'i.

Very Respectfully,

A handwritten signature in black ink, appearing to read "Douglass S. Adams", with a long horizontal flourish extending to the right.

Douglass S. Adams
Director

February 21, 2024

Committee on Finance
Chair Yamashita
Vice Chair Kitagawa

The House of Representatives
The Thirtieth-Second Legislature
Regular Session of 2022

RE: HB1804 - RELATING TO TAX CREDITS
DATE: Wednesday, February 21, 2024
TIME: 2:00 pm
PLACE: Conference Room 308
VIA Videoconference
State Capitol 415 South Beretania Street, Honolulu HI

Aloha Chair Yamashita, Vice Chair Kitagawa, and the Members of the Committee,

Thank you for the opportunity to testify in **OPPOSITION** of HB1804 - RELATING TO TAX CREDITS.

SAG-AFTRA represents over 1400 actors, recording artists, and media professionals in our state. We are the professional performers working in front of the camera and behind the microphone.

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.

According to the Hawaii Department of Economic Development, Business, and Tourism, in the 2022 calendar year, the industry spent \$420.04 million in estimated production expenditures, generated an estimated \$726.68 million of economic impact, \$45.36 million in estimated tax revenues, and total job impacts of 4,180 jobs.¹

¹https://files.hawaii.gov/dbedt/economic/data_reports/hawaii-creative-report/HI_Creative_Ind_2022.pd

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

This measure calls for the eventual sunset of all income tax credits. As written, this measure may have dire unintended consequences, not just for the film industry, but for a wide swath of the population of Hawaii, many of whom benefit in profound, life-altering ways from the tax credits this bill will kill.

Respectfully,

Mericia Palma Elmore

Mericia Palma Elmore, Executive Director SAG-AFTRA Hawaii Local

Mericia Palma Elmore, Executive Director
SAG-AFTRA Hawaii Local
mericia.palmaelmore@sagaftra.org
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SCREEN ACTORS GUILD - AMERICAN
FEDERATION OF
TELEVISION AND RADIO ARTISTS
SAGAFTRA.org
Associated Actors & Artistes of America / AFL-CIO

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Requires new tax credits to sunset or reduce over time

BILL NUMBER: HB 1804

INTRODUCED BY: YAMASHITA

EXECUTIVE SUMMARY: Requires that income tax credits established or renewed after 12/31/2024 include a five-year sunset or an annual one-third reduction, beginning with the sixth year of the credit.

SYNOPSIS: Adds a new section to chapter 235, HRS, providing that any income tax credit established or renewed under this chapter after December 31, 2024, shall include either: (1) A five-year sunset date; or (2) Beginning with the sixth year of the credit, a one-third annual reduction in the credit amount allowed to be claimed, over a three-year period.

EFFECTIVE DATE: July 1, 2024.

STAFF COMMENTS: We have concerns over whether this bill, if enacted, would be effective. Normally a current legislature can't bind a future legislature, and later enacted legislation normally prevails over older legislation when the two conflict. Thus, if a future legislature were to pass a bill adding a new tax credit with neither a sunset nor a phaseout, and the bill were signed into law, the law would be effective with neither a sunset nor a phaseout.

We note that the State Auditor is required to review existing income tax credits under HRS sections 23-91 to 23-96 on a five-year rolling basis, and the reports issued by the Auditor are supposed to trigger legislative review. New credits are supposed to be added to the list in those sections of chapter 23, but none of these sections were amended after 2017.

Digested: 2/19/2024

HB-1804

Submitted on: 2/20/2024 8:12:54 AM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Gerard Elmore	'Ohina	Oppose	Written Testimony Only

Comments:

Aloha, My name is Gerard Elmore, VP of Film at NMG Network and Executive Director at 'Ohina, a Hawai'i film collective/incubator for local filmmakers and local stories. We fiercely oppose this bill. It's a sledgehammer to our economy and will have a harmful impact on the creative industries sector.

We are on the front lines of helping to cultivate and develop above-the-line work for the local community. It is vital that we support tax incentives to stabilize this sector of the economy that doesn't rely on tourism. Tax incentives provide help to keep local talent home, diversifies our economy, and provides quality opportunities to continue to cultivate and develop our local talent. Tax incentives are not only good for our members, crew, technicians, and the creative industries, it benefits the whole state by diversifying our economy. I can't stress the importance of having career opportunities for students graduating from SCA, ACM, and our creative industries programs. Tax incentives help to bring outside money into the state and that's an important component of building above-the-line work too. Through 'Ohina, we have a great track record of helping fellows breaking through in the industry. We have had full time writers on Disney shows, some writing on films that have gone to Sundance, Tribeca, Slamdance, and some are directing TV shows, commercials for the major networks. We've only been at it for 6 years and confident the talent and community will only continue to grow as we continue to provide quality opportunities to local talent. We rely on the bigger productions to help give us the resources to continue our work and to help alumni find work.

We aren't the only ones though. We feel as though tax incentives for other sectors have lead to growth for Hawai'i and is the only way we'll find ways to diversify our economy.

We are thankful for your time and strongly urge you to oppose this bill as we continue to build the community of local storytellers, filmmakers, and residents.

Mahalo nui, Gerard Elmore



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
Regular Session of 2024
House Committee on Finance

Testimony by IATSE 665
February 21st, 2024

HB 1804 - RELATING TO TAX CREDITS

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House committee,

My name is Tuia'ana Scanlan, International Trustee and president of IATSE Local 665, the union representing more than 800 technicians and artisans in the entertainment industry in Hawai'i. **Local 665 strongly opposes HB 1804**, relating to tax credits.

