

Honolulu, Hawaii

Feb 17, 2012

RE: H.B. No. 2869
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Economic Revitalization & Business, to which was referred H.B. No. 2869 entitled:

"A BILL FOR AN ACT RELATING TO THE ECONOMY,"

begs leave to report as follows:

The purpose of this measure is to promote motion picture, digital media, and film production in the State by:

- (1) Extending the motion picture, digital media, and film production tax credit;
- (2) Raising the qualified production credit ceiling to \$10,000,000 from \$8,000,000;
- (3) Separating the calculation of the credit amount based on wages and salaries from the credit amount based on other qualified production costs;
- (4) Providing that the credit amount includes 15 percent of the wages and salaries paid to all cast, crew, and musicians of the qualified production, plus an additional five percent credit amount on the wages and salaries of cast, crew, and musicians who are state residents; and



- (5) Requiring the Department of Business, Economic Development, and Tourism to provide regular reports to the Legislature and the Governor on the economic impact of the tax credit.

The Chamber of Commerce of Hawaii, Screen Actors Guild, International Alliance of Theatrical Stage Employees Mixed Local 665, American Federation of Musicians Local 667, and Hawaii Teamsters Local 996 testified in support of this measure. The Office of the Mayor of Maui and NBC Universal Media, LLC testified in support of the intent of this measure. The Department of Taxation, Department of Business, Economic Development, and Tourism, and the Tax Foundation of Hawaii provided comments on this measure.

Your Committee has amended this measure by, among other things:

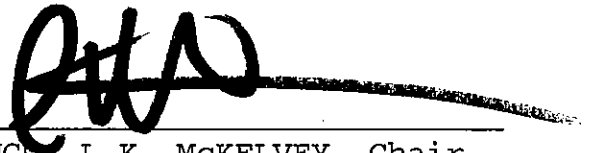
- (1) Increasing the amount of the motion picture, digital media, and film production income tax credit for counties of the State with a population of 700,000 or less;
- (2) Including in the report to the Legislature any contributions resulting from qualified productions that the Department of Business, Economic Development, and Tourism deems necessary, including donations to improve the education and communities of the State;
- (3) Applying the tax credit for 15 percent of wages and salaries to qualified productions in a county with a population of over 700,000 and applying a comparable tax credit for 20 percent of wages and salaries to qualified productions in a county with a population of 700,000 or less;
- (4) Adding a definition for "animation";
- (5) Amending the definitions of "digital media", "post production", "production", and "resident of the State";
- (6) Extending the motion picture, digital media, and film production tax credit until January 1, 2025;



- (7) Changing the taxable years that this measure applies to for the purposes of facilitating further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2869, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2869, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization & Business,



ANGUS L.K. MCKELVEY, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSLR 569-12

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: HB 2869	Committee Referral: ERB, FIN	Date: 2/14/12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	X			
2. CHOY, Isaac W. (VC)	X			
3. AWANA, Karen L.	X			
4. BROWER, Tom	X			
5. EVANS, Cindy	X			
6. HASHEM, Mark J.	X			
7. NISHIMOTO, Scott Y.	X			
8. TOKIOKA, James Kunane	X			
9. TSUJI, Clift	X			
10. MARUMOTO, Barbara C.	X			
11. PINE, Kymberly Marcos				✓
TOTAL (11)	10	-	-	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature: Isaac W. Choy				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				