

STAND. COM. REP. NO.

472

Honolulu, Hawaii

FEB 15 , 2023

RE: H.B. No. 1373

H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred  
H.B. No. 1373 entitled:

"A BILL FOR AN ACT RELATING TO WORKFORCE DEVELOPMENT,"

begs leave to report as follows:

The purpose of this measure is to require the Department of  
Business, Economic Development, and Tourism to administer a  
workforce development incentive rebate program that incentivizes  
local independent film and television productions to hire  
employees from within the State.

Your Committee received testimony in support of this measure  
from the Department of Research and Development of the County of  
Hawaii, Island Film Group, 'Ohina, Screen Actors Guild - American  
Federation of Television and Radio Artists Hawaii Local, IATSE  
Local 665, and one individual. Your Committee received testimony  
in opposition to this measure from the Hawaii Teamsters & Allied  
Workers, Local 996. Your Committee received comments on this  
measure from the Department of Taxation and Department of  
Business, Economic Development, and Tourism.

Your Committee finds that the existing motion picture,  
digital media, and film production income tax credit, which  
provides a twenty-two or twenty-seven percent refundable tax  
credit for Hawaii-based film and television projects, has

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attracted a number of blockbuster feature films and long-running television series to the State. However, the tax credit claiming process is expensive and time-consuming, which may not deter large-budget projects but can be a substantial burden on smaller-budget projects.

Your Committee further finds that smaller-budget film and television projects generally rely more heavily on local crew members since the cost of hiring a nonresident crew member can exceed \$2,000 per week in additional costs. In order to save money, some smaller projects may also attempt to pay crew members as independent contractors, which can subject local crew members to potentially uninsured injury claims and result in a reduction in state tax and unemployment insurance collections. This measure provides an alternative to the motion picture, digital media, and film production income tax credit through a rebate program that incentivizes local independent film and television productions to hire local crew members, which will provide local crew members with state and federal mandated employee protections and encourage the growth of the local independent film and television productions.

Your Committee has amended this measure by:

- (1) Changing its effective date to June 30, 3000, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1373, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1373, H.D. 1, and be referred to your Committee on Finance.



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

*Daniel Holt*

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DANIEL HOLT, Chair



