

Honolulu, Hawaii

APR 28 , 2006

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

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

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

Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2570, S.D. 2, H.D. 2, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Expand the scope of the motion picture and film production tax credit under section 235-17, Hawaii Revised Statutes to include digital media;
- (2) Increase the tax credit from four percent to:
 - (A) Fifteen percent for qualified production costs incurred in a county with a population over seven hundred thousand; and



- (B) Twenty percent for qualified production costs incurred in a county with a population of seven hundred thousand or less;
- (3) Establish criteria that productions must meet to qualify for the tax credit;
- (4) Provide a maximum amount of \$8,000,000 per qualified productions for the tax credit; and
- (5) Repeal the tax credit on January 1, 2016.

Since 1992, the film industry has generated approximately \$160,000,000 in tax revenues for the State. However, there has been a dramatic increase in the number of states that are taking film productions away from Hawaii by offering more favorable incentives for motion picture, digital media, and film productions. Your Committee on Conference finds that increasing the tax credit for motion picture and film production will attract more film and television productions to Hawaii and will enable the State to compete more effectively against other jurisdictions with similar tax incentives.

Your Committee on Conference has amended this measure by changing the effective date from July 1, 2020 to July 1, 2006.

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



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



JERRY L. CHANG, Co-Chair



CAROL FUKUNAGA, Chair



JON RIKI KARAMATSU, Co-Chair



BRIAN T. TANIGUCHI, Co-Chair



KYLE T. YAMASHITA, Co-Chair



