

Honolulu, Hawaii

MAR - 3 2006

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

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2570, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to expand the scope of the motion picture and film production income tax credit to include the State's digital media industry.

The measure also increases the motion picture and film production income tax credit from four per cent to:

- (1) Fifteen per cent for qualified production costs incurred in a county with a population over seven hundred thousand; and
- (2) Twenty per cent for qualified production costs incurred in a county with a population of seven hundred thousand or less.

The measure also clarifies various qualifying provisions with respect to the tax credit.

Your Committee finds that the film industry has generated approximately \$160,000,000 in tax revenues for the State since 1992. These revenues, however, may be in jeopardy as there has been a dramatic increase in the number of state and local governments attempting to attract movie productions. Those



jurisdictions have experienced dramatic increases in in-state spending and significant growth in workforce and infrastructure development.

Your Committee further finds that, by increasing the tax credit for motion picture, film, and digital media productions, this measure will encourage the growth of the movie industry locally to attract more film and television productions to Hawaii to compete more effectively against other jurisdictions that offer similar tax incentives.

Your Committee has amended the measure by making technical nonsubstantive amendments for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2570, S.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.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




BRIAN T. TANIGUCHI, Chair



The Senate
Twenty-Third Legislature
State of Hawaii

Record of Votes of the
Committee on Ways and Means
(Bills and Resolutions)

Measure:* SB 2570 SD1	Committee Referral: MAT, WAM	Date: 2/28/06		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is to: <input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
TANIGUCHI, Brian T. (C)	/			
TSUTSUI, Shan S. (VC)	/			
ENGLISH, J. Kalani	/			
ESPERO, Will	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.				/
INOUE, Lorraine R.	/			
KANNO, Brian				/
KIM, Donna Mercado	/			
KOKUBUN, Russell S.	/			
NISHIHARA, Clarence K.	/			
SAKAMOTO, Norman	/			
HEMMINGS, Fred				/
SLOM, Sam	/			
TRIMBLE, Gordon		/		
TOTAL	11	1	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Do not list more than one measure per Record of Votes.