

**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

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Statement of
CHRIS J. SADAYASU
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Thursday, February 2, 2023
1:00 PM
State Capitol, Conference Room 229

In consideration of
SENATE BILL 1495

**RELATING TO THE MOTION PICTURE, DIGITAL MEDIA,
AND FILM PRODUCTION INCOME TAX CREDIT.**

Chair DeCoite, Vice Chair Wakai and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) supports SB 1495 which restores the requirement for productions spending more than \$1,000,000 to provide a Hawai'i -licensed, certified public accountant (CPA) review with their Hawai'i Production Reports; increases the annual cap to \$75,000,000 and expands the definition of a qualified production to include streaming platforms.

The department supports the reinstatement of the CPA review for productions spending more than \$1M in order to comply with the seven-month deadline requirement now in HRS 235-17. To meet this deadline and provide Department of Taxation (DoTAX) the certified claims for their audit in a timely manner, DBEDT requires these third-party independent reviews. DBEDT would not have the proper staffing to review the estimated 25 claims that are more than \$1M without reinstatement of the review requirement.

Increasing the cap to \$75,000,000 aligns with the volume of film and television production that is currently taking place in Hawai'i .

SB 1495 provides necessary expanded definitions of production to align with industry standards in today's television and streaming series landscape; full seasons of up to 10 shows for streaming, vs the 22 episodes of traditional network television series. Hawai'i now hosts three TV series productions on a sustained annual basis, providing ongoing employment for creative workers locally.

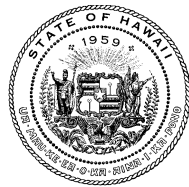
These TV series and feature films continue to increase and with that comes the increased need for additionally trained local crew and stage facilities.

We support SB 1495 to further refine and strengthen the Hawai'i Motion Picture, Digital Media and Film Production Income Tax Credit as a driving force to attract more production to our shores and accelerate opportunities for local companies and talent to succeed in careers while remaining home.

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 OF TAXATION

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

TESTIMONY ON THE FOLLOWING MEASURE:

S.B. No. 1495, Relating to the Motion Picture, Digital Media, and Film Production
Income Tax Credit

BEFORE THE:

Senate Committee on Energy, Economic Development, and Tourism

DATE: Thursday, February 2, 2023

TIME: 1:00 p.m.

LOCATION: State Capitol, Room 229

Chair DeCoite, Vice-Chair Wakai, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding S.B. 1495 for your consideration.

S.B. 1495 seeks to: (1) clarify requirements for film productions with production expenditures of \$1,000,000 or more claiming the motion picture, digital media, and film production income tax credit ("film credit"); (2) increase the annual cap from \$50,000,000 to \$75,000,000 for the total amount of the film credit; and (3) expand the definition of "qualified production" to include streaming platforms. The bill is effective upon approval and applies to taxable years beginning after December 31, 2023.

The Department notes that under current law, taxpayers claiming the film credit must submit a sworn statement identifying all qualified production costs, amount of tax credits claimed in the previous tax year, and the number of total hires versus local hires to the Department of Business, Economic Development, and Tourism (DBEDT) by no later than 90 days following the end of the taxable year in which the qualified production costs were expended. Section 2 of the bill will require taxpayers with production expenditures of \$1,000,000 or more to submit an independent third-party certification

together with the sworn statement to DBEDT, but will also exempt taxpayers with production expenditures of less than \$1,000,000 from the requirement to provide DBEDT with a sworn statement containing their qualified production costs, amount of tax credits claimed during the previous taxable year, and number of hires.

The Department suggests amending section 2 of the bill to clarify that taxpayers with production expenditures of less than \$1,000,000 are only exempt from the third-party certification requirement, and not the requirement to provide a sworn statement to DBEDT within 90 days after the end of the taxable year.

The Department further notes that it is able to administer this bill with the current effective date.

Thank you for the opportunity to provide comments.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented to the
Senate Committee on Energy, Economic Development, and Tourism
Thursday, February 2, 2023 at 1:00 p.m.

by

Christopher P. Lee, Founder/Director, Academy for Creative Media System
on behalf of

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

SB 1495 – RELATING TO THE MOTION PICTURE, DIGITAL MEDIA, AND FILM PRODUCTION INCOME TAX CREDIT

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

The University of Hawai'i (UH) supports the intent of SB 1495 to enhance Hawai'i's successful motion picture/television/streaming production industry with changes to the current film production tax credit. In particular, UH strongly supports raising the current annual cap from \$50,000,000, as well as the measure's recognition of the differences in the number of usual episodes between a broadcast television series and a streaming series. While the latter usually has fewer episodes per season, the actual amount spent per episode and cumulatively in the state can be significantly higher and therefore a net positive for Hawai'i's economy.

A stable, reliable credit is essential to continuing the growth of this vital diversification of state's economy. The Hawai'i's Film Production Tax Credit has been a success. As Sumner La Croix and James Mak concluded in their March 2021 UHERO report, *Understanding the Role of the Hawaii Film/TV/Digital Production Tax Credit in Diversifying the Hawaii Economy*: "...Since the passage of the 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..."

Thanks to the foundational and continuing support of the Legislature, the Academy for Creative Media at UH now supports 16 programs across all ten campuses. Students and graduates from ACM on every island are contributing to the creative economy with living wage jobs here in Hawai'i. SB 1495 will help to keep them here and contribute to diversification of the state's economy.

Thank you for the opportunity to testify today.



January 30, 2023

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

The Senate
The Thirtieth-Second Legislature
Regular Session of 2023

RE: SB 1495 - RELATING TO THE MOTION PICTURE DIGITAL MEDIA,
AND FILM PRODUCTION INCOME TAX CREDIT

DATE: Thursday, February 2, 2023

TIME: 1:00 pm

PLACE: Conference Room 229

State Capitol 415 South Beretania Street, Honolulu HI
and via VIDEOCONFERENCE

Aloha Chair DeCoite, Vice Chair Wakai, and the Members of the Committee,

We **support** this measure.

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

The Film and Digital Media industries currently employ hundreds of Hawaii Local members, which account for thousands of jobs and millions of dollars in economic impact for the State. According to the Hawaii Department of Economic Development, Business, and Tourism, in the 2019 calendar year, the industry spent \$405 million in estimated production expenditures, generated an estimated \$707 million of economic impact, \$43.7 million in estimated tax revenues, and total job impacts of 3,303 jobs.¹

We support the raising of the tax credit spending cap from 50 million to 75 million, and the inclusion of streaming platforms to the definition of qualified production.

