



EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

House Committee on Finance

Wednesday, March 04, 2026

10:00 a.m.

State Capitol, Conference Room 308 and Videoconference

In Support

House Bill No. 1635, HD1, Relating to Taxation

Chair Todd, Vice Chair Takenouchi, and Members of the House Committee on Finance:

The Office of the Governor **supports** House Bill No. 1635, HD1. This bill 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 Office of the Governor believes enhancing the Motion Picture, Digital Media, and Film Production Income Tax Credit would incentivize the film industry to invest in Hawai'i's local workforce, creative talent, and culture. Greater utilization of the credit is projected to boost the State's GDP by \$14.2 million and earnings by \$16.1 million.

Mahalo for the opportunity to provide testimony on this measure.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau
P.O. BOX 259

HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1635, H.D.1, Relating to Taxation

BEFORE THE:

House Committee on Finance

DATE: Wednesday, March 4, 2026

TIME: 10:00 a.m.

LOCATION: State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 1635, H.D.1, for your consideration.

H.B. 1635, H.D.1, makes multiple amendments to section 235-17(o), Hawaii Revised Statutes (HRS), relating to the motion picture, digital media, and film production income tax credit, as follows:

- Amends the definition of a “commercial” by deleting the limitation that it shall not include an advertising message with internet-only distribution;
- Amends the definition of a “qualified production” to include broadcast and streaming platforms and the minimum qualifying number of per season episodes;
- Defines “streaming platform” as an online provider of media content delivered via the internet to the subscriber's computer, television, or mobile device.

The bill has a defective effective date of July 1, 3000, and applies to taxable years beginning after December 31, 2025. The act would be repealed on January 1,

2033, to coincide with the repeal date of Act 88, Session Laws of Hawaii (SLH) 2006, and its amendments. Section 235-17, HRS, will then be reenacted in the form in which each read on the day before the effective date of Act 88, SLH 2006.

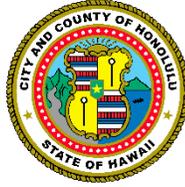
DOTAX recommends that the effective date of the bill be amended to apply to “costs incurred” after December 31, 2025.

Thank you for the opportunity to provide comments on this measure.

HONOLULU FILM OFFICE
KE KE'ENA LĪPINE O HONOLULU
CITY AND COUNTY OF HONOLULU

530 SOUTH KING ST, ROOM 306 • HONOLULU, HAWAII 96813
PHONE: (808) 768-6100 • FAX: WEBSITE: honolulu.gov/film-office

RICK BLANGIARDI
MAYOR
MEIA



WALEA L. CONSTANTINAU
FILM COMMISSIONER
Kominina Līpine

Testimony of Walea Constantinau,
Film Commissioner, Honolulu Film Office
City and County of Honolulu

HOUSE COMMITTEE ON FINANCE

March 4, 2026 10:00 AM
State Capitol, Conference Room 423 and via Videoconference

RE: HB 1635 HD1 RELATING TO TAXATION **STRONGLY SUPPORT**

Dear Chair Todd, Vice-chair Takenouchi and members of the committees:

The Honolulu Film Office would like to thank the Legislature and this committee for its collaboration and long-standing support of Hawai'i's Film Industry. **We are at a crucial juncture** with our industry and the industry-supporting proposals this Legislative Session **are vital for the industry to address market changes and remain competitive.**

We are in full support of this measure that provides much needed language to update and modernize the Hawai'i Production Tax Credit.

Thank you for the opportunity to provide these comments.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKA'I

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

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Statement of
Georja Skinner
Administrator, Creative Industries Division
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

March 4, 2026
10:00 AM
State Capitol, Conference Room 308

In consideration of
HB1635 HD1
RELATING TO TAXATION

Chair Todd, Vice Chair Takenouchi, and members of the Committee, the Creative Industries Division in the Department of Business, Economic Development and Tourism (DBEDT) supports HB1635 HD1, which amends Section 235-17, HRS to expand eligibility for the Motion Picture, Digital Media, and Film Production Income Tax Credit to include streaming series and Internet-only distribution productions.

