

2022 -- S 2760

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LC005630  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

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A N A C T

RELATING TO TAXATION -- MOTION PICTURE PRODUCTION TAX CREDITS

Introduced By: Senators Ruggerio, McCaffrey, Goodwin, Gallo, Miller, Picard, Felag,  
Euer, Lombardo, and DiPalma

Date Introduced: March 24, 2022

Referred To: Senate 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 million~~

1 ~~dollars (\$7,000,000)~~ ten million dollars (\$10,000,000) and shall be allowed against the tax for the  
2 taxable 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 million dollars (\$7,000,000)~~ ten million dollars (\$10,000,000) tax credit  
5 cap for any feature-length film or television series up to the remaining funds available pursuant to  
6 section (e) of this section.

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

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

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

24 (g) Beginning in tax year 2023, the total amount of motion picture tax credits issued  
25 pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3  
26 of this title shall not exceed forty million dollars (\$40,000,000).

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

29 ~~**44-31.2-11. Sunset.**~~  
30 ~~No credits shall be issued on or after July 1, 2027, unless the production has received initial~~  
31 ~~certification under § 44-31.2-6(a) prior to July 1, 2027.~~

32 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 production company tax credit to ten million
- 2 dollars (\$10,000,000) and cap the available total of credits to forty million dollars (\$40,000,000).
- 3           This act would also eliminate the sunset provision.
- 4           This act would take effect upon passage.

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