Thank you for your time and consideration.

Respectfully,

Mericia Palma Elmore

Mericia Palma Elmore, Executive Director SAG-AFTRA Hawaii Local

¹ <https://cid.hawaii.gov/wp-content/uploads/2022/06/CID-2021-UPDATE-V1-1.pdf>



The Senate
The Thirty-Second Legislature
Regular Session of 2023

COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair

RE: SB 1495 RELATING TO THE MOTION PICTURE, DIGITAL MEDIA, AND
FILM PRODUCTION INCOME TAX CREDIT

Date: Thursday, February 2, 2023
Time: 1:00 p.m.
Conference Room 229 & Videoconference
State Capitol
415 South Beretania Street

February 1, 2023

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

Aloha Chair DeCoite and Vice Chair Wakai, 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 Goodsill 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 SB 1495.

In addition to the amendments contained in SB1495, we humbly suggest the following additional amendments to Section 235-17, Hawaii Revised Statutes that will greatly provide the support needed to grow our local, Hawaii-based film production companies and create more local production jobs. In addition, with the exponential growth and skyrocketing popularity of digital media and streaming services, film/media products are distributed in multiple ways reaching numerous audiences.

- Increase the program cap to \$100m.

-Although a program cap may be necessary for budget purposes, it should be high enough to cover all annual tax credit claims and adjusted each session as necessary. The current system of “borrowing” from future year allocations is administratively burdensome and reduces the value of the incentive by making production wait 2-3 years to receive the tax credit.

- Add the word “online” to distribution to include websites (like YouTube), streaming platforms and social media and eliminate the prohibition of advertising messages with internet-only distribution.

- Include “print campaigns” in the definition of production to encourage high-budget still shoots for catalogs and social media advertising that showcase Hawaii.

- Include costs paid to related entities provided that such payments are commercially reasonable.

- Define taxpayers that incur qualified production costs as manufacturers for purposes of GE tax under Chapter 237.

-This was the position taken by the Department of Taxation prior to 2019 for over a decade, which took into account the difficulty of categorizing film and television production as a product or service, and provided for a uniform 0.5% General Excise Tax rate that did not substantially reduce the production tax credit incentive. The current rate of 4.5% applied to film and television effectively cripples the incentive.

- Eliminate the GE withholding requirement for loan-out corporations.

-The withholding requirement imposes an unfair burden on productions that should be the responsibility of the loan-out itself.

-Noncompliance can result in the production being unfairly denied the production tax credit despite good faith efforts to provide the State with vendor information for enforcement of tax laws against such vendor.

-We propose instead that Taxpayers may claim the tax credit for payments made to vendors without GE numbers provided that the taxpayer provides, the name, address, contact information (email and/or telephone number) and FEIN for all such vendors to the HFO/DoTax.

For ease of reference, below are the specific proposed changes to the existing statute::

1. Amending subsection (n) to read:

(n) The total amount of tax credits allowed under this section in any particular year shall be [~~\$50,000,000~~] \$100,000,000; however, if the total amount of credits applied for in any particular year exceeds the aggregate amount of credits allowed for that year under this section, the excess shall be treated as having been applied for in the subsequent year and shall be claimed in the subsequent year; provided that no excess shall be allowed to be claimed after December 31, 2032.

2. Amending subsection (o) to read:

For the purposes of this section:

"Commercial":

(1) Means an advertising message that is filmed using film, videotape, or digital media, for dissemination via television broadcast, theatrical or online distribution;

(2) Includes a series of advertising messages if all parts are produced at the same time over the course of six consecutive weeks.

~~[(3) Does not include an advertising message with Internet-only distribution.]~~

"Digital media" means production methods and platforms directly related to the creation of cinematic imagery and content, specifically using digital means, including but not limited to digital cameras, digital sound equipment, and computers, to be delivered via film, videotape, interactive game platform, or other digital distribution media.

"Post-production" means production activities and services conducted after principal photography is completed, including but not limited to editing, film and video transfers, duplication, transcoding, dubbing, subtitling, credits, closed captioning, audio production, special effects (visual and sound), graphics, and animation.

"Production" means a series of activities that are directly related to the creation of visual and cinematic imagery to be delivered via film, videotape, or digital media and to be sold, distributed, or displayed as entertainment or the advertisement of products for mass public consumption, including but not limited to scripting, casting, set design and construction, transportation, videography, photography, sound recording, interactive game design, and post-production.

"Qualified production":

- (1) Means a production, with expenditures in the State, for the total or partial production of a feature-length motion picture, short film, made-for-television movie, print campaign, commercial, music video, interactive game, television series pilot, [~~single~~] television series [~~season (up to twenty-two episodes) of a television series regularly filmed in the State (if the number of episodes per single season exceeds twenty-two, additional episodes for the same season shall constitute a separate qualified production)~~], television special, single television episode that is not part of a television series regularly filmed or based in the State, national magazine show, or national talk show. For the purposes of subsections (d) and (l), each of the aforementioned qualified production categories shall constitute separate, individual qualified productions; and
- (2) Does not include:
 - (A) News;
 - (B) Public affairs programs;
 - (C) Non-national magazine or talk shows;
 - (D) Televised sporting events or activities;
 - (E) Productions that solicit funds;
 - (F) Productions produced primarily for industrial, corporate, institutional, or other private purposes; and
 - (G) Productions that include any material or performance prohibited by chapter 712.

"Qualified production costs" means the costs incurred by a qualified production within the State that are subject to the general excise tax under chapter 237 at the highest rate of tax or income tax under this chapter if the costs are not subject to general excise tax and that have not been financed by any investments for which a credit was or will be claimed pursuant to section 235-110.9. Qualified production costs include but are not limited to:

- (1) Costs incurred during preproduction such as location scouting and related services;
- (2) Costs of set construction and operations, purchases or rentals of wardrobe, props, accessories, food, office supplies, transportation, equipment, and related services;
- (3) Wages or salaries of cast, crew, and musicians;
- (4) Costs of photography, sound synchronization, lighting, and related services;
- (5) Costs of editing, visual effects, music, other post-production, and related services;
- (6) Rentals and fees for use of local facilities and locations, including rentals and fees for use of state and county facilities and locations that are not subject to general excise tax under chapter 237 or income tax under this chapter;
- (7) Rentals of vehicles and lodging for cast and crew;
- (8) Airfare for flights to or from Hawaii, and interisland flights;
- (9) Insurance and bonding;

- (10) Shipping of equipment and supplies to or from Hawaii, and interisland shipments;
and
- (11) Other direct production costs specified by the department in consultation with the department of business, economic development, and tourism;

provided that any government-imposed fines, penalties, or interest that are incurred by a qualified production within the State shall not be "qualified production costs". "Qualified production costs" include costs paid to entities related to the Taxpayer provided that such payments are commercially reasonable, but does not include any costs funded by any grant, forgivable loan, or other amounts not included in gross income for purposes of this chapter.

