



1 Hawaii offers the perfect place to raise a family and the  
2 perfect lifestyle for the artists in the creative digital field.

3 The purpose of this part is to improve the organizational  
4 framework and the substance of tax provisions concerning  
5 performing arts, motion pictures, digital media, and film  
6 production by, among other things:

- 7 (1) Recodifying various tax-related provisions pertaining  
8 to performing arts, motion pictures, digital media,  
9 and film under a new part;
- 10 (2) Establishing a performing arts investment tax credit  
11 and a tax credit for performing arts research  
12 activities; and
- 13 (3) Amending the motion picture, digital media, and film  
14 production income tax credit to improve  
15 accountability, transparency, and to preclude  
16 taxpayers from claiming multiple credits for the same  
17 costs.

18 SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
19 amended by adding a new part to be appropriately designated and  
20 to read as follows:

21 **"PART . MOTION PICTURE, DIGITAL MEDIA, AND FILM PRODUCTION**



1           **§235-A Performing arts royalties derived from patents,**  
2 **copyrights, or trade secrets excluded from gross income. (a)**

3 In addition to the exclusions in section 235-7, there shall be  
4 excluded from gross income, adjusted gross income, and taxable  
5 income, amounts received by an individual or a qualified  
6 business as royalties and other income derived from any patents,  
7 copyrights, and trade secrets:

- 8           (1) Owned by the individual or qualified business; and
- 9           (2) Developed and arising out of a qualified business.

10           (b) This exclusion shall extend to:

- 11           (1) The authors of performing arts products, or any parts  
12                 thereof, without regard to the application of the  
13                 work-for-hire doctrine under United States copyright  
14                 law;
- 15           (2) The authors of performing arts products, or any parts  
16                 thereof, under the work-for-hire doctrine under United  
17                 States copyright law; and
- 18           (3) The assignors, licensors, and licensees of any  
19                 copyright rights in performing arts products, or any  
20                 parts thereof.

21           (c) For the purposes of this section:

22           "Performing arts products" means:



1 (1) Audio files, video files, audiovideo files, computer  
2 animation, and other entertainment products perceived  
3 by or through the operation of a computer; and

4 (2) Commercial television and film products for sale or  
5 license, and reuse or residual fee payments from these  
6 products.

7 "Qualified business" means a business engaged in producing  
8 performing arts products that conducts more than fifty per cent  
9 of its activities in qualified research.

10 "Qualified research" means:

11 (1) The same as in section 41(d) of the Internal Revenue  
12 Code; and

13 (2) Performing arts products.

14 **§235-B Performing arts investment tax credit.** (a) There  
15 shall be allowed to each taxpayer subject to the taxes imposed  
16 by this chapter a performing arts investment tax credit that  
17 shall be deductible from the taxpayer's net income tax  
18 liability, if any, imposed by this chapter for the taxable year  
19 in which the investment was made and the following four years;  
20 provided the credit is properly claimed. The tax credit shall  
21 be as follows:



- 1           (1) In the year the investment was made, thirty-five per  
2           cent;
- 3           (2) In the first year following the year in which the  
4           investment was made, twenty-five per cent;
- 5           (3) In the second year following the investment, twenty  
6           per cent;
- 7           (4) In the third year following the investment, ten per  
8           cent; and
- 9           (5) In the fourth year following the investment, ten per  
10          cent,
- 11 of the investment made by the taxpayer in each qualified  
12 business, up to a maximum allowed credit in the year the  
13 investment was made, \$700,000; in the first year following the  
14 year in which the investment was made, \$500,000; in the second  
15 year following the year in which the investment was made,  
16 \$400,000; in the third year following the year in which the  
17 investment was made, \$200,000; and in the fourth year following  
18 the year in which the investment was made, \$200,000.
- 19          (b) The credit allowed under this section shall be claimed  
20 against the net income tax liability for the taxable year. For  
21 the purpose of this section, "net income tax liability" means



1 net income tax liability reduced by all other credits allowed  
2 under this chapter.

3 (c) If the tax credit under this section exceeds the  
4 taxpayer's income tax liability for any of the five years that  
5 the credit is taken, the excess of the tax credit over liability  
6 may be used as a credit against the taxpayer's income tax  
7 liability in subsequent years until exhausted. Every claim,  
8 including amended claims, for a tax credit under this section  
9 shall be filed on or before the end of the twelfth month  
10 following the close of the taxable year for which the credit may  
11 be claimed. Failure to comply with the foregoing provision  
12 shall constitute a waiver of the right to claim the credit.

13 (d) If at the close of any taxable year in the five-year  
14 period in subsection (a):

- 15 (1) The business no longer qualifies as a qualified  
16 business;
- 17 (2) The business or an interest in the business has been  
18 sold by the taxpayer investing in the qualified  
19 business; or
- 20 (3) The taxpayer has withdrawn the taxpayer's investment  
21 wholly or partially from the qualified business,



1 the credit claimed under this section shall be recaptured. The  
2 recapture shall be equal to one hundred per cent of the amount  
3 of the total tax credit claimed under this section in the  
4 preceding five years taxable years. The amount of the credit  
5 recaptured shall apply only to the investment in the particular  
6 qualified business that meets the requirements of paragraph (1),  
7 (2), or (3). The recapture provisions of this subsection shall  
8 not apply to a tax credit claimed for a qualified business that  
9 does not fall within the provisions of paragraph (1), (2), or  
10 (3). The amount of the recaptured tax credit determined under  
11 this subsection shall be added to the taxpayer's tax liability  
12 for the taxable year in which the recapture occurs under this  
13 subsection.

14 (e) Every taxpayer, before April 1 of each year in which  
15 an investment in a qualified business was made in the previous  
16 taxable year, shall submit a written, certified statement to the  
17 director of taxation identifying:

- 18 (1) Qualified investments, if any, expended in the  
19 previous taxable year;
- 20 (2) The amount of tax credits claimed pursuant to this  
21 section, if any, in the previous taxable year; and



1           (3) The number of total hires versus the number of local  
2           hires by category (i.e., department) and by country.  
3 The department of taxation shall use the information from the  
4 statements submitted each year under this subsection to prepare  
5 a report published by May 1 of each year presenting the  
6 information received under this subsection. The information  
7 shall be presented in the aggregate and shall be available to  
8 the public.

9           (f) The department shall:

- 10           (1) Maintain records of the names and addresses of the  
11           taxpayers claiming the credits under this section and  
12           the total amount of the qualified investment costs  
13           upon which the tax credit is based;
- 14           (2) Verify the nature and amount of the qualifying  
15           investments;
- 16           (3) Total all qualifying and cumulative investments that  
17           the department certifies; and
- 18           (4) Certify the amount of the tax credit for each taxable  
19           year and the cumulative amount of the tax credit.

20           Upon each determination made under this subsection, the  
21           department shall issue a certificate to the taxpayer verifying  
22           the information submitted to the department, including



1 qualifying investment amounts, the credit amount certified for  
2 each taxable year, and the cumulative amount of the tax credit  
3 during the credit period. The taxpayer shall file the  
4 certificate with the taxpayer's tax return with the department.

5 The director of taxation may assess and collect a fee to  
6 offset the costs of certifying tax credits claims under this  
7 section. All fees collected under this section shall be  
8 deposited into the tax administration special fund established  
9 under section 235-20.5.

10 (g) As used in this section:

11 "Investment tax credit allocation ratio" means, with  
12 respect to a taxpayer that has made an investment in a qualified  
13 business, the ratio of:

14 (1) The amount of the credit under this section that is,  
15 or is to be, received by or allocated to the taxpayer  
16 over the life of the investment, as a result of the  
17 investment; to

18 (2) The amount of the investment in the qualified  
19 business.

20 "Qualified business" means a business engaged in producing  
21 performing arts products, employing or owning capital or



1 property, or maintaining an office, in this state; provided  
2 that:

3 (1) More than fifty per cent of its total business  
4 activities are qualified research; and provided  
5 further that the business conducts more than seventy-  
6 five per cent of its qualified research in this state;  
7 or

8 (2) More than seventy-five per cent of its gross income is  
9 derived from qualified research; and provided further  
10 that this income is received from:

11 (A) Products sold from, manufactured in, or produced  
12 in this state; or

13 (B) Services performed in this state.

14 "Qualified research" means the same as defined in section  
15 235-A.

16 "Performing arts products" means the same as defined in  
17 section 235-A.

18 (h) Common law principles, including the doctrine of  
19 economic substance and business purpose, shall apply to any  
20 investment. There exists a presumption that a transaction  
21 satisfies the doctrine of economic substance and business  
22 purpose to the extent that the special allocation of the



1 performing arts tax credit has an investment tax credit ratio of  
2 1.5 or less of credit for every dollar invested.

3 Transactions for which an investment tax credit allocation  
4 ratio greater than 1.5 but not more than 2.0 of credit for every  
5 dollar invested and claimed may be reviewed by the department  
6 against applicable doctrines of economic substance and business  
7 purpose.

8 Businesses claiming a tax credit for transactions with  
9 investment tax credit allocation ratios greater than 2.0 of  
10 credit for every dollar invested shall substantiate economic  
11 merit and business purpose consistent with this section.

12 (i) Persons eligible for a tax credit under section 235-D  
13 may claim a tax credit under this section but not under section  
14 235-110.9. Persons not eligible for a tax credit under 235-D  
15 shall not claim any tax credit under this section. Any person  
16 that has:

17 (1) Claimed the tax credit under section 235-110.9; and

18 (2) Not exhausted the right to claim the tax credit for  
19 the five-year period provided thereunder,

20 shall be eligible to continue to claim the tax credit, without  
21 reduction or requalification, for the remainder of the five-year



1 period pursuant to this section if the taxpayer qualifies for a  
2 credit under section 235-D.

3 (j) This section shall not apply to taxable years  
4 beginning after December 31, 2010.

5 **§235-C Tax credit for performing arts research activities.**

6 (a) Section 41 (with respect to the credit for increasing  
7 research activities) and section 280C(c) (with respect to  
8 certain expenses for which the credit for increasing research  
9 activities are allowable) of the Internal Revenue Code shall be  
10 operative for the purposes of this chapter as provided in this  
11 section; except that references to the base amount shall not  
12 apply and credit for all qualified research expenses may be  
13 taken without regard to the amount of expenses for previous  
14 years. If section 41 of the Internal Revenue Code is repealed  
15 or terminated prior to January 1, 2011, its provisions shall  
16 remain in effect for purposes of the income tax law of the State  
17 as modified by this section, as provided for in subsection (j).

18 (b) All references to Internal Revenue Code sections  
19 within sections 41 and 280C(c) of the Internal Revenue Code  
20 shall be operative for the purposes of this section.

21 (c) There shall be allowed to each qualified business that  
22 is subject to the tax imposed by this chapter, an income tax



1 credit for qualified research activities equal to the credit for  
2 research activities provided by section 41 of the Internal  
3 Revenue Code and as modified by this section. The credit shall  
4 be deductible from the taxpayer's net income tax liability, if  
5 any, imposed by this chapter for the taxable year in which the  
6 credit is properly claimed.

7 (d) Every qualified business, before April 1 of each year  
8 in which qualified research and development activity was  
9 conducted in the previous taxable year, shall submit a written,  
10 certified statement to the director of taxation identifying:

11 (1) Qualified expenditures, if any, expended in the  
12 previous taxable year; and

13 (2) The amount of tax credits claimed pursuant to this  
14 section, if any, in the previous taxable year.

15 The department of taxation shall use the information from the  
16 statements submitted each year under this subsection to prepare  
17 a report published by May 1 of each year presenting the  
18 information received under this subsection. The information  
19 shall be presented in the aggregate and shall be available to  
20 the public.

