

STAND. COM. REP. NO. 3007

Honolulu, Hawaii

MAR 04 2022

RE: S.B. No. 2167
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2167, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO FILM INFRASTRUCTURE TAX CREDIT,"

begs leave to report as follows:

The purpose and intent of this measure is to promote the development of film infrastructure in the State.

More specifically, this measure:

- (1) Establishes a nonrefundable film infrastructure income tax credit;
- (2) Requires that the film infrastructure project spend at least \$3,000,000 on buildings, facilities, or installations; and
- (3) Sets an aggregate cap amount for the credit of \$10,000,000 per year.

Your Committee received written comments in support of this measure from the Department of Business, Economic Development, and Tourism; IATSE Local 665; SAG-AFTRA; and one individual.



Your Committee received written comments in opposition to this measure from the Department of Taxation and one individual.

Your Committee received written comments on this measure from the Department of Budget and Finance and Tax Foundation of Hawaii.

Your Committee finds that Hawaii is one of the few states that has not adopted a film infrastructure tax credit. Your Committee believes that incentivizing purpose-built production facilities will facilitate the growth and sustainability of the State's film and television industries.

Your Committee has amended this measure by:

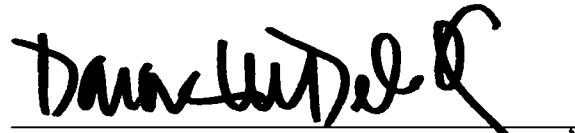
- (1) Removing unnecessary language authorizing a film infrastructure project to prorate its expenses between counties;
- (2) Replacing the term "qualified production" with the term "film infrastructure project";
- (3) Clarifying that the issuance of a film infrastructure tax credit certificate serves as a reservation of tax credits applicable to the \$10,000,000 aggregate cap amount;
- (4) Clarifying that a film infrastructure tax credit voucher represents the actual amount of film infrastructure tax credits that a taxpayer may claim, and must be attached to the taxpayer's tax return to the Department of Taxation;
- (5) Removing language prohibiting the issuance of a film infrastructure tax credit voucher before a film infrastructure project is one hundred percent complete;
- (6) Clarifying that the deadline for submitting a statement of eligible costs is March 31 following the end of each calendar year in which eligible infrastructure costs were expended;
- (7) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and



- (8) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

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. 2167, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2167, S.D. 2.

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



DONOVAN M. DELA CRUZ, Chair