Thousands of families rely on Hawai'i's film tax incentive to draw employers to Hawai'i. The livelihoods of our union members as well as our sister unions in the entertainment industry depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Hawai'i's Film Tax Incentive created total job impacts of 4,180 jobs. Production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit generated \$45.36 million in tax revenue. *The film tax incentive almost funds itself*. As a result, our Film and TV industry generated \$726.68 million in economic impact and \$168.02 million in Hawai'i household income.

(https://files.hawaii.gov/dbedt/economic/data_reports/hawaii-creative-report/HI_Creative_Ind_2_022.pdf). If HB 1804 is allowed to pass, Hawai'i will lose all of these gains. HB1804 will remove Hawai'i from both the national and global share of the Film/TV market.

Additionally, HB 1804 will hurt the working families of Hawai'i by removing some of the few economic life preservers that families near the ALICE threshold (Asset Limited, Income Constrained, Employed) can access. This will have drastically negative economic impacts on the working families of Hawai'i. If this bill passes, it will accelerate the exodus of residents away from these islands and further widen the divide between the wealthy and the working poor.

We have significant concerns that this bill could be a vehicle used in conference to remove specific incentives with the stroke of a pen and without the voice of the people as no testimony is accepted during that time. Income tax incentives are vital to supporting our community, promoting economic activity, and providing equity in a nearly impossible economic environment. The grim consequences of this bill will negatively affect a significant number of registered voters.

IATSE 665 strongly opposes HB 1804. We hope your committee will do the same.
Thank you for the opportunity to testify.

In Solidarity,

A handwritten signature in black ink, appearing to read 'Tuia'ana Scanlan', written in a cursive style.

Tuia'ana Scanlan
International Trustee
President, IATSE 665
(he/him/his)



House of Representatives
The Thirty-Second Legislature
Regular Session of 2024

COMMITTEE ON FINANCE
Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair

RE: HB 1804 RELATING TO TAX CREDITS

Date: Wednesday, February 21, 2024

Time: 2:00 p.m.

VIA VIDEOCONFERENCE

Conference Room 308

State Capitol

415 South Beretania Street

February 20, 2024

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

Aloha Chair Yamashita, Vice Chair Kitagawa, 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 **STRONGLY OPPOSE** HB 1804, which calls for the eventual sunset of all income tax credits.

If passed, HB 1804 will have a devastating impact on the local film, television and commercial industries, which employs hundreds of local residents, many of whom are members of the various film-related unions in the State of Hawaii, as well as the myriad local businesses that are closely connected to those industries, including hotels, airlines, car rental businesses, food vendors, and clothing suppliers, just to name a few.

Me ke aloha,

Two handwritten signatures in black ink. The first signature is on the left and the second is on the right.

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



IATSE 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 Thirty-Third Legislature, State of Hawai'i
Hawai'i State House of Representatives
Committee on Finance (FIN)

HEARING DATE, TIME AND ROOM: Wed., 02/22/24 at 2PM – ROOM 308

RE: HB1804 - Relating to Tax Credits

Aloha, Chair Yamashita, Vice Chair Kitagawa and Committee Members:

MAHALO for allowing us to provide testimony in **STRONG OPPOSITION** of HB1804. The IATSE is the largest entertainment union in the world, and Local 665 is its Hawai'i Chapter, representing nearly 800 members and 700 future members across all Hawaiian Islands.

Unlike tax credits for fledgling businesses, the Film Tax Credit is the primary economic driver for television and film projects in Hawai'i. This credit allows Hawai'i to compete against global film locales for these high-paying jobs. We often lose projects to other tropical locations who have stronger tax credit incentives. We need to continue to have Hawai'i be a film-friendly place.

Due to long-running shows such as "Lost," "Hawai'i Five-O," "Magnum P.I.," "Doogie Kamealoha, M.D.," and "NCIS-Hawai'i", hundreds of film workers are able to work for consecutive months in a row, often for several seasons, which equates to the equivalent of full-time jobs. These are high-paying, technical and artistic jobs. Several of our workers can afford to purchase homes for their families, bringing safety and stability to our communities.

Prior to the film tax credit, shows would shoot their exterior shots here and then take the rest of their shows back to the mainland. **The film tax credit has single-handedly built Hawai'i's film industry.** Removing this tax credit would create irrevocable hard to our industry. Because of this incentive, the State has invested in the Hawai'i Film Studio, the UH ACM Bachelor's program, and the UH West Oahu film production center and will be building a full-fledged film studio soon.. It would be a shame to have the film graduates move to another state to work in.

In conclusion, MAHALO NUNUI for your support of Hawai'i's film workers. Please oppose HB1804.

Respectfully submitted,

A handwritten signature in black ink that reads "Irish Barber".

