THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 2578 S.D. 1

A BILL FOR AN ACT

RELATING TO THE FILM INDUSTRY.

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

SECTION 1. The legislature finds that Hawaii's film, television, and digital media industries are operating in an increasingly competitive global environment, in which jurisdictions compete not only on tax incentives, but on infrastructure, workforce readiness, technological capacity, and speed of execution. Competing states and international jurisdictions are modernizing their film offices into integrated film commissions or media authorities with centralized authority to administer incentives, grants, studio facilities, and public-private partnerships. The legislature also finds that Hawaii currently does not have a state film commission in statute, but rather, the film industry branch within the creative industries division of the department of business, economic development, and tourism is currently doing business as the "Hawaii film office" and the film industry development manager of the branch is serving as the "Hawaii state film commissioner" for purposes of membership in third-party

organizations, including the Association of Film Commissioners International.

The legislature further finds that advances in artificial intelligence, virtual production, digital post-production, and content creation technologies are fundamentally reshaping how content is produced, distributed, and monetized. To remain competitive, Hawaii must simultaneously retain its ability to attract major domestic and international productions; invest in next-generation infrastructure, facilities, and equipment; support workforce development and training for future content creators, including K-12 students and noninstitutional content creators; and maintain accountability, transparency, and fiscal discipline in administering public incentives.

Accordingly, the purpose of this Act is to restructure and modernize the State's film and creative industries governance by:

(1) Establishing a Hawaii film commission and transferring the rights, powers, functions, and duties of the Hawaii film office to the commission;

(2) Establishing the film industry development special fund;

(3) Excluding media and film from the definition of creative industries and renaming the Hawaii film and creative industries development special fund as the Hawaii creative industries development special fund;

(4) Amending the sources of moneys to be deposited into the Hawaii creative industries development special fund, including requiring all revenues, fees, and charges from the processing of the motion picture, digital media, and film production income tax credit to be deposited into the film industry development special fund, rather than the Hawaii creative industries development special fund; and

(5) Allowing the Hawaii creative industries development special fund to be used for the support and development of facilities and other initiatives to grow the State's creative industries.

SECTION 2. Chapter 201, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

"**PART . HAWAII FILM COMMISSION**

§201-A Definitions. As used in this part:

"Commission" means the Hawaii film commission.

"Department" means the department of business, economic development, and tourism.

"Film" includes motion pictures, television, interactive, over-the-top television productions, virtual reality, augmented reality and other forms of emerging media, multi-player videogame publishing, and other digitally-developed content for theatrical or digital distribution via streaming, mobile, and broadcast media.

"Film fund" means the film industry development special fund.

§201-B Hawaii film commission; established. (a) There is established a Hawaii film commission within the department for administrative purposes only.

(b) The commission shall have exclusive responsibility for film and television production activities in the State, including incentive administration, studio facilities, and film-specific workforce initiatives.

(c) The commission shall consist of twelve members, ten of whom shall be appointed and removed by the governor pursuant to

section 26-34, except as otherwise provided in this section, and two of whom shall be ex officio, voting members as follows:

(1) The director of business, economic development, and tourism or the director's designee, who shall:

(A) Serve as chairperson of the commission; and

(B) Serve as an ex officio, voting member;

(2) The chairperson of the board of land and natural resources or the chairperson's designee, who shall serve as an ex officio, voting member;

(3) One member from each of the counties' film offices;

(4) One member who shall have expertise in indigenous and cultural storytelling;

(5) One member who shall have extensive global film production experience;

(6) One member who shall have expertise in studio development and infrastructure;

(7) One member who shall be a Hawaii-based producer with significant production credits; and

(8) Two members representing the labor workforce in the film industries;

provided that any individual appointed as a member pursuant to paragraphs (3) through (8) shall not serve consecutive four-year terms as a member of the commission.

(d) The chairperson shall select a vice-chairperson from among the members. The chairperson may select other leadership positions from among the members as the chairperson deems necessary, including but not limited to treasurer and secretary.

