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## A BILL FOR AN ACT

RELATING TO TAXATION.

**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 (o) to read as follows:

3       "(o)   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           and

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

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

14       "Digital media" means production methods and platforms  
15 directly related to the creation of cinematic imagery and  
16 content, specifically using digital means, including but not  
17 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 production":

18 (1) Means a production, with expenditures in the State,  
19 for the total or partial production of a feature-  
20 length motion picture, short film, made-for-television  
21 movie, commercial, music video, interactive game,



1 television (including broadcast and streaming  
2 platforms) series pilot, single season (up to twenty-  
3 two episodes[~~}]~~ for broadcast television and up to  
4 eight episodes for an ongoing series for streaming  
5 platforms) of a [~~television~~] series [~~regularly~~] filmed  
6 in the State [~~if~~]. If the number of episodes per  
7 single season for a broadcast television series  
8 exceeds twenty-two, and if the number of episodes per  
9 single season for a streaming platform series exceeds  
10 eight, additional episodes for the same season shall  
11 constitute a separate qualified production[~~}]~~.  
12 "Qualified production" also includes a television or  
13 streaming platform special, single [~~television~~]  
14 episode that is not part of a television or streaming  
15 platform series regularly filmed or based in the  
16 State, national magazine show, [~~or~~] and national talk  
17 show. For the purposes of subsections (d) and (l),  
18 each of the aforementioned qualified production  
19 categories shall constitute separate, individual  
20 qualified productions; and

21 (2) Does not include:



- 1 (A) News;
  - 2 (B) Public affairs programs;
  - 3 (C) Non-national magazine or talk shows;
  - 4 (D) Televised sporting events or activities;
  - 5 (E) Productions that solicit funds;
  - 6 (F) Productions produced primarily for industrial,
  - 7 corporate, institutional, or other private
  - 8 purposes; and
  - 9 (G) Productions that include any material or
  - 10 performance prohibited by chapter 712.
- 11 "Qualified production costs" means the costs incurred by a
- 12 qualified production within the State that are subject to the
- 13 general excise tax under chapter 237 at the highest rate of tax
- 14 or income tax under this chapter if the costs are not subject to
- 15 general excise tax and that have not been financed by any
- 16 investments for which a credit was or will be claimed pursuant
- 17 to section 235-110.9. [~~Qualified production costs include~~]
- 18 "Qualified production costs" includes but ~~[are]~~ is not limited
- 19 to:
- 20 (1) Costs incurred during preproduction such as location
  - 21 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;

(5) Costs of editing, visual effects, music, other post-production, and related services;

(6) Rentals and fees for use of local facilities and locations, including rentals and fees for use of state and county facilities and locations that are not subject to general excise tax under chapter 237 or income tax under this chapter;

(7) Rentals of vehicles and lodging for cast and crew;

(8) Airfare for flights to or from Hawaii, and interisland flights;

(9) Insurance and bonding;

(10) Shipping of equipment and supplies to or from Hawaii, and interisland shipments; and



(11) Other direct production costs specified by the department in consultation with the department of business, economic development, and tourism; provided that any government-imposed fines, penalties, or interest that are incurred by a qualified production within the State shall not be "qualified production costs". "Qualified production costs" does not include any costs funded by any grant, forgivable loan, or other amounts not included in gross income for purposes of this chapter.

"Streaming platform" means an online provider of media content that delivers the content via internet connection to the subscriber's computer, television, or mobile device."

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act, upon its approval, shall apply to taxable years beginning after December 31, 2025; provided that on January 1, 2033, this Act shall be repealed to coincide with the repeal date of Act 88, Session Laws of Hawaii 2006, as amended by Act 89, Session Laws of Hawaii 2013, as amended by Act 143, Session Laws of Hawaii 2017, as amended by Act 217, Session Laws of Hawaii 2022, and section 235-17, Hawaii Revised



1 Statutes, shall be reenacted in the form in which it read on the  
2 day before the effective date of Act 88, Session Laws of Hawaii  
3 2006.

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INTRODUCED BY:

A handwritten signature in black ink, appearing to be "PD", written over a horizontal line.

JAN 20 2026



# H.B. NO. 1635

**Report Title:**

Motion Picture, Digital Media, and Film Production Income Tax Credit; Commercial; Advertisement; Internet-only Distribution; Broadcast and Streaming Platforms

**Description:**

Makes broadcast and streaming platform productions and commercial advertisement productions with Internet-only distribution eligible to receive the Motion Picture, Digital Media, and Film Production Income Tax Credit.

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

