

STAND. COM. REP. NO.

1193

Honolulu, Hawaii

MAR 01 2019

RE: S.B. No. 33

S.D. 3

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 33, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to amend the motion picture, digital media, and film production income tax credit.

More specifically, this measure repeals the annual \$35,000,000 rolling cap for the motion picture, digital media, and film production income tax credit.

Your Committee received written comments in support of this measure from the University of Hawaii; Kauai Community College; Hawaii County Film Office; Kauai Film Commission; All In Stunts; Aloha Casting LLC; CBS Corporation; Grade A Rag Company; Hawaii Media Inc.; Hawaii Teamsters and Allied Workers Local 996; International Alliance of Theatrical Stage Employees Local 665; Island Film Group; Motion Picture Association of America; NBC/Universal; Scott Rogers Studios; Screen Actors Guild - American Federation of Television and Radio Artists; The Walt Disney Company, Warner Bros.; and numerous individuals.

Your Committee received written comments in opposition to this measure from two individuals.



Your Committee received written comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; International Alliance of Theatrical Stage Employees Local 665; and two individuals.

Your Committee finds that the current form of the motion picture, digital media, and film production income tax credit was established in 2006 to incentivize film and digital media production in the State. Your Committee also finds that the motion picture, digital media, and film production income tax credit is scheduled for repeal on January 1, 2026. Your Committee further finds that Act 143, Session Laws of Hawaii 2017, amended the motion picture, digital media, and film production income tax credit by establishing an aggregate cap amount of \$35,000,000 per year.

Your Committee has amended this measure by:

- (1) Extending the repeal date of the motion picture, digital media, and film production income tax credit from January 1, 2026, to January 1, 2033;
- (2) Conditioning the repeal of the aggregate cap amount and extension of the motion picture, digital media, and film production income tax credit on the Hawaii Technology Development Corporation acquiring title to a certain thirty-acre parcel of the University of Hawaii - West Oahu land;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for purposes of consistency, clarity, and style.

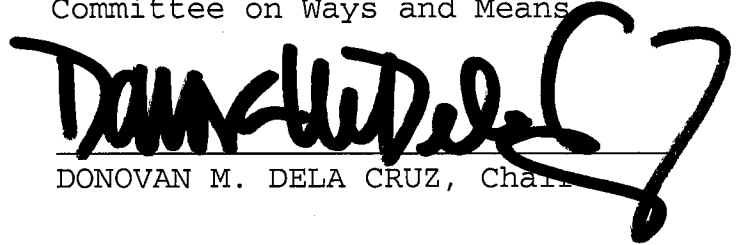
Your Committee notes that other agencies that could viably acquire title to the parcel of land include the Hawaii Community Development Authority or any administratively attached corporation of the Department of Business, Economic Development, and Tourism.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 33,



S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 33, S.D. 3.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means

A large, bold, handwritten signature in black ink, appearing to read "Donovan M. DeLa Cruz", is written over a horizontal line. The signature is highly stylized and extends to the right of the line.

DONOVAN M. DELA CRUZ, Chair



