
A BILL FOR AN ACT

RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT.

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

1 PART I

2 SECTION 1. The legislature finds that the film and digital
3 media industry in Hawaii is an important component of a
4 diversified economy and that its financial impact can be
5 strengthened significantly if existing incentives for the
6 industry are enhanced. The legislature further finds that the
7 industry has a strong desire to hire locally and invest in the
8 training and workforce development of island-based personnel.

9 The purpose of this Act is to encourage the use of Hawaii
10 as a site for filming, for the digital production of films, and
11 to develop and sustain the workforce and infrastructure for
12 film, digital media, and entertainment production.

13 PART II

14 SECTION 2. The purpose of this part is to:

15 (1) Increase the motion picture, digital media, and film
16 production income tax credit to twenty-five per cent
17 of qualified expenditures for any county with a
18 population over 700,000 and thirty per cent of



1 qualified expenditures for all other counties, and
 2 increase the total tax credit cap to \$16,000,000; and
 3 (2) Strengthen incentives for hiring greater numbers of
 4 residents and to support training and opportunities
 5 for those residents.

6 SECTION 3. Section 235-17, Hawaii Revised Statutes, is
 7 amended to read as follows:

8 **"§235-17 Motion picture, digital media, and film**
 9 **production income tax credit.** (a) Any law to the contrary
 10 notwithstanding, there shall be allowed to each taxpayer subject
 11 to the taxes imposed by this chapter, an income tax credit which
 12 shall be deductible from the taxpayer's net income tax
 13 liability, if any, imposed by this chapter for the taxable year
 14 in which the credit is properly claimed. The amount of the
 15 credit shall be:

- 16 (1) [~~Fifteen~~] Twenty-five per cent of the qualified
 17 [~~production costs~~] expenditures incurred by a
 18 qualified production in any county of the State with a
 19 population of over seven hundred thousand; or
 20 (2) [~~Twenty~~] Thirty per cent of the qualified [~~production~~
 21 ~~costs~~] expenditures incurred by a qualified production



1 in any county of the State with a population of seven
2 hundred thousand or less.

3 A qualified production occurring in more than one county may
4 prorate its expenditures based upon the amounts spent in each
5 county, if the population bases differ enough to change the
6 percentage of tax credit.

7 In the case of a partnership, S corporation, estate, or
8 trust, the tax credit allowable is for qualified [~~production~~
9 ~~costs~~] expenditures incurred by the entity for the taxable year.
10 The cost upon which the tax credit is computed shall be
11 determined at the entity level. Distribution and share of
12 credit shall be determined by rule. Notwithstanding any
13 provision to the contrary, the credit may be recovered directly
14 by the entity that incurred the qualified expenditures.

15 If a deduction is taken under section 179 (with respect to
16 election to expense depreciable business assets) of the Internal
17 Revenue Code of 1986, as amended, no tax credit shall be allowed
18 for those costs for which the deduction is taken.

19 The basis for eligible property for depreciation of
20 accelerated cost recovery system purposes for state income taxes
21 shall be reduced by the amount of credit allowable and claimed.



1 (b) The credit allowed under this section shall be claimed
2 against the net income tax liability for the taxable year. For
3 the purposes of this section, "net income tax liability" means
4 net income tax liability reduced by all other credits allowed
5 under this chapter.

6 (c) If the tax credit under this section exceeds the
7 taxpayer's income tax liability, the excess of credits over
8 liability shall be refunded to the taxpayer; provided that no
9 refunds or payment on account of the tax credits allowed by this
10 section shall be made for amounts less than \$1. All claims,
11 including any amended claims, for tax credits under this section
12 shall be filed on or before the end of the twelfth month
13 following the close of the taxable year for which the credit may
14 be claimed. Failure to comply with the foregoing provision
15 shall constitute a waiver of the right to claim the credit.

16 (d) To qualify for this tax credit, a production shall:

- 17 (1) Meet the definition of a qualified production
18 specified in subsection ~~[(1)+]~~ (p);
- 19 (2) Have qualified ~~[production costs]~~ expenditures
20 totaling at least \$200,000~~[+]~~ for a qualified
21 production, or \$50,000 for a qualified digital media
22 project;



- 1 (3) ~~Provide [the State, at a minimum, a shared card, end-~~
2 ~~title screen credit, where applicable,]~~ marketing
3 materials promoting the State as a tourist destination
4 or film and digital media production destination, when
5 appropriate, at no cost to the State, which shall, at
6 a minimum, include placement of a "Filmed in Hawaii"
7 or "Produced in Hawaii" logo in the end credits; and
- 8 (4) Provide evidence ~~[of reasonable efforts to hire local~~
9 ~~talent and crew; and~~
- 10 ~~(5) Provide evidence of financial or in-kind contributions~~
11 ~~or educational or workforce development efforts, in~~
12 ~~partnership with related local industry labor~~
13 ~~organizations, educational institutions, or both,~~
14 ~~toward the furtherance of the local film and~~
15 ~~television and digital media industries.]~~ that for the
16 first two years of the production, at least fifty per
17 cent, and thereafter, at least sixty per cent, of the
18 positions that make up the production cast and below-
19 the-line production crew, or, in the case of digital
20 media projects, at least seventy-five per cent of the
21 positions, are filled by legal residents of this
22 State, whose residency is demonstrated by a valid



1 Hawaii driver's license or other state-issued
2 identification confirming residency, or students
3 enrolled full-time in a film-and-entertainment-related
4 course of study at an institution of higher education
5 in the State.

6 (e) On or after July 1, 2006, no qualified [~~production~~
7 ~~cost~~] expenditure that has been financed by investments for
8 which a credit was claimed by any taxpayer pursuant to section
9 235-110.9 is eligible for credits under this section.

10 (f) To receive the tax credit, the taxpayer shall first
11 prequalify the production for the credit by registering with the
12 department of business, economic development, and tourism during
13 the development or preproduction stage. Failure to comply with
14 this provision may constitute a waiver of the right to claim the
15 credit.

16 (g) The director of taxation shall prepare forms as may be
17 necessary to claim a credit under this section. The director
18 may also require the taxpayer to furnish information to
19 ascertain the validity of the claim for credit made under this
20 section and may adopt rules necessary to effectuate the purposes
21 of this section pursuant to chapter 91.



1 (h) Every taxpayer claiming a tax credit under this
2 section for a qualified production shall, no later than ninety
3 days following the end of each taxable year in which qualified
4 [~~production costs~~] expenditures were expended, submit a written,
5 sworn statement to the department of business, economic
6 development, and tourism, identifying:

7 (1) All qualified [~~production costs~~] expenditures as
8 provided by subsection (a), if any, incurred in the
9 previous taxable year;

10 (2) The amount of tax credits claimed pursuant to this
11 section, if any, in the previous taxable year; and

12 (3) [~~The number of total hires versus the number of local~~
13 ~~hires~~] An estimate of the full-time equivalent
14 positions for legal residents of this State created by
15 each production, by category (i.e., department), and
16 by county.

17 (i) The department of business, economic development, and
18 tourism shall:

19 (1) Maintain records of the names of the taxpayers and
20 qualified productions thereof claiming the tax credits
21 under subsection (a);



1 (2) Obtain and total the aggregate amounts of all
2 qualified [~~production costs~~] expenditures per
3 qualified production and per qualified production per
4 taxable year; and

5 (3) Provide a letter to the director of taxation
6 specifying the amount of the tax credit per qualified
7 production for each taxable year that a tax credit is
8 claimed and the cumulative amount of the tax credit
9 for all years claimed.

