

SB0905/469239/1

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 905
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “Senator Kasemeyer” and substitute “Senators Kasemeyer, Madaleno, Currie, DeGrange, Ferguson, Guzzone, King, Manno, McFadden, and Peters”; in line 3, strike “extending” and substitute “repealing”; in line 6, after “years;” insert “establishing the Maryland Film Production Activity Tax Credit Reserve Fund; stating the intent of the General Assembly that the Governor include a certain appropriation to the Reserve Fund in the annual budget bill; requiring the Comptroller to transfer certain amounts from the Reserve Fund to the General Fund under certain circumstances;”; in line 10, after “period;” insert “requiring the Department to report to the Governor and the General Assembly on or before a certain date each year on certain tax credit amounts;”; after line 16, insert:

“BY repealing and reenacting, without amendments,

Article - Tax - General

Section 10-730(b)

Annotated Code of Maryland

(2010 Replacement Volume and 2014 Supplement)”;

in line 19, strike “(e)” and substitute “(d)”; and in line 24, after “10-730(g)” insert “and (h)”.

AMENDMENT NO. 2

On page 2, after line 7, insert:

“(b) (1) A qualified film production entity may claim a credit against the State income tax for film production activities in the State in an amount equal to the amount stated in the final tax credit certificate approved by the Secretary for film production activities.

(Over)

(2) If the tax credit allowed under this section in any taxable year exceeds the total tax otherwise payable by the qualified film production entity for that taxable year, the qualified film production entity may claim a refund in the amount of the excess.

(d) (1) After completion of the film production activity, a qualified film production entity shall apply to the Department for a tax credit certificate.

(2) The application shall be on a form required by the Secretary and shall include:

(i) proof of the total direct costs that qualify for the tax credit;
and

(ii) the number of employees hired and wages paid.

(3) Subject to [subsection (f)] SUBSECTIONS (F) AND (G) of this section, the Secretary shall determine the total direct costs that qualify for the tax credit and issue a tax credit certificate for:

(i) except as provided in item (ii) of this paragraph, 25% of the total direct costs that qualify for the tax credit; and

(ii) for a television series, 27% of the total direct costs that qualify for the tax credit.

[(4) The Secretary shall notify the Comptroller of the amount of a tax credit certificate issued under this subsection.];

in line 8, after “(e)” insert “**(1)**”; in lines 11, 13, 15, 17, 20, 25, and 29, strike “(1)”, “(2)”, “(3)”, “(4)”, “**(5)**”, “**(6)**”, and “**(7)**”, respectively, and substitute “**(I)**”, “**(II)**”, “**(III)**”, “**(IV)**”, “**(V)**”, “**(VI)**”, and “**(VII)**”, respectively; and after line 30, insert:

“(2) ON OR BEFORE JULY 1 OF EACH YEAR, THE DEPARTMENT SHALL REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON:

(I) THE AMOUNT OF TAX CREDITS NECESSARY TO MAINTAIN THE CURRENT LEVEL OF FILM PRODUCTION ACTIVITY IN THE STATE; AND

(II) THE AMOUNT OF TAX CREDITS NECESSARY TO ATTRACT NEW FILM PRODUCTION ACTIVITY TO THE STATE.”.

AMENDMENT NO. 3

On page 3, in line 2, after the semicolon insert “**AND**”; in line 3, strike “**\$25,000,000;**” and substitute “**\$20,000,000.**”; strike in their entirety lines 4 and 5; after line 9, insert:

“(G) (1) IN THIS SUBSECTION, “RESERVE FUND” MEANS THE MARYLAND FILM PRODUCTION ACTIVITY TAX CREDIT RESERVE FUND ESTABLISHED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(2) (I) THERE IS A MARYLAND FILM PRODUCTION ACTIVITY TAX CREDIT RESERVE FUND THAT IS A SPECIAL CONTINUING, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(II) THE MONEY IN THE RESERVE FUND SHALL BE INVESTED AND REINVESTED BY THE TREASURER, AND INTEREST AND EARNINGS SHALL BE CREDITED TO THE GENERAL FUND.

(3) (I) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, THE SECRETARY SHALL ISSUE AN INITIAL TAX CREDIT CERTIFICATE FOR THE TOTAL DIRECT COSTS INCURRED BY A FILM PRODUCTION ENTITY THAT QUALIFIES FOR A TAX CREDIT.

