



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKAI

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January 3, 2025

The Honorable Ronald D. Kouchi,
President and Members
of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Nadine K. Nakamura,
Speaker and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Nakamura, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Motion Picture, Digital Media and Film Production Income Tax Credit 2024 Legislative Report, as required by Act 217, SLH 2022.

In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at:

<http://dbedt.hawaii.gov/overview/annual-reports-reports-to-the-legislature/>.

Sincerely,

James Kunane Tokioka
DBEDT Director

Enclosures

c: Legislative Reference Bureau

**REPORT TO THE THIRTY-THIRD LEGISLATURE
STATE OF HAWAII
2025 REGULAR SESSION**

**REGARDING ESTIMATED MOTION PICTURE, DIGITAL MEDIA AND FILM PRODUCTION
INCOME TAX CREDIT
FOR CALENDAR YEAR 2024**

**PREPARED BY THE TAX CREDIT UNIT, CREATIVE INDUSTRIES DIVISION
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM**

**IN RESPONSE TO
Act 217, SLH 2022
PREPARED DECEMBER 2024**

**REPORT REGARDING THE ECONOMIC IMPACT OF
THE ESTIMATED PRODUCTION TAX CREDIT PURSUANT TO SECTION 235-17(i) (4)**

A. INTRODUCTION:

The report herein provides metrics on the 2024 calendar year estimated production spend and estimated economic impacts. Also included are the actuals from the 2023 calendar year certified production spend and economic impacts prepared by the DBEDT Tax Credit Unit in DBEDT/CID.

B. PRODUCTION INDUSTRY IMPACTS TO U.S. REGIONS

Production spend was down significantly in 2023 and 2024 due to Writers Guild of America (WGA) and Screen Actors Guild AFTRA (SAGAFTRA) strikes and protracted negotiations with Association of Motion Picture and Television producers (AMPTP). Compounded by the residual pandemic impacts, the media and entertainment industry corporations have reduced overall production volume, limiting the number of new series and larger feature productions. Early in 2024, more business uncertainty prevailed due to the potential impacts during the International Alliance of Theatrical Stage Employees (IATSE) and the Teamsters. This situation added to the already challenging production activity attrition that existed, affecting our state film industry workforce. Exodus of series, major features and streaming series began to look outside of the contiguous U.S. and Hawai'i for locations to move these productions. While the strikes for labor did not occur, the comeback to a normal rate of production with 2 to 3 television series are slow to reboot here.

C. LEGISLATION HISTORY:

Act 217, SLH 2022, made a number of changes to the tax credit:

1. Added a new definition of "loan-out company;"
2. Increased the tax credit amount to 22% for counties with a population over 700,000;
3. Increased the tax credit amount to 27% for counties with a population of 700,000 or less;
4. Decreased the qualified production costs to \$100,000 from \$200,000;
5. Requires that filers be compliant with Title 14, including tax return filing and payments;
6. Requires that filers be responsive to the Department of Taxation (DoTax) requests for additional information and gave a response time of 90 days from when the inquiry or request was made by the DoTax;
7. Removed the requirement that a written, sworn statement verification be provided by a qualified, certified public accountant to the Department of Business, Economic Development and Tourism (DBEDT);
8. Requiring that DBEDT send certification letters within seven months of the receipt of the Hawaii Production Report;
9. Including a fee that DBEDT may collect from filers, which is equal to .02 percent of the tax credit claimed by the filer;
10. Increased the amount that a filer may claim to \$17,000,000 (previously \$15,000,000);

11. Specifies that a “qualified production cost” does not include any costs funded by any grants, forgivable loan or other amounts not included in gross income;
12. Extend the tax credit program to January 1, 2033. This stability is critical for studios and television networks in their production planning, especially with television series – Hawaii’s core economic driver in this sector.
13. Provided that DoTax may establish two full-time, permanent auditor positions to exam claims for this tax credit and appropriated \$153,334 for these positions; and
14. Provided that DBEDT may establish 1 full-time, permanent program specialist position to review and certify tax credit applications for this program and appropriated \$76,666 for this position.

Act 275, SLH 2019, Section 2, increased the tax credit cap from \$35M to \$50M. To expand opportunities for jobs and careers, and to increase studio capacity and facilities, the \$50 million cap should be considered being increased.

Act 143, SLH 2017, amended Chapter 235-17 to introduce an annual cap of \$35 million. This was increased to \$50 million through Act 143, SLH 2017 as mentioned.

Act 89, SLH 2013, Section 2, amended Chapter 235-17 by increasing the production tax credit to twenty percent and twenty-five percent of the qualified production costs incurred on Oahu and Neighbor Islands respectively.

