

KY H 303, Enacted - Final

Kentucky

SUMMARY: Renames the Office of Entrepreneurship and Small Business Innovation to the Office of Entrepreneurship and Innovation within the Cabinet for Economic Development; renames the Department for Business Development to the Department for Business and Community Development, the Incentive Administration Division to the Program Administration Division, the Office of Marketing and Public Affairs to the Office of Strategy and Public Affairs, the Communications Division to the Marketing and Communications Division.~SAME AS:

Changes in Bill text reflected as:

~~Text Deleted~~

Text Added

~~Text Vetoed~~

Current Legislative Status

02/15/2023 INTRODUCED.

02/15/2023 To HOUSE Committee on COMMITTEES.

02/17/2023 To HOUSE Committee on ECONOMIC DEVELOPMENT & WORKFORCE INVESTMENT.

02/23/2023 From HOUSE Committee on ECONOMIC DEVELOPMENT and WORKFORCE INVESTMENT: Reported favorably.

02/23/2023 1st reading, to Calendar.

02/24/2023 2nd Reading, to Committee on RULES.

03/01/2023 Posted for passage in Regular Orders of the Day.

03/02/2023 3rd Reading.

03/02/2023 Passed HOUSE. *****To SENATE.

03/03/2023 To SENATE Committee on COMMITTEES.

03/07/2023 To SENATE Committee on ECONOMIC DEVELOPMENT, TOURISM AND LABOR.

03/13/2023 Taken from SENATE Committee on ECONOMIC DEVELOPMENT, TOURISM AND LABOR.

03/13/2023 1st Reading.

03/13/2023 Returned to SENATE Committee on ECONOMIC DEVELOPMENT, TOURISM AND LABOR.

03/14/2023 Taken from SENATE Committee on ECONOMIC DEVELOPMENT, TOURISM AND LABOR.

03/14/2023 2nd Reading.

03/14/2023 Returned to SENATE Committee on ECONOMIC DEVELOPMENT, TOURISM AND LABOR.

03/16/2023 From SENATE Committee on ECONOMIC DEVELOPMENT, TOURISM AND LABOR: Reported favorably with substitute.

03/16/2023 2nd Reading, to Committee on RULES.

03/16/2023 Posted for passage in Consent Orders of the Day.

03/16/2023 3rd Reading.

03/16/2023 Committee Substitute adopted on SENATE floor.

03/16/2023 Passed SENATE. *****To HOUSE for concurrence.

03/16/2023 To HOUSE Committee on RULES.

03/16/2023 Taken from RULES Committee.
03/16/2023 Placed in Orders of the Day.
03/16/2023 HOUSE concurred in SENATE Substitute.
03/16/2023 Enrolled.
03/16/2023 *****To GOVERNOR.
03/23/2023 Signed by GOVERNOR.
03/23/2023 Act No. 75

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session: Kentucky 2023 Regular Session
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March 23, 2023
Branscum
KENTUCKY LEGISLATURE
HB 303
2023 Regular Session

(Act ch. 75)

AN ACT relating to economic development.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

*****TEXT OMITTED, DOES NOT PERTAIN TO FILM*****

Section 5. KRS 141.383 is amended to read as follows:

(1) As used in this section:

- (a) "Above-the-line production crew" has the same meaning as in KRS 154.61- 010;
- (b) "Approved company" has the same meaning as in KRS 154.61-010;
- (c) "Authority" has the same meaning as in KRS 154.61-010;
- (d) "Below-the-line production crew" has the same meaning as in KRS 154.61- 010;
- (e) **"Continuous film production" has the same meaning as in Section 30 of this Act;**
- (f) **"Loan-out entity" has the same meaning as in Section 30 of this Act;**
- (g) "Qualifying expenditure" has the same meaning as in KRS 154.61-010;
- (h) ~~(h)~~ "Qualifying payroll expenditure" has the same meaning as in KRS 154.61-010;
- (i) ~~(g)~~ "Secretary" has the same meaning as in KRS 154.61-010; and
- (j) ~~(h)~~ "Tax incentive agreement" has the same meaning as KRS 154.61-010.

(2) (a) There is hereby created a tax credit against the tax imposed under KRS 141.020 or 141.040 and 141.0401, with the ordering of credits as provided in KRS 141.0205.

