

**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 2021**

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

**IN RESPONSE TO  
Act 143, SLH 2017  
PREPARED 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. We still believe that the \$50M yearly cap is insufficient for our productions.

**B. 2021 RESULTS FOR QUALIFIED PRODUCTION SPEND §235-17 HRS:**

CY2021 totals in the attached matrix were 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.

Based on the data from the Hawaii Production Reports, the actual figures for CY2021 show that from January 1, 2021 through December 31, 2021, the Hawaii Film Office (HFO) processed registrations for **33** qualified productions which spent a total of **\$312,469,230** and were certified to receive **\$65,569,692** in tax credits. Due to annual cap, \$50 million will be awarded for 2021 and \$15,569,692 will be awarded for 2022.

Again, in consultation with READ, **\$312,469,230** in actual qualified expenditures for CY2021 translates to **\$540,573,100** in economic activity, **\$124,988,000** in Hawaii household income, and **\$33,746,760** in tax revenues.

Tax Credit <b>50M</b> Annual Cap	\$50,000,000.00
TOTAL ACTUAL Tax Credit Claimed in 2021	<b>\$65,569,691.92</b>
Tax Credit amount deferred/paid out in 2022	<b>\$15,569,691.92</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 CONTRIBUTIONS CY2021:**

In calendar year 2021, 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 CY2021 is \$360,750.

<b>Row Labels</b>	<b>Sum of Amount</b>
Hana Arts at Hana School	\$1,000.00
Hawaii Pacific University - Cinematic Arts	\$1,000.00
Hawai'i Women in Filmmaking	\$1,236.00
Kahuku Int and HS and Waianae HS	\$9,469.91
Kalaheo High School Mustang Media	\$9,000.00
Kalama Intermediate School	\$22,500.00
Keolu Elementary School - Media Program	\$53,799.00
Kihei Charter School	\$2,400.00
Lahaina High School Foundation - Digital Media Program	\$12,000.00
UH Academy of Creative Media	\$3,000.00
UH Foundation - Academy of Creative Media	\$1,000.00
UH Foundation - Performing Arts Dept.	\$2,000.00
UH Foundation - Various	\$160,108.00
UH Foundation: Lyon Education Dept	\$9,000.00
UH Foundation: Academy of Creative Media	\$34,000.00
UH Maui College	\$28,900.00
UH Maui College - Maui Creative Media	\$7,636.59
UHWO: 'Ulu'Ulu	\$1,000.00
University of Hawaii Foundation	\$1,700.00
<b>Grand Total</b>	<b>\$360,749.50</b>

Since the start of the tax credit program in 2006, hundreds of Hawaii public and charter school students have participated in meaningful internships with major film, television, and commercial productions. Many of the productions applying for the tax credit have presented workshops, educational seminars and mentoring opportunities which included Hollywood creative professionals and industry leaders providing students in college-level film programs access to major producers, directors, writers, and actors, advancing professional development in the creative sectors.

#### **D. ADMINISTRATION OF CREDIT:**

The Hawaii Film Office had an Economic Development Specialist VI and Film Office Manager as the two 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.

#### **E. UPDATES - ACT 143 SLH 2017:**

No updates were made in CY2020 to the Motion Picture, Digital Media and Film production tax credit, which is performing as the Legislature intended: Stimulating the economy, creating high paying jobs for Hawaii residents to serve a clean industry that preserves Hawaii's natural and cultural resources and provides valuable marketing exposure for our Islands as a world-class filming and visitor destination.

