
A BILL FOR AN ACT

RELATING TO FILM INDUSTRY DEVELOPMENT.

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

1 PART I

2 SECTION 1. Chapter 201, Hawaii Revised Statutes, is
3 amended by adding a new section to part IX to be appropriately
4 designated and to read as follows:

5 "§201- Hawaii film advisory council; established. (a)

6 There is established within the department for administrative
7 purposes only the Hawaii film advisory council. The Hawaii film
8 advisory council shall consist of up to thirteen members who
9 shall be appointed by the governor in the manner prescribed in
10 section 26-34, except as otherwise provided in this section, and
11 shall be composed of:

12 (1) One member from each county's film office;

13 (2) One member from the Hawaii state film office;

14 (3) Seven members representing the Hawaii film and
15 entertainment board, film industry labor unions,
16 studio production representatives, higher education in
17 film, entrepreneurial sector in film, workforce



1 development, Native Hawaiian culture, Pacific islands
2 culture, and a New Zealand film industry organization;
3 and

4 (4) The director of business, economic development, and
5 tourism or the director's designee who shall serve as
6 an ex officio, voting member of the council.

7 (b) Each member identified in subsection (a) shall have
8 experience in the industry they represent in one or more of the
9 following fields:

10 (1) Film and television production;

11 (2) Film commission management;

12 (3) Investment and tax credits;

13 (4) Production finance and accounting;

14 (5) Post-production;

15 (6) Entertainment industry labor union and guild
16 leadership;

17 (7) Hawaii production organization and nonprofit
18 production organization;

19 (8) Workforce and skills development training
20 organization; or

21 (9) Commercial real estate and development.



1 (c) The purpose of the Hawaii film advisory council shall
2 be to advise, make recommendations, and provide industry
3 insights to increase business development, workforce, jobs, and
4 infrastructure in the film industry statewide. The Hawaii film
5 advisory council shall provide the department with input on
6 setting strategic priorities to accelerate the growth of the
7 film industry.

8 (d) The Hawaii film advisory council shall appoint a
9 chairperson, and other leadership positions as deemed necessary,
10 from amongst its members.

11 (e) The Hawaii film advisory council shall make
12 recommendations to the department on the appointment of a film
13 industry development liaison, who shall be exempt from
14 chapter 76."

15 SECTION 2. Chapter 237, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:

18 **"§237- Exemption for certified development of film**
19 **studio facilities.** (a) Notwithstanding any provision of law to
20 the contrary, and upon receipt of the certification required by
21 subsection (b), there shall be exempted from, and excluded from



1 the measure of, the taxes imposed by this chapter, the gross
2 proceeds of a qualified person arising from the planning,
3 design, construction, or retrofitting of film studio
4 infrastructure in the State.

5 (b) Application for the exemption provided by this section
6 shall first be made to the department of business, economic
7 development, and tourism, who shall certify that the qualified
8 person meets the requirements of this section.

9 (c) The department of taxation and the department of
10 business, economic development, and tourism may adopt rules
11 pursuant to chapter 91 for the purpose of this section.

12 (d) This section shall not apply to gross proceeds
13 received after December 31, 2034.

14 (e) For purposes of this section:

15 "Film studio infrastructure" means:

16 (1) New or retrofit construction of structures in the
17 State to accommodate soundstages for the production
18 needs of the film industry;

19 (2) Permanent space primarily used for production,
20 including:



- 1 (A) Actors, on-screen personnel, producers,
- 2 directors, writers, and related support staff
- 3 spaces;
- 4 (B) Catering and laundry facilities; and
- 5 (C) Post-production spaces, including editing suites,
- 6 galleries, screening rooms, and control rooms;
- 7 and
- 8 (3) Facilities that are used for production purposes that
- 9 may include:
- 10 (A) Set design, build, construction, and painting;
- 11 (B) Costume fabrication and related areas for
- 12 construction;
- 13 (C) Dining and food preparation;
- 14 (D) Office accommodations for all production
- 15 personnel and departments;
- 16 (E) Prop, picture car, and other vehicle parking, and
- 17 related storage;
- 18 (F) Sustainable alternative energy source, where
- 19 applicable;
- 20 (G) Facilities equipped with private network fiber
- 21 connectivity; and



1 (H) Security facilities and infrastructure.
2 "Qualified person" means an individual, partnership, joint
3 venture, corporation, association, limited liability
4 partnership, limited liability company, business, trust, or any
5 organized group of persons or legal entities, or any combination
6 thereof, that possesses all professional or vocational licenses
7 necessary to do business in the State in conjunction with the
8 planning, design, construction, or retrofitting of film studio
9 infrastructure."