10 Upon each determination required under this subsection, the
11 department of business, economic development, and tourism shall
12 issue a letter to the taxpayer, regarding the qualified
13 production, specifying the qualified [~~production costs~~]
14 expenditures and the tax credit amount qualified for in each
15 taxable year a tax credit is claimed. The taxpayer for each
16 qualified production shall file the letter with the taxpayer's
17 tax return for the qualified production to the department of
18 taxation. Notwithstanding the authority of the department of
19 business, economic development, and tourism under this section,
20 the director of taxation may audit and adjust the tax credit
21 amount to conform to the information filed by the taxpayer.



1 (j) Total tax credits claimed per qualified production
2 shall not exceed [~~\$8,000,000-~~] \$16,000,000.

3 (k) The director of taxation may revoke or modify any
4 written decision qualifying, certifying, or otherwise granting
5 eligibility for tax credits under this section if it is
6 discovered that the taxpayer submitted any false statement,
7 representation, or certification in any application, record,
8 report, plan, or other document filed in an attempt to receive
9 tax credits under this section. The director shall immediately
10 notify the department of business, economic development, and
11 tourism of any revoked or modified orders affecting previously
12 granted tax credits. Additionally, the taxpayer shall notify
13 the department of business, economic development, and tourism of
14 any change in its tax credit claimed.

15 (l) A determination by the director of taxation that a
16 taxpayer received tax credits pursuant to this section to which
17 the taxpayer was not entitled is grounds for forfeiture of
18 previously claimed and received tax credits. The taxpayer is
19 responsible for returning forfeited tax credits to the director
20 of taxation, and the funds shall be deposited in the general
21 fund.



1 (m) A taxpayer that submits fraudulent information under
2 this section shall be liable to reimburse the reasonable costs
3 and fees associated with the review, processing, investigation,
4 and prosecution of the fraudulent claim. A taxpayer that
5 obtains a credit payment under this section through a claim that
6 is fraudulent shall be liable for reimbursement of the credit
7 amount plus a penalty in an amount double the credit amount;
8 provided that the penalty shall be in addition to any criminal
9 penalty to which the taxpayer is liable for the same acts.

10 (n) No later than December 31 of each year, the department
11 of business, economic development, and tourism shall provide a
12 report for the previous fiscal year to the governor and the
13 legislature that outlines the return on investment and economic
14 benefits of the tax credits to the State. The report shall also
15 include an estimate of the full-time equivalent positions for
16 legal residents of this State created by each production that
17 received tax credits under this section and information relating
18 to the distribution of productions receiving credits, by county
19 and by type of production.

20 ~~[(k)]~~ (o) Qualified productions shall comply with
21 subsections (d), (e), (f), and (h).

22 ~~[(l)]~~ (p) For the purposes of this section:



1 "Commercial":

2 (1) Means an advertising message that is filmed using
3 film, videotape, or digital media, for dissemination
4 via television broadcast or theatrical distribution;

5 (2) Includes a series of advertising messages if all parts
6 are produced at the same time over the course of six
7 consecutive weeks; and

8 (3) Does not include an advertising message with
9 Internet-only distribution.

10 "Digital media" means production methods and platforms
11 directly related to the creation of cinematic imagery and
12 content, specifically using digital means, including but not
13 limited to digital cameras, digital sound equipment, and
14 computers, to be delivered via film, videotape, interactive game
15 platform, or other digital distribution media [~~excluding~~
16 ~~Internet-only distribution~~].

17 "Legal resident" shall have the same meaning as "resident"
18 in section 235-1.

19 "Post production" means production activities and services
20 conducted after principal photography is completed, including
21 but not limited to editing, film and video transfers,
22 duplication, transcoding, dubbing, subtitling, credits, closed



1 captioning, audio production, special effects (visual and
2 sound), graphics, and animation.

3 "Production" means a series of activities that are directly
4 related to the creation of visual and cinematic imagery to be
5 delivered via film, videotape, or digital media and to be sold,
6 distributed, or displayed as entertainment or the advertisement
7 of products for mass public consumption, including but not
8 limited to scripting, casting, set design and construction,
9 transportation, videography, photography, sound recording,
10 interactive game design, and post production.

