

Honolulu, Hawaii
FEB 15 , 2022

RE: H.B. No. 1495
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred
H.B. No. 1495 entitled:

"A BILL FOR AN ACT RELATING TO MOTION PICTURE, DIGITAL MEDIA,
AND FILM PRODUCTION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Prohibit a production from qualifying for the motion picture, digital media, and film production tax credit if the production hires or compensates an employee of the State or county whose official capacity is related to motion picture, digital media, or film production for certain services; and
- (2) Require a taxpayer claiming the motion picture, digital media, and film production tax credit to identify any such employee in the statement submitted to the Department of Business, Economic Development, and Tourism.

Your Committee received testimony in support of this measure from the Screen Actors Guild - American Federation of Television and Radio Artists. Your Committee received testimony in opposition to this measure from the Island Film Group. Your



Committee received comments on this measure from the Department of Taxation; Department of Business, Economic Development, and Tourism; University of Hawai'i System; Academy for Creative Media of the University of Hawai'i at Mānoa; and Tax Foundation of Hawaii.

Your Committee finds that the State offers a generous income tax credit for motion picture, digital media, and film production produced in the State. This tax credit has attracted many to the islands, who use the State's natural beauty in their films or digital media. However, your Committee further finds that there have been cases where state and county employees, whose role potentially may impact the distribution of the tax credit, were directly involved in certain film projects. Your Committee is concerned that this may create a possible conflict of interest. However, your Committee acknowledges the testimony of the Academy for Creative Media of the University of Hawai'i at Mānoa regarding its many faculty members who currently have professional careers in the film industry, in addition to their jobs as educators, who may be inadvertently affected by this measure as currently drafted.


Accordingly, your Committee has amended this measure by:

- (1) Clarifying that a production shall not hire a state or county employee whose official capacity is related to issuing film permits or facilitating film production;
- (2) Specifying that, upon its approval, this measure shall apply to taxable years beginning after December 31, 2021; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1495, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1495, H.D. 1, and be referred to your Committee on Finance.



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



SEAN QUINLAN, Chair



