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# 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 subsection (c) 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.] If the tax~~

10 credit under this section exceeds the taxpayer's income tax  
11 liability, the excess of the credit over liability may be used  
12 as a credit against the taxpayer's income tax liability in  
13 subsequent years 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 2. By amending subsections (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 [~~such~~] that  
2 year under this section, the excess shall be treated as having  
3 been applied for in the subsequent year and shall be claimed in  
4 [~~such~~] the subsequent year; provided that no excess shall be  
5 allowed to be claimed after December 31, [~~2025-~~] 2032."

6 SECTION 2. 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 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."

PART III

7 SECTION 4. Statutory material to be repealed is bracketed  
 8 and stricken. New statutory material is underscored.

9 SECTION 5. This Act shall take effect on July 1, 2050;  
 10 provided that:

11 (1) Section 1 shall apply to taxable years beginning after  
 12 December 31, 2021; and

13 (2) Section 3 shall apply to renewable energy technology  
 14 systems installed and placed in service after  
 15 December 31, 2021.



**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) 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; (2) Changing the tax credit from a refundable tax credit to a nonrefundable tax credit; and (3) Extending the repeal date of the tax credit from 1/1/2026 to 1/1/2033. Reduces the cap amounts of the renewable energy technologies income tax credit. Retains the current cap amount for community-based renewable energy projects on commercial property. Amendments to the motion picture, digital media, and film production income tax credit apply to taxable years beginning after 12/31/2021. Amendments to the renewable energy technologies income tax credit apply to renewable energy technology systems installed and placed in service after 12/31/2021. Effective 7/1/2050. (SD2)

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