

STAND. COM. REP. NO.

2154

Honolulu, Hawaii

FEB 10 2010

RE: S.B. No. 2478
S.D. 1

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

Madam:

Your Committee on Economic Development and Technology, to which was referred S.B. No. 2478 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to provide tax credits for investment, transportation expenditures, and certain payroll costs associated with a qualified live musical or theatrical production or qualified musical or theatrical facility infrastructure project.

Testimony in support of this measure was submitted by the International Alliance of Theatrical Stage Employees Local 665, Tix Productions; WestCoast Entertainment, and three individuals. The Department of Taxation submitted testimony in opposition.

Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that the tax credits in this measure will encourage live musical and theatrical productions and projects that would present Hawaii as one of the primary places in the United States in which to produce and debut a live musical or theatrical production. This will contribute significantly to the continued growth of Hawaii's broad-based entertainment industry and assist the State in moving past the current economic decline.



In testimony, the Department of Taxation estimated a revenue loss of \$60,000,000 annually, based on the provision in this measure that limits cumulative tax credits to no more than \$60,000,000 per taxable year.

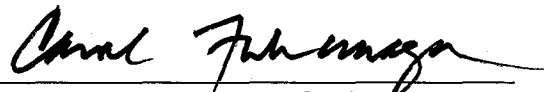
Your Committee understands that some of the provisions of this measure are currently under discussion, including certain aspects of transportation expenditures and payroll costs, and that further amendments may be recommended.

Your Committee has amended this measure accordingly, by:

- (1) Replacing the dollar limits for the tax credit with blank amounts;
- (2) Amending the effective date of this Act to apply to taxable years beginning after December 31, 2030, for the purpose of encouraging further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Development and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2478, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2478, S.D. 1, and be referred to the Committee on Ways and Means.

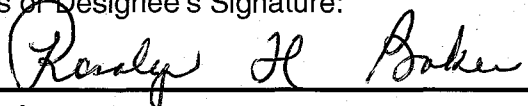
Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Technology,


CAROL FUKUNAGA, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:* SB 2478	Committee Referral: EDT, WAM	Date: 2-8-2010		
<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
FUKUNAGA, Carol (C)	✓			
BAKER, Rosalyn H. (VC)	✓			
HEE, Clayton				✓
IGE, David Y.	✓			
SLOM, Sam				✓
TOTAL	3	-	-	2
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				

*Only one measure per Record of Votes