

FIRST REGULAR SESSION

HOUSE BILL NO. 251

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES COX (Sponsor),
GATSCHENBERGER AND BAHR (Co-sponsors).

0598L.011

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Section A. Section 135.750, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 135.750, to read as follows: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

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.

- 17 (g) Political ad;
- 18 (h) Production that is considered obscene, as defined in section 573.010;
- 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. For
27 purposes of this section, compensation and wages shall not include any amounts paid to a highly
28 compensated individual;
- 29 (4) "Tax credit", a credit against the tax otherwise due under chapter 143, excluding
30 withholding tax imposed by sections 143.191 to 143.265, or otherwise due under chapter 148;
- 31 (5) "Taxpayer", any individual, partnership, or corporation as described in section
32 143.441, 143.471, or section 148.370 that is subject to the tax imposed in chapter 143, excluding
33 withholding tax imposed by sections 143.191 to 143.265, or the tax imposed in chapter 148 or
34 any charitable organization which is exempt from federal income tax and whose Missouri
35 unrelated business taxable income, if any, would be subject to the state income tax imposed
36 under chapter 143.
- 37 2. For all taxable years beginning on or after January 1, 1999, but ending on or before
38 December 31, 2007, a taxpayer shall be granted a tax credit for up to fifty percent of the amount
39 of investment in production or production-related activities in any film production project with
40 an expected in-state expenditure budget in excess of three hundred thousand dollars. For all
41 taxable years beginning on or after January 1, 2008, **but ending on or before December 31,**
42 **2011**, a taxpayer shall be allowed a tax credit for up to thirty-five percent of the amount of
43 qualifying expenses in a qualified film production project. Each film production company shall
44 be limited to one qualified film production project per year. Activities qualifying a taxpayer for
45 the tax credit pursuant to this subsection shall be approved by the office of the Missouri film
46 commission and the department of economic development.
- 47 3. Taxpayers shall apply for the film production tax credit by submitting an application
48 to the department of economic development, on a form provided by the department. As part of
49 the application, the expected in-state expenditures of the qualified film production project shall
50 be documented. In addition, the application shall include an economic impact statement, showing
51 the economic impact from the activities of the film production project. Such economic impact

52 statement shall indicate the impact on the region of the state in which the film production or
53 production-related activities are located and on the state as a whole.

54 4. For all taxable years ending on or before December 31, 2007, tax credits certified
55 pursuant to subsection 2 of this section shall not exceed one million dollars per taxpayer per year,
56 and shall not exceed a total for all tax credits certified of one million five hundred thousand
57 dollars per year. For all taxable years beginning on or after January 1, 2008, **but ending on or**
58 **before December 31, 2011**, tax credits certified under subsection 1 of this section shall not
59 exceed a total for all tax credits certified of four million five hundred thousand dollars per year.
60 Taxpayers may carry forward unused credits for up to five tax periods, provided all such credits
61 shall be claimed within ten tax periods following the tax period in which the film production or
62 production-related activities for which the credits are certified by the department occurred.

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

71 6. [Under section 23.253 of the Missouri sunset act:

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

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

78 (3) This section shall terminate on September first of the calendar year immediately
79 following the calendar year in which the program authorized under this section is sunset] **For**
80 **all tax years beginning on or after January 1, 2012, no tax credits shall be issued under this**
81 **section.**