

FIRST REGULAR SESSION

SENATE BILL NO. 366

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOSKINS.

Read 1st time February 7, 2019, and ordered printed.

ADRIANE D. CROUSE, Secretary.

1846S.011

AN ACT

To repeal section 135.750, RSMo, and to enact in lieu thereof one new section relating to tax credits for qualified film projects.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 135.750, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 135.750, to read as follows:

135.750. 1. **This act shall be referred to as the "Show Missouri Film and Digital Media Act".**

2. As used in this section, the following terms mean:

(1) "Highly compensated individual", any individual who receives compensation in excess of [one million] **two hundred fifty thousand** dollars in connection with a single qualified film production project;

(2) "Qualified film production project", any film, video, commercial, or television production, as approved by the department of economic development and the office of the Missouri film commission, **that features a statement or logo designated by the department of economic development in the credits of the film indicating that the project was filmed in Missouri** and that is under thirty minutes in length with an expected in-state expenditure budget in excess of fifty thousand dollars[,] or [that] is over thirty minutes in length with an expected in-state expenditure budget in excess of one hundred thousand dollars. Regardless of the production costs, "qualified film production project" shall not include any:

(a) News or current events programming;

(b) Talk show;

(c) Production produced primarily for industrial, corporate, or institutional

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

20 purposes, and for internal use;

21 (d) Sports event or sports program;

22 (e) Gala presentation or awards show;

23 (f) Infomercial or any production that directly solicits funds;

24 (g) Political ad;

25 (h) Production that is considered obscene, as defined in section 573.010;

26 (3) "Qualifying **in-state** expenses", the sum of the total amount spent in
27 this state for the following by a production company in connection with a
28 qualified film production project:

29 (a) Goods and services leased or purchased by the production company.
30 For goods with a purchase price of twenty-five thousand dollars or more, the
31 amount included in qualifying **in-state** expenses shall be the purchase price less
32 the fair market value of the goods at the time the production is completed;

33 (b) Compensation and wages paid by the production company **to Missouri**
34 **residents** on which the production company remitted withholding payments to
35 the department of revenue under chapter 143. For purposes of this section,
36 compensation and wages shall not include any amounts paid to a highly
37 compensated individual;

38 (4) "Qualifying **out-of-state** expenses", the sum of all compensation
39 **and wages paid by the production company to non-Missouri residents**
40 **on which the production company remitted withholding payments to**
41 **the department of revenue under chapter 143. For purposes of this**
42 **section, compensation and wages shall not include any amounts paid to**
43 **a highly compensated individual;**

44 (5) "Tax credit", a credit against the tax otherwise due under chapter 143,
45 excluding withholding tax imposed by sections 143.191 to 143.265, or otherwise
46 due under chapter 148;

47 [(5)] (6) "Taxpayer", any individual, partnership, or corporation as
48 described in section 143.441, 143.471, or section 148.370 that is subject to the tax
49 imposed in chapter 143, excluding withholding tax imposed by sections 143.191
50 to 143.265, or the tax imposed in chapter 148 or any charitable organization
51 which is exempt from federal income tax and whose Missouri unrelated business
52 taxable income, if any, would be subject to the state income tax imposed under
53 chapter 143.

54 [2.] 3. (1) For all [taxable] **tax** years beginning on or after January 1,
55 1999, but ending on or before December 31, 2007, a taxpayer shall be granted a

56 tax credit for up to fifty percent of the amount of investment in production or
57 production-related activities in any film production project with an expected
58 in-state expenditure budget in excess of three hundred thousand dollars[.];

59 **(2)** For all [taxable] tax years beginning on or after January 1, 2008, **but**
60 **ending on or before November 28, 2013**, a taxpayer shall be allowed a tax
61 credit for up to thirty-five percent of the amount of qualifying expenses in a
62 qualified film production project; **and**

63 **(3)** For all tax years beginning on or after January 1, 2020, a
64 taxpayer shall be allowed a tax credit equal to twenty percent of
65 qualifying in-state expenses and ten percent of qualifying out-of-state
66 expenses. An additional five percent may be earned for both qualifying
67 in-state expenses and qualifying out-of-state expenses if at least fifty
68 percent of the qualified film production project is filmed in Missouri.

69 Each film production company shall be limited to one qualified film production
70 project per year. Activities qualifying a taxpayer for the tax credit pursuant to
71 this subsection shall be approved by the office of the Missouri film commission
72 and the department of economic development.

73 [3.] **4.** Taxpayers shall apply for the film production tax credit by
74 submitting an application to the department of economic development, on a form
75 provided by the department. As part of the application, the expected in-state
76 expenditures of the qualified film production project shall be documented. In
77 addition, the application shall include an economic impact statement, showing the
78 economic impact from the activities of the film production project. Such economic
79 impact statement shall indicate the impact on the region of the state in which the
80 film production or production-related activities are located and on the state as a
81 whole.

82 [4.] **5.** For all [taxable] tax years ending on or before December 31, 2007,
83 tax credits certified pursuant to subsection [2] **3** of this section shall not exceed
84 one million dollars per taxpayer per year, and shall not exceed a total for all tax
85 credits certified of one million five hundred thousand dollars per year. For all
86 [taxable] tax years beginning on or after January 1, 2008, tax credits certified
87 under subsection 1 of this section shall not exceed a total for all tax credits
88 certified of four million five hundred thousand dollars per year. Taxpayers may
89 carry forward unused credits for up to five tax periods, provided all such credits
90 shall be claimed within ten tax periods following the tax period in which the film
91 production or production-related activities for which the credits are certified by

92 the department occurred.

93 [5.] 6. Notwithstanding any provision of law to the contrary, any
94 taxpayer may sell, assign, exchange, convey or otherwise transfer tax credits
95 allowed in subsection [2] 3 of this section. The taxpayer acquiring the tax credits
96 may use the acquired credits to offset the tax liabilities otherwise imposed by
97 chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265,
98 or chapter 148. Unused acquired credits may be carried forward for up to five tax
99 periods, provided all such credits shall be claimed within ten tax periods
100 following the tax period in which the film production or production-related
101 activities for which the credits are certified by the department occurred.

102 [6.] 7. Under section 23.253 of the Missouri sunset act:

103 (1) The provisions of the new program authorized under this section shall
104 automatically sunset **on December thirty-first** six years after [November 28,
105 2007,] **after the effective date of this section** unless reauthorized by an act
106 of the general assembly; and

107 (2) If such program is reauthorized, the program authorized under this
108 section shall automatically sunset **on December thirty-first** twelve years after
109 the effective date of the reauthorization of this section; and

110 (3) This section shall terminate on September first of the calendar year
111 immediately following the calendar year in which the program authorized under
112 this section is sunset.

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