

MOTION PICTURE INCENTIVE FUND

2005 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Sheryl L. Allen

Senate Sponsor: Ron Allen

David N. Cox
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LONG TITLE

General Description:

This bill creates a restricted account known as the Motion Picture Incentive Fund to provide incentives to motion picture companies that produce motion pictures, television series, or made-for-television movies within the state.

Highlighted Provisions:

This bill:

- ▶ creates a restricted account within the General Fund known as the Motion Picture Incentive Fund, which shall be used to provide incentives for within-the-state production of television series, made-for-television movies, and motion pictures;
- ▶ provides for administration of the fund by the executive director of the Department of Community and Economic Development or the director's designee under the direction of the Board of Business and Economic Development;
- ▶ provides for the executive director to determine the structure, amount, and nature of the incentive given to a motion picture company, subject to ratification by the board;
- ▶ provides conditions upon which incentives may be granted; and
- ▶ provides for an annual report to legislative committees on the economic impact of the incentive awards program.

Monies Appropriated in this Bill:

This bill appropriates:

▶ as an ongoing appropriation subject to future budget constraints, \$1,000,000 from the General Fund for fiscal year 2005-06 to the Motion Picture Incentive Fund.

Other Special Clauses:

This bill takes effect on July 1, 2005.

Utah Code Sections Affected:

ENACTS:

9-2-2101, Utah Code Annotated 1953

9-2-2102, Utah Code Annotated 1953

9-2-2103, Utah Code Annotated 1953

9-2-2104, Utah Code Annotated 1953

9-2-2105, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **9-2-2101** is enacted to read:

Part 21. Motion Picture Incentive Fund

9-2-2101. Purpose.

(1) The Legislature finds that:

(a) the state's natural beauty, scenic wonders, and diverse topography provide a variety of magnificent settings from which the motion picture industry can choose to film part or all of major or independent motion pictures, made-for-television movies, and television series;

(b) the state has an abundance of resources, including a skilled and able workforce, the required infrastructure, and a friendly and hospitable populace that have been instrumental in the filming of several successful motion pictures and television series; and

(c) further development of the motion picture industry in Utah is a state public purpose that will significantly impact growth in the state's economy and contribute to the fiscal well being of the state and its people.

(2) The purpose of this part is to:

(a) encourage the use of Utah as a site for the production of motion pictures, television

series, and made-for-television movies;

(b) provide a financial incentive to the film industry so that Utah might compete successfully with other states and countries for filming locations; and

(c) help develop a strong motion picture industry presence in the state that will contribute substantially to improving the state's economy.

Section 2. Section **9-2-2102** is enacted to read:

9-2-2102. Definitions.

As used in this part:

(1) "Administrator" means the executive director of the Department of Community and Economic Development or the executive director's designee.

(2) "Board" means the Board of Business and Economic Development.

(3) "Fund" means the restricted account known as the Motion Picture Incentive Fund created in Section 9-2-2103.

(4) "Motion picture company" means a company engaged in the production of motion pictures, television series, or made-for-television movies.

(5) "State-approved production" means a motion picture, television series, or made-for-television movie approved by the administrator and ratified by the board that is produced in the state by a motion picture company.

Section 3. Section **9-2-2103** is enacted to read:

9-2-2103. Motion Picture Incentive Fund created.

(1) There is created within the General Fund a restricted account known as the Motion Picture Incentive Fund, which shall be used to provide incentives for within-the-state production of television series, made-for-television movies, and motion pictures, including feature films and independent films.

(2) (a) The fund shall be administered by the administrator under the direction of the board.

(b) The board shall approve fund policies and qualification criteria to receive an incentive award consistent with the provisions of this part.

(3) All interest generated from investment of money in the fund shall be deposited in the fund.

(4) The fund shall consist of an annual appropriation by the Legislature.

Section 4. Section **9-2-2104** is enacted to read:

9-2-2104. Financial incentives for motion picture productions.

(1) A motion picture company that has a state-approved production under this section may receive a financial incentive from the fund as provided in this section.

(2) (a) The administrator has authority to determine the structure, amount, and nature of the incentive given to a motion picture company, subject to ratification by the board and the limitations and considerations set out in Subsections (3) and (4).

(b) A financial incentive shall be paid to a motion picture company from the fund only after:

(i) the administrator has determined that the motion picture company has satisfied the conditions upon which the incentive is to be given; and

(ii) that determination has been ratified by the board.

(3) (a) In each fiscal year, the money in the fund shall be used for incentives to motion picture companies for state-approved productions that are either television series, made-for-television movies, or motion pictures, which may include both feature films and independent films.

(b) An incentive awarded under Subsection (3)(a) for a motion picture production may not exceed \$500,000 per production.

(4) (a) The administrator shall enter into agreements with motion picture companies that represent postperformance incentive grants that take into consideration:

(i) the fact that financing has been obtained and is in place for the production;

(ii) distribution is in place, except that the administrator may make allowances for an independent filmmaker who plans to shop the production on a film festival circuit;

(iii) the economic impact of the production on the state; and

(iv) the production represents new incremental economic activity in the state as opposed

to existing economic activity.

(b) The administrator may also consider giving preference to a production that stimulates economic activity in rural areas of the state or that has Utah content, such as recognizing that the production was made in the state or uses Utah as Utah in the production.

Section 5. Section **9-2-2105** is enacted to read:

9-2-2105. Annual report.

(1) The administrator shall prepare an annual report for the board on the economic impact of this part.

(2) The board shall present the report to the Legislature's Workforce Services and Community and Economic Development Interim Committee and the Economic Development and Human Resources Appropriations Subcommittee, together with any proposed recommendations for modifications in this part or the annual ongoing appropriation for the fund.

Section 6. **Appropriation.**

As an ongoing appropriation subject to future budget constraints, there is appropriated from the General Fund for fiscal year 2005-06, \$1,000,000 to the Motion Picture Incentive Fund created in Section 9-2-2103 to fund the incentive program authorized under Title 9, Chapter 2, Part 21, Motion Picture Incentive Fund.

Section 7. **Effective date.**

This bill takes effect on July 1, 2005.