

Honolulu, Hawaii

MAR 03 2023

RE: S.B. No. 822
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 822, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CREATIVE DISTRICTS,"

begs leave to report as follows:

The purpose and intent of this measure is to encourage economic growth through the development of creative activities in the community.

More specifically, this measure:

- (1) Creates a process for the establishment of a creative district;
- (2) Establishes a five-year income tax credit for creative districts;
- (3) Permits counties to enact incentives for creative districts; and
- (4) Requires the State Foundation on Culture and the Arts to submit an annual report to the Legislature on creative districts.

Your Committee received written comments in support of this measure from the State Foundation on Culture and the Arts,



Department of Planning of the County of Kauai, Ebb & Flow Arts, The Friends of Kamalani & Lydgate Park, Honolulu Printmakers, Kauai Museum, and six individuals.

Your Committee received written comments on this measure from the Department of Business, Economic Development, and Tourism and its Creative Industries Division; Department of Taxation; Office of Hawaiian Affairs; Office of Information Practices; and Tax Foundation of Hawaii.

Your Committee finds that, in many states, businesses within designated cultural or creative districts have evolved to improve the quality of life for residents of the area and have rejuvenated those communities. Your Committee also finds that creative districts utilize the cultural and artistic resources within designated areas to stimulate economic development, revitalize communities, and unleash the artistic and cultural potential of those who live, work, and play within the designated areas.

Your Committee has amended this measure by:

- (1) Clarifying that petitions to establish a creative district shall initially be submitted to the State Foundation on Culture and the Arts;
- (2) Clarifying that an advisory committee shall conduct a public meeting prior to rendering a decision on a petition to establish a creative district;
- (3) Clarifying that a taxpayer claiming the tax credit established by the measure shall allocate and apportion the taxpayer's taxable income based on business conducted inside and outside of the creative district;
- (4) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (5) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

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



S.B. No. 822, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 822, S.D. 2.

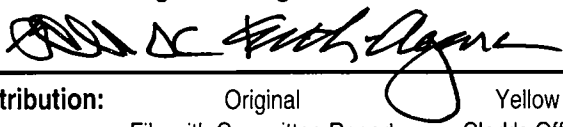
Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-Second Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 822 SDI	Committee Referral: TCA, WAM	Date: 2/22/23		
<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)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13			
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes