

RI S 2959, Introduced

Rhode Island

SUMMARY: Would increase the motion picture tax credit to ten million dollars (\$10,000,000) for calendar year 2025 and then to fifteen million dollars (\$15,000,000) for calendar year 2026. This act would also increase the total available credits to forty million dollars (\$40,000,000) for calendar year 2025 and fifty million dollars (\$50,000,000) for calendar year 2026. This act would also eliminate the sunset provision. This act would take effect on January 1, 2025.~SAME AS:

Changes in Bill text reflected as:

~~Text Deleted~~

Text Added

~~Text Vetoed~~

Current Legislative Status

04/05/2024 INTRODUCED.

04/05/2024 To SENATE Committee on FINANCE.

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session: Rhode Island 2023-24 Legislative Session

cite: 2023 RI S 2959

Introduced

April 5, 2024

Miller

2024 -- S 2959

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

AN ACT

RELATING TO TAXATION -- MOTION PICTURE PRODUCTION TAX CREDITS

Introduced By: Senators Miller, and Ruggerio

Date Introduced: April 05, 2024

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

SECTION 1. Section 44-31.2-5 of the General Laws in Chapter 44-31.2 entitled "Motion Picture Production Tax Credits" is hereby amended to read as follows:

44-31.2-5. Motion picture production company tax credit.

(a) A motion picture production company shall be allowed a credit to be computed as provided in this chapter against a tax imposed by chapters 11, 14, 17, and 30 of this title. The amount of the credit shall be thirty percent (30%) of the state-certified production costs incurred directly attributable to activity within the state, provided:

(1) That the primary locations are within the state of Rhode Island and the total production budget as defined herein is a minimum of one hundred thousand dollars (\$100,000); or

(2) The motion picture production incurs and pays a minimum of ten million dollars (\$10,000,000) in state-certified production costs within a twelve-month (12) period.

The credit shall be earned in the taxable year in which production in Rhode Island is completed, as determined by

the film office in final certification pursuant to § 44-31.2-6(c).

(b) For the purposes of this section: "total production budget" means and includes the motion picture production company's pre-production, production, and post-production costs incurred for the production activities of the motion picture production company in Rhode Island in connection with the production of a state-certified production. The budget shall not include costs associated with the promotion or marketing of the film, video, or television product.

(c) Notwithstanding subsection (a) of this section, the credit shall not exceed seven million dollars (\$7,000,000) **for pending projects** and shall be allowed against the tax for the taxable period in which the credit is earned and can be carried forward for not more than three (3) succeeding tax years ; **provided, however, on and after January 1, 2025, the credit shall not exceed ten million dollars (\$10,000,000)**. Pursuant to rules promulgated by the tax administrator, the administrator may issue a waiver of the seven million dollars (\$7,000,000) tax credit cap for any **pending** feature-length film or television series up to the remaining funds available pursuant to ~~section (e)~~ **subsections (e) through (h)** of this section , **and after January 1, 2025, may issue a waiver of the ten million dollars (\$10,000,000) tax credit cap up to the remaining funds available pursuant to subsection (h) of this section. Beginning in tax year 2026, the credit shall not exceed fifteen million dollars (\$15,000,000) and shall be allowed against the tax for the taxable period in which the credit is earned and can be carried forward for not more than three (3) succeeding tax years. Pursuant to rules promulgated by the tax administrator, the administrator may issue a waiver of the fifteen million dollars (\$15,000,000) tax credit cap for any feature-length film or television series up to the remaining funds available pursuant to subsection (e) of this section.**

(d) Credits allowed to a motion picture production company, which is a subchapter S corporation, partnership, or a limited liability company that is taxed as a partnership, shall be passed through respectively to persons designated as partners, members, or owners on a pro rata basis or pursuant to an executed agreement among such persons designated as subchapter S corporation shareholders, partners, or members documenting an alternate distribution method without regard to their sharing of other tax or economic attributes of such entity.

(e) No more than fifteen million dollars (\$15,000,000) in total may be issued for any tax year beginning after December 31, 2007, for motion picture tax credits pursuant to this chapter and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title. After December 31, 2019, no more than twenty million dollars (\$20,000,000) in total may be issued for any tax year for motion picture tax credits pursuant to this chapter and/or musical and theater production tax credits pursuant to chapter 31.3 of this title. Said credits shall be equally available to motion picture productions and musical and theatrical productions. No specific amount shall be set aside for either type of production.

(f) Exclusively for tax year 2022, the total amount of motion picture tax credits issued pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title shall not exceed thirty million dollars (\$30,000,000).

(g) Exclusively for tax year 2023 and tax year 2024, the total amount of motion picture tax credits issued pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title shall not exceed forty million dollars (\$40,000,000).

(h) Beginning in tax year 2025, the total amount of motion picture tax credits issued pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title shall not exceed forty million dollars (\$40,000,000). Beginning in tax year 2026, the total amount of motion picture tax credits issued pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title shall not exceed fifty million dollars (\$50,000,000).

SECTION 2. Section 44-31.2-11 of the General Laws in Chapter 44-31.2 entitled "Motion Picture Production Tax Credits" is hereby repealed.

44-31.2-11. Sunset.

~~No credits shall be issued on or after July 1, 2027, unless the production has received initial certification under § 44-31.2-6(a) prior to July 1, 2027.~~

SECTION 3. This act shall take effect on January 1, 2025.

EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

AN ACT

RELATING TO TAXATION -- MOTION PICTURE PRODUCTION TAX CREDITS

This act would increase the motion picture tax credit to ten million dollars (\$10,000,000) for calendar year 2025 and then to fifteen million dollars (\$15,000,000) for calendar year 2026. This act would also increase the total available credits to forty million dollars (\$40,000,000) for calendar year 2025 and fifty million dollars (\$50,000,000) for calendar year 2026. This act would also eliminate the sunset provision.

This act would take effect on January 1, 2025.