§201-C Executive director; staff. (a) The director of business, economic development, and tourism shall appoint an executive director without regard to chapter 76, to oversee daily operations of the commission. Notwithstanding section 76-16(b)(17), this exemption from chapter 76 shall not expire.

(b) The executive director may hire professional, technical, and administrative staff, without regard to chapter 76, as necessary to carry out the purposes of this part, subject to legislative appropriation. Notwithstanding section 76-16(b)(17), this exemption from chapter 76 shall not expire.

(c) The executive director and the commission's full-time staff shall be entitled to participate in all state employee benefit plans.

§201-D State film industry development liaison; establishment. (a) There is established within the commission a state film industry development liaison to:

(1) Plan, develop, and execute a statewide film industry development strategy to include all counties in the State for the purposes of establishing a collaborative film industry development program; and

(2) Support the commission in statewide industry coordination, workforce strategy development, and development of emerging film technology initiatives.

(b) The state film industry development liaison shall be appointed by the executive director without regard to chapter 76. Notwithstanding section 76-16(b)(17), this exemption from chapter 76 shall not expire.

§201-E Hawaii film commission; powers; duties. The commission shall:

(1) Administer the motion picture, digital media, and film production income tax credit pursuant to section 235-17, including application intake, review, registration, certification, compliance monitoring, and reporting;

(2) Review and determine whether to waive or modify the maximum total motion picture, digital media, and film production income tax credit per qualified production pursuant to criteria and procedures adopted by the commission by rule or formal action;

(3) Administer grant programs funded by the film industries development special fund, including:

(A) Development grants;

(B) Workforce and training grants; and

(C) Innovation, post-production, and creative technology grants;

(4) Enter into public-private partnership agreements, including leases, licenses, and management agreements pursuant to chapter 103D, as applicable, for:

(A) Film studios owned by the State;

(B) Sound stages;

(C) Post-production facilities; and

(D) Virtual production and creative technology infrastructure;

(5) Coordinate statewide film and media permitting, marketing, and industry engagement in collaboration with state and county agencies; and

(6) Support workforce development and training for future content creators, including through:

(A) K-12 education pathways;

(B) Postsecondary and credential-based training programs;

(C) Programs and resources for independent and noninstitutional content creators; and

(D) Programs and resources for upskilling in artificial intelligence, virtual production, and digital workflows.

§201-F Film industry development special fund. (a) There is established in the state treasury the film industry development special fund into which shall be deposited:

(1) Appropriations by the legislature;

(2) Donations and contributions made by private individuals or organizations for deposit into the film fund;

(3) Grants provided by governmental agencies or any other source;

(4) All revenues, fees, and charges from the processing of the motion picture, digital media, and film production income tax credit pursuant to section 235-17;

(5) All revenues, fees, and income received by the department from its management of public facilities that support film production and workforce and business development in the film industry, excluding the Hawaii film studio; and

(6) All interests earned or accrued on moneys in the film fund.

(b) The film fund shall be used by the department for:

(1) Film production incentives and development, including programs providing financial assistance and seed capital to film productions that contribute to the local economy and enhance the global visibility of Hawaii;

(2) Workforce development, including initiatives that expand the skills and capabilities of the State's

resident workforce in film production, digital media, and related technical fields;

(3) Industry promotion and marketing, including efforts to attract film production, investment, and business opportunities to Hawaii; and

(4) Infrastructure and facility support, including repair, maintenance, and related costs of state-managed public facilities that directly support film industry workforce and business development.

§201-G Annual report. The commission shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature and governor no later than twenty days prior to the convening of each regular session. Each report shall include:

(1) All incentives awarded by commission, including the motion picture, digital media, and film production income tax credits pursuant to section 235-17;

(2) All waivers of and modifications to the maximum total motion picture, digital media, and film production income tax credit per qualified production granted by the commission;

(3) All grants awarded by the commission;

(4) All public-private partnership agreements executed by the commission;

(5) Outcomes of workforce development and training supported by the commission; and

(6) Progress towards global competitiveness of and technological advancement in the State's film industry.

