

STAND. COM. REP. NO. 2017

Honolulu, Hawaii

FEB - 1 2022

RE: S.B. No. 2568
S.D. 1

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

Sir:

Your Committee on Energy, Economic Development, and Tourism,
to which was referred S.B. No. 2568 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, 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, digital media, and film production tax credit to identify any such employee in the statement submitted to 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 and one individual. Your Committee received testimony in opposition of this measure from Island Film Group and one individual. Your Committee received comments on this measure



from the Department of Business, Economic Development, and Tourism; Department of Taxation; University of Hawai'i System; Academy for Creative Media at the University of Hawaii at Manoa; Tax Foundation of Hawaii; and International Alliance of Theatrical Stage Employees Local 665.

Your Committee finds that this measure seeks to eliminate any conflicts of interest or undue influence by persons employed by the State or counties whose official capacity is related to motion picture, digital media, or film production in the State. Your Committee heard the testimony of various stakeholders and acknowledges that clarifying language is needed to ensure that there are no unintended consequences that may inadvertently and negatively impact the local film, television, and digital media industries.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying "compensation for services" to mean monetary compensation; and
- (2) Specifying that this measure applies to:
 - (A) Employees of the State of Hawaii film office,
 - (B) Employees of a county film commission, and
 - (C) Companies of which an employee of the State of Hawaii film office or a county film commission is a stakeholder.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2568, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2568, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Energy, Economic
Development, and Tourism,



GLENN WAKAI, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

Bill / Resolution No.:* <i>SB 2568</i>	Committee Referral: <i>EET, WAM</i>	Date: <i>1/28/22</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
MISALUCHA, Bennette E. (VC)	✓			
LEE, Chris	✓			
RIVIERE, Gil	✓			
FEVELLA, Kurt		✓		
TOTAL	<i>4</i>	<i>1</i>	<i>0</i>	<i>0</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Bennette E. Misalucha</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes