

Honolulu, Hawaii

March 14, 2013

RE: S.B. No. 463  
S.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 Veterans, Military, & International Affairs, & Culture and the Arts, to which was referred S.B. No. 463, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to facilitate the growth of the film and digital media industry in the State. Specifically, this bill strengthens the film industry in Hawaii by, among other things:

- (1) Increasing the amount of the Motion Picture, Digital Media, and Film Production Income Tax Credit from 15 percent to an unspecified percent in the various counties of the state;
- (2) Removing the cap on total tax credits that may be claimed for a qualified production;
- (3) Extending the Tax Credit for an additional seven years from 2016 to 2023;
- (4) Establishing a Media Infrastructure Project Tax Credit for projects situated in West Oahu or on the most populous island in a county with a population between



- 100,000 and 175,000 and establishing the provisions under which this tax credit may be claimed;
- (5) Requiring the Department of Business, Economic Development, and Tourism, to be responsible for the audit approval, expenditure certification, and application processing of the Media Infrastructure Project Tax Credit, and issuance of final tax credit certification letters;
  - (6) Creating a Hawaii Film Office Special Fund (Special Fund), with application fees collected for the Media Infrastructure Project Tax Credit to be deposited into the Special Fund;
  - (7) Requiring monies from the Special Fund to be expended to manage media infrastructure project tax credits and related programs; and
  - (8) Requiring the Department of Taxation to submit an annual report to the Legislature on the Media Infrastructure Project Tax Credit, including a cost benefit analysis of the Media Infrastructure Project Tax Credit.

The Mayor of the County of Maui, Council Chair of the Maui County Council, NBC Universal Media LLC, and two concerned individuals testified in support of this measure. The Department of Business, Economic Development, and Tourism testified in support of the intent of this bill. The Department of Taxation and Tax Foundation of Hawaii provided comments.

As affirmed by the record of votes of the members of your Committee on Veterans, Military, & International Affairs, & Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 463, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Economic Development & Business.



Respectfully submitted on  
behalf of the members of the  
Committee on Veterans,  
Military, & International  
Affairs, & Culture and the  
Arts,



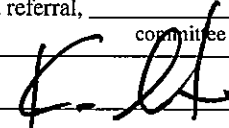
K. MARK TAKAI, Chair



State of Hawaii  
House of Representatives  
The Twenty-seventh Legislature

HSCR947

Record of Votes of the Committee on Veterans, Military, & International Affairs, & Culture and the Arts

Bill/Resolution No.:	Committee Referral:	Date:		
SB463, SD2	VMI, EDB, FIA	3/13/13		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input 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)				
VMI Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKAI, K. Mark (C)	✓			
2. ITO, Ken (VC)	✓			
3. BROWER, Tom	✓			
4. CACHOLA, Romy M.	✓			
5. CHOY, Isaac W.				✓
6. OHNO, Takashi	✓			
7. ONISHI, Richard H.K.	✓			
8. TAKAYAMA, Gregg	✓			
9. TSUJI, Clift	✓			
10. MCDERMOTT, Bob				✓
TOTAL (10)	8			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				