21 (e) The department shall:



- 1 (1) Maintain records of the names and addresses of the  
2 taxpayers claiming the credits under this section and  
3 the total amount of the qualified research and  
4 development activity costs upon which the tax credit  
5 is based;
- 6 (2) Verify the nature and amount of the qualifying costs  
7 or expenditures;
- 8 (3) Total all qualifying and cumulative costs or  
9 expenditures that the department certifies; and
- 10 (4) Certify the amount of the tax credit for each taxable  
11 year and cumulative amount of the tax credit.

12 Upon each determination made under this subsection, the  
13 department shall issue a certificate to the taxpayer verifying  
14 information submitted to the department, including the  
15 qualifying costs or expenditure amounts, the credit amount  
16 certified for each taxable year, and the cumulative amount of  
17 the tax credit during the credit period. The taxpayer shall  
18 file the certificate with the taxpayer's tax return with the  
19 department.

20 The director of taxation may assess and collect a fee to  
21 offset the costs of certifying tax credit claims under this  
22 section. All fees collected under this section shall be



1 deposited into the tax administration special fund established  
2 under section 235-20.5.

3 (f) As used in this section:

4 "Basic research" under section 41(e) of the Internal  
5 Revenue Code shall not include research conducted outside of the  
6 state.

7 "Qualified business" means the same as in section 235-B.

8 "Qualified research" under section 41(d)(1) of the Internal  
9 Revenue Code shall not include research conducted outside of the  
10 state.

11 (g) If the tax credit for qualified performing arts  
12 research activities claimed by a taxpayer exceeds the amount of  
13 income tax payment due from the taxpayer, the excess of the tax  
14 credit over payments due shall be refunded to the taxpayer;  
15 provided that no refund on account of the tax credit allowed by  
16 this section shall be made for amounts less than \$1.

17 (h) All claims for a tax credit under this section shall  
18 be filed on or before the end of the twelfth month following the  
19 close of the taxable year for which the credit may be claimed.  
20 Failure to properly claim the credit shall constitute a waiver  
21 of the right to claim the credit.



1 (i) The director of taxation may adopt any rules under  
2 chapter 91 and forms necessary to carry out this section.

3 (j) Persons eligible to claim a tax credit under section  
4 235-D may claim a tax credit under this section but not under  
5 section 235-110.91. Persons not eligible for a tax credit under  
6 section 235-D shall not claim a tax credit under this section.

7 Any person that has:

8 (1) Claimed the tax credit under section 235-110.91; and

9 (2) Not exhausted the right to claim the tax credit

10 provided thereunder,

11 shall be eligible to continue to claim the tax credit, without  
12 reduction or requalification, pursuant to this section, if the  
13 taxpayer is eligible to claim a credit under section 235-D.

14 (k) This section shall not apply to taxable years

15 beginning after December 31, 2010."

16 SECTION 3. Section 235-7.3, Hawaii Revised Statutes, is  
17 amended to read as follows:

18 "**§235-7.3 Royalties derived from patents, copyrights, or**

19 **trade secrets excluded from gross income.** (a) In addition to

20 the exclusions in section 235-7, there shall be excluded from

21 gross income, adjusted gross income, and taxable income, amounts

22 received by an individual or a qualified high technology



1 business as royalties and other income derived from any patents,  
2 copyrights, and trade secrets:

3 (1) Owned by the individual or qualified high technology  
4 business; and

5 (2) Developed and arising out of a qualified high  
6 technology business.

7 ~~[(b) With respect to performing arts products, this~~  
8 ~~exclusion shall extend to:~~

9 ~~(1) The authors of performing arts products, or any parts~~  
10 ~~thereof, without regard to the application of the~~  
11 ~~work-for-hire doctrine under United States copyright~~  
12 ~~law;~~

13 ~~(2) The authors of performing arts products, or any parts~~  
14 ~~thereof, under the work-for-hire doctrine under United~~  
15 ~~States copyright law; and~~

16 ~~(3) The assignors, licensors, and licensees of any~~  
17 ~~copyright rights in performing arts products, or any~~  
18 ~~parts thereof.~~

19 ~~(e)]~~ (b) For the purposes of this section:

20 ~~["Performing arts products" means:~~



1       ~~(1) Audio files, video files, audiovideo files, computer~~  
2             ~~animation, and other entertainment products perceived~~  
3             ~~by or through the operation of a computer; and~~  
4       ~~(2) Commercial television and film products for sale or~~  
5             ~~license, and reuse or residual fee payments from these~~  
6             ~~products.]~~

7       "Qualified high technology business" means a business that  
8       conducts more than fifty per cent of its activities in qualified  
9       research.

10       "Qualified research" means:

- 11       (1) The same as in section 41(d) of the Internal Revenue  
12             Code;
- 13       (2) The development and design of computer software for  
14             ultimate commercial sale, lease, license or to be  
15             otherwise marketed, for economic consideration. With  
16             respect to the software's development and design, the  
17             business shall have substantial control and retain  
18             substantial rights to the resulting intellectual  
19             property;
- 20       (3) Biotechnology;
- 21       ~~[(4) Performing arts products;~~  
22       ~~(5)]~~ (4) Sensor and optic technologies;



- 1        [~~6~~] (5) Ocean sciences;  
2        [~~7~~] (6) Astronomy; or  
3        [~~8~~] (7) Nonfossil fuel energy-related technology."

4            SECTION 4. Section 235-17, Hawaii Revised Statutes, is  
5 amended as follows:

6            1. By renumbering the section, inserting it into the new  
7 part of chapter 235, Hawaii Revised Statutes, established under  
8 section 2 of this Act, and amending subsection (a) to read:

9            "~~§235-17~~ §235-D **Motion picture, digital media, and film**  
10 **production income tax credit.** (a) Any law to the contrary  
11 notwithstanding, there shall be allowed to each taxpayer subject  
12 to the taxes imposed by this chapter, an income tax credit which  
13 shall be deductible from the taxpayer's net income tax  
14 liability, if any, imposed by this chapter for the taxable year  
15 in which the credit is properly claimed. The amount of the  
16 credit shall be:

- 17            (1) Fifteen per cent of the qualified production costs  
18            incurred by a qualified production in any county of  
19            the State with a population of over seven hundred  
20            thousand; or  
21            (2) Twenty per cent of the qualified production costs  
22            incurred by a qualified production in any county of



1           the State with a population of seven hundred thousand  
2           or less.

3 A qualified production occurring in more than one county may  
4 prorate its expenditures based upon the amounts spent in each  
5 county, if the population bases differ enough to change the  
6 percentage of tax credit.

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

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

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

20           2. By amending subsection (e) to read:

21           "(e) On or after July 1, 2006, no qualified production  
22 cost that has been financed by investments for which a credit



1 was claimed by any taxpayer pursuant to section 235-110.9 is  
2 eligible for credits under this section. A taxpayer that claims  
3 a credit under section 235-110.9 or 235-B shall not be eligible  
4 to claim a credit under this section. Qualified production  
5 costs that are financed by public funds from the State shall not  
6 be eligible for credits under this section."

7 3. By amending subsection (h) to read:

8 "(h) Every taxpayer claiming a tax credit under this  
9 section for a qualified production shall, no later than ninety  
10 days following the end of each taxable year in which qualified  
11 production costs were expended, submit a written, sworn  
12 statement to the department of business, economic development,  
13 and tourism, identifying:

- 14 (1) All qualified production costs as provided by  
15 subsection (a), if any, incurred in the previous  
16 taxable year;
- 17 (2) The amount of tax credits claimed pursuant to this  
18 section, if any, in the previous taxable year; [~~and~~]
- 19 (3) The number of total hires versus the number of  
20 qualified local hires by category (i.e., department)  
21 and by county[~~-~~]; and





1 SECTION 5. The purpose of this part is to streamline the  
2 administration of the Hawaii television and film development  
3 special fund.

