

**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 2019**

**PREPARED BY THE HAWAII FILM OFFICE, 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 \$50 million overall funding ceiling.

B. 2019 RESULTS FOR ACTUAL QUALIFIED PRODUCTION SPEND \$235-17 HRS:

From January 1, 2019 through December 31, 2019, the Hawaii Film Office (HFO) processed registrations for 36 qualified productions that applied for the Motion Picture, Digital Media and Film Production Income Tax Credit with a total of **\$310,607,918** , in production expenditures and a total of **\$41,084,400.37** in tax credit claims for the calendar year.

This direct spend resulted in **\$36,454,320** in tax revenue generated, **\$583,944,200** in sales or economic activity generated, and: **\$135,016,000** in Hawaii household income generated as a result of the qualified production expenditures.

Tax Credit 50M Annual Cap	\$50,000,000.00
TOTAL ACTUAL Tax Credit Claimed in 2019	\$41,084,400.37
Total Remaining Tax Credit	\$8,915,599.63

Beginning in 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).

The documents attached reflect the estimated CY2019 data, the actual reconciled CY2018 data, along with a copy of the CY2018 estimated data which was submitted previously.

C. 2018 UPDATED ACTUALS for \$235-17 HRS:

CY 2018 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 CY2018 show that **27** qualified productions spent a total of **\$293,162,092 compared to the estimated total of \$368,683,886** in qualified expenditures, as noted in the prior year report **\$72,399,613** was certified in tax credits, compared to the estimated total of **\$78,080,384** in tax credits previously reported based on registration data available at the time.

D. WORKFORCE DEVELOPMENT CONTRIBUTIONS CY2019:

In calendar year 2019, 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 CY2019 was \$310,997

WFD Recipient	Amount
Donation valued to Hawaii Academy of Arts & Science	\$2,622.00
Halau Ku Mana Public Charter School & Mana Maoli	\$1,000.00
HCC - Digital Media Arts Program	\$62,329.00
Jefferson Elem - Fine Arts Program	\$2,000.00
Kaimilo'iiki Elem - Fine Arts Program	\$1,000.00
Kaimuki HS Performing Arts Program	\$1,000.00
Kalaheo HS - Mustang Media	\$12,000.00
Kapolei HS Media Program	\$57,347.00
Ke Kula 'o Samuel M. Kamakau LPCS	\$1,000.00
Kona Pacific Public Charter School	\$5,825.00
Lahainaluna HS Foundation: Digital Media Dept.	\$10,000.00
UH Foundation - Creative Screen Writing Foundation	\$8,500.00
UH Foundation - 'Ulu'ulu	\$5,000.00
UH Hilo - Theater Fund	\$1,000.00
UH Leeward CC TV PRO Program	\$7,700.00
UH Maui CC - Maui Creative Media	\$18,930.00
UH West Oahu - ACM Program	\$10,828.00
University of Hawaii	\$1,000.00
Waianae HS - Sea Riders Production	\$34,716.00
Waiane HS - Music & CTE Media Programs	\$13,500.00
Nanakuli HS	\$53,700.00
Grand Total	\$310,997.00

Since the start of the tax credit program in 2006, Hawaii public and charter school students have participated in internships with major film, television and commercial productions. 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 and career shadowing to the process and demands of working on set and in production offices supporting various producers, directors, writers. Careers in assistant camera, production assistant, producer's assistant have been the result of these internship opportunities.

E. ADMINISTRATION OF CREDIT:

The Hawaii Film Office managed the credit with an Economic Development Specialist VI and Film Office Manager as the two regular full-time employees, who worked 60% and 25% respectively on the administration of the credit.

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 manager also aids in production crisis management, film permits and logistical support. 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 - ACT 275 SLH 2019:

The Legislature, recognizing the economic value of a thriving film industry to the state, increased the cap from \$35M to \$50M during the 2019 Legislative session. This increase is critical for studios and television networks in their production planning, especially with television series – Hawaii's core economic driver in this sector.