Irish Barber
Business Representative
Mobile (808) 479-1770

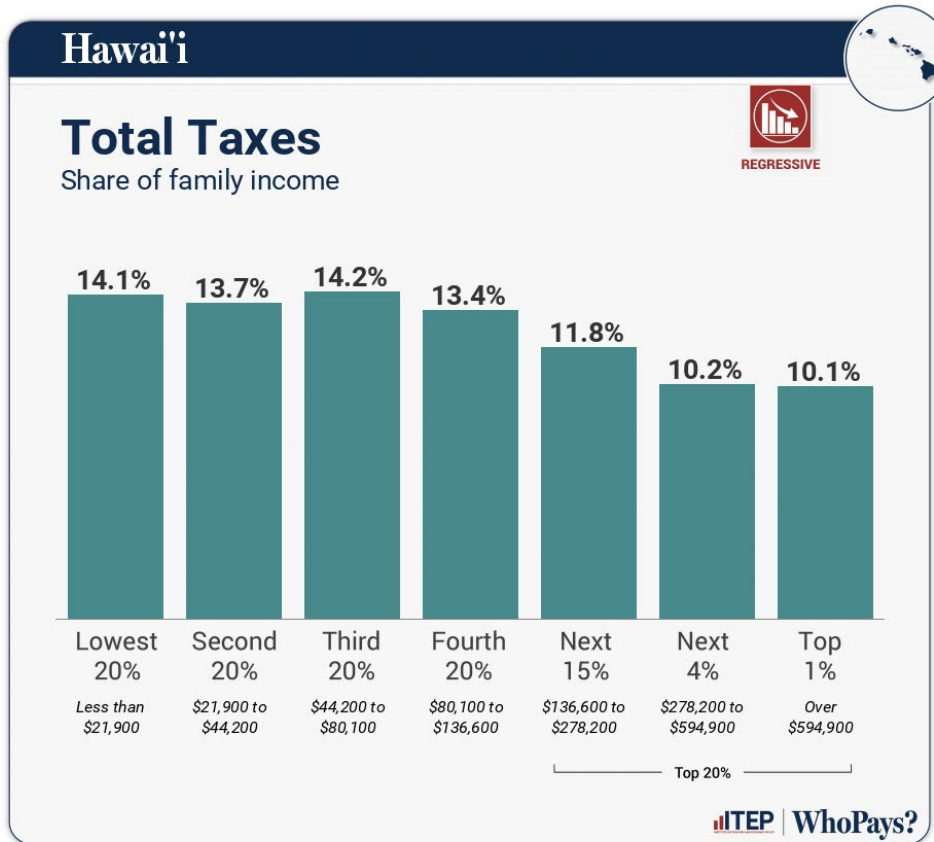
Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

To: House Committee on Finance
Re: **HB 1804 – Relating to Tax Credits**
Hawai'i State Capitol & Via Videoconference
February 21, 2024, 2:00 PM

Dear Chair Yamashita, Vice Chair Kitagawa, and Committee Members,

On behalf of Hawai'i Children's Action Network Speaks!, I am writing in **OPPOSITION to HB 1804**. This bill requires income tax credits created or renewed after 12/31/23 to have a 5-year sunset or automatic annual one-third reduction beginning with its sixth year.

Hawai'i's tax system currently is upside down. Families who earn less than about \$22,000 per year pay 14.1% of their income in state and local taxes, while those who make over about \$595,000 pay only 10.1%.¹



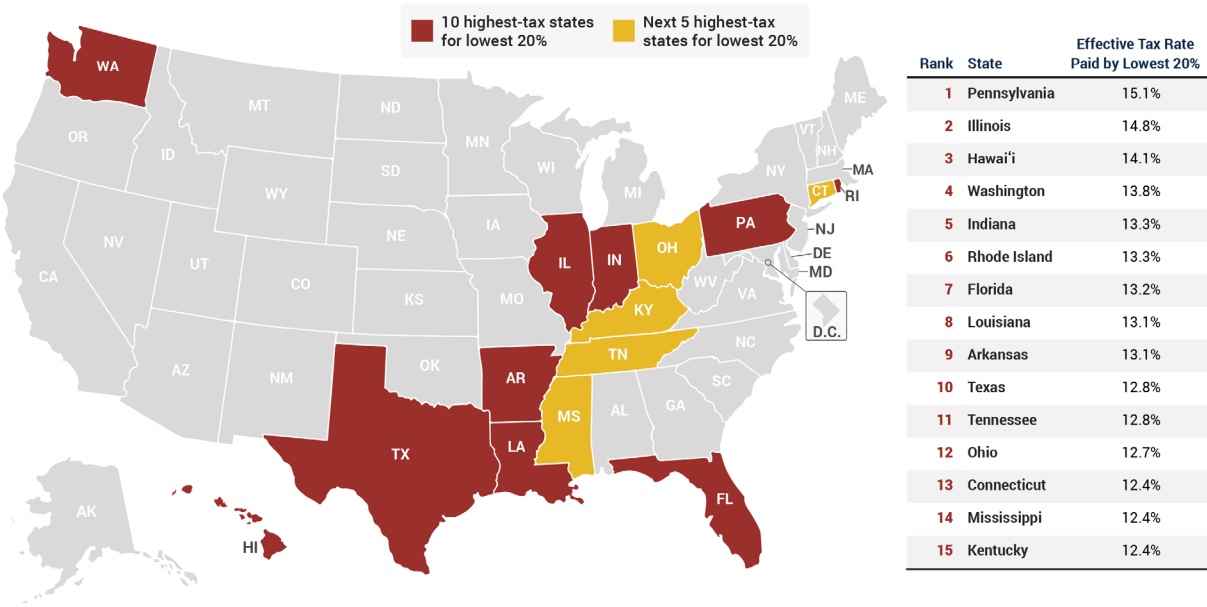
In fact, our state saddles our **low-income families with the third-heaviest state and local tax burden in the nation.**²

¹<https://itep.org/whopays/hawaii-who-pays-7th-edition/>

²<https://itep.org/whopays-7th-edition/#low-taxes-or-just-regressive-taxes>

FIGURE 11

States with the Highest Taxes on Low-Income Households



Source: Institute on Taxation and Economic Policy (ITEP)

ITEP | WhoPays?

