

RI H 5777, Enacted

Rhode Island

SUMMARY: Removes video games from the definition of motion picture for the purposes of the Motion Picture Credit Tax Act; extends the date upon which credits would be issued pursuant to the Act, unless the production has received initial certification prior to a specified date.

Changes in Bill text reflected as:

~~Text Deleted~~

Text Added

~~Text Vetoed~~

Current Legislative Status

03/01/2017 INTRODUCED.

03/01/2017 To HOUSE Committee on FINANCE.

05/19/2017 Scheduled for hearing and/or consideration 05/23/2017.

05/23/2017 In HOUSE Committee on FINANCE: Committee recommends measure to be held for further study.

06/19/2017 Scheduled for hearing and/or consideration 06/21/2017.

06/21/2017 From HOUSE Committee on FINANCE: Recommended as substituted.

06/24/2017 Placed on House Calendar 06/26/2017.

06/26/2017 Passed HOUSE. *****To SENATE.

06/30/2017 Placed on Senate Calendar 06/30/2017.

06/30/2017 Passed SENATE.

07/13/2017 *****To GOVERNOR.

07/18/2017 Signed by GOVERNOR.

07/18/2017 Public Law No. 2017-223

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session: Rhode Island 2017-18 Legislative Session

cite: 2017 RI H 5777

Enacted - Interim

July 18, 2017

Carson

2017 -- H 5777 SUBSTITUTE A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

AN ACT

RELATING TO TAXATION -- MOTION PICTURE PRODUCTION TAX CREDITS

Introduced By: Representatives Carson, Lima, Slater, Regunberg, and Fogarty

Date Introduced: March 01, 2017

Referred To: House Finance

It is enacted by the General Assembly as follows:

SECTION 1. Sections 44-31.2-2 and 44-31.2-11 of the General Laws in Chapter 44-31.2 entitled "Motion Picture Production Tax Credits" are hereby amended to read as follows:

44-31.2-2. Definitions.

For the purposes of this chapter:

- (1) "Accountant's certification" as provided in this chapter means a certified audit by a Rhode Island certified public accountant licensed in accordance with section 5-3.1.
- (2) "Base investment" means the actual investment made and expended by a state- certified production in the state as production-related costs.
- (3) "Documentary production" means a non-fiction production intended for educational or commercial distribution that may require out of state principal photography.
- (4) "Domiciled in Rhode Island" means a corporation incorporated in Rhode Island or a partnership, limited liability company, or other business entity formed under the laws of the state of Rhode Island for the purpose of producing motion pictures as defined in this section, or an individual who is a domiciled resident of the state of Rhode Island as defined in chapter 30 of this title.
- (5) "Final production budget" means and includes the total pre-production, production and post-production out-of-pocket costs incurred and paid in connection with the making of the motion picture. The final production budget excludes costs associated with the promotion or marketing of the motion picture
- (6) "Motion picture" means a feature-length film, documentary production, video, ~~video games~~, television series, or commercial made in Rhode Island, in whole or in part, for theatrical or television viewing or as a television pilot or for educational distribution. The term "motion picture" shall not include the production of television coverage of news or athletic events, nor shall it apply to any film, video, television series or commercial or a production for which records are required under section 2257 of title 18, U.S.C., to be maintained with respect to any performer in such production or reporting of books, films, etc. with respect to sexually explicit conduct.
- (7) "Motion picture production company" means a corporation, partnership, limited liability company or other business entity engaged in the business of producing one or more motion pictures as defined in this section. Motion picture production company shall not mean or include:
 - (a) any company owned, affiliated, or controlled, in whole or in part by any company or person which is in default:
 - (i) on taxes owed to the state; or
 - (ii) on a loan made by the state in the application year; or
 - (iii) on a loan guaranteed by the state in the application year; or
 - (b) any company or person who has discharged an obligation to pay or repay public funds or monies by:
 - (i) filing a petition under any Federal or state bankruptcy or insolvency law;

- (ii) having a petition filed under any Federal or state bankruptcy or insolvency law against such company or person;
 - (iii) consenting to, or acquiescing or joining in, a petition named in (i) or (ii);
 - (iv) consenting to, or acquiescing or joining in, the appointment of a custodian, receiver, trustee, or examiner for such company's or person's property; or
 - (v) making an assignment for the benefit of creditors or admitting in writing or in any legal proceeding its insolvency or inability to pay debts as they become due.
- (8) "Primary locations" means the locations which (1) at least fifty-one percent (51%) of the motion picture principal photography days are filmed; or (2) at least fifty-one percent (51%) of the motion picture's final production budget is spent and employs at least five (5) individuals during the production in this state; or (3) for documentary productions, the location of at least fifty-one percent (51%) of the total productions days, which shall include pre- production and post-production locations.
- (9) "Rhode Island film and television office" means an office within the department of administration that has been established in order to promote and encourage the locating of film and television productions within the state of Rhode Island. The office is also referred to within as the "film office".
- (10) "State-certified production" means a motion picture production approved by the Rhode Island film office and produced by a motion picture production company domiciled in Rhode Island, whether or not such company owns or controls the copyright and distribution rights in the motion picture; provided, that such company has either:
- (a) signed a viable distribution plan; or
 - (b) is producing the motion picture for:
 - (i) a major motion picture distributor;
 - (ii) a major theatrical exhibitor;
 - (iii) television network; or
 - (iv) cable television programmer.
- (11) "State certified production cost" means any pre-production, production and post- production cost that a motion picture production company incurs and pays to the extent it occurs within the state of Rhode Island. Without limiting the generality of the foregoing, "state certified production costs" include: set construction and operation; wardrobes, make-up, accessories, and related services; costs associated with photography and sound synchronization, lighting, and related services and materials; editing and related services, including, but not limited to, film processing, transfers of film to tape or digital format, sound mixing, computer graphics services, special effects services, and animation services, salary, wages, and other compensation, including related benefits, of persons employed, either director or indirectly, in the production of a film including writer, motion picture director, producer (provided the work is performed in the state of Rhode Island); rental of facilities and equipment used in Rhode Island; leasing of vehicles; costs of food and lodging; music, if performed, composed, or recorded by a Rhode Island musician, or released or published by a person domiciled in Rhode Island; travel expenses incurred to bring persons employed, either directly or indirectly, in the production of the motion picture, to Rhode Island (but not expenses of such persons departing from Rhode Island); and legal (but not the expense of a completion bond or insurance and accounting fees and expenses related to the production's activities in Rhode Island); provided such services are provided by Rhode Island licensed attorneys or accountants.
- (12) "Application year" means within the calendar year the motion picture production company files an application for the tax credit.

44-31.2-11. Sunset.

No credits shall be issued on or after ~~July 1, 2021~~ *July 1, 2024* , unless the production has received initial certification under subsection 44-31.2-6(a) prior to ~~July 1, 2021~~ *July 1, 2024* .

SECTION 2. This act shall take effect upon passage.

EXPLANATION BY THE LEGISLATIVE COUNCIL OF AN ACT

RELATING TO TAXATION -- MOTION PICTURE PRODUCTION TAX CREDITS

This act would remove video games from the definition of "motion picture" for the purposes of the Motion Picture Credit Tax Act, and would extend from July 1, 2021, to July 1, 2024, the date upon which credits would be issued pursuant to the Act, unless the production has received initial certification prior to July 1, 2024.

This act would take effect upon passage.