
A BILL FOR AN ACT

RELATING TO FUNDING FOR FILM AND DIGITAL MEDIA DEVELOPMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

PART I

1
2 SECTION 1. Hawaii's film industry brings in an estimated
3 \$250,000,000 in production revenues per year, providing the
4 State with an estimated economic impact of over \$400,000,000
5 annually. The Hawaii film office in the creative industries
6 division of the department of business, economic development,
7 and tourism is involved with all aspects of this industry,
8 including those statutory mandates for film permitting, tax
9 incentive management, and studio operations and management.

10 With the passage of Act 89, Session Laws of Hawaii 2013,
11 and enhancements to the tax credit program, production activity
12 is increasing and with it the demands on an office that has been
13 operating with limited staff and resources since the reduction
14 in force in 2009. While positions and some funding have been
15 restored, the costs to support productions, manage the motion
16 picture, digital media, and film production income tax credit
17 program, and maintain the Hawaii film studio far exceed the
18 existing general fund allocations.



- 1 (2) Donations and contributions made by private
- 2 individuals or organizations for deposit into the
- 3 fund;
- 4 (3) Grants provided by governmental agencies or any other
- 5 source; [and
- 6 ~~(4) Any profits or other amounts received from venture~~
- 7 ~~capital investments.]~~
- 8 (4) Revenues, fees, and charges from the rental and
- 9 operation of the Hawaii film studio;
- 10 (5) Revenues, fees, and charges from the processing of
- 11 film permits pursuant to section 201-14; and
- 12 (6) Revenues, fees, and charges from the processing of the
- 13 motion picture, digital media, and film production
- 14 income tax credit pursuant to section 235-17.
- 15 (b) The fund shall be used by the [~~board to assist in, and~~
- 16 ~~provide incentives for, the production of eligible Hawaii~~
- 17 ~~projects that are in compliance with criteria and standards~~
- 18 ~~established by the board in accordance with rules adopted by the~~
- 19 ~~board pursuant to chapter 91. In particular, the board shall~~
- 20 ~~adopt rules to provide for the implementation of the following~~
- 21 ~~programs:~~

- 1 ~~(1) A grant program. The board shall adopt rules pursuant~~
2 ~~to chapter 91 to provide conditions and qualifications~~
3 ~~for grants. Applications for grants shall be made to~~
4 ~~the board and shall contain such information as the~~
5 ~~board shall require by rules adopted pursuant to~~
6 ~~chapter 91. At a minimum, the applicant shall agree~~
7 ~~to the following conditions:~~
- 8 ~~(A) The grant shall be used exclusively for eligible~~
9 ~~Hawaii projects;~~
- 10 ~~(B) The applicant shall have applied for or received~~
11 ~~all applicable licenses and permits;~~
- 12 ~~(C) The applicant shall comply with applicable~~
13 ~~federal and state laws prohibiting discrimination~~
14 ~~against any person on the basis of race, color,~~
15 ~~national origin, religion, creed, sex, age, or~~
16 ~~physical handicap;~~
- 17 ~~(D) The applicant shall comply with other~~
18 ~~requirements as the board may prescribe;~~
- 19 ~~(E) All activities undertaken with funds received~~
20 ~~shall comply with all applicable federal, state,~~
21 ~~and county statutes and ordinances;~~



1 ~~(F) The applicant shall indemnify and save harmless~~
2 ~~the State of Hawaii and its officers, agents, and~~
3 ~~employees from and against any and all claims~~
4 ~~arising out of or resulting from activities~~
5 ~~carried out or projects undertaken with funds~~
6 ~~provided hereunder, and procure sufficient~~
7 ~~insurance to provide this indemnification if~~
8 ~~requested to do so by the department;~~

9 ~~(G) The applicant shall make available to the board~~
10 ~~all records the applicant may have relating to~~
11 ~~the project, to allow the board to monitor the~~
12 ~~applicant's compliance with the purpose of this~~
13 ~~chapter; and~~

14 ~~(H) The applicant, to the satisfaction of the board,~~
15 ~~shall establish that sufficient funds are~~
16 ~~available for the completion of the project for~~
17 ~~the purpose for which the grant is awarded; and~~

18 ~~(2) A venture capital program. The board shall adopt~~
19 ~~rules pursuant to chapter 91 to provide conditions and~~
20 ~~qualifications for venture capital investments in~~
21 ~~eligible Hawaii projects. The program may include a~~
22 ~~written agreement between the borrower and the board,~~