The stresses of childhood poverty have both immediate and long-term effects on keiki’s physical and mental health, behavioral self-control, academic achievement, and earnings as adults.³ Anything that we can do to help children avoid poverty – including creating and improving targeted tax credits – will have long-term benefits for our state.

Tax credits help people keep more of their hard-earned money, and when targeted for lower to middle-income families, reduce hardship and make our tax system more fair.

Unfortunately, this bill would do the opposite and threaten or weaken tax credits for working families. We respectfully request that you defer this bill.

Thank you,

Nicole Woo
 Director of Research and Economic Policy

³ <https://www.apa.org/pi/ses/resources/indicator/2014/06/childhood-poverty>



Randy Perreira
President

HAWAII STATE AFL-CIO

888 Mililani Street, Suite 501 • Honolulu, Hawaii 96813

Telephone: (808) 597-1441
Fax: (808) 593-2149

The Thirty-Second Legislature
House of Representatives
Committee on Finance

Testimony by
Hawaii State AFL-CIO

February 21, 2024

TESTIMONY ON HB1804 - RELATING TO TAX CREDITS

Chair Yamashita, Vice Chair Kitagawa, and members of the committee:

The Hawaii State AFL-CIO is a federation of 74 affiliate labor organizations who represent over 68,000 union members within the State of Hawaii. The Hawaii State AFL-CIO serves its affiliates by advocating for workers and their families before the state legislature and other branches of state and county government.

The Hawaii State AFL-CIO **opposes** HB1804, which proposes to require all income tax credits established or renewed after December 31, 2024, to include a five-year sunset or an annual one-third reduction, beginning with the sixth year of the credit. While we acknowledge the importance of fiscal responsibility and periodic review of tax credits, we believe that this blanket approach to sunset provisions may have unintended and detrimental consequences, particularly for industries like the film industry in Hawaii.

The film industry plays a significant role in our state's economy, contributing millions of dollars in production expenditures and generating substantial economic impact and tax revenues. According to the Hawaii Department of Economic Development, Business, and Tourism, in the 2022 calendar year alone, the industry's contributions were substantial, supporting thousands of jobs and bolstering economic growth. Implementing a sunset provision for income tax credits without careful consideration of the industry's unique needs and challenges could jeopardize its viability and undermine the benefits it brings to our community.

By mandating sunset provisions without adequate safeguards or flexibility, this measure could inadvertently harm industries that rely on these tax credits which helps to bring jobs to Hawaii. While the Hawaii State AFL-CIO recognizes the importance of responsible tax policy, we urge the committee to reconsider the approach outlined in this bill.

Respectfully submitted,

A handwritten signature in black ink that reads "Randy Perreira".

Randy Perreira
President

HB-1804

Submitted on: 2/18/2024 3:24:47 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Greg Misakian	Individual	Oppose	Written Testimony Only

Comments:

This bill might have a specific intent, but it's not stated or clear.

It would adversely impact tax credits that may be intended to continue year after year, and would require them to be reintroduced with new votes to approve, resulting in more work for those trying to provide tax credits.

Greg Misakian

HB-1804

Submitted on: 2/19/2024 11:58:58 AM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Patrick Brian Gilhooly II	As a member of IATSE LOCAL 665	Oppose	Written Testimony Only

Comments:

H.B. 1804 - RELATING TO TAXES

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

My name is **Patrick Brian Gilhooly II**. I'm one of 800 members of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry in Hawai'i. **I strongly oppose HB 1804**, relating to taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit *generated* \$45.36 million in tax revenue. *The film tax incentive almost funds itself*. And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income. If HB 1804 is allowed to pass, it will negate all of these gains. And that's only one example of the devastating effects that this bill will have on a single industry.

Additionally, HB 1804 will hurt the working families of Hawai'i by removing some of the few economic life preservers that families near the ALICE threshold (Asset Limited, Income Constrained, Employed) can access. This will have drastically negative economic impacts on the working families of Hawai'i. If this bill passes, it will accelerate the exodus of residents away from these islands and further widen the divide between wealthy and the working poor.

I strongly oppose HB 1804 and urge your committee to do the same. Thank you for the opportunity to testify.

In Solidarity

Patrick Brian Gilhooly II

HB-1804

Submitted on: 2/19/2024 12:15:49 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jonathan Hanks	Individual	Oppose	Written Testimony Only

Comments:

H.B. 1804 - RELATING TO TAXES

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

My name is Jonathan Hanks. I'm one of 800 members of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry in Hawai'i. **I strongly oppose HB 1804**, relating to taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit *generated* \$45.36 million in tax revenue. *The film tax incentive almost funds itself.* And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income. If HB 1804 is allowed to pass, it will negate all of these gains. And that's only one example of the devastating effects that this bill will have on a single industry.

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working families of Hawai'i. If this bill passes, it will accelerate the exodus of residents away from these islands and further widen the divide between wealthy and the working poor.

I **strongly oppose HB 1804** and urge your committee to do the same. Thank you for the opportunity to testify.

