

SENATE BILL NO. 1079

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR GREGORY (21).

5522S.011

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 135.750, RSMo, and to enact in lieu thereof one new section relating to a tax credit for motion media production 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Section A. Section 135.750, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 135.750,
3 to read as follows:

135.750. 1. This section shall be known and may be
2 referred to as the "Show MO Act".

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

4 (1) "Above-the-line individual", any individual hired
5 or credited on screen for a qualified motion media
6 production project as any type of producer, principal cast
7 that is at a Screen Actors Guild Schedule F and above
8 payment rate, screenwriter, and the director;

9 (2) "Qualified motion media production project", any
10 film or series production, including videos, commercials,
11 video games, webisodes, music videos, content-based mobile
12 applications, virtual reality, augmented reality, multi-
13 media, and new media, as well as standalone visual effects
14 and postproduction for such motion media production project,
15 as approved by the department of economic development and
16 the office of the Missouri film commission, that features a
17 statement and logo designated by the department of economic

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

development in the credits of the completed production indicating that the project was filmed in Missouri and that is under thirty minutes in length with expected qualifying expenses in excess of fifty thousand dollars or is over thirty minutes in length with expected qualifying expenses in excess of one hundred thousand dollars. Regardless of the production costs, qualified motion media project shall not include any:

- (a) News or current events programming;
- (b) Talk show;
- (c) Production produced primarily for industrial, corporate, or institutional purposes, and for internal use;
- (d) Sports event or sports program;
- (e) Gala presentation or awards show;
- (f) Infomercial or any production that directly solicits funds;
- (g) Political ad;
- (h) Production that is considered obscene, as defined in section 573.010;

(3) "Qualifying expenses", the sum of the total amount spent in this state for the following by a production company in connection with a qualified motion media production project:

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

(b) Compensation and wages paid by the production company on which the production company remitted withholding payments to the department of revenue under chapter 143.

For purposes of this section, compensation and wages paid to all above-the-line individuals shall be limited to twenty-five percent of the overall qualifying expenses;

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

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

3. (1) For all tax years beginning on or after January 1, 2023, a taxpayer shall be allowed a tax credit equal to twenty percent of qualifying expenses.

(2) An additional five percent may be earned for qualifying expenses if at least fifty percent of the qualified motion media production project is filmed in Missouri.

(3) An additional five percent may be earned for qualifying expenses if at least fifteen percent of the qualified motion media production project that is filmed in Missouri takes place in a rural or blighted area in Missouri.

(4) An additional five percent may be earned for qualifying expenses if at least three departments of the qualified motion media production hire a Missouri resident ready to advance to the next level in a specialized craft position or learn a new skillset.

82 (5) An additional five percent may be earned for
83 qualifying expenses if the department of economic
84 development determines that the script of the qualified
85 motion media production project positively markets a city or
86 region of the state, the entire state, or a tourist
87 attraction located in the state, and the qualified motion
88 media production provides no less than five high resolution
89 photographs containing cast with the rights cleared for
90 promotional use by the Missouri film commission, accompanied
91 by a list with the title of production, location, names, and
92 titles of the individuals shown in the photography and
93 photographer credit.

94 (6) The total dollar amount of tax credits authorized
95 pursuant to subdivision (1) of this subsection shall be
96 increased by ten percent for qualified film production
97 projects located in a county of the second, third, or fourth
98 class.

99 (7) Activities qualifying a taxpayer for the tax
100 credit pursuant to this subsection shall be approved by the
101 office of the Missouri film commission and the department of
102 economic development.

103 4. A qualified motion media production project shall
104 not be eligible for tax credits pursuant to this section
105 unless such project employs at least the following number of
106 Missouri registered apprentices or veterans residing in
107 Missouri with transferable skills:

108 (1) If the qualifying expenses are less than five
109 million dollars, two;

110 (2) If the qualifying expenses are at least five
111 million dollars but less than ten million dollars, three;

112 (3) If the qualifying expenses are at least ten
113 million dollars but less than fifteen million dollars, six;
114 or

115 (4) If the qualifying expenses are at least fifteen
116 million dollars, eight.

