

DRAFT

THE SENATE
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

S.B. NO. 732
S.D. 2
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A BILL FOR AN ACT

RELATING TO THE FILM INDUSTRY.

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

SECTION 1. Chapter 46, Hawaii Revised Statutes, is amended by adding a new section to part V to be appropriately designated and to read as follows:

"§46- Motion picture, digital media, and film production income tax credit; waiver of permitting fees. (a) Notwithstanding any law to the contrary, each county shall waive any applicable permitting fees for film activity conducted on county lands by a qualified production that qualifies for the tax credit under section 235-17.

(b) For the purposes of this section, "qualified production" shall have the same meaning as in section 235-17."

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

"§237- Exemption for entertainment payroll companies. There shall be exempted from, and excluded from the measure of,



1 the taxes imposed by this chapter all of the gross proceeds
2 arising from entertainment payroll companies."

3 SECTION 3. Section 235-9, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "§235-9 Exemptions; generally. Except as provided in
6 sections 235-61 to 235-67 relating to withholding and collection
7 of tax at source, and section 235-2.4 relating to "unrelated
8 business taxable income", the following persons and
9 organizations shall not be taxable under this chapter: banks,
10 building and loan associations, financial services loan
11 companies, financial corporations, small business investment
12 companies, trust companies, mortgage loan companies, financial
13 holding companies, subsidiaries of financial holding companies
14 as defined in chapter 241, and development companies taxable
15 under chapter 241; insurance companies, agricultural cooperative
16 associations, and fish marketing associations exclusively
17 taxable under other laws [~~and persons engaged in the business~~
18 ~~of motion picture and television film production as defined by~~
19 ~~the director of taxation]~~."

20 SECTION 4. Section 235-17, Hawaii Revised Statutes, is
21 amended as follows:



1 1. By amending subsection (a) to read:

2 "(a) Any law to the contrary notwithstanding, there shall
3 be allowed to each taxpayer subject to the taxes imposed by this
4 chapter, an income tax credit that shall be deductible from the
5 taxpayer's net income tax liability, if any, imposed by this
6 chapter for the taxable year in which the credit is properly
7 claimed. The amount of the credit shall be:

8 (1) Twenty-two per cent of the qualified production costs
9 incurred by a qualified production in any county of
10 the State with a population of over seven hundred
11 thousand; or

12 (2) Twenty-seven per cent of the qualified production
13 costs incurred by a qualified production in any county
14 of the State with a population of seven hundred
15 thousand or less[-];

16 provided that a qualified production with a workforce of at
17 least eighty per cent local hires shall be credited an
18 additional five per cent of the qualified production costs
19 incurred.

20 A qualified production occurring in more than one county
21 may prorate its expenditures based upon the amounts spent in



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1 each county, if the population bases differ enough to change the
2 percentage of tax credit.

3 In the case of a partnership, S corporation, estate, or
4 trust, the tax credit allowable is for qualified production
5 costs incurred by the entity for the taxable year. The cost
6 upon which the tax credit is computed shall be determined at the
7 entity level. Distribution and share of credit shall be
8 determined by rule.

9 If a deduction is taken under section 179 (with respect to
10 election to expense depreciable business assets) of the Internal
11 Revenue Code of 1986, as amended, no tax credit shall be allowed
12 for those costs for which the deduction is taken.

13 The basis for eligible property for depreciation of
14 accelerated cost recovery system purposes for state income taxes
15 shall be reduced by the amount of credit allowable and claimed."

16 2. By amending subsection (d) to read:

17 "(d) To qualify for this tax credit, a production shall:

18 (1) Meet the definition of a qualified production

19 specified in subsection (o);

20 (2) Have qualified production costs totaling at least

21 \$100,000;



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- 1 (3) Provide the State a qualified Hawaii promotion, which
2 shall be at a minimum, a shared-card, end-title screen
3 credit, where applicable;
- 4 (4) Provide evidence of reasonable efforts to hire local
5 talent and crew;
- 6 (5) Provide evidence when making any claim for products or
7 services acquired or rendered outside of this State
8 that reasonable efforts were unsuccessful to secure
9 and use comparable products or services within this
10 State;
- 11 (6) Provide evidence of financial or in-kind contributions
12 or educational or workforce development efforts, in
13 partnership with related local industry labor
14 organizations, educational institutions, or both,
15 toward the furtherance of the local film and
16 television and digital media industries;
- 17 (7) Provide evidence of contacting all local labor unions
18 servicing Hawaii's film industry before the start date
19 of production;



