

Senator Ron Allen proposes the following substitute bill:

MOTION PICTURE INCENTIVE FUND

2005 GENERAL SESSION

STATE OF UTAH

Sponsor: Sheryl L. Allen

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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



26 the incentive awards program.

27 **Monies Appropriated in this Bill:**

28 This bill appropriates:

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

31 **Other Special Clauses:**

32 This bill takes effect on July 1, 2005.

33 **Utah Code Sections Affected:**

34 ENACTS:

- 35 **9-2-2101**, Utah Code Annotated 1953
- 36 **9-2-2102**, Utah Code Annotated 1953
- 37 **9-2-2103**, Utah Code Annotated 1953
- 38 **9-2-2104**, Utah Code Annotated 1953
- 39 **9-2-2105**, Utah Code Annotated 1953



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

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

43 **Part 21. Motion Picture Incentive Fund**

44 **9-2-2101. Purpose.**

45 (1) The Legislature finds that:

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

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

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

55 (2) The purpose of this part is to:

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

57 series, and made-for-television movies;

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

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

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

63 **9-2-2102. Definitions.**

64 As used in this part:

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

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

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

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

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

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

76 **9-2-2103. Motion Picture Incentive Fund created.**

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

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

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

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

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

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

89 **9-2-2104. Financial incentives for motion picture productions.**

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

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

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

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

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

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

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

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

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

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

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

112 (iv) the production represents new incremental economic activity in the state as
113 opposed to existing economic activity.

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

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

118 **9-2-2105. Annual report.**

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

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

126 Section 6. **Appropriation.**

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

131 Section 7. **Effective date.**

132 This bill takes effect on July 1, 2005.