

STAND. COM. REP. NO. 871

Honolulu, Hawaii

**MAR 05 2021**

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

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 921, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the motion picture, digital media, and film production income tax credit.

More specifically, this measure:

- (1) Lowers the cap amount of the tax credit per qualified production from \$15,000,000 to \$12,000,000; and
- (2) Requires the Department of Business, Economic Development, and Tourism to make a public disclosure identifying the names of the taxpayers who receive the tax credit and the total amount of tax credits received.

Your Committee received written comments in opposition to this measure from the Honolulu Film Office; Musicians' Association of Hawaii, Local 677, American Federation of Musicians; and one individual.

Your Committee received written comments on this measure from the Department of Business, Economic Development, and Tourism;



Department of Taxation; Motion Picture Association; and Tax Foundation of Hawaii.

Your Committee finds that the motion picture, digital media, and film production income tax credit, codified as section 235-17, Hawaii Revised Statutes, is a competitive production credit program that has attracted significant annual investment in the State's economy. Your Committee also notes the serious economic challenges faced by the State, due to the ongoing coronavirus disease 2019 pandemic.

Your Committee has amended this measure by:

- (1) Requiring the Department of Taxation, rather than the Department of Business, Economic Development, and Tourism, to make the public disclosure identifying the names of the taxpayers who receive the tax credit and the total amount of tax credits received;
- (2) Repealing a statutory requirement that the information provided by the Department of Business, Economic Development, and Tourism in its report to the Legislature regarding the tax credit be reported in a redacted form to preserve the confidentiality of taxpayers;
- (3) Establishing an exception to the general prohibition against the Department of Taxation disclosing tax returns or return information;
- (4) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (5) 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. 921, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 921, S.D. 2.



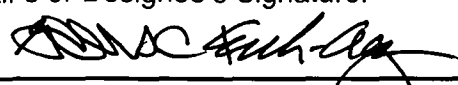
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
\_\_\_\_\_  
DONOVAN M. DELA CRUZ, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
<b>SB 921, SD 1</b>	<b>EET, WAM</b>	<b>2/26/21</b>		
<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
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
ENGLISH, J. Kalani	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.				X
TANIGUCHI, Brian T.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
<b>TOTAL</b>	<b>10</b>			<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes