

STAND. COM. REP. NO. 3197

Honolulu, Hawaii

MAR 25 2026

RE: H.B. No. 1939
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Economic Development and Tourism, to which was referred H.B. No. 1939, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the Motion Picture, Digital Media, and Film Production Income Tax Credit (film tax credit) by:

- (1) Providing additional credits to qualified productions that have a workforce of at least eighty percent local hires in the first taxable year or second consecutive taxable year and meet other specific requirements, then increasing the local workforce threshold to eighty-two percent in the third or fourth consecutive taxable year and eighty-five percent in the fifth consecutive taxable year, that the additional credit is claimed;
- (2) Requiring independent third-party certification of qualified production costs for all film productions claiming the film tax credit;
- (3) Authorizing the Department of Business, Economic Development, and Tourism to waive the credit cap per



qualified production for one qualified production each fiscal year; and

- (4) Requiring the Hawaii Film Office to submit an annual report to the Legislature.

Your Committee received testimony in support of this measure from the Office of the Governor; Honolulu Film Office; Ala Moana-Kaka'ako Neighborhood Board No. 11; Hawai'i Film Alliance; Hawaii Teamsters Local 996; SAG-AFTRA Hawai'i Local; Hawaii State AFL-CIO; Aloha Aina Party; Tyler Young Films, LLC; Sacred Light 'Ohana; and forty-three individuals.

Your Committee received comments on this measure from the Department of Taxation; Department of the Attorney General; Creative Industries Division of the Department of Business, Economic Development, and Tourism; and Tax Foundation of Hawaii.

Your Committee finds that the film industry faces a crucial juncture that requires industry-supportive legislative measures to address market changes and remain competitive. Your Committee further finds that, without targeted incentives, many studios continue to rely on imported labor rather than local talent for their productions. This measure links enhanced film tax credits to increased local participation to attract more productions to the State, while strengthening career pathways for residents, retaining wages within the local economy, and building long-term industry capacity.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 3050, to encourage further discussion;
- (2) Making it applicable to costs incurred after December 31, 2025, rather than taxable years beginning after that date; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Development and Tourism that is attached to



this report, your Committee is in accord with the intent and purpose of H.B. No. 1939, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1939, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Tourism,


LYNN DECOITE, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Economic Development and Tourism
EDT

Bill / Resolution No.:*	Committee Referral:	Date:		
HB1939, HD2	EDT.WAM	3/19/26		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DECOITE, Lynn (C)	✓			
WAKAI, Glenn (VC)	✓			
FUKUNAGA, Carol	✓			
KIM, Donna Mercado	✓			
FEVELLA, Kurt	✓			
TOTAL	5	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

*Only one measure per Record of Votes