(b) The incentive available under paragraph (a) of this section is:

- 1. A refundable credit for applications approved prior to April 27, 2018;
- 2. A nonrefundable and nontransferable credit for applications approved on or after April 27, 2018, but before January 1, 2022; and
- 3. A refundable credit for applications approved on or after January 1, 2022, if the provisions of paragraph (c) of this subsection are met.

(c) 1. The total tax incentive approved under KRS 154.61-020 shall be limited to:

a. One hundred million dollars (\$100,000,000) for calendar year 2018 and each calendar year through the calendar year 2021; **and**

b. Seventy-five million dollars (\$75,000,000) for the calendar year 2022 and each calendar year thereafter ; **and**

c. Beginning with calendar year 2024, the amount in subdivision b. of this subparagraph shall be allocated accordingly:

i. Twenty-five million dollars (\$25,000,000) shall be allocated for all approved companies with a continuous film production; and

ii. On the first day of July of each calendar year, any unused balance allocated under subpart i. of this subdivision for continuous film productions, shall be made available for all approved companies with a motion picture or entertainment production.

2. ~~Beginning January 1, 2022,~~To qualify for the refundable credit, all applicants shall:

a. Begin ***filming or*** production ***in Kentucky*** within six (6) months of ***approval by filing an application with*** the authority; and

b. Complete ***filming or*** production ***in Kentucky*** within two (2) years of their production start date.

(3) ~~Beginning January 1, 2022,~~An approved company may receive a refundable tax credit if:

(a) The department has received notification from the authority that the approved company has satisfied all requirements of KRS 154.61-020 and 154.61-030; and

(b) The approved company has provided a detailed cost report and sufficient documentation to the authority, which has been forwarded by the authority to the department, that:

1. The purchases of qualifying expenditures were made after the execution of the tax incentive agreement; and

2. The approved company ***or loan-out entity*** has withheld income tax as required by KRS 141.310 on all qualified payroll expenditures , ***and remitted and certified the withheld amount to the department.***

(4) Interest shall not be allowed or paid on any refundable credits provided under this section.

(5) The department may promulgate administrative regulations under KRS Chapter 13A to administer this section.

(6) On or before September 1, 2010, and on or before each September 1 thereafter, for the immediately preceding fiscal year, the department shall report to the authority and the Interim Joint Committee on Appropriations and Revenue the names of the approved companies and the amounts of refundable income tax credit claimed.

(7) No later than September 1, 2021, and by ***November September*** 1 every four (4) years thereafter, the department and the Cabinet for Economic Development shall cooperatively provide historical data related to the tax credit allowed in this section and KRS 154.61-020 and 154.61-030, including data items beginning with tax credits claimed for taxable years beginning on or after January 1, 2018:

(a) The name of the taxpayer claiming the tax credit;

(b) The date that the application was approved and the date the filming or production was completed;

(c) The taxable year in which the taxpayer claimed the tax credit;

(d) The total amount of the tax credit, including any amount denied, any amount applied against a tax liability, any amount refunded, and any amount remaining that may be claimed on a return filed in the future;

(e) Whether the taxpayer is a Kentucky-based company as defined in KRS 154.61-010;

(f) Whether the taxpayer films or produces a:

1. Feature-length film, television program, or industrial film;
 2. National touring production of a Broadway show; or
 3. Documentary;
- (g) Whether the filming or production was performed:
1. Entirely in an enhanced county; or
 2. In whole or in part in any Kentucky county other than in an enhanced incentive county;
- (h) The amount of qualifying expenditures incurred by the taxpayer;
- (i) The amount of qualifying payroll expenditures paid to:
1. Resident below-the-line crew; and
 2. Nonresident below-the-line production crew; including the number of crew members in each category;
- (j) The amount of qualifying payroll expenditures paid to:
1. Resident above-the-line crew; and
 2. Nonresident above-the-line crew; including the number of crew members in each category; and
- (k) A brief description of the type of motion picture or entertainment production project.
- (8) The information required to be reported under this section shall not be considered confidential taxpayer information and shall not be subject to KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes prohibiting disclosure or reporting of information.

TEXT OMITTED, DOES NOT PERTAIN TO FILM

Section 30. KRS 154.61-010 is amended to read as follows:

As used in this subchapter:

- (1) "Above-the-line production crew" means employees involved with the production of a motion picture or entertainment production whose salaries are negotiated prior to commencement of production, such as actors, directors, producers, and writers;
- (2) "Animated production" means a nationally distributed feature-length film created with the rapid display of a sequence of images using 2-D or 3-D graphics of artwork or model positions in order to create an illusion of movement;
- (3) "Approved company" means an eligible company approved for incentives provided under KRS 141.383 and 154.61-020;
- (4) "Authority" means the Kentucky Economic Development Finance Authority created in KRS 154.20-010;
- (5) "Below-the-line production crew" means employees involved with the production of a motion picture or entertainment production except above-the-line production crew. "Below-the-line production crew" includes but is not limited to:
 - (a) Casting assistants;
 - (b) Costume design;
 - (c) Extras;
 - (d) Gaffers;
 - (e) Grips;
 - (f) Location managers;
 - (g) Production assistants;
 - (h) Set construction staff; and
 - (i) Set design staff;

- (6) ***"Cabinet" means the Cabinet for Economic Development;***
- (7) ***"Commonwealth" means the Commonwealth of Kentucky;***
- (8) ~~(7)~~ ***"Compensation" means compensation included in adjusted gross income as defined in KRS 141.010;***
- (9) ***"Continuous film production" means a motion picture or entertainment production that:***
- (a) 1. Has a projected budget of a minimum of ten million dollars (\$10,000,000) per calendar year for qualifying expenditures and qualifying payroll expenditures allocated to all qualifying motion picture or entertainment productions to be filmed or produced in Kentucky, with a minimum of one million five hundred thousand dollars (\$1,500,000) per production in Kentucky; and***
- 2. Has a minimum of fifty percent (50%) of the funds available and the ability to raise the remaining funds necessary to complete the filming and production, which may be verified by:***
- a. Bank statements or other financial documents; or***
- b. A fundraising plan at the request of the authority;***
- (b) Demonstrates a distribution contract for each motion or entertainment production;***
- (c) Films and produces a minimum of twelve (12) or more days per production within the Commonwealth; and***
- (d) Maintains:***
- 1. An apprenticeship program or on-the-job training program as defined in KRS 343.010; or***
- 2. Partners with a film studies program with an accredited institution of postsecondary education located in the Commonwealth;***
- (10) ~~(8)~~ ***"Documentary" means a production based upon factual information and not subjective interjections;***
- (11) ~~(9)~~ ***"Eligible company" means any person that intends to film or produce a motion picture or entertainment production in the Commonwealth;***
- (12) ~~(10)~~ ***"Employee" has the same meaning as in KRS 141.010 , and, for purposes of this subchapter, also may include the employees or independent contractors of an approved company or the employees of a loan-out entity engaged by an approved company if they meet the requirements of KRS 141.310;***
- (13) ~~(11)~~ ***"Enhanced incentive county" has the same meaning as in KRS 154.32-010;***
- (14) ~~(12)~~ ***"Feature-length film" means a live-action or animated production that is:***
- (a) ***More than thirty (30) minutes in length; and***
- (b) ***Produced for distribution in theaters or via digital format, including but not limited to DVD, Internet, or mobile electronic devices;***
- (15) ~~(13)~~ ***"Industrial film" means a business-to-business film that may be viewed by the public, including but not limited to videos used for training or for viewing at a trade show;***
- (16) ~~(14)~~ ***"Kentucky-based company" has the same meaning as in KRS 164.6011;***
- (17) ***"Loan-out entity" means a corporation, partnership, limited liability company, or other entity through which an artist or other person is loaned out to perform services for the approved company. A loan-out entity shall be registered and in good standing with the Kentucky Secretary of State. Notwithstanding the business organization, the loan-out entity and all employees of and other persons performing services for the loan-out entity shall be subject to all applicable provisions of the Kentucky personal income tax and any applicable payroll or***

other tax provisions;

(18) ~~(15)~~ (a) "Motion picture or entertainment production" means:

1. The following if filmed in whole or in part, or produced in whole or in part, in the Commonwealth:

- a. A feature-length film;
- b. A television program;
- c. An industrial film; or
- d. A documentary; or

2. A national touring production of a Broadway show produced in Kentucky.

(b) "Motion picture or entertainment production" does not include the filming or production of obscene material or television coverage of news or athletic events;

(19) ~~(16)~~ "Obscene" has the same meaning as in KRS 531.010;

(20) ~~(17)~~ "Person" has the same meaning as in KRS 141.010;

(21) ~~(18)~~ (a) "Qualifying expenditure" means expenditures made in the Commonwealth for the following if directly used in or for a motion picture or entertainment production:

1. The production script and synopsis;
2. Set construction and operations, wardrobe, accessories, and related services;
3. Lease or rental of real property in Kentucky as a set location;
4. Photography, sound synchronization, lighting, and related services;
5. Editing and related services;
6. Rental of facilities and equipment;
7. Vehicle leases;
8. Food; and
9. Accommodations.

