

MO H 2027, Introduced

Missouri

AN ACT

Legislative History and Analysis Changes in Bill text reflected as:

~~Text Deleted~~

Text Added

~~Text Vetoed~~

session: Missouri 100th General Assembly Second Regular Session cite: 2020 MO H 2027

Introduced January 8, 2020 Allred

SECOND REGULAR SESSION HOUSE BILL NO. 2027

100TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE ALLRED.

To repeal section 135.750, RSMo, and to enact in lieu thereof one new section relating to tax credits for qualified film 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Section A. Section 135.750, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 135.750, to read as follows: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. *This act shall be referred to as the "Show-Me Missouri Film and Digital Media Act".*

2. As used in this section, the following terms mean:

- (1) ~~"Highly-compensated~~ *Highly-compensated* individual", any individual who receives compensation in excess of ~~one million two hundred fifty thousand~~ *two hundred fifty thousand* dollars in connection with a single qualified film production project;
- (2) *"Qualified post-production project", any editing of a film, video, commercial, or television production after the recording of such production. "Qualified post-production project" includes, but is not limited to, processes related to sound design; soundtrack writing, recording, or editing; video editing; or visual special effects;*
- (3) "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 features a statement or logo approved by the department of economic development in the credits of the film indicating that the project was filmed in Missouri*

and 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;

~~(3)~~ (4) ***"Qualified project", a qualified post-production project or qualified film production project;***

(5) "Qualifying ***in-state*** expenses", the sum of the total amount spent in this state for the following by a production company in connection with a qualified ~~film-production~~ project:

- (a) Goods and services leased or purchased by the production company. For goods with a purchase price of twenty-five thousand dollars or more, the amount included in qualifying ***in-state*** expenses shall be the purchase price less the fair market value of the goods at the time the production is completed;
- (b) Compensation and wages paid by the production company ***to Missouri residents*** on which the production company remitted withholding payments to the department of revenue under chapter 143. For purposes of this section, compensation and wages shall not include any amounts paid to a ~~highly-compensated~~ ***highly-compensated*** individual;

~~(4)~~ (6) ***"Qualifying out-of-state expenses", the sum of all compensation and wages paid by the production company in connection with a qualified project to non-Missouri residents on which the production company remitted withholding payments to the department of revenue under chapter 143. For purposes of this section, "compensation and wages" shall not include any amounts paid to a highly-compensated individual;***

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

~~(5)~~ (8) "Taxpayer", any individual, partnership, or corporation as described in section

143.441, 143.471, or **section** 148.370 that is subject to the tax imposed in chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265, or the tax imposed in chapter 148 or any charitable organization **which that** is exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax imposed under chapter 143.

- ~~2.~~ **3. (1)** For all **taxable tax** years beginning on or after January 1, 1999, but ending on or before December 31, 2007, a taxpayer shall be granted a tax credit for up to fifty percent of the amount of investment in production or production-related activities in any film production project with an expected in-state expenditure budget in excess of three hundred thousand dollars - ;
- (2)** For all **taxable tax** years beginning on or after January 1, 2008, **but ending on or before November 28, 2013**, a taxpayer shall be allowed a tax credit for up to thirty-five percent of the amount of qualifying expenses in a qualified film production project ; **and**
- (3) For all tax years beginning on or after January 1, 2021, a taxpayer shall be allowed a tax credit equal to twenty percent of qualifying in-state expenses and ten percent of qualifying out-of-state expenses of a qualified project. An additional five percent may be allowed for both qualifying in-state expenses and qualifying out-of-state expenses if at least fifty percent of the qualified film production project is filmed in Missouri.**

Each film production company shall be limited to one qualified **film production** project per year. Activities qualifying a taxpayer for the tax credit pursuant to this subsection shall be approved by the office of the Missouri film commission and the department of economic development.

- ~~3.~~ **4.** Taxpayers shall apply for the **show-me Missouri film and digital media act production** tax credit by submitting an application to the department of economic development, on a form provided by the department. As part of the application, the expected **qualified** in-state expenditures **and qualified out-of-state expenditures** of the qualified **film-production** project shall be documented. In addition, the application shall include an economic impact statement, showing the economic impact from the activities of the **film-production qualified** project. Such economic impact statement shall indicate the impact on the region of the state in which the film production , **post-production**, or production-related activities are located and on the state as a whole.
- ~~4.~~ **5.** For all **taxable tax** years ending on or before December 31, 2007, tax credits certified pursuant to subsection ~~2~~ **3** of this section shall not exceed one million dollars per taxpayer per year, and shall not exceed a total for all tax credits certified of one million five hundred thousand dollars per year. For all **taxable tax** years beginning on or after January 1, 2008, tax credits certified under subsection ~~4~~ **3** of this section shall not exceed a total for all tax credits certified of four million five hundred thousand dollars per year. Taxpayers may carry forward unused credits for up to five tax periods, provided all such credits shall be claimed within ten tax periods following the tax period in which the film production or production-related activities for which the credits are certified by the department occurred.
- ~~5.~~ **6.** Notwithstanding any provision of law to the contrary, any taxpayer may sell, assign, exchange, convey or otherwise transfer tax credits allowed in subsection ~~2~~ **3** of this section. The taxpayer acquiring the tax credits may use the acquired credits

to offset the tax liabilities otherwise imposed by chapter 143, excluding withholding tax imposed by sections 143.191 to 143.265, or chapter 148. Unused acquired credits may be carried forward for up to five tax periods, provided all such credits shall be claimed within ten tax periods following the tax period in which the film production or production-related activities for which the credits are certified by the department occurred.

~~6.~~ **7.** Under section 23.253 of the Missouri sunset act:

- (1) The provisions of the new program authorized under this section shall automatically sunset ***on December thirty-first*** six years after ~~**November 28, 2007, the effective date of this section**~~ unless reauthorized by an act of the general assembly; and
- (2) If such program is reauthorized, the program authorized under this section shall automatically sunset ***on December thirty-first*** twelve years after the effective date of the reauthorization of this section; ~~**and**~~
- (3) This section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized under this section is sunset ; ~~**and**~~
- (4) ***Nothing in this subdivision shall prohibit the redemption of tax credits issued before the program is sunset.***