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# A BILL FOR AN ACT

RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that the film industry in  
2 Hawaii is an important component of a diversified economy. The  
3 legislature also finds that the motion picture, digital media,  
4 and film production income tax credit has been effective in  
5 stimulating the economy and creating quality jobs in a clean  
6 industry while promoting Hawaii as a visitor destination.

7           The purpose of this Act is to stimulate the motion picture,  
8 digital media, and film production industry in Hawaii by:

- 9           (1) Amending the annual aggregate cap placed on the amount  
10           of the motion picture, digital media, and film  
11           production income tax credit that may be claimed by  
12           qualified productions; and
- 13           (2) Allowing greater flexibility in conditions placed on  
14           eligibility requirements for the motion picture,  
15           digital media, and film production income tax credit  
16           by granting a qualified production the option of



1 providing the State alternative marketing  
2 opportunities as a condition of claiming the credit.

3 SECTION 2. Section 235-17, Hawaii Revised Statutes, is  
4 amended as follows:

5 1. By amending subsection (d) to read:

6 "(d) To qualify for this tax credit, a production shall:

7 (1) Meet the definition of a qualified production  
8 specified in subsection (m);

9 (2) Have qualified production costs totaling at least  
10 \$200,000;

11 (3) Provide the State a qualified Hawaii promotion, which  
12 shall be [~~at~~]:

13 (A) At a minimum, a shared-card, end-title screen  
14 credit, where applicable; or

15 (B) Alternative marketing opportunities, approved by  
16 the department of business, economic development,  
17 and tourism, that offer equal or greater  
18 promotional value to the State than the shared-  
19 card, end-title screen credit;

20 (4) Provide evidence of reasonable efforts to hire local  
21 talent and crew;



1 (5) Provide evidence when making any claim for products or  
2 services acquired or rendered outside of this State  
3 that reasonable efforts were unsuccessful to secure  
4 and use comparable products or services within this  
5 State;

6 (6) Provide evidence of financial or in-kind contributions  
7 or educational or workforce development efforts, in  
8 partnership with related local industry labor  
9 organizations, educational institutions, or both,  
10 toward the furtherance of the local film and  
11 television and digital media industries."

12 2. By amending subsection (i) to read:

13 "(i) The department of business, economic development, and  
14 tourism shall:

15 (1) Maintain records of the names of the taxpayers and  
16 qualified productions thereof claiming the tax credits  
17 under subsection (a);

18 (2) Obtain and total the aggregate amounts of all  
19 qualified production costs per qualified production  
20 and per qualified production per taxable year;



1 (3) Provide a letter to the director of taxation  
 2 specifying the amount of the tax credit per qualified  
 3 production for each taxable year that a tax credit is  
 4 claimed and the cumulative amount of the tax credit  
 5 for all years claimed; and

6 (4) Submit a report to the legislature no later than  
 7 twenty days prior to the convening of each regular  
 8 session detailing ~~the~~:

9 (A) The non-aggregated qualified production costs  
 10 that form the basis of the tax credit claims and  
 11 expenditures, itemized by taxpayer, in a redacted  
 12 format to preserve the confidentiality of the  
 13 taxpayers claiming the credit[-]; and

14 (B) The marketing opportunities the department of  
 15 business, economic development, and tourism has  
 16 approved under subsection (d) (3) (B), including:

17 (i) The goals and strategy justifying each  
 18 approved marketing opportunity, pursuant to  
 19 the provisions of subsection (d) (3) (B); and

20 (ii) The names of all production companies who  
 21 opted to include a shared-card, end-title



1                   screen credit in their final production  
2                   instead of offering the State an alternative  
3                   marketing proposal.

4           Upon each determination required under this subsection, the  
5 department of business, economic development, and tourism shall  
6 issue a letter to the taxpayer, regarding the qualified  
7 production, specifying the qualified production costs and the  
8 tax credit amount qualified for in each taxable year a tax  
9 credit is claimed. The taxpayer for each qualified production  
10 shall file the letter with the taxpayer's tax return for the  
11 qualified production to the department of taxation.  
12 Notwithstanding the authority of the department of business,  
13 economic development, and tourism under this section, the  
14 director of taxation may audit and adjust the tax credit amount  
15 to conform to the information filed by the taxpayer."

16           3. By amending subsection (1) to read:

17           "(1) The total amount of tax credits allowed under this  
18 section in any particular year shall be [~~\$35,000,000~~]  
19 \$ \_\_\_\_\_; however, if the total amount of credits applied for  
20 in any particular year exceeds the aggregate amount of credits  
21 allowed for such year under this section, the excess shall be



1 treated as having been applied for in the subsequent year and  
2 shall be claimed in such year; provided that no excess shall be  
3 allowed to be claimed after December 31, 2025."

4 SECTION 3. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act shall take effect on July 1, 2112.



**Report Title:**

Motion Picture, Digital Media, and Film Production Income Tax Credit

**Description:**

Amends the annual aggregate cap placed on the amount of the motion picture, digital media, and film production income tax credit that may be claimed by qualified productions. Allows greater flexibility in conditions placed on eligibility requirements for the motion picture, digital media, and film production income tax credit. (HB1328 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