CY 2021 ACTUAL HAWAII EXPENDITURES

Production #	Prod. Year	Type	Total Actual Qualified Hawaii Expenditures	Actual Tax Credit Claim	State Taxes Generated on Estimated Qualified Expenditures	State Tax Forgone	Sales Generated on Actual Qualified Expenditures	Household Income Generated on Actual Qualified Expenditures	Actual Oahu Expend.	Actual Neighbor Isle total	Actual Resident Hires	Actual Non-Resident Hires	Total Extra Hires (HI Res.)	Total Extra Hires (Non Res)	Total Hires	WFD Actual	NOTES
Prod 1**	2021	TV Series	\$ 27,002,197.00	\$ 5,400,439.40	\$ 2,916,237.28	\$ 426,634.71	\$ 46,713,800.81	\$ 10,800,878.80	\$ 27,002,197.00	\$ -	1,101	214	583	14	1,315	\$ 27,002.00	UH Foundation - Various
Prod 2**	2021	Feature	\$ 138,968.00	\$ 34,742.00	\$ 15,008.54	\$ 2,744.62	\$ 240,414.64	\$ 55,587.20	\$ -	\$ 138,968.00	10	-	-	0	10	\$ 1,700.00	University of Hawaii Foundation
Prod 3**	2021	TV Series	\$ 4,571,802.00	\$ 1,138,062.40	\$ 493,754.62	\$ 89,906.93	\$ 7,909,217.46	\$ 1,828,720.80	\$ 97,762.00	\$ 4,474,040.00	277	132	114	8	409	\$ 22,500.00	Kalama Intermediate School
Prod 4**	2021	TV Series	\$ 27,900,118.00	\$ 5,580,023.60	\$ 3,013,212.74	\$ 440,821.86	\$ 48,267,204.14	\$ 11,160,047.20	\$ 27,900,118.00	\$ -	939	121	465	14	1,060	\$ 27,900.00	UH Maui College
Prod 5**	2021	TV Series	\$ 33,981,071.00	\$ 6,796,214.20	\$ 3,669,955.67	\$ 536,900.92	\$ 58,787,252.83	\$ 13,592,428.40	\$ 33,981,071.00	\$ -	1,023	102	550	8	1,125	\$ 34,000.00	UH Foundation: Academy of Creative Media
Prod 6	2021	Commercial	\$ 382,902.00	\$ 76,580.40	\$ 41,353.42	\$ 6,049.85	\$ 662,420.46	\$ 153,160.80	\$ 382,902.00	\$ -	106	2	-	0	108	\$ 1,000.00	Kalaheo High School Mustang Media
Prod 7	2021	Commercial	\$ 245,173.00	\$ 49,034.60	\$ 26,478.68	\$ 3,873.73	\$ 424,149.29	\$ 98,069.20	\$ 245,173.00	\$ -	30	-	-	0	30	\$ 1,000.00	Hawaii Pacific University - Cinematic Arts
Prod 8	2021	Commercial	\$ 375,406.00	\$ 75,081.20	\$ 40,543.85	\$ 5,931.41	\$ 649,452.38	\$ 150,162.40	\$ 375,406.00	\$ -	79	2	-	0	81	\$ 1,000.00	Kalaheo High School Mustang Media
Prod 9	2021	Internet	\$ 1,441,552.00	\$ 360,388.00	\$ 155,687.62	\$ 28,470.65	\$ 2,493,884.96	\$ 576,620.80	\$ -	\$ 1,441,552.00	31	26	-	0	57	\$ 2,000.00	UH Foundation - Performing Arts Dept.
Prod 10*	2021	Short Film	\$ 1,939,069.00	\$ 387,813.80	\$ 209,419.45	\$ 30,637.29	\$ 3,354,589.37	\$ 775,627.60	\$ 1,939,069.00	\$ -	238	19	143	0	257	\$ 2,500.00	Kalaheo High School Mustang Media
