

FILM INCENTIVE AMENDMENTS

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Francis D. Gibson

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies Title 63M, Chapter 1, Part 18, Motion Picture Incentive Fund.

Highlighted Provisions:

This bill:

- ▶ amends the definition of motion picture company to include:
 - preproduction and postproduction; and
 - national television commercials.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63M-1-1802, as last amended by Laws of Utah 2011, Chapter 338

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

Section 1. Section **63M-1-1802** is amended to read:

63M-1-1802. Definitions.

As used in this part:

- (1) "Board" means the Governor's Office of Economic Development Board.



28 (2) "Digital media company" means a company engaged in the production of a digital
29 media project.

30 (3) "Digital media project" means all or part of a production of interactive
31 entertainment or animated production that is produced for distribution in commercial or
32 educational markets, which shall include projects intended for Internet or wireless distribution.

33 (4) "Dollars left in the state" means expenditures made in the state for a state-approved
34 production, including:

35 (a) an expenditure that is subject to:

36 (i) a corporate franchise or income tax under Title 59, Chapter 7, Corporate Franchise
37 and Income Taxes;

38 (ii) an individual income tax under Title 59, Chapter 10, Individual Income Tax Act;
39 and

40 (iii) a sales and use tax under Title 59, Chapter 12, Sales and Use Tax Act,
41 notwithstanding any sales and use tax exemption allowed by law; or

42 (iv) a combination of Subsections (4)(a)(i), (ii), and (iii);

43 (b) payments made to a nonresident only to the extent of the income tax paid to the
44 state on the payments, the amount of per diems paid in the state, and other direct
45 reimbursements transacted in the state; and

46 (c) payments made to a payroll company or loan-out corporation that is registered to do
47 business in the state, only to the extent of the amount of withholding under Section 59-10-402.

48 (5) "Loan-out corporation" means a corporation owned by one or more artists that
49 provides services of the artists to a third party production company.

50 (6) "Motion picture company" means a company engaged in the preproduction,
51 production, or postproduction of:

52 (a) motion pictures;

53 (b) television series; [~~or~~]

54 (c) made-for-television movies[~~;~~]; or

55 (d) national television commercials.

56 (7) "Motion picture incentive" means either a cash rebate from the Motion Picture
57 Incentive Account or a refundable tax credit under Section 59-7-614.5 or 59-10-1108.

58 (8) "New state revenues" means:

59 (a) incremental new state sales and use tax revenues generated as a result of a digital
60 media project that a digital media company pays under Title 59, Chapter 12, Sales and Use Tax
61 Act;

62 (b) incremental new state tax revenues that a digital media company pays as a result of
63 a digital media project under:

64 (i) Title 59, Chapter 7, Corporate Franchise and Income Taxes;

65 (ii) Title 59, Chapter 10, Part 1, Determination and Reporting of Tax Liability and
66 Information;

67 (iii) Title 59, Chapter 10, Part 2, Trusts and Estates;

68 (iv) Title 59, Chapter 10, Part 4, Withholding of Tax; or

69 (v) a combination of Subsections (8)(b)(i), (ii), (iii), and (iv);

70 (c) incremental new state revenues generated as individual income taxes under Title
71 59, Chapter 10, Part 1, Determination and Reporting of Tax Liability and Information, paid by
72 employees of the new digital media project as evidenced by payroll records from the digital
73 media company; or

74 (d) a combination of Subsections (8)(a), (b), and (c).

75 (9) "Office" means the Governor's Office of Economic Development.

76 (10) "Payroll company" means a business entity that handles the payroll and becomes
77 the employer of record for the staff, cast, and crew of a motion picture production.

78 (11) "Refundable tax credit" means a refundable motion picture tax credit authorized
79 under Section 63M-1-1803 and claimed under Section 59-7-614.5 or 59-10-1108.

80 (12) "Restricted account" means the Motion Picture Incentive Account created in
81 Section 63M-1-1803.

82 (13) "State-approved production" means a production under Subsections (3) and (6)
83 that is:

84 (a) approved by the office and ratified by the board; and

85 (b) produced in the state by a motion picture company.

86 (14) "Tax credit amount" means the amount the office lists as a tax credit on a tax
87 credit certificate for a taxable year.

88 (15) "Tax credit certificate" means a certificate issued by the office that:

89 (a) lists the name of the applicant;

- 90 (b) lists the applicant's taxpayer identification number;
- 91 (c) lists the amount of tax credit that the office awards the applicant for the taxable
- 92 year; and
- 93 (d) may include other information as determined by the office.

Legislative Review Note
as of 1-31-14 2:25 PM

Office of Legislative Research and General Counsel