(b) "Qualifying expenditure" does not include Kentucky sales and use tax paid by the approved company on the qualifying expenditure;

(22) ~~(19)~~ "Qualifying payroll expenditure" means compensation paid to above-the-line crew and below-the line crew while working on a motion picture or entertainment production in the Commonwealth if the compensation is for services performed in the Commonwealth;

(23) ~~(20)~~ "Resident" has the same meaning as in KRS 141.010;

(24) ~~(21)~~ "Secretary" means the secretary of the Cabinet for Economic Development;

(25) ~~(22)~~ "Tax incentive agreement" means the agreement entered into pursuant to KRS 154.61-030 between the authority and the approved company; and

(26) ~~(23)~~ "Television program" means any live-action or animated production or documentary, including but not limited to:

- (a) An episodic series;
- (b) A miniseries;
- (c) A television movie; or
- (d) A television pilot; that is produced for distribution on television via broadcast, cable, or any digital format, including but not limited to cable, satellite, Internet, or mobile electronic devices.

Section 31. KRS 154.61-020 is amended to read as follows:

(1) The purposes of KRS 141.383 and this subchapter are to encourage:

- (a) The film and entertainment industry to choose locations in the Commonwealth for the filming and production of motion picture or entertainment productions;

(b) The development of a film and entertainment industry in Kentucky;
(c) Increased employment opportunities for the citizens of the Commonwealth within the film and entertainment industry; and

(d) The development of a production and postproduction infrastructure in the Commonwealth for film production and touring Broadway show production facilities containing state-of-the-art technologies.

(2) The authority, together with the Department of Revenue, shall administer the tax credit established by KRS 141.383, this section, and KRS 154.61-030.

(3) To qualify for the tax incentive provided in subsection (5) of this section, the following requirements shall be met:

(a) For an approved company that is also a Kentucky-based company that:

1. Films or produces a feature-length film, television program, or industrial film in whole or in part in the Commonwealth, the minimum combined total of qualifying expenditures and qualifying payroll expenditures shall be one hundred twenty-five thousand dollars (\$125,000);

2. Produces a national touring production of a Broadway show in whole or in part in the Commonwealth, the minimum combined total of qualifying expenditures and qualifying payroll expenditures shall be twenty thousand dollars (\$20,000); or

3. Films or produces a documentary in whole or in part in the Commonwealth, the minimum combined total of qualifying expenditures and qualifying payroll expenditures shall be ten thousand dollars (\$10,000); and

(b) For an approved company that is not a Kentucky-based company that:

1. Films or produces a feature-length film, television program, or industrial film in whole or in part in the Commonwealth, the minimum combined total of qualifying expenditures and qualifying payroll expenditures shall be two hundred fifty thousand dollars (\$250,000); or

2. Films or produces a documentary in whole or in part in the Commonwealth or that produces a national touring production of a Broadway show, the minimum combined total of qualifying expenditures and qualifying payroll expenditures shall be twenty thousand dollars (\$20,000).

(4) **(a)** Beginning on January 1, 2022, the total tax incentive approved under KRS 141.383 and this subchapter shall be limited to seventy-five million dollars (\$75,000,000) for calendar year 2022 and each calendar year thereafter ; **and**

(b) Beginning with calendar year 2024:

1. Twenty-five million dollars (\$25,000,000) shall be allocated for all approved companies with a continuous film production; and

2. On the first day of July of each calendar year, any unused balance of the amount allocated under subparagraph 1. of this paragraph for continuous film productions, shall be made available for all approved companies with motion picture or entertainment productions.

(5) (a) To qualify for the tax incentive available under KRS 141.383 and this subchapter all applicants shall:

1. Begin filming or production **in Kentucky** within six (6) months of **approval by filing an application with** the authority; and

2. Complete filming or production **in Kentucky** within two (2) years of the filming or production start date.

(b) The tax credit shall be against the Kentucky income tax imposed under KRS 141.020 or 141.040, and the limited liability entity tax imposed under KRS 141.0401, and shall be refundable as provided in KRS 141.383.

