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# 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           SECTION 1. The legislature finds that the film industry in  
2 Hawaii is an important component of a diversified economy and  
3 that its financial impact can be strengthened significantly if  
4 existing incentives for the industry are enhanced. The  
5 legislature further finds that the motion picture, digital  
6 media, and film production income tax credit should be amended  
7 to enhance the existing incentives.

8           The purpose of this Act is to encourage new film,  
9 television, entertainment, digital media, and music production  
10 activity in Hawaii, thereby increasing the number of high-  
11 quality local jobs in these industries. Specifically, this Act:

- 12           (1) Extends the expiration date of the credit from  
13                 January, 1, 2016, to January 1, 2023; and  
14           (2) Increases the amount of the credit.

15           SECTION 2. Section 235-17, Hawaii Revised Statutes, is  
16 amended as follows:



1 1. By amending subsection (a) to read:

2 "(a) Any law to the contrary notwithstanding, there shall  
3 be allowed to each taxpayer subject to the taxes imposed by this  
4 chapter, an income tax credit which shall be deductible from the  
5 taxpayer's net income tax liability, if any, imposed by this  
6 chapter for the taxable year in which the credit is properly  
7 claimed. The amount of the credit shall be:

8 (1) [~~Fifteen~~] \_\_\_\_\_ per cent of the qualified production  
9 costs incurred by a qualified production in any county  
10 of the State with a population of over seven hundred  
11 thousand; or

12 (2) [~~Twenty~~] \_\_\_\_\_ per cent of the qualified  
13 production costs incurred by a qualified production in  
14 any county of the State with a population of seven  
15 hundred thousand or less.

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

20 In the case of a partnership, S corporation, estate, or  
21 trust, the tax credit allowable is for qualified production  
22 costs incurred by the entity for the taxable year. The cost

1 upon which the tax credit is computed shall be determined at the  
2 entity level. Distribution and share of credit shall be  
3 determined by rule.

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

8 The basis for eligible property for depreciation of  
9 accelerated cost recovery system purposes for state income taxes  
10 shall be reduced by the amount of credit allowable and claimed."

11 2. By amending subsection (j) to read:

12 "(j) Total tax credits claimed per qualified production  
13 shall not exceed [~~\$8,000,000.~~] \$\_\_\_\_\_."

14 SECTION 3. Act 88, Session Laws of Hawaii 2006, is amended  
15 by amending section 4 to read as follows:

16 "SECTION 4. This Act shall take effect on July 1, 2006;  
17 provided that:

18 (1) Section 2 of this Act shall apply to qualified  
19 production costs incurred on or after July 1, 2006,  
20 and before January 1, [~~2016,~~] 2023; and

21 (2) This Act shall be repealed on January 1, [~~2016,~~] 2023,  
22 and section 235-17, Hawaii Revised Statutes, shall be



1           reenacted in the form in which it read on the day  
2           before the effective date of this Act."

3           SECTION 4. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5           SECTION 5. This Act shall take effect upon its approval  
6 and shall apply to qualified productions new to Hawaii that have  
7 commenced principal photography on or after January 1, 2013.



**Report Title:**

Film Tax Credits; Amendments

**Description:**

Extends the motion picture, digital media, and film production income tax credit until 2023. Increases the credit ceiling to an unspecified amount. Increases, by an unspecified amount, the credit per cent both in counties with a population above or below 700,000. (HB726 HD1)

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

