

**REPORT TO THE TWENTY-NINTH LEGISLATURE
STATE OF HAWAII
2017 REGULAR SESSION**

**REGARDING MOTION PICTURE, DIGITAL MEDIA AND FILM PRODUCTION INCOME TAX CREDIT
ACTUAL FIGURES FOR CALENDAR YEARS 2013-2015**

**PREPARED BY THE HAWAII FILM OFFICE, DEPARTMENT OF BUSINESS, ECONOMIC
DEVELOPMENT AND TOURISM**

**IN RESPONSE TO
Act 89, SLH 2013
PREPARED December 29, 2016**

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

INTRODUCTION:

This report details the actual production expenditures for each of the calendar years 2013 (Exhibit A), 2014 (Exhibit B) and 2015 (Exhibit C). The amounts that were reported to the Legislature in three separate reports in advance of the 2014-2016 Legislative Sessions were estimated figures based on the respective Hawaii Production Registration applications for each of those calendar years.

Each Exhibit (A,B and C) details the following analysis based on each production's qualified expenditures as well as aggregate totals:

- Type (Feature Film, Commercials, Television)
- Total Qualified Actual Expenditures
- Total Certified Tax Credit Claim
- Oahu Actual Expenditures
- Total Neighbor Isle Actual Expenditures
- Actual Qualified Expenditures by Island
- Resident Hires
- Non-Resident Hires

EXHIBIT A (CALENDAR YEAR 2013):

Calendar Year 2013 had a total of 36 qualified productions and qualified expenditures that totaled \$126,869,918 for the year. Since the estimated figures were submitted to the Legislature for this calendar year, six productions either withdrew applications or did not meet the spending threshold. The total certified tax credit claim for those 36 productions was \$25,828,417. That \$127M in direct expenditures generated more than 8,000 Hawaii resident jobs. 85% of the film related work in 2013 went to Hawaii resident hires; 15% to non-resident hires.

EXHIBIT B (CALENDAR YEAR 2014):

Calendar Year 2014 had a total of 28 qualified productions and qualified expenditures that totaled \$144,963,335 for the year. Since the estimated figures were submitted to the Legislature for this calendar year, five productions either withdrew applications or did not meet the spending threshold. The total certified tax credit claim for those 28 productions was \$30,067,854. That \$145M in direct expenditures led to more than 5,500 Hawaii resident jobs. 78% of the film related work in 2014 went to Hawaii resident hires; 22% to non-resident hires.

EXHIBIT C (CALENDAR YEAR 2015):

Calendar Year 2015 had a total of 32 qualified productions and qualified expenditures that totaled \$184,374,570 for the year. Since the estimated figures were submitted to the Legislature for this calendar year, five productions either withdrew applications or did not meet the spending threshold. The total certified tax credit claim for those 32 productions was \$37,312,734. That \$184M in direct expenditures led to more than 7,000 Hawaii resident jobs. 83% of the film related work in 2015 went to Hawaii resident hires; 17% to non-resident hires.

RECOMMENDATIONS:

The Motion Picture, Digital Media and Film production tax credit is performing as the Legislature intended: Stimulating the economy and creating high-paying jobs to serve a clean industry that preserves Hawaii's natural and cultural resources and provides valuable exposure for our islands as a world-class filming and visitor destination.

- DBEDT strongly recommends an extension of the program beyond its scheduled sunset date of December 31, 2018, in order to provide the stability and predictability the industry requires.
- DBEDT recommends that taxpayers planning to claim the production tax credit be required to secure an independent third-party review of the qualified production costs, as recommended by the State Auditor.

