

**FILM ENTERPRISE ZONE**

2011 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Mark B. Madsen**

House Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill provides for the establishment of film enterprise zones.

**Highlighted Provisions:**

This bill:

- ▶ provides for the establishment of film enterprise zones;
- ▶ defines "individual applicant" as who may apply for the establishment of a film enterprise zone;
- ▶ modifies the powers of the Governor's Office of Economic Development as related to the establishment of a film enterprise zone;
- ▶ provides criteria for the application process, approval, and eligibility review of a film enterprise zone; and
- ▶ provides reporting provisions.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides an immediate effective date.

**Utah Code Sections Affected:**

AMENDS:

**63M-1-1801**, as last amended by Laws of Utah 2009, Chapter 135

ENACTS:



- 28           **63M-1-2901**, Utah Code Annotated 1953
- 29           **63M-1-2902**, Utah Code Annotated 1953
- 30           **63M-1-2903**, Utah Code Annotated 1953
- 31           **63M-1-2904**, Utah Code Annotated 1953
- 32           **63M-1-2905**, Utah Code Annotated 1953
- 33           **63M-1-2906**, Utah Code Annotated 1953
- 34           **63M-1-2907**, Utah Code Annotated 1953



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

37           Section 1. Section **63M-1-1801** is amended to read:

38           **63M-1-1801. Purpose.**

39           (1) The Legislature finds that:

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

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

46           (c) further development of the motion picture industry in Utah, including motion  
47 picture studios and production facilities and ancillary uses, is a state public purpose that will  
48 significantly impact growth in the state's economy and contribute to the fiscal well being of the  
49 state and its people.

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

51           (a) encourage the use of Utah as a site for the production of motion pictures, television  
52 series, and made-for-television movies;

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

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

57           Section 2. Section **63M-1-2901** is enacted to read:

58                                   **Part 29. FILM ENTERPRISE ZONE ACT**

59           **63M-1-2901. Title.**

60           This part is known as the "Film Enterprise Zone Act."

61           Section 3. Section **63M-1-2902** is enacted to read:

62           **63M-1-2902. Definitions.**

63           As used in this part, "individual applicant" means an individual or entity that meets the  
64 requirements for designation as a film enterprise zone under Section 63M-1-2904.

65           Section 4. Section **63M-1-2903** is enacted to read:

66           **63M-1-2903. Powers of the office.**

67           The office shall:

68           (1) monitor the implementation and operation of this part and conduct a continuing  
69 evaluation of the progress made in a film enterprise zone;

70           (2) evaluate an application from an individual for designation as a film enterprise zone  
71 and determine if the applicant qualifies for that designation; and

72           (3) provide technical assistance to individual applicants in developing applications for  
73 designation as a film enterprise zone.

74           Section 5. Section **63M-1-2904** is enacted to read:

75           **63M-1-2904. Criteria for designation as a film enterprise zone -- Application.**

76           (1) An individual applicant for designation of a film enterprise zone shall file an  
77 application, including a nonrefundable fee of \$30,000, with the office.

78           (2) The application shall contain:

79           (a) the proposed location of the film enterprise zone;

80           (b) evidence that the proposed film enterprise zone will promote and encourage the  
81 expansion and retention of an emerging film industry for the benefit of the state;

82           (c) a site plan for the film enterprise zone development reflecting the reasonable uses to  
83 be developed within the film enterprise zone, which may include:

84           (i) pre- and post-production facilities and sound stages;

85           (ii) iconic water tank or other designation of the zone;

86           (iii) entertainment facilities;

87           (iv) administrative offices;

88           (v) set design areas;

89           (vi) back lots;

- 90 (vii) support retail and food services, including indoor and outdoor festivals; and
- 91 (viii) other reasonable uses that are commensurate with the film industry;
- 92 (d) a letter of intent from a bonafide motion picture studio that it desires to conduct
- 93 business within the film enterprise zone that is the subject of the application;
- 94 (e) the applicant's verification that:
- 95 (i) no other film enterprise zone has been approved in the same county;
- 96 (ii) the property on which the proposed film enterprise zone is to be established is
- 97 owned or controlled by the applicant;
- 98 (iii) the proposed film enterprise zone includes at least 20 acres and not more than 50
- 99 acres; and
- 100 (iv) the development proposed for approval by the office within the film enterprise
- 101 zone is not more than 17,500 square feet of building density per acre, is not less than 10% open
- 102 space, contains not more than five parking spaces per 1,000 feet, unless the applicant can
- 103 demonstrate a need for additional spaces, and does not exceed a 60 foot building height,
- 104 excluding rooftop equipment and equipment enclosures.

105 (3) An application filed under Subsection (1) shall be in a form and in accordance with  
106 procedures approved by the office and shall include:

- 107 (a) the specific investment and development within the zone that the applicant expects
- 108 to take place;
- 109 (b) the applicant's proposed means of assessing the effectiveness of the development
- 110 plan or other programs to be implemented within the zone once they have been implemented;
- 111 (c) any additional information required by the office; and
- 112 (d) any additional information the applicant considers relevant to its designation as a
- 113 film enterprise zone.

114 Section 6. Section **63M-1-2905** is enacted to read:

115 **63M-1-2905. Eligibility review.**

- 116 (1) The office shall:
- 117 (a) review and evaluate an application submitted under Section 63M-1-2904 and
- 118 determine whether the individual applicant is eligible for designation as a film enterprise zone;
- 119 and
- 120 (b) approve or deny the application within 30 days of submission of the completed

121 application.

