
A BILL FOR AN ACT

RELATING TO DIGITAL MEDIA.

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

1 **PART I**

2 SECTION 1. The purpose of this Act is to leverage the
3 unique opportunities for digital media industry development in
4 Hawaii that converged when Governor Lingle and Disney
5 Productions announced in January 2010 that the company plans to
6 film the popular "Pirates of the Caribbean" series on Kauai and
7 Oahu in the summer of 2010, which coincides with University of
8 Hawaii's groundbreaking for the long-awaited University of
9 Hawaii West-Oahu campus.

10 The University of Hawaii-West Oahu campus will house such
11 centers of excellence as the academy for creative media's (ACM)
12 student digital media production facility, which will provide
13 global-standard student facilities to anchor the premiere media
14 school of the Pacific Rim, and a state-of-the-art motion picture
15 and digital media studio complex to serve film and video
16 production (with four sound stages, two production support
17 buildings, a mill/shop extension and extra stage,
18 commissary/kitchen, festival pavilion and screening room to host



1 event and conferences, back-lot retail/shopping/dining area and
2 office buildings that may provide incubator space for new media
3 companies). The UH-West Oahu Campus will also house the Henry
4 Ku'ualoha Giugni Digital Archives, which is designed to preserve,
5 digitize and make accessible on the internet the moving image
6 history of Hawaii.

7 The digital media tax incentives in this measure are also
8 designed to align the strengths of the University of Hawaii
9 system and its multiple campuses with the creativity of
10 University of Hawaii ACM graduates and the talented media
11 workforce from leeward Oahu emerging from the Waianae Seariders'
12 program since 1998, or from the schools and businesses that the
13 Seariders have helped to incubate. By requiring that
14 beneficiaries of the digital media production infrastructure
15 credits or the workforce development credits for animation and
16 special effects locate in enterprise zones in which some of the
17 University of Hawaii campuses are located, the credits target
18 new media industry development, educational public-private
19 facility and infrastructure development, and job creation with a
20 focus on measurable economic benefits over time.

21 At present, the current and new University of Hawaii-West
22 Oahu campuses are located in an existing enterprise zone



1 covering most of the Kapolei region, with Leeward community
2 college and Honolulu community college also located within
3 existing enterprise zones. Neighbor island community college
4 campuses on Maui, Kauai, and the Big Island are in enterprise
5 zones, as is the University of Hawaii at Hilo campus on the Big
6 Island.

7 SECTION 2. Chapter 209E, Hawaii Revised Statutes, is
8 amended by adding a new part to be appropriately designated and
9 to read as follows:

10 "PART . DIGITAL MEDIA ENTERPRISE SUBZONES

11 §209E-A Definitions. As used in this part:

12 "Base investment" means the cost, including fabrication and
13 installation, paid or accrued in the taxable year of tangible
14 assets of a type that are, or under the Internal Revenue Code
15 will become, eligible for depreciation, amortization, or
16 accelerated capital cost recovery for federal income tax
17 purposes; provided that the assets are physically located in
18 this State for use in a business activity in this State and are
19 not mobile tangible assets expended by a person in the
20 development of a qualified digital media infrastructure project.
21 Base investment does not include a direct production expenditure



1 or qualified personnel expenditure eligible for a tax credit
2 under section 235-17.

3 "Department" means the department of business, economic
4 development, and tourism.

5 "Digital media" shall have the same meaning as in section
6 235-17.

7 "Digital media enterprise subzone" means the geographic
8 area located within a mile radius of a University of
9 Hawaii campus, on or off campus, which is within an existing
10 enterprise zone established pursuant to part I of this chapter
11 or other delineated geographic area designated by the
12 legislature pursuant to this part; provided that effective
13 July 1, 2010, and for the first two years thereafter,
14 establishment of a subzone shall be limited to an area within a
15 mile radius, on or off campus, of the University of
16 Hawaii-West Oahu.