(c) 1. For a motion picture or entertainment production **or continuous film production** filmed or produced in its entirety in an enhanced incentive county, the amount of the incentive shall be equal to thirty-five percent (35%) of the approved company's:

- a. Qualifying expenditures;
 - b. Qualifying payroll expenditures paid to resident and nonresident below-the-line production crew; and
 - c. Qualifying payroll expenditures paid to resident and nonresident above-the-line production crew not to exceed one million dollars (\$1,000,000) in payroll expenditures per employee.
2. a. To the extent the approved company films or produces a motion picture or entertainment production **or continuous film production** in part in an enhanced incentive county and in part a Kentucky county that is not an enhanced incentive county, the approved company shall be eligible to receive the incentives provided in this paragraph for those expenditures incurred in the enhanced incentive county and all other expenditures shall be subject to the incentives provided in paragraph (d) of this subsection.
- b. The approved company shall track the requisite expenditures by county. If the approved company can demonstrate to the satisfaction of the cabinet that it is not practical to use a separate accounting method to determine the expenditures by county, the approved company shall determine the correct expenditures by county using an alternative method approved by the cabinet.
- (d) For a motion picture or entertainment production **or continuous film production** filmed or produced in whole or in part in any Kentucky county other than in an enhanced incentive county, the amount of the incentive shall be equal to:
- 1. Thirty percent (30%) of the approved company's:
 - a. Qualifying expenditures;
 - b. Qualifying payroll expenditures paid to below-the-line production crew that are not residents; and
 - c. Qualifying payroll expenditures paid to above-the-line production crew that are not residents, not to exceed one million dollars (\$1,000,000) in payroll expenditures per employee; and
 - 2. Thirty-five percent (35%) of the approved company's:
 - a. Qualifying payroll expenditures paid to resident below-the-line production crew; and
 - b. Qualifying payroll expenditures paid to resident above-the-line production crew not to exceed one million dollars (\$1,000,000) in payroll expenditures per employee.

Section 32. KRS 154.61-030 is amended to read as follows:

- (1) An eligible company shall, at least thirty (30) days prior to incurring any expenditure for which recovery will be sought, file an application for tax incentives with the authority. The application shall include:
- (a) The name and address of the applicant;
 - (b) Verification that the applicant is a Kentucky-based company;
 - (c) The **preliminary** production script or a detailed synopsis of the script;
 - (d) The locations where the filming or production will occur;
 - (e) The anticipated date on which filming or production shall begin **in Kentucky**;
 - (f) The anticipated date on which the **applicant will complete incurring expenditures in Kentucky production will be completed**;
 - (g) The total anticipated qualifying expenditures;
 - (h) The total anticipated qualifying payroll expenditures for resident and nonresident above-the-line crew by county;
 - (i) The total anticipated qualifying payroll expenditures for resident and nonresident below-the-line crew by county;
 - (j) The address of a Kentucky location at which records of the production will be kept;
 - (k) An affirmation that if not for the incentive offered under this subchapter, the eligible company

would not film or produce the production in the Commonwealth; and

(l) Any other information the authority may require.

(2) The authority shall notify the eligible company within thirty (30) days after receiving the application of its status.

(3) Upon receipt of the application and any additional information submitted, the authority shall consider all submitted information and, if appropriate, authorize the execution of a tax incentive agreement between the authority and the approved company, if the amount of anticipated tax credit from the application would not make the total tax credit approved for the calendar year exceed the annual tax credit cap under KRS 154.61-020(4).

(4) The tax incentive agreement shall include the following provisions:

(a) The duties and responsibilities of the parties;

(b) A detailed description of the motion picture or entertainment production for which incentives are requested;

(c) The anticipated qualifying expenditures and qualifying payroll expenditures for resident and nonresident above-the-line and below-the-line crews by county;

(d) The minimum combined total of qualifying expenditures and qualifying payroll expenditures necessary for the approved company to qualify for incentives;

(e) That the approved company shall:

1. Begin **filming or** production **in Kentucky** within six (6) months of **approval by filing an application with** the authority; and

2. Complete production **in Kentucky** within two (2) years of their production start date;

(f) That the motion picture or entertainment production shall not include obscene materials and shall not negatively impact the economy or the tourism industry of the Commonwealth;

