
A BILL FOR AN ACT

RELATING TO FILM AND DIGITAL MEDIA INDUSTRY DEVELOPMENT.

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

1 SECTION 1. Act 143, Session Laws of Hawaii 2017, section
2 2, is amended by amending subsection (a) of section 235-17,
3 Hawaii Revised Statutes, to read as follows:

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

10 (1) Twenty per cent of the qualified production costs
11 incurred by a qualified production in any county of
12 the State with a population of over seven hundred
13 thousand; [~~or~~]

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



1 (3) Thirty-five per cent of the qualified production costs
2 incurred by a qualified production in any county of
3 the State with a population of seven hundred thousand
4 or less; provided that:

5 (A) At least fifty-five per cent of the production's
6 crew shall be hired from the county in which the
7 qualified production costs are incurred; and

8 (B) This requirement shall not apply to hired
9 individuals who principally add to the creative
10 direction, process, voice, and narrative of the
11 production, including the screenwriter, the
12 producer, and on-camera, microphone, or voice-
13 over talent.

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

18 In the case of a partnership, S corporation, estate, or
19 trust, the tax credit allowable is for qualified production
20 costs incurred by the entity for the taxable year. The cost
21 upon which the tax credit is computed shall be determined at the



1 entity level. Distribution and share of credit shall be
2 determined by rule.

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







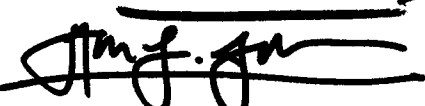


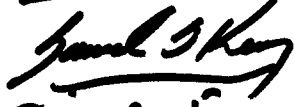

7 The basis for eligible property for depreciation of
8 accelerated cost recovery system purposes for state income taxes
9 shall be reduced by the amount of credit allowable and claimed."

10 SECTION 2. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 3. This Act shall take effect on December 31,
13 2018.

14

INTRODUCED BY:





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JAN 19 2018



H.B. NO. 2168

Report Title:

Film; Digital Media Industry; Tax Credit

Description:

Amends Act 143, Session Laws of Hawaii 2017, by providing an additional Motion Picture, Digital Media, and Film Production Tax Credit amount for qualified production costs in a county with a population of 700,000 or less, provided certain hiring criteria are met.

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

