

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LT. GOVERNOR



ISAAC W. CHOY  
DIRECTOR OF TAXATION

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

To: The Honorable Sean Quinlan, Chair;  
The Honorable Daniel Holt, Vice Chair;  
and Members of the House Committee on Economic Development

From: Isaac W. Choy, Director  
Department of Taxation

Date: February 2, 2022  
Time: 10:00 A.M.  
Place: Via Video Conference, State Capitol

**Re: H.B. 1495, Relating to Motion Picture, Digital Media, and Film Production**

The Department of Taxation (Department) appreciates the intent of H.B. 1495 and offers the following comments for your consideration.

H.B. 1495 prevents a production from qualifying for the motion picture, digital media, and film production tax credit under section 235-17, Hawaii Revised Statutes, if the production hires or compensates an employee of the State or county whose official capacity is related to motion picture, digital media, or film production for certain services, and requires a taxpayer claiming the tax credit to identify any such employee in the statements required to be submitted to the Department of Business, Economic Development and Tourism. The measure is effective upon approval.

The Department suggests clarifying the term “compensated for services.” For example, it is not clear if providing a free parking pass or a complimentary lunch is sufficient to constitute compensation. Clarifying this definition will help to prevent any misunderstanding and avoid unnecessary litigation.

Thank you for the opportunity to provide comments.



UNIVERSITY  
of HAWAII®  
MĀNOA

Academy for Creative Media  
College of Arts, Languages & Letters

To: Representative Sean Quinlan, Chair;  
Representative Daniel Holt, Vice Chair;  
and Members of the House Committee on Economic Development

From: Christine Acham, Chair, Academy for Creative Media *Christine Acham*

Date: Wednesday, February 2, 2022

Time: 10:00 A.M.

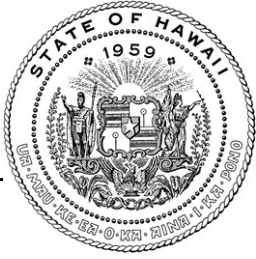
Place: Via Video Conference, State Capitol

Re: HB 1495, Relating to Motion Picture, Digital Media, and Film Production

As Chair of the Academy for Creative Media at Mānoa I am writing to ask that the committee consider faculty who work for ACM and who may take a job on one of these productions. Faculty members in film who continue to have a professional career, either as filmmakers or cultural consultants are considered valuable to the reputation of a film school. These faculty members would take a leave of absence without pay if offered these opportunities and fill out any necessary conflict of interest paperwork that UH requires.

I ask that this issue is considered. The Bill as stated may discourage productions from hiring ACM faculty.

Thank you for your time in reading these comments.



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

**DAVID Y. IGE**  
GOVERNOR  
**MIKE MCCARTNEY**  
DIRECTOR  
**CHUNG I. CHANG**  
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  
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Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**MIKE MCCARTNEY**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT**

Wednesday, February 2, 2022  
10:00 AM  
State Capitol, Conference Room 312

In consideration of  
**HB 1495**  
**RELATING TO MOTION PICTURE, DIGITAL MEDIA, AND FILM PRODUCTION.**

Chair Quinlan, Vice Chair Holt and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) offers the following comments on HB1495, which prohibits a production from qualifying for the motion picture, digital media, and film production tax credit if the production hires or compensates an employee of the State or county whose official capacity is related to the production for certain services.

DBEDT understands the intent of the proposed amendments to HRS 235-17, Section 1, as noted in item (7) of this measure, relating to assurances that no government officials are hired or compensated by a production applying for the Hawaii Motion Picture, Digital Media, and Film Production Tax Credit, HRS 235-17.

We agree, should this situation arise, this is cause for concern and pledge to work with the Legislature to provide recommendations on additional clarifying language for your consideration.

DBEDT wants to assure lawmakers and industry that there are no unintended consequences from inclusion of this language which may inadvertently negatively impact the state or the much-needed production activity going forward.

We appreciate the Legislature's commitment and support to this industry which is a key aspect of Hawaii's economic recovery. Thank you for the opportunity to testify.



# **UNIVERSITY OF HAWAII SYSTEM**

## **Legislative Testimony**

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Testimony Presented to the  
House Committee on Economic Development  
Wednesday, February 2, 2022 at 10:00 a.m.

by

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

**HB 1495 – RELATING TO MOTION PICTURE, DIGITAL MEDIA, AND FILM  
PRODUCTION**

Chair Quinlan, Vice Chair Holt, and Members of the Committee:

The University of Hawai'i (UH) understands the intent of HB 1495, but its passage may result in unintended consequences that may prevent or deprive faculty members from necessary professional development and scholarship opportunities vital to their teaching career.

Thank you for the opportunity to comment on this measure.



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

**DAVID Y. IGE**  
GOVERNOR  
**MIKE MCCARTNEY**  
DIRECTOR  
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Statement of  
**MIKE MCCARTNEY**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT**

Wednesday, February 2, 2022  
10:00 AM  
State Capitol, Conference Room 312

In consideration of  
**HB 1495**  
**RELATING TO MOTION PICTURE, DIGITAL MEDIA, AND FILM PRODUCTION.**

Chair Quinlan, Vice Chair Holt and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) offers the following comments on HB1495, which prohibits a production from qualifying for the motion picture, digital media, and film production tax credit if the production hires or compensates an employee of the State or county whose official capacity is related to the production for certain services.

DBEDT understands the intent of the proposed amendments to HRS 235-17, Section 1, as noted in item (7) of this measure, relating to assurances that no government officials are hired or compensated by a production applying for the Hawaii Motion Picture, Digital Media, and Film Production Tax Credit, HRS 235-17.