122 (2) The office shall consider and evaluate an application using the following criteria:

123 (a) the interest of the state in fostering an emerging industry;

124 (b) the need to foster, develop, and nourish the emergence of a new industry, the need  
125 to support educational institutions and objectives in support of new industry, and the need to  
126 foster employment and skill in the entertainment or video gaming industries;

127 (c) the potential for new investment and economic development that will benefit  
128 communities outside of the proposed film enterprise zone;

129 (d) the applicant's proposed use of state and federal development funds or programs to  
130 increase the probability of new investment and development occurring;

131 (e) the extent to which the projected development in the zone will provide employment  
132 to residents of the county and the state in general;

133 (f) the degree to which the application promotes innovative solutions to economic  
134 development problems and promotes a positive national and international profile for the state;

135 (g) the applicant's financial stability and profitability; and

136 (h) other relevant factors that the office specifies in its recommendation.

137 (3) (a) Within 10 days after approval of an application under Subsection (1)(b), the  
138 office shall submit the completed and vested application to the appropriate municipal or county  
139 authority, which shall constitute an overlay to the municipal or county general plan.

140 (b) Upon receipt of an application under Subsection (3)(a), the county or municipality  
141 shall:

142 (i) complete the processing of final development approvals, under the applicable  
143 county or municipal building code, but consistent with the development and densities in the  
144 completed and approved application, within 60 days of approval by the office, as if approval of  
145 the film enterprise zone had been granted by the municipality or county under this part; and

146 (ii) require the individual applicant to submit construction documents, consistent with  
147 final approval and with the county or municipal building code, to the county or municipality in  
148 which the film enterprise zone is located.

149 (c) The county or municipality in which the approved film enterprise zone is located  
150 may charge the individual applicant reasonable fees as follows:

151 (i) the county or municipality may not charge an additional application or filing fee;

152 (ii) all reasonable and normal fees charged by the county, special service districts, or  
153 the municipality, consistent with a commercial development of a similar size and magnitude  
154 within the jurisdiction, using a fee schedule existing on January 1, 2011, which includes  
155 building permits, grading permits, and inspections fees;

156 (iii) the county or municipality may not charge bonding requirements for  
157 improvements; and

158 (iv) impact fees shall be based on a finding by the county or municipality that each  
159 exaction is roughly proportionate, both in nature and extent, to the impact of the proposed  
160 development.

161 (d) The county or municipality in which the approved film enterprise zone is located  
162 shall apply the provisions of Title 10, Chapter 9a, Municipal Land Use, Development, and  
163 Management, or Title 17, Chapter 27a, County Land Use, Development, and Management Act,  
164 as applicable, and other local ordinances that do not conflict with the provisions of this part.

165 Section 7. Section **63M-1-2906** is enacted to read:

166 **63M-1-2906. Designation of film enterprise zone -- Duration -- Revocation.**

167 (1) The office shall consider designating film enterprise zones upon application by an  
168 individual applicant.

169 (2) (a) Approved film enterprise zones continue until:

170 (i) development as contemplated in the film enterprise zone application is not  
171 commenced within five years of the approval of the application; or

172 (ii) at any time after the five year period referred to in Subsection (2)(a)(i) upon the  
173 applicant's cessation of operations in the film enterprise zone.

174 (b) A designation may be revoked under Subsection (2)(a) (ii) upon application by the  
175 individual applicant or the municipality or county in which the film enterprise zone is located.

176 Section 8. Section **63M-1-2907** is enacted to read:

177 **63M-1-2907. Annual report.**

178 (1) Each individual applicant designated as a film enterprise zone shall annually report  
179 to the office regarding the economic activity that has occurred in the zone following the  
180 approval and designation under this part.

181 (2) The office shall make an annual report to the Legislature's Workforce Services and  
182 Community and Economic Development Interim Committee regarding the information

183 received from applicants under Subsection (1).

184           Section 9. **Effective date.**

185           If approved by two-thirds of all the members elected to each house, this bill takes effect

186 upon approval by the governor, or the day following the constitutional time limit of Utah

187 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,

188 the date of veto override.

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**Legislative Review Note**

as of 2-25-11 2:15 PM

**Office of Legislative Research and General Counsel**

# FISCAL NOTE

S.B. 231

SHORT TITLE: Film Enterprise Zone

SPONSOR: Madsen, M.

2011 GENERAL SESSION, STATE OF UTAH

## STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill would cost the Governor's Office of Economic Development \$108,000 for an employee to administer the program. The bill allows for a one-time fee of \$30,000 which could help offset the cost for the first two years.

### STATE BUDGET DETAIL TABLE

	FY 2011	FY 2012	FY 2013
<b>Revenue:</b>			
Dedicated Credits	\$30,000	\$0	\$0
Total Revenue	\$30,000	\$0	\$0
<b>Expenditure:</b>			
General Fund	\$0	\$105,000	\$108,000
Dedicated Credits	\$27,000	\$3,000	\$0
Total Expenditure	\$27,000	\$108,000	\$108,000
Net Impact, All Funds (Rev.-Exp.)	\$3,000	(\$108,000)	(\$108,000)
Net Impact, General/Education Funds	\$0	(\$105,000)	(\$108,000)

## LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs for local governments.

## DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.