
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) Allowing greater flexibility in conditions placed on
10 eligibility requirements for the motion picture,
11 digital media, and film production income tax credit
12 by granting a qualified production the option of
13 providing the State with alternative marketing
14 opportunities in lieu of a shared-card, end-title
15 screen credit;

16 (2) Amending the amount of the total tax credits that may
17 be claimed per qualified production; and



1 (3) Amending the annual aggregate cap placed on the amount
2 of motion picture, digital media, and film production
3 income tax credits that may be claimed by qualified
4 productions.

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

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

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

9 (1) Meet the definition of a qualified production
10 specified in subsection (m);

11 (2) Have qualified production costs totaling at least
12 \$200,000;

13 (3) Provide the State a qualified Hawaii promotion, which
14 shall be [at]:

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

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



- 1 (4) Provide evidence of reasonable efforts to hire local
- 2 talent and crew;
- 3 (5) Provide evidence when making any claim for products or
- 4 services acquired or rendered outside of this State
- 5 that reasonable efforts were unsuccessful to secure
- 6 and use comparable products or services within this
- 7 State;
- 8 (6) Provide evidence of financial or in-kind contributions
- 9 or educational or workforce development efforts, in
- 10 partnership with related local industry labor
- 11 organizations, educational institutions, or both,
- 12 toward the furtherance of the local film and
- 13 television and digital media industries."
- 14 2. By amending subsection (i) to read:
- 15 "(i) The department of business, economic development, and
- 16 tourism shall:
- 17 (1) Maintain records of the names of the taxpayers and
- 18 qualified productions thereof claiming the tax credits
- 19 under subsection (a);



- 1 (2) Obtain and total the aggregate amounts of all
2 qualified production costs per qualified production
3 and per qualified production per taxable year;
- 4 (3) Provide a letter to the director of taxation
5 specifying the amount of the tax credit per qualified
6 production for each taxable year that a tax credit is
7 claimed and the cumulative amount of the tax credit
8 for all years claimed; and
- 9 (4) Submit a report to the legislature no later than
10 twenty days prior to the convening of each regular
11 session detailing ~~the~~ the:
- 12 (A) The non-aggregated qualified production costs
13 that form the basis of the tax credit claims and
14 expenditures, itemized by taxpayer, in a redacted
15 format to preserve the confidentiality of the
16 taxpayers claiming the credit ~~[]~~ []; and
- 17 (B) The marketing opportunities the department of
18 business, economic development, and tourism has
19 approved under subsection (d) (3) (B), including:
- 20 (i) The goals and strategy justifying each of
21 those approved marketing opportunities; and



1 (ii) The names of all production companies who
2 opted to include a shared-card, end-title
3 screen credit in their final production
4 instead of offering the State an alternative
5 marketing proposal.

6 Upon each determination required under this subsection, the
7 department of business, economic development, and tourism shall
8 issue a letter to the taxpayer, regarding the qualified
9 production, specifying the qualified production costs and the
10 tax credit amount qualified for in each taxable year a tax
11 credit is claimed. The taxpayer for each qualified production
12 shall file the letter with the taxpayer's tax return for the
13 qualified production to the department of taxation.

14 Notwithstanding the authority of the department of business,
15 economic development, and tourism under this section, the
16 director of taxation may audit and adjust the tax credit amount
17 to conform to the information filed by the taxpayer."

18 3. By amending subsection (j) to read:

19 "(j) Total tax credits claimed per qualified production
20 shall not exceed [~~\$15,000,000.~~] \$12,500,000."

21 4. By amending subsection (l) to read:



1 "(1) The total amount of tax credits allowed under this
2 section in any particular year shall be [~~\$35,000,000,~~
3 \$55,000,000; however, if the total amount of credits applied for
4 in any particular year exceeds the aggregate amount of credits
5 allowed for such year under this section, the excess shall be
6 treated as having been applied for in the subsequent year and
7 shall be claimed in such year; provided that no excess shall be
8 allowed to be claimed after December 31, 2025."

9 SECTION 3. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

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



Report Title:

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

Description:

Allows greater flexibility in conditions placed on eligibility requirements for the motion picture, digital media, and film production income tax credit. Amends the amount of the total tax credit that may be claimed per qualified production. Amends the annual aggregate cap placed on the amount of the tax credits that may be claimed by qualified productions. Takes effect on 7/1/2112. (SD1)

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