

STAND. COM. REP. NO.

819

Honolulu, Hawaii

, 2021

MAR 05

RE: H.B. No. 1174

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B.
No. 1174, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TAXATION,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Amend the Motion Picture, Digital Media, and Film
Production Income Tax Credit by:
 - (A) Reducing the cap amount and aggregate cap amount of
the tax credit;
 - (B) Establishing a maximum amount of above-the-line
costs that may be used to claim the tax credit;
 - (C) Reducing the minimum amount of qualified production
costs needed to claim the tax credit;
 - (D) Requiring qualified production costs to be incurred
through a qualified vendor; and
 - (E) Requiring at least seventy-five percent of a
qualified production to be filmed in the State if



the taxpayer claims a tax credit in excess of \$5,000,000 in a single taxable year; and

- (2) Extend the repeal date of the Motion Picture, Digital Media, and Film Production Income Tax Credit from January 1, 2026, to January 1, 2033.

Your Committee received testimony in opposition to this measure from the Honolulu Film Office, American Federation of Musicians Local 677, and one individual. Your Committee received comments on this measure from the Department of Taxation; Department of the Attorney General; Department of Business, Economic Development, and Tourism; Office of Economic Development of the County of Kaua'i; Tax Foundation of Hawaii; Motion Picture Association, Inc.; IATSE Local 665; SAG-AFTRA Hawaii Local; and one individual.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1174, H.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