CY 2019
ACTUAL PROGRESS
HAWAII EXPENDITURES

Production	Prod. Year	Type	Total ACTUAL Qualified Hawaii Expenditures	Acutal Tax Credit Claim	State Taxes Generated on Estimated Qualified Expenditures	State Tax Forgone	Sales Generated on Estimated Qualified Expenditures	Household Income Generated on Estimated Qualified Expenditures	ACTUAL Oahu Expend.	ACTUAL Neighbor Island Expend	Actual Resident Hires	Actual Non-Resident Hires	Total Extra Hires (Hi Res.)	Total Extra Hires (Non Res)	TOTAL HI HIRES	WFD Actual	WFD Recipient
Prod 1**	2019	Feature	\$ 68,768.71	\$ -	\$ 7,427.02	\$ -	\$ 118,969.87	\$ 27,507.48	\$ 68,769.00	\$ -	287	5	109	2	292	\$ 1,000.00	Halau Ku Mana Public Charter School & Mana Maoli
Prod 2	2019	TV Series	\$ 5,771,754.00	\$ 1,441,235.25	\$ 623,349.43	\$ 113,857.58	\$ 9,985,134.42	\$ 2,308,701.60	\$ 34,065.00	\$ 5,737,689.00	87	81	-	0	168	\$ 5,825.00	Kona Pacific Public Charter School
Prod 3**	2019	TV Series	\$ 27,069,418.83	\$ 1,925,088.20	\$ 2,923,497.23	\$ 152,081.97	\$ 46,830,094.58	\$ 10,827,767.53	\$ 27,069,419.00	\$ -	6,543	246	6,257	55	6789	\$ 18,930.00	UH Maui CC - Maui Creative Media
Prod 4**	2019	TV Series	\$ 26,352,658.00	\$ 2,610,443.00	\$ 2,846,087.06	\$ 206,225.00	\$ 45,590,098.34	\$ 10,541,063.20	\$ 26,352,658.00	\$ -	1,604	317	952	32	1921	\$ 26,104.00	Waianae HS - Sea Riders Production
Prod 5	2019	Commercial	\$ 272,504.02	\$ 58,803.76	\$ 29,430.43	\$ 4,645.50	\$ 471,431.95	\$ 109,001.61	\$ 186,444.95	\$ 86,059.08	35	1	16	0	36	\$ 1,000.00	Kalaheo HS - Mustang Media
Prod 6**	2019	Feature	\$ 46,480,079.30	\$ 5,800,999.53	\$ 5,019,848.56	\$ 458,278.96	\$ 80,410,537.19	\$ 18,592,031.72	\$ 360,414.27	\$ 46,119,665.01	789	319	609	0	1108	\$ -	Internships
Prod 7	2019	TV Special	\$ 431,331.05	\$ 107,705.40	\$ 46,583.84	\$ 8,508.73	\$ 746,204.10	\$ 172,532.74	\$ 2,547.36	\$ 428,784.49	41	-	-	0	41	\$ 5,000.00	UH Foundation - 'Ulu'ulu
Prod 8	2019	TV Series	\$ 10,827,939.58	\$ 2,165,587.92	\$ 1,169,417.47	\$ 171,081.45	\$ 18,732,335.47	\$ 4,331,175.83	\$ 10,827,939.58	\$ -	6,543	246	6,257	55	6789	\$ 10,828.00	UH West Oahu - ACM Program
Prod 9**	2019	Feature	\$ 8,442,760.91	\$ 1,688,763.10	\$ 911,818.18	\$ 133,412.28	\$ 14,605,976.37	\$ 3,377,104.36	\$ 8,438,542.65	\$ 4,218.26	2,094	328	1,680	0	2422	\$ 53,700.00	Nanakuli HS & Inter NPAC-Drama/Kaimuki HS Performing Arts/ Waimanalo Elem Visual & Fine Arts/ Kapolei HS
Prod 10	2019	Feature	\$ 226,349.52	\$ -	\$ 24,445.75	\$ -	\$ 391,584.67	\$ 90,539.81	\$ -	\$ 226,349.52	51	14	6	0	65	\$ -	Volunteer Services
