
A BILL FOR AN ACT

RELATING TO HAWAII FILM STUDIOS.

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

1 SECTION 1. Section 235-17, Hawaii Revised Statutes, is
2 amended by amending subsection (m) to read as follows:

3 "(m) For the purposes of this section:

4 "Commercial":

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

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

11 (3) [~~Does not include~~] Includes an advertising message
12 with Internet-only distribution.

13 "Digital media" means production methods and platforms
14 directly related to the creation of cinematic imagery and
15 content, specifically using digital means, including but not
16 limited to digital cameras, digital sound equipment, and



1 computers, to be delivered via film, videotape, interactive game
2 platform, or other digital distribution media.

3 "Post-production" means production activities and services
4 conducted during principal photography or after principal
5 photography is completed, including but not limited to editing,
6 film and video transfers, duplication, transcoding, dubbing,
7 subtitling, credits, closed captioning, audio production,
8 special effects (visual and sound), graphics, and animation.

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

17 "Qualified post-production facility" means a facility
18 located in the State that handles all aspects or specialized
19 aspects of post-production work, which may be a stand-alone
20 location or located on the site of a film studio.

21 "Qualified production":



- 1 (1) Means a production, with expenditures in the State,
2 for the total or partial production of a feature-
3 length motion picture, short film, made-for-television
4 movie, commercial, music video, interactive game,
5 television series pilot, single season (up to
6 twenty-two episodes) of a television series regularly
7 filmed in the State (if the number of episodes per
8 single season exceeds twenty-two, additional episodes
9 for the same season shall constitute a separate
10 qualified production), television special, single
11 television episode that is not part of a television
12 series regularly filmed or based in the State, over-
13 the-top direct-to-consumer special or series,
14 international or national magazine show, or
15 international or national talk show. For the purposes
16 of subsections (d) and (j), each of the aforementioned
17 qualified production categories shall constitute
18 separate, individual qualified productions; and
- 19 (2) Does not include:
- 20 (A) News;
- 21 (B) Public affairs programs;



- 1 (C) Non-national magazine or talk shows;
- 2 (D) Televised sporting events or activities;
- 3 (E) Productions that solicit funds;
- 4 (F) Productions produced primarily for industrial,
- 5 corporate, institutional, or other private
- 6 purposes; and
- 7 (G) Productions that include any material or
- 8 performance prohibited by chapter 712.

9 "Qualified production costs" means the costs incurred by a
 10 qualified production within the State that are subject to the
 11 general excise tax under chapter 237 or income tax under this
 12 chapter and that have not been financed by any investments for
 13 which a credit was or will be claimed pursuant to section
 14 235-110.9. Qualified production costs include but are not
 15 limited to:

- 16 (1) Costs incurred during preproduction such as location
- 17 scouting and related services;
- 18 (2) Costs of set construction and operations, purchases or
- 19 rentals of wardrobe, props, accessories, food, office
- 20 supplies, transportation, equipment, and related
- 21 services;



- 1 (3) Wages or salaries of cast, crew, and musicians;
- 2 (4) Costs of photography, sound synchronization, lighting,
3 and related services;
- 4 (5) Costs of editing, visual effects, music, other post-
5 production, and related services [7] that are performed
6 at qualified post-production facilities as defined in
7 this section; provided that the department may adopt
8 rules pursuant to chapter 91 to establish additional
9 criteria to determine which qualified post-production
10 facilities are included as qualified production costs;
- 11 (6) Rentals and fees for use of local facilities and
12 locations, including rentals and fees for use of state
13 and county facilities and locations that are not
14 subject to general excise tax under chapter 237 or
15 income tax under this chapter;
- 16 (7) Rentals of vehicles and lodging for cast and crew;
- 17 (8) Airfare for flights to or from Hawaii, and interisland
18 flights;
- 19 (9) Insurance and bonding;
- 20 (10) Shipping of equipment and supplies to or from Hawaii,
21 and interisland shipments; and



1 (11) Other direct production costs specified by the
2 department in consultation with the department of
3 business, economic development, and tourism;
4 provided that any government-imposed fines, penalties, or
5 interest that are incurred by a qualified production within the
6 State shall not be "qualified production costs" [-]; provided
7 further that costs incurred for post-production activities and
8 services shall be "qualified production costs" only if the post-
9 production activities and services are performed and located in
10 the State."

11 SECTION 2. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 3. This Act shall take effect on July 1, 2112, and
14 shall apply to taxable years beginning after December 31, 2019.



Report Title:

Motion Picture, Digital Media, and Film Production Income Tax Credit; Hawaii Film Studios; Post-Production

Description:

Amends the motion picture, digital media, and film production income tax credit, to include, as qualified production costs, post-production activities and services performed in Hawaii-based film studios and post-production facilities. Authorizes DOTAX to adopt additional rules. (HB645 HD1)

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