

UT H 78, Enacted

Utah

SUMMARY: Addresses the Governor's Office of Economic Opportunity's issuance of motion picture incentives; authorizes the Governor's Office of Economic Opportunity to issue tax credit certificates for rural productions in an amount determined in the preceding legislative session; requires the Legislature to conduct a biennial review of the motion picture incentives available only for rural productions.~SAME AS:

Changes in Bill text reflected as:

~~Text Deleted~~

Text Added

~~Text Vetoed~~

Current Legislative Status

12/28/2023 PREFILED.

01/16/2024 INTRODUCED.

01/16/2024 To HOUSE Committee on RULES.

01/18/2024 From HOUSE Committee on RULES. To HOUSE Standing Committee.

01/18/2024 To HOUSE Committee on ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES.

01/24/2024 From HOUSE Committee on ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES: Reported favorably.

01/30/2024 Placed on 3rd Reading.

02/01/2024 Passed HOUSE. *****To SENATE.

02/02/2024 To SENATE Committee on RULES.

02/02/2024 From SENATE Committee on RULES. To SENATE Standing Committee.

02/02/2024 To SENATE Committee on ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES.

02/13/2024 From SENATE Committee on ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES: Reported favorably.

02/13/2024 Placed on 2nd Reading calendar.

02/21/2024 Passed 2nd Reading.

02/21/2024 Placed on 3rd Reading.

02/21/2024 Placed on 3rd Reading Calendar Table.

02/27/2024 To SENATE Committee on RULES.

02/27/2024 From SENATE Committee on RULES.

02/27/2024 Placed on 2nd Reading calendar.

02/27/2024 Substituted on SENATE floor.

02/27/2024 Passed 2nd Reading.

02/27/2024 Passed SENATE. *****To HOUSE for concurrence.

02/28/2024 Placed on Concurrence Calendar.

02/28/2024 HOUSE concurred in SENATE amendments.

03/07/2024 Enrolled.

03/08/2024 *****To GOVERNOR.

03/21/2024 Became law without GOVERNOR'S signature.

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session: Utah 65th Legislature - 2024 General Assembly

cite: 2024 UT H 78

Enacted

March 21, 2024

Stenquist

H.B. 78 Enrolled

MOTION PICTURE INCENTIVES AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jeffrey D. Stenquist

Senate Sponsor: Ronald M. Winterton

LONG TITLE

General Description:

This bill addresses the Governor's Office of Economic Opportunity's issuance of motion picture incentives.

Highlighted Provisions:

This Bill:

- repeals the sunset date that applies to certain motion picture incentives available only for rural productions;
- authorizes the Governor's Office of Economic Opportunity to issue tax credit certificates for rural productions in an amount determined in the preceding legislative session;
- requires the Legislature to conduct a biennial review of the motion picture incentives available only for rural productions; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63I-1-263, last amended by Laws of Utah 2023, Chapters 33, 47, 104, 109, 139, 155, 212, 218, 249, 270, 448, 489, and 534

63N-8-103, last amended by Laws of Utah 2023, Chapter 499

63N-8-105, last amended by Laws of Utah 2021, Chapter 282

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **63I-1-263** is amended to read:

63I-1-263.Repeal dates: Titles 63A to 63N.

(1) Subsection 63A-5b-405 (5), relating to prioritizing and allocating capital improvement funding, is repealed July 1, 2024.

~~(2) Section 63A-5b-1003, State Facility Energy Efficiency Fund, is repealed July 1, 2023.~~

~~(3) Sections 63A-9-301 and 63A-9-302, related to the Motor Vehicle Review Committee, are repealed July 1, 2023.~~

~~(4) (2) Title 63C, Chapter 4a, Constitutional and Federalism Defense Act, is repealed July 1, 2028.~~