10 SECTION 3. Section 235-17, Hawaii Revised Statutes, is
11 amended as follows:

12 1. By amending subsection (h) to read:

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

19 (1) All qualified production costs as provided by
20 subsection (a), if any, incurred in the previous
21 taxable year;



- 1 (2) The amount of tax credits claimed pursuant to this
2 section, if any, in the previous taxable year; and
3 (3) The number of total hires versus the number of local
4 hires by category and by county.

5 If the qualified production costs of a taxpayer exceed
6 \$1,000,000 in a taxable year, the written, sworn statement shall
7 be accompanied by an independent third party certification,
8 performed by a qualified certified public accountant, that
9 verifies all representations made for the purpose of claiming
10 the credit under this section. The certification shall be
11 prepared and submitted in accordance with standards and
12 procedures prescribed by the department of business, economic
13 development, and tourism and the department of taxation. This
14 information may be reported from the department of business,
15 economic development, and tourism to the legislature pursuant to
16 subsection (i) (4)."

17 2. By amending subsections (n) and (o) to read:

18 "(n) The total amount of tax credits allowed under this
19 section in any particular year shall be [~~\$50,000,000~~]
20 \$ _____; however, if the total amount of credits applied for
21 in any particular year exceeds the aggregate amount of credits



1 allowed for that year under this section, the excess shall be
2 treated as having been applied for in the subsequent year and
3 shall be claimed in the subsequent year; provided that no excess
4 shall be allowed to be claimed after December 31, [~~2032.~~] 2038.

5 (o) For the purposes of this section:

6 "Commercial":

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

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

13 (3) Does not include an advertising message with
14 Internet-only distribution.

15 "Digital media" means production methods and platforms
16 directly related to the creation of cinematic imagery and
17 content, specifically using digital means, including but not
18 limited to digital cameras, digital sound equipment, and
19 computers, to be delivered via film, videotape, interactive game
20 platform, or other digital distribution media.



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

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

15 "Qualified production":

16 (1) Means a production, with expenditures in the State,
17 for the total or partial production of a
18 feature-length motion picture, short film,
19 made-for-television movie, commercial, music video,
20 interactive game, television (inclusive of broadcast
21 and streaming platforms) series pilot, single season



1 (up to twenty-two episodes[+] for broadcast
2 television; and up to eight episodes for an ongoing
3 series for streaming platforms) of a [~~television~~]
4 series [~~regularly~~] filmed in the State [~~(+if)~~]. If the
5 number of episodes per single season for a broadcast
6 series exceeds twenty-two[+] episodes and if a
7 streaming series exceeds eight episodes, additional
8 episodes for the same season shall constitute a
9 separate qualified production[+]. A "qualified
10 production" also includes a television or streaming
11 platform special, single [~~television~~] episode that is
12 not part of a television or streaming platform series
13 regularly filmed or based in the State, national
14 magazine show, [~~or~~] and national talk show. For the
15 purposes of subsections (d) and (l), each of the
16 aforementioned qualified production categories shall
17 constitute separate, individual qualified productions;
18 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 at the highest rate of tax
12 or income tax under this chapter if the costs are not subject to
13 general excise tax and that have not been financed by any
14 investments for which a credit was or will be claimed pursuant
15 to section 235-110.9. Qualified production costs include but
16 are not limited to:

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



- 1 supplies, transportation, equipment, and related
- 2 services;
- 3 (3) Wages or salaries of cast, crew, and musicians;
- 4 (4) Costs of photography, sound synchronization, lighting,
- 5 and related services;
- 6 (5) Costs of editing, visual effects, music, other
- 7 post-production, and related services;
- 8 (6) Costs of fashion production and related services;
- 9 (7) Costs of music production and related services;
- 10 ~~(8)~~ (8) Rentals and fees for use of local facilities and
- 11 locations, including rentals and fees for use of state
- 12 and county facilities and locations that are not
- 13 subject to general excise tax under chapter 237 or
- 14 income tax under this chapter;
- 15 ~~(9)~~ (9) Rentals of vehicles and lodging for cast and
- 16 crew;
- 17 ~~(10)~~ (10) Airfare for flights to or from Hawaii, and
- 18 interisland flights;
- 19 ~~(11)~~ (11) Insurance and bonding;
- 20 ~~(12)~~ (12) Shipping of equipment and supplies to or from
- 21 Hawaii, and interisland shipments; and



1 [~~(11)~~] (13) 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". "Qualified
7 production costs" does not include any costs funded by any
8 grant, forgivable loan, or other amounts not included in gross
9 income for purposes of this chapter.

