

RI H 7123 , Enacted

Rhode Island

SUMMARY: Makes appropriations for the support of the state for the fiscal year ending on specified date.~SAME AS:

Changes in Bill text reflected as:

~~Text Deleted~~

Text Added

~~Text Vetoed~~

Current Legislative Status

01/20/2022 INTRODUCED.

01/20/2022 To HOUSE Committee on FINANCE.

06/07/2022 Scheduled for hearing and/or consideration 06/09/2022.

06/09/2022 From HOUSE Committee on FINANCE: Recommended as substituted.

06/09/2022 Placed on House Calendar 06/16/2022.

06/16/2022 Amended on HOUSE floor.

06/16/2022 Passed HOUSE. *****To SENATE.

06/16/2022 To SENATE Committee on FINANCE.

06/17/2022 Scheduled for hearing and/or consideration 06/21/2022.

06/21/2022 From SENATE Committee on FINANCE: Recommended passage.

06/21/2022 Placed on Senate Calendar 06/22/2022.

06/21/2022 SENATE concurred in HOUSE amendments.

06/24/2022 *****To GOVERNOR.

06/27/2022 Signed by GOVERNOR.

07/10/2022 Public Law No. 2022-231

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session: Rhode Island 2021-22 Legislative Session

cite: 2021 RI H 7123

Enacted - Interim

June 27, 2022

Abney

2022 -- H 7123 SUBSTITUTE A AS AMENDED

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

AN ACT

MAKING APPROPRIATIONS FOR THE SUPPORT OF THE STATE FOR THE FISCAL YEAR
ENDING JUNE 30, 2023

Introduced By: Representative Marvin L. Abney

Date Introduced: January 20, 2022

Referred To: House Finance

(Governor)

It is enacted by the General Assembly as follows:

ARTICLE 1 RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2023

ARTICLE 2 RELATING TO STATE FUNDS

ARTICLE 3 RELATING TO GOVERNMENT REFORM AND REORGANIZATION

ARTICLE 4 RELATING TO DEBT MANAGEMENT ACT JOINT RESOLUTIONS

ARTICLE 5 RELATING TO CAPITAL DEVELOPMENT PROGRAM

ARTICLE 6 RELATING TO TAXES AND REVENUES

ARTICLE 7 RELATING TO MAKING REVISED APPROPRIATIONS IN SUPPORT OF FY 2022

ARTICLE 8 RELATING TO LEASE AGREEMENTS FOR LEASED OFFICE AND OPERATING SPACE

ARTICLE 9 RELATING TO ECONOMIC DEVELOPMENT

ARTICLE 10 RELATING TO EDUCATION

ARTICLE 11 RELATING TO COURTS AND STATE HOSPITALS

ARTICLE 12 RELATING TO MEDICAL ASSISTANCE

ARTICLE 13 RELATING TO HUMAN SERVICES

ARTICLE 14 RELATING TO EFFECTIVE DATE

ARTICLE 1 AS AMENDED

RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2023

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

SECTION 16. 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 Section 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) 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 seven million dollars (\$7,000,000) tax credit cap for any feature-length film or television series up to the remaining funds available pursuant to section (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).

SECTION 17. Section 44-31.3-2 of the General Laws in Chapter 44-31.3 entitled "Musical and Theatrical Production Tax Credits" is hereby amended to read as follows:

44-31.3-2. Musical and theatrical production tax credits.

(a) Definitions. As used in this chapter:

(1) "Accredited theater production" means a for-profit live stage presentation in a qualified production facility, as defined in this chapter that is either: (i) A pre-Broadway production, or (ii) A post-Broadway production.

(2) "Accredited theater production certificate" means a certificate issued by the film office certifying that the production is an accredited theater production that meets the guidelines of this chapter.

(3) "Advertising and public relations expenditure" means costs incurred within the state by the accredited theater productions for goods or services related to the national marketing, public relations, creation and placement of print, electronic, television, billboards and other forms of advertising to promote the accredited theater production.

(4) "Payroll" means all salaries, wages, fees, and other compensation including related benefits for services performed and costs incurred within Rhode Island.

(5) "Pre-Broadway production" means a live stage production that, in its original or adaptive version, is performed in a qualified production facility having a presentation scheduled for Broadway's theater district in New York City within ~~(12)~~ **thirty-six (36)** months after its Rhode Island presentation.

(6) "Post-Broadway production" means a live stage production that, in its original or adaptive version, is performed in a qualified production facility and opens its U.S. tour in Rhode Island after a presentation scheduled for Broadway's theater district in New York City.

(7) "Production and performance expenditures" means a contemporaneous exchange of cash or cash equivalent for goods or services related to development, production, performance, or operating expenditures incurred in this state for a qualified theater production including, but not limited to, expenditures for design, construction and operation, including sets, special and visual effects, costumes, wardrobes, make-up, accessories; costs associated with sound, lighting, staging, payroll, transportation expenditures, advertising and public relations expenditures, facility expenses, rentals, per diems, accommodations and other related costs.

(8) "Qualified production facility" means a facility located in the state of Rhode Island in which live theatrical productions are, or are intended to be, exclusively presented that contains at least one stage, a seating capacity of one thousand (1,000) or more seats, and dressing rooms, storage areas, and other ancillary amenities necessary for the accredited theater production.

(9) "Resident" or "Rhode Island resident" means, for the purpose of determination of eligibility for the tax incentives provided by this chapter, an individual who is domiciled in the state of Rhode Island or who is not domiciled in this state but maintains a permanent place of abode in this state and is in this state for an aggregate of more than one hundred eighty-three (183) days of the taxable year, unless the individual is in the armed forces of the United States.

(10) "Rhode Island film and television office" means the 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 as the "film office."

(11)(i) "Transportation expenditures" means expenditures for the packaging, crating, and transportation both to the state for use in a qualified theater production of sets, costumes, or other tangible property constructed or manufactured out of state, and/or from the state after use in a qualified theater production of sets, costumes, or other tangible property constructed or manufactured in this state and the transportation of the cast and crew to and from the state. Such term shall include the packaging, crating, and transporting of property and equipment used for special and visual effects, sound, lighting and staging, costumes, wardrobes, make-up, and related accessories and materials, as well as any other performance or production-related property and equipment.

(ii) Transportation expenditures shall not include any costs to transport property and equipment to be used only for filming and not in a qualified theater production, any indirect costs, and expenditures that are later reimbursed by a third party; or any amounts that are paid to persons or entities as a result of their participation in profits from the exploitation of the production.

(b) Tax credit.

(1) Any person, firm, partnership, trust, estate, or other entity that receives an accredited theater production certificate shall be allowed a tax credit equal to thirty percent (30%) of the total production and performance expenditures and transportation expenditures for the accredited theater production and to be computed as provided in this chapter against a tax imposed by chapters 11, 12, 13, 14, 17, and 30 of this title. Said credit shall not exceed five million dollars (\$5,000,000) and shall be limited to certified production costs directly attributable to activities in the state and transportation expenditures defined above. The total production budget shall be a minimum of one hundred thousand dollars (\$100,000).

(2) No more than fifteen million dollars (\$15,000,000) in total may be issued for any tax year for motion picture tax credits pursuant to chapter 31.2 of this title and/or musical and theatrical production tax credits pursuant to this chapter. 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.

(3) The tax credit 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.

(4) Credits allowed to a company that 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.

(5) If the company has not claimed the tax credits in whole or part, taxpayers eligible for the tax credits may assign, transfer, or convey the tax credits, in whole or in part, by sale or otherwise, to any individual or entity and the assignee of the tax credits that has not claimed the tax credits in whole or part may assign, transfer, or convey the tax credits, in whole or in part, by sale or otherwise, to any individual or entity. The assignee of the tax credits may use acquired credits to offset up to one hundred percent (100%) of the tax liabilities otherwise imposed pursuant to chapter 11, 12, 13 (other than the tax imposed under Section 44-13-13), 14, 17, or 30 of this title. The assignee may apply the tax credit against taxes imposed on the assignee for not more than three (3) succeeding tax years. The assignor shall perfect the transfer by notifying the state of

Rhode Island division of taxation, in writing, within thirty (30) calendar days following the effective date of the transfer and shall provide any information as may be required by the division of taxation to administer and carry out the provisions of this section.

