

STAND. COM. REP. NO.

**1237**

Honolulu, Hawaii

**MAR 14**, 2025

RE: S.B. No. 732  
S.D. 2  
H.D. 1

Honorable Nadine K. Nakamura  
Speaker, House of Representatives  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Madame:

Your Committee on Economic Development & Technology, to which was referred S.B. No. 732, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require each county to waive applicable permitting fees for film activity conducted on county lands by a qualified production that qualifies for the Motion Picture, Digital Media, and Film Production Income Tax Credit; and
- (2) Amend the Motion Picture, Digital Media, and Film Production Income Tax Credit by:
  - (A) Requiring the qualified production costs that exceed \$1,000,000 to be certified by an independent certified public accountant;
  - (B) Changing the annual aggregate cap on allowable credits and removing the carryover provision; and

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- (C) Including broadcast and streaming platform productions as qualified productions.

Your Committee received testimony in support of this measure from the Hawaii State AFL-CIO; University of Hawai'i System; Kapolei Chamber of Commerce; Island Film Group; IATSE Local 665; Hawaii Medica Inc.; and one individual. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; Honolulu Film Office; and Tax Foundation of Hawaii.

Your Committee finds that the State should incentivize growth in the film and media industry to help spur economic diversification and development.

Your Committee has amended this measure by:

- (1) Removing the requirement that counties waive permitting fees for certain film activity conducted on county lands;
- (2) Establishing the Island Film and Media Production Investment Fund;
- (3) Providing an additional five percent tax credit to qualified productions with a workforce of at least eighty percent local hires;
- (4) Adding a requirement that productions contact all local labor unions servicing Hawaii's film industry before the start date of production in order to qualify for the Motion Picture, Digital Media, and Film Production Income Tax Credit;
- (5) Reinstating the carryover provision for the Motion Picture, Digital Media, and Film Production Income Tax Credit;
- (6) Applying the general excise tax rate for manufacturers to productions;
- (7) Exempting from the general excise tax amounts received by a motion picture project employer from a client equal



to amounts that are disbursed by the motion picture project employer for employee wages, salaries, payroll taxes, insurance premiums, and employment benefits and payments to loan-out companies;

- (8) Adding a general fund appropriation to capitalize the Island Film and Media Production Investment Fund;
- (9) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (10) 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 & Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 732, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 732, S.D. 2, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.

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



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GREGGOR ILAGAN, Chair