3. Adding a subsection (p) to read:

(p) Taxpayers that incur Qualified Production Costs shall be “manufacturers” for purposes of general excise tax under Chapter 237.

4. Striking out the definition of “Loan out company” in HRS 237-1 and striking out section 237-30.7 including (a), (b), and (c).

Me ke aloha,



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



Ref: SB 1495 Testimony to support and promote the Film industry in Hawaii

Intro:

FilmCo Holdings is an investment and operating firm focused on providing an innovative platform for companies that facilitate content creation in the Motion Picture and Television industry. Our proprietary studio design is built with the future in mind, with a strong focus on logistics, cost/time-saving processes, and tech-enabled spaces which greatly impact the production company's bottom line.

Our facilities and services are designed to optimize productions at every step of their process. It gives us major market differentiation and saves producers time and money. We strive to work with local communities to help with long term job creation, and part of our mission is to educate and train young adults through our trade school program.

James Schulz – Veteran in the motion picture industry for over 25 years, responsible for building Blackhall Studios in Atlanta Georgia and 1888 Studios in Bayonne New Jersey (in development).

Aloha, and thank you for the opportunity to share some of our experiences of what we know that made the film industry in Georgia the largest in the nation.

The success story in Georgia is tied to a multitude of factors; A favorable tax credit system is probably one of the most important one, because that sets everything else in motion, such as the development of new studios to keep up with the higher demand. The other important aspect is, the availability and creation of a local labor force and access to ancillary business that support the whole ecosystem to do large scale productions.

We believe that the State of Hawaii can benefit from an upgraded tax credit bill that has some of the same components that Georgia has, this will help pave the way to attract the long-term investments it needs to grow the film industry in Hawaii.

Key elements for success:

- 1) Eliminate the annual cap for below the line expenses (only when they meet local vendor rule requirements)
- 2) Cap above the line expenses: *The key element is, to pay attention to above and below the line expenses, and limit/cap the above the line credits. This will benefit the people of Hawaii and would also attract and secure more productions in the future, the reason being, that above the line expenses (top actors, think big salaries) could easily absorb all the available tax credits in one or two feature film productions, that is why Georgia and most other states have capped that salary expense to a \$500K. The problem is, when all those credits have been absorbed and or transferred to the subsequent year it will be more difficult to attract new feature films to the islands and will stall the economic development and tax revenue.*
- 3) Eliminate project cap. (this will attract larger feature film projects)



HOLDINGS

- 4) In order to qualify for the tax credits in Georgia, it must be a qualified expenditure in the state, so we believe this has been critical to stimulate new hires/employment in various supporting industries and businesses.
- 5) Because Georgia attracted large studio development, it also attracted all the support industries it needs to operate a proper film studio. This stimulates local hires and local consumption.
- 6) Mandatory independent audits to get the credits approved.
- 7) Postproduction of Georgia-filmed movies and television projects qualifies if post done in Georgia.

Thank you for your time, Mahalo, James Schulz

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
Senate Committee on Energy, Economic Development, and Tourism

Testimony by IATSE 665
January 30, 2023

S.B. 1495 - RELATING TO THE MOTION PICTURE, DIGITAL MEDIA, AND FILM PRODUCTION INCOME TAX CREDIT.

Aloha Chair DeCoite, Vice Chair Wakai, and Members of the Senate 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 SB 1495** relating to taxes.

We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create greater opportunities for growth and for local working families to earn a thriving wage. It's for these reasons that we support SB 1495.

In order to strengthen the positive impacts of the Film and TV industry in Hawai'i, IATSE Local 665 asks your committee to support SB 1495. Thank you for the opportunity to testify.

In Solidarity,



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

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Increase Annual Cap of Film and TV Production Credit

BILL NUMBER: SB 1495, HB 1494

INTRODUCED BY: SB by DECOITE, AQUINO, AWA, CHANG, MCKELVEY, Kim, San Buenaventura, Shimabukuro, Wakai; HB by SAIKI

EXECUTIVE SUMMARY: Requires for film productions with production expenditures of \$1,000,000 or more to support their credit claim with an agreed upon procedures report from a CPA. Increases the annual credit cap from \$50,000,000 to \$75,000,000. Expands the definition of qualified production for the motion picture, digital media, and film production income tax credit to include streaming platforms.

SYNOPSIS: Amends section 235-17(h), HRS, to require film productions with production expenditures of \$1,000,000 or more to support their credit claim with an agreed upon procedures report from a CPA. Repeals the uncodified requirement in section 6 of Act 143, SLH 2017, that required a credit claim to be supported by a “tax opinion.”

Amends the total credit cap in section 235-17(n), HRS, from \$50 million to \$75 million.

Amends the definition of “qualified production” in section 235-17(o), HRS, to include streaming platforms.

EFFECTIVE DATE: Taxable years beginning after December 31, 2023.

STAFF COMMENTS: This credit was enacted as Act 107, SLH 1997, as a percentage of the costs incurred in the State in the production of motion picture or television films. As enacted, the credit was 4% of regular production costs plus 6% of transient accommodations, mirroring the GET and TAT rates at the time. Act 156, SLH 1988, raised the TAT credit to 7.25% while also raising the TAT rate to 7.25%.

After a period where this credit took a back seat to the qualified high tech business program enacted by Act 221, SLH 2001, this credit was next amended by Act 88, SLH 2006, which added credits for digital media and replaced the GET and TAT bifurcation with a unified credit of 15% of qualified production costs incurred in the C&C of Honolulu and 20% in any other county. The act added a per-production cap of \$8 million and sunset the credit on Jan. 1, 2016.

Act 89, SLH 2013, changed the credit percentages to 20% in Honolulu and 25% in any other county; raised the per-production limit to \$15 million; and extended the sunset date to Jan. 1, 2019.

Act 143, SLH 2017, extended the sunset date for the credit to Jan. 1, 2026, and first imposed an aggregate cap of \$35 million. Act 275, SLH 2019, raised the aggregate cap to \$50 million.

Act 217, SLH 2022, changed the credit percentages to 22% in Honolulu and 27% in any other county.