(6) For purposes of this chapter, any assignment or sales proceeds received by the assignor for its assignment or sale of the tax credits allowed pursuant to this section shall be exempt from this title.

(7) In the case of a corporation, this credit is only allowed against the tax of a corporation included in a consolidated return that qualifies for the credit and not against the tax of other corporations that may join in the filing of a consolidated tax return.

(c) Certification and administration.

(1) The applicant shall properly prepare, sign, and submit to the film office an application for initial certification of the theater production. The application shall include the information and data as the film office deems reasonably necessary for the proper evaluation and administration of the application, including, but not limited to, any information about the theater production company and a specific Rhode Island live theater or musical production. The film office shall review the completed application and determine whether it meets the requisite criteria and qualifications for the initial certification for the production. If the initial certification is granted, the film office shall issue a notice of initial certification of the accredited theater production to the theater production company and to the tax administrator. The notice shall state that, after appropriate review, the initial application meets the appropriate criteria for conditional eligibility. The notice of initial certification will provide a unique identification number for the production and is only a statement of conditional eligibility for the production and, as such, does not grant or convey any Rhode Island tax benefits.

(2) Upon completion of an accredited theater production, the applicant shall properly prepare, sign, and submit to the film office an application for final certification of the accredited theater production. The final application shall also contain a cost report and an "accountant's certification." The film office and tax administrator may rely without independent investigation, upon the accountant's certification, in the form of an opinion, confirming the accuracy of the information included in the cost report. Upon review of a duly completed and filed application and upon no later than thirty (30) days of submission thereof, the division of taxation will make a determination pertaining to the final certification of the accredited theater production and the resultant tax credits.

(3) Upon determination that the company qualifies for final certification and the resultant tax credits, the tax administrator of the division of taxation shall issue to the company: (i) An accredited theater production certificate; and (ii) A tax credit certificate in an amount in accordance with subsection (b) of this section. A musical and theatrical production company is prohibited from using state funds, state loans, or state guaranteed loans to qualify for the motion picture tax credit. All documents that are issued by the film office pursuant to this section shall reference the identification number that was issued to the production as part of its initial certification.

(4) The director of the department of administration, in consultation as needed with the tax administrator, shall promulgate rules and regulations as are necessary to carry out the intent and purposes of this chapter in accordance with the general guidelines provided herein for the certification of the production and the resultant production credit.

(5) If information comes to the attention of the film office that is materially inconsistent with representations made in an application, the film office may deny the requested certification. In the event that tax credits or a portion of tax credits are subject to recapture for ineligible costs and the tax credits have been transferred, assigned, and/or allocated, the state will pursue its recapture remedies and rights against the applicant of the theater production tax credits. No redress shall be sought against assignees, sellers, transferees, or allocates of the credits.

(d) Information requests.

(1) The director of the film office, and his or her agents, for the purpose of ascertaining the correctness of any credit claimed under the provisions of this chapter, may examine any books,

paper, records, or memoranda bearing upon the matters required to be included in the return, report, or other statement, and may require the attendance of the person executing the return, report, or other statement, or of any officer or employee of any taxpayer, or the attendance of any other person, and may examine the person under oath respecting any matter that the director, or his or her agent, deems pertinent or material in administration and application of this chapter and where not inconsistent with other legal provisions, the director may request information from the tax administrator.

(2) The tax administrator, and his or her agents, for the purpose of ascertaining the correctness of any credit claimed under the provisions of this chapter, may examine any books, paper, records, or memoranda bearing upon the matters required to be included in the return, report, or other statement, and may require the attendance of the person executing the return, report, or other statement, or of any officer or employee of any taxpayer, or the attendance of any other person, and may examine the person under oath respecting any matter the tax administrator or his or her agent deems pertinent or material in determining the eligibility for credits claimed and may request information from the film office, and the film office shall provide the information in all cases to the tax administrator.

(e) The film office shall comply with the impact analysis and periodic reporting provisions of Section 44-31.2-6.1.

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