

STAND. COM. REP. NO. 992-22

Honolulu, Hawaii

MAR 04 , 2022

RE: H.B. No. 1982
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 1982, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require every person making payment to a loan-out company and claiming the Motion Picture, Digital Media, and Film Production Tax Credit to withhold payments to loan-out companies;
- (2) Prohibit the defense of erroneous claim for a refund or credit if the claim was generated by a tax credit and set the penalty for such case to ten percent;
- (3) Require the report by the Department of Business, Economic Development, and Tourism to include the dollar amount claimed, name of the company, and name of the qualified production of the taxpayers claiming the film tax credit;
- (4) Require taxpayers for each qualified production to withhold 4.5 percent of qualified production costs and remit that amount to the Department of Taxation;



- (5) Amend the uses of the Tax Administration Special Fund;
and
- (6) Authorize the Department of Taxation to establish four
full-time equivalent Tax Auditor positions.

Your Committee received comments on this measure from the Department of Taxation; Department of Business, Economic Development, and Tourism; University of Hawai'i System; Tax Foundation of Hawaii; Island Film Group; and one individual.

Your Committee has amended this measure by changing the effective date to July 1, 2050, to encourage further discussion.

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. 1982, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1982, H.D. 2.

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



SYLVIA LORE, Chair



