

Honolulu, Hawaii

FEB 18 , 2026

RE: H.B. No. 2590

H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Madame:

Your Committee on Economic Development & Technology, to which was referred H.B. No. 2590 entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Impose the manufacturing general excise tax rate on motion picture, digital media, and film productions and repeal the provision in the definition of "qualified production costs" that applied the term to mean costs incurred that are subject to the highest general excise tax rate; and
- (2) Exempt from the general excise tax amounts received by a motion picture project employer from a client company equal to amounts that are disbursed by the motion picture project employer for employee wages, salaries, payroll taxes, insurance premiums, and employment benefits and payments to loan-out companies.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Creative Industries Division of the Department of Business, Economic Development, and Tourism; SAG-AFTRA Hawai'i



Local; ALA Hawaii; IATSE Local 665; Kapolei Chamber of Commerce; Hawai'i Film Alliance; Motion Picture Association; Tyler Young Films, LLC; Island Film Group; Maui Chamber of Commerce; Hawaii Media Inc.; CARES; and numerous individuals. Your Committee received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; and one individual.

Your Committee finds that aligning the general excise tax treatment of film and digital media productions with other manufacturing activities will promote consistency and modernize the State's tax structure. Your Committee further finds that providing a general excise tax exemption for motion picture project employers will reduce administrative burdens and costs associated with doing business in the State. This measure seeks to reduce the tax burden on film productions and motion picture project employers, supporting the growth of the film industry in the State.

Your Committee has amended this measure by:

- (1) Limiting the general excise tax exemption for motion picture project employers to amounts separately stated and documented as reimbursements;
- (2) Requiring persons making payment to a loan-out company and claiming the film tax credit to deduct and withhold an amount that exceeds the amount actually due for all payments made to the loan-out company for services performed in the State;
- (3) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2590, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2590, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Technology,



GREGGOR ILAGAN, Chair