Prod 11	2021	Feature	\$ 9,166,849.00	\$ 1,833,369.80	\$ 990,019.69	\$ 144,836.21	\$ 15,858,648.77	\$ 3,666,739.60	\$ 9,166,849.00	\$ -	423	98	161	4	521	\$ 1,000.00	UH Foundation - Academy of Creative Media
Prod 12	2021	TV Special	\$ 264,741.45	\$ 52,977.04	\$ 28,592.08	\$ 4,185.19	\$ 458,002.71	\$ 105,896.58	\$ 264,166.45	\$ 575.00	10	-	-	0	10	\$ 1,000.00	UHWO: 'Ulu'Ulu
Prod 13	2021	Feature	\$ 646,170.00	\$ 161,542.50	\$ 69,786.36	\$ 12,761.86	\$ 1,117,874.10	\$ 258,468.00	\$ -	\$ 646,170.00	57	51	21	3	108	\$ 1,000.00	Kihei Charter School
Prod 14*	2021	TV Movie	\$ 2,328,121.00	\$ 465,624.20	\$ 251,437.07	\$ 36,784.31	\$ 4,027,649.33	\$ 931,248.40	\$ 2,328,121.00	\$ -	158	22	63	0	180	\$ 2,500.00	Kalaheo High School Mustang Media
Prod 15	2021	Feature	\$ 1,374,328.00	\$ 343,582.00	\$ 148,427.42	\$ 27,142.98	\$ 2,377,587.44	\$ 549,731.20	\$ -	\$ 1,374,328.00	61	55	15	5	116	\$ 1,400.00	Kihei Charter School
Prod 16*	2021	Feature	\$ 354,145.60	\$ 88,536.40	\$ 38,247.72	\$ 6,994.38	\$ 612,671.89	\$ 141,658.24	\$ -	\$ 354,145.60	3	-	-	0	3	\$ -	WFD Paid in 2022 (\$1,000) Lahainaluna High School
Prod 17*	2021	TV Series	\$ 53,798,836.00	\$ 10,759,767.20	\$ 5,810,274.29	\$ 850,021.61	\$ 93,071,986.28	\$ 21,519,534.40	\$ 53,798,836.00	\$ -	1,346	366	701	38	1,712	\$ 53,799.00	Keolu Elementary School - Media Program
Prod 18*	2021	TV Series	\$ 66,225,267.00	\$ 13,245,053.40	\$ 7,152,328.84	\$ 1,046,359.22	\$ 114,569,711.91	\$ 26,490,106.80	\$ 66,225,267.00	\$ -	763	241	190	35	1,004	\$ 66,225.00	UH Foundation - Various
Prod 19	2021	Commercial	\$ 205,289.00	\$ 41,057.80	\$ 22,171.21	\$ 3,243.57	\$ 355,149.97	\$ 82,115.60	\$ 205,289.00	\$ -	75	-	-	0	75	\$ 1,000.00	Kalaheo High School Mustang Media
Prod 20	2021	Feature	\$ 7,636,585.00	\$ 1,909,146.25	\$ 824,751.18	\$ 150,822.55	\$ 13,211,292.05	\$ 3,054,634.00	\$ -	\$ 7,636,585.00	176	71	111	6	247	\$ 7,636.59	UH Maui College - Maui Creative Media
Prod 21	2021	TV Series	\$ 31,799,013.00	\$ 7,949,753.25	\$ 3,434,293.40	\$ 628,030.51	\$ 55,012,292.49	\$ 12,719,605.20	\$ -	\$ 31,799,013.00	131	455	-	0	586	\$ 32,000.00	UH Foundation - Various
Prod 22	2021	TV Series	\$ 11,088,438.73	\$ 2,772,109.68	\$ 1,197,551.38	\$ 218,996.66	\$ 19,182,999.00	\$ 4,435,375.49	\$ -	\$ 11,088,438.73	96	188	-	0	284	\$ 12,000.00	Lahaina High School Foundation - Digital Media Program
Prod 23	2021	TV Special	\$ 422,066.13	\$ 99,540.67	\$ 45,583.14	\$ 7,863.71	\$ 730,174.40	\$ 168,826.45	\$ 119,517.25	\$ 302,548.88	33	-	-	0	33	.	4 interns work on the live show
