

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 767
95TH GENERAL ASSEMBLY

1527L.02C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 135.750, RSMo, and to enact in lieu thereof one new section relating to tax credits for qualified film 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Section A. Section 135.750, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 135.750, to read as follows: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:

- (1) "Highly compensated individual", any individual who receives compensation in excess of one million 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 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 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, RSMo;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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

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

25 (b) Compensation and wages paid by the production company on which the production
26 company remitted withholding payments to the department of revenue under chapter 143, RSMo.
27 For purposes of this section, compensation and wages shall not include any amounts paid to a
28 highly compensated individual;

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

32 (5) "Taxpayer", any individual, partnership, or corporation as described in section
33 143.441, 143.471, RSMo, or section 148.370, RSMo, that is subject to the tax imposed in
34 chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to 143.265, RSMo,
35 or the tax imposed in chapter 148, RSMo, or any charitable organization which is exempt from
36 federal income tax and whose Missouri unrelated business taxable income, if any, would be
37 subject to the state income tax imposed under chapter 143, RSMo.

38 2. For all taxable years beginning on or after January 1, 1999, but ending on or before
39 December 31, 2007, a taxpayer shall be granted a tax credit for up to fifty percent of the amount
40 of investment in production or production-related activities in any film production project with
41 an expected in-state expenditure budget in excess of three hundred thousand dollars. For all
42 taxable years beginning on or after January 1, 2008, a taxpayer shall be allowed a tax credit for
43 up to thirty-five percent of the amount of qualifying expenses in a qualified film production
44 project. Each film production company shall be limited to one qualified film production project
45 per year. Activities qualifying a taxpayer for the tax credit pursuant to this subsection shall be
46 approved by the office of the Missouri film commission and the department of economic
47 development.

48 3. Taxpayers shall apply for the film production tax credit by submitting an application
49 to the department of economic development, on a form provided by the department. As part of
50 the application, the expected in-state expenditures of the qualified film production project shall
51 be documented. In addition, the application shall include an economic impact statement,
52 showing the economic impact from the activities of the film production project. Such economic
53 impact statement shall indicate the impact on the region of the state in which the film production
54 or production-related activities are located and on the state as a whole.

55 4. For all taxable years ending on or before December 31, 2007, tax credits certified
56 pursuant to subsection 2 of this section shall not exceed one million dollars per taxpayer per year,
57 and shall not exceed a total for all tax credits certified of one million five hundred thousand
58 dollars per year. For all taxable years beginning on or after January 1, 2008, **but ending on or**
59 **before December 31, 2008**, tax credits certified under subsection 1 of this section shall not
60 exceed a total for all tax credits certified of four million five hundred thousand dollars per year.
61 **For all years beginning on or after January 1, 2009, the aggregate amount of tax credits**
62 **which may be issued under this section in any fiscal year shall not exceed ten million**
63 **dollars.** Taxpayers may carry forward unused credits for up to five tax periods, provided all such
64 credits shall be claimed within ten tax periods following the tax period in which the film
65 production or production-related activities for which the credits are certified by the department
66 occurred.

67 5. Notwithstanding any provision of law to the contrary, any taxpayer may sell, assign,
68 exchange, convey or otherwise transfer tax credits allowed in subsection 2 of this section. The
69 taxpayer acquiring the tax credits may use the acquired credits to offset the tax liabilities
70 otherwise imposed by chapter 143, RSMo, excluding withholding tax imposed by sections
71 143.191 to 143.265, RSMo, or chapter 148, RSMo. Unused acquired credits may be carried
72 forward for up to five tax periods, provided all such credits shall be claimed within ten tax
73 periods following the tax period in which the film production or production-related activities for
74 which the credits are certified by the department occurred.

75 6. Under section 23.253, RSMo, of the Missouri sunset act:

76 (1) The provisions of the new program authorized under this section shall automatically
77 sunset six years after November 28, 2007, unless reauthorized by an act of the general assembly;
78 and

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

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

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