

FIRST REGULAR SESSION

# SENATE BILL NO. 541

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR PEARCE.

Read 1st time February 26, 2015, and ordered printed.

ADRIANE D. CROUSE, Secretary.

2406S.02I

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Section A. Section 135.750, RSMo, is repealed and one new section  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

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

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

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

15 (a) News or current events programming;

16 (b) Talk show;

17 (c) Production produced primarily for industrial, corporate, or institutional  
18 purposes, and for internal use;

19 (d) Sports event or sports program;

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

- 20 (e) Gala presentation or awards show;
- 21 (f) Infomercial or any production that directly solicits funds;
- 22 (g) Political ad;
- 23 (h) Production that is considered obscene, as defined in section 573.010;
- 24 (3) "Qualifying **in-state** expenses", the sum of the total amount spent in  
25 this state for the following by a production company in connection with a  
26 qualified film production project:
- 27 (a) Goods and services leased or purchased by the production company.  
28 For goods with a purchase price of twenty-five thousand dollars or more, the  
29 amount included in qualifying expenses shall be the purchase price less the fair  
30 market value of the goods at the time the production is completed;
- 31 (b) Compensation and wages paid by the production company to **Missouri**  
32 **residents** on which the production company remitted withholding payments to  
33 the department of revenue under chapter 143. For purposes of this section,  
34 compensation and wages shall not include any amounts paid to a highly  
35 compensated individual;
- 36 (4) "**Qualifying out-of-state expenses**", the sum of all  
37 **compensation and wages paid by the production company to non-**  
38 **Missouri residents on which the production company remitted**  
39 **withholding payments to the department of revenue under chapter**  
40 **143. For purposes of this section, compensation and wages shall not**  
41 **include any amounts paid to a highly compensated individual;**
- 42 [(4)] (5) "Tax credit", a credit against the tax otherwise due under  
43 chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265,  
44 or otherwise due under chapter 148;
- 45 [(5)] (6) "Taxpayer", any individual, partnership, or corporation as  
46 described in section 143.441, 143.471, or section 148.370 that is subject to the tax  
47 imposed in chapter 143, excluding withholding tax imposed by sections 143.191  
48 to 143.265, or the tax imposed in chapter 148 or any charitable organization  
49 which is exempt from federal income tax and whose Missouri unrelated business  
50 taxable income, if any, would be subject to the state income tax imposed under  
51 chapter 143.
- 52 2. [For all taxable years beginning on or after January 1, 1999, but ending  
53 on or before December 31, 2007, a taxpayer shall be granted a tax credit for up  
54 to fifty percent of the amount of investment in production or production-related  
55 activities in any film production project with an expected in-state expenditure

56 budget in excess of three hundred thousand dollars.] For all taxable years  
57 beginning on or after January 1, 2008, **but ending on or before December 31,**  
58 **2014,** a taxpayer shall be allowed a tax credit for up to thirty-five percent of the  
59 amount of qualifying expenses in a qualified film production project. Each film  
60 production company shall be limited to one qualified film production project per  
61 year. Activities qualifying a taxpayer for the tax credit pursuant to this  
62 subsection shall be approved by the office of the Missouri film commission and the  
63 department of economic development. **Beginning January 1, 2015, a**  
64 **taxpayer shall be allowed a tax credit equal to twenty percent for**  
65 **qualifying in-state expenses and qualifying out-of-state expenses. An**  
66 **additional five percent may be earned for both qualifying in-state**  
67 **expenses and qualifying out-of-state expenses if at least fifty percent of**  
68 **the qualified film production project is filmed in Missouri.**

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

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

89         5. Notwithstanding any provision of law to the contrary, any taxpayer  
90 may sell, assign, exchange, convey or otherwise transfer tax credits allowed in  
91 subsection 2 of this section. The taxpayer acquiring the tax credits may use the

92 acquired credits to offset the tax liabilities otherwise imposed by chapter 143,  
93 excluding withholding tax imposed by sections 143.191 to 143.265, or chapter 148.  
94 Unused acquired credits may be carried forward for up to five tax periods,  
95 provided all such credits shall be claimed within ten tax periods following the tax  
96 period in which the film production or production-related activities for which the  
97 credits are certified by the department occurred.

98 6. Under section 23.253 of the Missouri sunset act:

99 (1) The provisions of the new program authorized under this section shall  
100 automatically sunset six years after November 28, [2007] **2015**, unless  
101 reauthorized by an act of the general assembly; and

102 (2) If such program is reauthorized, the program authorized under this  
103 section shall automatically sunset twelve years after the effective date of the  
104 reauthorization of this section; and

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

Bill ✓

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