

STAND. COM. REP. NO.

977

Honolulu, Hawaii

MAR 22 2013

RE: H.B. No. 726
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committees on Economic Development, Government Operations and Housing and Technology and the Arts, to which was referred H.B. No. 726, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to strengthen the film industry in Hawaii by:

- (1) Amending the amount of the motion picture, digital media, and film production income tax credit to an unspecified amount for qualified productions in all counties;
- (2) Amending the amount of the total tax credits that may be claimed per qualified production to an unspecified amount; and
- (3) Extending the sunset date of the motion picture, digital media, and film production income tax credit from January 1, 2016, to January 1, 2023.

Your Committees received testimony in support of this measure from the Maui County Mayor. Your Committee received comments on this measure from the Department of Business, Economic



Development, and Tourism; Department of Taxation; and Tax Foundation of Hawaii.

Prior to the hearing on this measure, your Committees made available for public review a proposed S.D. 1, which replaced the contents of this measure with S.B. No. 463, S.D. 2, which:

- (1) Extends the motion picture, digital media, and film production income tax credit from January 1, 2016, to January 1, 2023;
- (2) Repeals the credit ceiling per qualified production;
- (3) Changes the credit amount from 15 percent to an unspecified amount in a county with a population over 700,000, and from 20 percent to an unspecified amount in a county with a population of 700,000 or less;
- (4) Creates a tax credit for media infrastructure projects in West Oahu or the most populous island in a county with a population between 100,000 and 175,000, from July 1, 2013, to January 1, 2016;
- (5) Provides for recapture of the media infrastructure project tax credit under certain conditions;
- (6) Establishes the Hawaii film office special fund for management of media infrastructure project tax credits and related programs; and
- (7) Requires analysis and reporting by the Department of Taxation on the effectiveness of the media infrastructure project tax credit.

Your Committees received testimony in support of the proposed S.D. 1 from NBC Universal Media, LLC. Your Committees received testimony in opposition to the proposed S.D. 1 from the Tax Foundation of Hawaii. Your Committees received comments to the proposed S.D. 1 from the Department of Budget and Finance; Department of Business, Economic Development, and Tourism; Department of Taxation; SAG-AFTRA Hawaii, International Alliance of Theatrical Stage Employees Mixed, Local 665; American Federation of Musicians, Local 677; and Hawaii Teamsters, Local 996.



Your Committees find that it is important to strike a careful balance between fostering the growth of the motion picture, television, and digital media industries and creating a drain on the state treasury.

Therefore, your Committees have amended this measure by adopting the proposed S.D. 1 and further amending the measure by:

- (1) Reinserting the credit ceiling on qualified productions, but increasing the ceiling to \$12,000,000 per qualified production; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Economic Development, Government Operations and Housing and Technology and the Arts that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 726, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 726, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Economic
Development, Government
Operations and Housing and
Technology and the Arts,



GLENN WAKAI, Chair

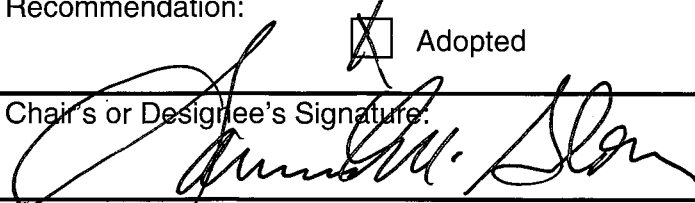


DONOVAN M. DELA CRUZ, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Economic Development, Government Operations and Housing
EGH

Bill / Resolution No.:* HB 726 HD1	Committee Referral: EGH/TEC, WAM	Date: 3/18/13		
<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 (SB 463) <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
SLOM, Sam (VC)			X	X
BAKER, Rosalyn H.				X
CHUN OAKLAND, Suzanne				X
ENGLISH, J. Kalani				X
THIELEN, Laura H.	X			
WAKAI, Glenn	X			
TOTAL	3	0	1	3
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

The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Technology and the Arts
TEC

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 726, HD 1	EGH/TEC, WAM	3-18-13		
<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
WAKAI, Glenn (C)	✓			
NISHIHARA, Clarence K. (VC)	✓			
GABBARD, Mike				✓
TOKUDA, Jill N.				✓
SLOM, Sam			✓	
TOTAL	2	2	1	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Clarence K. Nishihara</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

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