

**REPORT TO THE THIRTY-SECOND LEGISLATURE  
STATE OF HAWAII  
2024 REGULAR SESSION**

**REGARDING ESTIMATED MOTION PICTURE, DIGITAL MEDIA AND FILM PRODUCTION  
INCOME TAX CREDIT  
FOR CALENDAR YEAR 2020**

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

**IN RESPONSE TO  
Act 143, SLH 2017  
PREPARED AND UPDATED DECEMBER 2023**

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

**A. INTRODUCTION:**

Act 89, SLH 2013, Section 2, amended Chapter 235-17 by increasing the production tax credit to twenty percent of the qualified production costs incurred by a qualified production in any county of the State with a population of over seven hundred thousand and twenty five percent 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.

Act 143, SLH 2017, amended Chapter 235-17 to include a \$35 million overall tax credit cap.

Act 275, SLH 2019, Section 2, increased the tax credit cap from \$35M to \$50M.

**B. 2020 RESULTS FOR QUALIFIED PRODUCTION SPEND §235-17 HRS:**

Due to the COVID-19 pandemic, production in Hawai'i and across the globe was forced to shut down beginning in late March 2020. As one of the industries which employs a great number of full time and contract hires, the effect on unemployment locally was significant.

The resiliency of the production industry was proven after the Association of Motion Picture and Television Producers (AMPTP) and the entertainment labor unions developed the Safe Way Forward plan and protocols to return to production.

Hawai'i was fortunate to have seen production activity return in the fall of 2020, providing much needed employment, new job creation for safety protocols and a return to television and streaming platforms in early 2021.

CY 2020 totals are less due to the impacts of the shutdown. The attached matrix metrics are derived from Certification Letters issued by the Hawaii Film Office and the correlating Hawaii Production Reports. The Certification Letters are the documents which filers submit to Department of Taxation (DoTAX) along with their Corporate Income Tax Forms and Tax Credit Forms for review by DoTAX and issuance of final refunds.

From January 1, 2020 through December 31, 2020, the Hawaii Film Office (HFO) processed registrations for 17 qualified productions that applied for the Motion Picture, Digital Media and Film Production Income Tax Credit. Based on the data from the Hawaii Production Reports, the

actual figures for CY2020 show that **17** qualified productions spent a total of **\$128,142,557** in qualified expenditures and they were certified to receive **\$24,660,488** in tax credits.

In consultation with READ, **\$128,142,557** in actual qualified expenditures for CY2020, resulted in **\$13,839,120** in tax revenue generated, **\$221,682,200** in sales or economic activity generated, and a key figure: **\$51,256,000** in Hawaii household income generated as a result of the qualified production expenditures.

Tax Credit <b>50M</b> Annual Cap	\$50,000,000.00
TOTAL ACTUAL Tax Credit Claimed in 2020	\$24,660,487.78
Tax Credit Remaining	<b>\$25,339,512.22</b>

Since 2019, and years going forward, the Legislature has required a Cost-Benefit Analysis to be done by the department's Research and Economic Analysis Division (READ). [The Motion Picture, Digital Media and Film Production Tax Credit Reports](#) are derived from the granular data provided by the filers in their Hawai'i Production Reports (HPRs).

**C. WORKFORCE DEVELOPMENT:**

As part of the tax credit program, the required education, workforce development contribution is mandated in §235-17 HRS, was significantly increased to 0.1% of a qualified spend in Hawaii or \$1,000, whichever is greater. (NOTE: These contributions are determined once the Hawaii Production Report (HPR) is received, 30 days after the filing entity's tax year.

