

2015 -- H 5726

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO TAXATION - MOTION PICTURE PRODUCTION TAX CREDITS

Introduced By: Representatives Regunberg, Williams, Lally, Kennedy, and Malik

Date Introduced: February 26, 2015

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.** -- (a) A motion picture  
4 production company shall be allowed a credit to be computed as provided in this chapter against a  
5 tax imposed by chapters 11, 14, 17 and 30 of this title. The amount of the credit shall be ~~twenty-~~  
6 ~~five percent (25%)~~ twenty-two and one-half percent (22.5%) of the state certified production  
7 costs incurred directly attributable to activity within the state, provided that the primary locations  
8 are within the state of Rhode Island and the total production budget as defined herein is a  
9 minimum of one hundred thousand dollars (\$100,000), and shall be issued in the form of a rebate.  
10 The credit shall be earned and/or rebated in the taxable year in which production in Rhode Island  
11 is completed, as determined by the film office in final certification pursuant to subsection 44-  
12 31.2-6(c).

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

18 (c) Notwithstanding subsection (a), the credit shall not exceed five million dollars  
19 (\$5,000,000) and shall be allowed against the tax for the taxable period in which the credit is

1 earned and can be carried forward for not more than three (3) succeeding tax years. Pursuant to  
2 rules promulgated by the tax administrator, the administrator may issue a waiver of the five  
3 million dollar (\$5,000,000) tax credit cap for any feature-length film or television series up to the  
4 remaining funds available pursuant to section (e).

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

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

16 SECTION 2. 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 reduce the motion picture production tax credit from 25% to 22.5% and
- 2 would further provide that the credit be issued in the form of a rebate.
- 3           This act would take effect upon passage.

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