

**SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION**

**S.F. No. 4446**

(SENATE AUTHORS: HAUSCHILD)

DATE  
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D-PG

Introduction and first reading  
Referred to Jobs and Economic Development

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to tourism; establishing Explore Minnesota Film; amending Minnesota  
1.3 Statutes 2022, sections 116U.26; 116U.27, subdivisions 5, 6; Minnesota Statutes  
1.4 2023 Supplement, section 116U.27, subdivisions 1, 4; proposing coding for new  
1.5 law in Minnesota Statutes, chapter 116U.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. 116U.255] EXPLORE MINNESOTA FILM.

1.8 Subdivision 1. Office established; director. (a) Explore Minnesota Film is established  
1.9 as an office within Explore Minnesota.

1.10 (b) The director of Explore Minnesota shall appoint the director of Explore Minnesota  
1.11 Film. The director of Explore Minnesota Film must be qualified by experience with issues  
1.12 related to film and television production and economic development.

1.13 (c) The office may employ staff necessary to carry out the duties required in this section.

1.14 Subd. 2. Duties. The director of Explore Minnesota Film is authorized to:

1.15 (1) administer the film production jobs program and the film production credit program;

1.16 (2) promote Minnesota as a location for film and television production;

1.17 (3) assist in the establishment and implementation of programs related to film and  
1.18 television production, including but not limited to permitting and workforce development;

1.19 (4) improve communication among local, state, federal, and private entities regarding  
1.20 film and television production logistics and best practices;

2.1 (5) coordinate the development of statewide policies addressing film and television  
 2.2 production; and

2.3 (6) act as a liaison to production entities, workers, and state agencies.

2.4 Sec. 2. Minnesota Statutes 2022, section 116U.26, is amended to read:

2.5 **116U.26 FILM PRODUCTION JOBS PROGRAM.**

2.6 (a) The film production jobs program is created. The program shall be operated by ~~the~~  
 2.7 ~~Minnesota Film and TV Board~~ Explore Minnesota Film with administrative oversight and  
 2.8 control by the ~~commissioner of employment and economic development~~ director of Explore  
 2.9 Minnesota. The program shall make payment to producers of feature films, national television  
 2.10 or Internet programs, documentaries, music videos, and commercials that directly create  
 2.11 new film jobs in Minnesota. To be eligible for a payment, a producer must submit  
 2.12 documentation to ~~the Minnesota Film and TV Board~~ Explore Minnesota Film of expenditures  
 2.13 for production costs incurred in Minnesota that are directly attributable to the production  
 2.14 in Minnesota of a film product.

2.15 ~~The Minnesota Film and TV Board~~ Explore Minnesota Film shall make recommendations  
 2.16 to the ~~commissioner of employment and economic development~~ director of Explore  
 2.17 Minnesota about program payment, but the ~~commissioner~~ director has the authority to make  
 2.18 the final determination on payments. The ~~commissioner's~~ director's determination must be  
 2.19 based on proper documentation of eligible production costs submitted for payments. No  
 2.20 more than five percent of the funds appropriated for the program in any year may be expended  
 2.21 for administration, including costs for independent audits and financial reviews of projects.

2.22 (b) For the purposes of this section:

2.23 (1) "production costs" means the cost of the following:

2.24 (i) a story and scenario to be used for a film;

2.25 (ii) salaries of talent, management, and labor, including payments to personal services  
 2.26 corporations for the services of a performing artist;

2.27 (iii) set construction and operations, wardrobe, accessories, and related services;

2.28 (iv) photography, sound synchronization, lighting, and related services;

2.29 (v) editing and related services;

2.30 (vi) rental of facilities and equipment;

3.1 (vii) other direct costs of producing the film in accordance with generally accepted  
3.2 entertainment industry practice;

3.3 (viii) above-the-line talent fees for nonresident talent; or

3.4 (ix) costs incurred during postproduction; and

3.5 (2) "film" means a feature film, television or Internet pilot, program, series, documentary,  
3.6 music video, or television commercial, whether on film, video, or digital media. Film does  
3.7 not include news, current events, public programming, or a program that includes weather  
3.8 or market reports; a talk show; a production with respect to a questionnaire or contest; a  
3.9 sports event or sports activity; a gala presentation or awards show; a finished production  
3.10 that solicits funds; or a production for which the production company is required under  
3.11 United States Code, title 18, section 2257, to maintain records with respect to a performer  
3.12 portrayed in a single-media or multimedia program.

3.13 (c) Notwithstanding any other law to the contrary, ~~the Minnesota Film and TV Board~~  
3.14 Explore Minnesota Film may make reimbursements of: (1) up to 25 percent of production  
3.15 costs for films that locate production outside the metropolitan area, as defined in section  
3.16 473.121, subdivision 2, or that incur a minimum Minnesota expenditure of \$1,000,000 in  
3.17 the metropolitan area within a 12-month period; or (2) up to 20 percent of production costs  
3.18 for films that incur less than \$1,000,000 in Minnesota production costs in the metropolitan  
3.19 area within a 12-month period.

3.20 Sec. 3. Minnesota Statutes 2023 Supplement, section 116U.27, subdivision 1, is amended  
3.21 to read:

3.22 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
3.23 the meanings given.

3.24 (b) "Allocation certificate" means a certificate issued by the commissioner to a taxpayer  
3.25 upon receipt and approval of an initial application for a credit for a project that has not yet  
3.26 been completed.

3.27 (c) "Application" means the application for a credit under subdivision 4.

3.28 ~~(d) "Commissioner" means the commissioner of employment and economic development.~~

3.29 ~~(e)~~ (d) "Credit certificate" means a certificate issued by the commissioner upon receipt  
3.30 and approval of the cost verification report in subdivision 4, paragraph (e).