§201-H Rules. The commission shall adopt rules pursuant to chapter 91 to effectuate the purposes of this part."

SECTION 3. Chapter 201, Hawaii Revised Statutes, is amended by amending the title of part IX to read as follows:

"PART IX. HAWAII [~~FILM AND~~] CREATIVE INDUSTRIES DEVELOPMENT"

SECTION 4. Section 201-111, Hawaii Revised Statutes, is amended as follows:

1. By adding a new definition to be appropriately inserted and to read:

""Film" has the same meaning as defined in section 201-A."

2. By amending the definition of "creative industries" to read:

""Creative industries" means those sectors that comprise Hawaii's creative economy, including [~~media,~~] arts, culture, music, design, fashion, publishing, animation, interactive, and emerging [~~media.~~] sectors; provided that "creative industries" does not include film."

3. By amending the definition of "fund" to read:

""Fund" means the Hawaii [~~film and~~] creative industries development special fund."

4. By repealing the definition of "media".

[~~""Media" means film, motion pictures, television, interactive, over-the-top television productions, virtual reality, augmented reality and other forms of emerging media, multi-player videogame publishing, and other digitally-developed content for theatrical or digital distribution via streaming, mobile, and broadcast media."~~]

SECTION 5. Section 201-113, Hawaii Revised Statutes, is amended to read as follows:

"**§201-113 Hawaii [~~film and~~] creative industries development special fund.** (a) There is established in the state treasury the Hawaii [~~film and~~] creative industries development special fund into which shall be deposited:

(1) Appropriations by the legislature;

(2) Donations and contributions made by private individuals or organizations for deposit into the fund;

(3) Grants provided by governmental agencies or any other source; and

[~~(4) Effective January 2, 2023, all revenues, fees, and charges from the processing of the motion picture, digital media, and film production income tax credit pursuant to section 235-17; and~~

~~(5)~~] (4) Effective July 1, 2022, all existing and future revenues, fees, and income received by the department from its management of public facilities that support [~~media and entertainment workforce and business development, with the exception of the Hawaii film studio.~~] creative industries.

(b) The fund shall be used by the department to provide for:

(1) A program to provide seed capital for [~~film, media, electronic sports, and~~] creative industries

intellectual property development projects for export, as determined by the department;

(2) Programs that expand the skills of the State's resident workforce in the [~~film, media, and~~] creative industries;

(3) Marketing programs that attract business opportunities in the [~~film, media, and~~] creative industries in the State; [~~and~~]

(4) Repair, maintenance, and related costs of the department's management of public facilities that support [~~media and entertainment~~] the creative industries workforce and business development[~~.~~]; and

(5) The support and development of facilities and other initiatives to grow the State's creative industries."

SECTION 6. Section 235-17, Hawaii Revised Statutes, is amended by amending subsections (k) and (l) to read as follows:

"(k) Each taxpayer claiming a tax credit under this section shall submit to the department of business, economic development, and tourism a fee for the motion picture, digital media, and film production income tax credit in an amount equal to 0.2 per cent of the tax credit claimed by the qualified

production no later than the deadline stated in subsection (c). The department of business, economic development, and tourism may prescribe the form and method by which this fee is remitted, including through electronic means. The fees collected under this subsection shall be deposited into the Hawaii film [~~and creative industries~~] industry development special fund under section [~~201-113.~~] 201-F.

(1) Total tax credits claimed per qualified production shall not exceed $17,000,000[~~.~~]; provided that the Hawaii film commission may waive or modify this amount pursuant to section 201-E(2)."

SECTION 7. Section 201-115, Hawaii Revised Statutes, is repealed.

~~["[§201-115] State media industry development liaison; establishment. (a) There is established within the creative industries division of the department a state media industry development liaison to plan, develop, and execute a statewide media industry development strategy to include all counties in the State for the purposes of establishing a collaborative media industry development program.~~

~~(b) The state media industry development liaison shall be appointed by the director of business, economic development, and tourism without regard to chapter 76.~~"]

SECTION 8. There is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2026-2027 for the establishment and operation of the Hawaii film commission.