11 "Production expenditures" means the costs of tangible and
12 intangible property used for, and services performed primarily
13 and customarily in, production, including preproduction and post
14 production, but excluding costs for development, marketing, and
15 distribution, including but not limited to:

- 16 (1) Wages, salaries, or other compensation paid to legal
17 residents of this State, including amounts paid
18 through payroll service companies, for technical and
19 production crews, directors, producers, and
20 performers;

1 (2) Net expenditures for sound stages, backlots,
2 production editing, digital effects, sound recordings,
3 sets, and set construction;

4 (3) Net expenditures for rental equipment, including but
5 not limited to cameras and grip or electrical
6 equipment;

7 (4) Up to \$300,000 of the costs of newly purchased
8 computer software and hardware unique to the project,
9 including servers, data processing, and visualization
10 technologies, which are located in and used
11 exclusively in the State for the production of digital
12 media; and

13 (5) Expenditures for meals, travel, and accommodations.

14 For purposes of this definition, the term "net
15 expenditures" means the actual amount of money a
16 qualified production spent for equipment or other
17 tangible personal property, after subtracting any
18 consideration received for reselling or transferring
19 the item after the qualified production ends, if
20 applicable.

21 "Qualified digital media project" means a production of
22 interactive entertainment that is produced for distribution in



1 commercial or educational markets, including a video game or
2 production intended for internet or wireless distribution.

3 "Qualified expenditures" means production expenditures
4 incurred in this State by a qualified production for:

5 (1) Goods purchased or leased or services, including but
6 not limited to insurance costs and bonding, payroll
7 services, and legal fees, that are provided by a
8 vendor or supplier in the State that is registered
9 with the State, has a physical location in the State,
10 and employs one or more legal residents of this State;
11 provided that:

12 (A) Qualified expenditures shall not include rebilled
13 goods or services provided by an in-state company
14 from out-of-state vendors or suppliers; and

15 (B) When services provided by a vendor or supplier
16 include personal services or labor, only personal
17 services or labor provided by legal residents of
18 this State, evidenced by the required
19 documentation of residency, shall qualify;

20 (2) Payments to legal residents of this State in the form
21 of salary, wages, or other compensation up to a
22 maximum of \$400,000 per resident; provided that a



1 completed declaration of legal residency in this State
2 shall accompany the documentation submitted to the
3 department for reimbursement; and

4 (3) Other direct production costs specified by the
5 department in consultation with the department of
6 business, economic development, and tourism.

7 "Qualified expenditures" do not include expenditures
8 incurred before certification, with the exception of those
9 incurred for a commercial, a music video, or the pickup of
10 additional episodes of a high-impact television series within a
11 single season.

12 "Qualified production":

13 (1) Means a production, with expenditures in the State,
14 for the total or partial production of a feature-
15 length motion picture, short film, made-for-television
16 movie, commercial, music video, interactive game,
17 television series pilot, single season (up to
18 twenty-two episodes) of a television series regularly
19 filmed in the State (if the number of episodes per
20 single season exceeds twenty-two, additional episodes
21 for the same season shall constitute a separate
22 qualified production), television special, single



1 television episode that is not part of a television
 2 series regularly filmed or based in the State,
 3 national magazine show, or national talk show. For
 4 the purposes of subsections (d) and (j), each of the
 5 aforementioned qualified production categories shall
 6 constitute separate, individual qualified
 7 productions[+]. Notwithstanding the foregoing, for
 8 purposes of satisfying the criteria of subsection (d),
 9 a taxpayer shall claim as part of a qualified
 10 production the creation of related content intended
 11 for distribution over the Internet, wireless network,
 12 or similar methods of distribution; and

13 (2) Does not include: daily news; public affairs
 14 programs; non-national magazine or talk shows;
 15 televised sporting events or activities; productions
 16 that solicit funds; productions produced primarily for
 17 industrial, corporate, institutional, or other private
 18 purposes; and productions that include any material or
 19 performance prohibited by chapter 712.

