

STAND. COM. REP. NO. 928

Honolulu, Hawaii

March 4, 2011

RE: H.B. No. 1551

H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1551, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this bill is to enhance economic growth and strengthen the State's film industry by providing enhanced incentives to attract more film and television productions to the State by, among other things:

- (1) Providing a tax credit for qualified media infrastructure projects;
- (2) Removing the existing cap on the motion picture, digital media, and film production income tax credits; and
- (3) Establishing a qualified persons crew training program rebate.

A Maui County Council member; ILWU Local 142; Hawaii LECET, Relativity Media, LLC; On Location Services; and numerous concerned individuals testified in support of this bill. The Department of Business, Economic Development, and Tourism; Department of Taxation; and Tax Foundation of Hawaii commented on this measure.

HB1551 HD2 HSCR FIN HMS 2011-2793

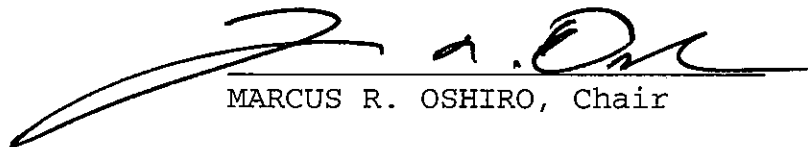


Upon consideration, your Committee has amended this bill by:

- (1) Repealing all provisions relating to the assignment of tax credits;
- (2) Repealing the cap on the total production of tax credits claimed for qualified media infrastructure projects;
- (3) Deleting references to bank loan finance fees from the definition of "qualified production costs";
- (4) For the purpose of continued discussion on the financial aspects of the bill, deleting all percentage amounts, dollar amounts, lien amounts, and collateral security amounts, and time specifications associated with qualified media infrastructure project tax credits;
- (5) Changing its effective date to July 1, 2030, to facilitate continued discussion; and
- (6) 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 H.B. No. 1551, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1551, H.D. 2.

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



MARCUS R. OSHIRO, Chair



