

STAND. COM. REP. NO.

2799

Honolulu, Hawaii

FEB 28 2014

RE: S.B. No. 2079
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2079, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE MOTION PICTURES, DIGITAL MEDIA, AND FILM PRODUCTION INCOME TAX CREDIT,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the motion picture, digital media, and film production income tax credit.

More specifically, this measure:

- (1) Requires film productions to:
 - (A) Comply with all applicable federal, state, and county laws; and
 - (B) Work with the Hawaii Film Office and any appropriate state or county agency if a film production takes place on state or county property, in order to be eligible for the tax credit;
- (2) Prohibits qualified production costs that have been financed with state funds from qualifying for the tax credit beginning on July 1, 2014; and



- (3) Prohibits unscripted, soft-scripted, or reality television programming from qualifying for the tax credit.

Your Committee received written comments in support of this measure from the Department of Business, Economic Development, and Tourism and the Department of Land and Natural Resources. The Department of Taxation and the Tax Foundation of Hawaii submitted written comments on the measure.

Your Committee finds that the Department of Land and Natural Resources has, in the recent past, dealt with film productions that have engaged in production without proper permits, in violation of state laws and administrative rules. Your Committee believes that this measure will promote greater compliance with state laws and rules and will also encourage closer collaboration between production companies and the appropriate state and county agencies.

Your Committee notes that the measure prohibits "productions that are unscripted, soft-scripted, or reality television programming" from qualifying for the tax credit. While the intent of the measure is to prohibit reality television productions from qualifying for the tax credit, the broad language used in the measure may inadvertently disqualify other unscripted productions, such as documentaries. It is not the intent of the measure to preclude documentaries from qualifying for the tax credit.

Your Committee has amended this measure by:

- (1) Deleting reference to unscripted and soft-scripted productions with respect to the type of television programming that is excluded from qualifying for the motion picture, digital media, and film production income tax credit;
- (2) Replacing the requirement that film productions work with the Hawaii Film Office with a requirement that film productions secure all necessary film permit approvals with appropriate state or county film offices;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and



- (4) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2079, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2079, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




DAVID Y. IGE, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2079 SD1	EGH, WAM	2-26-14		
<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
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will		✓		
KAHELE, Gilbert				✓
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
	11	1	0	1
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