

STAND. COM. REP. NO. 430

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 822
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Transportation and Culture and the Arts, to which was referred S.B. No. 822 entitled:

"A BILL FOR AN ACT RELATING TO CREATIVE DISTRICTS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Create a process for the establishment of a creative district;
- (2) Establish a five-year tax credit for creative districts, beginning in taxable years after December 31, 2023;
- (3) Permit counties to enact incentives for creative districts; and
- (4) Require the State Foundation on Culture and the Arts to submit an annual report to the Legislature on creative districts.

Your Committee received testimony in support of this measure from the State Foundation on Culture and the Arts and one individual. Your Committee received comments on this measure from the Creative Industries Division of the Department of Business, Economic Development, and Tourism; Department of Taxation; Office of Information Practices; and Tax Foundation of Hawaii.



Your Committee finds that creative districts are areas designated to encourage economic growth through the development of creative activities within the community. In other states, businesses within designated cultural or creative districts have evolved to improve the quality of life for residents of the area and rejuvenated the community. To stimulate economic development, revitalize communities, and support the artistic and cultural potential of those who live, work, and play within the designated areas, this measure establishes a process to create creative districts and a creative district tax credit.

Your Committee has amended this measure by:

- (1) Deleting language that would have required the advisory committee to give notice pursuant to chapter 91, Hawaii Revised Statutes, and conduct its meetings under chapter 92, Hawaii Revised Statutes;
- (2) Clarifying that taxpayers shall allocate and apportion their taxable income to designate business conducted inside and outside of the creative district; and
- (3) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation and Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 822, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 822, S.D. 1, and be referred to your Committee on Ways and Means.

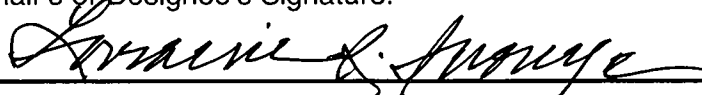
Respectfully submitted on
behalf of the members of the
Committee on Transportation and
Culture and the Arts,


CHRIS LEE, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation and Culture and the Arts
TCA

Bill / Resolution No.:* SB 822	Committee Referral: TCA, WAM	Date: 2/14/23		
<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
LEE, Chris (C)	✓			
INOUYE, Lorraine R. (VC)	✓			
ELEFANTE, Brandon J.C.	✓			
KEOHOKALOOLE, Jarrett				✓
AWA, Brenton	✓			
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes