

Honolulu, Hawaii

APR 06 2023

RE: H.B. No. 1373  
H.D. 2  
S.D. 1

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

Sir:

Your Committees on Energy, Economic Development, and Tourism and Ways and Means, to which was referred H.B. No. 1373, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO WORKFORCE DEVELOPMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to, beginning January 1, 2024, require the Department of Business, Economic Development, and Tourism to administer a Workforce Development Incentive Rebate Program that incentivizes local independent film and television productions.

Your Committees received testimony in support of this measure from the Screen Actors Guild - American Federation of Television and Radio Artists; Teamsters Local 996; Island Film Group; Hawaii Media, Inc.; IATSE Local 665; and eighteen individuals. Your Committees received comments on this measure from the Department of Business, Economic Development, and Tourism and Department of Taxation.

Your Committees find that the Hawaii film industry has continued to grow over the past twenty years and has contributed to an increase of local crew members and equipment vendors. Hawaii's existing tax incentives, however, are beneficial mostly for large-scale productions, as the process of claiming the tax



credit can take years, which can significantly burden smaller-scale productions. This measure establishes a Workforce Development Incentive Rebate Program to encourage the growth of local independent film and television productions.

Your Committees further find that the Motion Picture, Digital Media, and Film Production Income Tax Credit's existing \$50,000,000 annual cap is not reflective of the current volume of business for the State's film industry and does not provide enough room for growth. Your Committees believe that an additional Film Studio Tax Credit should be established to expedite the tax credit process and reflect the growth of the motion picture, digital media, and film industry in the State. Senate Bill No. 1237, S.D. 1 (2023), which was previously passed by the Senate, establishes the Film Studio Tax Credit and makes certain amendments to the Motion Picture, Digital Media, and Film Production Income Tax Credit to further strengthen and create greater opportunities for growth for Hawaii's film industry.

Accordingly, your Committees have amended this measure by:

- (1) Capping the total amount of rebates allowed under the Workforce Development Incentive Rebate Program at \$2,500,000 for fiscal year 2024-2025;
- (2) Inserting language from Senate Bill No. 1237, S.D. 1 (2023) establishing a Film Studio Tax Credit beginning January 1, 2024, and:
  - (A) Setting December 31, 2032 as the sunset date for the tax credit; and
  - (B) Capping the total annual amount of credits at \$25,000,000 in the aggregate;
- (3) Inserting language from Senate Bill No. 1237, S.D. 1 (2023) amending the administration of the Motion Picture, Digital Media, and Film Production Income Tax Credit;
- (4) Increasing the cap of the Motion Picture, Digital Media, and Film Production Income Tax Credit to \$75,000,000 for calendar year 2024;



- (5) Eliminating the ability for credits exceeding the cap of the Motion Picture, Digital Media, and Film Production Income Tax Credit to be claimed after December 31, 2024;
- (6) Inserting a severability clause;
- (7) Amending section 1 to reflect its amended purpose;
- (8) Inserting an effective date of January 1, 2024; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committees note that the intent of this measure, as amended herein, is to increase the cap of the Motion Picture, Digital Media, and Film Production Income Tax Credit in 2024 to cover and carry over any outstanding credits for 2024. It will be the responsibility of the Creative Industries Division of the Department of Business, Economic Development, and Tourism to track the credit amounts and ensure that the credit amounts do not exceed the \$75,000,000 cap in 2024 or the \$50,000,000 cap in subsequent years.

As affirmed by the records of votes of the members of your Committees on Energy, Economic Development, and Tourism and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1373, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1373, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committees on Energy, Economic  
Development, and Tourism and  
Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair


  
LYNN DECOITE, Chair





The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

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

Bill / Resolution No.:* <b>HB 1313 HDZ</b>	Committee Referral: <b>EET/WAM</b>	Date: <b>4/5/23</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)	✓			
KEITH-AGARAN, Gilbert S.C. (VC)				✓
AQUINO, Henry J.C.	✓			
DECOITE, Lynn	✓			
INOUYE, Lorraine R.	✓			
KANUHA, Dru Mamo	✓			
KIDANI, Michelle N.	✓			
KIM, Donna Mercado	✓			
LEE, Chris	✓			
MORIWAKI, Sharon Y.				✓
SHIMABUKURO, Maile S.L.	✓			
WAKAI, Glenn	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	<b>11</b>			<b>2</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