20 [~~Qualified production costs~~] means the costs incurred by a
 21 ~~qualified production within the State that are subject to the~~
 22 ~~general excise tax under chapter 237 or income tax under this~~



1 ~~chapter and that have not been financed by any investments for~~
2 ~~which a credit was or will be claimed pursuant to section~~
3 ~~235-110.9. Qualified production costs include but are not~~
4 ~~limited to:~~

- 5 ~~(1) Costs incurred during preproduction such as location~~
6 ~~scouting and related services;~~
- 7 ~~(2) Costs of set construction and operations, purchases or~~
8 ~~rentals of wardrobe, props, accessories, food, office~~
9 ~~supplies, transportation, equipment, and related~~
10 ~~services;~~
- 11 ~~(3) Wages or salaries of cast, crew, and musicians;~~
- 12 ~~(4) Costs of photography, sound synchronization, lighting,~~
13 ~~and related services;~~
- 14 ~~(5) Costs of editing, visual effects, music, other post-~~
15 ~~production, and related services;~~
- 16 ~~(6) Rentals and fees for use of local facilities and~~
17 ~~locations;~~
- 18 ~~(7) Rentals of vehicles and lodging for cast and crew;~~
- 19 ~~(8) Airfare for flights to or from Hawaii, and interisland~~
20 ~~flights;~~
- 21 ~~(9) Insurance and bonding;~~



- 1 ~~(10) Shipping of equipment and supplies to or from Hawaii,~~
- 2 ~~and interisland shipments; and~~
- 3 ~~(11) Other direct production costs specified by the~~
- 4 ~~department in consultation with the department of~~
- 5 ~~business, economic development, and tourism.]"~~

PART III

SECTION 4. The purpose of this part is to:

- 8 (1) Establish a motion picture, digital media, and film
- 9 production infrastructure tax credit of fifty per cent
- 10 of qualified infrastructure costs;
- 11 (2) Require the expenditure of at least \$10,000,000 in
- 12 qualified infrastructure costs;
- 13 (3) Provide for an annual payment to the Hawaii film
- 14 office equal to one per cent of the tax credit
- 15 received by the taxpayer; and
- 16 (4) Provide for a 100 per cent recapture of the tax credit
- 17 if the infrastructure project ceases to meet the
- 18 requirements of a qualified infrastructure project.

19 SECTION 5. Chapter 235, Hawaii Revised Statutes, is

20 amended by adding a new section to be appropriately designated

21 and to read as follows:



1 "§235- Motion picture, digital media, and film
2 production infrastructure income tax credit. (a) Any law to
3 the contrary notwithstanding, there shall be allowed to each
4 taxpayer subject to the taxes imposed by this chapter, an income
5 tax credit which shall be deductible from the taxpayer's net
6 income tax liability, if any, imposed by this chapter for the
7 taxable year in which the credit is properly claimed. The
8 amount of the credit shall be fifty per cent of the qualified
9 infrastructure costs incurred by a qualified taxpayer in any
10 county of the State.

11 In the case of a partnership, S corporation, estate, or
12 trust, the tax credit allowable is for qualified infrastructure
13 costs incurred by the entity for the taxable year. The cost
14 upon which the tax credit is computed shall be determined at the
15 entity level. Distribution and share of credit shall be
16 determined by rule.

17 (b) The credit allowed under this section shall be claimed
18 against the net income tax liability for the taxable year. For
19 the purposes of this section, "net income tax liability" means
20 net income tax liability reduced by all other credits allowed
21 under this chapter.



1 (c) If the tax credit under this section exceeds the
2 taxpayer's income tax liability, the excess of credits over
3 liability shall be refunded to the taxpayer; provided that no
4 refunds or payment on account of the tax credits allowed by this
5 section shall be made for amounts less than \$1. All claims,
6 including any amended claims, for tax credits under this section
7 shall be filed on or before the end of the twelfth month
8 following the close of the taxable year for which the credit may
9 be claimed. Failure to comply with the foregoing provision
10 shall constitute a waiver of the right to claim the credit.