17 "Director" means the director of business, economic
18 development, and tourism.

19 "Qualified digital media infrastructure project" means the
20 development, construction, renovation, or operation of a digital
21 media production facility, a postproduction facility, or both,
22 that is located in this State within a digital media enterprise



1 subzone; provided that the facility may include a movie theater
2 or other commercial exhibition facility to assist in offsetting
3 operating costs of the production or postproduction facility,
4 but shall not include a facility used to produce pornographic
5 matter or a pornographic performance.

6 **§209E-B Digital media infrastructure tax credit. (a)**

7 There shall be allowed to a taxpayer qualifying for a tax credit
8 under this part and subject to the taxes imposed under chapter
9 235, a tax credit that shall be deductible from the taxpayer's
10 net state income tax liability for investment expenditures made
11 by the taxpayer for all qualified digital media infrastructure
12 projects within a digital media enterprise subzone. The tax
13 credit shall be equal to per cent of the taxpayer's base
14 investment. The tax credit under this section shall be reduced
15 by any credit claimed by the taxpayer under chapter 235 for the
16 same base investment.

17 (b) No more than \$ in total tax credits under
18 this section shall be authorized in any one taxable year.

19 (c) If all or a portion of a qualified digital media
20 infrastructure project is a facility that may be used for
21 purposes unrelated to production or postproduction activities,
22 then the project shall be eligible for the tax credit provided



1 under this section only if the department determines that the
2 facility will support and be necessary to secure production or
3 postproduction activity for the production and postproduction
4 facility and the taxpayer agrees to both of the following:

5 (1) The facility will be used as a state of the art
6 production or postproduction facility or as support
7 and component of the facility for the useful life of
8 the facility; and

9 (2) The tax credit will not be claimed under this section
10 until the facility is complete.

11 (d) To claim a tax credit under this section, a taxpayer
12 shall submit an investment expenditure certificate issued under
13 section 209E-C to the department. If the tax credit allowed
14 under this section exceeds the amount of taxes owed by the
15 taxpayer under chapter 235 for a tax year, that portion of the
16 tax credit that exceeds the tax liability of the taxpayer for
17 the tax year shall not be refunded but may be carried forward to
18 offset net income tax liability under chapter 235 in subsequent
19 tax years for a period not to exceed ten tax years or until
20 exhausted, whichever occurs first.

21 (e) The tax credit under this section shall be claimed
22 after all other tax credits available to the taxpayer have been



1 claimed. A taxpayer eligible to claim a tax credit under this
2 section may assign all or a portion of a tax credit under this
3 section to any assignee. An assignee may subsequently assign a
4 tax credit or any portion of a tax credit assigned under this
5 subsection to one or more assignees. A taxpayer may claim a
6 portion of a tax credit and assign the remaining tax credit
7 amount. A tax credit assignment under this subsection shall be
8 irrevocable. The tax credit assignment under this subsection
9 shall be made on a form prescribed by the department. A
10 taxpayer claiming a tax credit under this section shall send a
11 copy of the completed assignment form to the department in the
12 tax year in which the assignment is made and shall attach a copy
13 of the form to the tax return on which the tax credit is
14 claimed.

15 (f) In addition to the \$100 application fee established
16 under section 209E-C(b), the department may establish, assess,
17 and collect a tax credit application and redemption fee to cover
18 the costs of administering the tax credit certification program
19 established under this part. The fee shall not exceed one-half
20 of one per cent of the tax credit claimed, and shall be paid to
21 the department by the taxpayer prior to filing for the tax
22 credit. The department shall deposit any proceeds derived from



1 the fee in the Hawaii film office special fund established under
2 section 201-113.

3 (g) A taxpayer that wilfully submits information under
4 this section that the taxpayer knows to be fraudulent or false
5 shall be, in addition to any other penalties provided by law,
6 liable for a civil penalty equal to the amount of the taxpayer's
7 credit under this section. A penalty collected under this
8 section shall be deposited in the Hawaii film office special
9 fund established under section 201-113.