**D. WORKFORCE DEVELOPMENT CONTRIBUTIONS CY2020:**

In calendar year 2020, Hawaii public and charter schools throughout the state were the direct beneficiaries of the education and workforce development program that has served as a successful mandate for productions accessing the tax credit. These educational institutions will receive both cash and in-kind contributions that are dedicated to supporting that school's film/video and digital media programs. The data of contributions for CY2020 is \$126,916

<b>Recipients</b>	<b>Amount</b>
James Campbell High	\$12,500.00
Kainalu Elementary School	\$66,057.83
Kalaheo High School	\$3,000.00
Kalama Intermediate	\$22,500.00
Kapiolani Community College	\$1,000.00
Kihei Charter School	\$3,158.08
Maui Waena Intermediate School	\$1,000.00
UH Manoa	\$1,000.00
University of Hawaii Foundation	\$3,200.00
Waianae High School	\$13,500.00
<b>Grand Total</b>	<b>\$126,915.91</b>

**E. ADMINISTRATION OF CREDIT:**

The Hawaii Film Office presently has an Economic Development Specialist VI and Film Office Manager as the two regular full-time employees, who work 60% and 25% respectively on the administration of the credit and are currently working on implementation of the Act 143 changes to tax credit program.

To manage the overall workload of the Film Office, both positions work on the tax credit program part-time, as the other statutory duties of film permit processing and production support comprise the balance of their time. The employees also work part-time on production crisis management, film permits and logistical support, and, together with support of READ and CID, provide analysis of this tax credit to the Legislature and industry

The program and department recommended in response to the Hawaii State Auditor, that a full-time unit of two new employees with accounting and data management skills be added to the division's budget to be on par with other states who manage this level of tax credit program.

Currently, there are no non-state, part-time employees, or contract personnel involved in the management of the motion picture, digital media and film production income tax credit.

**F. UPDATES:**

No amendments were made in CY2020 to HRS 235-17, the Motion Picture, Digital Media and Film production income tax credit.

