

Honolulu, Hawaii

March 20, 2006

RE: S.B. No. 2570
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Tourism & Culture, to which was referred
S.B. No. 2570, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO DIGITAL MEDIA,"

begs leave to report as follows:

The purpose of this bill is to encourage the growth of the
film, motion picture, and digital media industries in Hawaii by
temporarily replacing the existing Motion Picture and Film
Production Tax Credit with the Motion Picture, Digital Media, and
Film Production Tax Credit (New Tax Credit). Specifically, this
bill, among other things:

- (1) Establishes the amount of the New Tax Credit at 15
percent of qualified production costs incurred in any
county with a population over 700,000;
- (2) Establishes the amount of the New Tax Credit at 20
percent of qualified production costs incurred in any
county with a population of 700,000 or less;
- (3) Establishes criteria to qualify for the New Tax Credit;
and
- (4) Limits the New Tax Credit to \$8,000,000 per qualified
production.



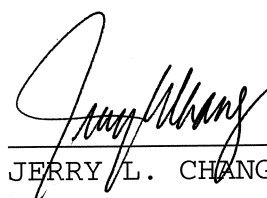
The Department of Taxation, Department of Business, Economic Development, and Tourism, Maui Film Office, Big Island Film Office, Honolulu Film Office, Hawaii Film & Entertainment Board, Hawaii Film Authority, Screen Actors Guild, International Alliance of Theatrical Stage Employees, Mixed Local 665, American Federation of Musicians, Local 677, International Brotherhood of Electrical Workers Local 1260, and several concerned individuals supported this bill. The Motion Picture Association of America, Inc., and the Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Clarifying that the New Tax Credit shall apply to qualified production costs incurred on July 1, 2006, as well as after; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Tourism & Culture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2570, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2570, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Tourism & Culture,



JERRY L. CHANG, Chair