D. PROCESS AND BACKGROUND OF ACTUAL AND ESTIMATED

Hawai’i Production Reports for all productions are required by law to be submitted to DBEDT no later than 90 days after their filing year in which the productions took place. Amounts listed in this report are estimated spend for 2024, based on Production Registrations only. The tax credit unit in DBEDT/CID will begin reviews in April of 2025 for the 2024 calendar year expenditures as part of the certification process and amounts of actual spend will be updated in 2025 report. For 2023 calendar year, the actual amount of production spend, credits and economic impacts are derived from the Hawai’i production reports and subsequent certification letters issued by DBEDT Tax Credit Unit between May through September 2024.

E. 2024 ESTIMATED SPEND

From January 1, 2024, through December 31, 2024, the department processed registrations for 28 qualified productions that applied for the Motion Picture, Digital Media and Film Production Income Tax Credit totaling an estimated **\$187,371,791**, in production expenditures. The total estimated credit amount for CY 2024 is **\$24,513,114**. In addition to this amount is the carry forward 2023 claims of **\$11,707,608 = \$36,220,722**. The balance remaining of \$13,812,420 will be applied to the next filer in ranking, based on Hawai'i Administrative Rules.

Total Credit \$50M Annual Cap	\$ 50,000,000.00
Total ESTIMATED Tax Credit Claimed in 2024	\$ (24,513,113.69)
Total Carry Forward from 2023, remaining to be paid out	\$ (11,707,608.00)
Remaining Tax Credit – applied to filers by date, in order	\$ 13,779,278.31

This direct spending from film and television productions resulted in an estimated **\$20,235,960** in tax revenue generated, **\$324,150,100** in sales or economic activity generated, and a key figure: **\$74,948,000** in Hawaii household income generated because of the qualified production expenditures paid to Hawai'i residents and businesses.

F. WORKFORCE DEVELOPMENT CONTRIBUTIONS CY 2024:

In calendar year 2024, Hawaii public and charter schools throughout the state were the direct beneficiaries of the education and workforce development program which is mandated for all productions accessing the tax credit. These educational institutions receive both cash and in-kind contributions which must be dedicated to supporting that school's film/video and digital media programs. The contributions for CY2024 will be verified via HPR submission, as required by statute and will be contained in the CY 2024 actual report to be submitted in December 2025.

In most cases the contributions exceed the required amount. The combination of on-set interns, masters classes and other work experience will be quantified through the work of the division and its roles as lead for the UH Good Jobs Hawai'i and continuing WFD initiatives in DBEDT.

The division, along with University, Department of Education colleagues and industry leaders in the creative and film fields envision a strategic pipeline "curriculum to career" to connect educational pathways which will help strengthen opportunities to work in these industries as well as support the tax credit workforce development component.

Workforce Development By Production	
Prod. Year	2024
Row Labels	Sum of WFD
104th Kamehameha Schools Song Contest	\$ 169.31
Aulani Refresh 2024	\$ 122.94
Bachelorette	\$ 1,100.10
Blue Moon	\$ 100.00
Chief of War Reshoots	\$ 4,135.58
Epic Swim	\$ 860.99
Family Ingredients Season 4	\$ 147.07
First Hawaiian Bank 2024	\$ 544.74
Hawaii Heartbeats	\$ 833.08
Hawaiian Telecom	\$ 135.66
Headhunters	\$ 3,389.05
HEB Kona 2024	\$ 217.56
HVCB-KB	\$ 270.00
Kahala Sunset (Re-submitted)	\$ 150.00
Kona 2025 Equity Production	\$ 944.89
L&M	\$ 129.00
Lahaina Rising	\$ 540.60
Lilo and Stitch	\$ 15,171.27
Merrie Monarch 2024	\$ 434.71
Moana	\$ 36,038.30
Moku Moku Chapter Two Inc	\$ 3,213.72
N6Vomero	\$ 250.00
NCIS HAWAII S3	\$ 51,176.79
Nutrilite Begin 30	\$ 400.00
OKD	\$ 310.00
Project Y	\$ 389.00
Renovation Aloha S2	\$ 1,058.14
Rescue HI Surf	\$ 46,481.74
Rezenens	\$ 150.00
RHS Marketing Shoot	\$ 127.95
Southwest Airlines 2024	\$ 341.11
Temptation Island 6	\$ 10,178.50
The Bay	\$ 750.00
The White Lotus S3	\$ 2,056.49
The Wrecking Crew	\$ 4,495.11
Tidal Wave	\$ 308.41
Untitled Ronny Chieng Hawaii Special	\$ 250.00
Grand Total	\$187,371.79

G. 2023 ESTIMATED SPEND

From January 1, 2023, through December 31, 2023, the department processed registrations for 25 qualified productions that applied for the Motion Picture, Digital Media and Film Production Income Tax Credit totaling **\$168,697,660** in production expenditures. Total credit amounts are actuals based on the Hawai'i production reports review and certification process. For CY 2024 credits claimed = **\$22,551,976**. In addition to this amount, a carry forward from remaining credits owed from 2022 claims of **\$27,448,024** reaches the annual cap of **\$50,000,000**.

