

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB2459 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Amendment submitted by: Brian Hill

Adopted: _____

Reading Clerk

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 PROPOSED COMMITTEE
4 SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2459

By: Hill

7 PROPOSED COMMITTEE SUBSTITUTE

8 An Act relating to revenue and taxation; amending 68
9 O.S. 2021, Sections 3632, 3635 and 3638, which relate
10 to the Filmed in Oklahoma Act of 2021; modifying
11 definitions; modifying incentive related to certain
12 post production activity; modifying provisions
13 related to appearance of logo in finished
14 productions; providing an effective date; and
15 declaring an emergency.

16 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

17 SECTION 1. AMENDATORY 68 O.S. 2021, Section 3632, is
18 amended to read as follows:

19 Section 3632. As used in the Filmed in Oklahoma Act of 2021:

20 1. "Above-the-line personnel" means producers, principal cast,
21 screenwriters and directors who work on production of films or
22 television series. The qualifying salary of above-the-line
23 personnel may be included as crew, as defined in paragraph 3 of this
24 section, if the salaries are paid to loan-out corporations and
limited liability companies registered to do business in this state

1 or the salaries are paid to Oklahoma-based above-the-line personnel.
2 The qualifying salary of above-the-line personnel shall not comprise
3 more than twenty-five percent (25%) of total expenditures as defined
4 in paragraph 5 of this section. For purposes of this paragraph,
5 "Oklahoma-based" means a company or individual with an Oklahoma
6 income tax requirement;

7 2. "Apprentice" means a person who works for a skilled or
8 qualified person in order to learn a trade or profession for an
9 agreed-upon period of time. An apprentice may work in any of the
10 trades recognized by the Oklahoma Department of Commerce as
11 necessary for a film production;

12 3. "Crew" means any person who works on preproduction,
13 principal photography and postproduction, with the exception of
14 above-the-line-personnel;

15 4. "Eligible television series" means a project if either
16 seventy-five percent (75%) of the series season is filmed within the
17 state or, for an episodic television pilot, if more than seventy-
18 five percent (75%) of the pilot is filmed within the state;

19 5. "Expenditure" or "production cost" includes but is not
20 limited to:

21 a. wages or salaries of persons who are residents of this
22 state or who are enrolled as full-time students at a
23 college or university located in the state offering an
24 undergraduate degree program and who have earned

1 income from working on a film in this state including
2 payments to personal services corporations with
3 respect to the services of qualified performing
4 artists, pursuant to the provisions of the Internal
5 Revenue Code, 26 U.S.C., Section 62(a)(2),

6 b. the cost of construction and operations, wardrobe,
7 accessories and related services,

8 c. the cost of photography, sound synchronization,
9 lighting and related services,

10 d. the cost of editing and related services,

11 e. rental of facilities and equipment,

12 f. other direct costs of producing a film, and

13 g. the wages and salaries of persons who are defined and
14 registered as an Oklahoma Expatriate by the Office of
15 the Oklahoma Film and Music Commission;

16 6. "Film" means a professional single media, multimedia program
17 or feature, which is not child pornography as defined in subsection
18 A of Section 1024.1 of Title 21 of the Oklahoma Statutes or obscene
19 material as defined in paragraph 1 of subsection B of Section 1024.1
20 of Title 21 of the Oklahoma Statutes including, but not limited to,
21 national advertising messages that are broadcast on a national
22 affiliate or cable network, fixed on film or digital video, which
23 can be viewed or reproduced and which is exhibited in theaters,
24 licensed for exhibition by individual television stations, groups of

1 stations, networks, cable television stations or other means or
2 licensed for home viewing markets. The term shall also include
3 filming for interactive and video gaming including, but not limited
4 to, green screen, motion capture and similar production techniques;

5 7. "Multi-film deal" means a project in which a production
6 company films at least seventy-five percent (75%) of main crew
7 principal photography for three (3) or more films in this state
8 within three (3) years or where the third film starts main crew
9 principal photography within the three (3) year period;

10 8. "Nonresident crew member" means a person who is not an
11 Oklahoma resident, hired for a qualifying production project
12 occurring within the state and who is subject to the payment of
13 Oklahoma employment taxes;

14 9. "Production assistant" means an employee engaged in a base
15 starting position used for serving the production staff of a project
16 while providing educational experience in the film or television
17 industry;

18 10. "Production company" means a person, producer or company
19 who produces film for exhibition in theaters, on television or
20 elsewhere;

21 ~~10.~~ 11. "Qualified production expenditure amount" means an
22 expenditure defined pursuant to paragraph 5 of this section paid to
23 persons as provided by subparagraph a of paragraph 5 of this section
24

1 and who comprise at least ninety percent (90%) of the total number
2 of production assistants; and

3 ~~11.~~ 12. "Qualified soundstage facility" means a state certified
4 industry standard soundstage facility having not less than seven
5 thousand five hundred (7,500) square feet of combined soundstage
6 space and with a total state rental cost to the production company
7 equal to at least one percent (1%) of the qualifying Oklahoma
8 expenditures with respect to a production.