HB1635 modernizes and strengthens Hawai'i's existing Motion Picture, Digital Media, and Film Production Income Tax Credit by explicitly recognizing the evolving nature of film and media production and distribution. By amending language to include specificity for streaming productions — including Internet-only and digital platform projects — this bill broadens the range of creative content that can contribute to Hawai'i's economy and community.

The importance of maintaining a competitive and responsive tax credit program is underscored by recent production and tax credit utilization data.

In calendar year 2024, Hawai'i recorded \$168.8 million in total production spend, with \$49.66 million in tax credits claimed, which included carryover credits from 2023 and resulted in no deferred tax credits into 2025. Notably, \$334,000 of the \$50 million annual cap remained unused.

In contrast, calendar year 2025 estimated total to date reflects \$45.96 million in total production spend and only \$10.93 million in tax credits claimed. With no carryover credits from 2024 and no deferred credits into 2026, 2025 has left a substantial \$39.07 million balance remaining of the annual cap going back into the general fund.

These figures demonstrate both the economic impact of qualifying productions and the available capacity within the existing credit structure to support additional eligible projects.

The creative industries and film sectors are essential components of Hawai'i's economic diversification strategy and complement visitor attraction. Expanding tax credit eligibility supports the state's efforts to attract a wider array of production activity, drives job creation for local talent and crew, and helps sustain long-term investment in Hawai'i's creative workforce and infrastructure.

For these reasons, DBEDT strongly supports HB1635 HD1 and respectfully asks for your favorable consideration of this measure.

Thank you for the opportunity to testify on this bill.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Extend Motion Picture, Digital Media, and Film Production Income Tax Credit to Broadcast and Streaming Platforms

BILL NUMBER: HB 1635 HD1

INTRODUCED BY: ECD

EXECUTIVE SUMMARY: 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.

SYNOPSIS: Amends sec 235-17(o) definitions for “Commercial”, “Qualified Production”, “Qualified Production Costs”, to add provisions for streaming platforms.

Defines a streaming platform as an online provider of media content that delivers the content via internet connection to the subscriber’s computer, television, or mobile device.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: The production credit in HRS section 235-17 was enacted as Act 107, SLH 1997, as a percentage of the costs incurred in the State in the production of motion picture or television films. As enacted, the credit was 4% of regular production costs plus 6% of transient accommodations, mirroring the GET and TAT rates at the time. Act 156, SLH 1988, raised the TAT credit to 7.25% while also raising the TAT rate to 7.25%.

After a period where this credit took a back seat to the qualified high tech business program enacted by Act 221, SLH 2001, this credit was next amended by Act 88, SLH 2006, which added credits for digital media and replaced the GET and TAT bifurcation with a unified credit of 15% of qualified production costs incurred in the C&C of Honolulu and 20% in any other county. The act added a per-production cap of \$8 million and sunset the credit on Jan. 1, 2016.

Act 89, SLH 2013, changed the credit percentages to 20% in Honolulu and 25% in any other county; raised the per-production limit to \$15 million; and extended the sunset date to Jan. 1, 2019.

Act 143, SLH 2017, extended the sunset date for the credit to Jan. 1, 2026, and first imposed an aggregate cap of \$35 million. Act 275, SLH 2019, raised the aggregate cap to \$50 million.

Act 217, SLH 2022, increased the credit percentages to 22% in Honolulu and 27% in any other county and extended the sunset date to January 1, 2033.

This bill proposes extending the production income tax credit to cover Internet-only distribution and streaming platforms.

We in Hawaii have had our production credit since 1997, so it's been more than twenty years. Have there been any studies about what the program has done for Hawaii's economy or Hawaii's tax revenue? None were cited to the Legislature when the Hawaii production tax credit was increased in 2013. Maybe we don't care as much about the hard dollars as we do about other intangible effects like local jobs, the development of a skilled workforce, or robust media education programs that simply weren't around at the turn of the century. Even if so, lawmakers should have data on these intangibles, and other cost-benefit information, so they can make rational decisions on this matter.