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

6 1. By adding a new definition to be appropriately inserted  
7 and to read:

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

10 2. By deleting the definition of "board".

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

13 SECTION 7. Section 201-113, Hawaii Revised Statutes, is  
14 amended by amending subsection (b) to read as follows:

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



1 (1) A grant program. [~~The board shall adopt rules~~] Rules  
2 adopted pursuant to chapter 91 [~~to~~] shall provide  
3 conditions and qualifications for grants.

4 Applications for grants shall [~~be made to the board~~  
5 ~~and shall~~] contain such information as [~~the board~~  
6 ~~shall require~~] required by rules adopted pursuant to  
7 chapter 91. At a minimum, the applicant shall agree  
8 to the following conditions:

9 (A) The grant shall be used exclusively for eligible  
10 Hawaii projects;

11 (B) The applicant shall have applied for or received  
12 all applicable licenses and permits;

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

18 (D) The applicant shall comply with other  
19 requirements as the [~~board~~] department may  
20 prescribe;



- 1 (E) All activities undertaken with funds received  
2 shall comply with all applicable federal, state,  
3 and county statutes and ordinances;
- 4 (F) The applicant shall indemnify and save harmless  
5 the State of Hawaii and its officers, agents, and  
6 employees from and against any and all claims  
7 arising out of or resulting from activities  
8 carried out or projects undertaken with funds  
9 provided hereunder, and procure sufficient  
10 insurance to provide this indemnification if  
11 requested to do so by the department;
- 12 (G) The applicant shall make available [~~to the board~~]  
13 all records the applicant may have relating to  
14 the project, to allow the [~~board~~] department to  
15 monitor the applicant's compliance with the  
16 purpose of this chapter; and
- 17 (H) The applicant [~~, to the satisfaction of the~~  
18 ~~board,~~] shall establish that sufficient funds are  
19 available for the completion of the project for  
20 the purpose for which the grant is awarded; and
- 21 (2) A venture capital program. [~~The board shall adopt~~  
22 ~~rules~~] Rules adopted pursuant to chapter 91 [~~to~~] shall



1 provide conditions and qualifications for venture  
2 capital investments in eligible Hawaii projects. The  
3 program may include a written agreement between the  
4 borrower and the [~~board,~~] department, as the  
5 representative of the State, that as consideration for  
6 the venture capital investment made under this part,  
7 the borrower shall share any royalties, licenses,  
8 titles, rights, or any other monetary benefits that  
9 may accrue to the borrower pursuant to terms and  
10 conditions established [~~by the board~~] by rule pursuant  
11 to chapter 91. Venture capital investments may be  
12 made on such terms and conditions as the [~~board~~]  
13 department shall determine to be reasonable,  
14 appropriate, and consistent with the purposes and  
15 objectives of this part."

16 SECTION 8. Section 201-114, Hawaii Revised Statutes, is  
17 amended to read as follows:

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



1 SECTION 9. Section 201-112, Hawaii Revised Statutes, is  
2 repealed.

3 ~~["§201-112] Hawaii television and film development board.~~

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

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



1 ~~business, economic development, and tourism, and the chairs of~~  
2 ~~the four county film commissions or its equivalent, shall serve~~  
3 ~~as ex officio voting members, who may be represented on the~~  
4 ~~board by designees.~~

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

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

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

15 PART III

16 SECTION 10. In codifying the new sections added by  
17 sections 2 and 4 of this Act, the revisor of statutes shall  
18 substitute appropriate section numbers for the letters used in  
19 designating the new sections in this Act.

20 SECTION 11. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.

22 SECTION 12. This Act shall take effect on July 1, 2020.



**Report Title:**

Film, Motion Pictures, and Digital Media

**Description:**

Recodifies provisions pertaining to certain performing-arts related tax credits and exclusions. Improves the administration and transparency of the Motion Picture, Digital Media, and Film Production Tax Credit. Repeals the Hawaii Television and Film Development Board. (SB1920 HD2)