11 (d) To qualify for this tax credit, a qualified
12 infrastructure project shall:

- 13 (1) Meet the definition of a qualified infrastructure
14 project specified in subsection (m);
- 15 (2) Have qualified infrastructure costs totaling at least
16 \$10,000,000; and
- 17 (3) Provide evidence that for the first two years of the
18 infrastructure project, at least sixty per cent, and
19 thereafter, at least seventy per cent, of the
20 positions are filled by legal residents of this State,
21 whose residency is demonstrated by a valid Hawaii
22 driver's license or other state-issued identification



1 confirming residency, or students enrolled in a
2 construction or related course of study at an
3 educational institution in the State.

4 (e) To receive the tax credit, the taxpayer shall first
5 prequalify the infrastructure project for the credit by
6 registering with the department of business, economic
7 development, and tourism during the development stage. Failure
8 to comply with this provision may constitute a waiver of the
9 right to claim the credit.

10 (f) If all or a portion of an infrastructure project is a
11 facility that may be used for other purposes unrelated to
12 production or post-production activities, then the project shall
13 be approved only if a determination is made that the multiple-
14 use facility will support and will be necessary to secure
15 production or post-production activity.

16 The taxpayer may also request a comfort ruling from the
17 department of taxation regarding the applicability of the tax
18 credit to a specific qualified infrastructure project.

19 (g) The director of taxation shall prepare forms as may be
20 necessary to claim a credit under this section. The director
21 may also require the taxpayer to furnish information to
22 ascertain the validity of the claim for credit made under this



1 section and may adopt rules necessary to effectuate the purposes
2 of this section pursuant to chapter 91.

3 (h) An annual fee for administration of the tax credit
4 shall be payable to the department of business, economic
5 development, and tourism Hawaii film office and shall be
6 submitted with the application for a qualified infrastructure
7 project tax credit. The annual fee shall be equal to one per
8 cent of the tax credit received by the taxpayer under this
9 section. The fee shall become first payable within thirty days
10 of the issuance of the determination letter specified in
11 subsection (k).

12 (i) Every taxpayer claiming a tax credit under this
13 section for a qualified infrastructure project shall, no later
14 than ninety days following the end of each taxable year in which
15 qualified infrastructure costs were expended, submit a written,
16 sworn statement to the department of business, economic
17 development, and tourism, identifying:

18 (1) All qualified infrastructure costs, if any, incurred
19 in the previous taxable year;

20 (2) The amount of tax credits claimed pursuant to this
21 section, if any, in the previous taxable year; and



1 (3) An estimate of the full-time equivalent positions for
2 legal residents of this State created by each project,
3 by job category and by county.

4 (j) The department of business, economic development, and
5 tourism shall:

6 (1) Maintain records of the names of the taxpayers and
7 qualified infrastructure projects thereof claiming the
8 tax credits under subsection (a);

9 (2) Obtain and total the aggregate amounts of all
10 qualified infrastructure costs per qualified
11 infrastructure project per taxable year; and

12 (3) Provide a letter to the director of taxation
13 specifying the amount of the tax credit per qualified
14 infrastructure project for each taxable year that a
15 tax credit is claimed and the cumulative amount of the
16 tax credit for all years claimed.

17 (k) Upon each determination required under this
18 subsection, the department of business, economic development,
19 and tourism shall issue a letter to the taxpayer, regarding the
20 qualified infrastructure project, specifying the qualified
21 infrastructure costs and the tax credit amount qualified for in
22 each taxable year a tax credit is claimed. The taxpayer for



1 each qualified infrastructure project shall file the letter with
2 the taxpayer's tax return for the qualified infrastructure
3 project to the department of taxation. Notwithstanding the
4 authority of the department of business, economic development,
5 and tourism under this section, the director of taxation may
6 audit and adjust the tax credit amount to conform to the
7 information filed by the taxpayer.

