

STAND. COM. REP. NO. 216

Honolulu, Hawaii

FEB 11 2025

RE: S.B. No. 732
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Economic Development and Tourism, to which was referred S.B. No. 732 entitled:

"A BILL FOR AN ACT RELATING TO THE FILM INDUSTRY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require qualified production costs of a taxpayer that exceed \$1,000,000 to be certified by an independent third-party certified public accountant to qualify for the Motion Picture, Digital Media, and Film Production Income Tax Credit;
- (2) Increase the total amount of tax credits allowed in any given year from \$50,000,000 to \$60,000,000;
- (3) Include broadcast and streaming platform productions as a qualified production under the tax credit; and
- (4) Extend the sunset date for the tax credit to January 1, 2039.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; University of Hawai'i System; Honolulu Film Office; SAG-AFTRA Hawaii Local; IATSE Local 665; Hawaii Media Inc.; Island



Film Group; Hawaii State AFL-CIO; Kamamo House; Fandoms of MagnumPI; ALA Hawaii; and one hundred seventy-eight individuals.

Your Committee received comments on this measure from the Department of Taxation, Tax Foundation of Hawaii, and three individuals.

Your Committee finds that the film industry in Hawaii is an important component of a diversified economy and that its financial impact can be strengthened significantly if existing incentives for the industry are improved. Your Committee further finds that the Motion Picture, Digital Media, and Film Production Income Tax Credit has had great success in increasing state revenues and gross domestic product since its enactment. This measure increases the total industry cap for the tax credit, updates antiquated language to better address the film industry's current practices, and extends the sunset date to give certainty to project developers for long-term planning, while holding productions with qualified production costs that exceed \$1,000,000 accountable by requiring verification to receive the tax credit.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Development and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 732, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 732, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Tourism,

Lynn DeCote
LYNN DECOITE, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Economic Development and Tourism
EDT

Bill / Resolution No.:* <i>SB 732</i>	Committee Referral: <i>EDT, WAM</i>	Date: <i>2-4-25</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DECOITE, Lynn (C)	✓			
WAKAI, Glenn (VC)	✓			
FUKUNAGA, Carol	✓			
KIM, Donna Mercado	✓			
AWA, Brenton	✓			
TOTAL	<i>5</i>	<i>0</i>	<i>0</i>	<i>0</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes