

SS SCS SBs 94, 52, 57, 58 & 67 -- ENTERTAINMENT TAX CREDIT

This bill establishes the "Show MO Act".

This bill reauthorizes a tax credit for expenses related to the production of qualified motion media production projects, as defined in the bill. Tax credits for such expenses under previous law expired on November 28, 2013.

For all tax years beginning on or after January 1, 2023, this bill authorizes a tax credit equal to 20% of qualifying expenses, as defined in the bill, associated with the production of a qualified motion media production project.

An additional 5% may be awarded for each of the following conditions if they are met:

- (1) At least 50% of the qualified film production project is filmed in Missouri;
- (2) At least 15% of the project takes place in a rural or blighted area in Missouri;
- (3) At least three departments of the production hire a Missouri resident ready to advance to the next level in a specialized craft position or learn a new skill set; or
- (4) The Department of Economic Development determines that the script for such project positively markets a city or region of the state, the entire state, or a tourist attraction located in the state, and the production provides certain advertising materials, as described in the bill.

The total dollar amount of tax credits awarded to a qualified film production project may be increased by 10% if such project is located in a county of the second, third, or fourth class.

A qualified media motion media production shall not be eligible for any such credits unless the project employs at least the following number of Missouri registered apprentices or veterans residing in Missouri with transferable skills:

- (1) If the qualifying expenses are less than \$5 million, two;
- (2) If the qualifying expenses are at least \$5 million but less than \$10 million, three;
- (3) If the qualifying expenses are at least \$10 million but less than \$15 million, six; or

(4) If the qualifying expenses are at least \$15 million, eight.

This provision will sunset on December 31, 2029. Notwithstanding the sunset provision, this Act shall expire one year after the Department of Economic Development determines that all other political subdivisions having a tax credit substantially similar to this Act let such tax credits lapse or expire (Section 135.750, RSMo).

This bill also establishes the "Entertainment Industry Jobs Act".

For all tax years beginning on or after January 1, 2024, this bill authorizes a taxpayer to claim a tax credit for rehearsal expenses and tour expenses, as such terms are defined in the bill, for live entertainment tours and associated rehearsals conducted within the state. The tax credit shall be equal to 30% of such expenses, provided that no taxpayer shall receive a tax credit in excess of \$1 million if such taxpayer's expenses are less than \$4 million; and further provided that no taxpayer shall receive a tax credit in excess of \$2 million if such taxpayer's expenses are more than \$4 million but less than \$8 million; and further provided that no taxpayer shall receive a tax credit in excess of \$3 million if such taxpayer's expenses are at least \$8 million.

Tax credits issued under this bill shall not be refundable, but may be carried forward to the taxpayer's five subsequent tax years. Unredeemed tax credits shall expire after the fifth tax year following the initial date of issuance, regardless of whether unredeemed tax credits are transferred or sold as specified in the bill.

Tax credits may be transferred or sold, provided that the tax credit is transferred or sold to another Missouri taxpayer. A taxpayer shall submit information to the Department of Economic Development and the Department of Revenue relating to the identity of a transferee and the amount of tax credits being transferred or sold, as described in the bill. A transferee shall not subsequently transfer or sell any tax credit acquired from a transferor, and tax credits shall not be transferred or sold for less than 60% of the value of such tax credits.

The aggregate amount of tax credits that may be authorized under the bill in a given fiscal year shall not exceed \$8 million. If applications for tax credits exceed such amount, the Department of Economic Development may, at its discretion, authorize additional tax credits not to exceed \$2 million, provided that the maximum amount of tax credits that may be authorized during the subsequent fiscal year shall be reduced by such amount.

This Act sunsets on December 31, 2030. Notwithstanding the sunset provision, this bill shall expire 90 days after the Department of Economic Development determines that all other political subdivisions having a tax credit substantially similar to this Act allow such tax credits to lapse or expire (Section 135.753).

This provision shall become effective January 1, 2024.