10 **§209E-C Eligibility and procedures to claim a digital**
11 **media infrastructure tax credit.** (a) In addition to any tax
12 credits or exemptions provided under this chapter, any taxpayer
13 that develops, constructs, renovates, or operates a digital
14 media infrastructure project in this State within a digital
15 media enterprise subzone shall be eligible for certification by
16 the department to qualify for a tax credit as provided in this
17 part; provided that the taxpayer:

18 (1) Receives from the department a written certification
19 that the taxpayer has undertaken, or will undertake
20 within one hundred eighty days of the issuance of the
21 certification, the development, construction,
22 renovation, or operation of a qualified digital media



1 infrastructure project within a digital media
2 enterprise subzone; provided that, upon request
3 submitted by the taxpayer based on good cause, the
4 department may extend the period for commencement of
5 work for up to an additional ninety days;

6 (2) Before July 1, 2011, shall expend not less than
7 \$100,000 on the base investment for a qualified
8 digital media infrastructure project within a digital
9 media enterprise subzone, and the taxpayer, after
10 July 1, 2011, shall expend not less than \$250,000 on
11 the base investment for a qualified digital media
12 infrastructure project in a digital media enterprise
13 subzone;

14 (3) Enters into an agreement as provided in this section;

15 (4) Receives an investment expenditure certificate from
16 the department under subsection (e);

17 (5) Submits the investment expenditure certificate issued
18 by the department under subsection (e) to the
19 department of taxation; and

20 (6) Shall not be delinquent in a tax or other obligation
21 owed to the State or be owned or under common control



1 of an entity that is delinquent in a tax or other
2 obligation owed to the State.

3 (b) In order to qualify for the tax credit established
4 under section 209E-B, the taxpayer shall submit an application
5 to enter into an agreement under this section to the department.
6 The application shall be submitted in a form prescribed by the
7 department and shall be accompanied by a \$100 application fee
8 and all of the information and records requested by the
9 department. The application fee received by the department
10 under this subsection shall be deposited in the Hawaii film
11 office special fund established pursuant to section 201-113.
12 The department shall not process an application until it is
13 complete. If the department enters into an agreement under this
14 section, the agreement shall provide for all of the following:

- 15 (1) A unique number assigned to the qualified digital
16 media infrastructure project;
- 17 (2) A detailed description of the qualified digital media
18 infrastructure project;
- 19 (3) A detailed business plan and market analysis for the
20 qualified digital media infrastructure project;
- 21 (4) A projected budget for the qualified digital media
22 infrastructure project;



- 1 (5) An estimated start date and completion date for the
- 2 qualified digital media infrastructure project;
- 3 (6) A requirement that the taxpayer not file a claim for
- 4 the credit under section 209E-B until at least twenty-
- 5 five per cent of the base investment in the qualified
- 6 digital media infrastructure project identified in the
- 7 agreement has been expended; and
- 8 (7) A requirement that the taxpayer provide the department
- 9 with the information and independent certification the
- 10 department deems necessary to verify investment
- 11 expenditures and eligibility for the credit under
- 12 section 209E-B.
- 13 (c) If at the close of any taxable year:
- 14 (1) The digital media infrastructure project no longer
- 15 qualifies for the tax credit established under this
- 16 section;
- 17 (2) The digital media infrastructure project or an
- 18 interest in the digital media infrastructure project
- 19 has been sold by the taxpayer making a base investment
- 20 in the qualified digital media infrastructure project;
- 21 or



1 (3) The taxpayer has withdrawn the taxpayer's base
2 investment wholly or partially from the qualified
3 digital media infrastructure project,
4 the tax credit claimed under section 209E-B shall be recaptured.
5 The recapture shall be equal to twenty-five per cent of the
6 amount of the total tax credit claimed under this section in the
7 preceding two taxable years. The amount of the tax credit
8 recaptured shall apply only to the investment in the particular
9 digital media infrastructure project that meets the requirements
10 of paragraph (1), (2), or (3). The amount of the recaptured tax
11 credit determined under this subsection shall be added to the
12 taxpayer's tax liability for the taxable year in which the
13 recapture occurs under this subsection.