3.31 (e) "Director" means the director of Explore Minnesota.

4.1 (f) "Eligible production costs" means eligible production costs as defined in section  
4.2 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to  
4.3 the production of a film project in Minnesota.

4.4 (g) "Film" has the meaning given in section 116U.26, paragraph (b), clause (2).

4.5 (h) "Project" means a film:

4.6 (1) that includes the promotion of Minnesota;

4.7 (2) for which the taxpayer has expended at least \$1,000,000 in any consecutive 12-month  
4.8 period beginning after expenditures are first paid in Minnesota for eligible production costs;  
4.9 and

4.10 (3) to the extent practicable, that employs Minnesota residents.

4.11 Television commercials are exempt from the requirement under clause (1).

4.12 (i) "Promotion of Minnesota" or "promotion" means visible display of a static or animated  
4.13 logo, approved by the ~~commissioner~~ director, that ~~lasts approximately five seconds~~  
4.14 promotes Minnesota within its presentation in the end credits ~~before the below-the-line crew~~  
4.15 ~~crawl~~ for the life of the project.

4.16 Sec. 4. Minnesota Statutes 2023 Supplement, section 116U.27, subdivision 4, is amended  
4.17 to read:

4.18 Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a  
4.19 taxpayer must submit to the ~~commissioner~~ director an application for a credit in the form  
4.20 prescribed by the ~~commissioner~~ director, in consultation with the commissioner of revenue.

4.21 (b) Upon approving an application for a credit that meets the requirements of this section,  
4.22 the ~~commissioner~~ director shall issue allocation certificates that:

4.23 (1) verify eligibility for the credit;

4.24 (2) state the amount of credit anticipated for the eligible project, with the credit amount  
4.25 up to 25 percent of eligible project costs; and

4.26 (3) state the taxable year in which the credit is allocated.

4.27 ~~The commissioner must consult with the Minnesota Film and TV Board prior to issuing an~~  
4.28 ~~allocation certificate.~~

4.29 (c) The ~~commissioner~~ director must not issue allocation certificates for more than  
4.30 \$24,950,000 of credits each year. If the entire amount is not allocated in that taxable year,  
4.31 any remaining amount is available for allocation for the four following taxable years until

5.1 the entire allocation has been made. The ~~commissioner~~ director must not award any credits  
5.2 for taxable years beginning after December 31, 2030, and any unallocated amounts cancel  
5.3 on that date.

5.4 (d) The ~~commissioner~~ director must allocate credits on a first-come, first-served basis.

5.5 (e) Upon completion of a project, the taxpayer shall submit to the ~~commissioner~~ director  
5.6 a report prepared by an independent certified public accountant licensed in the state of  
5.7 Minnesota to verify the amount of eligible production costs related to the project. The report  
5.8 must be prepared in accordance with generally accepted accounting principles. Upon receipt  
5.9 and approval of the cost verification report and other documents required by the  
5.10 ~~commissioner~~ director, the ~~commissioner~~ director shall determine the final amount of eligible  
5.11 production costs and issue a credit certificate to the taxpayer. The credit may not exceed  
5.12 the anticipated credit amount on the allocation certificate. If the credit is less than the  
5.13 anticipated amount on the allocation credit, the difference is returned to the amount available  
5.14 for allocation under paragraph (c). To claim the credit under section 290.06, subdivision  
5.15 39, or 297I.20, subdivision 4, a taxpayer must include a copy of the credit certificate as part  
5.16 of the taxpayer's return.

5.17 Sec. 5. Minnesota Statutes 2022, section 116U.27, subdivision 5, is amended to read:

5.18 Subd. 5. **Report required.** By January 15, 2025, the commissioner of revenue, in  
5.19 consultation with the ~~commissioner~~ director, must provide a report to the chairs and ranking  
5.20 minority members of the legislative committees with jurisdiction over economic development  
5.21 and taxes. The report must comply with sections 3.195 and 3.197, and must detail the  
5.22 following:

5.23 (1) the amount of credit certifications issued annually;

5.24 (2) the number of applications submitted, the number of allocation certificates issued,  
5.25 the amount of allocation certificates issued, the number of reports submitted upon completion  
5.26 of a project, and the number of credit certificates issued;

5.27 (3) the types of projects eligible for the credit;

5.28 (4) the total economic impact of the credit in Minnesota, including the calendar year  
5.29 over calendar year percentage changes in the number of jobs held by Minnesota residents  
5.30 in businesses having a primary North American Industry Classification System code of  
5.31 512110 as reported to the commissioner, for calendar years 2019 through 2023;

5.32 (5) the number of taxpayers per tax type which are assignees of credit certificates under  
5.33 subdivision 3;

6.1 (6) annual Minnesota taxes paid by businesses having a primary North American Industry  
6.2 Classification System code of 512110, for taxable years beginning after December 31, 2018,  
6.3 and before January 1, 2024; and

6.4 (7) any other information the commissioner of revenue, in consultation with the  
6.5 ~~commissioner~~ director, deems necessary for purposes of claiming and administering the  
6.6 credit.

6.7 Sec. 6. Minnesota Statutes 2022, section 116U.27, subdivision 6, is amended to read:

6.8 Subd. 6. **Appropriation.** Beginning in fiscal year 2022, \$50,000 is annually appropriated  
6.9 from the general fund to the commissioner of revenue for a transfer to ~~the Department of~~  
6.10 ~~Employment and Economic Development~~ Explore Minnesota for costs associated with  
6.11 personnel and administrative expenses related to administering the credit. This subdivision  
6.12 expires on June 30, 2025.