

STAND. COM. REP. NO. 922

Honolulu, Hawaii

FEB 28 2025

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

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 732, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to amend the motion picture, digital media, and film production income tax credit.

More specifically, this measure:

- (1) Requires qualified production costs of a taxpayer that exceed \$1,000,000 to be certified by an independent third-party certified public accountant to qualify for the film production tax credit;
- (2) Increases the aggregate cap amount of film production tax credits allowed in any given year from \$50,000,000 to \$60,000,000;
- (3) Includes broadcast and streaming platform productions under the film production tax credit;
- (4) Defines "streaming platform"; and
- (5) Extends the repeal date for the film production tax credit to January 1, 2039.



Your Committee received written comments in support of this measure from the Department of Business, Economic Development, and Tourism; University of Hawaii System; Honolulu Film Office; Hawaii State AFL-CIO; Hawaii Teamsters Local 996; IATSE Local 665; Island Film Group; SAG-AFTRA; and numerous individuals.

Your Committee received written comments in opposition to this measure from four individuals.

Your Committee received written comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and Hawaii Teamsters Local 996.

Your Committee finds that, according to the Department of Business, Economic Development, and Tourism, the State's film industry is losing its competitive edge to other states and countries. Your Committee further finds that this measure amends the film production tax credit to better reflect changes in technology and the current state of the film industry.

Your Committee notes that, in their written comments, Hawaii Teamsters Local 996 has requested that all film productions be required to provide proof of contact for all supporting union halls and officials, signatory or non-signatory (including IATSE, SAG-AFTRA, Teamsters, IBEW, DGA AFM, and others).

Your Committee has amended this measure by:

- (1) Requiring each county to waive applicable permitting fees for film activity that is conducted on county lands by a qualified production that qualifies for the film production tax credit;
- (2) Changing to an unspecified amount the aggregate cap amount of the film production tax credit;
- (3) Repealing the provision that applies film production tax credit claims to subsequent years when the aggregate cap amount is met;



- (4) Clarifying the definition of the term "streaming platform" by removing the requirement for a paid subscription;
- (5) Deleting the language extending the repeal date of the film production tax credit; and
- (6) 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 732, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 732, S.D. 2.

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


DONOVAN M. DELA CRUZ, Chair



