

STAND. COM. REP. NO.

1022

Honolulu, Hawaii

March 3, 2017

RE: H.B. No. 423
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 423, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to amend the Motion Picture, Digital Media, and Film Production Income Tax Credit (Film Credit) by:

- (1) Extending the sunset date to January 1, 2024;
- (2) Providing a ten percent refund of payroll costs for local employees in any county with a population of 700,000 or less; and
- (3) Adding additional requirements to qualify for the Film Credit.

The International Brotherhood of Electrical Workers Local Union 1260, AFL-CIO; Hawaii State AFL-CIO; Screen Actors Guild-American Federation of Television and Radio Artists Hawaii; International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts Local 665; American Federation of Musicians Local 677; Teamsters Local 996; and

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International Longshore and Warehouse Union Local 142 supported this measure. The Department of Taxation; Office of the Auditor; Department of Business, Economic Development and Tourism; Tax Foundation of Hawaii; and Motion Picture Association of America provided comments.

Your Committee has amended this measure by:

- (1) Additionally providing a 35 percent tax credit for qualified production costs in a county with a population of 700,000 or less, provided that certain criteria are met; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 423, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 423, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