We in Hawaii have had our production credit since 1997, so it's been more than 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 to justify continued redirection of resources to these credits while those resources could instead lower the overall tax burden not only for families but for the businesses that provide long-term employment for Hawaii's people.

Specifically regarding the requirement that a production obtain an agreed upon procedures report, we note that section 18-235-17-14, Hawaii Administrative Rules, and Tax Information Release No. 2019-04 already contain such a requirement and provide details on what the report should contain. It appears that the bill codifies these administrative procedures without substantive change; if lawmakers' intent is different, we encourage that the differences be clearly stated in the committee reports or similar documents.

Digested: 1/31/2023

SB-1495

Submitted on: 2/1/2023 9:55:52 AM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Golojuch Jr	Testifying for Stonewall Caucus of the Democratic Party of Hawaii	Support	Remotely Via Zoom

Comments:

Aloha Senators,

The Stonewall Caucus of the Democratic Party of Hawai‘I; Hawai‘i’s oldest and largest policy and political LGBTQIA+ focused organization fully supports SB 1495.

We hope you all will support this important piece of legislation.

Mahalo nui loa,

Michael Golojuch, Jr.
Chair and SCC Representative
Stonewall Caucus for the DPH



Randy Perreira, President

HAWAII STATE AFL-CIO
Hawaii's Labor Unions

888 Mililani Street Suite 501, Honolulu, Hawaii 96813

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

Testimony by
Hawai'i State AFL-CIO
February 2, 2023

S.B. 1495 – RELATING TO THE MOTION
PICTURE, DIGITAL MEDIA, AND FILM
PRODUCTION INCOME TAX CREDIT

The Hawai'i State AFL-CIO is a state federation of 74 affiliate local unions and councils with over 68,000 members across both public and private sectors. We appreciate the opportunity to testify in **support** of S.B. 1495.

Raising the annual film credit cap to \$75,000,000 signals this Legislature's firm commitment to expanding Hawai'i's creative economy and creative workforce. This provides opportunities for expanding creative industries and developing career pathways into the creative workforce.

We appreciate your consideration of our testimony in **support** of S.B. 1495.

Respectfully,

A handwritten signature in black ink, appearing to read "Randy Perreira".

Randy Perreira
President



Daniel Ross, RN
President

Gary Nuber
Director of Field Services

1600 Ala Moana Blvd. Suite 100
Honolulu, HI 96819

Tel: (808) 531-1628
Fax: (808) 524-2760

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

Testimony by
Hawaii Nurses Association
February 2, 2023

S. B. 1495 – RELATING TO THE MOTION PICTURE, DIGITAL MEDIA, AND FILM
PRODUCTION INCOME TAX CREDIT

The Hawaii Nurses Association -OPEIU Local 50 is affiliated with the AFL-CIO and was founded in 1917 and represents 4,000 nurses in the State of Hawaii. We are grateful to testify in **SUPPORT** of S. B. 1495.

This bill clarifies requirements for film productions with production expenditures of \$1,000,000 or more claiming the motion picture, digital media and film production income tax credit. It also Increases the annual cap from \$50,000,000 to \$75,000,000 for the total amount of the motion picture, digital media and film production tax credit. Further more it expands the definition of qualified production for the motion picture, digital media and film production income tax credit to include streaming platforms.

Thank you for your consideration and we urge you to vote in support of S. B. 1495.

Respectfully,

Daniel Ross
President

SB-1495

Submitted on: 2/1/2023 10:14:34 AM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Pride at Work - Hawaii	Testifying for Pride @ Work - Hawaii	Support	Written Testimony Only

Comments:

Aloha Senators,

Pride at Work – Hawai‘i is an official chapter of Pride At Work which is a national nonprofit organization that represents LGBTQIA+ union members and their allies. P@W-HI fully supports SB 1495.

We ask that you support this needed piece of legislation.

Mahalo,

Pride at Work – Hawai‘i

February 2, 2023

LATE



Committee on Energy, Economic Development & Tourism
Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair

Working together for Kapolei

Thursday, February 2, 2023
1:00 p.m. via Videoconference

RE: SB 1495 RELATING TO THE MOTION PICTURE, DIGITAL MEDIA, AND FILM PRODUCTION INCOME TAX CREDIT

Dear Chair DeCoite, Vice Chair Wakai and members of the Committee

My name is Kiran Polk, and I am the Executive Director of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region which includes Waipahu to Ka'ena Point. The Chamber works on behalf of its members and the entire business community to improve the regional and State economic climate and help Kapolei businesses thrive. We are a member-driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

The Kapolei Chamber of Commerce **strongly supports SB 1495** which clarifies requirements for film productions with production expenditures of \$1,000,000 or more claiming the motion picture, digital media, and film production income tax credit and increases the annual cap from \$50,000,000 to \$75,000,000 for the total amount of the motion picture, digital media, and film production tax credit. It also expands the definition of qualified production for the motion picture, digital media, and film production income tax credit to include streaming platforms.

According to the HI Dept. of Business Economic Development and Tourism, each dollar of qualified film credit in 2019 (pre-pandemic) increased the state's GDP by between \$2.51 to \$3.92 and increased household income by between \$1.58 and \$2.44. **The proposed adjustments to the motion picture digital media and film production income tax credit are needed so that Hawai'i can continue to be relevant and provide the opportunity to these creative industries in a very competitive and evolving industry. West O'ahu is a growing epicenter for the film and digital industries and our small businesses are positively impacted from film production.** The newly and dynamic Academy of Creative Media, Kalaeloa Airport, Barber's Point Harbor, local agriculture and farms, impressive coastlines, private and public buildings, and unique offerings like Ko Olina Resort, make West O'ahu a convenient and dynamic location for film production, technology incubators, and innovative workspaces.

These incentives for the film and digital media industries will result in more jobs and revenue into our state in these times we need to elevate and stimulate our economic revitalization efforts.

Thank you for this opportunity to provide testimony.

Best,

A handwritten signature in black ink, appearing to read "Kiran Polk".

Kiran Polk
Executive Director

LATE

SB-1495

Submitted on: 2/2/2023 2:04:43 AM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Reid Smith	Testifying for Gripsmith LLC	Support	Written Testimony Only

Comments:

Aloha,

My name is Reid Keoki Smith. I'm the local owner for Gripsmith LLC that rents out lighting and camera equipment to film and television being filmed in the islands. I started it this business 24 years ago and ive seen the local industry grow with the state tax credits given to qualifying productions. Increasing the cap will only help get more producers to spend time in our local film industry. Expanding the credits to more streaming service and web productions will even allow more locals to make a living from visiting employers. when the movies come alot of money is spent here on a wide variety Hawaii vendors. If a cap prevents shows from comming those vendors struggle. Pleas pass SB 1495 to help grow and support our local film making industry!