1 ~~as the representative of the State, that as~~
 2 ~~consideration for the venture capital investment made~~
 3 ~~under this part, the borrower shall share any~~
 4 ~~royalties, licenses, titles, rights, or any other~~
 5 ~~monetary benefits that may accrue to the borrower~~
 6 ~~pursuant to terms and conditions established by the~~
 7 ~~board by rule pursuant to chapter 91. Venture capital~~
 8 ~~investments may be made on such terms and conditions~~
 9 ~~as the board shall determine to be reasonable,~~
 10 ~~appropriate, and consistent with the purposes and~~
 11 ~~objectives of this part.] department of business,~~
 12 economic development, and tourism to provide for:

- 13 (1) Operations, repair, and maintenance of the Hawaii film
 14 studio;
- 15 (2) Support for the operations of the Hawaii film office;
- 16 (3) Programs and initiatives for digital media industry
 17 development; and
- 18 (4) Internships and training programs that expand the
 19 skill sets of Hawaii's resident workforce and the film
 20 and digital media industry."

21 SECTION 4. Section 201-111, Hawaii Revised Statutes, is
 22 repealed.



1 ~~["§201-111] Definitions. As used in this part:~~

2 ~~"Applicant" means a person applying for a grant or venture~~
3 ~~capital investment from the board under this part.~~

4 ~~"Board" means the Hawaii television and film development~~
5 ~~board.~~

6 ~~"Eligible Hawaii project" or "project" means an~~
7 ~~entertainment project in which at least seventy five per cent of~~
8 ~~the budget for the production costs, excluding salaries and~~
9 ~~costs for the producer, director, writer, screenplay, and actors~~
10 ~~in the project, is dedicated for the purchase or lease of goods~~
11 ~~or services from a vendor or supplier who is located and doing~~
12 ~~business in the State.~~

13 ~~"Fund" means the Hawaii television and film development~~
14 ~~special fund.~~

15 ~~"Venture capital investment" means any of the following~~
16 ~~investments in a project:~~

17 ~~(1) Common or preferred stock and equity securities~~
18 ~~without a repurchase requirement for at least five~~
19 ~~years;~~

20 ~~(2) A right to purchase stock or equity securities;~~

21 ~~(3) Any debenture, whether or not convertible or having~~
22 ~~stock purchase rights, which is subordinated, together~~



1 ~~with security interests against the assets of the~~
 2 ~~borrower, by their terms to all borrowings of the~~
 3 ~~borrower from other institutional lenders, and that is~~
 4 ~~for a term of not less than three years, and that has~~
 5 ~~no part amortized during the first three years; and~~
 6 ~~(4) General or limited partnership interests."]~~

7 SECTION 5. Section 201-112, Hawaii Revised Statutes, is
 8 repealed.

9 ~~["~~§201-112~~ Hawaii television and film development board.~~

10 ~~(a) There is established the Hawaii television and film~~
 11 ~~development board. The board shall be attached to the~~
 12 ~~department of business, economic development, and tourism for~~
 13 ~~administrative purposes only. The board shall administer the~~
 14 ~~grant and venture capital investment programs and the Hawaii~~
 15 ~~television and film development special fund established under~~
 16 ~~this part. The board shall also assess and consider the overall~~
 17 ~~viability and development of the television and film industries~~
 18 ~~and make recommendations to appropriate state or county~~
 19 ~~agencies.~~

20 ~~(b) The board shall be composed of nine members, four of~~
 21 ~~whom shall be appointed by the governor pursuant to section 26-~~
 22 ~~34, and all of whom shall serve four year staggered terms. One~~



1 ~~of the governor's appointments shall be made from a list of~~
 2 ~~nominees submitted by the president of the senate and another~~
 3 ~~appointment shall be made from a list of nominees submitted by~~
 4 ~~the speaker of the house of representatives. The four appointed~~
 5 ~~members shall possess a current working knowledge of the film,~~
 6 ~~television, or entertainment industry. The director of~~
 7 ~~business, economic development, and tourism, and the chairs of~~
 8 ~~the four county film commissions or its equivalent, shall serve~~
 9 ~~as ex officio voting members, who may be represented on the~~
 10 ~~board by designees.~~

