

Honolulu, Hawaii

Apr: 17, 2006

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

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 2570, S.D. 2, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to stimulate the growth of the film industry by providing incentives for motion picture, digital media, and film productions taking place in Hawaii through temporary adjustments of the Motion Picture and Film Production income tax credit (New Tax Credit).

Specifically, this bill, among other things:

- (1) Includes digital media and commercials in the list of productions that qualify for the New Tax Credit;
- (2) Allows a qualified production taking place in a location with a population of greater than 700,000 to claim a tax credit of 15 percent of the qualified production costs;
- (3) Allows a qualified production taking place in a location with a population of 700,000 or less to claim a tax credit of 20 percent of the qualified production costs;
- (4) Establishes criteria that productions must meet to qualify for the New Tax Credit;



- (5) Provides a maximum amount of \$8,000,000 for which qualified productions can claim under the New Tax Credit; and
- (6) Repeals the New Tax Credit on January 1, 2016.

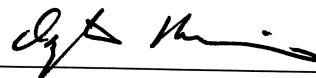
The Department of Business, Economic Development, and Tourism, Department of Taxation, Honolulu Film Office of the Office of the Mayor of the City and County of Honolulu, Big Island Film Office of the County of Hawaii Department of Research and Development, Hawaii Film and Entertainment Board, Hawaii Film Authority, Inc., International Brotherhood of Electrical Workers, Local Union 1260, Screen Actors Guild, International Alliance of Theatrical Stage Employees, Mixed Local 665, American Federation of Musicians, and concerned individuals testified in support of this bill. The Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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

Respectfully submitted on
behalf of the members of the
Committee on Finance,



DWIGHT TAKAMINE, Chair