14 (d) In determining whether to enter into an agreement
15 under this section, the department shall consider all of the
16 following:

- 17 (1) The potential that in the absence of the tax credit
18 allowed under section 209E-B, the qualified digital
19 media infrastructure project will be constructed in a
20 location other than this State;
- 21 (2) The extent to which the qualified digital media
22 infrastructure project may have the effect of



1 promoting economic development or job creation in this
2 State;

3 (3) The extent to which the tax credit will attract
4 private investment for the production of motion
5 pictures, videos, television programs, and digital
6 media in this State; and

7 (4) The extent to which the tax credit will encourage the
8 development of film, video, television, and digital
9 media production and postproduction facilities in this
10 State.

11 (e) The taxpayer shall submit a request to the department
12 for an investment expenditure certificate on a form prescribed
13 by the department, along with any information or independent
14 certification the department deems necessary. The department
15 shall process each request within sixty days after the request
16 is complete. However, the department may request additional
17 information or independent certification before issuing an
18 investment expenditure certificate and need not issue the
19 investment expenditure certificate until satisfied that
20 investment expenditures and eligibility are adequately
21 established. The additional information requested may include a
22 report of expenditures audited and certified by an independent



1 certified public accountant. If the department determines that
2 a taxpayer has complied with the terms of an agreement entered
3 into under this section, the department shall issue an
4 investment expenditure certificate to the taxpayer. Each
5 investment expenditure certificate shall be signed by the
6 director and shall include the following information:

- 7 (1) The name of the taxpayer;
- 8 (2) A description of the qualified digital media
9 infrastructure project;
- 10 (3) The taxpayer's eligible base investment for the
11 qualified digital media infrastructure project;
- 12 (4) The unique number assigned to the qualified digital
13 media infrastructure project by the department under
14 subsection (b);
- 15 (5) The taxpayer's federal employer identification number
16 or state taxpayer identification number; and
- 17 (6) Any independent certification required by the
18 department.
- 19 (f) Information, records, or other data received,
20 prepared, used, or retained by the department under this section
21 that are submitted by an eligible taxpayer and considered by the
22 taxpayer and acknowledged by the department as confidential



1 shall not be subject to public disclosure. Information,
2 records, or other data shall only be considered confidential to
3 the extent that the information or records describe the
4 commercial and financial operations or intellectual property of
5 the taxpayer, the information or records have not been publicly
6 disseminated at any time, and disclosure of the information or
7 records may put the taxpayer at a competitive disadvantage."

8 SECTION 3. Chapter 209E, Hawaii Revised Statutes, is
9 amended by designating sections 209E-1 through 209E-14 as
10 follows:

11 **"PART I. ENTERPRISE ZONES"**

12 SECTION 4. Chapter 235, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 **"§235- Digital media enterprise subzone workforce**
16 **development tax credit.** (a) Any law to the contrary
17 notwithstanding, there shall be allowed to each taxpayer that
18 operates a business that is deemed a qualified animation or
19 visual effects business and located within a digital media
20 enterprise subzone as defined in section 209E-A and subject to
21 the taxes imposed by this chapter, an income tax credit that
22 shall be deductible from the taxpayer's net income tax



1 liability, if any, imposed by this chapter for the taxable year
2 in which the tax credit is properly claimed. The amount of the
3 tax credit shall be per cent of the wages paid to
4 animation or visual effects hires who are Hawaii residents.