11 ~~The chairperson and vice chairperson of the board shall be~~
 12 ~~selected by the board by majority vote. Five members shall~~
 13 ~~constitute a quorum, whose affirmative vote shall be necessary~~
 14 ~~for all actions by the board. The members shall serve without~~
 15 ~~compensation but shall be reimbursed for expenses, including~~
 16 ~~travel expenses, necessary for the performance of their duties.~~

17 ~~(c) The film industry branch development manager shall~~
 18 ~~serve as the executive secretary of the board.~~

19 ~~(d) The board may adopt rules pursuant to chapter 91 to~~
 20 ~~effectuate the purposes of this part."]~~

21 SECTION 6. Section 201-114, Hawaii Revised Statutes, is
 22 repealed.



1 **§206M- Purpose.** The legislature finds that the State's
2 production resources and educational programs, including the
3 ongoing development of the University of Hawaii at West Oahu and
4 the Searider productions program at Waianae high school, provide
5 a genuine opportunity to foster a film production industry that
6 benefits the State and the community. The influx of film
7 companies has also reinvigorated this sector of the State's
8 economy. If a geographic area is dedicated for a film and media
9 park to promote growth in the business of creative media and
10 film, high school graduates who studied in programs such as the
11 Searider productions program would have an opportunity to obtain
12 employment in their field within the State.

13 A creative film and media park would attract international
14 investments in film and media production that would enable the
15 creation of facilities and employment and the development of
16 workforce housing. Further, a centralized locale of entities
17 will stimulate and promote innovation and attract start-up
18 companies to also locate in the hub.

19 The purpose of this part is to establish a creative film
20 and media park.

21 **§206M- Creative film and media park; established.**

22 There is established a creative film and media park that shall



1 include properties in west Oahu identified by the following tax
2 map key numbers: 91016179, 91016180, 91016181, 91016183,
3 91017095, 91017096, 91017097, 91017098, 91017099, 91017110,
4 91018005, and 91018008. The park shall be administered by the
5 board.

6 **§206M- Purpose of the creative film and media park.**

7 The purpose of the creative film and media park shall be to
8 facilitate economic growth of the creative film and media
9 industry by locating film and media entities in a designated
10 geographic hub.

11 **§206M- Guidelines.** (a) The board shall develop the
12 creative film and media park in consultation with the state film
13 office, the Hawaii housing finance and development corporation,
14 the University of Hawaii at West Oahu, and the department of
15 education.

16 (b) The board shall coordinate any planning and designs of
17 the park with the University of Hawaii at West Oahu."

18 SECTION 10. Section 206M-2, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:

20 "(a) There is established the high technology development
21 corporation, which shall be a public body corporate and politic
22 and an instrumentality and agency of the State. The development

1 corporation shall be placed within the department of business,
2 economic development, and tourism for administrative purposes,
3 pursuant to section 26-35. The purpose of the development
4 corporation shall be to facilitate the growth and development of
5 the commercial high technology industry in Hawaii. Its duties
6 shall include, but not be limited to:

- 7 (1) Developing and encouraging industrial parks as high
8 technology innovation centers and developing or
9 assisting with the development of projects within or
10 outside of industrial parks, including participating
11 with the private sector in such development;
- 12 (2) Providing financial and other support and services to
13 Hawaii-based high technology companies;
- 14 (3) Collecting and analyzing information on the state of
15 commercial high technology activity in Hawaii;
- 16 (4) Promoting and marketing Hawaii as a site for
17 commercial high technology activity; [~~and~~]
- 18 (5) Providing advice on policy and planning for
19 technology-based economic development[~~-~~]; and
- 20 (6) Developing a creative film and media park pursuant to
21 part _____."



1 SECTION 11. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so
3 much thereof as may be necessary for fiscal year 2014-2015 for
4 the establishment of a creative film and media park.

5 The sum appropriated shall be expended by the high
6 technology development corporation for the purposes of this
7 part.

8 **PART III**

9 SECTION 12. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 13. This Act shall take effect on January 20,
12 2050.



Report Title:

Hawaii Film and Digital Media Development Special Fund; Creative Film and Media Park; Appropriation

Description:

Part I: Expands funding sources to support the Hawaii film studio and office and film and digital media industry development within the Department of Business, Economic Development, and Tourism. Repeals statutory sections relating to the Hawaii television and film development board, which has been inactive for many years and no longer serves its original funding mechanism purpose. Appropriates funds. Part II: Requires the board of directors of the high technology development corporation to create a film and media park. Designates certain properties to be included in the park. Appropriates funds. Effective January 20, 2050. (SD1)

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