EXHIBIT A - ACT 89 CY 2013 - UPDATED ACTUAL STATS AS OF DECEMBER 2016

Production	Prod. Year	Type	Total Qualified Actual Expenditures	Total Certified Tax Credit Claim	Oahu Actual Exp.	Total Neighbor Isle Actual Exp.	Hawaii Island Actual Exp.	Kauai Actual Exp.	Maui Actual Exp.	Molokai Actual Exp.	Lanai Actual Exp.	Resident Hires	Non-Resident Hires
Prod 1 ¹	2013	Commercial	470,076	94,015		470,076			470,076			45	23
Prod 2	2013	Commercial	294,877	58,975	294,877	0						31	10
Prod 3	2013	Commercial	634,928	126,986	634,928	0						60	-
Prod 4 ^{1,3}	2013	Television	37,693	5,654	37,693	0						846	133
Prod 5	2013	Commercial	206,310	41,262	206,310	0						38	16
Prod 6	2013	Commercial	470,984	94,197	470,984	0						50	-
Prod 7	2013	Television	1,040,355	260,089		1,040,355	1,040,355					32	26
Prod 8 ¹	2013	Feature	200,089	30,013	200,089	0						12	-
Prod 9	2013	Commercial	293,892	58,778	293,892	0						49	31
Prod 10	2013	Commercial	263,051	52,610	263,051	0						54	21
Prod 11	2013	Television	572,499	143,125		572,499			572,499			112	-
Prod 12 ²	2013	Television	0	0	0	0						-	-
Prod 13	2013	Television	599,294	138,084	234,793	364,501	150,400	136,719	77,382			27	10
Prod 14	2013	Television	1,285,413	257,494	1,277,190	8,223			8223			8	58
Prod 15	2013	Television	10,979,732	2,195,946	10,979,732	0						813	129
Prod 16 ²	2013	Television	0	0	0	0						-	-
Prod 17	2013	Feature	15,260,013	3,052,003	15,260,013	0						1,604	156
Prod 18	2013	Feature	1,211,840	242,368	1,211,840	0						202	40
Prod 19	2013	Feature	222,803	44,561	222,803	0						63	4
Prod 20	2013	Commercial	278,366	55,673	278,366	0						42	18
Prod 21	2013	Feature	33,055,864	6,611,173	33,055,864	0						397	227
Prod 22	2013	Commercial	318,013	63,603	318,013	0						40	16
Prod 23	2013	Television	919,627	229,907		919,627			919,627			44	76
Prod 24	2013	Television	1,259,457	251,891	1,259,457	0						346	24
Prod 25	2013	Television	5,006,560	1,251,640		5,006,560	5,006,560					44	76
Prod 26	2013	Commercial	543,686	108,737	543,686	0						96	1
Prod 27	2013	Commercial	240,279	48,056	240,279	0						38	-
Prod 28 ²	2013	Feature	0	0	0	0						-	-
Prod 29	2013	Commercial	315,151	63,030	315,151	0						69	5
Prod 30	2013	Commercial	406,815	81,363	406,815	0						49	10
Prod 31	2013	Commercial	447,486	89,497	447,486	0						54	-
Prod 32 ²	2013	Feature	0	0	0	0						-	-
Prod 33	2013	Commercial	396,397	99,099		396,397			396,397			33	5
Prod 34	2013	Feature	1,230,247	296,964	211,962	1,018,285			1,018,285			87	22
Prod 35	2013	Commercial	278,968	55,794	278,968	0						32	-
Prod 36	2013	Television	46,137,857	9,227,571	46,137,857	0						2,606	285
Prod 37 ²	2013	Commercial	0	0	0	0						-	-
Prod 38	2013	Feature	744,595	148,919	744,595	0						214	-
Prod 39	2013	Commercial	936,511	187,302	936,511	0						91	18
Prod 40 ³	2013	Television	107,517	21,503	107,517	0						10	4
Prod 41	2013	Commercial	202,673	40,535	202,673	0						49	10
Prod 42 ²	2013	Commercial	0	0	0	0						-	-

Totals (Completed)			126,869,918	25,828,417	117,073,395	9,796,522	1,190,755	5,143,279	3,462,489	0		8,387	1,454
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¹15%-20% tax credit rate applied to these productions, which took place before law changed.

Total Television 11

²Productions did not qualify and/or withdrew

Total Features 7

³Production met minimum \$200K threshold in previous or subsequent production year