5 In the case of a partnership, S corporation, estate, or
6 trust, the tax credit allowable is for qualified labor costs
7 incurred by the entity for the taxable year. The cost upon
8 which the tax credit is computed shall be determined at the
9 entity level. Distribution and share of credit shall be
10 determined under section 235-110.

11 (b) The tax credit allowed under this section shall be
12 claimed against the net income tax liability for the taxable
13 year. For the purposes of this section, "net income tax
14 liability" means net income tax liability reduced by all other
15 credits allowed under this chapter and chapter 209E.

16 (c) If the tax credit under this section exceeds the
17 taxpayer's income tax liability, the excess of credits over
18 liability shall be refunded to the taxpayer; provided that no
19 refunds or payment on account of the tax credits allowed by this
20 section shall be made for amounts less than \$1. All claims,
21 including any amended claims, for tax credits under this section
22 shall be filed on or before the end of the twelfth month



1 following the close of the taxable year for which the credit may
2 be claimed. Failure to comply with the foregoing provision
3 shall constitute a waiver of the right to claim the credit.

4 (d) To qualify for this tax credit, a business shall:

5 (1) Meet the definition of a qualified animation or visual
6 effects business specified in subsection (j);

7 (2) Have qualified animation or visual effects labor costs
8 totaling at least \$200,000;

9 (3) Provide evidence of reasonable efforts to hire Hawaii
10 residents as animation or visual effects personnel;

11 (4) Keep accurate records of all animation or visual
12 effects hires who are Hawaii residents whose wages may
13 qualify for the tax credit; and

14 (5) Require any wages attributable to minimum cost
15 thresholds for which the wage reimbursement tax credit
16 does not apply to have Hawaii income tax withheld;
17 provided that the wage and tax information is subject
18 to verification by the department of taxation.

19 (e) The director of taxation shall prepare forms as may be
20 necessary to claim a tax credit under this section. The
21 director may also require the taxpayer to furnish information to
22 ascertain the validity of the claim for credit made under this



1 section and may adopt rules necessary to effectuate the purposes
2 of this section pursuant to chapter 91.

3 (f) Every taxpayer claiming a tax credit under this
4 section for a qualified animation or visual effects business
5 shall submit, no later than ninety days following the end of
6 each taxable year in which qualified labor costs were expended,
7 a written, sworn statement to the department of business,
8 economic development, and tourism, identifying:

9 (1) All qualified labor costs as provided by subsection
10 (a), if any, incurred in the previous taxable year;

11 (2) The amount of tax credits claimed pursuant to this
12 section, if any, in the previous taxable year; and

13 (3) The number of hires working in Hawaii by category
14 (i.e., department) and by county.

15 (g) The department of business, economic development, and
16 tourism shall:

17 (1) Maintain records of the names of the taxpayers and
18 qualified animation or visual effects businesses
19 thereof claiming the tax credits under subsection (a);

20 (2) Obtain and total the aggregate amounts of all
21 qualified labor costs per qualified animation or
22 visual effects business per taxable year; and



1 (3) Provide a letter to the director of taxation
2 specifying the amount of the tax credit per qualified
3 animation or visual effects business for each taxable
4 year that a tax credit is claimed and the cumulative
5 amount of the tax credit for all years claimed.

6 Upon each determination required under this subsection, the
7 department of business, economic development, and tourism shall
8 issue a letter to the taxpayer, regarding the qualified
9 animation or visual effects business, specifying the qualified
10 labor costs and the tax credit amount qualified for in each
11 taxable year a tax credit is claimed. The department of
12 business, economic development, and tourism may establish a fee
13 of \$ to process the taxpayer letter, which shall be
14 deposited in the Hawaii film office special fund established
15 pursuant to section 201-113. The taxpayer for each qualified
16 animation or visual effects business shall file the letter with
17 the taxpayer's tax return for the qualified animation or visual
18 effects business to the department of taxation. Notwithstanding
19 the authority of the department of business, economic
20 development, and tourism under this section, the director of
21 taxation may audit and adjust the tax credit amount to conform
22 to the information filed by the taxpayer.