Total Credit \$50M Annual Cap	\$ 50,000,000.00
Total ACTUAL Tax Credit Claimed 2023	\$ 22,551,976.00
Tax Credit amount deferred/paid out in 2022	\$ 27,448,024.00

H. WORKFORCE DEVELOPMENT CONTRIBUTIONS CY 2023:

In the calendar year 2023, Hawaii public and charter schools throughout the state were the direct beneficiaries of the education and workforce development program which is mandated for all productions accessing the tax credit. These educational institutions receive both cash and in-kind contributions which must be dedicated to supporting that school's film/video and digital media programs. In most cases the contributions exceed the required amount. The combination of on-set interns, masters classes and other work experience will be quantified through the work of the division and its roles as lead for the UH Good Jobs Hawai'i and continuing WFD initiatives in DBEDT.

The division, along with University, Department of Education colleagues and industry leaders in the creative and film fields envision a strategic pipeline "curriculum to career" to connect educational pathways which will help strengthen opportunities to work in these industries as well as support the tax credit workforce development component. Please see the breakdown below of the 2023 Workforce Development contributions made by productions and amounts contributed to schools.

Workforce Development By School	
Prod. Year	2023
Row Labels	Sum of WFD
Aiea High School	\$ 1,000.00
Castle High School - Castle Performing Arts Program	\$ 1,000.00
Hana Arts	\$ 1,000.00
HP Baldwin High School - Arts and Communication Teacher + Irwin Ysasmoto - Digital Media Program	\$ 68,127.00
Kaiser High School - The Media Communications Learning Center	\$ 40,170.52
Kalaheo High School - Mustang Media	\$ 3,500.00
Kihei Charter School - South Maui Learning Ohana - Video Tech	\$ 1,000.00
Kipapa Elementary School - Kipapa Performing Arts Program	\$ 4,000.00
Leeward CCTV Pro	\$ 3,618.98
Moanalua High School - MeneMac Program	\$ 40,149.00
UG -- West Oahu - `Ulu`ulu Moving Image Archive	\$ 1,000.00
UH Foundation - Academy For Creative Media	\$ 2,603.00
UH Foundation - ACM Manoa	\$ 10,812.00
UH HCC - Mele Program	\$ 1,322.32
UH -HCC- Mele Program	\$ 1,455.54
UH Maui College - Academy For Creative Media	\$ 1,000.00
UHM -School of Cinematic Arts	\$ 1,000.00
Waianae High School - Searider Productions Foundation	\$ 2,412.00
Grand Total	\$185,170.36

Workforce Development By Production	
Prod. Year	2023 
Row Labels 	Sum of WFD
103 Annual Kam Schools Song Contest	\$ 1,000.00
adidas Maui	\$ 1,000.00
Aloha Heart	\$ 3,500.00
ASD	\$ 1,000.00
Aulani Resort 2023	\$ 1,000.00
Chase Sapphire 2023	\$ 1,455.54
Entity	\$ 1,000.00
First Hawaiian Bank 2023	\$ 1,000.00
Framework Studio	\$ 1,000.00
Hawaii Heartbeats	\$ 1,000.00
Kikila	\$ 1,000.00
Kona Big Wave	\$ 1,322.32
Lilo & Stitch (Bad Dog)	\$ 68,127.00
Living Aloha	\$ 1,000.00
Magnum PI S5	\$ 40,149.00
MEA - Red One	\$ 19,056.52
Moana	\$ 1,603.00
Molokai Bound	\$ 1,000.00
NCIS Hawaii S3	\$ 10,812.00
NCIS S2 **	\$ 21,114.00
Project Plane	\$ 1,000.00
Rescue HI Surf Season 1	\$ 3,618.98
Yenedakine aka Chief of War	\$ 2,412.00
Grand Total	\$ 185,170.36

I. ADMINISTRATION OF CREDIT:

The Launch of the Tax Credit Unit within DBEDT/CID established a team of two dedicated staff to oversee day-to-day operations of tax credits. Comprised of an Accountant V FTE and a Film Development Specialist V FTE, support various roles of the management of the film tax credit program. The division administrator oversees the unit and collectively the team collaborates with the Department of Taxation and DBEDT's Research and Economic Analysis Division (READ).

Digital Transformation of Systems: The DBEDT Tax Credit Hub, Registration System was completed Q2, FY23 and the reporting module has launched in Q3, FY23. Updating the filing process from paper to web based has improved communication with productions, streamlined the application submission/review process, and generating reports. Due to the success of the Hawaii Film Tax Credit Hub, we plan to follow the same template for Hawaii Film Office Permitting and Research & Development Tax Credit programs.

J. UPDATES:

There were no Legislative changes to the tax credits in 2024.

Attachments: Calendar Year 2024 – Spreadsheet Estimated spend, impacts and jobs

Attachments: Calendar Year 2023 – Spreadsheet Certified spend, impacts and jobs

