

STAND. COM. REP. NO. 1137

Honolulu, Hawaii

MARCH 27, 2015

RE: S.B. No. 1155  
S.D. 2  
H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred S.B. No. 1155, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE CREATIVE MEDIA INDUSTRY,"

begs leave to report as follows:

The purpose of this measure is to more efficiently allocate the resources that support Hawaii's creative media industry. Specifically, this measure, among other things:

- (1) Assigns to the Hawaii Tourism Authority the responsibilities for film development and marketing;
- (2) Transfers the Film Industry Branch of the Creative Industries Division of the Department of Business, Economic Development, and Tourism to the Hawaii Tourism Authority; and
- (3) Establishes and appropriates general funds to the Film Development and Marketing Special Fund for implementation of film development and marketing activities by the Hawaii Tourism Authority.

The Hawaii Tourism Authority testified in support of this measure. The Department of Business, Economic Development, and Tourism supported the intent of this measure. The American Federation of Musicians' Local 677, SAG-AFTRA, Hawaii Local, and

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I.A.T.S.E. Local 665 testified in opposition to this measure. The Department of Taxation and Department of Budget and Finance provided comments.

Hawaii has the status of being a dynamic and stunning film production center and is also blessed with a vibrant and growing entertainment economy. According to the Department of Business, Economic Development, and Tourism, film production activity has been on the rise. This rise in activity currently has a positive impact on the economy of Hawaii through job creation, increased tax revenues, and priceless marketing exposure for the state's visitor industry on a global scale throughout the year. The benefits of the industry are expected to persist and grow.

Furthermore, according to the Hawaii Tourism Authority, the 2000 Film and Television Study found that the film business is good business for Hawaii's visitor-based economy. The study found that, in addition to free advertising and marketing through the showcasing of Hawaii and the Hawaii brand, key visitor businesses are directly and substantially affected. As an example, it was reported that film-related business for one Oahu hotel totaled 4,300 room nights, valued at \$1.6 million. Additionally, the film industry also contributes to the economy by employing the services of businesses such as airlines, vehicle rentals, restaurants and caterers, and various suppliers and retailers.

Your Committee finds that the film industry and tourism industry in Hawaii share a common bond beneficial to the entire State of Hawaii. Providing structure to optimize the development of the industry by pooling diverse and fragmented resources to aggressively market and nurture the continued growth of the film industry will allow for the expansion of Hawaii's opportunities in this industry.

Your Committee has amended this measure by amending the definition of "film" to include digital media, in conformity with the definition for tax credit eligibility.

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 S.B. No. 1155, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 1155, S.D. 2, H.D. 2.



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

*Derek S.K. Kawakami*  
For: \_\_\_\_\_  
DEREK S.K. KAWAKAMI, Chair



