

STAND. COM. REP. NO.

396

Honolulu, Hawaii
February 13, 2013

RE: H.B. No. 799
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 799, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CREATIVE MEDIA DEVELOPMENT,"

begs leave to report as follows:

The purpose of this measure is to improve Hawaii's economy and continue to build the State's local film, television, and digital media industries and encourage their growth by providing enhanced incentives to attract more film, television, and digital media productions to Hawaii. Among other things, this measure amends the Motion Picture, Digital Media, and Film Production Tax Credit by:

- (1) Adding television to its name;
- (2) Leaving unspecified the total amount of tax credits allowed per qualified production;
- (3) Repealing the Internet-only distribution exclusion for advertising contained in the definition of "commercial";
- (4) Clarifying the definition of "qualified production costs" to exclude state and county facility and location fees that are not subject to Hawaii general excise tax or State income tax;
- (5) Extending its sunset date to January 1, 2025; and

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- (6) Requiring the Department of Business, Economic Development, and Tourism to submit an annual report to the Legislature, beginning with the 2014 Regular Session, containing a cost-benefit analysis of the entire Motion Picture, Television, Digital Media, and Film Production Income Tax Credit.

The Department of Business, Economic Development, and Tourism, and an individual provided testimony in support of this measure. The Department of Taxation and the Tax Foundation of Hawaii provided comments on this measure.

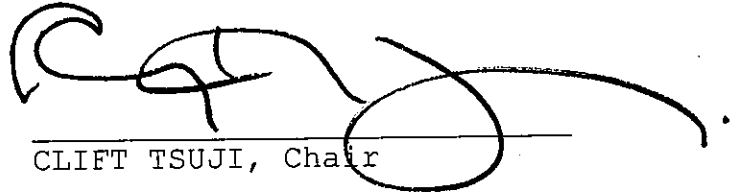
Your Committee amended this measure by:

- (1) Retaining the name of the Motion Picture, Digital Media, and Film Production Income Tax Credit rather than adding a reference to television;
- (2) Retaining the \$8,000,000 cap on the total amount of tax credits allowed per qualified production under the Motion Picture, Digital Media, and Film Production Income Tax Credit;
- (3) Retaining the existing definition of "commercial," rather than adding references to internet-only distribution;
- (4) Excluding "news," rather than "daily news," from the definition of "qualified production"; and
- (5) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 799, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 799, H.D. 2.



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



CLIFT TSUJI, Chair



