

Honolulu, Hawaii

February 4, 2014

RE: H.B. No. 2088

H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2088 entitled:

"A BILL FOR AN ACT RELATING TO MEDIA INFRASTRUCTURE,"

begs leave to report as follows:

The purpose of this measure is to diversify and strengthen Hawaii's economy by encouraging the growth of the film and television industry in Hawaii by providing enhanced incentives through a media infrastructure project income tax credit to attract more film and television productions to Hawaii.

A concerned individual testified in support of this bill. The Department of Business, Economic Development, and Tourism, Honolulu Film Office, and a concerned individual testified in support of the intent of this measure. The Department of Taxation and Tax Foundation of Hawaii provided comments.

Hawaii has the status of being a dynamic and stunning film production center. Hawaii is also blessed with a vibrant and growing entertainment economy. While the motion picture, television, and digital media industry has had a positive impact on the economy of Hawaii through job creation, increased tax revenues, and providing Hawaii's visitor industry with priceless marketing exposure on a global scale throughout the year, the lack of sufficient infrastructure in the State has hindered the growth of this industry. This measure seeks to provide the proper



infrastructure for growth of the film industry and ensure its long-term viability in the State.

However, your Committee notes that concerns were raised regarding the timing of this measure as a feasibility study and market analysis for the creation of a creative media/film studio facility is currently being conducted. Nevertheless, your Committee feels this measure deserves further consideration.

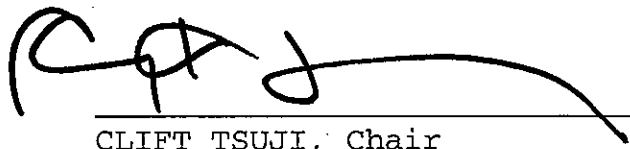
Your Committee also finds that the State should take a proactive approach to seeking additional avenues to develop the needed infrastructure for expanding the film industry, such as public-private partnerships.

Finally, your Committee also understands the concerns raised by the Department of Taxation regarding the years to which the tax credit would be applicable. As such, your Committee respectfully requests the Committee on Finance to consider the Department's recommendations should this measure move forward in the legislative process.

Your Committee has amended this bill by changing its effective date to January 20, 2050, to facilitate further discussion.

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. 2088, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2088, H.D. 1, and be referred to the Committee on Finance.

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



CLIFT TSUJI, Chair



