

CS FOR HOUSE BILL NO. 67(EDT)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE, AND TOURISM

Offered: 2/18/11

Referred: Labor and Commerce, Finance

Sponsor(s): REPRESENTATIVES TUCK AND HERRON, Millett, Petersen, Gardner

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to film production tax credits; and providing for an effective date by
2 amending the effective dates of secs. 3 and 4, ch. 63, SLA 2008."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 43.98.030(f) is amended to read:

5 (f) The amount [NUMBER] of tax credits provided [IN THE AGGREGATE]
6 under this section may not exceed

7 (1) \$100,000,000 before July 1, 2018; and

8 (2) \$200,000,000 in the aggregate.

9 * **Sec. 2.** AS 44.33.233(a) is amended to read:

10 (a) A film production is eligible for a tax credit under AS 43.98.030, if the

11 (1) producer has \$100,000 or more in qualified expenditures in a
12 consecutive 36-month [24-MONTH] period under AS 44.33.236;

13 (2) film office determines that the production is not contrary to the best
14 interests of the state; and

1 (3) production is approved by the film office.

2 * **Sec. 3.** AS 44.33.234 is amended by adding a new subsection to read:

3 (c) Information submitted in an application under (a) of this section is
4 confidential and is not subject to inspection or copying under AS 40.25.110 -
5 40.25.125.

6 * **Sec. 4.** AS 44.33.235(c) is amended to read:

7 (c) In determining the amount of the tax credit, the percentage provided by (b)
8 of this section shall be increased by the film office based on the following criteria:

9 (1) an additional 10 percent of qualified expenditures that are wages
10 paid to Alaska residents;

11 (2) an additional **four** [TWO] percent of qualified expenditures made
12 in a rural area; and

13 (3) an additional two percent of qualified expenditures made in the
14 state between October 1 and March 30.

15 * **Sec. 5.** AS 44.33.236(a) is amended to read:

16 (a) Expenditures made by a production company in connection with a film
17 production approved by the film office that shall be considered qualified expenditures
18 must be directly related to the production and be incurred in the state. Only
19 expenditures that are ordinary, reasonable, and not in excess of fair market value and
20 that are for real or tangible property, fees, services, or state or municipal taxes shall be
21 considered. Expenditures may include

22 (1) costs of set construction and operation;

23 (2) costs of wardrobes, make-up, accessories, and related services;

24 (3) costs associated with photography and sound synchronization;

25 (4) costs of lighting and related services and materials;

26 (5) costs of editing and related services;

27 (6) rental of facilities and equipment;

28 (7) leasing of vehicles;

29 (8) costs of food and lodging;

30 (9) costs of digital or tape editing, film processing, transfer of film to
31 tape or digital format, **transfer of digital media to film or tape**, sound mixing, and

1 special and visual effects;

2 (10) the total aggregate payroll for services performed in Alaska,
3 including all salaries, wages, compensation, and related benefits provided to
4 producers, directors, writers, actors, and other personnel that are directly attributable
5 to services performed in Alaska;

6 (11) the costs of the use of an Alaska business for processing qualified
7 payroll and related expenditures;

8 (12) costs of music, if performed, composed, or recorded by an Alaska
9 musician, or released or published by an Alaska business;

10 (13) costs of intrastate travel, if provided by an Alaska business;

11 (14) costs relating to the design, construction, improvement, or repair
12 of a film, video, television, or digital production or postproduction facility or related
13 property, infrastructure, or equipment, except commercial exhibition facilities, as
14 determined by the film office;

15 (15) costs of state or municipal taxes levied in Alaska on the lease or
16 rental of passenger or recreational vehicles or the rental of rooms or other lodging; or

17 (16) other similar production expenditures as determined by the film
18 office in cooperation with the Department of Revenue.

19 * **Sec. 6.** AS 44.33.239(7) is amended to read:

20 (7) "rural area" means a community with a population of 1,500 or less
21 or a community with a population of 6,500 [5,500] or less that is not connected by
22 road or rail to Anchorage or Fairbanks.

23 * **Sec. 7.** The uncodified law of the state of Alaska enacted in sec. 5(a), ch. 63, SLA 2008, is
24 amended to read:

25 (a) Subject to AS 43.98.030(f), enacted by sec. 1, **ch. 63, SLA 2008** [OF THIS
26 ACT], secs. 3 and 7, **ch. 63, SLA 2008**, [OF THIS ACT] do not prevent the film
27 office from determining a film production's qualified expenditures, awarding a tax
28 credit, or reviewing a tax credit under the provisions repealed by secs. 3 and 4, **ch. 63,**
29 **SLA 2008**, [OF THIS ACT] to a film production that has received a notice of
30 qualification under AS 44.33.234(b), enacted by sec. 2, **ch. 63, SLA 2008** [OF THIS
31 ACT], before **July 1, 2023** [JULY 1, 2013].

1 * **Sec. 8.** The uncodified law of the state of Alaska enacted in sec. 6, ch. 63, SLA 2008, is
2 amended to read:

3 Sec. 6. NOTIFICATION. When the **amount** [NUMBER] of tax credits
4 provided under AS 43.98.030(f), enacted by sec. 1, **ch. 63, SLA 2008** [OF THIS
5 ACT], in the aggregate and the estimated amount of tax credits that could be claimed
6 based on notices of qualification issued by the film office under AS 44.33.234(b),
7 together equal **\$200,000,000** [\$100,000,000], the commissioner shall notify the
8 presiding officers of each house of the legislature and the revisor of statutes in writing.

9 * **Sec. 9.** Section 7, ch. 63, SLA 2008, is amended to read:

10 Sec. 7. Section 3, **ch. 63, SLA 2008,** [OF THIS ACT] takes effect on the
11 earlier of the following:

12 (1) July 1, **2023** [2013]; or

13 (2) the date of the commissioner of revenue's notification to the
14 presiding officers of each house of the legislature and to the revisor of statutes under
15 sec. 6, **ch. 63, SLA 2008** [OF THIS ACT].

16 * **Sec. 10.** Section 8, ch. 63, SLA 2008, is amended to read:

17 Sec. 8. Section 4 of this Act takes effect on the earlier of the following:

18 (1) July 1, **2024** [2014]; or

19 (2) one year after the date of the commissioner of revenue's
20 notification to the legislature and to the revisor of statutes under sec. 6, **ch. 63, SLA**
21 **2008** [OF THIS ACT].