

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



GARY S. SUGANUMA
DIRECTOR

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DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau

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

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 1941, 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. 1941, H.D.1, for your consideration.

H.B. 1941, H.D.1, amends section 235-17, Hawaii Revised Statutes (HRS), regarding the motion picture, digital media, and film production income tax credit, by adding a requirement that the production complete at least 15 percent of the production's principal photography and post-production work in Hawai'i within the same taxable year the production qualifies for the credit.

However, if post-production work cannot be finished within the same year that the production qualifies for the credit, the post-production requirement may be satisfied if the production commits to completing the work in later taxable years.

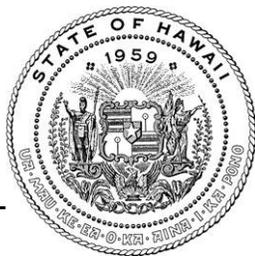
The bill has a defective effective date of July 1, 3000, and applies to taxable years beginning after December 31, 2026. The measure will be repealed on January 1, 2033, to coincide with the repeal date of Act 88, Session Laws of Hawaii (SLH) 2006, and its amendments. Section 235-17, HRS, will then be reenacted in the form in

which each read on the day before the effective date of Act 88, SLH 2006.

DOTAX recommends that the bill be amended to clarify how a production would establish its commitment to completing post-production in the State in later taxable years if it is unable to complete post-production within the same taxable year that the production qualifies for the tax credit. As currently drafted, it is unclear whether a production may establish a commitment by merely submitting a statement of intent, or whether the production would need to incur liability by entering into post-production contracts or incurring costs. DOTAX further notes that there is no recapture provision if the production fails to actually perform post-production work in the State in later taxable years.

DOTAX also recommends that the effective date of the bill be amended to apply to “costs incurred” after December 31, 2026.

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



**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
HB1941 HD1
RELATING TO TAXATION

Chair Todd, Vice Chair Takenouchi, and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) offers comments on HB1941 HD1, which would require productions to complete at least fifteen per cent of both principal photography and post-production in Hawai'i within the same taxable year to qualify for the film tax credit.

DBEDT supports the policy direction reflected in this measure. As Hawai'i works to evolve from a filming location to a full production ecosystem, increasing in-state production tenure, including post-production, is aligned with the State's long-term creative industry strategy.

DBEDT notes that a significant portion of productions currently conduct principal photography only in Hawai'i. This reflects historical industry structure rather than a lack of interest in post-production. As the State continues building capacity, this measure appropriately signals a shift toward deeper in-state participation.

In 2023, 67% of productions conducted only principal photography in Hawai'i, 33% conducted both post-production and principal photography, and 0% conducted only post-production. In 2024, 70% conducted only principal photography, 19% conducted both, and 11% conducted only post-production. DBEDT is concerned that the proposed requirement could disqualify a significant share of productions that currently create local jobs and economic activity.

While similar requirements may be workable in larger markets such as California, Hawai'i's economic landscape, industry scale, and workforce capacity are fundamentally different. Rigid eligibility thresholds may reduce Hawai'i's competitiveness and hinder workforce development. The film production credit represents a public investment. Aligning that investment with increased in-state production activity, including post-production, strengthens the economic return to Hawai'i through workforce development, higher-wage creative jobs, and expanded industry infrastructure.

At the same time, if productions are expected to perform a greater share of their production activity in Hawai'i, DBEDT recommends that the Legislature consider adjustments to the Motion Picture, Digital Media, and Film Production Tax Credit structure to support that objective. Hawai'i's credit cap and per-production limits have not kept pace with rising production costs and competitive incentives offered by other jurisdictions.

Increasing the annual credit cap and per-production limit would provide productions the financial flexibility needed to relocate additional post-production functions to Hawai'i, making the requirements of this bill more achievable while strengthening the State's industry base. Greater in-state production tenure supports the development of post-production facilities, digital media studios, and technical workforce

pipelines, key elements of the Film Hawai'i strategy and the State's broader creative industry economic diversification goals.

DBEDT supports the direction of this measure and looks forward to working with the Legislature and industry partners to ensure that policy expectations, workforce development, infrastructure capacity, and incentive structures remain aligned to grow Hawai'i's film and digital media sector sustainably.