117 5. Taxpayers shall apply for the motion media
118 production tax credit by submitting an application to the
119 department of economic development, on a form provided by
120 the department. As part of the application, the expected
121 qualifying expenses of the qualified motion media production
122 project shall be documented. In addition, the application
123 shall include an economic impact statement, showing the
124 economic impact from the activities of the qualified motion
125 media production project. Such economic impact statement
126 shall indicate the impact on the region of the state in
127 which the qualified motion media production or production-
128 related activities are located and on the state as a whole.
129 Final applications shall be accompanied by a report by a
130 certified public accountant licensed by the state of
131 Missouri, prepared at the expense of the applicant,
132 attesting that the amounts in the final application are
133 qualifying expenses.

134 6. **(1)** For all tax years beginning on or after
135 January 1, 2023, **and ending on or before December 31, 2026,**
136 the total amount of tax credits authorized by this section
137 for film production shall not exceed a total of eight
138 million dollars per year, and the total amount of all tax
139 credits authorized by this section for series production
140 shall not exceed a total of eight million dollars per year.
141 Taxpayers may carry forward unused credits for up to five
142 tax periods, provided all such credits shall be claimed
143 within ten tax periods following the tax period in which the

144 qualified motion media production or production-related
145 activities for which the credits are certified by the
146 department occurred.

147 **(2) For all tax years beginning on or after January 1,**
148 **2027, the total amount of tax credits authorized by this**
149 **section for film or series production shall not exceed a**
150 **total of sixteen million dollars per year. Taxpayers may**
151 **carry forward unused credits for up to five tax periods,**
152 **provided all such credits shall be claimed within ten tax**
153 **periods following the tax period in which the qualified**
154 **motion media production or production-related activities for**
155 **which the credits are certified by the department occurred.**

156 7. Notwithstanding any provision of law to the
157 contrary, any taxpayer may sell, assign, exchange, convey or
158 otherwise transfer tax credits allowed in subsection 3 of
159 this section. The taxpayer acquiring the tax credits may
160 use the acquired credits to offset the tax liabilities
161 otherwise imposed by chapter 143, excluding withholding tax
162 imposed by sections 143.191 to 143.265, or chapter 148.
163 Unused acquired credits may be carried forward for up to
164 five tax periods, provided all such credits shall be claimed
165 within ten tax periods following the tax period in which the
166 qualified motion media production or production-related
167 activities for which the credits are certified by the
168 department occurred.

169 8. The tax credit authorized by this section shall be
170 considered a business recruitment tax credit, as defined in
171 section 135.800, and shall be subject to the provisions of
172 sections 135.800 to 135.830.

173 9. The department of economic development may adopt
174 such rules, statements of policy, procedures, forms, and
175 guidelines as may be necessary to implement the provisions

of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2023, shall be invalid and void.

10. Under section 23.253 of the Missouri sunset act:

(1) The provisions of the program authorized under this section shall automatically sunset on December 31, **[2029] 2035**, unless reauthorized by an act of the general assembly; and

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

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

(4) The provisions of this subsection shall not be construed to limit or in any way impair the department's ability to redeem tax credits authorized on or before the date the program authorized pursuant to this section expires, or a taxpayer's ability to redeem such tax credits.

11. (1) Notwithstanding the provisions of subsection 10 of this section to the contrary, the provisions of this

208 section shall automatically terminate and expire one year
209 after the department of economic development determines that
210 all other state and local governments in the United States
211 of America have terminated or let lapse their tax credit or
212 other governmental incentive program for the film production
213 industry, regardless of whether such credits or programs are
214 now in effect or first commence after August 28, 2023. The
215 department of economic development shall notify the revisor
216 of statutes upon the department's determination that the tax
217 credit authorized by this section shall terminate pursuant
218 to this subsection.

219 (2) The provisions of this subsection shall not be
220 construed to limit or in any way impair the ability of any
221 taxpayer that has met the requirements in this section prior
222 to the termination of this section to participate in the
223 program authorized under this section. The provisions of
224 this section shall not be construed to limit or in any way
225 impair the department of revenue's ability to redeem tax
226 credits qualified for on or before the date the program
227 authorized pursuant to this section expires.

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