(II) AN INITIAL TAX CREDIT CERTIFICATE ISSUED UNDER THIS SUBSECTION SHALL STATE THE MAXIMUM AMOUNT OF TAX CREDIT FOR WHICH THE FILM PRODUCTION ENTITY IS ELIGIBLE.

(III) 1. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBPARAGRAPH, FOR ANY FISCAL YEAR, THE SECRETARY MAY NOT ISSUE INITIAL TAX CREDIT CERTIFICATES FOR CREDIT AMOUNTS IN THE AGGREGATE TOTALING MORE THAN THE AMOUNT APPROPRIATED TO THE RESERVE FUND FOR THAT FISCAL YEAR IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY.

2. IF THE AGGREGATE CREDIT AMOUNTS UNDER INITIAL TAX CREDIT CERTIFICATES ISSUED IN A FISCAL YEAR TOTAL LESS THAN THE AMOUNT APPROPRIATED TO THE RESERVE FUND FOR THAT FISCAL YEAR, ANY EXCESS AMOUNT SHALL REMAIN IN THE RESERVE FUND AND MAY BE ISSUED UNDER INITIAL TAX CREDIT CERTIFICATES FOR THE NEXT FISCAL YEAR.

3. FOR ANY FISCAL YEAR, IF FUNDS ARE TRANSFERRED FROM THE RESERVE FUND UNDER THE AUTHORITY OF ANY PROVISION OF LAW OTHER THAN UNDER PARAGRAPH (4) OF THIS SUBSECTION,

THE MAXIMUM CREDIT AMOUNTS IN THE AGGREGATE FOR WHICH THE SECRETARY MAY ISSUE INITIAL TAX CREDIT CERTIFICATES SHALL BE REDUCED BY THE AMOUNT TRANSFERRED.

(IV) FOR FISCAL YEAR 2018 AND EACH FISCAL YEAR THEREAFTER, IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE GOVERNOR INCLUDE IN THE BUDGET BILL AN APPROPRIATION TO THE RESERVE FUND IN AN AMOUNT EQUAL TO THE AMOUNT THE DEPARTMENT REPORTS AS NECESSARY UNDER SUBSECTION (E)(2) OF THIS SECTION TO:

1. MAINTAIN THE CURRENT LEVEL OF FILM PRODUCTION ACTIVITY IN THE STATE; AND

2. ATTRACT NEW FILM PRODUCTION ACTIVITY TO THE STATE.

(V) NOTWITHSTANDING THE PROVISIONS OF § 7-213 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR MAY NOT REDUCE AN APPROPRIATION TO THE RESERVE FUND IN THE STATE BUDGET AS APPROVED BY THE GENERAL ASSEMBLY.

(VI) BASED ON THE ACTUAL AMOUNT OF TOTAL DIRECT COSTS INCURRED BY A FILM PRODUCTION ENTITY, THE SECRETARY SHALL ISSUE A FINAL TAX CREDIT CERTIFICATE TO THE FILM PRODUCTION ENTITY.

(4) (I) EXCEPT AS PROVIDED IN THIS PARAGRAPH, MONEY APPROPRIATED TO THE RESERVE FUND SHALL REMAIN IN THE FUND.

(II) 1. WITHIN 15 DAYS AFTER THE END OF EACH CALENDAR QUARTER, THE DEPARTMENT SHALL NOTIFY THE COMPTROLLER AS TO EACH FINAL CREDIT CERTIFICATE ISSUED DURING THE QUARTER:

A. THE MAXIMUM CREDIT AMOUNT STATED IN THE INITIAL TAX CREDIT CERTIFICATE FOR THE FILM PRODUCTION ENTITY; AND

B. THE FINAL CERTIFIED CREDIT AMOUNT FOR THE FILM PRODUCTION ENTITY.

2. ON NOTIFICATION THAT A FINAL CREDIT AMOUNT HAS BEEN CERTIFIED, THE COMPTROLLER SHALL TRANSFER AN AMOUNT EQUAL TO THE CREDIT AMOUNT STATED IN THE INITIAL TAX CREDIT CERTIFICATE FOR THE FILM PRODUCTION ENTITY FROM THE RESERVE FUND TO THE GENERAL FUND.”;

and in lines 10 and 28, strike “(G)” and “(H)”, respectively, and substitute “(H)” and “(I)”, respectively.

AMENDMENT NO. 4

On page 4, strike beginning with “The” in line 5 down through the period in line 10, inclusive.