STAND. COM. REP. NO. 928

Honolulu, Hawaii

March 4, 2011

RE: H.B. No. 1551 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2011 State of Hawaii

## Sir:

Your Committee on Finance, to which was referred H.B. No. 1551, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAX CREDITS,"

begs leave to report as follows:

The purpose of this bill is to enhance economic growth and strengthen the State's film industry by providing enhanced incentives to attract more film and television productions to the State by, among other things:

- (1) Providing a tax credit for qualified media infrastructure projects;
- (2) Removing the existing cap on the motion picture, digital media, and film production income tax credits; and
- (3) Establishing a qualified persons crew training program rebate.

A Maui County Council member; ILWU Local 142; Hawaii LECET, Relativity Media, LLC; On Location Services; and numerous concerned individuals testified in support of this bill. The Department of Business, Economic Development, and Tourism; Department of Taxation; and Tax Foundation of Hawaii commented on this measure.

Upon consideration, your Committee has amended this bill by:

- (1) Repealing all provisions relating to the assignment of tax credits;
- (2) Repealing the cap on the total production of tax credits claimed for qualified media infrastructure projects;
- (3) Deleting references to bank loan finance fees from the definition of "qualified production costs";
- (4) For the purpose of continued discussion on the financial aspects of the bill, deleting all percentage amounts, dollar amounts, lien amounts, and collateral security amounts, and time specifications associated with qualified media infrastructure project tax credits;
- (5) Changing its effective date to July 1, 2030, to facilitate continued discussion; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1551, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1551, H.D. 2.

Respectfully submitted on behalf of the members of the Committee on Finance,

MARCUS R. OSHIRO, Chair

## State of Hawaii

House of Representatives
The Twenty-sixth Legislature

HSCL 928

## **Record of Votes of the Committee on Finance**

HB 1551, HD I	Committee Referral: ERB, FIN	Date:	3/2/11	,
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to:  □ Pass, unamended (as is) Pass, with amendments (HD) □ Hold □ Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	V			
2. LEE, Marilyn B. (VC)				
3. CHONG, Pono	V			
4. CHOY, Isaac W.	V			
5. COFFMAN, Denny	V			
6. CULLEN, Ty	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \			
7. HAR, Sharon E.				
8. HASHEM, Mark J.	~			
9. ICHIYAMA, Linda				
10. JORDAN, Jo	V			
11. LEE, Chris	V V			
12. MORIKAWA, Dee				
13. TOKIOKA, James Kunane	ν		. •	
14. YAMASHITA, Kyle T.	$\nu$			
15. MARUMOTO, Barbara C.	$\nu$			
16. RIVIERE, Gil				
17. WARD, Gene				-
Name of the Control o				
				1
1				
TOTAL (17)	17		0	$\mathcal{O}$
The recommendation is:  Adopted				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				