

STAND. COM. REP. NO.

Honolulu, Hawaii

1234

APR 08 2011

RE: H.B. No. 1308
H.D. 2
S.D. 2

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1308, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO DIGITAL MEDIA,"

begs leave to report as follows:

The purpose and intent of this measure is to promote digital media industry development in the State.

More specifically, this measure, among other things:

- (1) Establishes, until June 30, 2021, digital media enterprise subzones as unspecified geographic areas surrounding University of Hawaii campuses that are also designated as enterprise zones;
- (2) Establishes, until June 30, 2021, tax benefits for digital media infrastructure development and operation;
- (3) Changes the name of the Hawaii Television and Film Development Board and the Hawaii Television and Film Development Special Fund to the Hawaii Film Office Board and the Hawaii Film Office Special Fund, respectively;
- (4) Amends the revenue stream and uses of the Hawaii film office special fund until June 30, 2021, so that moneys in the fund can only be used to fund the operations and personnel costs of the Hawaii Film Office;



- (5) Repeals the digital media enterprise subzone program and tax benefits on June 30, 2021; and
- (6) Reestablishes on July 1, 2021, the revenue stream and uses of the Hawaii film office special fund that were in effect prior to July 1, 2050.

Your Committee received comments in support of this measure from Gene Awakuni, Chancellor, University of Hawaii-West Oahu.

Your Committee received comments on this measure from Richard C. Lim, Interim Director, Department of Business, Economic Development, and Tourism; Cathy L. Takase, Acting Director, Office of Information Practices; and the Tax Foundation of Hawaii.

Your Committee finds that S.B. No. 318, S.D. 2, also addresses the development of Hawaii's digital media industry.

More specifically, S.B. No. 318, S.D. 2:

- (1) Amends the motion picture, digital media, and film production tax credits to increase the tax credits to unspecified percentages and dollar amounts;
- (2) Provides additional nonrefundable tax credits for qualified media infrastructure projects;
- (3) Establishes a qualified local crew training program rebate equal to an unspecified percentage of the hourly wages of each resident participant in the program;
- (4) Provides an additional tax credit for qualified special or visual effects and animation production costs; and
- (5) Raises the qualified production tax credit caps to unspecified amounts.

Your Committee has amended this measure by replacing its contents with the contents of S.B. No. 318, S.D. 2.

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 H.B. No. 1308, H.D. 2, S.D. 1, as amended herein, and recommends that



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it pass Third Reading in the form attached hereto as H.B.
No. 1308, H.D. 2, S.D. 2.

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

David Y. Ige

DAVID Y. IGE, Chair



The Senate
Twenty-Sixth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 1308, HDZ, SDI	Committee Referral: EDT/EDU, WAM	Date: 4-7-11		
<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
IGE, David Y. (C)	/			
KIDANI, Michelle N. (VC)	/			
CHUN OAKLAND, Suzanne	/			
DELA CRUZ, Donovan M.				/
ENGLISH, J. Kalani	/			
ESPERO, Will	/			
FUKUNAGA, Carol	/			
KIM, Donna Mercado	/			
KAHELE, Gilbert	/			
KOUCHI, Ronald D.	/			
RYAN, Pohai	/			
TOKUDA, Jill N.				/
WAKAI, Glenn	/			
SLOM, Sam				/
TOTAL	11	0	0	3
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;">Michelle N. Kidani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes