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# A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,  
AND TOURISM.

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

1 SECTION 1. Chapter 201, Hawaii Revised Statutes, is  
2 amended by amending the title of part IX to read as follows:

3 " [†] PART IX. [‡] HAWAII [~~TELEVISION AND~~] FILM AND CREATIVE  
4 INDUSTRIES DEVELOPMENT"

5 SECTION 2. Section 201-111, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "[†] §201-111 [‡] Definitions. As used in this part:

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

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

12 [~~"Eligible Hawaii project" or "project" means an~~  
13 ~~entertainment project in which at least seventy five per cent of~~  
14 ~~the budget for the production costs, excluding salaries and~~  
15 ~~costs for the producer, director, writer, screenplay, and actors~~  
16 ~~in the project, is dedicated for the purchase or lease of goods~~



1 ~~or services from a vendor or supplier who is located and doing~~  
2 ~~business in the State.]~~

3 "Creative industries" means those sectors that comprise  
4 Hawaii's creative economy, including media, arts, culture, music,  
5 design, fashion, publishing, animation, interactive, and  
6 emerging media.

7 "Department" means the department of business, economic  
8 development, and tourism.

9 "Fund" means the Hawaii [~~television and~~] film and creative  
10 industries development special fund.

11 "Media" means film, motion pictures, television,  
12 interactive, over-the-top television productions, virtual  
13 reality, augmented reality and other forms of emerging media,  
14 multi-player videogame publishing, and other digitally-developed  
15 content for theatrical or digital distribution via streaming,  
16 mobile, and broadcast media.

17 [~~"Venture capital investment" means any of the following~~  
18 ~~investments in a project:~~

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



- 1       ~~(2) A right to purchase stock or equity securities;~~
- 2       ~~(3) Any debenture, whether or not convertible or having~~
- 3       ~~stock purchase rights, which is subordinated, together~~
- 4       ~~with security interests against the assets of the~~
- 5       ~~borrower, by their terms to all borrowings of the~~
- 6       ~~borrower from other institutional lenders, and that is~~
- 7       ~~for a term of not less than three years, and that has~~
- 8       ~~no part amortized during the first three years; and~~
- 9       ~~(4) General or limited partnership interests.] "~~

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

12       " ~~[+] §201-113 [+~~ Hawaii ~~[television and]~~ film and creative  
 13 industries development special fund. (a) There is established  
 14 in the state treasury the Hawaii ~~[television and]~~ film and  
 15 creative industries development special fund into which shall be  
 16 deposited:

- 17       (1) Appropriations by the legislature;
- 18       (2) Donations and contributions made by private
- 19       individuals or organizations for deposit into the
- 20       fund;



1 (3) Grants provided by governmental agencies or any other  
2 source; and

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

5 (4) Effective January 2, 2021, all revenues, fees, and  
6 charges from the processing of the motion picture,  
7 digital media, and film production income tax credit  
8 pursuant to section 235-17.

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

16 ~~(1) A grant program. The board shall adopt rules pursuant  
17 to chapter 91 to provide conditions and qualifications  
18 for grants. Applications for grants shall be made to  
19 the board and shall contain such information as the  
20 board shall require by rules adopted pursuant to~~



1 ~~chapter 91. At a minimum, the applicant shall agree~~  
2 ~~to the following conditions:~~

3 ~~(A) The grant shall be used exclusively for eligible~~  
4 ~~Hawaii projects;~~

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

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

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

14 ~~(E) All activities undertaken with funds received~~  
15 ~~shall comply with all applicable federal, state,~~  
16 ~~and county statutes and ordinances;~~

17 ~~(F) The applicant shall indemnify and save harmless~~  
18 ~~the State of Hawaii and its officers, agents, and~~  
19 ~~employees from and against any and all claims~~  
20 ~~arising out of or resulting from activities~~  
21 ~~carried out or projects undertaken with funds~~



1                   ~~provided hereunder, and procure sufficient~~  
2                   ~~insurance to provide this indemnification if~~  
3                   ~~requested to do so by the department;~~

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

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

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



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

8 department to provide for:

9 (1) A program to provide seed capital for film, media, and  
10 creative industries intellectual property development  
11 projects for export, as determined by the department;

12 (2) Programs that expand the skills of the State's resident  
13 workforce in the film, media, and creative industries;

14 and

15 (3) Marketing programs that attract business opportunities  
16 within the film, media, and creative industries in the  
17 State."

18 SECTION 4. Section 201-112, Hawaii Revised Statutes, is  
19 repealed.

20 ~~["§201-112] Hawaii television and film development board.~~

21 ~~(a) There is established the Hawaii television and film~~



1 ~~development board. The board shall be attached to the~~  
2 ~~department of business, economic development, and tourism for~~  
3 ~~administrative purposes only. The board shall administer the~~  
4 ~~grant and venture capital investment programs and the Hawaii~~  
5 ~~television and film development special fund established under~~  
6 ~~this part. The board shall also assess and consider the overall~~  
7 ~~viability and development of the television and film industries~~  
8 ~~and make recommendations to appropriate state or county~~  
9 ~~agencies.~~

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





1 ~~as ex officio[,]~~ voting members, who may be represented on the  
2 board by designees.

3 ~~The chairperson and vice chairperson of the board shall be~~  
4 ~~selected by the board by majority vote. Five members shall~~  
5 ~~constitute a quorum, whose affirmative vote shall be necessary~~  
6 ~~for all actions by the board. The members shall serve without~~  
7 ~~compensation but shall be reimbursed for expenses, including~~  
8 ~~travel expenses, necessary for the performance of their duties.~~

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

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

13 SECTION 5. Section 201-114, Hawaii Revised Statutes, is  
14 repealed.

15 ~~["§201-114] Inspection of premises and records. The~~  
16 ~~board shall have the right to inspect, at reasonable hours, the~~  
17 ~~plant, physical facilities, equipment, premises, books, and~~  
18 ~~records of any applicant in connection with the processing of a~~  
19 ~~grant to the applicant." ]~~

20 SECTION 6. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$1,200,000 or so much



1 thereof as may be necessary for fiscal year 2019-2020 for the  
2 University of Hawaii creative media program for the purposes of  
3 strengthening the pipeline of students to the creative media  
4 industry.

5 The sum appropriated shall be expended by the University of  
6 Hawaii for the purposes of this Act.

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

9 SECTION 8. This Act shall take effect on July 1, 2019.



S.B. NO. 989  
S.D. 2  
H.D. 2  
C.D. 1

**Report Title:**

Hawaii Film and Creative Industries Development Special Fund;  
DBEDT; Hawaii Television and Film Development Board; UH Creative  
Media Program; Appropriation

**Description:**

Renames the Hawaii Television and Film Development Special Fund  
as the Hawaii Film and Creative Industries Development Special  
Fund and expands its funding sources and purposes. Appropriates  
funds for the UH creative media program. (CD1)

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not legislation or evidence of legislative intent.*