Prod 11**	2019	Feature	\$ 18,896,710.00	\$ 3,779,342.00	\$ 2,040,844.68	\$ 298,568.02	\$ 32,691,308.30	\$ 7,558,684.00	\$ 18,896,710.00	\$ -	371	149	-	0	520	\$ 8,612.00	Waianae HS - Sea Riders Production
Prod 12	2019	Commercial	\$ 544,058.49	\$ 108,811.70	\$ 58,758.32	\$ 8,596.12	\$ 941,221.19	\$ 217,623.40	\$ 544,058.49	\$ -	86	13	-	0	99	\$ 1,000.00	Kalaheo HS - Mustang Media
Prod 13	2019	TV Special	\$ 257,332.77	\$ 51,466.55	\$ 27,791.94	\$ 4,065.86	\$ 445,185.69	\$ 102,933.11	\$ 257,332.77	\$ -	45	-	-	0	45	\$ -	Internship
Prod 14	2019	Commercial	\$ 464,071.44	\$ 92,814.29	\$ 50,119.72	\$ 7,332.33	\$ 802,843.59	\$ 185,628.58	\$ 464,071.44	\$ -	101	11	45	0	112	\$ 1,000.00	Kalaheo HS - Mustang Media
Prod 15	2019	TV Series	\$ 657,075.79	\$ 70,964.19	\$ -	\$ -	\$ 1,136,741.12	\$ 262,830.32	\$ 294,170.74	\$ 362,905.01	56	12	-	0	68	\$ 1,000.00	Ke Kula 'o Samuel M. Kamakau LPCS
Prod 16*	2019	Feature	\$ 294,668.34	\$ 58,933.67	\$ 31,824.18	\$ 4,655.76	\$ 509,776.23	\$ 117,867.34	\$ 294,668.34	\$ -	10	6	-	0	16	\$ -	Willi Submit in YR2
Prod 17	2019	Commercial	\$ 260,390.92	\$ 52,078.18	\$ 28,122.22	\$ 4,114.18	\$ 450,476.29	\$ 104,156.37	\$ 260,390.91	\$ -	38	24	-	0	62	\$ 1,000.00	Jefferson Elem - Fine Arts Program
Prod 18	2019	TV Series	\$ 8,231,835.81	\$ 1,989,357.10	\$ 889,038.27	\$ 157,159.21	\$ 14,241,075.95	\$ 3,292,734.32	\$ 34,531.52	\$ 8,197,304.29	161	126	-	0	287	\$ 10,000.00	Lahainaluna HS Foundation: Digital Media Dept.
Prod 19	2019	Feature	\$ 241,375.96	\$ 48,275.19	\$ 26,068.60	\$ 3,813.74	\$ 417,580.41	\$ 96,550.38	\$ 241,375.96	\$ -	73	11	29	0	84	\$ 1,000.00	University of Hawaii
Prod 20	2019	Commercial	\$ 224,440.68	\$ 49,989.60	\$ 24,239.59	\$ 3,949.18	\$ 388,282.38	\$ 89,776.27	\$ 122,416.18	\$ 102,024.50	60	7	-	0	67	\$ 1,000.00	Kalaheo HS - Mustang Media
Prod 21	2019	Commercial	\$ 226,836.76	\$ 45,367.35	\$ 24,498.37	\$ 3,584.02	\$ 392,427.59	\$ 90,734.70	\$ 226,836.76	\$ -	24	20	-	0	44	\$ 1,000.00	Kaimilo'i Ki Elem - Fine Arts Program
Prod 22	2019	Commercial	\$ 248,873.70	\$ 45,268.20	\$ 26,878.36	\$ 3,576.19	\$ 430,551.50	\$ 99,549.48	\$ 248,873.70	\$ -	35	28	-	0	63	\$ 1,000.00	Kaimuki HS Performing Arts Program
Prod 23*	2019	Music Video	\$ 281,110.89	\$ 69,980.87	\$ 30,359.98	\$ 5,528.49	\$ 486,321.84	\$ 112,444.36	\$ 5,937.00	\$ 275,173.89	58	18	17	0	76	\$ 1,000.00	Kalaheo HS - Mustang Media
Prod 24*	2019	TV Series	\$ 57,351,972.00	\$ 5,735,197.20	\$ 6,194,012.98	\$ 453,080.58	\$ 99,218,911.56	\$ 22,940,788.80	\$ 57,351,972.00	\$ -	2,366	405	1,670	135	2771	\$ 57,347.00	Kapolei HS Media Program
