

Honolulu, Hawaii

MAR 22 , 2019

RE: S.B. No. 33
S.D. 3
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committees on Economic Development & Business and Lower & Higher Education, to which was referred S.B. No. 33, S.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

beg leave to report as follows:

The purpose of this measure is to repeal the annual \$35,000,000 rolling cap and extend the repeal date for the Motion Picture, Digital Media, and Film Production Income Tax Credit (Tax Credit); provided that title to a certain parcel of University of Hawaii, West Oahu campus land is successfully transferred to the Hawaii Technology Development Corporation.

The Maui County Film Office, Honolulu Film Office, International Alliance of Theatrical Stage Employees Local 665, Motion Picture Association of America, Inc., CBS Corporation, The Walt Disney Company, Hawaii Film and Entertainment Board, Screen Actors Guild - American Federation of Television and Radio Artists (SAG-AFTRA), SAG-AFTRA Hawaii Local, Hawaii Media Inc., Island Film Group, Hawaii Teamsters and Allied Workers Local 996, and numerous individuals testified in support of this measure. Kiwi Marine and a concerned individual testified in opposition to this measure. The Department of Business, Economic Development & Tourism; Department of Taxation; University of Hawaii; Hawaii



Technology Development Corporation; Tax Foundation of Hawaii; and NBCUniversal provided comments on this measure.

Your Committees find that while the jobs directly created by the film industry may not seem to have a substantial economic impact on the State, the industry's indirect expenditures, including indirect services, merchandise, and other needs for film productions create a substantial economic impact by generating additional jobs and revenue for the State.

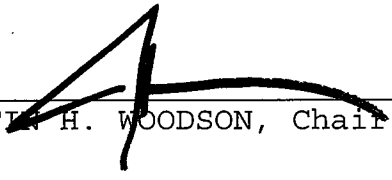
Your Committees have amended this measure by:

- (1) Increasing the \$35,000,000 cap on the Tax Credit to \$55,000,000 instead of eliminating it; provided that the University of Hawaii, West Oahu campus and HTDC execute a memorandum of understanding for a no-cost, at least 65-year lease agreement that includes a provision for the potential transfer of title to a certain parcel of University of Hawaii, West Oahu campus land;
- (2) Adding a severability provision;
- (3) Changing its effective date to July 1, 2112; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.


As affirmed by the records of votes of the members of your Committees on Economic Development & Business and Lower & Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 33, S.D. 3, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 33, S.D. 3, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committees on Economic
Development & Business and
Lower & Higher Education,



JUSTIN H. WOODSON, Chair



ANGUS L.K. MCKELVEY, Chair

