

Honolulu, Hawaii

Feb 26, 2010

RE: H.B. No. 2382  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2382, 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 further develop Hawaii's digital media industry by:

- (1) Establishing digital media enterprise subzones within enterprise zones and surrounding University of Hawaii (UH) campuses, with the initial subzone located near the UH-West Oahu campus;
- (2) Establishing a Digital Media Infrastructure Tax Credit (Infrastructure Credit) and Digital Media Enterprise Subzone Workforce Development Tax Credit (Workforce Credit) for infrastructure development and Hawaii workforce employment within these subzones;
- (3) Encouraging insurance companies to invest in digital media infrastructure projects by authorizing the use of the Infrastructure Credit to offset state taxes on insurance companies;
- (4) Renaming the Hawaii Television and Film Special Fund the Hawaii Film Office Special Fund and expanding the fees and rents to be deposited into the fund; and

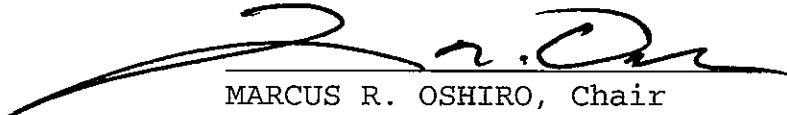


- (5) Allowing the imposition of fees for the administration and certification of the tax credits, which are to be deposited in the Hawaii Film Office Special Fund.

The UH Academy for Creative Media, Hawaii Animation Studios, Island Film Group, The Pacific Resource Partnership, and several concerned individuals testified in support of this bill. The Department of Taxation opposed this measure. The Department of Business, Economic Development, and Tourism and Tax Foundation of Hawaii offered comments.

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 H.B. No. 2382, H.D. 1, and recommends that it pass Third Reading.

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

  
MARCUS R. OSHIRO, Chair