In Solidarity

Jonathan P. Hanks

HB-1804

Submitted on: 2/19/2024 12:22:20 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
hans meier	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

My name is Hans Meier . I'm one of 800 members of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry in Hawai'i. **I strongly oppose HB 1804**, relating to taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit *generated* \$45.36 million in tax revenue. *The film tax incentive almost funds itself.* And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income. If HB 1804 is allowed to pass, it will negate all of these gains. And that's only one example of the devastating effects that this bill will have on a single industry.

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I strongly oppose HB 1804 and urge your committee to do the same. Thank you for the opportunity to testify.

In Solidarity,

Hans Meier

HB-1804

Submitted on: 2/19/2024 12:36:44 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lee Kaneakua	IATSE local 665	Oppose	Written Testimony Only

Comments:

Aloha, Representative Kitagawa. My name is Lee Kaneakua of Kaneohe. Thank you for representing my district. As a worker in Hawaii's film and television industry, I strongly oppose HB 1804. I feel that this bill is too broad and though I'm not knowledgeable about what other programs will be impacted, feel that it will negatively impact Hawaii's future film industry. Hawaii's film industry has proven to continually bring money into our State by hiring locally, buying and/or renting equipment and products from local businesses, and leasing/renting vehicles and hotel rooms to name a few benefits to the state economy. In the beginning of the CoVid pandemic, the film industry was among the first non-essential industries to reopen, bringing much needed money into the state and showing that Hawaii can indeed diversity its economic stimulators.

Again, my name is Lee Kaneakua of Kaneohe, and I oppose HB 1804. I hope that you will consider my testimony before also opposing this bill.

Thank you for your time and consideration, Representative Kitagawa.

Sincerely and respectfully,

Lee Kaneakua

HB-1804

Submitted on: 2/19/2024 12:42:45 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Zoltan corbett	Individual	Oppose	Written Testimony Only

Comments:

How could I support a bill that ends tax credits in an already expensive state.

HB-1804

Submitted on: 2/19/2024 12:44:08 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Vishakha corbett	Individual	Oppose	Written Testimony Only

Comments:

Do not approve ending tax credits

HB-1804

Submitted on: 2/19/2024 1:08:20 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Laura Toterò	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

My name is Laura Toterò. I'm one of 800 members of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry in Hawai'i. **I strongly oppose HB 1804**, relating to taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit generated \$45.36 million in tax revenue. *The film tax incentive almost funds itself.* And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income. If HB 1804 is allowed to pass, it will negate all of these gains. And that's only one example of the devastating effects that this bill will have on a single industry.

Additionally, HB 1804 will hurt the working families of Hawai'i by removing some of the few economic life preservers that families near the ALICE threshold (Asset Limited, Income Constrained, Employed) can access. This will have drastically negative economic impacts on the working families of Hawai'i. If this bill passes, it will accelerate the exodus of residents away from these islands and further widen the divide between wealthy and the working poor.

I strongly oppose HB 1804 and urge your committee to do the same. Thank you for the opportunity to testify.

In Solidarity

Laura Toterò

HB-1804

Submitted on: 2/19/2024 1:42:08 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tara LauLu	Individual	Support	Written Testimony Only

Comments:

Aloha,

My name is Tara F. LauLu. I'm here to represent & Strongly support this Tax HB 1804 relating to Taxes for HAWAII Nei Film Industry. To have more Shows & Movies to be film here on this Beautiful Paradise of HAWAII Nei. Like MagnumPI, NCIS HAWAII, HAWAII 5-0, MOANA, Lilo & STICH & many more. HAWAII always have the most beautiful Scenery ever. And to support all HAWAII Films Crews to be able to have Jobs & continuing of more Jobs for their Ohana. HAWAII is getting more expensive & People need to have Jobs to support their Ohana. And also to make our HAWAII Nei Stand Strong as the best place for Filming. We are the "Aloha "State & One & Only. Much Mahalo.

Tara F LauLu

"Fandoms Of MagnumPI "

HB-1804

Submitted on: 2/19/2024 1:54:33 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Ron Evans	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

My name is Ron Evans . I'm one of 800 members of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry in Hawai'i. **I strongly oppose HB 1804**, relating to taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit *generated* \$45.36 million in tax revenue. *The film tax incentive almost funds itself.* And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income. If HB 1804 is allowed to pass, it will negate all of these gains. And that's only one example of the devastating effects that this bill will have on a single industry.

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I strongly oppose HB 1804 and urge your committee to do the same. Thank you for the opportunity to testify.

In Solidarity

Ron Evans

HB-1804

Submitted on: 2/19/2024 1:59:32 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
vanesa furnari	Individual	Oppose	Written Testimony Only

Comments:

My name is Vanesa Furnari. I'm one of 800 members of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry in Hawai'i. **I strongly oppose HB 1804**, relating to taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit *generated* \$45.36 million in tax revenue. *The film tax incentive almost funds itself*. And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income. If HB 1804 is allowed to pass, it will negate all of these gains. And that's only one example of the devastating effects that this bill will have on a single industry.

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I strongly oppose HB 1804 and urge your committee to do the same. Thank you for the opportunity to testify.

In Solidarity

Vanesa Furnari

HB-1804

Submitted on: 2/19/2024 3:17:23 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
SCOTT SWARTZ	Individual	Oppose	Written Testimony Only

Comments:

Aloha,

My name is Scott Swartz, and I am an actor, Member of SAG-AFTRA, and a full time resident of Oahu. I OPPOSE HB1804.