Prod 24	2021	TV Series	\$ 731,319.00	\$ 182,596.75	\$ 78,982.45	\$ 14,425.14	\$ 1,265,181.87	\$ 292,527.60	\$ 4,660.00	\$ 726,659.00	14	14	-	0	28	\$ 1,000.00	UH Academy of Creative Media
Prod 25*	2021	Feature	\$ 1,547,912.00	\$ 309,582.40	\$ 167,174.50	\$ 24,457.01	\$ 2,677,887.76	\$ 619,164.80	\$ 1,547,912.00	\$ -	307	29	235	1	336	\$ 2,000.00	UH Academy of Creative Media
Prod 26*	2021	Feature	\$ 401,381.00	\$ 80,276.20	\$ 43,349.15	\$ 6,341.82	\$ 694,389.13	\$ 160,552.40	\$ 401,381.00	\$ -	118	12	50	0	130	\$ -	Hawaii International Film Festival Education Initiatives Volunteer
Prod 27	2021	TV Pilot	\$ 9,541,455.00	\$ 1,908,291.00	\$ 1,030,477.14	\$ 150,754.99	\$ 16,506,717.15	\$ 3,816,582.00	\$ 9,541,455.00	\$ -	292	102	-	0	394	\$ 9,469.91	Kahuku Int and HS and Waianae HS
Prod 28	2021	Feature	\$ 1,066,028.00	\$ 266,309.30	\$ 115,131.02	\$ 21,038.43	\$ 1,844,228.44	\$ 426,411.20	\$ 3,954.00	\$ 1,062,074.00	612	56	28	0	668	\$ 1,236.00	Hawai'i Women in Filmmaking
Prod 29	2021	Internet	\$ 266,695.60	\$ 66,323.78	\$ 28,803.12	\$ 5,239.58	\$ 461,383.39	\$ 106,678.24	\$ 7,002.49	\$ 259,693.11	26	-	-	0	26	\$ 1,000.00	Hana Arts at Hana School
Prod 30	2021	Feature	\$ 7,696,484.00	\$ 1,539,296.80	\$ 831,220.27	\$ 121,604.45	\$ 13,314,917.32	\$ 3,078,593.60	\$ 7,696,484.00	\$ -	224	89	-	0	313	\$ 9,000.00	UH Foundation: Lyon Education Dept
Prod 31	2021	Feature	\$ 212,130.00	\$ 53,032.50	\$ 22,910.04	\$ 4,189.57	\$ 366,984.90	\$ 84,852.00	\$ -	\$ 212,130.00	56	10	8	0	66	\$ 1,000.00	UH Maui College
Prod 32	2021	Commercial	\$ 270,132.00	\$ 54,026.40	\$ 29,174.26	\$ 4,268.09	\$ 467,328.36	\$ 108,052.80	\$ 270,132.00	\$ -	77	3	-	0	80	\$ 1,000.00	Kalaheo High School Mustang Media
Prod 33*	2021	Internet- Feature	\$ 7,447,585.00	\$ 1,489,517.00	\$ 804,339.18	\$ 117,671.84	\$ 12,884,322.05	\$ 2,979,034.00	\$ 7,447,585.00	\$ -	147	94	-	0	241	\$ 34,881.00	UH Foundation - Various
*split year filings - 1st filing Yr																	
**split year filings - 2nd filing yr																	
TOTALS			\$ 312,469,229.51	\$ 65,569,691.92	\$ 33,746,676.79	\$ 5,180,005.66	\$ 540,571,767.05	\$ 124,987,691.80	\$ 250,952,309.19	\$ 61,516,920.32	9,039	2,574	3,438	136	11,613	\$ 360,749.50	

Tax Credit 50M Annual Cap	50,000,000.00
TOTAL ACTUAL Tax Credit Claimed in 2021	65,569,691.92
Tax Credit amount deferred/paid out in 2022	15,569,691.92

Total Television	13
Total Features	11
Short Film	1
Total Web Series	0
Total Documentaries	0
Total Commercials	5
Total Internet	3
Total Music Videos	0
Total Qualified Productions	33