

STAND. COM. REP. NO.

436

Honolulu, Hawaii

FEB 15 2013

RE: S.B. No. 750

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 S.B. No. 750 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to stimulate further growth in the media industry in Hawaii by creating a tax credit for the development of qualified media infrastructure projects.

Your Committees received testimony in support of this measure from the Mayor of the County of Maui; NBC Universal Media, LLC; SHM Partners/Film Studio Group; and Island Film Group. Your Committees received testimony in opposition to this measure from the Tax Foundation of Hawaii and two individuals. Your Committees received comments on this measure from the Department of Taxation.

Your Committees received testimony that despite ongoing efforts to develop a post production facility in Hawaii, no such facility exists. Consequently, most, if not all, post production work by studios filming in Hawaii is sent to the mainland. Your Committees received testimony that if post production facilities existed in Hawaii, post production work would remain in Hawaii, and the facilities would make Hawaii a more attractive location for studios to film.



Your Committees are concerned, however, that the State has already made significant efforts and expended considerable resources to attract and support film studios. Your Committees are also concerned that a studio may begin a digital media infrastructure project, obtain tax credits for the project, but fail to complete the project. Your Committees believe that the measure requires a means to recoup some of the tax credit to discourage this practice.

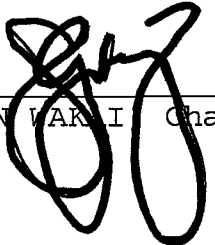
Your Committees have amended this measure by:

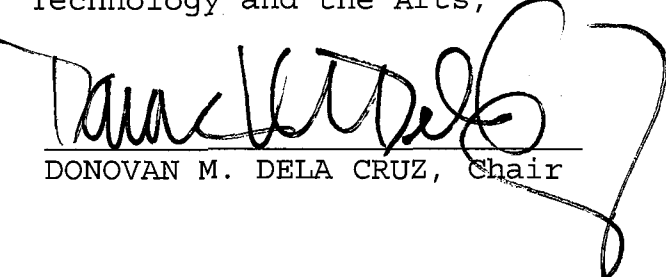
- (1) Deleting the purpose section;
- (2) Deleting all references to film production tax credits;
- (3) Changing the location requirement for qualified media infrastructure projects from projects in any county of the State to projects in West Oahu or on the most populous island in a county with a population between 100,000 and 175,000;
- (4) Inserting language providing for the recapture of digital media infrastructure tax credits taken by a taxpayer in the event that the taxpayer begins but fails to complete a digital media infrastructure; and
- (5) Making technical, nonsubstantive amendments for the purpose 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 S.B. No. 750, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 750, 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,


  
\_\_\_\_\_  
GLENN WAKI, Chair

  
\_\_\_\_\_  
DONOVAN M. DELA CRUZ, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Technology and the Arts**  
**TEC**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 750	EGH/TEC, WAM	2/14/13
<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>4</b>	<b>1</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