

Honolulu, Hawaii

MAR 22

, 2019

RE: S.B. No. 365
S.D. 2
H.D. 1

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

Sir:

Your Committee on Economic Development & Business, to which was referred S.B. No. 365, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require and appropriate funds for the Department of Business, Economic Development, and Tourism (DBEDT) to develop annual regional economic plans for each county to identify regional economic priorities and industry clusters and jobs within those priorities and clusters;
- (2) Require the Workforce Development Council to develop, based on the findings of the regional economic plans, K-16 pathways and programs in each public school and public charter school that prepare students to fill the priority jobs identified in the regional economic plans; and
- (3) Require participating schools to communicate opportunities to enroll in K-16 pathways, receive industry certifications, and place students in qualified internship programs to prepare students for jobs



identified by regional economic plans as priorities in each geographical area.

For the purposes of a public hearing on this measure, your Committee circulated a Proposed S.B. No. 365, S.D. 2, H.D. 1 (Proposed Draft), and notified the public that it would be accepting testimony on the Proposed Draft, which deletes the substantive contents of the measure and inserts new language that:

- (1) Changes the \$15,000,000 per qualified production cap on the Motion Picture, Digital Media, and Film Production Income Tax Credit (Tax Credit) to an unspecified amount;
- (2) Changes the \$35,000,000 aggregate rolling cap on the Tax Credit to an unspecified amount;
- (3) Provides that costs for post-production activities performed at qualified post-production facilities shall be eligible for an additional, unspecified deduction under the Tax Credit;
- (4) Extends the repeal date for the Tax Credit to an unspecified date; and
- (5) Changes its effective date to July 1, 2112.

The Honolulu Film Office of the City and County of Honolulu, Screen Actors Guild - American Federation of Television and Radio Artists, Hawaii Local, and NBCUniversal testified in support of the Proposed Draft. DBEDT and the Department of Taxation commented on the Proposed Draft.

Your Committee considered the merits of both S.B. No. 365, S.D. 2, as received by your Committee, and the Proposed Draft, and upon careful consideration, adopted the Proposed Draft in its entirety.

Should the Committee on Finance deliberate this measure further, your Committee on Economic Development & Business respectfully requests that it consider inserting the following amounts and date:

- (1) \$15,000,000 as the per qualified production cap on the Tax Credit;



- (2) \$90,000,000 as the aggregate rolling cap on the Tax Credit; and
- (3) January 1, 2030 as the repeal date for the Tax Credit.

Additionally, your Committee on Economic Development & Business respectfully requests that the Committee on Finance also consider amending this measure to apply the Tax Credit retroactively beginning December 31, 2018, to promote continuity, predictability, and stability within the film industry.

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. 365, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 365, S.D. 2, 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,



ANGUS L.K. MCKELVEY, Chair



