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## A BILL FOR AN ACT

RELATING TO INCOME TAX CREDITS.

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

1 SECTION 1. Section 235-17, Hawaii Revised Statutes, is  
2 amended as follows:

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

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

10 (1) Twenty per cent of the qualified production costs  
11 incurred by a qualified production in any county of  
12 the State with a population of over seven hundred  
13 thousand; or

14 (2) [~~Twenty-five~~] Twenty-seven and one-half per cent of  
15 the qualified production costs incurred by a qualified  
16 production in any county of the State with a  
17 population of seven hundred thousand or less.



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

5 In the case of a partnership, S corporation, estate, or  
6 trust, the tax credit allowable is for qualified production  
7 costs incurred by the entity for the taxable year. The cost  
8 upon which the tax credit is computed shall be determined at the  
9 entity level. Distribution and share of credit shall be  
10 determined by rule.

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

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

18 2. By amending subsection (h) to read:

19 "(h) Every taxpayer claiming a tax credit under this  
20 section for a qualified production shall, no later than ninety  
21 days following the end of each taxable year in which qualified



# H.B. NO. 185

1 production costs were expended, submit a written, sworn  
2 statement to the department of business, economic development,  
3 and tourism, identifying:

4 (1) All qualified production costs as provided by  
5 subsection (a), if any, incurred in the previous  
6 taxable year;

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

9 (3) The number of total hires versus the number of local  
10 hires by category and by county[-]; provided that the  
11 taxpayer shall verify the county residency of local  
12 hires.

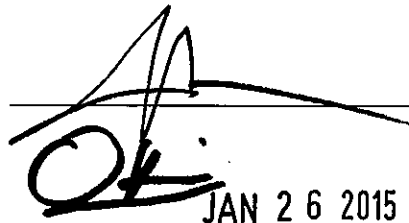
13 This information may be reported from the department of  
14 business, economic development, and tourism to the legislature  
15 in redacted form pursuant to subsection (i) (4)."

16 SECTION 2. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 3. This Act, upon its approval, shall apply to  
19 taxable years beginning after December 31, 2014.

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INTRODUCED BY:

  
JAN 26 2015



# H.B. NO. 785

**Report Title:**

Motion Picture Income Tax Credit

**Description:**

Raises the motion picture income tax credit for productions in a county with a population of seven hundred thousand or less. Requires the taxpayer claiming the tax credit to verify the county residency of local hires.

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

