

STAND. COM. REP. NO. 3471

Honolulu, Hawaii

APR 08 2016

RE: H.B. No. 2088  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2088, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO FILM AND DIGITAL MEDIA  
INDUSTRY DEVELOPMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to encourage the growth of the State's creative media industries.

Specifically, this measure extends the sunset date of the provisions in Act 88, Session Laws of Hawaii 2006, as amended, that enhanced the State's motion picture, digital media, and film production income tax credit, from January 1, 2019, to January 1, 2024.

Your Committee received written comments in support of this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; CBS Corporation; Motion Picture Association of America; and NBC Universal Media, LLC.

Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that creative media industries in Hawaii are an important component of a diversified economy. Your Committee also finds that the motion picture, digital media, and film production income tax credit has been effective in

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stimulating the economy and creating quality jobs in a high technology industry, while promoting Hawaii as a visitor destination. Your Committee further finds that the creative media production process can extend over several years, due to extensive planning and development in the preproduction stage. Your Committee finds that the sunset date for the enhanced tax credit and other components of the motion picture, digital media, and film production income tax credit, currently scheduled for January 1, 2019, may discourage new productions.

Your Committee notes that, based on the measure's original effective date of July 1, 2016, the Department of Taxation estimates that the measure would result in an annual revenue loss of \$45,000,000 for fiscal years 2020 to 2024.

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 H.B. No. 2088, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

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



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JILL N. TOKUDA, Chair