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1 ~~[(+7)]~~ (8) Provide evidence of reasonable efforts to comply
2 with all applicable requirements under title 14,
3 including tax return filing and payments; and
4 ~~[(+8)]~~ (9) Provide complete responses to the department of
5 taxation's inquiries and document requests, in the
6 form prescribed by the department, no later than
7 ninety days from the inquiry or request;
8 provided that a taxpayer shall be given notice of and an
9 opportunity to cure any failure to meet the requirements of this
10 subsection, including chapter 237, within thirty days of receipt
11 of the notice; provided further that nothing in this subsection
12 shall be interpreted as waiving any act required by this
13 section."

14 3. By amending subsection (h) to read:

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



- 1 (1) All qualified production costs as provided by
2 subsection (a), if any, incurred in the previous
3 taxable year;
- 4 (2) The amount of tax credits claimed pursuant to this
5 section, if any, in the previous taxable year; and
- 6 (3) The number of total hires versus the number of local
7 hires by category and by county.

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

19 4. By amending subsections (n) and (o) to read:

20 "(n) The total amount of tax credits allowed under this
21 section in any particular year shall be [~~\$50,000,000; however,~~



1 ~~if~~] \$60,000,000. If the total amount of credits applied for in
2 any particular year exceeds the aggregate amount of credits
3 allowed for that year under this section, the excess shall be
4 treated as having been applied for in the subsequent year and
5 shall be claimed in the subsequent year; provided that no excess
6 shall be allowed to be claimed after December 31, 2032.

7 (o) For the purposes of this section:

8 "Commercial":

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

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

15 (3) Does not include an advertising message with
16 Internet-only distribution.

17 "Digital media" means production methods and platforms
18 directly related to the creation of cinematic imagery and
19 content, specifically using digital means, including but not
20 limited to digital cameras, digital sound equipment, and



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

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

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

"Qualified production":

(1) Means a production, with expenditures in the State, for the total or partial production of a feature-length motion picture, short film, made-for-television movie, commercial, music video, interactive game,



1 television (including broadcast and streaming
2 platforms) series pilot, single season (up to
3 twenty-two episodes~~[+]~~ for broadcast television and up
4 to eight episodes for an ongoing series for streaming
5 platforms) of a ~~[television]~~ series ~~[regularly]~~ filmed
6 in the State ~~[+if]~~. If the number of episodes per
7 single season for a broadcast television series
8 exceeds twenty-two, and if the number of episodes per
9 single season for a streaming platform series exceeds
10 eight, additional episodes for the same season shall
11 constitute a separate qualified production~~[+]~~.
12 "Qualified production" also includes a television or
13 streaming platform special, single ~~[television]~~
14 episode that is not part of a television or streaming
15 platform series regularly filmed or based in the
16 State, national magazine show, ~~[or]~~ and national talk
17 show. For the purposes of subsections (d) and (l),
18 each of the aforementioned qualified production
19 categories shall constitute separate, individual
20 qualified productions; and

21 (2) Does not include:



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

11 "Qualified production costs" means the costs incurred by a

12 qualified production within the State that are subject to the

13 general excise tax under chapter 237 at the highest rate of tax

14 or income tax under this chapter if the costs are not subject to

15 general excise tax and that have not been financed by any

16 investments for which a credit was or will be claimed pursuant

17 to section 235-110.9. "Qualified production costs" include but

18 are not limited to:

- 19 (1) Costs incurred during preproduction such as location
- 20 scouting and related services;



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(2) Costs of set construction and operations, purchases or rentals of wardrobe, props, accessories, food, office supplies, transportation, equipment, and related services;

(3) Wages or salaries of cast, crew, and musicians;

(4) Costs of photography, sound synchronization, lighting, and related services;

(5) Costs of editing, visual effects, music, other post-production, and related services;

(6) Rentals and fees for use of local facilities and locations, including rentals and fees for use of state and county facilities and locations that are not subject to general excise tax under chapter 237 or income tax under this chapter;

(7) Rentals of vehicles and lodging for cast and crew;

(8) Airfare for flights to or from Hawaii, and interisland flights;

(9) Insurance and bonding;

(10) Shipping of equipment and supplies to or from Hawaii, and interisland shipments; and



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(11) Other direct production costs specified by the department in consultation with the department of business, economic development, and tourism; provided that any government-imposed fines, penalties, or interest that are incurred by a qualified production within the State shall not be "qualified production costs". "Qualified production costs" ~~[does]~~ do not include any costs funded by any grant, forgivable loan, or other amounts not included in gross income for purposes of this chapter.