10 "Streaming platform" means an online provider of media
11 content that delivers the content via internet connection to the
12 subscriber's computer, television or mobile device through a
13 paid subscription."

14 SECTION 4. Act 88, Session Laws of Hawaii 2006, as amended
15 by section 3 of Act 89, Session Laws of Hawaii 2013, as amended
16 by section 3 of Act 143, Session Laws of Hawaii 2017, as amended
17 by section 4 of Act 217, Session Laws of Hawaii 2022 is amended
18 by amending section 4 to read as follows:

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



1 (1) Section 2 of this Act shall apply to qualified
2 production costs incurred on or after July 1, 2006,
3 and before January 1, [~~2033~~] 2039; and

4 (2) This Act shall be repealed on January 1, [~~2033~~] 2039,
5 and section 235-17, Hawaii Revised Statutes, shall be
6 reenacted in the form in which it read on the day
7 before the effective date of this Act."

8 SECTION 5. Act 143, Session Laws of Hawaii 2017, is
9 amended by amending section 6 to read as follows:

10 "SECTION 6. [~~No later than January 1, 2018, and each~~
11 ~~January 1 thereafter, each film production that has production~~
12 ~~expenditures of \$1,000,000 or more and is claiming a tax credit~~
13 ~~pursuant to section 235-17, Hawaii Revised Statutes, shall~~
14 ~~obtain an independent third party certification of qualified~~
15 ~~production costs eligible for the motion picture, digital media,~~
16 ~~and film production income tax credit in the form of a tax~~
17 ~~opinion, as required under section 235-17(h), Hawaii Revised~~
18 ~~Statutes, submitted to the department of business, economic~~
19 ~~development, and tourism.] Repealed."~~

20 SECTION 6. The department of business, economic
21 development, and tourism shall establish one full-time



1 equivalent (1.0 FTE) permanent film industry development liaison
2 position to oversee development of the film industry, which
3 shall be exempt from chapter 76, Hawaii Revised Statutes.

4 PART II

5 SECTION 7. Section 76-16, Hawaii Revised Statutes, is
6 amended by amending subsection (b) to read as follows:

7 "(b) The civil service to which this chapter applies shall
8 comprise all positions in the State now existing or hereafter
9 established and embrace all personal services performed for the
10 State, except the following:

11 (1) Commissioned and enlisted personnel of the Hawaii
12 National Guard as such, and positions in the Hawaii
13 National Guard that are required by state or federal
14 laws or regulations or orders of the National Guard to
15 be filled from those commissioned or enlisted
16 personnel;

17 (2) Positions filled by persons employed by contract where
18 the director of human resources development has
19 certified that the service is special or unique or is
20 essential to the public interest and that, because of
21 circumstances surrounding its fulfillment, personnel



1 to perform the service cannot be obtained through
2 normal civil service recruitment procedures. Any
3 [~~such~~] contract may be for any period not exceeding
4 one year;

5 (3) Positions that must be filled without delay to comply
6 with a court order or decree if the director
7 determines that recruitment through normal recruitment
8 civil service procedures would result in delay or
9 noncompliance, such as the Felix-Cayetano consent
10 decree;

11 (4) Positions filled by the legislature or by either house
12 or any committee thereof;

13 (5) Employees in the office of the governor and office of
14 the lieutenant governor, and household employees at
15 Washington Place;

16 (6) Positions filled by popular vote;

17 (7) Department heads, officers, and members of any board,
18 commission, or other state agency whose appointments
19 are made by the governor or are required by law to be
20 confirmed by the senate;



- 1 (8) Judges, referees, receivers, masters, jurors, notaries
2 public, land court examiners, court commissioners, and
3 attorneys appointed by a state court for a special
4 temporary service;
- 5 (9) One bailiff for the chief justice of the supreme court
6 who shall have the powers and duties of a court
7 officer and bailiff under section 606-14; one
8 secretary or clerk for each justice of the supreme
9 court, each judge of the intermediate appellate court,
10 and each judge of the circuit court; one secretary for
11 the judicial council; one deputy administrative
12 director of the courts; three law clerks for the chief
13 justice of the supreme court, two law clerks for each
14 associate justice of the supreme court and each judge
15 of the intermediate appellate court, one law clerk for
16 each judge of the circuit court, two additional law
17 clerks for the civil administrative judge of the
18 circuit court of the first circuit, two additional law
19 clerks for the criminal administrative judge of the
20 circuit court of the first circuit, one additional law
21 clerk for the senior judge of the family court of the



