

2019 -- S 0288

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LC001369
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

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A N A C T

RELATING TO TAXATION - MOTION PICTURE PRODUCTION TAX CREDITS

Introduced By: Senator Joshua Miller

Date Introduced: February 13, 2019

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 that the primary locations are within the
8 state of Rhode Island and the total production budget as defined herein is a minimum of one
9 hundred thousand dollars (\$100,000). The credit shall be earned in the taxable year in which
10 production in Rhode Island is completed, as determined by the film office in final certification
11 pursuant to § 44-31.2-6(c).

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

17 (c) Notwithstanding subsection (a), the credit ~~shall not exceed seven million dollars~~
18 ~~(\$7,000,000) and shall be allowed against the tax for the taxable period in which the credit is~~
19 ~~earned and~~ can be carried forward for not more than three (3) succeeding tax years. ~~Pursuant to~~

1 ~~rules promulgated by the tax administrator, the administrator may issue a waiver of the seven~~
2 ~~million dollars (\$7,000,000) tax credit cap for any feature length film or television series up to~~
3 ~~the remaining funds available pursuant to section (e)~~ from the taxable period in which the credit is
4 earned.

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)~~ twenty-five million dollars
12 (\$25,000,000) in total may be issued for any tax year beginning after ~~December 31, 2007~~
13 December 31, 2019, for motion picture tax credits pursuant to this chapter and/or musical and
14 theatrical production tax credits pursuant to chapter 31.3 of this title. Said credits shall be equally
15 available to motion picture productions and musical and theatrical productions. No specific
16 amount shall be set aside for either type of production.

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

19 ~~44-31.2-11. Sunset.~~

20 ~~No credits shall be issued on or after July 1, 2024, unless the production has received~~
21 ~~initial certification under § 44-31.2-6(a) prior to July 1, 2024.~~

22 SECTION 3. Section 44-31.3-4 of the General Laws in Chapter 44-31.3 entitled "Musical
23 and Theatrical Production Tax Credits" is hereby repealed.

24 ~~44-31.3-4. Sunset.~~

25 ~~No credits shall be issued on or after July 1, 2019 unless the production has received~~
26 ~~initial certification under subsection 44-31.3-2(c) prior to July 1, 2019.~~

27 SECTION 4. 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 allow the motion picture production company tax credit to be carried
2 forward for not more than three (3) succeeding tax years from the taxable period in which the
3 credit is earned and would remove the seven million dollars (\$7,000,000) limit. The act would
4 increase the total credits that may be issued up to twenty-five million dollars (\$25,000,000) for
5 any tax year beginning after December 31, 2019, for motion picture tax credits pursuant to this
6 chapter and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title.

7 This act would take effect upon passage.

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