

2020 -- S 2326 SUBSTITUTE A

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LC003974/SUB A
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

A N A C T

RELATING TO TAXATION -- MOTION PICTURE PRODUCTION TAX CREDITS

Introduced By: Senators DiPalma, Miller, Ruggerio, Sosnowski, and Murray

Date Introduced: February 05, 2020

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~~ That the primary locations are within the state of Rhode Island and the total
9 production 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 (12) month 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) and shall be allowed against the tax for the taxable period in which the credit
2 is earned and can be carried forward for not more than three (3) succeeding tax years. Pursuant to
3 rules promulgated by the tax administrator, the administrator may issue a waiver of the seven
4 million dollars (\$7,000,000) tax credit cap for any feature-length film or television series up to the
5 remaining funds available pursuant to section (e) of this section.

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

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

20 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO TAXATION -- MOTION PICTURE PRODUCTION TAX CREDITS

1 This act would authorize motion picture tax credits for a production that does not have its
2 primary location within the state, provided a minimum of ten million dollars (\$10,000,000) in state
3 certified production costs are incurred and paid within a twelve (12) month period.

4 This act would take effect upon passage.

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