
A BILL FOR AN ACT

RELATING TO DIGITAL MEDIA.

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

1 SECTION 1. Section 235-17, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Any law to the contrary notwithstanding, there shall
4 be allowed to each taxpayer subject to the taxes imposed by this
5 chapter, an income tax credit which shall be deductible from the
6 taxpayer's net income tax liability, if any, imposed by this
7 chapter for the taxable year in which the credit is properly
8 claimed. The amount of the credit shall be:

- 9 (1) Fifteen per cent of the qualified production costs
10 incurred by a qualified production in any county of
11 the State with a population of over seven hundred
12 thousand; ~~[or]~~
- 13 (2) Twenty per cent of the qualified production costs
14 incurred by a qualified production in any county of
15 the State with a population of seven hundred thousand
16 or less ~~[or]~~; and



- 1 (3) Five per cent of the qualified production costs
2 incurred by a qualified production in any county of
3 the State; provided that the qualified production
4 employs workers who satisfy the following
5 requirements:
- 6 (A) Is a Hawaii resident;
7 (B) Is paid a base rate of \$200 per day (as
8 calculated on the industry standard ten-hour day
9 and excluding overtime rates), or \$1,000 per
10 week, as a comparable amount;
- 11 (C) Participates in on-the-job training, or completes
12 a motion picture, digital media, or film
13 production training course established under
14 section 394-8(c) or approved by the film industry
15 branch of the department of business, economic
16 development, and tourism; and
- 17 (D) Is certified as a trainee by the film industry
18 branch of the department of business, economic
19 development, and tourism;
- 20 provided further that any credit claimed under this
21 paragraph shall first be applied to a qualified



1 production's qualified production costs prior to
2 calculating any credit under paragraph (1) or (2).

3 [A] For the purposes of calculating a tax credit amount under
4 paragraph (1) or (2), a qualified production occurring in more
5 than one county may prorate its expenditures based upon the
6 amounts spent in each county, if the population bases differ
7 enough to change the percentage of tax credit.

8 In the case of a partnership, S corporation, estate, or
9 trust, the tax credit allowable is for qualified production
10 costs incurred by the entity for the taxable year. The cost
11 upon which the tax credit is computed shall be determined at the
12 entity level. Distribution and share of credit shall be
13 determined by rule.

14 If a deduction is taken under section 179 (with respect to
15 election to expense depreciable business assets) of the Internal
16 Revenue Code of 1986, as amended, no tax credit shall be allowed
17 for those costs for which the deduction is taken.

18 The basis for eligible property for depreciation of
19 accelerated cost recovery system purposes for state income taxes
20 shall be reduced by the amount of credit allowable and claimed."

21 SECTION 2. Section 383-128, Hawaii Revised Statutes, is
22 amended by amending subsection (c) to read as follows:



1 "(c) The director shall require employers who use or who
2 are assisted by any of these programs to contribute fifty per
3 cent of the cost of the assistance in cash or in-kind
4 contributions~~[-]~~; provided that this subsection shall not apply
5 to section 394-8(c)."

6 SECTION 3. Section 394-8, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "~~+~~**§394-8**~~+~~ **New industry training program.** (a) There
9 is hereby established the new industry training program, which
10 shall be administered by the department of labor and industrial
11 relations. Program moneys may be used to tailor training or
12 retraining programs to meet the needs of qualifying businesses,
13 to reimburse instructors for valid and approved expenditures in
14 delivering instruction under the program, to rent appropriate
15 training facilities and equipment, when necessary, to purchase
16 or develop materials required to deliver the instruction, and
17 for any other training-related expenses.

18 (b) The department shall utilize the resources of the
19 University of Hawaii, including the community college system,
20 the high technology development corporation, and other
21 educational and training resources in the public and private
22 sectors throughout the State as may be appropriate to be used to



1 provide preemployment or employment training or on-the-job
2 training for local residents hired by businesses relocating to
3 Hawaii or expanding their local operations. The department may
4 contract for these training needs from public agencies including
5 the various University of Hawaii campuses, private educational
6 institutions, nonprofit corporations, or private entities in
7 order to provide the required training.

8 (c) The department shall be authorized to implement and
9 operate motion picture, digital media, and film production
10 training programs under this section; provided that these
11 programs shall be developed and administered under the guidance
12 of an advisory group consisting of members from the University
13 of Hawaii, including the community colleges and the academy of
14 creative media, the Hawaii film office, and trade unions; and
15 provided further that moneys from the employment and training
16 fund may be expended in support of the training programs,
17 pursuant to section 383-128(b)(3)."

18 SECTION 4. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ or so
20 much thereof as may be necessary for fiscal year 2008-2009 for
21 motion picture, digital media, or film production training



1 approval and certification by the film industry branch, pursuant
2 to section 235-17(a)(3), Hawaii Revised Statutes.

3 The sum appropriated shall be expended by the department of
4 business, economic development, and tourism for the purposes of
5 this Act.

6 SECTION 5. There is appropriated out of the employment and
7 training fund the sum of \$ or so much thereof as may
8 be necessary for fiscal year 2008-2009 for development and
9 implementation of the motion picture, digital media, and film
10 production training programs, pursuant to section 394-8(c),
11 Hawaii Revised Statutes.

12 The sum appropriated shall be expended by the department of
13 labor and industrial relations for the purposes of this Act.

14 SECTION 6. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 7. This Act shall take effect on July 1, 2008;
17 provided that section 1 of this Act shall be repealed on
18 January 1, 2016, and section 235-17, Hawaii Revised Statutes,
19 shall be reenacted in the form in which it read on the day
20 before the effective date of this Act.



Report Title:

Digital Media; Tax Credit; Appropriation

Description:

Establishes an additional 5% tax credit for qualified production costs incurred by a qualified production in any county of the State; provided that the qualified production employs workers who are Hawaii residents, who are paid a minimum base rate of \$200 per day (calculated on the industry standard ten-hour day, excluding overtime), who participate in on-the-job training, or complete a motion picture, digital media, or film production training course, and are certified as a trainee by the film industry branch of the department of business, economic development, and tourism; establishes a motion picture, digital media, or film production training course; appropriates funds.
(SB2273 SD2)