Mahalo,

Keoki Smith

LATE

SB-1495

Submitted on: 2/1/2023 3:10:53 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Tiffany Tavares	Individual	Support	In Person

Comments:

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is Tiffany Tavares . I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i. I submit this testimony in support of SB 1495. I work in the Film/TV sector of Hawai'i's entertainment industry. We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create a greater opportunity for growth and more opportunity for locals to be paid a thriving wage. It's for these reasons that I support SB 1495. Thank you for the opportunity to testify.

Tiffany T Tavares

IATSE 665 member

SB-1495

Submitted on: 2/1/2023 7:55:19 AM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Angela Laprete	Individual	Support	Remotely Via Zoom

Comments:

I am FOR lifting the cap(s) including the per project cap. We've had and have a viable TVfilm industry in Hawaii for so many years. Facts: provides hundreds, sometimes thousands of jobs for our local and Hawaiian people and local businesses thrive. The more productions that come and are not limited and/or maxed out by a per project cap, means more opportunities for jobs, training into key positions, building infrastructure now and for our future generation. There's no doubt that this could diversify the State's economy. It's already in place so we should capitolize on shows that are already here and optimize on the bigger budgets (like Chief of War) that have the potential to shoot in Hawaii longer (vs going elsewhere) and for seasons to come. I'm on the frontline and being a Producer on Chief of War, it's ignited a fire for our cast and crew to keep a show like this in Hawaii as it prominently features polynesians in main roles, has put thousands to work on Big Island, Maui and Oahu - and it's a story about Hawaii, first of its kind to be on a global platform. It's a major example to lead this industry forward. Mahalo!

SB-1495

Submitted on: 2/1/2023 8:14:49 AM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Brian L Keaulana	Individual	Support	Remotely Via Zoom

Comments:

Aloha senators my name is Brian Keaulana. I have been in the film industry for over 30 years. I am currently working in New Zealand on chief of war, which is all about Hawaiian history. We have filmed in Hawaii and hired a lot of businesses and local people but unfortunately because of the tax cap the movie was moved here for the story to survive. I would love to change our path in filmmaking in Hawaii so we don't have to travel to other places. I have been very successful in this business my legacy is not about me. Our legacy is about our Hawaiian people and the place we live in I would love for hawaii's economy to change from tourism to a strong workforce economy. Please support this bill as a life saver you'll be saving our culture our community, and our families Much aloha
Brian Keaulana

SB-1495

Submitted on: 1/31/2023 7:59:30 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jason Momoa	Individual	Support	Written Testimony Only

SB-1495

Submitted on: 1/30/2023 2:48:26 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Michael Myers	Individual	Support	Written Testimony Only

Comments:

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is Michael Myers. I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i. I submit this testimony in support of SB 1495. I've been a member of IATSE 665 for 2 years and worked in the Film/TV sector of Hawai'i's entertainment industry for 17 years. We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create a greater opportunity for growth and more opportunity for locals to be paid a thriving wage. It's for these reasons that I support SB 1495. Thank you for the opportunity to testify.

Sincerely,

Michael Myers

Member, IATSE 665

SB-1495

Submitted on: 1/30/2023 2:57:19 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Nicholas Gervais	Individual	Support	Written Testimony Only

Comments:

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is *Nicholas Gervais*. I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i. I submit this testimony in support of SB 1495. I've been a member of IATSE 665 for 8 years and worked in the Film/TV sector of Hawai'i's entertainment industry for 11 years. We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create a greater opportunity for growth and more opportunity for locals to be paid a thriving wage. It's for these reasons that I support SB 1495. Thank you for the opportunity to testify.

Sincerely,

Nicholas F. Gervais

Member, IATSE 665

SB-1495

Submitted on: 1/30/2023 3:54:16 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jim Murphy	Individual	Support	Written Testimony Only

Comments:

The film industry is critical to many Hawaii residents and small businesses. The tax credit enables us to remain competitive with other locations throughout the country. Raising the cap and expanding the definition of qualified productions will benefit members of my union, IATSE Local 665, and many other families here in Hawaii. For those reasons, I support this bill.

Jim Murphy

LATE

SB-1495

Submitted on: 2/1/2023 1:14:12 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Erika K Aresta	Testifying for Iatse665	Support	Written Testimony Only

Comments:

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is Erika Aresta . I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i. I submit this testimony in support of SB 1495. I've been a member of IATSE 665 for 12 years and worked in the Film/TV sector of Hawai'i's entertainment industry for 13 years. We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create a greater opportunity for growth and more opportunity for locals to be paid a thriving wage. It's for these reasons that I support SB 1495. Thank you for the opportunity to testify.

Sincerely,

Erika Aresta

Member, IATSE 665

SB-1495

Submitted on: 1/30/2023 4:06:50 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kara Preciado	Individual	Support	Written Testimony Only

Comments:

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is Kara Preciado. I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i. I submit this testimony in support of SB 1495. I've been a member of IATSE 665 for almost 2 years and worked in the Film/TV sector of Hawai'i's entertainment industry for 6 years. We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create a greater opportunity for growth and more opportunity for locals to be paid a thriving wage. It's for these reasons that I support SB 1495. Thank you for the opportunity to testify.

Sincerely,

Kara Prciado

Member, IATSE 665

"

SB-1495

Submitted on: 1/30/2023 5:42:02 PM

Testimony for EET on 2/2/2023 1:00:00 PM

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

Comments:

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is Raimar van den Bylaardt II. I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i. I submit this testimony in support of SB 1495. I've been a member of IATSE 665 and worked in the Film/TV sector of Hawai'i's entertainment industry for 20 years. We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create a greater opportunity for growth and more opportunity for locals to be paid a thriving wage. It's for these reasons that I support SB 1495. Thank you for the opportunity to testify.

Sincerely,

Raimar van den Bylaardt II

Member, IATSE 665

SB-1495

Submitted on: 1/30/2023 7:05:17 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kaipu Seales	Individual	Support	Written Testimony Only

Comments:

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is Kaipu Seales. I am originally from Molokai and made the sacrifice to move to O'ahu to support my family by working in the film industry. I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i. I submit this testimony in support of SB 1495. I've been a member of IATSE 665 since 2014 and worked in the Film/TV sector of Hawai'i's entertainment industry for 10 years. We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create a greater opportunity for growth and more opportunity for locals to be paid a thriving wage. It's for these reasons that I support SB 1495. Thank you for the opportunity to testify.