1 (h) Total tax credits claimed per qualified production
2 shall not exceed \$ in any given tax year.

3 (i) Qualified animation or visual effects businesses shall
4 comply with subsections (d), (e), (f), and (g).

5 (j) For the purposes of this section:

6 "Animation or visual effects" means animation and visual
7 effects created primarily with digital technologies for
8 designing, modeling, rendering, lighting, painting, animating,
9 and composing for qualified productions as that term is defined
10 under section 235-17, but does not include:

11 (1) Audio effects;

12 (2) In-camera effects;

13 (3) Credit rolls;

14 (4) Subtitles;

15 (5) Animation or visual effects all or substantially all
16 of which are created by editing activities;

17 (6) Animation or visual effects for use in promotional
18 material for a production eligible for the tax credit
19 established under section 235-17; or

20 (7) Activities that are of a scientific or experimental
21 nature.



1 "Digital media" means production methods and platforms
2 directly related to the creation of cinematic imagery and
3 content, specifically using digital means, including but not
4 limited to digital cameras, digital sound equipment, and
5 computers, to be delivered via film, videotape, interactive game
6 platform, or other digital distribution media (excluding
7 internet-only distribution).

8 "Hawaii resident" means any person residing in Hawaii and
9 who has paid Hawaii general excise taxes within the prior six
10 months or Hawaii income taxes in the last calendar year.

11 "Qualified animation or visual effects business" means a
12 business, with expenditures in the State, for the total or
13 partial production of animation or visual effects that are to be
14 used in a feature-length motion picture, short film, made-for-
15 television movie, commercial, music video, interactive game,
16 television series pilot, single season of a television series
17 regularly filmed in the State, television special, single
18 television episode that is not part of a television series
19 regularly filmed or based in the State, national magazine show,
20 or national talk show.

21 "Qualified labor costs" means the costs incurred by a
22 qualified animation or visual effects business within the State



1 that are attributable to wages or salaries paid by the qualified
2 animation or visual effects business to animation or visual
3 effects personnel who are residents of the State of Hawaii,
4 subject to taxation under this chapter, and for whom the
5 qualified animation or visual effects business otherwise incurs
6 tax liability under chapter 383."

7 SECTION 5. Chapter 431:7, part II, Hawaii Revised
8 Statutes, is amended by adding a new section to be appropriately
9 designated and to read as follows:

10 "§431:7- Digital media infrastructure tax credit. The
11 digital media tax infrastructure tax credit provided under
12 section 209E-B shall be operative for this chapter on July 1,
13 2010."

14 PART II

15 SECTION 6. Section 201-113, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "[~~§~~201-113~~] Hawaii [~~television and film development~~]~~
18 film office special fund. (a) There is established in the
19 state treasury the Hawaii [~~television and film development~~] film
20 office special fund, into which shall be deposited:

21 (1) Appropriations by the legislature;



1 (2) Rents from usage of the Hawaii film studio operated by
2 the film office branch;

3 (3) Fees collected by the department for processing
4 taxpayer letters pursuant to sections 235- and
5 235-17, and the tax credit certification program
6 pursuant to section 209E-C;

7 ~~[(2)]~~ (4) Donations and contributions made by private
8 individuals or organizations for deposit into the
9 fund; and

10 ~~[(3)]~~ (5) Grants provided by governmental agencies or any
11 other source ~~[, and~~

12 ~~[(4)]~~ Any profits or other amounts received from venture
13 capital investments.