8 (l) No later than December 31 of each year, the department
9 of business, economic development, and tourism shall provide a
10 report for the previous fiscal year to the governor and the
11 legislature that outlines the return on investment and economic
12 benefits of the tax credits to the State. The report shall also
13 include an estimate of the full-time equivalent positions for
14 legal residents of this State created by each qualified
15 infrastructure project that received tax credits under this
16 section and information relating to the distribution of
17 qualified infrastructure projects receiving credits, by county
18 and by type of project.

19 (m) For the purposes of this section:

20 "Qualified infrastructure costs" means the total costs
21 incurred by a qualified infrastructure project within the State
22 that are subject to the general excise tax under chapter 237 or



1 income tax under this chapter and that have not been financed by
2 any investments for which a credit was or will be claimed
3 pursuant to section 235-110.9. Qualified infrastructure costs
4 shall not include the cost of purchasing or leasing real
5 property.

6 "Qualified infrastructure project" means a construction
7 project in the State, for the development, construction, or
8 renovation of a film, video, television, or media production or
9 post-production facility and the immovable property and
10 equipment related thereto, or any other facility that supports
11 and is a necessary component of such infrastructure project.

12 (n) If at any time the infrastructure project ceases to be
13 a qualified infrastructure project, the credit claimed under
14 this section shall be recaptured. The amount of the recaptured
15 tax credit determined under this subsection shall be added to
16 the taxpayer's tax liability, up to one hundred per cent of the
17 tax credit, for the taxable year in which the recapture occurs
18 under this subsection. The taxpayer shall consent to a tax lien
19 in the amount of the tax credit claimed under this section on
20 the property as a condition to receiving the tax credit under
21 this section."

22 PART III



1 SECTION 6. Act 88, Session Laws of Hawaii 2006, is amended
2 by amending section 4 to read as follows:

3 "SECTION 4. This Act shall take effect on July 1, 2006;
4 provided that[+

5 ~~(1) Section]~~ section 2 of this Act shall apply to
6 qualified [~~production costs~~] expenditures incurred on
7 or after July 1, 2006, and before January 1, [~~2016,~~
8 and

9 ~~(2) This Act shall be repealed on January 1, 2016, and~~
10 ~~section 235-17, Hawaii Revised Statutes, shall be~~
11 ~~reenacted in the form in which it read on the day~~
12 ~~before the effective date of this Act.] 2012."~~

13 SECTION 7. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 8. This Act shall take effect on July 1, 2012;
16 provided that:

17 (1) Section 3 of this Act shall apply to qualified
18 expenditures incurred on or after January 1, 2012, and
19 before January 1, 2027;

20 (2) Section 5 of this Act shall apply to taxable years
21 beginning after December 31, 2011; and



1 (3) This Act shall be repealed on January 1, 2027;
2 provided further that section 235-17, Hawaii Revised
3 Statutes, shall be reenacted in the form in which it
4 read on the day before the effective date of Act 88,
5 Session Laws of Hawaii 2006.



Report Title:

Taxation; Motion Picture, Digital Media, and Film Production Credit; Infrastructure Tax Credit

Description:

Part I increases the motion picture, digital media, and film production income tax credit to twenty-five per cent of qualified expenditures for any county with a population over 700,000 and thirty per cent of qualified expenditures for all other counties; increases the total tax credit cap to \$16,000,000; requires annual report; increases requirements for hiring of legal residents of this State; applies to qualified expenditures incurred on or after January 1, 2012, and before January 1, 2027; repeals on January 1, 2027; part II establishes a motion picture, digital media, and film production infrastructure tax credit of fifty per cent of qualified infrastructure costs; requires qualified expenditure of at least \$10,000,000; increases requirements for hiring of legal residents of this State; provides for an annual payment to the department of business, economic development, and tourism Hawaii film office equal to one per cent of the tax credit received by the taxpayer; provides for a 100 per cent recapture of the tax credit if the facilities are no longer used for a qualified activity; requires annual report; applies to taxable years beginning after 12/31/2011. (SD1)

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

