
A BILL FOR AN ACT

RELATING TO FUNDING FOR CREATIVE MEDIA AND FILM DEVELOPMENT.

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

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

10 With the passage of Act 89, Session Laws of Hawaii 2013,
11 and enhancements to the motion picture, digital media, and film
12 production income tax credit program, the demands on the Hawaii
13 film office, which has been operating with limited staff and
14 resources, have stretched those resources to capacity. While
15 positions and some funding have been restored, the costs to
16 support productions, manage the motion picture, digital media,
17 and film production income tax credit program, and maintain the



1 Hawaii film studio far exceed the existing general fund
2 allocations.

3 This Act proposes, among other things, to broaden the
4 sources of revenue for and rename the special fund created in
5 section 201-113, Hawaii Revised Statutes. By capturing revenues
6 from the studio and other sources, the special fund will provide
7 a necessary funding mechanism for ongoing basic repair and
8 maintenance of the Hawaii film studio, which averages \$150,000
9 per year. With anticipated revenues generated by film studio
10 rental of \$600,000 annually, the department of business,
11 economic development, and tourism will have the means to
12 maintain the studio facility and support programs that are not
13 currently possible with the existing general fund allocation.

14 The purpose of this Act is to:

- 15 (1) Rename the Hawaii television and film development
16 special fund as the creative media and film
17 infrastructure special fund;
- 18 (2) Broaden the sources of revenue for the creative media
19 and film infrastructure special fund;
- 20 (3) Repeal the Hawaii television and film development
21 board, which has been inactive for nearly ten years,



1 along with the grant and venture capital programs to
2 be implemented by the board; and

3 (4) Amend the purposes for which the creative media and
4 film infrastructure special fund may be used, in order
5 to enable the department of business, economic
6 development, and tourism to fulfill its statutory
7 duties regarding the film program.

8 SECTION 2. Chapter 201, Hawaii Revised Statutes, is
9 amended by amending the title of part IX to read as follows:

10 "[+]PART IX. [~~-~~HAWAII TELEVISION] CREATIVE MEDIA AND FILM
11 [~~DEVELOPMENT~~] INFRASTRUCTURE SPECIAL FUND"

12 SECTION 3. Section 201-113, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "[+]§201-113[~~-~~ Hawaii television] Creative media and film
15 [~~development~~] infrastructure special fund. (a) There is
16 established in the state treasury the [~~Hawaii television~~]
17 creative media and film [~~development~~] infrastructure special
18 fund into which shall be deposited:

19 (1) Appropriations by the legislature;



- 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~~



~~written agreement between the borrower and the board,
as the representative of the State, that as
consideration for the venture capital investment made
under this part, the borrower shall share any
royalties, licenses, titles, rights, or any other
monetary benefits that may accrue to the borrower
pursuant to terms and conditions established by the
board by rule pursuant to chapter 91. Venture capital
investments may be made on such terms and conditions
as the board shall determine to be reasonable,
appropriate, and consistent with the purposes and
objectives of this part.]~~

department of business, economic development, and tourism to
provide for:

- (1) Operations, repair, and maintenance of the Hawaii film
studio;
- (2) Support for the operations of the Hawaii film office;
- (3) Programs and initiatives for creative media industry
development; and



1 (4) Programs that expand the skill sets of Hawaii's
2 resident workforce in the creative media and film
3 industries."

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

6 [~~§201-111 Definitions. As used in this part:~~

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

9 ~~"Board" means the Hawaii television and film development~~
10 ~~board.~~

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

18 ~~"Fund" means the Hawaii television and film development~~
19 ~~special fund.~~

20 ~~"Venture capital investment" means any of the following~~
21 ~~investments in a project:~~



- 1 ~~(1) Common or preferred stock and equity securities~~
2 ~~without a repurchase requirement for at least five~~
3 ~~years;~~
- 4 ~~(2) A right to purchase stock or equity securities;~~
- 5 ~~(3) Any debenture, whether or not convertible or having~~
6 ~~stock purchase rights, which is subordinated, together~~
7 ~~with security interests against the assets of the~~
8 ~~borrower, by their terms to all borrowings of the~~
9 ~~borrower from other institutional lenders, and that is~~
10 ~~for a term of not less than three years, and that has~~
11 ~~no part amortized during the first three years; and~~
- 12 ~~(4) General or limited partnership interests."~~

13 SECTION 5. Section 201-112, Hawaii Revised Statutes, is
14 repealed.

15 ~~["§201-112] Hawaii television and film development board.~~

16 ~~(a) There is established the Hawaii television and film~~
17 ~~development board. The board shall be attached to the~~
18 ~~department of business, economic development, and tourism for~~
19 ~~administrative purposes only. The board shall administer the~~
20 ~~grant and venture capital investment programs and the Hawaii~~
21 ~~television and film development special fund established under~~



1 ~~this part. The board shall also assess and consider the overall~~
2 ~~viability and development of the television and film industries~~
3 ~~and make recommendations to appropriate state or county~~
4 ~~agencies.~~

5 ~~(b) The board shall be composed of nine members, four of~~
6 ~~whom shall be appointed by the governor pursuant to section 26-~~
7 ~~34, and all of whom shall serve four year staggered terms. One~~
8 ~~of the governor's appointments shall be made from a list of~~
9 ~~nominees submitted by the president of the senate and another~~
10 ~~appointment shall be made from a list of nominees submitted by~~
11 ~~the speaker of the house of representatives. The four appointed~~
12 ~~members shall possess a current working knowledge of the film,~~
13 ~~television, or entertainment industry. The director of~~
14 ~~business, economic development, and tourism, and the chairs of~~
15 ~~the four county film commissions or its equivalent, shall serve~~
16 ~~as ex officio voting members, who may be represented on the~~
17 ~~board by designees.~~

18 ~~The chairperson and vice chairperson of the board shall be~~
19 ~~selected by the board by majority vote. Five members shall~~
20 ~~constitute a quorum, whose affirmative vote shall be necessary~~
21 ~~for all actions by the board. The members shall serve without~~



1 ~~compensation but shall be reimbursed for expenses, including~~
2 ~~travel expenses, necessary for the performance of their duties.~~

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

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

7 SECTION 6. Section 201-114, Hawaii Revised Statutes, is
8 repealed.

9 ~~["~~§201-114~~ Inspection of premises and records. The board~~
10 ~~shall have the right to inspect, at reasonable hours, the plant,~~
11 ~~physical facilities, equipment, premises, books, and records of~~
12 ~~any applicant in connection with the processing of a grant to~~
13 ~~the applicant."]~~

14 SECTION 7. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$500,000, or so much
16 thereof as may be necessary, for fiscal year 2016-2017 to be
17 deposited into the creative media and film infrastructure
18 special fund.

19 SECTION 8. There is appropriated out of the creative media
20 and film infrastructure special fund the sum of \$500,000 or so



1 much thereof as may be necessary for fiscal year 2016-2017 for
2 the purposes of the fund.

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 9. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 10. This Act shall take effect on July 1, 2016.

9



Report Title:

Creative Media and Film Infrastructure Special Fund; Hawaii
Television and Film Development Board; Appropriation

Description:

Renames the Hawaii television and film development special fund as the creative media and film infrastructure special fund. Expands funding sources for the creative media and film infrastructure special fund to support creative industries development within the Department of Business, Economic Development, and Tourism. Repeals the Hawaii television and film development board along with the grant and venture capital programs to be implemented by the board. Amends the purposes for which the creative media and film infrastructure special fund may be used. (SD1)

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

