

STAND. COM. REP. NO. 3018

Honolulu, Hawaii

MAR 01 2024

RE: S.B. No. 3265
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 3265, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to promote the continued development of the state film industry.

More specifically, this measure:

- (1) Establishes the Hawaii Film Advisory Council;
- (2) Amends the Motion Picture, Digital Media, and Film Production Income Tax Credit to:
 - (A) Increase the aggregate cap amount from \$50,000,000 to \$60,000,000;
 - (B) Extend the sunset date of the tax credit to January 1, 2039;
 - (C) Clarify the requirements for an independent third-party certification; and
 - (D) Expand the definition of "qualified production" to include streaming platforms;



- (3) Provides a general excise tax exemption for certified development of film studio facilities; and
- (4) Makes an appropriation for the establishment of one full-time equivalent (1.0 FTE) film industry development liaison within the Creative Industries Division of the Department of Business, Economic Development, and Tourism.

Your Committee received written comments in support of this measure from the Department of Business, Economic Development, and Tourism; University of Hawaii; Honolulu Film Office; Kauai Film Commission; Hawaii International Film Festival; Hawaii Lodging and Tourism Association; Hawaii Media, Inc.; Hawaii State AFL-CIO; IATSE Local 665; Island Film Group; SAG-AFTRA Hawaii Local; and twenty-four individuals.

Your Committee received written comments on this measure from the Department of Taxation and Tax Foundation of Hawaii.

Your Committee finds that economic diversification is crucial to the resiliency of the State. Your Committee also finds that the film production industry contributes to the State's small businesses and public educational institutions, and aids in marketing the State as a visitor destination. Your Committee believes that this measure incentivizes film production in the State, as well as the building of much needed infrastructure.

Your Committee has amended this measure by:

- (1) Changing the aggregate cap amount of the Motion Picture, Digital Media, and Film Production Income Tax Credit to an unspecified amount;
- (2) Amending the definition of "qualified production costs" under the Motion Picture, Digital Media, and Film Production Income Tax Credit to include fashion production and music production costs;
- (3) Changing the amount of the appropriation for the full-time equivalent employee from \$130,000 to an unspecified amount; and



- (4) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

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. 3265, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3265, S.D. 2.

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


DONOVAN M. DELA CRUZ, Chair