Sincerely,

Kaipu Seales

Member, IATSE 665

"

Position: SUPPORT

Testimony:

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is Kapala Novikoff. I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i. I submit this testimony in support of SB 1495. I've been a member of IATSE 665 for 3 months worked in the Film/TV sector of Hawai'i's entertainment industry for 25 years. We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create a greater opportunity for growth and more opportunity for locals to be paid a thriving wage. It's for these reasons that I support SB 1495. Thank you for the opportunity to testify.

Sincerely,

Kapala Novikoff
Member, IATSE 665

SB-1495

Submitted on: 1/30/2023 9:11:48 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Noah Hamilton	Individual	Support	Written Testimony Only

Comments:

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is Noah Hamilton. I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i.

I'm also executive producer on the 2022 hawaii film "the wind and the reckoning" which was a recipient of the tax credit. As a producer we so rely on this credit. I've seen hawaii scripts re-written to shoot away from hawaii where tax rebates are better and costs are cheaper. It's so hard in Hawaii for the small indie films. We rely on the tax credit.

As a crew member I've been on hold for projects and I've seen them go away cause the tax credit got used up

I submit this testimony in support of SB 1495. I've been a member of IATSE for 12 years. I've worked in the Film/TV sector of Hawai'i's entertainment industry for 20 years. We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create a greater opportunity for growth and more opportunity for locals to be paid a thriving wage. It's for these reasons that I support SB 1495. Thank you for the opportunity to testify.

Sincerely,

Noah Hamilton

Member, IATSE 665 and 600

SB-1495

Submitted on: 1/31/2023 8:00:32 AM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Cathie Valdovino	Testifying for IATSE LOCAL 665	Support	Written Testimony Only

Comments:

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is Cathie Valdovino. I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i. I submit this testimony in support of SB 1495. I've been a member of IATSE 665 and worked in the Film/TV sector of Hawai'i's entertainment industry for 28 years. We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create a greater opportunity for growth and more opportunity for locals to be paid a thriving wage. It's for these reasons that I support SB 1495. Thank you for the opportunity to testify.

Sincerely,

Cathie Valdovino

Member, IATSE 665

SB-1495

Submitted on: 1/31/2023 10:59:51 AM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
james koons	Individual	Support	Written Testimony Only

Comments:

Aloha,

Thank You for supporting Hawaii's SAGAFTRA members

I am writing in support of SB 1495 and SB 1237 to maintain a robust and stable incentive program which benefits our beautiful state's economy rather than them being lured away by another locations more competetive incentive program.

I'm always hearing from fans of Hawaii shows how watching these shows 'makes them want to visit Hawaii'.

Acting is my career. This would benefit me and every other actor who's chosen Hawaii to be there home over LA. We need all the help we can get in the way of more oppportunities to work.

Mahalo,
James Koons

SB-1495

Submitted on: 1/31/2023 11:10:23 AM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Karen Wood	Individual	Support	Written Testimony Only

Comments:

Aloha,

As someone who works in this industry, I fully support raising the cap on motion picture and television production tax incentives, and to include productions for streaming services. These productions bring in hundreds of jobs and are the sole source of income for many who work directly in the industry, but also provide jobs and income for related support industries. Additional revenue is generated for hospitality in the form of hotel rooms and restaurant bookings, along with catering, equipment rentals, and location rental fees. Income and sales taxes are generated in these areas, benefiting the state coffers. I believe that the television and film production industry has become an important part of the state's economy and should not be hampered or restricted by tax incentive caps. Additionally, these productions provide far-reaching marketing for tourism to our beautiful state, attracting visitors by featuring and advertising the natural beauty of our state. This kind of free public relations campaign is priceless. Please consider the long-term effects and plan for the future.

Mahalo for your time and attention.

Respectfully,

Karen Wood

Associate Casting Director, Honolulu, HI

SB-1495

Submitted on: 2/1/2023 12:09:43 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
John Adams	Individual	Support	Written Testimony Only

Comments:

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is John Adams. I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i. I submit this testimony in support of SB 1495. I've been a member of IATSE 665 and worked in the Film/TV sector of Hawai'i's entertainment industry for 4 years. We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create a greater opportunity for growth and more opportunity for locals to be paid a thriving wage. It's for these reasons that I support SB 1495. Thank you for the opportunity to testify.

Sincerely,

John Adams

Member, IATSE 665

SB-1495

Submitted on: 1/31/2023 6:16:06 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Kelly Rice	Individual	Support	Written Testimony Only

Comments:

Aloha! I'd first like to thank the Legislature for supporting our SAG members in beautiful Hawaii. I am in SUPPORT of SB 1495. A robust and stable incentive program is not only good for our members, crew, technicians and the creative industries, it benefits the whole state by creating living wage jobs and diversifying our economy. I am a working actress for over 20 years and hope to keep booking roles on productions out here in Hawaii. I feel grateful to have worked on many productions shot on Oahu, from Lost to Magnum P.I. By increasing the tax credit cap to \$75,000 and by expanding the definition of qualified productions (especially) to streaming platforms, the opportunities will be greater for all of us who work in the tv and film industry. Mahalo for helping me continue to pursue my passion!

Sincerely,

Kelly Rice

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is Lukas Seno. I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i. I submit this testimony in support of SB 1495. I've been a member of IATSE 665 for 23 years and worked in the Film/TV sector of Hawai'i's entertainment industry for 30 years. We depend on the motion picture, digital media, and film production income tax credit to remain competitive in the global market. Raising the cap on the film tax incentive will create a greater opportunity for growth and more opportunity for locals to be paid a thriving wage.

*It's for these reasons that I support SB 1495.
Thank you for the opportunity to testify.*

*Sincerely,
Lukas Seno
Member, IATSE 665*

SB-1495

Submitted on: 2/1/2023 11:13:22 AM

Testimony for EET on 2/2/2023 1:00:00 PM

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

Comments:

Aloha Chair DeCoite, Vice-Chair Wakai, and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is Ron Evans. I'm a member of IATSE Local 665, the union that represents entertainment technicians in the state of Hawai'i. I submit this testimony in support of SB 795. I've been a member of IATSE 665 for 17 worked in the Film/TV sector of Hawai'i's entertainment industry for 18 years. 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 me that the recipients of this incentive provide evidence of compliance with all applicable qualifying requirements. Transparency is key in the fair administration of this incentive. It's for these reasons that I support SB 795. Thank you for the opportunity to testify.

