
A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 PART I

2 SECTION 1. Section 235-17, Hawaii Revised Statutes, is
3 amended as follows:

4 1. By amending subsections (c) and (d) to read:

5 "(c) If the tax credit under this section exceeds the
6 taxpayer's income tax liability, the excess of credits over
7 liability shall be refunded to the taxpayer; provided that no
8 refunds or payment on account of the tax credits allowed by this
9 section shall be made for amounts less than \$1[-]; provided
10 that, for all qualified productions, if the tax credit exceeds
11 the taxpayer's income tax liability, the excess of credit over
12 liability shall not be refunded, but may be carried forward
13 until exhausted.

14 All claims, including any amended claims, for tax credits
15 under this section shall be filed on or before the end of the
16 twelfth month following the close of the taxable year for which
17 the credit may be claimed. Failure to comply with the foregoing



1 provision shall constitute a waiver of the right to claim the
2 credit.

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

4 (1) Meet the definition of a qualified production
5 specified in subsection m;

6 (2) Have qualified production costs totaling at least
7 \$200,000;

8 (3) Provide the State a qualified Hawaii promotion, which
9 shall be at a minimum, a shared-card, end-title screen
10 credit, where applicable;

11 (4) Provide evidence of reasonable efforts to hire local
12 talent and crew; and

13 ~~[(5) Provide evidence when making any claim for products or~~
14 ~~services acquired or rendered outside of this State~~
15 ~~that reasonable efforts were unsuccessful to secure~~
16 ~~and use comparable products or services within this~~
17 ~~State;~~

18 ~~(6)]~~ (5) Provide evidence of financial or in-kind
19 contributions or educational or workforce development
20 efforts, in partnership with related local industry
21 labor organizations, educational institutions, or



1 both, toward the furtherance of the local film and
2 television and digital media industries."

3 2. By amending subsection (h) and (i) to read:

4 "(h) Every taxpayer claiming a tax credit under this
5 section for a qualified production shall, no later than ninety
6 days following the end of each taxable year in which qualified
7 production costs were expended, submit a written, sworn
8 statement to the department of business, economic development,
9 and tourism, together with a verification review by a qualified
10 certified public accountant using procedures prescribed by the
11 department of business, economic development, and tourism,
12 identifying:

- 13 (1) All qualified production costs as provided by
- 14 subsection (a), if any, incurred in the previous
- 15 taxable year;
- 16 (2) The amount of tax credits claimed pursuant to this
- 17 section, if any, in the previous taxable year; and
- 18 (3) The number of total hires versus the number of local
- 19 hires by category and by county.



1 This information may be reported from the department of
2 business, economic development, and tourism to the legislature
3 in redacted form pursuant to subsection [~~(i)(4)~~] (i)(5).

4 (i) The department of business, economic development, and
5 tourism shall:

6 (1) Maintain records of the names of the taxpayers and
7 qualified productions thereof claiming the tax credits
8 under subsection (a);

9 (2) Obtain and total the aggregate amounts of all
10 qualified production costs per qualified production
11 and per qualified production per taxable year;

12 (3) Provide a letter to the director of taxation
13 specifying the amount of the tax credit per qualified
14 production for each taxable year that a tax credit is
15 claimed and the cumulative amount of the tax credit
16 for all years claimed; [~~and~~]

17 (4) Publish on its website the names of the qualified
18 productions and the amount of tax credits certified
19 per qualified production per filing year; and

20 [~~(4)~~] (5) Submit a report to the legislature no later than
21 twenty days prior to the convening of each regular



1 session detailing the non-aggregated qualified
2 production costs that form the basis of the tax credit
3 claims and expenditures, itemized by taxpayer, in a
4 redacted format to preserve the confidentiality of the
5 taxpayers claiming the credit.

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 (1) to read:

19 "(1) The total amount of tax credits allowed under this
20 section in any particular year shall be \$50,000,000; however, if
21 the total amount of credits applied for in any particular year



1 exceeds the aggregate amount of credits allowed for that year
2 under this section, the excess shall be treated as having been
3 applied for in the subsequent year and shall be claimed in the
4 subsequent year; provided that no excess shall be allowed to be
5 claimed after December 31, [~~2025.~~] 2026."

6 PART II

7 SECTION 2. Section 235-12.5, Hawaii Revised Statutes, is
8 amended by amending subsection (b) to read as follows:

9 "(b) The amount of credit allowed for each eligible
10 renewable energy technology system shall not exceed the
11 applicable cap amount, which is determined as follows:

12 (1) If the primary purpose of the solar energy system is
13 to use energy from the sun to heat water for household
14 use, then the cap amounts shall be:

15 (A) [~~\$2,250~~] \$1,125 per system for single-family
16 residential property;

17 (B) [~~\$350~~] \$175 per unit per system for multi-family
18 residential property; and

19 (C) [~~\$250,000~~] \$125,000 per system for commercial
20 property;



1 (2) For all other solar energy systems, the cap amounts
2 shall be:

3 (A) [~~\$5,000~~] \$2,500 per system for single-family
4 residential property; provided that if all or a
5 portion of the system is used to fulfill the
6 substitute renewable energy technology
7 requirement pursuant to section 196-6.5(a)(3),
8 the credit shall be reduced by thirty-five per
9 cent of the actual system cost or [~~\$2,250,~~
10 \$1,125, whichever is less;

11 (B) [~~\$350~~] \$175 per unit per system for multi-family
12 residential property; and

13 (C) [~~\$500,000~~] \$250,000 per system for commercial
14 property; provided that the cap amount shall be
15 \$500,000 per system for commercial property used
16 for an eligible community-based renewable energy
17 project pursuant to 269-27.4; and

18 (3) For all wind-powered energy systems, the cap amounts
19 shall be:

20 (A) [~~\$1,500~~] \$750 per system for single-family
21 residential property; provided that if all or a



1 portion of the system is used to fulfill the
2 substitute renewable energy technology
3 requirement pursuant to section 196-6.5(a)(3),
4 the credit shall be reduced by twenty per cent of
5 the actual system cost or [~~\$1,500,~~ \$750,
6 whichever is less;

7 (B) [~~\$200~~ \$100 per unit per system for multi-family
8 residential property; and

9 (C) [~~\$500,000~~ \$250,000 per system for commercial
10 property[-]; provided that the cap amount shall
11 be \$500,000 per system for commercial property
12 used for an eligible community-based renewable
13 energy project pursuant to section 269-27.4."

14 SECTION 3. Act 88, Session Laws of Hawaii 2006, as amended
15 by Act 89, Session Laws of Hawaii 2013, as amended by Act 143,
16 Session Laws of Hawaii 2017, is amended by amending section 4 to
17 read as follows:

18 "SECTION 4. This Act shall take effect on July 1, 2006;
19 provided that:



Report Title:

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

Description:

Amends the motion picture, digital media, and film production income tax credit by: (1) Reducing the cap amount and aggregate cap amount of the credit; (2) Requiring the department of business, economic development, and tourism to publish on its website the names of the qualified productions and the amount of the tax credits certified per qualified production per filing year; (4) Allowing the tax credit for qualified productions to be carried over and applied to the taxpayer's future state tax liability. Changes the sunset date sunset date to January 1, 2026. Extends the repeal date of the tax credit from 1/1/2026 to 1/1/2033. Effective 7/1/2050. Increases the cap amounts of the renewable energy technologies income tax credit for community-based renewable energy projects on commercial property. Applies to taxable years beginning after 12/31/2021. (SD1)

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