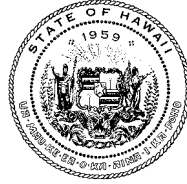


NEIL ABERCROMBIE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
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FREDERICK D. PABLO
DIRECTOR OF TAXATION

JOSHUA WISCH
DEPUTY DIRECTOR



To: The Honorable David Y. Ige, Chair
and Members of the Senate Committee on Ways and Means

Date: Thursday, March 28, 2013
Time: 9:05 a.m.
Place: Conference Room 211, State Capitol

From: Frederick D. Pablo, Director
Department of Taxation

Re: H.B. 799, H.D.3, S.D. 1, Relating to Creative Media Development

The Department of Taxation (Department) **appreciates the intent** of H.B. 799, H.D. 3, S.D. 1, and provides the following information and comments for your consideration.

Workforce Development Training Program

Section 2 of this measure adds a new section in Hawaii Revised Statutes Chapter 394 to create a workforce development training program that reimburse prequalified entities for a 50% of wages, up to 1,040 hours per newly hired employee in a job paying at least 32 hours per week. This program is to be administered by the Department of Labor and Industrial Relations (DLIR). In addition, an unspecified amount is to be appropriated out of the general fund to DLIR for the implementation of this program.

Motion Picture, Digital Media, and Film Production Tax Credit

Sections 3 of this measure amends section 235-17, Hawaii Revised Statutes, by: (1) deleting the internet-only distribution exclusion in the definition for "digital media;" and (2) clarifying that qualified production costs exclude state and county facility and location fees that are not subject to Hawaii general excise tax or income tax. The amendment regarding qualified production costs is consistent with the Department's position, but provides taxpayers with further clarity.

The Department defers to the Department of Business Economic Development, and Tourism (DBEDT) on the merits of section 4, which extends the sunset date set forth in Act 88, Session Laws of Hawaii 2006, from January 1, 2016 to January 1, 2025; and section 5 which requires the performance of a cost benefit analysis of the tax credits by DBEDT.

Thank you for the opportunity to provide comments.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development and Tourism
before the

SENATE COMMITTEE ON WAYS AND MEANS

Thursday, March 28, 2013

9:00 am

State Capitol, Conference Room 211

in consideration of

HB799, HD3, SD1

RELATING TO CREATIVE MEDIA DEVELOPMENT.

Chair Ige, Vice Chair Kidani, and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) offers comments on HB799, HD3, SD 1, which introduces two new sections for non-refundable credit equal to 25 percent of the qualified costs for qualified digital media infrastructure projects, specifically in West Oahu or the most populous island in a county with a population of 100,000 to 175,000, as well as a section relating to a workforce development credit/training program.

We support the intent of the new infrastructure credit but would recommend eliminating the geographic restriction.

DBEDT supports the extension of the sunset date to 2025 and including internet distribution as a qualified activity. The department does not support Section 2 and the workforce development training program as written. Hawaii film labor unions are also opposed to the proposed language. Any training programs for the craft guilds are best developed by our labor unions in the film arena. References to “guaranteed full time employment” language is also problematic, given the cyclical nature of production. We are also concerned that the 50 percent wage reimbursement for on-the-job labor training may not be fiscally prudent, given the State’s current economic situation.

Thank you for the opportunity to testify on this measure.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: ric@islandfilmgroup.com
Subject: Submitted testimony for HB799 on Mar 28, 2013 09:05AM
Date: Monday, March 25, 2013 2:59:59 PM

HB799

Submitted on: 3/25/2013

Testimony for WAM on Mar 28, 2013 09:05AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Ricardo Galindez	Island Film Group	Support	Yes

Comments: Support with Amendments.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB799 on Mar 28, 2013 09:05AM*
Date: Monday, March 25, 2013 3:26:01 PM

HB799

Submitted on: 3/25/2013

Testimony for WAM on Mar 28, 2013 09:05AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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