"Streaming platform" means an online provider of media content that delivers the content via internet connection to the subscriber's computer, television, or mobile device."

SECTION 5. Section 237-24.75, Hawaii Revised Statutes, is amended to read as follows:

"§237-24.75 Additional exemptions. In addition to the amounts exempt under section 237-24, this chapter shall not apply to:

(1) Amounts received as a beverage container deposit collected under chapter 342G, part VIII;

(2) Amounts received by the operator of the Hawaii convention center for reimbursement of costs or



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advances made pursuant to a contract with the Hawaii
tourism authority under section 201B-7; ~~and~~

(3) Amounts received by a professional employer
organization that is registered with the department of
labor and industrial relations pursuant to chapter
373L, from a client company equal to amounts that are
disbursed by the professional employer organization
for employee wages, salaries, payroll taxes, insurance
premiums, and benefits, including retirement,
vacation, sick leave, health benefits, and similar
employment benefits with respect to covered employees
at a client company; provided that this exemption
shall not apply to amounts received by a professional
employer organization after:

(A) Notification from the department of labor and
industrial relations that the professional
employer organization has not fulfilled or
maintained the registration requirements under
this chapter; or

(B) A determination by the department that the
professional employer organization has failed to



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1 pay any tax withholding for covered employees or
2 any federal or state taxes for which the
3 professional employer organization is
4 responsible.

5 ~~[As used in]~~ For the purposes of this paragraph,
6 "professional employer organization", "client
7 company", and "covered employee" ~~[shall]~~ have the same
8 meanings ~~[provided]~~ as defined in section 373L-1 [-];
9 and

10 (4) Amounts received by a motion picture project employer
11 from a client equal to amounts that are disbursed by
12 the motion picture project employer for employee
13 wages, salaries, payroll taxes, insurance premiums,
14 and benefits, including retirement, vacation, sick
15 leave, health benefits, and similar employment
16 benefits with respect to motion picture project
17 workers at a client and for payments to loan-out
18 companies.

19 For the purposes of this paragraph, "motion
20 picture project employer" and "motion picture project
21 worker" have the same meanings as defined in section



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1 3512 of the Internal Revenue Code of 1986, as
2 amended."

3 SECTION 6. Act 88, Session Laws of Hawaii 2006, as amended
4 by Act 89, Session Laws of Hawaii 2013, as amended by Act 143,
5 Session Laws of Hawaii 2017, as amended by Act 217, Session Laws
6 of Hawaii 2022, is amended by amending section 4 to read as
7 follows:

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

10 (1) Section 2 of this Act shall apply to qualified
11 production costs incurred on or after July 1, 2006,
12 and before January 1, 2033; and

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

17 SECTION 7. Act 143, Session Laws of Hawaii 2017, is
18 amended by amending section 6 to read as follows:

19 "SECTION 6. ~~[No later than January 1, 2018, and each~~
20 ~~January 1 thereafter, each film production that has production~~
21 ~~expenditures of \$1,000,000 or more and is claiming a tax credit~~



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~~pursuant to section 235-17, Hawaii Revised Statutes, shall
obtain an independent third party certification of qualified
production costs eligible for the motion picture, digital media,
and film production income tax credit in the form of a tax
opinion, as required under section 235-17(h), Hawaii Revised
Statutes, submitted to the department of business, economic
development, and tourism.] Repealed."~~

SECTION 8. Section 235-17, Hawaii Revised Statutes, is
repealed.

