

SENATE BILL 905

Q3

5lr3073
CF HB 753

By: **Senator Kasemeyer**

Introduced and read first time: March 5, 2015

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Film Production Activity Tax Credit**

3 FOR the purpose of extending certain termination provisions for a certain income tax credit
4 allowed for certain entities that carry out certain film production activities in the
5 State; altering the amount of certain tax credit certificates that the Secretary of
6 Business and Economic Development may issue for certain fiscal years; altering a
7 reporting requirement under the credit to require the Department of Business and
8 Economic Development to provide a list of companies in the State that qualified as
9 certain minority business enterprises or certain small businesses and directly
10 provided goods or services for film production activity during a certain period;
11 requiring a qualified film production entity that receives the tax credit certificate to
12 feature, under certain circumstances, a certain State promotional logo in a certain
13 project in a certain manner; providing that, in lieu of featuring a certain State
14 promotional logo, the qualified film production entity may offer certain alternative
15 marketing opportunities; providing for the application of this Act; and generally
16 relating to income tax credits for certain film production activities.

17 BY repealing and reenacting, with amendments,
18 Article – Tax – General
19 Section 10–730(e) through (g)
20 Annotated Code of Maryland
21 (2010 Replacement Volume and 2014 Supplement)

22 BY adding to
23 Article – Tax – General
24 Section 10–730(g)
25 Annotated Code of Maryland
26 (2010 Replacement Volume and 2014 Supplement)

27 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Chapter 516 of the Acts of the General Assembly of 2011, as amended by Chapter 28
of the Acts of the General Assembly of 2013
Section 2

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Tax – General

10–730.

(e) On or before January 1 of each year, the Department shall report to the
Governor and, subject to § 2–1246 of the State Government Article, the General Assembly,
on:

(1) the number of film production entities submitting applications under
subsection (c) of this section;

(2) the number and amount of tax credit certificates issued under
subsection (d) of this section;

(3) the number of local technicians, actors, and extras hired for film
production activity during the reporting period;

(4) a list of companies doing business in the State, including hotels, that
directly provided goods or services for film production activity during the reporting period;
[and]

**(5) A LIST OF COMPANIES DOING BUSINESS IN THE STATE THAT
DIRECTLY PROVIDED GOODS OR SERVICES FOR FILM PRODUCTION ACTIVITY
DURING THE REPORTING PERIOD THAT QUALIFIED DURING THE REPORTING
PERIOD AS MINORITY BUSINESS ENTERPRISES UNDER § 14–301(F) OF THE STATE
FINANCE AND PROCUREMENT ARTICLE;**

**(6) A LIST OF COMPANIES DOING BUSINESS IN THE STATE THAT
DIRECTLY PROVIDED GOODS OR SERVICES FOR FILM PRODUCTION ACTIVITY
DURING THE REPORTING PERIOD THAT, AS DETERMINED BY THE DEPARTMENT, ARE
CONSIDERED SMALL BUSINESSES; AND**

[(5)] (7) any other information that indicates the economic benefits to the
State resulting from film production activity during the reporting period.

(f) (1) Except as provided in paragraph (2) of this subsection, the Secretary
may not issue tax credit certificates for credit amounts in the aggregate totaling more than:

(i) for fiscal year 2014, \$25,000,000;

1 (ii) for fiscal year 2015, \$7,500,000; [and]

2 (iii) for fiscal year 2016, \$7,500,000;

3 (IV) FOR FISCAL YEAR 2017, \$25,000,000;

4 (V) FOR FISCAL YEAR 2018, \$25,000,000; AND

5 (VI) FOR FISCAL YEAR 2019, \$25,000,000.

6 (2) If the aggregate credit amounts under the tax credit certificates issued
7 by the Secretary total less than the maximum provided under paragraph (1) of this
8 subsection in any fiscal year, any excess amount may be carried forward and issued under
9 tax credit certificates in a subsequent fiscal year.

10 (G) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A
11 QUALIFIED FILM PRODUCTION ENTITY THAT RECEIVES A TAX CREDIT CERTIFICATE
12 UNDER THIS SECTION FOR A FILM PRODUCTION ACTIVITY SHALL INCLUDE:

13 (I) FOR A FEATURE FILM PROJECT, A 5-SECOND LONG STATIC
14 OR ANIMATED LOGO THAT PROMOTES THE STATE IN THE END CREDITS BEFORE THE
15 BELOW-THE-LINE CREW CRAWL FOR THE LIFE OF THE PROJECT AND A LINK TO THE
16 STATE'S WEB SITE ON THE PROJECT'S WEB SITE;

17 (II) FOR A TELEVISION SERIES PROJECT, AN EMBEDDED
18 5-SECOND LONG STATIC OR ANIMATED LOGO THAT PROMOTES THE STATE DURING
19 EACH BROADCAST WORLDWIDE FOR THE LIFE OF THE PROJECT AND A LINK TO THE
20 STATE'S WEB SITE ON THE PROJECT'S WEB SITE; OR

21 (III) FOR ANY OTHER PROJECT, THE STATE LOGO AT THE END OF
22 EACH PROJECT AND IN ONLINE PROMOTIONS.

23 (2) IN LIEU OF INCLUDING A STATE LOGO AS REQUIRED UNDER
24 PARAGRAPH (1) OF THIS SUBSECTION, THE QUALIFIED FILM PRODUCTION ENTITY
25 MAY OFFER ALTERNATIVE MARKETING OPPORTUNITIES TO BE EVALUATED BY THE
26 DEPARTMENT TO ENSURE THAT THOSE OPPORTUNITIES OFFER EQUAL OR GREATER
27 PROMOTIONAL VALUE TO THE STATE.

28 [(g)] (H) The Department and the Comptroller jointly shall adopt regulations to
29 carry out the provisions of this section and to specify criteria and procedures for the
30 application for, approval of, and monitoring of continuing eligibility for the tax credit under
31 this section.

1 **Chapter 516 of the Acts of 2011, as amended by Chapter 28 of the Acts of 2013**

2 SECTION 2. AND BE IT FURTHER ENACTED, That the film production activity
3 tax credit under § 10–730 of the Tax – General Article as enacted by this Act shall take
4 effect July 1, 2011, and shall be applicable to all taxable years beginning after December
5 31, 2010. The film production activity tax credit under § 10–730 of the Tax – General Article
6 as enacted by this Act shall remain effective for a period of **[5] 8** years and, at the end of
7 June 30, **[2016] 2019**, with no further action required by the General Assembly, shall be
8 abrogated and of no further force and effect. The Secretary of Business and Economic
9 Development may not issue film production activity tax credit certificates under § 10–730
10 of the Tax – General Article for any fiscal year beginning on or after July 1, **[2016] 2019**.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
12 1, 2015, and shall be applicable to all film production activity tax credit certificates issued
13 after December 31, 2014.