**CY 2020 ACTUAL HAWAII EXPENDITURES**

Production	Prod. Year	Type	Total Actual Qualified Hawaii Expenditures	Actual Tax Credit Claim	State Taxes Generated on Estimated Qualified Expenditures	Slate Tax Forgone	Sales Generated on Estimated Qualified Expenditures	Household Income Generated on Estimated Qualified Expenditures	Actual Oahu Expend.	Actual Neighbor Isle total	ACTUAL Resident Hires	ACTUAL Non-Resident Hires	Total Extra Hires (On-Isle)	Total Extra Hires (Non-Isle)	(Non-Isle)	TOTAL HHRES	WFD
Prod 1**	2020	Feature Film	\$ 11,748,803.38	\$ 2,345,760.80	\$ 3,265,870.81	\$ 185,031.10	\$ 20,321,430.89	\$ 4,699,521.19	\$ 11,748,803.38	\$ -	181	127	11	-	-	309	12,500.00
Prod 1***	2020	Television Series	\$ 19,124,591.14	\$ 3,524,591.14	\$ 2,565,451.84	\$ 278,838.87	\$ 19,898,542.87	\$ 7,649,836.48	\$ 19,124,591.14	\$ -	2,365	403	1,670	138	-	2,771	17,613.00
Prod 3***	2020	Television Series	\$ 23,424,877.19	\$ 2,324,105.48	\$ 2,242,781.12	\$ 285,399.07	\$ 40,574,462.01	\$ 9,388,876.91	\$ 23,424,877.19	\$ -	3,781	794	3,502	32	-	4,225	12,679.83
Prod 4**	2020	Feature Film	\$ 722,037.00	\$ 144,007.00	\$ 78,088.00	\$ 11,421.88	\$ 1,258,834.00	\$ 289,214.00	\$ 722,037.00	\$ -	550	67	369	-	-	607	4,000.00
Prod 5**	2020	Feature Film	\$ 478,489.84	\$ 252,009.84	\$ 108,068.84	\$ 21,244.24	\$ 828,489.84	\$ 207,366.84	\$ 478,489.84	\$ -	708	48	48	-	-	48	15,500.00
Prod 5**	2020	Television Series	\$ 352,100.81	\$ 65,287.84	\$ 45,387.84	\$ 6,000.57	\$ 718,084.87	\$ 188,640.57	\$ 352,100.81	\$ -	51	11	11	-	-	33	1,900.00
Prod 7	2020	Television Series	\$ 11,001,631.00	\$ 2,750,631.00	\$ 1,188,284.16	\$ 217,302.00	\$ 19,036,555.00	\$ 4,402,551.20	\$ 11,001,631.00	\$ -	5	236	-	-	-	241	3,128.88
Prod 8**	2020	Commercials	\$ 50,986.00	\$ 50,986.00	\$ 1,938.00	\$ 868.78	\$ 93,325.00	\$ 23,996.00	\$ 50,986.00	\$ -	1	-	-	-	-	1	1,000.00
Prod 9	2020	Television Series	\$ 368,064.00	\$ 64,646.00	\$ 28,956.01	\$ 1,108.15	\$ 461,756.72	\$ 107,225.60	\$ 368,064.00	\$ -	4	4	-	-	-	27	4,000.00
Prod 9**	2020	Television Series	\$ 18,721,908.78	\$ 2,748,761.78	\$ 870,262.14	\$ 96,505.14	\$ 41,478,469.14	\$ 14,278,563.14	\$ 18,721,908.78	\$ -	6,181	214	583	5	-	6,983	25,724.00
Prod 11	2020	Television Series	\$ 1,325,428.84	\$ 254,246.16	\$ 118,054.11	\$ 28,875.16	\$ 1,905,471.89	\$ 445,571.54	\$ 1,325,428.84	\$ -	31	15	-	-	-	48	1,500.00
Prod 12	2020	Feature Film	\$ 4,052,381.14	\$ 806,378.14	\$ 431,551.18	\$ 63,719.10	\$ 6,978,887.81	\$ 1,611,153.28	\$ 4,052,381.14	\$ -	209	33	-	-	-	244	4,500.00
Prod 13*	2020	Feature Film	\$ 1,150,416.00	\$ 288,854.00	\$ 125,416.10	\$ 23,808.10	\$ 2,050,789.10	\$ 484,766.10	\$ 1,150,416.00	\$ -	71	11	-	-	-	86	1,500.00
Prod 14	2020	Television Series	\$ 16,157,643.09	\$ 4,025,302.78	\$ 1,749,025.45	\$ 317,998.12	\$ 27,952,722.51	\$ 6,448,027.24	\$ 16,157,643.09	\$ -	240	117	105	4	-	357	22,500.00
Prod 15**	2020	Television Series	\$ 376,307.14	\$ 81,861.14	\$ 41,421.04	\$ 11,814.04	\$ 447,558.04	\$ 149,773.04	\$ 376,307.14	\$ -	42	16	-	-	-	58	1,000.00
Prod 16**	2020	Television Series	\$ 814,058.00	\$ 162,811.60	\$ 87,018.30	\$ 12,862.12	\$ 1,408,135.34	\$ 325,623.20	\$ 814,058.00	\$ -	34	11	-	-	-	59	Counting in 2021
Prod 17*	2020	Feature Film	\$ 202,527.00	\$ 50,811.75	\$ 21,872.01	\$ 1,999.81	\$ 350,371.71	\$ 81,010.80	\$ 202,527.00	\$ -	36	-	-	-	-	47	ED Program
<b>TOTALS</b>			<b>\$ 228,142,556.45</b>	<b>\$ 24,658,487.78</b>	<b>\$ 13,879,396.12</b>	<b>\$ 1,948,178.58</b>	<b>\$ 221,688,623.08</b>	<b>\$ 51,257,022.68</b>	<b>\$ 68,473,584.18</b>	<b>\$ 29,668,172.47</b>	<b>8,822</b>	<b>2,093</b>	<b>6,244</b>	<b>98</b>	<b>98</b>	<b>18,913</b>	<b>126,915.91</b>
			Tax Credit 50M Annual Cap	\$ 50,000,000.00													
			TOTAL ACTUAL Tax Credit Claimed in 2020	\$ 24,658,487.78													
			Tax Credit Remaining	\$ 25,341,512.22													

Television Series	18
Feature Film	10
Commercial	1