~~["§235-17 Motion picture, digital media, and film
production income tax credit. (a) Any law to the contrary
notwithstanding, there shall be allowed to each taxpayer subject
to the taxes imposed by this chapter, an income tax credit that
shall be deductible from the taxpayer's net income tax
liability, if any, imposed by this chapter for the taxable year
in which the credit is properly claimed. The amount of the
credit shall be:~~

~~(1) Twenty-two per cent of the qualified production costs
incurred by a qualified production in any county of
the State with a population of over seven hundred
thousand; or~~



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~~(2) Twenty-seven per cent of the qualified production costs incurred by a qualified production in any county of the State with a population of seven hundred thousand or less.~~

~~A qualified production occurring in more than one county may prorate its expenditures based upon the amounts spent in each county, if the population bases differ enough to change the percentage of tax credit.~~

~~In the case of a partnership, S corporation, estate, or trust, the tax credit allowable is for qualified production costs incurred by the entity for the taxable year. The cost upon which the tax credit is computed shall be determined at the entity level. Distribution and share of credit shall be determined by rule.~~

~~If a deduction is taken under section 179 (with respect to election to expense depreciable business assets) of the Internal Revenue Code of 1986, as amended, no tax credit shall be allowed for those costs for which the deduction is taken.~~

~~The basis for eligible property for depreciation of accelerated cost recovery system purposes for state income taxes shall be reduced by the amount of credit allowable and claimed.~~



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~~(b) The credit allowed under this section shall be claimed against the net income tax liability for the taxable year. For the purposes of this section, "net income tax liability" means net income tax liability reduced by all other credits allowed under this chapter.~~

~~(c) If the tax credit under this section exceeds the taxpayer's income tax liability, the excess of credits over liability shall be refunded to the taxpayer, provided that no refunds or payment on account of the tax credits allowed by this section shall be made for amounts less than \$1. All claims, including any amended claims, for tax credits under this section shall be filed on or before the end of the twelfth month following the close of the taxable year for which the credit may be claimed. Failure to comply with any of the foregoing provision shall constitute a waiver of the right to claim the credit.~~

~~(d) To qualify for this tax credit, a production shall:~~

~~(1) Meet the definition of a qualified production~~

~~specified in subsection (c);~~

~~(2) Have qualified production costs totaling at least~~

~~\$100,000;~~



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- 1 ~~(3) Provide the State a qualified Hawaii promotion, which~~
2 ~~shall be at a minimum, a shared card, end title screen~~
3 ~~credit, where applicable;~~
- 4 ~~(4) Provide evidence of reasonable efforts to hire local~~
5 ~~talent and crew;~~
- 6 ~~(5) Provide evidence when making any claim for products or~~
7 ~~services acquired or rendered outside of this State~~
8 ~~that reasonable efforts were unsuccessful to secure~~
9 ~~and use comparable products or services within this~~
10 ~~State;~~
- 11 ~~(6) Provide evidence of financial or in-kind contributions~~
12 ~~or educational or workforce development efforts, in~~
13 ~~partnership with related local industry labor~~
14 ~~organizations, educational institutions, or both,~~
15 ~~toward the furtherance of the local film and~~
16 ~~television and digital media industries;~~
- 17 ~~(7) Provide evidence of reasonable efforts to comply with~~
18 ~~all applicable requirements under title 14, including~~
19 ~~tax return filing and payments; and~~
- 20 ~~(8) Provide complete responses to the department of~~
21 ~~taxation's inquiries and document requests, in the~~



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1 ~~form prescribed by the department, no later than~~
2 ~~ninety days from the inquiry or request;~~
3 ~~provided that a taxpayer shall be given notice of and an~~
4 ~~opportunity to cure any failure to meet the requirements of this~~
5 ~~subsection, including chapter 237, within thirty days of receipt~~
6 ~~of the notice; provided further that nothing in this subsection~~
7 ~~shall be interpreted as waiving any act required by this~~
8 ~~section.~~

9 ~~(e) On or after July 1, 2006, no qualified production cost~~
10 ~~that has been financed by investments for which a credit was~~
11 ~~claimed by any taxpayer pursuant to section 235-110.9 is~~
12 ~~eligible for credits under this section.~~

13 ~~(f) To receive the tax credit, the taxpayer shall first~~
14 ~~prequalify the production for the credit by registering with the~~
15 ~~department of business, economic development, and tourism during~~
16 ~~the development or preproduction stage.~~

17 ~~(g) The director of taxation shall prepare forms as may be~~
18 ~~necessary to claim a credit under this section. The director~~
19 ~~may also require the taxpayer to furnish information to~~
20 ~~ascertain the validity of the claim for credit made under this~~



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1 ~~section and may adopt rules necessary to effectuate the purposes~~
2 ~~of this section pursuant to chapter 91.~~

3 ~~(h) Every taxpayer claiming a tax credit under this~~
4 ~~section for a qualified production shall, no later than ninety~~
5 ~~days following the end of each taxable year in which qualified~~
6 ~~production costs were expended, submit a written, sworn~~
7 ~~statement to the department of business, economic development,~~
8 ~~and tourism that identifies:~~