Total Commercials 18

Total Qualified Productions 36

EXHIBIT B - ACT 89 CY 2014 - UPDATED ACTUAL STATS AS OF DECEMBER 2016

Production	Prod. Year	Type	Total Qualified Actual Expenditures	Total Certified Tax Credit Claim	Oahu Actual Exp.	Total Neighbor Isle Actual Exp.	Big Island Actual Exp.	Kauai Actual Exp.	Maui Actual Exp.	Molokai Actual Exp.	Lanai Actual Exp.	Resident Hires	Non-Resident Hires
Prod 1	2014	Television	26,786,143	5,357,229	26,786,143	0						896	189
Prod 2 ¹	2014	Feature	0	0	0	0						-	-
Prod 3	2014	Television	62,930	12,694	60,761	2,169		2,169				11	-
Prod 4	2014	Feature	40,470,824	8,538,799	31,578,148	8,892,676		8,777,882	114,794			1,698	269
Prod 5 ¹	2014	Television	0	0		0						-	-
Prod 6	2014	Short Film	1,218,418	243,684	1,218,418	0						40	57
Prod 7	2014	Television	488,523	115,898	124,643	363,880	156,986	87,095	119,799			15	8
Prod 8	2014	Television	611,798	139,660	265,795	346,003	107,266	238,737				18	9
Prod 9 ¹	2014	Commercial	0	0	0	0						-	-
Prod 10	2014	Television	6,257,372	1,562,910	28,652	6,228,721	6,228,721					127	116
Prod 11	2014	Feature	303,802	60,760	303,802	0						99	18
Prod 12	2014	Feature	497,939	99,588	497,939	0						51	17
Prod 13	2014	Commercial	608,227	121,645	608,227	0						69	23
Prod 14	2014	Television	52,014,891	10,421,218	51,650,090	364,801	364,801					1,198	191
Prod 15 ¹	2014	Commercial	0	0	0	0						-	-
Prod 16	2014	Television	508,045	127,011		508,045			508,045			25	4
Prod 17	2014	Television	692,671	173,168		692,671		692,671				18	16
Prod 18	2014	Television	1,810,642	418,068	691,846	1,118,796			1,118,796			60	39
Prod 19	2014	Television	1,242,732	310,683		1,242,732		1,242,732				50	71
Prod 20	2014	Short Film	1,748,918	393,542	873,746	875,172		875,172				10	52
Prod 21	2014	Short Film	868,080	217,020		868,080			868,080			11	21
Prod 22	2014	Commercial	243,400	48,680	243,400	0						78	-
Prod 23	2014	Commercial	698,854	139,771	698,854	0						23	28
Prod 24	2014	Commercial	388,218	77,644	388,218	0						52	12
Prod 25	2014	Commercial	253,617	50,723	253,617	0						58	18
Prod 26	2014	Television	668,463	133,693	668,463	0						123	89
Prod 27	2014	Feature	2,828,388	565,678	2,828,388	0						318	48
Prod 28	2014	Commercial	633,745	126,749	633,745	0						53	14
Prod 29	2014	Commercial	0	0	0	0							
Prod 30	2014	Commercial	223,215	44,643	223,215	0						69	-
Prod 31	2014	Television	1,885,364	377,073	1,885,364	0						26	30
Prod 32	2014	Feature	474,087	94,817	474,087	0						124	27
Prod 33	2014	Television	474,029	94,806	474,029	0						163	136
Totals (completed)			144,963,335	30,067,854	123,459,590	21,503,745	6,857,773	11,916,458	2,729,514	0	0	5,483	1,502

¹ Production withdrew app

Total Television	13
Total Features	5
Total Commercials	7
Total Short Films	3
Total Qualified Productions:	28

