

Honolulu, Hawaii

February 18, 2016

RE: H.B. No. 2610

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2610 entitled:

"A BILL FOR AN ACT RELATING TO INCOME TAX CREDITS,"

begs leave to report as follows:

The purpose of this measure is to stimulate job growth in the film and digital media industry in every county in the state by amending the qualifications for receipt of the motion picture, digital media, and film production income tax credit to require a production to:

- (1) Hire at least sixty percent of the production's talent and crew, with some exceptions, from the county in which qualified production costs eligible for the tax credit are incurred; and
- (2) Verify the county of residency of local hires.

Hawaii Studios Maui, Malama Solutions & Supplies, LLC, Brad Starks Photography LLC, and numerous concerned individuals testified in support of this measure. The Department of Business, Economic Development and Tourism testified in opposition to this bill. The Department of Taxation provided comments.

Hawaii has the status of being a dynamic and stunning film production center. Hawaii is also blessed with a vibrant and growing entertainment economy, with Hawaii's film industry bringing in an estimated \$200,000,000 to \$250,000,000 in

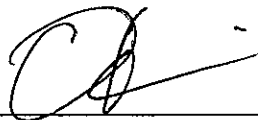


production revenues per year, a figure which is expected to increase in 2016. However, job growth in the film industry has not been experienced equally by all counties throughout the State.

However, while your Committee understands the need to stimulate job growth in the film and media industry statewide, particularly in less populated counties, your Committee notes that establishing rigid hiring quotas for film industry productions may not be the means to achieve this goal. Accordingly, your Committee has amended this measure by specifying that a production make a reasonable effort to hire at least sixty percent of the production's talent and crew from the county in which qualified production costs eligible for the tax credit are incurred.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2610, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2610, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,



DEREK S.K. KAWAKAMI, Chair