Mahalo

HB-1804

Submitted on: 2/19/2024 5:40:35 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kapala Novikoff	Individual	Oppose	Written Testimony Only

Comments:

H.B. 1804 - RELATING TO TAXES

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

My name is Kapala Novikoff. I'm one of 800 members of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry in Hawai'i. **I strongly oppose HB 1804**, relating to taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit *generated* \$45.36 million in tax revenue. *The film tax incentive almost funds itself.* And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income. If HB 1804 is allowed to pass, it will negate all of these gains. And that's only one example of the devastating effects that this bill will have on a single industry.

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I **strongly oppose HB 1804** and urge your committee to do the same. Thank you for the opportunity to testify.

In Solidarity

Kapala Novikoff

HB-1804

Submitted on: 2/19/2024 7:57:34 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Debra Grey	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill as it only hurts the working families and the economy of Hawaii. The film industry depends on incentives to bring larger employers to Hawaii and bring in jobs. This draws attention to other industries, food service, fashion, tourism which also then helps in this area. I am part of the MagnumPI fandom and desperately trying to get our show back. We are determined to help in any ways for options that will encourage our show to be renewed. We will be against any bills that discourage them. Please count us against this bill.

HB-1804

Submitted on: 2/19/2024 9:50:47 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Raimar Bylaardt II	Individual	Oppose	Written Testimony Only

Comments:

H.B. 1804 - RELATING TO TAXES

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

My name is Raimar Bylaardt II. I'm one of 800 members of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry in Hawai'i. **I strongly oppose HB 1804**, relating to taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit *generated* \$45.36 million in tax revenue. *The film tax incentive almost funds itself.* And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income. If HB 1804 is allowed to pass, it will negate all of these gains. And that's only one example of the devastating effects that this bill will have on a single industry.

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I strongly oppose HB 1804 and urge your committee to do the same. Thank you for the opportunity to testify.

In Solidarity

Raimar Bylaardt II

Testimony Presented Before the
Hawaii State Legislature
Committee of Finance
Conference Room 308
Feb 21, 2024

By **Heather H. Giugni** (pronounced JU-knee)
Email: hgiugni@gmail.com

IN OPPOSITION of HB 1804

Honorable Chair Yamashita, Honorable Vice Chair Kitagawa, Honorable Members of the Committee:

I am here today as an independent filmmaker and private citizen.

First, thank you all for your public service. I greatly appreciate the work you do and the kuleana you oversee. And thank you too for your support of Hawai'i's film industry that has grown from early documentation of Hawai'i by Thomas Edison's hired cameraman in 1906 into a huge movie industry today. It's really been exciting to observe the growth and success of this industry. From Hawai'i 5-0, Jurassic Park, Lost, NCIS, just to name a few.

The growth of our storytelling community has been nothing less than meteoric since the convergence of video and the computer in the 1990s. Educational, entertaining, and money-making. With the state's early effort to support the creation of public access, 'Ōlelo Community Television came about which spawned producers, directors, and technicians statewide. Eventually high schools like Waianae Seariders Productions got noticed, and PBS Hawai'i created Hiki No. Around this time, Academy for Creative Media was established at UH Manoa and was soon systemwide celebrating its 20th year! This all leads to a growing industry that has a promising future for our community – for our graduating populations of creatives searching for jobs in this field.

I truly believe we can be better served if we support this industry.

As it has been already said, and I will offer it here again, **our creative economy is a success story decades in the making**. Like every other location that has a successful production industry this success depends on three factors: workforce development, physical infrastructure and consistent, responsible tax incentives.

Let's keep the momentum going. Please do not sunset the tax credits.

Aloha, Heather Giugni

HB-1804

Submitted on: 2/20/2024 7:36:46 AM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Akemi N Bischoff	Individual	Oppose	Written Testimony Only

Comments:

We should do everything to promote more film and tv production which will result in a healthier Hawaii economy. The end to the tax credit will harm the industry and its community.

Testimony Presented Before the
Hawaii State Legislature
House of Representatives
Committee on Finance
Conference Room 308
February 21, 2024 2:00pm

By Chris Lee as a Private Citizen IN OPPOSITION

HB 1804 RELATED TO TAX CREDITS

Chair Yamashita, Vice Chair Kitagawa, Members of the Committee,

My name is Chris Lee. Thank you for the opportunity to testify today as a private citizen. I stand in STRONG OPPOSITION to HB 1804.

I greatly appreciated the Legislature's consistent support for the Academy for Creative Media System (ACM) at the University of Hawaii, which I Founded in large part with the tremendous support of this legislative body.

Now in our 20th year, ACM System has brought crucial, 21st Century skills to students on every island with 16 programs at all ten UH campuses. Our programs are driving the workforce development for Hawai'i's growing creative economy, which DEBDT ranks as **the 9th largest contributor to Hawai'i's GDP** for locally based industries.

Much of the financial success of our creative economy comes from the film, television and streaming production industry. And the impetus for that success is directly tied to the passing of Act 88 in 2006 as our first production tax credit.

Sumner LaCroix and fellow UHERO economist Professor Emeritus James Mak have previously written on the role of the Hawai'i TV/film/digital production tax credit in diversifying the Hawai'i economy.

According to their research, "since the passage of the Act 88 film credit in 2006, spending in Hawai'i on TV/film productions has soared, with inflation-adjusted **spending increasing by 116 percent** between 2007 (\$164.5 million) and 2019 (\$355.6 million).