9 ~~(1) All qualified production costs as provided by~~
10 ~~subsection (a), if any, incurred in the previous~~
11 ~~taxable year;~~

12 ~~(2) The amount of tax credits claimed pursuant to this~~
13 ~~section, if any, in the previous taxable year; and~~

14 ~~(3) The number of total hires versus the number of local~~
15 ~~hires by category and by county.~~

16 ~~This information may be reported from the department of~~
17 ~~business, economic development, and tourism to the legislature~~
18 ~~pursuant to subsection (i)(4).~~

19 ~~(i) The department of business, economic development, and~~
20 ~~tourism shall:~~



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- ~~(1) Maintain records of the names of the taxpayers and
qualified productions thereof claiming the tax credits
under subsection (a);~~
- ~~(2) Obtain and total the aggregate amounts of all
qualified production costs per qualified production
and per qualified production per taxable year;~~
- ~~(3) Provide a letter to the director of taxation
specifying the amount of the tax credit per qualified
production for each taxable year that a tax credit is
claimed and the cumulative amount of the tax credit
for all years claimed; and~~
- ~~(4) Submit a report to the legislature no later than
twenty days prior to the convening of each regular
session detailing the non-aggregated qualified
production costs that form the basis of the tax credit
claims and expenditures, itemized by taxpayer, in a
redacted format to preserve the confidentiality and
that shall include the dollar amount claimed, name of
company, and name of the qualified production of the
taxpayers claiming the credit.~~



~~(j) Upon each determination required under subsection (i), the department of business, economic development, and tourism shall issue a letter to the taxpayer, regarding the qualified production, specifying the qualified production costs and the tax credit amount qualified for in each taxable year a tax credit is claimed; provided that the department of business, economic development, and tourism shall issue the letter to the taxpayer no later than seven months after receipt of the taxpayer's statement under subsection (h). The taxpayer for each qualified production shall file the letter with the taxpayer's tax return for the qualified production to the department of taxation. Notwithstanding the authority of the department of business, economic development, and tourism under this section, the director of taxation may audit and adjust the tax credit amount to conform to the information filed by the taxpayer.~~

~~(k) Each taxpayer claiming a tax credit under this section shall submit to the department of business, economic development, and tourism a fee for the motion picture, digital media, and film production income tax credit in an amount equal to 0.2 per cent of the tax credit claimed by the qualified~~



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~~production no later than the deadline stated in subsection (c).
The department of business, economic development, and tourism
may prescribe the form and method by which this fee is remitted,
including through electronic means. The fees collected under
this subsection shall be deposited into the Hawaii film and
creative industries development special fund under section 201-
113.~~

~~(l) Total tax credits claimed per qualified production
shall not exceed \$17,000,000.~~

~~(m) Qualified productions shall comply with subsections
(d), (e), (f), (h), and (k).~~

~~(n) The total amount of tax credits allowed under this
section in any particular year shall be \$50,000,000; however, if
the total amount of credits applied for in any particular year
exceeds the aggregate amount of credits allowed for that year
under this section, the excess shall be treated as having been
applied for in the subsequent year and shall be claimed in the
subsequent year; provided that no excess shall be allowed to be
claimed after December 31, 2032.~~

~~(o) For the purposes of this section:~~

~~"Commercial":~~



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

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

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

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

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



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

9 ~~"Qualified production":~~

10 ~~(1) Means a production, with expenditures in the State,~~
11 ~~for the total or partial production of a feature-~~
12 ~~length motion picture, short film, made for television~~
13 ~~movie, commercial, music video, interactive game,~~
14 ~~television series pilot, single season (up to twenty-~~
15 ~~two episodes) of a television series regularly filmed~~
16 ~~in the State (if the number of episodes per single~~
17 ~~season exceeds twenty two, additional episodes for the~~
18 ~~same season shall constitute a separate qualified~~
19 ~~production), television special, single television~~
20 ~~episode that is not part of a television series~~
21 ~~regularly filmed or based in the State, national~~



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~~magazine show, or national talk show. For the~~
~~purposes of subsections (d) and (1), each of the~~
~~forementioned qualified production categories shall~~
~~constitute separate, individual qualified productions,~~
~~and~~

