STAND. COM. REP. NO.

3471

Honolulu, Hawaii

APR 0 8 2016

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

Honorable Ronald D. Kouchi President of the Senate Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2088, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to encourage the growth of the State's creative media industries.

Specifically, this measure extends the sunset date of the provisions in Act 88, Session Laws of Hawaii 2006, as amended, that enhanced the State's motion picture, digital media, and film production income tax credit, from January 1, 2019, to January 1, 2024.

Your Committee received written comments in support of this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; CBS Corporation; Motion Picture Association of America; and NBC Universal Media, LLC.

Your Committee received comments on this measure from the Tax Foundation of Hawaii.

Your Committee finds that creative media industries in Hawaii are an important component of a diversified economy. Your Committee also finds that the motion picture, digital media, and film production income tax credit has been effective in

HB2088 SD1 SSCR LRB 16-2246.doc

STAND. COM. REP. NO. 3411

stimulating the economy and creating quality jobs in a high technology industry, while promoting Hawaii as a visitor destination. Your Committee further finds that the creative media production process can extend over several years, due to extensive planning and development in the preproduction stage. Your Committee finds that the sunset date for the enhanced tax credit and other components of the motion picture, digital media, and film production income tax credit, currently scheduled for January 1, 2019, may discourage new productions.

Your Committee notes that, based on the measure's original effective date of July 1, 2016, the Department of Taxation estimates that the measure would result in an annual revenue loss of \$45,000,000 for fiscal years 2020 to 2024.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2088, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

> Respectfully submitted on behalf of the members of the Committee on Ways and Means,



The Senate Twenty-Eighth Legislature State of Hawai'i

Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:*	Committee Referral: Date:				16
HB 2088, HD1, SD1	EET,	w 19m	7	141	<u></u>
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)					
DELA CRUZ, Donovan M. (VC)					
CHUN OAKLAND, Suzanne					
ENGLISH, J. Kalani					
GALUTERIA, Brickwood					
HARIMOTO, Breene					
INOUYE, Lorraine R.					
RIVIERE, Gil					
TANIGUCHI, Brian T.					
WAKAI, Glenn					
SLOM, Sam	•				
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		12			
TOTAL					
Recommendation:					
Adopted Not Adopted					
Chair's or Designee's Signature;					
Distribution: Original File with Committee Re					
*Only <u>one</u> measure per Record of Votes					