Sincerely,

Ron Evans

Member, IATSE 665

SB-1495

Submitted on: 1/31/2023 1:18:08 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
luke kaili	Testifying for MEBA	Support	Written Testimony Only

Comments:

The MEBA fully supports this bill.

SB-1495

Submitted on: 1/31/2023 10:26:48 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Brenden Baisa	Individual	Support	Written Testimony Only

Comments:

I support SB 1495

SB-1495

Submitted on: 1/31/2023 10:49:36 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Keith Merritt	Individual	Support	Written Testimony Only

Comments:

Please approve SB1495 as the motion picture industry is vitally important to Hawaii, providing employment for many Hawaii residents which is not tied to tourism, thank you.

SB-1495

Submitted on: 2/1/2023 10:49:09 AM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jean Simon	Individual	Support	Written Testimony Only

Comments:

Aloha,

I support [SB 1495](#). We need to support the film industry in Hawaii. It brings in a LOT of revenue. This shouldn't be thought of as "spending", this should be thought of as bringing in business, adding tax dollars to Hawaii as it brings in revenue!

Hollywood is belt tightening. There could be more competition for places to film and less projects filming. Hawaii needs the boost of income from this bill!

Mahalo!

Jean Simon

Dear Committee Members –

February 1, 2023

Thank you for taking the time to consider my written testimony in support of SB33.

I am an Emmy Award winning (season one, *The White Lotus*) Location Casting Director, a Teamster with Local 996, a long time member of SAG-AFTRA, and one of only two (2) Casting Directors in Hawaii who have been inducted into the Casting Society of America. Prior to my tenure as a Casting Director, I was an actress who made a living in the industry appearing in dozens of commercials, television programs and feature films. My husband and I have lived on Oahu for over 30 years and our only son was born at the Queen's Hospital in October of 2000.

Through my work as a Location Casting Director, and we are just one small department among many on productions such as *The White Lotus*, *Chief of War*, *Big Eyes*, *Godzilla*, *Jurassic World*, *Jurassic World: Fallen Kingdom*, *Snatched*, *Jumanji: Welcome to the Jungle*, *Jungle Cruise*, *Triple Frontier*, *Midway*, *Hobbs & Shaw* and *The Wrong Missy*, to name a few, we have been fortunate to hire thousands of local actors as Principal or Extra talent. Our department has generated dozens of additional jobs for local people as Stand Ins and Production Assistants. Over the years, we have been grateful to see an increase in the scope and number of Principal Roles we are being asked to cast locally rather than flying someone in from LA or NY. This is indicative not only of the growth of the industry here in Hawaii but of the increased quality of the training and experience our local talent is being afforded. The hard work and dedication of many is just now beginning to pay off for us literally and figuratively. As numerous producers and their teams have taken great pains to explain to our administration, this growth will not continue with the current cap in place. The most relevant and personal experience for me has been watching the demise of the film industry in New Orleans where mistakes about a tax cap were clearly made and the incredible boom in Atlanta, where it seems wiser heads prevailed.

There are myriad of examples and statistics to prove how our industry brings in millions of dollars to our local economy directly and indirectly through the catering industry, hotel industry, local shops, etc etc... but for me it's much more personal. The people in my industry are solution oriented and, in general, they are among the most generous people in the world. We all gain when these people to come into our communities with fresh ideas and willingness to jump onto community boards, put their kids into our public schools, open up their own businesses, volunteer, make donations to local non profits. I have been privileged to work on all of our islands and whenever a production comes in, they are seeking ways to benefit the community that will host them - sometimes for a year at a time. I was a Girl Scout and these guys follow our motto of always leaving a place better than how they found it.

Lastly, I humbly suggest that we who live and work here in the film and television industry are an asset to our state. My husband is a teacher and a social worker working with our most challenge homeless population. We make efforts to volunteer to make our neighborhood a better and safer place for all. Personally, I don't know anyone in our industry who doesn't put in work hours that would make most "normal" people collapse while continuing to contribute volunteer time for many projects. We pay taxes, contribute to our community in many ways and understand the gravity of what will happen if we don't increase the annual cap currently in place and extend the sunset date for the film production income tax credit. Please accept my support of SB 1495 and SB 1237.

Respectfully Submitted,

Katie Doyle-Hummel, Local 996, CSA
Location Casting Director
katiedoylecasting@gmail.com
808.258.7185

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New York Gov. Aims to Boost Film Tax Credits to \$700M As New Jersey Rivalry Heats Up

Since 2020, at least ten productions chose to film in New Jersey or other jurisdictions instead of the Empire State.

BY WINSTON CHO  FEBRUARY 1, 2023 1:57PM



ADVERTISEMENT

New York Gov. Kathy Hochul MICHAEL M. SANTIAGO/GETTY IMAGES

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New York is looking to increase the cap on tax credits the state gives to the film and TV industry from \$420 million to \$700 million and raise the incentive to 30 percent, according to the 2023 state budget proposed by Gov. Kathy Hochul on Wednesday.

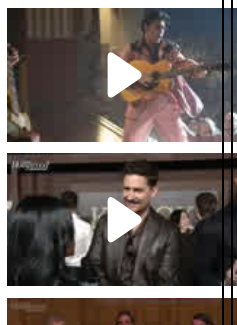
The changes, which would run through 2034, are aimed at luring productions back from jurisdictions that left the state when it lowered its credit to 25 percent in 2020. Since then, states have turned to offering increasingly competitive incentives as film and TV production spending reached record highs. The proposal includes a five percent bump for TV series that relocate to New York, among other major revisions.

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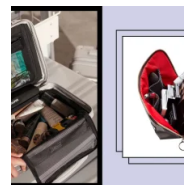
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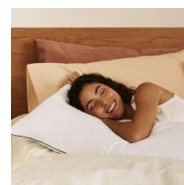
The Best Valentine's Day Gifts to Buy on Sale From Mejuri, Nordstrom, Saks and More

BY DANIELLE DIRECTO-MESTON



The Best Makeup Bags for Every Type of Beauty Lover

BY NICOLA FUMO



The Best Sleep Tips and Snooze-Friendly Products for Better Rest This Year and Beyond

BY DANIELLE DIRECTO-MESTON



David Beckham-Loved Trainer Chase Weber's Favorite Things, From Mood Lights to Mushroom Elixirs

BY NATALIE ALCALA

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BY KATIE KILKENNY

If the budget passes the legislature, it would also make above-the-line wage costs eligible for tax breaks for the first time, with certain restrictions. The credit would be capped at \$500,000 per individual and limit above-the-line tax incentives to 40 percent of other qualified production expenses.