9 SECTION 2. AMENDATORY 68 O.S. 2021, Section 3635, is
10 amended to read as follows:

11 Section 3635. A. Subject to the final approval of the
12 eligibility application by the Oklahoma Department of Commerce, a
13 requirement that the incentive payments made pursuant to the
14 provisions of this act achieve the maximum positive impact for the
15 Oklahoma economy and subject to the Oklahoma workforce requirements
16 of Section ~~7~~ 3637 of this ~~act~~ title, the base incentive amount for a
17 project filmed in this state shall be a maximum of twenty percent
18 (20%) of the qualified production expenditure amount. An incentive
19 for a project filmed in this state for wages paid to nonresident
20 crew, not including above-the-line personnel, before July 1, 2023,
21 shall be provided in the amount of seven and one-half percent
22 (7.5%).

23 B. In addition to the amount authorized by subsection A of this
24 section, there may be an additional incentive amount, subject to the

1 final approval of the Oklahoma Department of Commerce, in the
2 maximum amount of:

3 1. ~~Three percent (3%)~~ Five percent (5%) of the qualified
4 production expenditure amount for projects where at least twenty-
5 five percent (25%) of main crew principal photography days are
6 filmed on location, excluding sound stage production, in any county
7 of this state if the county has a population of less than two
8 hundred fifty thousand (250,000) persons according to the federal
9 Decennial Census or most recent population estimate;

10 2. Two percent (2%) of the qualified production expenditure
11 amount for projects whose hub location, as determined by the
12 Department, is or projects where at least twenty-five percent (25%)
13 of main crew principal photography days are filmed on location,
14 excluding sound stage production, in a municipality having a
15 population of thirteen thousand (13,000) or fewer persons according
16 to the federal Decennial Census or most recent population estimate
17 regardless of the county in which the municipality is located or
18 partially located;

19 3. Five percent (5%) of the qualified production expenditure
20 amount for soundstage expenditures if at least twenty-five percent
21 (25%) of main crew principal photography days are filmed at a
22 qualified soundstage facility;

23 4. For eligible television series as defined in paragraph 4 of
24 Section ~~2~~ 3632 of this ~~act~~ title:

1 a. two percent (2%) of the qualified production
2 expenditure amount for an eligible television episodic
3 pilot, and

4 b. five percent (5%) of the qualified production
5 expenditure amount if a television series is filmed
6 for one or more seasons;

7 5. Five percent (5%) of the qualified production expenditure
8 amount for an eligible multi-film deal as defined in paragraph 7 of
9 Section ~~2~~ 3632 of this ~~act~~ title; and

10 6. Three percent (3%) of the qualified production expenditure
11 amount based on expenditures paid to Oklahoma vendors for post-
12 production expenses with a minimum expenditure of three percent (3%)
13 of Oklahoma production expenditures. Post-production expenditures
14 include but are not limited to the following categories:

- 15 a. sound recording or mixing,
 - 16 b. color grading,
 - 17 c. editorial work,
 - 18 d. visual effects,
 - 19 e. animation,
 - 20 f. deliverables, excluding marketing and advertising,
 - 21 g. music production, recording, mixing or composition,
 - 22 h. licensing of Oklahoma music, and
 - 23 i. editing equipment or editing facility rental.
- 24

1 SECTION 3. AMENDATORY 68 O.S. 2021, Section 3638, is
2 amended to read as follows:

3 Section 3638. All production projects for which any incentive
4 is paid pursuant to the provisions of this act shall contain a logo,
5 as approved by the Oklahoma Department of Commerce, to be displayed
6 in the ~~end~~ credits of the finished production for a period of at
7 least two (2) seconds or, if the production does not contain ~~end~~
8 credits, the Oklahoma Department of Commerce shall obtain a
9 commitment by the production company to provide equivalent value as
10 determined by the Oklahoma Department of Commerce.

11 SECTION 4. This act shall become effective July 1, 2023.

12 SECTION 5. It being immediately necessary for the preservation
13 of the public peace, health or safety, an emergency is hereby
14 declared to exist, by reason whereof this act shall take effect and
15 be in full force from and after its passage and approval.

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