

2023 -- H 5632

LC001279

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO TAXATION -- MOTION PICTURE PRODUCTION TAX CREDITS

Introduced By: Representatives Craven, Caldwell, Dawson, and Finkelman

Date Introduced: February 15, 2023

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-31.2-5 of the General Laws in Chapter 44-31.2 entitled "Motion
2 Picture Production Tax Credits" is hereby amended to read as follows:

3 **44-31.2-5. Motion picture production company tax credit.**

4 (a) A motion picture production company shall be allowed a credit to be computed as
5 provided in this chapter against a tax imposed by chapters 11, 14, 17, and 30 of this title. The
6 amount of the credit shall be thirty percent (30%) of the state-certified production costs incurred
7 directly attributable to activity within the state, provided:

8 (1) That the primary locations are within the state of Rhode Island and the total production
9 budget as defined herein is a minimum of one hundred thousand dollars (\$100,000); or

10 (2) The motion picture production incurs and pays a minimum of ten million dollars
11 (\$10,000,000) in state-certified production costs within a twelve-month (12) period.

12 The credit shall be earned in the taxable year in which production in Rhode Island is
13 completed, as determined by the film office in final certification pursuant to § 44-31.2-6(c).

14 (b) For the purposes of this section: "total production budget" means and includes the
15 motion picture production company's pre-production, production, and post-production costs
16 incurred for the production activities of the motion picture production company in Rhode Island in
17 connection with the production of a state-certified production. The budget shall not include costs
18 associated with the promotion or marketing of the film, video, or television product.

19 (c) Notwithstanding subsection (a) of this section, the credit shall not exceed ~~seven~~ ten

1 million dollars ~~(\$7,000,000)~~ (\$10,000,000) and shall be allowed against the tax for the taxable
2 period in which the credit is earned and can be carried forward for not more than three (3)
3 succeeding tax years. Pursuant to rules promulgated by the tax administrator, the administrator may
4 issue a waiver of the ~~seven ten~~ million dollars ~~(\$7,000,000)~~ (\$10,000,000) tax credit cap for any
5 feature-length film or television series up to the remaining funds available pursuant to section (e)
6 of this section. Beginning in tax year 2025, the credit shall not exceed fifteen million dollars
7 (\$15,000,000) and shall be allowed against the tax for the taxable period in which the credit is
8 earned and can be carried forward for not more than three (3) succeeding tax years. Pursuant to
9 rules promulgated by the tax administrator, the administrator may issue a waiver of the fifteen
10 million dollars (\$15,000,000) tax credit cap for any feature-length film or television series up to
11 the remaining funds available pursuant to subsection (e) of this section.

12 (d) Credits allowed to a motion picture production company, which is a subchapter S
13 corporation, partnership, or a limited-liability company that is taxed as a partnership, shall be
14 passed through respectively to persons designated as partners, members, or owners on a pro rata
15 basis or pursuant to an executed agreement among such persons designated as subchapter S
16 corporation shareholders, partners, or members documenting an alternate distribution method
17 without regard to their sharing of other tax or economic attributes of such entity.

18 (e) No more than fifteen million dollars (\$15,000,000) in total may be issued for any tax
19 year beginning after December 31, 2007, for motion picture tax credits pursuant to this chapter
20 and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title. After
21 December 31, 2019, no more than twenty million dollars (\$20,000,000) in total may be issued for
22 any tax year for motion picture tax credits pursuant to this chapter and/or musical and theater
23 production tax credits pursuant to chapter 31.3 of this title. Said credits shall be equally available
24 to motion picture productions and musical and theatrical productions. No specific amount shall be
25 set aside for either type of production.

26 (f) Exclusively for tax year 2022, the total amount of motion picture tax credits issued
27 pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3
28 of this title shall not exceed thirty million dollars (\$30,000,000).

29 (g) Exclusively for tax year 2023 and tax year 2024, the total amount of motion picture tax
30 credits issued pursuant to this section and/or musical and theatrical production tax credits pursuant
31 to chapter 31.3 of this title shall not exceed forty million dollars (\$40,000,000).

32 (h) Beginning in tax year 2025, the total amount of motion picture tax credits issued
33 pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3
34 of this title shall not exceed fifty million dollars (\$50,000,000). Beginning in tax year 2026, the

1 total amount of motion picture tax credits issued pursuant to this section and/or musical and
2 theatrical production tax credits pursuant to chapter 31.3 of this title shall not exceed sixty million
3 dollars (\$60,000,000).

4 SECTION 2. Section 44-31.2-11 of the General Laws in Chapter 44-31.2 entitled "Motion
5 Picture Production Tax Credits" is hereby repealed.

6 ~~44-31.2-11. Sunset.~~

7 ~~No credits shall be issued on or after July 1, 2027, unless the production has received initial~~
8 ~~certification under § 44-31.2-6(a) prior to July 1, 2027.~~

9 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would increase the motion picture tax credit to ten million dollars (\$10,000,000)
2 and then to fifteen million dollars (\$15,000,000) for 2025. This act would also increase the total
3 available credits to fifty million dollars (\$50,000,000) for 2025 and sixty million dollars
4 (\$60,000,000) for 2026. This act would also eliminate the sunset provision.

5 This act would take effect upon passage.

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