Certainly, the film industry promises increased opportunities. Some of them certainly have materialized. But chasing these opportunities needs to be balanced against the cold hard reality of solving the problems at hand. Lawmakers need to ask whether production tax credits create sustainable economic development. It's well known that most productions shoot for a while and then wrap; the crew that supports the production then jumps to the next one. A case may be made for the production credits if they keep the productions rolling in and contributing to the economy. But the people need to see that case to justify continued redirection of resources to these credits while those resources could instead lower the overall tax burden not only for families but for the businesses that provide long-term employment for Hawaii's people.

Internet-only distribution and streaming would seem to represent a different cost profile and employment profile from other kinds of productions. Perhaps appropriate industry representatives would be able to help justify application of this credit.

Digested: 3/2/2026

State of Hawai'i
The Thirty-Third Legislature
State House of Representatives
Committee on Finance (FIN)

Wednesday, March 4, 2026
10:00 AM – Room 308, HI State Capitol

TESTIMONY IN SUPPORT OF HB 1635 HD 1
RELATING TO TAXATION

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee,

The Hawai'i Film Alliance stands in **strong support** of **HB 1635, HD 1**, which would modernize and strengthen Hawai'i's Motion Picture, Digital Media, and Film Production Income Tax Credit by expanding eligibility to include:

- **Broadcast and streaming platform productions** regardless of delivery format, and
- **Commercial advertisement productions with Internet-only distribution** that were previously excluded under statute.

We respectfully urge the committee to **amend the bill to remove the repeal date or extend the sunset as far into the future as possible**. A longer or open-ended timeframe is critical to provide certainty for long-term productions, compete effectively with other jurisdictions that offer stable, enduring incentives, and to attract sustained investment and job growth in Hawai'i's creative economy.

This bill builds on Hawai'i's longstanding efforts to support the creative economy and competitive media production environment, advancing both economic diversity and job creation.

Why HB 1635, HD 1 Matters

Investor Confidence & Long-Term Projects

- Major productions (especially TV and streaming series) plan years ahead, and uncertainty around incentive expiration can *discourage investment*. Longer horizons help Hawai'i compete with other states and countries that offer stable, long-term tax incentives.



Economic Development & Workforce Growth

- A more permanent or extended credit creates more predictable employment opportunities for local crew, post-production professionals, and support industries.

Strategic Competitiveness

- With streaming and digital content booming worldwide, jurisdictions are continually updating incentives. Hawai'i will benefit by aligning its policy with far-sighted industry practices.

Conclusion

This bill thoughtfully modernizes Hawai'i's film and digital media incentive program to reflect the realities of today's content creation landscape. It will enhance our state's competitiveness, broaden opportunities for local workers, strengthen economic diversification, and ensure Hawai'i continues to be a destination of choice for visual storytelling in all its forms.

For these reasons, **HFA respectfully urges your strong support of HB 1635, HD 1.**



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
WEDNESDAY, MARCH 4, 2026 AT 10:00 A.M.**

To The Honorable Representative Chris Todd, Chair
The Honorable Representative Jenna Takenouchi, Vice Chair
Members of the Committee on Finance

SUPPORT HB1635 HD1 RELATING TO TAXATION

The Maui Chamber of Commerce is dedicated to fostering economic growth and diversification in Hawai'i, we recognize the importance of policies that encourage new industries and create opportunities for local businesses and workers. HB1635 HD1 is particularly relevant as it proposes to expand eligibility for the Motion Picture, Digital Media, and Film Production Income Tax Credit to include broadcast and streaming platform productions, as well as commercial advertisements distributed exclusively over the internet.

Expanding the tax credit to cover a broader range of media productions is a forward-thinking approach that reflects the evolving nature of the entertainment and advertising industries. By including internet-only and streaming content, the bill recognizes the shift in consumer behavior and technology, positioning Hawai'i to attract a wider array of productions. This can stimulate local job creation, foster creative talent, and generate ancillary economic benefits for small businesses, vendors, and service providers throughout the islands.

