

Honolulu, Hawaii

Ajil 4 , 2008

RE: S.B. No. 2273
S.D. 2
H.D. 3

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 2273, S.D. 2, H.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:

- (1) Prohibit qualified production costs financed with state funds from being eligible for the Motion Picture, Digital Media, and Film Production Income Tax Credit (Tax Credit); and
- (2) Requiring the Department of Labor and Industrial Relations (DLIR) to establish an advisory group to conduct a study on the issues relating to the hiring practices of motion picture, digital media, and film productions in Hawaii, including ways to promote local hiring.

DLIR, the Department of Taxation, and Tax Foundation of Hawaii provided comments.

Your Committee has amended this bill by:

- (1) Adding provisions to prohibit taxpayers from claiming the Tax Credit for productions that are financed by

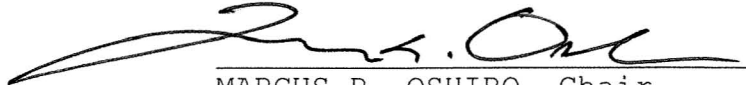


investments for which a credit has been claimed by the taxpayer as a qualified high technology business after June 30, 2008; and

- (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. 2273, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2273, S.D. 2, H.D. 3.

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



MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

1664.08

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 2273, SD2, HD2	Committee Referral: TAC/EDB, LAB, FIN	Date: 3-27-2008		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. AWANA, Karen Leinani	✓			
4. BELATTI, Della Au				✓
5. BROWER, Tom	✓			
6. CARROLL, Mele				✓
7. HANOHANO, Faye P.	✓			
8. HAR, Sharon E.	✓			
9. KARAMATSU, Jon Riki	✓			
10. MAGAOAY, Michael Y.				✓
11. MANAHAN, Joey	✓			
12. MIZUNO, John	✓			
13. NAKASONE, Bob				✓
14. RHOADS, Karl	✓			
15. SAGUM, Roland D., III	✓			
16. TOKIOKA, James Kunane	✓			
17. MEYER, Colleen Rose				✓
18. PINE, Kymberly Marcos				✓
19. WARD, Gene, Ph.D.				✓
TOTAL (19)	12	0	0	7
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u>Marilyn B. Lee</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				