Prod 25*	2019	TV Series	\$ 62,329,172.61	\$ 6,232,917.26	\$ 6,731,550.64	\$ 492,400.46	\$ 107,829,468.62	\$ 24,931,669.04	\$ 62,329,172.61	\$ -	3,781	744	3,502	525	4525	\$ 62,329.00	HCC - Digital Media Arts Program
Prod 26	2019	TV Special	\$ 352,870.89	\$ 88,217.72	\$ 38,110.06	\$ 6,969.20	\$ 610,466.64	\$ 141,148.36	\$ -	\$ 352,870.89	20	21	-	0	41	\$ 1,000.00	Kalaheo HS - Mustang Media
Prod 27	2019	TV Movie	\$ 7,304,487.14	\$ 1,460,897.43	\$ 788,884.61	\$ 115,410.90	\$ 12,636,762.75	\$ 2,921,794.86	\$ 7,304,487.00	\$ -	1,140	45	884	0	1185	\$ 7,700.00	UH Leeward CC TV PRO Program
Prod 28	2019	Short Film	\$ 237,151.74	\$ 47,430.55	\$ 25,612.39	\$ 3,747.01	\$ 410,272.51	\$ 94,860.70	\$ 237,151.74	\$ -	11	5	-	0	16	\$ 1,000.00	Kalaheo HS - Mustang Media
Prod 29	2019	TV Series	\$ 7,977,322.56	\$ 1,595,464.51	\$ 861,550.84	\$ 126,041.70	\$ 13,800,768.03	\$ 3,190,929.02	\$ 7,977,322.56	\$ -	352	106	187	0	458	\$ 8,500.00	UH Foundation - Creative Screen Writing Foundation
Prod 30	2019	TV Series	\$ 544,954.87	\$ 136,238.72	\$ 58,855.13	\$ 10,762.86	\$ 942,771.93	\$ 217,981.95	\$ -	\$ 544,954.87	21	19	-	0	40	\$ 1,000.00	UH Hilo - Theater Fund
Prod 31	2019	Feature	\$ 483,959.32	\$ 96,791.80	\$ 52,267.61	\$ 7,646.55	\$ 837,249.62	\$ 193,583.73	\$ 483,959.32	\$ -	113	15	38	0	128	\$ -	Volunteer Services
Prod 32*	2019	Feature	\$ 4,590,987.53	\$ 918,197.43	\$ 495,826.65	\$ 72,537.60	\$ 7,942,408.43	\$ 1,836,395.01	\$ 4,590,987.27	\$ -	57	369	-	0	607	\$ 5,000.00	Kalaheo HS - Mustang Media
Prod 33*	2019	Feature	\$ 11,046,473.15	\$ 2,209,294.60	\$ 1,193,019.10	\$ 174,534.27	\$ 19,110,398.55	\$ 4,418,589.26	\$ 11,046,473.15	\$ -	85	789	8	0	874	\$ 13,500.00	Waiane HS - Music & CTE Media Programs
Prod 34	2019	TV Series	\$ 612,254.72	\$ 122,450.94	\$ 66,123.51	\$ 9,673.62	\$ 1,059,200.67	\$ 244,901.89	\$ 612,254.72	\$ -	129	63	-	0	192	\$ 1,000.00	Jefferson Elem - Fine Arts Program
Prod 36	2019	TV Series	\$ 1,003,965.35	\$ 250,991.34	\$ 108,428.26	\$ 19,828.32	\$ 1,736,860.06	\$ 401,586.14	\$ -	\$ 1,003,965.35	157	60	-	0	217	\$ 2,622.00	Donation valued to Hawaii Academy of Arts & Science
TOTALS			\$ 310,607,918.15	\$ 41,084,400.37	\$ 33,545,655.16	\$ 3,245,667.63	\$ 537,351,698.40	\$ 124,243,167.26	\$ 247,165,953.99	\$ 63,441,964.16	27,917	4,311	22,717	804	32,228	\$ 310,997.00	

Tax Credit	50M Annual Cap	50,000,000.00
TOTAL ACTUAL	Tax Credit Claimed in 2019	41,084,400.37
	Total Remaining Tax Credit	8,915,599.63

TV Series	12
TV Movie	1
Feature	10
Short Film	1
Commercial	7
Music Video	1
TV Special	3
TOTAL	35