1 first circuit, two additional law clerks for the civil
2 motions judge of the circuit court of the first
3 circuit, two additional law clerks for the criminal
4 motions judge of the circuit court of the first
5 circuit, and two law clerks for the administrative
6 judge of the district court of the first circuit; and
7 one private secretary for the administrative director
8 of the courts, the deputy administrative director of
9 the courts, each department head, each deputy or first
10 assistant, and each additional deputy, or assistant
11 deputy, or assistant defined in paragraph (16);

12 (10) First deputy and deputy attorneys general, the
13 administrative services manager of the department of
14 the attorney general, one secretary for the
15 administrative services manager, an administrator and
16 any support staff for the criminal and juvenile
17 justice resources coordination functions, and law
18 clerks;

19 (11) (A) Teachers, principals, vice-principals, complex
20 area superintendents, deputy and assistant
21 superintendents, other certificated personnel, no



1 more than twenty noncertificated administrative,
2 professional, and technical personnel not engaged
3 in instructional work;

4 (B) Effective July 1, 2003, teaching assistants,
5 educational assistants, bilingual/bicultural
6 school-home assistants, school psychologists,
7 psychological examiners, speech pathologists,
8 athletic health care trainers, alternative school
9 work study assistants, alternative school
10 educational/supportive services specialists,
11 alternative school project coordinators, and
12 communications aides in the department of
13 education;

14 (C) The special assistant to the state librarian and
15 one secretary for the special assistant to the
16 state librarian; and

17 (D) Members of the faculty of the University of
18 Hawaii, including research workers, extension
19 agents, personnel engaged in instructional work,
20 and administrative, professional, and technical
21 personnel of the university;



- 1 (12) Employees engaged in special, research, or
2 demonstration projects approved by the governor;
- 3 (13) (A) Positions filled by inmates, patients of state
4 institutions, persons with severe physical or
5 mental disabilities participating in the work
6 experience training programs;
- 7 (B) Positions filled with students in accordance with
8 guidelines for established state employment
9 programs; and
- 10 (C) Positions that provide work experience training
11 or temporary public service employment that are
12 filled by persons entering the workforce or
13 persons transitioning into other careers under
14 programs such as the federal Workforce Investment
15 Act of 1998, as amended, or the Senior Community
16 Service Employment Program of the Employment and
17 Training Administration of the United States
18 Department of Labor, or under other similar state
19 programs;
- 20 (14) A custodian or guide at Iolani Palace, the Royal
21 Mausoleum, and Hulihee Palace;



1 (15) Positions filled by persons employed on a fee,
2 contract, or piecework basis, who may lawfully perform
3 their duties concurrently with their private business
4 or profession or other private employment and whose
5 duties require only a portion of their time, if it is
6 impracticable to ascertain or anticipate the portion
7 of time to be devoted to the service of the State;
8 (16) Positions of first deputies or first assistants of
9 each department head appointed under or in the manner
10 provided in section 6, article V, of the Hawaii State
11 Constitution; three additional deputies or assistants
12 either in charge of the highways, harbors, and
13 airports divisions or other functions within the
14 department of transportation as may be assigned by the
15 director of transportation, with the approval of the
16 governor; one additional deputy in the department of
17 human services either in charge of welfare or other
18 functions within the department as may be assigned by
19 the director of human services; four additional
20 deputies in the department of health, each in charge
21 of one of the following: behavioral health,



1 environmental health, hospitals, and health resources
2 administration, including other functions within the
3 department as may be assigned by the director of
4 health, with the approval of the governor; two
5 additional deputies in charge of the law enforcement
6 programs, administration, or other functions within
7 the department of law enforcement as may be assigned
8 by the director of law enforcement, with the approval
9 of the governor; three additional deputies each in
10 charge of the correctional institutions,
11 rehabilitation services and programs, and
12 administration or other functions within the
13 department of corrections and rehabilitation as may be
14 assigned by the director of corrections and
15 rehabilitation, with the approval of the governor; an
16 administrative assistant to the state librarian; and
17 an administrative assistant to the superintendent of
18 education;

19 (17) Positions specifically exempted from this part by any
20 other law; provided that:



- 1 (A) Any exemption created after July 1, 2014, shall
2 expire three years after its enactment unless
3 affirmatively extended by an act of the
4 legislature; and
- 5 (B) All of the positions defined by paragraph (9)
6 shall be included in the position classification
7 plan;
- 8 (18) Positions in the state foster grandparent program and
9 positions for temporary employment of senior citizens
10 in occupations in which there is a severe personnel
11 shortage or in special projects;
- 12 (19) Household employees at the official residence of the
13 president of the University of Hawaii;
- 14 (20) Employees in the department of education engaged in
15 the supervision of students during meal periods in the
16 distribution, collection, and counting of meal
17 tickets, and in the cleaning of classrooms after
18 school hours on a less than half-time basis;
- 19 (21) Employees hired under the tenant hire program of the
20 Hawaii public housing authority; provided that not
21 more than twenty-six per cent of the authority's



- 1 workforce in any housing project maintained or
2 operated by the authority shall be hired under the
3 tenant hire program;
- 4 (22) Positions of the federally funded expanded food and
5 nutrition program of the University of Hawaii that
6 require the hiring of nutrition program assistants who
7 live in the areas they serve;
- 8 (23) Positions filled by persons with severe disabilities
9 who are certified by the state vocational
10 rehabilitation office that they are able to perform
11 safely the duties of the positions;
- 12 (24) The sheriff;
- 13 (25) A gender and other fairness coordinator hired by the
14 judiciary;
- 15 (26) Positions in the Hawaii National Guard youth and adult
16 education programs;
- 17 (27) In the state energy office in the department of
18 business, economic development, and tourism, all
19 energy program managers, energy program specialists,
20 energy program assistants, and energy analysts;



- 1 (28) Administrative appeals hearing officers in the
2 department of human services;
- 3 (29) In the Med-QUEST division of the department of human
4 services, the division administrator, finance officer,
5 health care services branch administrator, medical
6 director, and clinical standards administrator;
- 7 (30) In the director's office of the department of human
8 services, the enterprise officer, information security
9 and privacy compliance officer, security and privacy
10 compliance engineer, security and privacy compliance
11 analyst, information technology implementation
12 manager, assistant information technology
13 implementation manager, resource manager,
14 community/project development director, policy
15 director, special assistant to the director, and
16 limited English proficiency project
17 manager/coordinator;
- 18 (31) The Alzheimer's disease and related dementia services
19 coordinator in the executive office on aging;
- 20 (32) In the Hawaii emergency management agency, the
21 executive officer, public information officer, civil



1 defense administrative officer, branch chiefs, and
2 emergency operations center state warning point
3 personnel; provided that, for state warning point
4 personnel, the director shall determine that
5 recruitment through normal civil service recruitment
6 procedures would result in delay or noncompliance;

7 (33) The executive director and seven full-time
8 administrative positions of the school facilities
9 authority;

10 (34) Positions in the Mauna Kea stewardship and oversight
11 authority;

12 (35) In the office of homeland security of the department
13 of law enforcement, the statewide interoperable
14 communications coordinator; [~~and~~]

15 (36) In the social services division of the department of
16 human services, the business technology analyst[-];
17 and

18 (37) In the creative industries division of the department
19 of business, economic development, and tourism, the
20 film industry development liaison.



1 SECTION 9. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so much
3 thereof as may be necessary for fiscal year 2024-2025 to
4 establish one full-time equivalent (1.0 FTE) film industry
5 development liaison position and associated administrative
6 costs.

7 The sum appropriated shall be expended by the department of
8 business, economic development, and tourism for the purposes of
9 this Act.

10 SECTION 10. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 11. This Act shall take effect on July 1, 2050;
13 provided that section 2 shall take effect on January 1, 2051;
14 provided further that sections 3 through 5 shall apply to
15 expenditures made after December 31, 2024.



Report Title:

DBEDT; Hawaii Film Advisory Council; General Excise Tax Exemption; Motion Picture, Digital Media, and Film Production Income Tax Credit; Position; General Fund Expenditure Ceiling Exceeded; Appropriation

Description:

Establishes the Hawaii Film Advisory Council. Amends the motion picture, digital media, and film production income tax credit to: (1) Change the aggregate cap amount to an unspecified amount; (2) Extend the sunset date of the tax credit to 1/1/2039; (3) Clarify and amend the requirement for an independent third-party certification; (4) Expand the definition of "qualified production" to include streaming platforms; and (5) Expand the definition of "qualified production costs" to include fashion production and music production costs. Provides a general excise tax exemption for certified development of film studio facilities. Establishes one full-time equivalent (1.0 FTE) film industry development liaison within the Creative Industries Division of the Department of Business, Economic Development, and Tourism. Makes an appropriation. Declares that the appropriation exceeds the general fund expenditure ceiling for 2024-2025. Effective 7/1/2050. (SD2)

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