We agree, should this situation arise, this is cause for concern and pledge to work with the Legislature to provide recommendations on additional clarifying language for your consideration.

DBEDT wants to assure lawmakers and industry that there are no unintended consequences from inclusion of this language which may inadvertently negatively impact the state or the much-needed production activity going forward.

We appreciate the Legislature's commitment and support to this industry which is a key aspect of Hawaii's economic recovery. Thank you for the opportunity to testify.



The Senate  
The Thirty-First Legislature  
Regular Session of 2022

COMMITTEE ON ECONOMIC DEVELOPMENT  
Sen. Sean Quinlan, Chair  
Sen. Daniel Holt, Vice Chair

RE: HB 1495 RELATING TO MOTION PICTURE, DIGITAL MEDIA, AND FILM  
PRODUCTION

Date: Wednesday, February 2, 2022  
Time: 10:00 a.m.  
Conference Room 312  
State Capitol  
415 South Beretania Street

February 1, 2022

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

Aloha Chair Quinlan and Vice Chair Holt, and Members of the Committee:

### **Our Background**

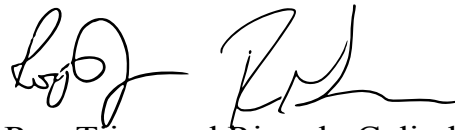
Island Film Group is a locally owned and operated production company. We began working in Hawaii's film and television industry in 2001 as attorneys at Goodsill Anderson Quinn & Stifel, where we represented filmmakers and other production companies. Since our formation of Island Film Group in 2007, we 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 large number of commercial productions.

**We OPPOSE** the proposed language prohibiting the hiring or compensation of a State employee whose official capacity is related to motion picture, digital media, or film production, for services rendered to a production relating to consulting, producing or performing. Furthermore, the way the Bill is written, the hiring of such a person would unfairly result in denial of the entire tax credit for the project, notwithstanding the fact that the production is required to disclose the fact that such an individual was hired.

It should be noted that the Mayor of San Francisco, London Breed, was cast in the role of “Caliope” in the latest Matrix movie. Any concerns about such hirings should be addressed by the applicable ethics rules.

Me ke aloha,

Handwritten signatures of Roy Tjioe and Ricardo Galindez.

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

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Prohibits Production from Compensating Relevant State Employee

BILL NUMBER: HB 1495, SB 2568

INTRODUCED BY: HB by QUINLAN, GANADEN, HASHIMOTO, HOLT, ILAGAN, MATAYOSHI, MCKELVEY, NAKAMURA, OHNO, ONISHI, SAYAMA; SB by WAKAI, MISALUCHA, RHOADS, Chang, Dela Cruz, Ihara, Riviere

EXECUTIVE SUMMARY: This bill prohibits a production from qualifying for the motion picture, digital media, and film production tax credit if the production hires or compensates an employee of the State or county whose official capacity is related to motion picture, digital media, or film production for certain services. Requires a taxpayer claiming the tax credit to identify any such employee in the statement submitted to DBEDT. The conflict of interest identified in this bill is already addressed in the State Ethics Code and it is unclear why this industry and its regulators are being targeted for special treatment.

SYNOPSIS: Amends section 235-17(d), HRS, to require that a production not hire or compensate any employee of the State or county whose official capacity is related to motion picture, digital media, or film production for services for the production, including but not limited to services related to consulting, producing, or performing.

Amends section 235-17(h), HRS, to require a production to identify any such employee in its production cost report.

EFFECTIVE DATE: Upon Approval

STAFF COMMENTS: The thrust of the legislation appears to be to prevent a conflict of interest between a state employee having an official capacity related to motion picture, digital media, or film production and any such production. Such conflicts of interest are already prohibited by the State Ethics Code, HRS § 84-14, which states, in part:

**§84-14 Conflicts of interests.** (a) No employee shall take any official action directly affecting:

- (1) A business or other undertaking in which the employee has a substantial financial interest; or
- (2) A private undertaking in which the employee is engaged as legal counsel, advisor, consultant, representative, or other agency capacity.

The State Ethics Code already has an attached enforcement mechanism, namely the State Ethics Commission, which has authority to punish violators.

It is unclear why motion pictures and digital media are being singled out in this bill for special unfavorable treatment. The measure seems unfair for that reason.



Re: SB 3150  
Page 2

Digested: 1/26/2022



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January 31, 2022

Committee on Economic Development  
Chair Quinlan  
Vice Chair Holt

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

RE: [HB 1495](#) - RELATING TO MOTION PICTURE, DIGITAL MEDIA,  
AND FILM PRODUCTION

DATE: Wednesday, February 2, 2022

TIME: 10:00 am

PLACE: Conference Room 312

VIA Videoconference

State Capitol 415 South Beretania Street, Honolulu HI

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

Thank you for the opportunity to testify in SUPPORT of HB 1495- RELATING TO MOTION PICTURE, DIGITAL MEDIA, AND FILM PRODUCTION.

SAG-AFTRA represents over 1200 actors, recording artists, and media professionals in our state. We are the professional performers working in front of the camera and behind the microphone.

Even through a pandemic and supply chain shortages, the film and television industry has continued to thrive and grow in Hawaii. 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.

We support the Legislature's intent to quell any undue influence of persons employed by the state or counties whose official capacity is related to motion picture, digital media or film production may exert on the productions they oversee. This present bill as written, may need some clarifying language to ensure that it is **NOT** too broad or vague. We welcome the opportunity to discuss further.

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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



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Respectfully,

*Mericia Palma Elmore*

Mericia Palma Elmore, Executive Director SAG-AFTRA Hawaii Local

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