14 ~~(b) The fund shall be used by the board to assist in, and~~
15 ~~provide incentives for, the production of eligible Hawaii~~
16 ~~projects that are in compliance with criteria and standards~~
17 ~~established by the board in accordance with rules adopted by the~~
18 ~~board pursuant to chapter 91. In particular, the board shall~~
19 ~~adopt rules to provide for the implementation of the following~~
20 ~~programs:~~

21 ~~(1) A grant program. The board shall adopt rules pursuant~~
22 ~~to chapter 91 to provide conditions and qualifications~~



1 ~~for grants. Applications for grants shall be made to~~
2 ~~the board and shall contain such information as the~~
3 ~~board shall require by rules adopted pursuant to~~
4 ~~chapter 91. At a minimum, the applicant shall agree~~
5 ~~to the following conditions:~~

6 ~~(A) The grant shall be used exclusively for eligible~~
7 ~~Hawaii projects;~~

8 ~~(B) The applicant shall have applied for or received~~
9 ~~all applicable licenses and permits;~~

10 ~~(C) The applicant shall comply with applicable~~
11 ~~federal and state laws prohibiting discrimination~~
12 ~~against any person on the basis of race, color,~~
13 ~~national origin, religion, creed, sex, age, or~~
14 ~~physical handicap;~~

15 ~~(D) The applicant shall comply with other~~
16 ~~requirements as the board may prescribe;~~

17 ~~(E) All activities undertaken with funds received~~
18 ~~shall comply with all applicable federal, state,~~
19 ~~and county statutes and ordinances;~~

20 ~~(F) The applicant shall indemnify and save harmless~~
21 ~~the State of Hawaii and its officers, agents, and~~
22 ~~employees from and against any and all claims~~



1 ~~arising out of or resulting from activities~~
2 ~~carried out or projects undertaken with funds~~
3 ~~provided hereunder, and procure sufficient~~
4 ~~insurance to provide this indemnification if~~
5 ~~requested to do so by the department;~~

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

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

15 ~~(2) A venture capital program. The board shall adopt~~
16 ~~rules pursuant to chapter 91 to provide conditions and~~
17 ~~qualifications for venture capital investments in~~
18 ~~eligible Hawaii projects. The program may include a~~
19 ~~written agreement between the borrower and the board,~~
20 ~~as the representative of the State, that as~~
21 ~~consideration for the venture capital investment made~~
22 ~~under this part, the borrower shall share any~~



1 ~~royalties, licenses, titles, rights, or any other~~
2 ~~monetary benefits that may accrue to the borrower~~
3 ~~pursuant to terms and conditions established by the~~
4 ~~board by rule pursuant to chapter 91. Venture capital~~
5 ~~investments may be made on such terms and conditions~~
6 ~~as the board shall determine to be reasonable,~~
7 ~~appropriate, and consistent with the purposes and~~
8 ~~objectives of this part].~~

9 (b) Moneys in the fund shall be used for the operations of
10 the Hawaii film office, including personnel costs of staff
11 positions existing on November 1, 2009; provided that the use of
12 moneys from the fund for current and future personnel costs
13 shall be limited to those employees performing specialized
14 duties and assigned solely to the Hawaii film office
15 operations."

16 PART III

17 SECTION 7. This Act does not affect rights and duties that
18 matured, penalties that were incurred, and proceedings that were
19 begun, before its effective date.

20 SECTION 8. In codifying the new part added by this Act,
21 the revisor shall designate appropriate section numbers for the
22 letters used in designating the new sections in this Act.



1 SECTION 9. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 10. This Act shall take effect on July 1, 2020;
4 provided that sections 2 through 5 shall be repealed ten years
5 after the effective date of this Act.

6



Report Title:

Digital Media Enterprise Subzones; Tax Incentives; Investments

Description:

Establishes digital media enterprise subzones as unspecified geographic areas surrounding University of Hawaii campuses that are also designated as enterprise zones; establishes tax benefits for digital media infrastructure development and operation and local workforce employment; authorizes insurance companies to invest in qualified digital media infrastructure projects in lieu of pay certain state taxes; renames and amends the Hawaii television and film development special fund to the Hawaii film office special fund; effective 7/1/2020 with sections 2 through 5 to be repealed ten years after the effective date of the Act. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