This is much larger than the overall increase in Hawai'i real gross domestic product over the same period, a modest 17 percent.” **Before Act 88, Hawai'i never saw more than \$100 million in production per year.** Since then, our industry has climbed to a DBEDT reported average of **\$396 million dollars in direct spend per annum.**

In 2022, the latest figures from DBEDT, the total Hawai'i film production direct spend was \$420.04 million (includes qualified tax credit spend and non-tax credit spend). The breakdown by island is as follows:

O'ahu: \$354.88 million
Hawai'i County: \$39.32 million
Kaua'i County: \$12.56 million
Maui County: \$13.28 million

With **Hawai'i household income generated at \$168.02 million and tax revenue generation of \$45.36 million**, DBEDT estimates the total economic impact from film production on our economy at an impressive \$726.68 million.

If you consider that our annual production tax credit is capped at \$50 million dollars, and that this industry generated \$45.36 million in new tax revenue, the reality of this particular tax credit is that **less than \$5 million dollars in tax “expense” brought in over \$726 million in economic activity.**

This is not charity. This is not a giveaway to “Hollywood.” This is a remarkable return on investment.

Imagine if, coming out of the devastation of covid in 2022, we didn't have that almost three quarters of a billion dollars in economic impact.

For those who say the production tax credit only benefits non-Hawai'i residents or companies, **DBEDT reports that productions shot here employ an average of 82% Hawaii'i residents.** *Magnum*, according to their producer, was 89% local hires.

For those who say these productions will come here without tax incentives, I can confidently state that this is not the case. **Studios, streamers, and**

networks will simply relocate to our competition on the Continent, in New Zealand, and Australia which offer consistent credits and multiple studio stages.

In fact, even when you have a massive show like *Chief of War*, which is about our history and stars kanaka māoli Jason Momoa, the studio still only shot about 30 days in Hawai'i and 150 days in New Zealand because our current credit does not match the evolution of the streaming business.

Similarly, when Dwayne The Rock Johnson starred in the biographical series *Young Rock*, which is set in part at McKinley High School in Honolulu, NBC Universal went to Australia because it made more financial sense.

As with all industries, we are in a competition with other states and even countries. But unlike most states and countries, we really don't have many alternatives if we truly believe in the need to diversify our economy away from its over reliance on the service and tourism industry. **Simply put, who else is coming here and providing living wage jobs for our citizens?**

Our creative economy is a success story decades in the making. Like every other location that has a successful production industry this success depends on three factors: workforce development, physical infrastructure and consistent, responsible tax incentives.

HB 1804 would literally be the end of this growing success story.

In closing, I would note the report this past weekend in the *Star Advertiser*:

The on-going exodus of Hawaii residents far outstrips the number of U.S. residents moving to the islands, resulting in the overall loss of 36,789 Hawaii residents over the last three years.

In dollars, fewer residents means the state has missed out on an average of \$61.8 million in tax revenue in each of the last three years, mostly in lost personal income and General Excise Taxes, according to the state Department of Taxation.

“This is a rough estimate,” said Seth Colby, the Tax Department’s research and planning officer. “But with our out-migration, it would account for \$185 million” less in state revenues since 2020.”

By the numbers

>> 36,789: Overall population loss since 2020, including new inbound residents from the U.S. mainland.

>> 9,932: Net loss of residents between 2020 and 2021.

>> 15,664: Net loss of residents between 2021 and 2022.

>> 11,193: Net loss of residents between 2022 and 2023.

>> 185: Amount in millions of lost personal income and General Excise tax revenue to the state between 2020 and 2023

>> 61.8 million: Average annual lost state tax revenue between 2020 and 2023.

Everyone recognizes that something is wrong. Our people are leaving. They cannot afford to live here. We need affordable housing, but more than that, we need living wage jobs. Our production industry offers that. HB 1804 would end this rare but vital and growing diversification of our island economy.

I am grateful for the opportunity to testify today and I am happy to answer any questions.

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HB-1804

Submitted on: 2/20/2024 9:11:31 AM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jeff soto	Individual	Oppose	Written Testimony Only

Comments:

axe this bullshit bill 1804

HB-1804

Submitted on: 2/20/2024 9:37:29 AM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Charles Uyehara	Individual	Oppose	Written Testimony Only

Comments:

I strongly oppose HB1804, specifically concerning its impact on tax credits and the proposed sunset provision. The current language of the bill raises concerns about potential unintended consequences. Beyond its implications for the film industry, there is a broader potential impact on various sectors of Hawaii's population. Many individuals whose lives are significantly influenced by the existing tax credits set to sunset stand to face adverse effects if this bill is enacted. Your attention to this matter is greatly appreciated.

Respectfully,

Charles Uyehara

HB-1804

Submitted on: 2/20/2024 11:27:24 AM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Richard Spelman	Individual	Oppose	Written Testimony Only

Comments:

Please vote against this bill. This bill will have a huge negative impact on a number of industries and individuals. This bill is a job killer; particularly for those in the TV/ Film industry. This particular industry can and does provide living wage jobs and brings an incredible amount of money into our economy. We should be growing this industry and creating ways to attract more of this type of business not make it harder/more expensive to do business in this state.

Mahalo

HB-1804

Submitted on: 2/20/2024 1:06:02 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lukas Seno	Individual	Oppose	Written Testimony Only

Comments:

H.B. 1804 - RELATING TO TAXES

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

My name is Lukas Seno. I am a proud member of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry in Hawai'i. I am reaching out to express my strong opposition to HB 1804, a bill concerning taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit generated \$45.36 million in tax revenue. The film tax incentive almost funds itself. And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income.

