

STAND. COM. REP. NO.

1230

Honolulu, Hawaii

**MAR 23**, 2021

RE: S.B. No. 921  
S.D. 2

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred  
S.B. No. 921, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to amend the Motion Picture,  
Digital Media, and Film Production Income Tax Credit by:

- (1) Requiring the Department of Taxation to make a public disclosure identifying the names of the taxpayers who are receiving the tax credit and the total amount of tax credit received;
- (2) Reducing the cap amount per qualified production to \$12,000,000; and
- (3) Establishing an exception to the general prohibition against the Department of Taxation disclosing tax returns and return information.

Your Committee received testimony in opposition to this measure from Plywood Hawaii and IATSE Mixed Local 665. Your Committee received comments on this measure from the Department of Taxation; Department of Business, Economic Development, and Tourism; Island Film Group; Tax Foundation of Hawaii; Motion

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Picture Association; CBS Network Television Entertainment; and six individuals.

Your Committee finds that while the film industry in Hawaii is an important component of a diversified economy, it is critical to evaluate the efficacy of the Motion Picture, Digital Media, and Film Production Income Tax Credit as the State is facing serious economic challenges due to the ongoing coronavirus disease 2019 pandemic. This measure will provide further transparency for the Motion Picture, Digital Media, and Film Production Income Tax Credit, thereby ensuring stability and predictable economic incentives for the film industry and people employed in the film industry in the State.

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 S.B. No. 921, S.D. 2, and recommends that it pass Second Reading and be referred to your Committee on Finance.

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

  
SEAN QUINLAN, Chair