Updated 12/29/16

EXHIBIT C - ACT 89 CY 2015 - UPDATED ACTUAL STATS AS OF DECEMBER 2016

Production	Prod. Year	Type	Total Qualified Actual Expenditures	Total Certified Tax Credit Claim	Oahu Actual Exp.	Total Neighbor Isle Actual Exp.	Big Island Actual Exp.	Kauai Actual Exp.	Maui Actual Exp.	Molokai Actual Exp.	Lanai Actual Exp.	Resident Hires ⁴	Non-Resident Hires ⁴
Prod 1 ¹	2015	Television	23,318,702	4,578,782	23,318,702	0						2,750	293
Prod 2	2015	Television	10,533,772	2,106,754	10,533,772	0						0	0
Prod 3	2015	Television	1,352,420	270,484	1,352,420	0						161	136
Prod 4	2015	Television	274,957	54,991	274,957	0						44	4
Prod 5	2015	Feature	3,309,475	661,895	3,309,475	0						326	22
Prod 6	2015	Commercial	319,214	63,843	319,214	0						43	24
Prod 7	2015	Television	536,602	131,379	55,429	481,173	106,267	307,341	67,565			14	6
Prod 8 ³	2015	Feature	-	0		0						0	0
Prod 9	2015	Commercial	483,217	96,689	482,297	920	920					56	13
Prod 10 ³	2015	Internet	-	0		0						0	0
Prod 11	2015	Documentary	299,692	59,938	299,692	0						10	0
Prod 12	2015	Feature	801,284	160,257	801,284	0						109	54
Prod 13	2015	Television	1,602,058	348,861	1,033,074	568,984	397,904	138,758	32,322			72	63
Prod 14 ³	2015	Feature	-	0		0						0	0
Prod 15	2015	Television	5,635,713	1,370,472	769,126	4,866,587	4,866,587					68	80
Prod 16	2015	Feature	379,223	89,904	98,032	281,191		281,191				7	7
Prod 17	2015	Short	539,109	107,822	539,109	0						53	8
Prod 18	2015	Television	2,308,386	574,859	44,748	2,263,637	2,263,637					49	82
Prod 19	2015	Feature	9,344,015	1,868,803	9,344,015	0						2,106	120
Prod 20	2015	Television	554,414	129,867	174,721	379,693	111,831	218,913	48,949			8	30
Prod 21	2015	Television	317,919	63,584	317,919	0						131	22
Prod 22	2015	Television	54,927,915	10,985,583	54,927,915	0						0	0
Prod 23	2015	Feature	61,611,617	12,323,612	61,585,849	25,768	3,557	20,725	1,486			996	363
Prod 24	2016	Music Video	257,506	51,641	254,709	2,797	2,797					39	6
Prod 25	2015	Commercial	287,502	71,746	2,582	284,920	1,510	1,145	282,265			39	27
Prod 26 ²	2015/2016	Television	2,741,100	548,220	2,741,100	0						114	103
Prod 27	2015	Feature	428,511	95,654	229,467	199,045	199,045					56	34
Prod 28	2015	Short	731,808	182,690	5,233	726,576			726,576			95	22
Prod 29 ³	2015	Television		0		0		0				0	0
Prod 30	2015	Commercial	306,553	61,311	306,553	0						44	10
Prod 31 ³	2015	Television	-	0		0						0	0
Prod 32	2015	Commercial	458,264	91,653	458,264	0						42	0
Prod 33	2015	Feature	234,269	58,567		234,269			234,269			21	12
Prod 34	2015	Commercial	339,354	67,871	339,354	0						38	12
Prod 35 ²	2015/2016	Feature	140,000	35,000		140,000	140,000					8	4
Prod 36	2015	Commercial	304,554	60,915	304,476	78	0	78				56	22
Prod 37	2015	Commercial	498,690	99,738	498,690	0						61	0
Totals (completed)			184,374,570	37,312,734	173,919,011	10,455,559	8,094,055	968,073	1,393,431	0	0	7,616	1,579

¹ Production hit credit cap

Total Television

12

² Split yr

Total Features

8

³ Production
withdrew app

⁴ 0-0 indicates
duplicate
production/hires

Total Commercials	8
Total Short Films	2
Total Music Videos	1
Total Documentaries	1
Total Qualified Productions	32

DBEDT Personnel Time/Cost to Manage Tax Credit Program

<u>Personnel</u>	<u>% of Time</u>	<u>Total Est. Staff Time</u>	
<u>Jan - Dec 2013</u>		\$77,241	12 months
EDSVI	60%	\$35,649	
Branch Manager	25%	\$24,900	
Division Administrator	15%	\$14,599	
Division Secretary	5%	\$2,093	
		\$77,241	

<u>Personnel</u>	<u>% of Time</u>	<u>Total Est. Staff Time</u>	
<u>Jan - Dec 2014</u>		\$92,851	12 months
EDSVI	60%	\$47,397	
Branch Manager	25%	\$27,846	
Division Administrator	15%	\$15,432	
Division Secretary	5%	\$2,176	
		\$92,851	

<u>Personnel</u>	<u>% of Time</u>	<u>Total Est. Staff Time</u>	
<u>Jan - Dec 2015</u>		\$89,975	12 months
EDSVI	60%	\$47,397	
Branch Manager	25%	\$24,336	
Division Administrator	15%	\$15,978	
Division Secretary	5%	\$2,264	
		\$89,975	

<u>Personnel</u>	<u>% of Time</u>	<u>Total Est. Staff Time</u>	
<u>Jan - Dec 2016</u>		\$95,279	12 months
EDSVI	50%	\$41,150	
Branch Manager	35%	\$40,689	
Division Administrator	15%	\$11,131	
Division Secretary	5%	\$2,309	
		\$95,279	