
A BILL FOR AN ACT

RELATING TO TAXATION OF ADVERTISING REVENUE BY MAJOR SOCIAL
MEDIA PLATFORMS.

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

1 SECTION 1. The legislature finds that major social media
2 platforms generate significant revenue from advertising targeted
3 at Hawaii residents, utilizing Hawaii-based content, or
4 involving Hawaii audiences. Despite this revenue generation,
5 these platforms often do not contribute adequately to the
6 State's tax base. This inequity affects local businesses and
7 the State's ability to address critical needs, such as broadband
8 access and the sustainability of local journalism.

9 The legislature further finds that reliable broadband
10 connectivity and robust local journalism are vital for community
11 resilience, civic engagement, and economic growth. The
12 allocation of additional revenue from corporate taxes on social
13 media advertising income can address disparities in broadband
14 access and strengthen journalism.

15 Accordingly, the purpose of this Act is to:



1 (1) Allocate the revenue collected under this Act to a
 2 newly-established broadband and digital equity special
 3 fund to support the expansion of broadband access and
 4 local journalism initiatives; and

5 (2) Direct the department of taxation to apply the state
 6 corporate income tax to advertising revenue earned by
 7 major social media platforms if the revenue is derived
 8 from content created within the State or from
 9 audiences located in the State.

10 SECTION 2. Chapter 206S, Hawaii Revised Statutes, is
 11 amended by adding a new section to be appropriately designated
 12 and to read as follows:

13 "§206S- _____ Broadband and digital equity special fund. (a)
 14 There is established within the state treasury the broadband and
 15 digital equity special fund to be administered by the
 16 department, into which shall be deposited the revenues collected
 17 under section 235- _____ .

18 (b) Moneys in the fund shall be used to:

19 (1) Fund initiatives of the office under this chapter to
 20 expand broadband access; and

21 (2) Support local journalism initiatives."



1 SECTION 3. Chapter 235, Hawaii Revised Statutes, is
2 amended by adding a new section to part IV to be appropriately
3 designated and to read as follows:

4 "§235- Taxation of revenue derived from advertising on
5 major social media platforms. (a) Notwithstanding any law to
6 the contrary, all major social media platforms earning
7 advertising revenue from content created within the State or
8 from audiences located in the State shall be subject to the tax
9 under this part.

10 (b) The department shall adopt rules pursuant to chapter
11 91 to implement and enforce this section, including provisions
12 for determining the proportion of advertising revenue subject to
13 the tax pursuant to this section.

14 (c) Revenues collected under this section shall be
15 deposited into the broadband and digital equity special fund
16 established under section 206S- .

17 (d) As used in this section:

18 "Advertising revenue" means any income generated from the
19 sale of advertising, including but not limited to targeted
20 advertisements based on user data, interactions, or Hawaii-based
21 content or audiences.



1 "Major social media platform" means an online platform
2 that:
3 (1) Has over one million active users in the United
4 States;
5 (2) Earns revenue primarily from advertising; and
6 (3) Collects data or otherwise interacts with users
7 located in the State."

8 SECTION 4. There is appropriated out of the broadband and
9 digital equity special fund established pursuant to section 2 of
10 this Act the sum of \$ or so much thereof as may be
11 necessary for fiscal year 2026-2027 for the purposes of the
12 special fund.

13 The sum appropriated shall be expended by the department of
14 business, economic development, and tourism for the purposes of
15 this Act.

16 SECTION 5. New statutory material is underscored.

17 SECTION 6. This Act shall take effect on July 1, 3000.



Report Title:

DBEDT; Hawaii Broadband and Digital Equity Office; Broadband and Digital Equity Special Fund; Corporate Income Tax; Advertising; Major Social Media Platforms; Appropriation

Description:

Establishes the Broadband and Digital Equity Special Fund to receive revenues earned by major social media platforms to fund initiatives expanding broadband access and local journalism initiatives. Directs the Department of Taxation to apply the state corporate income tax to advertising revenue earned by major social media platforms if the revenue is derived from content created within the State or from audiences located in the State. Appropriates funds. Effective 7/1/3000. (HD1)

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