(g) That the execution of the agreement is not a guarantee of tax incentives and that actual receipt of the incentives shall be contingent upon the approved company meeting the requirements established by the tax incentive agreement;

(h) That the approved company shall submit to the authority within one hundred eighty (180) days of the completion of **production in Kentucky for** the motion picture or entertainment production a detailed cost report of the qualifying expenditures, qualifying payroll expenditures, and **the latest version of the production script at the time of cost report submission final script**;

(i) That the approved company shall provide the authority with documentation that the approved company **or the associated loan-out entity** has withheld income tax as required by KRS 141.310 **or the individual income tax rate imposed by KRS 141.020** on all qualified payroll expenditures for which an incentive under this subchapter is sought;

(j) That, if the authority determines that the approved company has failed to comply with any of its obligations under the tax incentive agreement:

1. The authority may deny the incentives available to the approved company;

2. Both the authority and the Department of Revenue may pursue any remedy provided under the tax incentive agreement;

3. The authority may terminate the tax incentive agreement; and

4. Both the authority and the Department of Revenue may pursue any other remedy at law to which it may be entitled;

(k) That the authority and the Department of Revenue shall monitor the tax incentive agreement;

(l) That the approved company shall provide to the authority and the Department of Revenue all information necessary to monitor the tax incentive agreement;

(m) That the authority may share information with the Department of Revenue and the Interim Joint Committee on Appropriations and Revenue or any other entity the authority determines is

necessary for the purposes of monitoring and enforcing the terms of the tax incentive agreement;

(n) That the motion picture or entertainment production shall contain an acknowledgment that the motion picture or entertainment production was produced or filmed in the Commonwealth of Kentucky;

(o) That the approved company shall include screen credits in its final production, indicating the approved company received tax incentives from the Commonwealth of Kentucky;

(p) Terms of default;

(q) The method and procedures by which the approved company shall request and receive the incentive provided under KRS 141.383 and 154.61-020;

(r) That the approved company may be required to pay an administrative fee as authorized under subsection (5) of this section; and

(s) Any other provisions deemed necessary or appropriate by the parties to the tax incentive agreement.

(5) The authority may require the approved company to pay an administrative fee, the amount of which shall be established by administrative regulation promulgated in accordance with KRS Chapter 13A. The administrative fee shall not exceed one-half of one percent (0.5%) of the estimated amount of tax incentive sought or five hundred dollars (\$500), whichever is greater.

(6) Prior to commencement of activity as provided in a tax incentive agreement, the tax incentive agreement shall be **approved by the authority. Following approval by the authority, the tax incentive agreement shall be** submitted to the Government Contract Review Committee established by KRS 45A.705 for review, as provided in KRS 45A.695, 45A.705, and 45A.725.

(7) The authority shall notify the Department of Revenue **following upon** approval of an approved company. The notification shall include the name of the approved company, the name of the motion picture or entertainment production, the estimated amount of qualifying expenditures, the estimated date on which the approved company will complete filming or production **in Kentucky**, and any other information required by the department.

(8) Within one hundred eighty days (180) days of completion of **production in Kentucky for** the motion picture or entertainment production, the approved company shall submit to the authority a detailed cost report of:

(a) Qualifying expenditures;

(b) Qualifying payroll expenditures for resident and nonresident above-the-line crew by county;

(c) Qualifying payroll expenditures for resident and nonresident below-the-line crew by county; and

(d) The **latest version of the production script available at the time of cost report submission final-script.**

(9) (a) **Cabinet staff** ~~The authority, together with the secretary,~~ shall review all information submitted for accuracy and shall confirm that all relevant provisions of the tax incentive agreement have been met.

(b) Upon confirmation that all requirements of the tax incentive agreement have been met, **cabinet staff** ~~the authority and the secretary~~ shall review the **latest version of the production script available at the time of cost report submission final-script**, and if they determine that the motion picture or entertainment production does not:

1. Contain visual or implied scenes that are obscene; or

2. Negatively impact the economy or the tourism industry of the Commonwealth;

the authority shall forward the detailed cost report to the Department of Revenue for calculation of the refundable credit.

(10) The Department of Revenue shall:

(a) Verify that the approved company withheld the proper amount of income tax on qualifying

payroll expenditures; and

(b) Notify the authority of the total amount of refundable credit available on qualifying expenditures and qualifying payroll expenditures.

TEXT OMITTED, DOES NOT PERTAIN TO FILM