

**Senator Daniel W. Thatcher** proposes the following substitute bill:

**MOTION PICTURE INCENTIVES AMENDMENTS**

2020 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Daniel W. Thatcher**

House Sponsor: Eric K. Hutchings

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**LONG TITLE**

**General Description:**

This bill modifies provisions related to motion picture incentives.

**Highlighted Provisions:**

This bill:

- ▶ removes the cap on cash rebate incentives allowed for any one motion picture.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**63N-8-104**, as renumbered and amended by Laws of Utah 2015, Chapter 283

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

Section 1. Section **63N-8-104** is amended to read:

**63N-8-104. Motion picture incentives -- Standards to qualify for an incentive --**

**Limitations -- Content of agreement between office and motion picture company or digital media company.**



26 (1) In addition to the requirements for receiving a motion picture incentive as set forth  
27 in this part, the office, in accordance with Title 63G, Chapter 3, Utah Administrative  
28 Rulemaking Act, shall make rules establishing:

29 (a) the standards that a motion picture company or digital media company must meet to  
30 qualify for the motion picture incentive; and

31 (b) criteria for determining the amount of the incentive.

32 (2) The office shall ensure that those standards include the following:

33 (a) an incentive may only be issued for a [~~state-approved~~] state-approved production by  
34 a motion picture company or digital media company;

35 (b) financing has been obtained and is in place for the production; and

36 (c) the economic impact of the production on the state represents new incremental  
37 economic activity in the state as opposed to existing economic activity.

38 (3) With respect to a digital media project, the office shall consider economic  
39 modeling, including the costs and benefits of the digital media project to state and local  
40 governments in determining the motion picture incentive amount.

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

44 (5) (a) The office, with advice from the board, may enter into an agreement with a  
45 motion picture company or digital media company that meets the standards established under  
46 this section and satisfies the other qualification requirements under this part.

47 (b) Subject to Subsection [63N-8-103\(3\)](#), the office may commit or authorize a motion  
48 picture incentive:

49 (i) to a motion picture company of up to 20% of the dollars left in the state by the  
50 motion picture company, and a motion picture company can receive an additional 5%, not to  
51 exceed 25% of the dollars left in the state by the motion picture company if the company  
52 fulfills certain requirements determined by the office including:

53 (A) employing a significant percentage of cast and crew from Utah;

54 (B) highlighting the state of Utah and the Utah Film Commission in the motion picture  
55 credits; or

56 (C) other promotion opportunities as agreed upon by the office and the motion picture

57 company; and

58 (ii) to a digital media company, if the incentive does not exceed 100% of the new state  
59 revenue less the considerations under Subsection (3), but not to exceed 20% of the dollars left  
60 in the state by the digital media company.

61 ~~[(c) A cash rebate incentive from the Motion Picture Incentive Restricted Account may  
62 not exceed \$500,000 per state approved production for a motion picture project.]~~

63 ~~[(d)]~~ (c) The office may not give a cash rebate incentive from the Motion Picture  
64 Incentive Restricted Account for a digital media project.

65 (6) The office shall ensure that the agreement entered into with a motion picture  
66 company or digital media company under Subsection (5)(a):

67 (a) details the requirements that the motion picture company or digital media company  
68 must meet to qualify for an incentive under this part;

69 (b) specifies:

70 (i) the nature of the incentive; and

71 (ii) the maximum amount of the motion picture incentive that the motion picture  
72 company or digital media company may earn for a taxable year and over the life of the  
73 production;

74 (c) establishes the length of time over which the motion picture company or digital  
75 media company may claim the motion picture incentive;

76 (d) requires the motion picture company or digital media company to retain records  
77 supporting its claim for a motion picture incentive for at least four years after the motion  
78 picture company or digital media company claims the incentive under this part; and

79 (e) requires the motion picture company or digital media company to submit to audits  
80 for verification of the claimed motion picture incentive.