

Honolulu, Hawaii

March 13, 2008

RE: S.B. No. 2273  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Sir:

Your Committees on Tourism & Culture and Economic Development & Business Concerns, to which was referred S.B. No. 2273, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO DIGITAL MEDIA,"

beg leave to report as follows:

The purpose of this bill is to support Hawaii's film and digital media industry, including its workforce, by:

- (1) Establishing under the existing Motion Picture, Digital Media, and Film Production Income Tax Credit (Film Tax Credit) an additional tax credit amounting to five percent of qualified production costs incurred by a qualified production, provided that the qualified production employs workers who satisfy certain requirements;
- (2) Authorizing the Department of Labor and Industrial Relations (DLIR) to implement and operate motion picture, digital media, and film production training programs (film training programs), provided that the film training programs are developed and administered under the guidance of a newly established advisory group consisting of members from the University of Hawaii including the community colleges and the Academy of



Creative Media, the Hawaii Film Office, and trade unions (Advisory Group); and

- (3) Appropriating funds to support the purposes of paragraphs (1) and (2).

The International Alliance of Theatrical and Stage Employees Local 665 supported this bill. The Department of Taxation supported the intent of this bill with amendments. The Department of Business, Economic Development, and Tourism, DLIR, and the Hawaii Film and Entertainment Board opposed this measure.

Your Committees have amended this measure by:

- (1) Deleting the provisions establishing the additional five percent tax credit under the Film Tax Credit;
- (2) Expanding limitations on claiming the Film Tax Credit by prohibiting:
  - (A) Qualified production costs that are financed by public funds from the State from eligibility for the Film Tax Credit; and
  - (B) After June 30, 2008, taxpayers from claiming the Film Tax Credit for qualified productions that are financed, in whole or in part, by investments for which a credit has been claimed by the taxpayer as a qualified high technology business under the High Technology Business Investment Tax Credit;
- (3) Deleting the provisions authorizing DLIR to establish the film training programs, with the exception of the provision establishing the Advisory Group;
- (4) In lieu of its original purpose, requiring the Advisory Group to conduct a study on the issues relating to the hiring practices of motion picture, digital media, and film productions in Hawaii, including consideration of ways to promote local hiring;
- (5) Deleting the existing appropriations and inserting an appropriation to pay for expenses related to the study conducted by the Advisory Group;



- (6) Changing its effective date to July 1, 2025, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for style, clarity, and consistency.

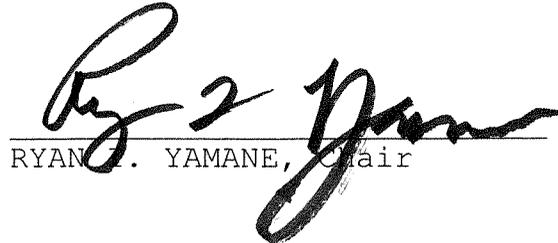
As affirmed by the records of votes of the members of your Committees on Tourism & Culture and Economic Development & Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2273, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2273, S.D. 2, H.D. 1, and be referred to the Committee on Labor & Public Employment.

Respectfully submitted on  
behalf of the members of the  
Committees on Tourism & Culture  
and Economic Development &  
Business Concerns,



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KYLE T. YAMASHITA, Chair



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RYAN T. YAMANE, Chair





Record of Votes of the Committee on Economic Development & Business Concerns

Bill/Resolution No.: <b>SB 2273, PD 2</b>	Committee Referral: <b>TAC/EDB <del>EDB/TAO</del>, LAB, FIN</b>	Date: <b>3/10/08</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMASHITA, Kyle T. (C)	✓			
2. WAKAI, Glenn (VC)	✓			
3. BERG, Lyla B., Ph.D.				✓
4. BROWER, Tom	✓			
5. CHANG, Jerry L.	✓			
6. HANOHANO, Faye P.	✓			
7. HERKES, Robert N.		✓		
8. MANAHAN, Joey	✓			
9. TSUJI, Clift	✓			
10. YAMANE, Ryan I.	✓			
11. CHING, Corinne W.L.				✓
12. MARUMOTO, Barbara C.	✓			
<b>TOTAL (12)</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>2</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted         If joint referral, _____ did not support recommendation.				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				