

STAND. COM. REP. NO.

819

Honolulu, Hawaii

Mardi , 2013

RE: H.B. No. 799

H.D. 3

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 799, H.D. 2, 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) Excluding "news," rather than "daily news," from the definition of "qualified production";
- (2) 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;
- (3) Extending the sunset date to January 1, 2025; and
- (4) 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

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entire Motion Picture, Digital Media, and Film
Production Income Tax Credit.

The Department of Business, Economic Development, and Tourism; Department of Taxation; Department of Labor and Industrial Relations; SAG-AFTRA; International Alliance of Theatrical Stage Employees Mixed Local 665; American Federation of Musicians Local 677; Hawaii Teamsters Local 996, ILWU Local 142; and an individual testified in support of this measure. The Tax Foundation of Hawaii provided comments on this measure.

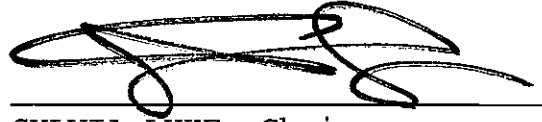
Your Committee has amended this measure by:

- (1) Establishing a workforce development training program that provides wage reimbursement for on-the-job training by entities who receive a Motion Picture, Digital Media, and Film Production Income Tax Credit;
- (2) Allowing the Director of the Department of Labor and Industrial Relations to adopt rules pursuant to Chapter 91, Hawaii Revised Statutes, for the workforce development training program;
- (3) Appropriating an unspecified amount of funds for the implementation of the workforce development training program;
- (4) Changing its effective date to July 1, 2030, to facilitate further discussion; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 799, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 799, H.D. 3.



Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



