
A BILL FOR AN ACT

RELATING TO TAXATION.

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

PART I

SECTION 1. Chapter 237, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§237- Motion picture, digital media, or film production companies. (a) A motion picture, digital media, or film production company that engages in a qualified production where the total amount of qualified production costs do not exceed \$3,000,000 shall be subject to the tax under this chapter at the rate applied to manufacturers under section 237-13(1) on the gross income received from the qualified production.

(b) For the purpose of this section, the terms "qualified production" and "qualified production costs" shall have the same meaning as defined in chapter 235-17."

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

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



1 "(c) If the tax credit under this section exceeds the
2 taxpayer's income tax liability, the excess of credits over
3 liability shall be refunded to the taxpayer; provided that no
4 refunds or payment on account of the tax credits allowed by this
5 section shall be made for amounts less than \$1[-]; provided
6 that, for qualified productions where the total qualified
7 production costs do not exceed \$3,000,000, if the tax credit
8 exceeds the taxpayer's income tax liability, the excess of
9 credit over liability shall not be refunded, but may be carried
10 forward until exhausted.

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

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

- 18 (1) Meet the definition of a qualified production
- 19 specified in subsection m;
- 20 (2) Have qualified production costs totaling at least
- 21 \$200,000;



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

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

6 ~~[-(5) Provide evidence when making any claim for products or
7 services acquired or rendered outside of this State
8 that reasonable efforts were unsuccessful to secure
9 and use comparable products or services within this
10 State;~~

11 ~~-(6)]~~ (5) Provide evidence of financial or in-kind
12 contributions or educational or workforce development
13 efforts, in partnership with related local industry
14 labor organizations, educational institutions, or
15 both, toward the furtherance of the local film and
16 television and digital media industries."

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

18 "(h) Every taxpayer claiming a tax credit under this
19 section for a qualified production shall, no later than ninety
20 days following the end of each taxable year in which qualified
21 production costs were expended, submit a written, sworn



1 statement to the department of business, economic development,
2 and tourism, together with a verification review by a qualified
3 certified public accountant using procedures prescribed by the
4 department of business, economic development, and tourism,
5 identifying:

6 (1) All qualified production costs as provided by
7 subsection (a), if any, incurred in the previous
8 taxable year;

9 (2) The amount of tax credits claimed pursuant to this
10 section, if any, in the previous taxable year; and

11 (3) The number of total hires versus the number of local
12 hires by category and by county.

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

16 (i) The department of business, economic development, and
17 tourism shall:

18 (1) Maintain records of the names of the taxpayers and
19 qualified productions thereof claiming the tax credits
20 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) Publish on its website the names of the qualified
10 productions and the amount of tax credits claimed per
11 qualified production per filing year; and
- 12 [~~4~~] (5) Submit a report to the legislature no later than
13 twenty days prior to the convening of each regular
14 session detailing the non-aggregated qualified
15 production costs that form the basis of the tax credit
16 claims and expenditures, itemized by taxpayer, in a
17 redacted format to preserve the confidentiality of the
18 taxpayers claiming the credit.

19 Upon each determination required under this subsection, the
20 department of business, economic development, and tourism shall
21 issue a letter to the taxpayer, regarding the qualified



1 production, specifying the qualified production costs and the
 2 tax credit amount qualified for in each taxable year a tax
 3 credit is claimed. The taxpayer for each qualified production
 4 shall file the letter with the taxpayer's tax return for the
 5 qualified production to the department of taxation.
 6 Notwithstanding the authority of the department of business,
 7 economic development, and tourism under this section, the
 8 director of taxation may audit and adjust the tax credit amount
 9 to conform to the information filed by the taxpayer."

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

11 "(1) The total amount of tax credits allowed under this
 12 section in any particular year shall be [~~\$50,000,000,~~
 13 \$45,000,000]; however, if the total amount of credits applied for
 14 in any particular year exceeds the aggregate amount of credits
 15 allowed for that year under this section, the excess shall be
 16 treated as having been applied for in the subsequent year and
 17 shall be claimed in the subsequent year; provided that no excess
 18 shall be allowed to be claimed after December 31, [~~2025-~~] 2032."

19 PART II

20 SECTION 3. Section 235-12.5, Hawaii Revised Statutes, is
 21 amended by amending subsection (b) to read as follows:



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

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

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

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

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

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

15 (A) [~~\$5,000~~] \$2,500 per system for single-family
16 residential property; provided that if all or a
17 portion of the system is used to fulfill the
18 substitute renewable energy technology
19 requirement pursuant to section 196-6.5(a)(3),
20 the credit shall be reduced by thirty-five per



1 cent of the actual system cost or [~~\$2,250,~~]

2 \$1,125, whichever is less;

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

5 (C) [~~\$500,000~~] \$250,000 per system for commercial
6 property; provided that the cap amount shall be
7 \$500,000 per system for commercial property used
8 for an eligible community-based renewable energy
9 project pursuant to 269-27.4; and

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

12 (A) [~~\$1,500~~] \$750 per system for single-family
13 residential property; provided that if all or a
14 portion of the system is used to fulfill the
15 substitute renewable energy technology
16 requirement pursuant to section 196-6.5(a)(3),
17 the credit shall be reduced by twenty per cent of
18 the actual system cost or [~~\$1,500,~~] \$750,
19 whichever is less;

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



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

6 SECTION 4. Act 88, Session Laws of Hawaii 2006, as amended
7 by Act 89, Session Laws of Hawaii 2013, as amended by Act 143,
8 Session Laws of Hawaii 2017, is amended by amending section 4 to
9 read as follows:

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

12 (1) Section 2 of this Act shall apply to qualified
13 production costs incurred on or after July 1, 2006,
14 and before January 1, [~~2026~~] 2033; and

15 (2) This Act shall be repealed on January 1, [~~2026~~] 2033,
16 and section 235-17, Hawaii Revised Statutes, shall be
17 reenacted in the form in which it read on the day
18 before the effective date of this Act."

19 PART III

20 SECTION 5. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect on July 1, 2050;
2 provided that section 1 shall apply to gross receipts received
3 on or after July 1, 2021; and sections 2, 3, and 4 shall apply
4 to taxable years beginning after December 31, 2020.



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 claimed per qualified production per filing year; (3) Adjusting the general excise tax from 4% to .5% per cent for qualified productions costing less than \$3,000,000 per qualified production; and (4) Allowing the tax credit for qualified productions costing less than \$3,000,000 to be carried over and applied to the taxpayer's future state tax liability. Extends the repeal date of the tax credit from 1/1/2026 to 1/1/2033. Effective 7/1/2050. Reduces the cap amounts of the renewable energy technologies income tax credit. Applies to taxable years beginning after 12/31/2021. (Proposed SD1)

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