Furthermore, supporting the growth of Hawai'i's film, digital media, and creative sectors has long been among one of our priorities. These industries can provide high-quality employment, encourage investment in local talent and infrastructure, and reduce reliance on traditional sectors such as tourism. By making Hawai'i more competitive as a filming location, this bill can help attract outside investment and build a more sustainable economic foundation for the future.

Mahalo for the opportunity to share our support of HB1635 HD1.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

March 4 2026

House Committee on Finance
Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair

Wednesday, March 4, 2026, 10:00 a.m.
Conference Room #308 and via video conference



RE: HB 1635 HD1 Relating to Taxation

Dear Chair Todd, Vice Chair Takenouchi and Members of the Committee,

My name is Kiran Polk, and I am the Executive Director & CEO of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region including Waipahu, Kapolei, 'Ewa Beach, Nānakūli, Wai'anae, and Mākaha. We work on behalf of our members and the broader business community to improve the regional and State economic climate and to help West O'ahu businesses thrive.

The Kapolei Chamber of Commerce is in **strong support of HB 1635 HD1**, which makes broadcast and streaming platform productions, as well as commercial advertisement productions with Internet-only distribution, eligible to receive the Motion Picture, Digital Media, and Film Production Income Tax Credit.

Hawai'i's film and television industry has historically provided significant economic activity for West O'ahu. Productions filmed in the region have supported local restaurants, food vendors, transportation providers, equipment suppliers, and numerous small businesses that benefit when production crews are working in our communities. However, the way media content is created and distributed has evolved significantly in recent years. Streaming platforms and digital distribution channels now represent a major share of the global entertainment market, yet Hawai'i's current incentive framework has not fully kept pace with these changes.

HB 1635 HD1 recognizes this shift by ensuring that productions designed specifically for streaming platforms and digital distribution are eligible for the State's existing production tax credit program. By modernizing eligibility criteria, this measure helps ensure that Hawai'i remains competitive as the industry continues to transition toward streaming and online media platforms.

For West O'ahu, where production crews, filming locations, and supporting businesses have long been part of the local economy, expanding eligibility to these modern production formats helps maintain opportunities for local vendors, contractors, and creative professionals who depend on consistent production activity.

Strengthening Hawai'i's film incentives through **HB 1635 HD1** will help attract a broader range of productions, support local small businesses that provide services to the industry, and reinforce Hawai'i's role as a desirable filming destination in an increasingly digital media landscape.

HB 1635 represents an important opportunity to reaffirm Hawai'i's commitment to supporting small businesses, retaining local jobs, and ensuring that West O'ahu remains an active and competitive participant in the State's economic development strategy.

For these reasons, the Kapolei Chamber of Commerce **supports HB 1635 HD1** and respectfully urges the Committee to pass this measure.

Thank you for this opportunity to provide testimony.

Respectfully,

Kiran Polk
Executive Director & CEO

1001 Kamokila Boulevard, Campbell Building Suite 250, Kapolei, Hawaii 96707

HB-1635-HD-1

Submitted on: 3/2/2026 11:45:49 AM

Testimony for FIN on 3/4/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Genaro Hale Gualdarama	Individual	Support	Written Testimony Only

Comments:

In support of bill HB1635.

HB-1635-HD-1

Submitted on: 3/2/2026 5:56:20 PM

Testimony for FIN on 3/4/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Joshua Meredith	Individual	Support	Written Testimony Only

Comments:

My name is Joshua J. Meredith. I'm a Maui resident and member of IATSE Local 665, the union representing technicians and artisans in the entertainment industry in Hawai'i. I strongly support HB 1635.

HB-1635-HD-1

Submitted on: 3/3/2026 9:43:57 AM

Testimony for FIN on 3/4/2026 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Christopher Wiecking	Individual	Support	In Person

Comments:

Aloha Chair, Vice-Chair and members of the Committee. My name is Christopher Wiecking and I have worked in the local film industry for 35 years. I am submitting my testimony in support of HB1635. Thank you for your time. Mahalo