

STAND. COM. REP. NO.

2624

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2144  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2144, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

begs leave to report as follows:

The purpose of this measure is to retain existing, specialized staff in programs that have substantially contributed to the State's economy and ensure greater program self-sufficiency.

More specifically, this measure:

- (1) Requires the Department of Business, Economic Development, and Tourism to evaluate the effectiveness of the motion picture, digital media, and film production tax credit, and requires it to report the results of the evaluation;
- (2) Redirects the income, purposes, and uses of the Hawaii television and film development special fund;
- (3) Defines the uses of the Hawaii community-based economic development revolving fund to include operational funding and a funding mechanism for the enterprise zone program;



- (4) Authorizes the Department of Business, Economic Development, and Tourism to establish a fee, of an unspecified amount, to process taxpayer letters;
- (5) Repeals the Hawaii Television and Development Board and the board's right to inspect the premises and records of an applicant in connection with the processing of a grant to the applicant; and
- (6) Appropriates funds from the Hawaii Film Office Special Fund and the temporary assistance for needy families funds to the Department of Business, Economic Development, and Tourism.

Comments in support of this measure were submitted by the Department of Business, Economic Development, and Tourism, the County of Hawaii Department of Research and Development, the Hawaii Film and Entertainment Board, the International Alliance of Theatrical and Stage Employees, and the Waianae Coast Coalition. Your Committee received comments on this measure from the Department of Budget and Finance, the Department of Human Services, and the Tax Foundation of Hawaii. Written comments may be reviewed on the Legislature's website.

Your Committee finds that television and film industry activities, the community-based economic development program, and the enterprise zone program are important to the state economy. Your Committee also finds that television and film activities will be better served by transferring those responsibilities and the related special fund to the Hawaii Tourism Authority from the Department of Business, Economic Development, and Tourism.

Additionally, your Committee finds that the community-based economic development program and the enterprise zone program could improve their capabilities by using funds from the Hawaii community-based economic development revolving fund to finance their operations and certain personnel costs and to provide grants and loans.

Accordingly, your Committee has amended this measure by:

- (1) Establishing the Hawaii Film Office in the Hawaii Tourism Authority;
- (2) Establishing the Hawaii Film Office Special Fund;



- (3) Transferring the television and film industry activities and responsibilities, including coordinating film permit activities and administering the special fund, from the Department of Business, Economic Development, and Tourism to the Hawaii Film Office;
- (4) Including memoranda of agreement in existence on the measure's effective date as part of the functions, personnel, responsibilities, and assets transferred between agencies;
- (5) Authorizing the Hawaii Film Office to administer the motion picture, digital media, and film production income tax credit;
- (6) Deleting the requirement that the Department of Business, Economic Development, and Tourism evaluate the effectiveness of the motion picture, digital media, and film production tax credit and the related reporting requirement;
- (7) Deleting provisions redirecting the uses of the Hawaii television and film development special fund;
- (8) Deleting the provision that authorized the Department of Business, Economic Development, and Tourism to establish a fee, of an unspecified amount, to process taxpayer letters;
- (9) Deleting the appropriations from the Hawaii Film Office Special Fund and the temporary assistance for needy families funds;
- (10) Changing the effective date to July 1, 2070, to facilitate further discussion on the measure; and
- (11) 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. 2144, S.D. 1, as amended herein, and recommends that it pass



Third Reading in the form attached hereto as S.B. No. 2144,  
S.D. 2.

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



DONNA MERCADO KIM, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:* <b>SB2144 SD1</b>	Committee Referral: <b>EDT, WAM</b>	Date: <b>2/25/10</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <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	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)				/
CHUN OAKLAND, Suzanne		/		
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood	/			
HEE, Clayton				/
HOOSER, Gary L.				/
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred				/
<b>TOTAL</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>4</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Russell S. Kohl</div>				
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\*Only one measure per Record of Votes