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August 1, 2013

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2013-15

RE: Act 89, Session Laws of Hawaii 2013, Relating to Film and Digital Media Industry Development

On May 31, 2013, Governor Neil Abercrombie signed into law House Bill 726, H.D. 1, S.D. 2, C.D. 1, as Act 89, Session Laws of Hawaii 2013 (Act 89). Act 89 applies to taxable years beginning after December 31, 2012.

Act 89 amends the motion picture, digital media, and film production income tax credit by extending the credit until January 1, 2019; increasing the credit ceiling amount from $8,000,000 per qualified production to $15,000,000 per qualified production; increasing the credit amount from fifteen per cent of qualified production costs to twenty per cent of qualified production costs in a county with a population of over seven hundred thousand; and increasing the credit amount from twenty per cent of qualified production costs to twenty five per cent of qualified production costs in a county with a population of seven hundred thousand or less.

Act 89 also requires the Department of Business, Economic Development, and Tourism to prepare a report to the legislature setting forth the non-aggregated qualified production costs that form the basis of the tax credit claims and expenditures, itemized by taxpayer, in a redacted format to preserve the confidentiality of the taxpayers claiming the credit.

For more information on this issue, please contact the Rules Office at 808-587-1577 or by e-mail at Tax.Rules.Office@hawaii.gov.

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