

Honolulu, Hawaii Rbruay 4, 2014

RE: H.B. No. 2088 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2088 entitled:

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

begs leave to report as follows:

The purpose of this measure is to diversify and strengthen Hawaii's economy by encouraging the growth of the film and television industry in Hawaii by providing enhanced incentives through a media infrastructure project income tax credit to attract more film and television productions to Hawaii.

A concerned individual testified in support of this bill. The Department of Business, Economic Development, and Tourism, Honolulu Film Office, and a concerned individual testified in support of the intent of this measure. The Department of Taxation and Tax Foundation of Hawaii provided comments.

Hawaii has the status of being a dynamic and stunning film production center. Hawaii is also blessed with a vibrant and growing entertainment economy. While the motion picture, television, and digital media industry has had a positive impact on the economy of Hawaii through job creation, increased tax revenues, and providing Hawaii's visitor industry with priceless marketing exposure on a global scale throughout the year, the lack of sufficient infrastructure in the State has hindered the growth of this industry. This measure seeks to provide the proper

infrastructure for growth of the film industry and ensure its long-term viability in the State.

However, your Committee notes that concerns were raised regarding the timing of this measure as a feasibility study and market analysis for the creation of a creative media/film studio facility is currently being conducted. Nevertheless, your Committee feels this measure deserves further consideration.

Your Committee also finds that the State should take a proactive approach to seeking additional avenues to develop the needed infrastructure for expanding the film industry, such as public-private partnerships.

Finally, your Committee also understands the concerns raised by the Department of Taxation regarding the years to which the tax credit would be applicable. As such, your Committee respectfully requests the Committee on Finance to consider the Department's recommendations should this measure move forward in the legislative process.

Your Committee has amended this bill by changing its effective date to January 20, 2050, to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2088, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2088, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on behalf of the members of the Committee on Economic Development & Business,

CLIFT TSUJI, Chair

## State of Hawaii House of Representatives The Twenty-seventh Legislature

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

Bill/Resolution No.:	Committee Referral:	Date:	1101	_
HB 3088	EDB, FIN		113111	<u>t</u>
☐ 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)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. TSUJI, Clift (C)				
2. WARD, Gene (VC)	-			
3. AWANA, Karen				
4. BROWER, Tom				
5. CACHOLA, Romy M.	· .			
6. ITO, Ken		:		,
7. CHOY, Isaac W.		V		
8. OHNO, Takashi	<i>J</i> -			
9. ONISHI, Richard H.K.				
10. TOKIOKA, James Kunane	//		-	
11. WOOLEY, Jessica				
·····				·
			_	
	/ ^	)		
TOTAL (11)	891			
The recommendation is:  Adopted  If joint referral, did not support recommendation.  committee aeronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				