If HB 1804 is approved, it threatens to undermine the progress and success achieved by the film and TV industry in Hawaii. The repercussions of this bill extend beyond one industry, as it will detrimentally affect working families in our state, particularly those near the ALICE threshold (Asset Limited, Income Constrained, Employed). Removing such economic lifelines will exacerbate the financial challenges faced by many families and could potentially drive residents away from our islands, widening the gap between the affluent and the working poor.

I strongly oppose HB 1804 and urge your committee to do the same.

Thank you for the opportunity to testify.

In Solidarity,

Lukas Seno

HB-1804

Submitted on: 2/20/2024 3:25:40 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tracen Otani	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

My name is Tracen Otani. I'm one of 800 members of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry in Hawai'i. I strongly oppose HB 1804, relating to taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit generated \$45.36 million in tax revenue. The film tax incentive almost funds itself. And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income. If HB 1804 is allowed to pass, it will negate all of these gains. And that's only one example of the devastating effects that this bill will have on a single industry.

Additionally, HB 1804 will hurt the working families of Hawai'i by removing some of the few economic life preservers that families near the ALICE threshold (Asset Limited, Income Constrained, Employed) can access. This will have drastically negative economic impacts on the working families of Hawai'i. If this bill passes, it will accelerate the exodus of residents away from these islands and further widen the divide between wealthy and the working poor.

I strongly oppose HB 1804 and urge your committee to do the same. Thank you for the opportunity to testify.

In Solidarity

Tracen Otani

HB-1804

Submitted on: 2/21/2024 5:26:38 AM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Travis Hoover	Individual	Oppose	Written Testimony Only

Comments:

H.B. 1804 - RELATING TO TAXES

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

My name is Travis Hoover. I'm one of 800 members of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry in Hawai'i. **I strongly oppose HB 1804**, relating to taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit generated \$45.36 million in tax revenue. *The film tax incentive almost funds itself.* And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income. If HB 1804 is allowed to pass, it will negate all of these gains. And that's only one example of the devastating effects that this bill will have on a single industry.

Additionally, HB 1804 will hurt the working families of Hawai'i by removing some of the few economic life preservers that families near the ALICE threshold (Asset Limited, Income Constrained, Employed) can access. This will have drastically negative economic impacts on the working families of Hawai'i. If this bill passes, it will accelerate the exodus of residents away from these islands and further widen the divide between wealthy and the working poor.

I strongly oppose HB 1804 and urge your committee to do the same. Thank you for the opportunity to testify.

In Solidarity

Travis Hoover

HB-1804

Submitted on: 2/21/2024 10:19:46 AM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Keahi Kuikahi	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

My name is Keahi S Kuikahi. I'm one of 800 members of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry in Hawai'i. I strongly oppose HB 1804, relating to taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit generated \$45.36 million in tax revenue. The film tax incentive almost funds itself. And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income. If HB 1804 is allowed to pass, it will negate all of these gains. And that's only one example of the devastating effects that this bill will have on a single industry.

Additionally, HB 1804 will hurt the working families of Hawai'i by removing some of the few economic life preservers that families near the ALICE threshold (Asset Limited, Income Constrained, Employed) can access. This will have drastically negative economic impacts on the working families of Hawai'i. If this bill passes, it will accelerate the exodus of residents away from these islands and further widen the divide between wealthy and the working poor.

I strongly oppose HB 1804 and urge your committee to do the same. Thank you for the opportunity to testify.

In Solidarity

Keahi S Kuikahi

HB-1804

Submitted on: 2/21/2024 12:08:55 PM

Testimony for FIN on 2/21/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
David A Griffith	Individual	Oppose	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

My name is David A Griffith and I am one of 800 members of IATSE Local 665, the union representing technicians and behind the scenes workers in the entertainment industry, in Hawai'i. **I strongly oppose HB 1804**, relating to taxes.

My union 'ohana and I rely upon Hawai'i's film tax incentive to draw employers to Hawai'i. My livelihood and the livelihoods of my fellow union members depend on your opposition to this bill. In 2022, Film and TV productions spent more than \$420 million in qualified and non-qualified tax credit expenditures. Because of Hawai'i's Film Tax Incentive, production companies spent \$354.88 million on O'ahu, \$39.32 million in Hawai'i County, \$12.56 million in Kaua'i County, and \$13.28 million in Maui County. The Motion Picture, Digital Media, and Film Production Income Tax Credit *generated* \$45.36 million in tax revenue. *The film tax incentive almost funds itself.* And as a result, our Film and TV industry generated \$726.68 million in economic impact, \$168.02 million in Hawai'i household income. If HB 1804 is allowed to pass, it will negate all of these gains. And that's only one example of the devastating effects that this bill will have on a single industry.

Additionally, HB 1804 will hurt the working families of Hawai'i by removing some of the few economic life preservers that families near the ALICE threshold (Asset Limited, Income Constrained, Employed) can access. This will have drastically negative economic impacts on the working families of Hawai'i. If this bill passes, it will accelerate the exodus of residents away from these islands and further widen the divide between wealthy and the working poor.

I strongly oppose HB 1804 and urge your committee to do the same. Thank you for the opportunity to testify.

In Solidarity

David A Griffith