- ~~(5)~~ (3) Title 63C, Chapter 6, Utah Seismic Safety Commission, is repealed January 1, 2025.
- ~~(6)~~ (4) Title 63C, Chapter 12, Snake Valley Aquifer Advisory Council, is repealed July 1, 2024.
- ~~(7)~~ ~~Title 63C, Chapter 17, Point of the Mountain Development Commission Act, is repealed July 1, 2023.~~
- ~~(8)~~ (5) Title 63C, Chapter 18, Behavioral Health Crisis Response Commission, is repealed December 31, 2026.
- ~~(9)~~ (6) Title 63C, Chapter 23, Education and Mental Health Coordinating Council, is repealed July 1, 2026.
- ~~(10)~~ (7) Title 63C, Chapter 27, Cybersecurity Commission, is repealed July 1, 2032.
- ~~(11)~~ (8) Title 63C, Chapter 28, Ethnic Studies Commission, is repealed July 1, 2026.
- ~~(12)~~ (9) Title 63C, Chapter 29, Domestic Violence Data Task Force, is repealed December 31, 2024.
- ~~(13)~~ (10) Title 63C, Chapter 31, State Employee Benefits Advisory Commission, is repealed on July 1, 2028.
- ~~(14)~~ (11) Section 63G-6a-805 , which creates the Purchasing from Persons with Disabilities Advisory Board, is repealed July 1, 2026.
- ~~(15)~~ (12) Title 63G, Chapter 21, Agreements to Provide State Services, is repealed July 1, 2028.
- ~~(16)~~ (13) Title 63H, Chapter 4, Heber Valley Historic Railroad Authority, is repealed July 1, 2024.
- ~~(17)~~ (14) Title 63H, Chapter 8, Utah Housing Corporation Act, is repealed July 1, 2026.
- ~~(18)~~ (15) Subsection 63J-1-602.2 (25), related to the Utah Seismic Safety Commission, is repealed January 1, 2025.
- ~~(19)~~ (16) Section 63L-11-204 , creating a canyon resource management plan to Provo Canyon, is repealed July 1, 2025.
- ~~(20)~~ (17) Title 63L, Chapter 11, Part 4, Resource Development Coordinating Committee, is repealed July 1, 2027.
- ~~(21)~~ (18) In relation to the Utah Substance Use and Mental Health Advisory Council, on January 1, 2033:
- (a) Sections 63M-7-301 , 63M-7-302 , 63M-7-303 , 63M-7-304 , and 63M-7-306 are repealed;
- (b) Section 63M-7-305 , the language that states "council" is replaced with "commission";
- (c) Subsection 63M-7-305 (1)(a) is repealed and replaced with:
- "(1) "Commission" means the Commission on Criminal and Juvenile Justice."; and
- (d) Subsection 63M-7-305 (2) is repealed and replaced with:
- "(2) The commission shall:
- (a) provide ongoing oversight of the implementation, functions, and evaluation of the Drug-Related Offenses Reform Act; and
- (b) coordinate the implementation of Section 77-18-104 and related provisions in Subsections 77-18-103 (2)(c) and (d)."
- ~~(22)~~ (19) The Crime Victim Reparations and Assistance Board, created in Section 63M-7-504 , is repealed July 1, 2027.
- ~~(23)~~ (20) Title 63M, Chapter 7, Part 8, Sex Offense Management Board, is repealed July 1, 2026.
- ~~(24)~~ (21) Title 63M, Chapter 11, Utah Commission on Aging, is repealed July 1, 2026.
- ~~(25)~~ (22) Title 63N, Chapter 1b, Part 4, Women in the Economy Subcommittee, is repealed January 1, 2025.
- ~~(26)~~ (23) Title 63N, Chapter 2, Part 2, Enterprise Zone Act, is repealed July 1, 2028.
- ~~(27)~~ (24) Section 63N-2-512 , related to the Hotel Impact Mitigation Fund, is repealed July 1, 2028.
- ~~(28)~~ (25) Title 63N, Chapter 3, Part 9, Strategic Innovation Grant Pilot Program, is repealed July 1, 2027.
- ~~(29)~~ (26) Title 63N, Chapter 3, Part 11, Manufacturing Modernization Grant Program, is repealed July 1, 2025.
- ~~(30)~~ (27) In relation to the Rural Employment Expansion Program, on July 1, 2028:
- (a) Title 63N, Chapter 4, Part 4, Rural Employment Expansion Program, is repealed; and

(b) Subsection 63N-4-805 (5)(b), referring to the Rural Employment Expansion Program, is repealed.

~~(31)~~ **(28)** In relation to the Board of Tourism Development, on July 1, 2025:

(a) Subsection 63N-2-511 (1)(b), which defines "tourism board," is repealed;

(b) Subsections 63N-2-511 (3)(a) and (5), the language that states "tourism board" is repealed and replaced with "Utah Office of Tourism";

(c) Subsection 63N-7-101 (1), which defines "board," is repealed;

(d) Subsection 63N-7-102 (3)(c), which requires the Utah Office of Tourism to receive approval from the Board of Tourism Development, is repealed; and

(e) Title 63N, Chapter 7, Part 2, Board of Tourism Development, is repealed.

~~(32) Subsection 63N-8-103 (3)(c), which allows the Governor's Office of Economic Opportunity to issue an amount of tax credit certificates only for rural productions, is repealed on July 1, 2024.~~

Section 2. Section **63N-8-103** is amended to read:

63N-8-103. Motion Picture Incentive Account created -- Cash rebate incentives -- Refundable tax credit incentives.

(1) (a) There is created within the General Fund a restricted account known as the Motion Picture Incentive Account, which the office shall use to provide cash rebate incentives for state-approved productions by a motion picture company.

(b) All interest generated from investment of money in the restricted account shall be deposited in the restricted account.

(c) The restricted account shall consist of an annual appropriation by the Legislature.

(d) The office shall:

(i) with the advice of the GO Utah board, administer the restricted account; and

(ii) make payments from the restricted account as required under this section.

(e) The cost of administering the restricted account shall be paid from money in the restricted account.

(2) (a) A motion picture company or digital media company seeking disbursement of an incentive allowed under an agreement with the office shall follow the procedures and requirements of this Subsection (2).