The proposed change follows Illinois Gov. J. B. Pritzker in April signing into law a measure that similarly allowed some non-resident wages to qualify. California is now the only state that doesn't do so.

"Governor Hochul is focused on growing industries and opportunities across the state and the film and television industry is no different," says Kristin Devoe, a spokesperson for Empire State Development, in a statement. "The proposed enhancement of the film tax credit will grow the film industry and keep New York competitive in this very important sector of our economy which has generated over \$20 billion in spending and created 57,300 direct and indirect jobs."

Additionally, the changes modify payout rules. A



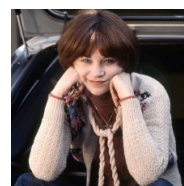
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production would be able to claim the non-transferable, refundable tax credit the same year it's allocated the incentive instead of having to wait a year.

A common complaint from prospective productions have been delays in payment, according to Devoe.

“A lot of people were avoiding New York, especially independent producers, because of that long payout,” says Joe Chianese, senior vp and practice leader at Entertainment Partners, a Los Angeles-based group that advises companies and state film offices on how to set up and structure tax incentives programs.

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To be eligible for the five percent bump, relocating TV series must have filmed at least six episodes in other jurisdictions and have a minimum budget of \$1 million per episode. California in 2022 passed a similar measure by reserving an additional \$15 million for series that relocate to the state, bringing the total annual funding for such shows to \$71.1 million. Criteria to qualify was relaxed to include projects that filmed their pilot episode out of state. (The program previously required relocating series to film an entire

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BY ALEX RITMAN



season outside of California.) *Killing It* and *Rap Sh!t* — two series selected to receive tax credits — moved production from Louisiana and Florida, respectively.

Under the proposal, tax credits to shoot in New York can reach as high as 40 percent if a production qualifies for a 10 percent bump by shooting in certain areas. Productions have increasingly been flocking to Buffalo and Western New York to qualify, Chianese says. Buffalo FilmWorks is currently constructing a \$50 million facility set to become the largest sound stage in the state.

Several states, including New Jersey, Oklahoma and California, increased their film incentives when New York lowered its credit to 25 percent. As a result, productions fled the state. Sound stages that normally operate at full capacity have increasingly had vacancies, and at least ten productions chose to film in New Jersey or other jurisdictions, Devoe says.

New York’s loss was New Jersey’s gain. In 2022, film and TV production spending reached a record \$650 million. Gov. Phil Murphy reinstated the Film and Digital Media Tax Credit program in 2018 after a three-year hiatus.

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SB-1495

Submitted on: 1/31/2023 8:27:00 PM

Testimony for EET on 2/2/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Comments	Written Testimony Only

Comments:

I am not opposed, necessarily, to expanding the film motion picture, digital media, and film production tax credit. However, Hawai'i's current budget surplus will likely only last for a few years at most, and we have many important programs and investments that we need to make with our tax revenue to alleviate poverty, transform our economy, our infrastructure and our housing market, and preserve our environment for future generations. If this tax credit is to be expanded, I think lawmakers should very seriously consider embracing revenue-raising tax fairness proposals that will tax wealth in order to fund our future. Mahalo.

TO THE SENATE
KA 'AHA KENEOA
THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2023

LATE

COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Senator Lynn DeCoite, Chair

Senator Glenn Wakai, Vice Chair

DATE: Thursday, February 2, 2023

TIME: 1:00 PM

PLACE: Conference Room 229 & Videoconference

State Capitol

415 South Beretania Street

Bill No. **SB 1495**

Position: **STRONG SUPPORT WITH COMMENTS**

One of the most impactful approaches to economic diversification is the film industry. Historically, the film industries presence in Hawai'i has stimulated other businesses through the direct creation of high-paying jobs and the purchase of supplies, which go into the production of motion pictures and, digital media, and the indirect support of ancillary businesses (e.g., restaurants, shops, constructions companies).

The impact of COVID-19 on the film industry was significant, Hawai'i's geographic isolation shielded the State from the many issues that the contiguous states encountered. The Hawaiian film industry was one of the few that was able to maintain operations (by implementing appropriate safety protocols).

Pursuant to HRS §235-17, the Department of Economic Business Development and Tourism has the authority. to distribute film Motion Picture, Digital Media, and Film Production Income Tax Credits toward qualified productions. Years of experience with this film tax credit has demonstrated its value and that there is room for the potential for even greater economic benefits to the State of Hawai'i improvement. The University of Hawaii Economic Research Organization (UHERO) study (conducted in March 2021) noted that:

"Since the passage of the film credit in 2006, spending in Hawaii 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 Hawaii's real gross domestic product over the same period, a modest 17 percent".

Over 30 States offering film tax credits and the need to be competitive to grow the film industry, further strengthening and diversifying the Hawaiian economy, the report recommended:

"[That the] annual aggregate cap be raised, perhaps to \$75 million, to facilitate payment of film credits in the year in which the production occurs. In conjunction with this increase, we would recommend limiting roll-overs of film credits to the next fiscal year to \$15 million. In sum, if the film credit is a worthwhile activity for the state, we should make more use of it by raising the aggregate annual cap to allow more projects".

Though I agree with the intent of SB1495 the bill in its current form does not address two concerning needs. Therefore I humbly ask this committee to consider the inclusion of the following language with this bill to be amended as read:

Amend §235-17 As follows:

“Total tax credits claimed per qualified production shall not exceed [~~\$17,000,000.00~~]”

\$21,000,000.00

Applicants for the tax credit shall provide evidence to increase the potential pool of Hawai'i talent to allow local residents of Hawai'i to join labor unions, and other forms of collective bargaining organizations toward the furtherance of the local film and television and digital media industries and support domestic capacity.

Provide evidence that the Host culture consulting firms were used in Hawai'i that specializes in the accurate depictions of host culture: language, arts, hula, in areas not otherwise specified

In summation, it is my recommendation that bill SB1495 be passed out of this committee with the suggested language inclusion. I hope that all changes to this bill should be in keeping with the introducer's intent and long-term thinking towards a viable economic sector. The passage of this bill will increase the standard of living for all workers in Hawaii. Thank you for the opportunity to submit my testimony.

Mahalo,

Ken Farm