

Honolulu, Hawaii

March 2, 2012

RE: H.B. No. 2869

H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 2869, H.D. 1, entitled:

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

begs leave to report as follows:

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

- (1) Extending the motion picture, digital media, and film production income tax credit to January 1, 2025;
- (2) Increasing the tax credit ceiling per qualified production to \$10,000,000 from \$8,000,000;
- (3) Separating the calculation of the credit amount based on wages and salaries from the calculation of the credit amount based on other qualified production costs;
- (4) Increasing to 20 percent of qualified production costs the amount of the tax credit for a qualified production in a county with a population over 700,000;



- (5) Including among the credit amounts:
 - (A) 15 percent of wages and salaries included in qualified production costs in counties with a population over seven hundred thousand;
 - (B) 20 percent of wages and salaries included in qualified production costs in counties with a population of seven hundred thousand or less; and
 - (C) An additional five percent of wages and salaries included in qualified production costs of cast, crew, and musicians who are residents of the State; and
- (6) Requiring the Department of Business, Economic Development, and Tourism to submit reports to the Governor and Legislature on the economic impact of the tax credit, including specified estimates.

The Department of Taxation; Department of Business, Economic Development and Tourism; Tax Foundation of Hawaii; Tetris Online, Inc.; and NBC Universal Media, LLC provided comments.

Your Committee has amended this bill by:


- (1) Making unspecified the increase in the tax credit ceiling;
- (2) Making unspecified the percent of the tax credit to be granted for:
 - (A) Qualified production costs incurred by a qualified production in a county with a population over 700,000;
 - (B) Wages and salaries included in qualified production costs in counties with a population over 700,000;
 - (C) Wages and salaries included in qualified production costs in counties with a population of 700,000 or less; and
 - (D) Wages and salaries included in qualified production costs of cast, crew, and musicians who are residents of the State;



- (3) Changing its effective date to July 1, 2030, to encourage further discussion; and
- (4) 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. 2869, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2869, H.D. 2.

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


MARCUS R. OSHIRO, Chair