The sum appropriated shall be expended by the department of business, economic development, and tourism for the purposes of this Act.

SECTION 9. All rights, powers, functions, and duties of the Hawaii film office are transferred to the Hawaii film commission.

All officers and employees whose functions are transferred by this Act shall be transferred with their functions and shall continue to perform their regular duties upon their transfer, subject to the state personnel laws and this Act.

No officer or employee of the State having tenure shall suffer any loss of salary, seniority, prior service credit, vacation, sick leave, or other employee benefit or privilege as a consequence of this Act, and such officer or employee may be

transferred or appointed to a civil service position without the necessity of examination; provided that the officer or employee possesses the minimum qualifications for the position to which transferred or appointed; and provided that subsequent changes in status may be made pursuant to applicable civil service and compensation laws.

An officer or employee of the State who does not have tenure and who may be transferred or appointed to a civil service position as a consequence of this Act shall become a civil service employee without the loss of salary, seniority, prior service credit, vacation, sick leave, or other employee benefits or privileges and without the necessity of examination; provided that such officer or employee possesses the minimum qualifications for the position to which transferred or appointed.

If an office or position held by an officer or employee having tenure is abolished, the officer or employee shall not thereby be separated from public employment, but shall remain in the employment of the State with the same pay and classification and shall be transferred to some other office or position for which the officer or employee is eligible under the personnel

laws of the State as determined by the head of the department or the governor.

SECTION 10. All appropriations, records, equipment, machines, files, supplies, contracts, books, papers, documents, maps, and other personal property heretofore made, used, acquired, or held by the Hawaii film office relating to the functions transferred to the Hawaii film commission shall be transferred with the functions to which they relate.

SECTION 11. For the purposes of this Act, "Hawaii film office" means the film industry branch within the creative industries division of the department of business, economic development, and tourism.

SECTION 12. No later than December 31, 2027:

(1) The governor shall appoint all members of the Hawaii film commission who are not ex officio, voting members pursuant to section 201-B, Hawaii Revised Statutes;

(2) The director of business, economic development, and tourism shall appoint the executive director of the Hawaii film commission pursuant to section 201-C(a), Hawaii Revised Statutes; and

(3) The executive director of the Hawaii film commission shall hire staff pursuant to section 201-C(b), Hawaii Revised Statutes.

SECTION 13. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 14. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 15. This Act shall take effect on July 1, 2050.

S.B. NO. 2578 S.D. 1

Report Title:
DBEDT; Hawaii Film Commission; Motion Picture, Digital Media, and Film Production Income Tax Credit; Film Industry Development Special Fund; Establishment; Hawaii Film and Creative Industries Development Special Fund; Workforce Development; Film; Media; Reports; Appropriation

Description:
Establishes the Hawaii Film Commission within the Department of Business, Economic Development, and Tourism for administrative purposes only and transfers the rights, powers, functions, and duties of the Hawaii Film Office to the Commission. Establishes the Film Industry Development Special Fund. Excludes media and film from the definition of creative industries and renames the Hawaii Film and Creative Industries Development Special Fund as the Hawaii Creative Industries Development Special Fund. Amends the sources of moneys to be deposited into the Hawaii Creative Industries Development Special Fund, including requiring all revenues, fees, and charges from the processing of the Motion Picture, Digital Media, and Film Production Income Tax Credit to be deposited into the Film Industry Development Special Fund, rather than the Hawaii Creative Industries Development Special Fund. Allows the Creative Industries Development Special Fund to be used for the support and development of facilities and other initiatives to grow the State's creative industries. Requires the Governor to appoint Commission members, the Director of Business, Economic Development to appoint the Executive Director of the Commission, and the Executive Director to hire staff by 12/31/2027. Requires annual reports to the Legislature. Appropriates funds. Effective 7/1/2050. (SD1)

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