(b) The motion picture company or digital media company shall provide the office with an incentive request form, provided by the office, identifying and documenting the dollars left in the state and new state revenues generated by the motion picture company or digital media company for state-approved production, including any related tax returns by the motion picture company, payroll company, digital media company, or loan-out corporation under Subsection (2)(d).

(c) For a motion picture company, an independent certified public accountant shall:

(i) review the incentive request form submitted by the motion picture company; and

(ii) provide a report on the accuracy and validity of the incentive request form, including the amount of dollars left in the state, in accordance with the agreed upon procedures established by the office by rule.

(d) The motion picture company, digital media company, payroll company, or loan-out corporation shall provide the office with a document that expressly directs and authorizes the State Tax Commission to disclose the entity's tax returns and other information concerning the entity that would otherwise be subject to confidentiality under Section 59-1-403 or Section 6103, Internal Revenue Code, to the office.

(e) The office shall submit the document described in Subsection (2)(d) to the State Tax Commission.

(f) Upon receipt of the document described in Subsection (2)(d), the State Tax Commission shall provide the office with the information requested by the office that the motion picture company, digital media company, payroll company, or loan-out corporation directed or authorized the State Tax Commission to provide to the office in the document described in Subsection (2)(d).

(g) Subject to Subsection (3), for a motion picture company the office shall:

(i) review the incentive request form from the motion picture company described in Subsection (2)(b) and verify that the incentive request form was reviewed by an independent certified public accountant as described in Subsection (2)(c); and

(ii) based upon the independent certified public accountant's report under Subsection (2)(c), determine the amount of the incentive that the motion picture company is entitled to under the motion picture company's agreement with the office.

(h) Subject to Subsection (3), for a digital media company, the office shall:

(i) ensure the digital media project results in new state revenues; and

(ii) based upon review of new state revenues, determine the amount of the incentive that a digital media company is entitled to under the digital media company's agreement with the office.

(i) Subject to Subsection (3), if the incentive is in the form of a cash rebate, the office shall pay the incentive from the restricted account to the motion picture company, notwithstanding Subsections 51-5-3 (23)(b) and 63J-1-105 (6).

(j) If the incentive is in the form of a refundable tax credit under Section 59-7-614.5 or 59-10-1108 , the office shall:

(i) issue a tax credit certificate to the motion picture company or digital media company; and

(ii) provide a digital record of the tax credit certificate to the State Tax Commission.

(k) A motion picture company or digital media company may not claim a motion picture tax credit under Section 59-7-614.5 or 59-10-1108 unless the motion picture company or digital media company has received a tax credit certificate for the claim issued by the office under Subsection (2)(j)(i).

(l) A motion picture company or digital media company may claim a motion picture tax credit on the motion picture company's or the digital media company's tax return for the amount listed on the tax credit certificate issued by the office.

(m) A motion picture company or digital media company that claims a tax credit under Subsection (2)(l) shall retain the tax credit certificate and all supporting documentation in accordance with Subsection 63N-8-104 (6).

(3) (a) Subject to this Subsection (3), the office may issue \$6,793,700 in tax credit certificates under this part in each fiscal year.

(b) For the fiscal year ending June 30, 2022, the office may issue \$8,393,700 in tax credit certificates under this part.

~~(c) For fiscal years 2023 and 2024, in addition to the amount of tax credit certificates authorized under Subsection (3)(a), the office may issue \$12,000,000 in tax credit certificates under this part only for rural productions.~~

(c) Beginning July 1, 2024, the office may issue tax credit certificates under this part for rural productions in each fiscal year in an amount determined in the immediately preceding legislative session.

(d) If the office does not issue tax credit certificates in a fiscal year totaling the amount authorized under this Subsection (3), the office may carry over that amount for issuance in subsequent fiscal years.

Section 3. Section **63N-8-105** is amended to read:

63N-8-105. Annual report -- Review by interim committee.

(1) The office shall include the following information in the annual written report described in Section 63N-1a-306 :

~~(1)~~ **(a)** the office's success in attracting within-the-state production of television series, made-for-television movies, and motion pictures, including feature films and independent films;

~~(2)~~ **(b)** the amount of incentive commitments made by the office under this part and the period of time over which the incentives will be paid; ~~and~~

~~(3)~~ **(c)** the economic impact on the state related to:

~~(a)~~ **(i)** dollars left in the state; and

~~(b)~~ **(ii)** providing motion picture incentives under this part ; **and**

(d) any recommendations for legislative changes to the motion picture incentives available only for rural productions under Subsection 63N-8-103 (3)(c).

(2) (a) Beginning in 2025, and every two years thereafter, the Economic Development and Workforce Services Interim Committee shall conduct a review of the motion picture incentives available only for rural productions under Subsection 63N-8-103 (3)(c).

(b) In a review under this Subsection (2), the Economic Development and Workforce Services Interim Committee shall:

(i) study any recommendations provided by the office under Subsection (1)(d); and

(ii) if the Economic Development and Workforce Services Interim Committee decides to recommend legislative action to the Legislature, prepare legislation for consideration by the Legislature in the next general session.

Section 4. **Effective date.**

This bill takes effect on May 1, 2024.