

Honolulu, Hawaii

**MAR 22 2013**

RE: H.B. No. 70  
H.D. 2  
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. 70, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to foster the growth of high technology industries by deleting the repeal of the High Technology Innovation Corporation, which is scheduled to take effect on June 30, 2013.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; High Technology Development Corporation; and High Technology Innovation Corporation.

Prior to the hearing on this measure, your Committees made available for public review a proposed S.D. 1, which amends the measure by:

- (1) Extending the sunset date of the High Technology Innovation Corporation from June 30, 2013, to June 30, 2018, rather than deleting the repeal of the High Technology Innovation Corporation;



- (2) Inserting language to amend the composition of the Board of Directors of the High Technology Innovation Corporation;
- (3) Inserting language to establish a workforce development training program tax credit that provides a tax credit for on-the-job training to new hires in the motion picture, television, and digital media industries;
- (4) Inserting language to extend the sunset date of the motion picture, digital media, and film production income tax credit from January 1, 2016, to January 1, 2025;
- (5) Inserting language to amend the definitions of "digital media" and "qualified production" and "qualified production costs" for the purposes of the motion picture, digital media, and film production income tax credit;
- (6) Inserting language to make an appropriation in an unspecified amount for fiscal years 2013-2014 and 2014-2015 for the implementation of the workforce development training program tax credit from the general fund;
- (7) Inserting language to establish the Public-Private Partnership Authority;
- (8) Inserting language to require the Public-Private Partnership Authority to initiate two pilot programs and limit the Public-Private Partnership Authority to the implementation of the two pilot programs; and
- (9) Inserting language to make an appropriation in an unspecified amount for fiscal years 2013-2014 and 2014-2015 to establish and fund the Public-Private Partnership Authority.

Your Committees received testimony in support of the proposed S.D. 1 from the Department of Labor and Industrial Relations; Department of Land and Natural Resources; Hawaii Strategic Development Corporation; High Technology Development Corporation; High Technology Innovation Corporation; ILWU, Local 142; Land Use Research Foundation of Hawaii; and Natural Energy Laboratory of



Hawaii Authority. Your Committees received testimony in opposition to the proposed S.D. 1 from Life of the Land, Tax Foundation of Hawaii, and six individuals. Your Committees received comments on the proposed S.D. 1 from the Department of the Attorney General; Department of Business, Economic Development, and Tourism; and Department of Taxation.

Your Committees find that the High Technology Innovation Corporation is a public not-for-profit corporate body designed to facilitate the growth and development of the commercial high technology industry in Hawaii. While the Corporation currently has a voluntary moratorium on all activities, it does not cost the State money to maintain and provides the State with valuable financial leverage, operating as a vehicle to receive tax-deductible donations. Your Committees received testimony and recommendations to improve the structure and operation of the Corporation's Board of Directors by including private industry members on the Board.

While your Committees received testimony supporting the extension of the sunset date of the motion picture, digital media, and film production tax credit, they encountered opposition to the workforce development program tax credit. During the hearing on this measure, your Committees heard testimony from the Screen Actors Guild and one studio that the training of motion picture, television, and digital media crew members are and should be governed by a collective bargaining agreement, not by statute.

Finally, your Committees find that there is great need for an agency like the Public-Private Partnership Authority, which can bridge the gap between public agencies and the private sector, provide coordination and guidance, and help ensure that underutilized land is developed in an efficient yet socially responsible manner. There were concerns from the Department of the Attorney General, however, that the proposed S.D. 1 should be clarified as to the composition of the Board of Directors of the Authority, the powers of the Authority, and the funds that are to be deposited into the general fund.

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

- (1) Amending the composition of the Board of Directors of the High Technology Innovation Corporation so that it consists of nine voting members; substituting the



division head of the Creative Industries Division of the Department of Business, Economic Development, and Tourism for the State Film Commissioner of the Hawaii Film Office; and adding two board members from the private business sector, one to be appointed by the Speaker of the House of Representatives and one to be appointed by the President of the Senate;

- (2) Inserting language to amend section 206M-52, Hawaii Revised Statutes, to make the Executive Director and Chief Executive Office of the High Technology Development Corporation the Chairperson of the Board of Directors of the High Technology Innovation Corporation;
- (3) Inserting language to amend section 206M-55, Hawaii Revised Statutes, to provide that the Board of Directors of the High Technology Innovation Corporation shall select its president;
- (4) Inserting language to provide that the terms of the current board members of the High Technology Innovation Corporation shall expire upon enactment of the measure;
- (5) Deleting part II of the proposed S.D. 1, which would have established a workforce development training program tax credit and extended the motion picture, digital media, and film production tax credit;
- (6) Amending the membership of the Board of Directors of the Public-Private Partnership Authority to allow its ex officio members to designate a representative;
- (7) Inserting language to specify that three members of the Public-Private Partnership Authority shall constitute a quorum, and three voting members are required for board action;
- (8) Clarifying that the Public-Private Partnership Authority has the power to make and execute leases;
- (9) Clarifying that all revenues generated by the Public-Private Partnership Authority or on its behalf shall be deposited into the general fund; and



- (10) 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. 70, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 70, H.D. 2, 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,



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GLENN WAKAI, Chair



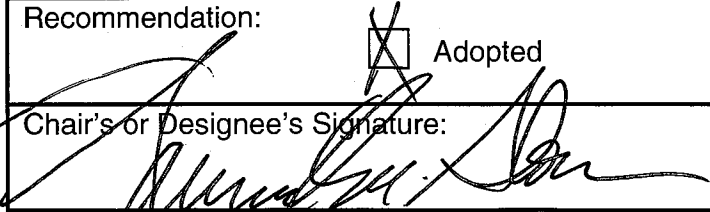
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DONOVAN M. DELA CRUZ, Chair



The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

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

Bill / Resolution No.:	Committee Referral:	Date:		
HB 70 HD 2	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
DELA CRUZ, Donovan M. (C)	X			
SLOM, Sam (VC)	X			
BAKER, Rosalyn H.	X			Sam ✓
CHUN OAKLAND, Suzanne	X			
ENGLISH, J. Kalani	X			Sam ✓
THIELEN, Laura H.			X	
WAKAI, Glenn	X			
<b>TOTAL</b>	<b>6</b>	<b>0</b>	<b>1</b>	<b>0</b>
Recommendation:	<input checked="" type="checkbox"/> Adopted	<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:				
Distribution:	Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod 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**

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HB 70, HD2	EGH/TEC, NAM	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	✓			
<b>TOTAL</b>	<b>3</b>	<del>0</del>	<del>0</del>	<b>2</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Clarence K Nishihara</i>				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

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