Thank you for the opportunity to provide comments.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Require Additional In-State Work to Qualify for Motion Picture, Digital Media, and Film Production Income Tax Credit

BILL NUMBER: HB 1941 HD1

INTRODUCED BY: EDT

EXECUTIVE SUMMARY: Amends the requirements for productions to qualify for the Motion Picture, Digital Media, and Film Production Income Tax to include completing at least fifteen per cent of the production's principal photography within the same taxable year the production is qualifying for the film tax credit and completing or committing to complete fifteen per cent of the production's post-production in the State within the same taxable year the production is qualifying for the film tax credit or later taxable years. Applies to taxable years beginning after 12/31/2026. Repeals 1/1/2033. Effective 7/1/3000.

SYNOPSIS: Amends sec 235-17(d), HRS, to add a requirement that the production must complete at least fifteen per cent of the production's principal photography and the production's post production in the State within the same taxable year the production qualifies for the tax credit; provided that a production may satisfy this requirement if the production is unable to complete fifteen per cent of the post-production in the same taxable year the production otherwise qualifies for the tax credit and commits to completing the post-production requirement in later taxable years.

EFFECTIVE DATE: July 1, 3000 for taxable years beginning after December 31, 2026; repeals on January 1, 2033.

STAFF COMMENTS: This bill appears to be intended to restrict the availability of the tax credit in order for Hawaii to "evolve from a filming location to a full film production ecosystem," according to the House ECD committee report.

Perhaps appropriate industry representatives would be able to help justify or refute application of this added requirement.

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 OPPOSITION OF HB 1941 HD 1
RELATING TO TAXATION

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

The Hawai'i Film Alliance (HFA) respectfully OPPOSES HB 1941 HD 1 in its current form

HB 1941 HD 1 would require that any production claiming Hawai'i's Motion Picture, Digital Media, and Film Production Income Tax Credit complete at least 15% of both principal photography and post-production in the State within the same taxable year the credit is claimed.

While we understand the concerns that prompted this measure, the proposed solution is unnecessary and damaging.

Film and television production schedules do not operate on a single-year cycle. Principal photography and post-production are frequently separated by many months and often span multiple tax years.

Post-production commonly includes editing, sound design, mixing, visual effects, ADR, voice overs, dubbing, subtitles, music composition, scoring, etc. For many projects, especially streaming series or visual effects, it is entirely normal for this work to continue well into the next year. Imposing a rigid 15% same-year post-production threshold will **disqualify or deter productions that might otherwise invest significantly in Hawai'i.**

If the Committee believes statutory clarification is necessary, we strongly recommend the following **AMENDMENT**:

“For post-production expenses to qualify, a production shall complete at least fifteen percent (15%) of its principal photography in the State of Hawai'i.”

The “White Lotus” Situation Was an Outlier

The incident widely cited in support of this bill involves the HBO series **The White Lotus**, which reportedly qualified for approximately \$550,000 in tax credits for post-production work



conducted in Hawai'i, despite the footage not being shot here and only two local hires participating in the work (as reported by **Honolulu Civil Beat**).

It is important to note:

- No other production has previously received a credit payout solely for post-production under similar circumstances.
- This was not a pattern of abuse, but a singular and rare occurrence.
- The credit was awarded under existing statutory language.

Designing permanent statutory change around an isolated incident risks creating unintended consequences that harm the broader industry and workforce.

The Hawai'i Film Alliance is a member-based organization comprised of Hawai'i film and television professionals, entertainment union members, creative workers, production companies, small businesses, and allied industry partners who live and work in the State of Hawai'i. Our members span the full spectrum of the production ecosystem which includes crew, talent, producers, and supporting business owners.

Mahalo for the opportunity to provide testimony. **Please hold or amend HB 1941 HD 1.**

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

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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 1941 HD1 RELATING TO TAXATION COMMENTS

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.**

While we support the intent of the measure, which seeks to incentive filmmaking in the State, we would recommend creating an uplift instead of imposing required minimums to encourage post production activity.

The incentive needs to work across a broad range of productions and as DBEDT testified to in the subject matter committee, the mandates in the bill could disqualify a significant share of productions. We are at an important juncture and must attract as much business as possible to rebuild the foundation of the industry.

Thank you for the opportunity to provide these comments.

HB-1941-HD-1

Submitted on: 3/2/2026 11:42:15 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 HB1941.

HB-1941-HD-1

Submitted on: 3/2/2026 7:15:50 PM

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

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

SUPPORT!!!

15% is more than reasonable.

Mahalo!

HB-1941-HD-1

Submitted on: 3/3/2026 9:42:20 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 HB1941. Thank you for your time. Mahalo