~~(2) Does not include:~~

~~(A) News;~~

~~(B) Public affairs programs;~~

~~(C) Non-national magazine or talk shows;~~

~~(D) Televised sporting events or activities;~~

~~(E) Productions that solicit funds;~~

~~(F) Productions produced primarily for industrial,~~
~~corporate, institutional, or other private~~
~~purposes; and~~

~~(G) Productions that include any material or~~
~~performance prohibited by chapter 712.~~

~~"Qualified production costs" means the costs incurred by a~~
~~qualified production within the State that are subject to the~~
~~general excise tax under chapter 237 at the highest rate of tax~~
~~or income tax under this chapter if the costs are not subject to~~
~~general excise tax and that have not been financed by any~~



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1 ~~investments for which a credit was or will be claimed pursuant~~
2 ~~to section 235-110.9. Qualified production costs include but~~
3 ~~are not limited to:~~

4 ~~(1) Costs incurred during preproduction such as location~~
5 ~~scouting and related services;~~

6 ~~(2) Costs of set construction and operations, purchases or~~
7 ~~rentals of wardrobe, props, accessories, food, office~~
8 ~~supplies, transportation, equipment, and related~~
9 ~~services;~~

10 ~~(3) Wages or salaries of cast, crew, and musicians;~~

11 ~~(4) Costs of photography, sound synchronization, lighting,~~
12 ~~and related services;~~

13 ~~(5) Costs of editing, visual effects, music, other post-~~
14 ~~production, and related services;~~

15 ~~(6) Rentals and fees for use of local facilities and~~
16 ~~locations, including rentals and fees for use of state~~
17 ~~and county facilities and locations that are not~~
18 ~~subject to general excise tax under chapter 237 or~~
19 ~~income tax under this chapter;~~

20 ~~(7) Rentals of vehicles and lodging for cast and crew;~~



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~~(8) Airfare for flights to or from Hawaii, and interisland flights;~~

~~(9) Insurance and bonding;~~

~~(10) Shipping of equipment and supplies to or from Hawaii, and interisland shipments; and~~

~~(11) Other direct production costs specified by the department in consultation with the department of business, economic development, and tourism;~~

~~provided that any government imposed fines, penalties, or interest that are incurred by a qualified production within the State shall not be "qualified production costs". "Qualified production costs" does not include any costs funded by any grant, forgivable loan, or other amounts not included in gross income for purposes of this chapter."]~~

SECTION 9. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 10. This Act shall take effect on July 1, 2025; provided that:

(1) Sections 1, 2, and 5 shall be repealed on January 1, 2033, and sections 237-13 and 237-24.75, Hawaii Revised Statutes, shall be reenacted in the form in



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1 which they read on the day before the effective date
2 of this Act;

3 (2) Section 3 shall take effect on January 1, 2033, and
4 apply to taxable years beginning after December 31,
5 2032;

6 (3) Section 4 shall apply to taxable years beginning after
7 December 31, 2025, and be repealed on December 31,
8 2032, and section 235-17, Hawaii Revised Statutes,
9 shall be reenacted in the form in which it read on the
10 day before the effective date of this Act; and

11 (4) Section 8 shall take effect on January 1, 2033.



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Report Title:

Counties; Permitting Fees; Entertainment Payroll Companies; Unions; General Excise Tax; Motion Picture, Digital Media, and Film Production Income Tax Credit; Broadcast and Streaming Platforms; Income Tax; Exemptions

Description:

Requires counties to waive permitting fees for certain film activity. Exempts entertainment payroll companies from the GET. Repeals an income tax exemption for persons engaged in the business of motion picture and television film production for taxable years beginning after 12/31/2023. Amends the Motion Picture, Digital Media, and Film Production Income Tax Credit by providing an additional credit to qualified productions with a workforce of at least eighty percent local hires; requiring productions to contact all local labor unions servicing Hawaii's film industry to qualify for the credit; requiring qualified production costs of a taxpayer that exceed \$1,000,000 to be certified by a CPA, rather than via tax opinion; increasing the aggregate cap amount on credits allowed in any given year and including broadcast and streaming platform productions under the credit. Exempts from the GET amounts received by a motion picture project employer from a client equal to amounts that are disbursed by the motion picture project employer for employee wages, salaries, payroll taxes, insurance premiums, and employment benefits and payments to loan-out companies. Repeals certain tax exemptions and the Motion Picture, Digital Media, and Film Production Income Tax Credit on 1/1/2033. (CD1)

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

