
A BILL FOR AN ACT

RELATING TO HAWAII FILM STUDIOS.

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

1 SECTION 1. Section 235-17, Hawaii Revised Statutes, is
2 amended by amending subsection (m) to read as follows:

3 "(m) For the purposes of this section:

4 "Commercial":

5 (1) Means an advertising message that is filmed using
6 film, videotape, or digital media, for dissemination
7 via television broadcast or theatrical distribution;

8 (2) Includes a series of advertising messages if all parts
9 are produced at the same time over the course of six
10 consecutive weeks; and

11 (3) Does not include an advertising message with
12 Internet-only distribution.

13 "Digital media" means production methods and platforms
14 directly related to the creation of cinematic imagery and
15 content, specifically using digital means, including but not
16 limited to digital cameras, digital sound equipment, and



1 computers, to be delivered via film, videotape, interactive game
2 platform, or other digital distribution media.

3 "Post-production" means production activities and services
4 conducted after principal photography is completed, including
5 but not limited to editing, film and video transfers,
6 duplication, transcoding, dubbing, subtitling, credits, closed
7 captioning, audio production, special effects (visual and
8 sound), graphics, and animation.

9 "Production" means a series of activities that are directly
10 related to the creation of visual and cinematic imagery to be
11 delivered via film, videotape, or digital media and to be sold,
12 distributed, or displayed as entertainment or the advertisement
13 of products for mass public consumption, including but not
14 limited to scripting, casting, set design and construction,
15 transportation, videography, photography, sound recording,
16 interactive game design, and post-production.

17 "Qualified post-production facility" means a film studio
18 located in the State.

19 "Qualified production":

20 (1) Means a production, with expenditures in the State,
21 for the total or partial production of a feature-



length motion picture, short film, made-for-television movie, commercial, music video, interactive game, television series pilot, single season (up to twenty-two episodes) of a television series regularly filmed in the State (if the number of episodes per single season exceeds twenty-two, additional episodes for the same season shall constitute a separate qualified production), television special, single television episode that is not part of a television series regularly filmed or based in the State, national magazine show, or national talk show. For the purposes of subsections (d) and (j), each of the aforementioned qualified production categories shall constitute separate, individual qualified productions; and

(2) Does not include:

- (A) News;
- (B) Public affairs programs;
- (C) Non-national magazine or talk shows;
- (D) Televised sporting events or activities;
- (E) Productions that solicit funds;



(F) Productions produced primarily for industrial, corporate, institutional, or other private purposes; and

(G) Productions that include any material or performance prohibited by chapter 712.

"Qualified production costs" means the costs incurred by a qualified production within the State that are subject to the general excise tax under chapter 237 or income tax under this chapter and that have not been financed by any investments for which a credit was or will be claimed pursuant to section 235-110.9. Qualified production costs include but are not limited to:

(1) Costs incurred during preproduction such as location scouting and related services;

(2) Costs of set construction and operations, purchases or rentals of wardrobe, props, accessories, food, office supplies, transportation, equipment, and related services;

(3) Wages or salaries of cast, crew, and musicians;

(4) Costs of photography, sound synchronization, lighting, and related services;



- 1 (5) Costs of editing, visual effects, music, other post-
2 production, and related services[+] that are performed
3 at qualified post-production facilities;
- 4 (6) Rentals and fees for use of local facilities and
5 locations, including rentals and fees for use of state
6 and county facilities and locations that are not
7 subject to general excise tax under chapter 237 or
8 income tax under this chapter;
- 9 (7) Rentals of vehicles and lodging for cast and crew;
- 10 (8) Airfare for flights to or from Hawaii, and interisland
11 flights;
- 12 (9) Insurance and bonding;
- 13 (10) Shipping of equipment and supplies to or from Hawaii,
14 and interisland shipments; and
- 15 (11) Other direct production costs specified by the
16 department in consultation with the department of
17 business, economic development, and tourism;
- 18 provided that any government-imposed fines, penalties, or
19 interest that are incurred by a qualified production within the
20 State shall not be "qualified production costs"[-]; and provided
21 further that costs incurred for post-production activities and



7 SECTION 3. This Act shall take effect on December 31,
8 2018, and shall apply to taxable years beginning after December
9 31, 2018.

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H.B. NO. 2688

Report Title:

Hawaii Film Studios; Post-production

Description:

Amends §235-17, HRS, to apply to qualified production costs incurred for post-production activities and services performed in Hawaii film studios. Effective 12/31/2018.

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