STAND. COM. REP. NO.

Honolulu, Hawaii **Resonally**, 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:

- 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



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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



State of Hawaii House of Representatives The Twenty-eighth Legislature HSCR 403-16

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: HB 2610 EC		ral: Fin		Ite: Q FEB 1	6
The committee is reconsidering its previous decision on the measure.					
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit) 					
EDB Members		Ayes	Ayes (WR)	Nays	Excused
1. KAWAKAMI, Derek S.K. (C)					
		/	·		
2. KONG, Sam Satoru (VC)					
3. BROWER, Tom					
и 					· ·
4. CACHOLA, Romy M.		√			
5. CHOY, Isaac W.		\checkmark			
6. DECOITE, Lynn		\checkmark	:		
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7. ITO, Ken					
8. OHNO, Takashi		\checkmark			
9. ONISHI, Richard H.K.		\mathbf{V}			
		19			
10. TOKIOKA, James Kunane		\checkmark			
			, . ,	; · · ·	
11. TSUJI, Clift		\checkmark			
12 WOODSON Turetty VI			N N		
12. WOODSON, Justin H.					
13. MATSUMOTO, Lauren Kealohil	ani				
14. WARD, Gene					
TOTAL (14)	E	2	. L		l
The recommendation is: Adopted Not Adopted If joint referral,					
Vice Chair's or designee's signature:					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					