
By: **Chairman, Budget and Taxation Committee (Departmental - Dept.
Business & Economic Dev.)**

Introduced and read first time: January 24, 2000

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Film Production Activity - Sales and Use Tax Exemption**

3 FOR the purpose of providing an exemption under the sales and use tax for the sale of
4 certain tangible personal property and taxable services used in certain film
5 production activities; authorizing the Department of Business and Economic
6 Development to certify the eligibility of an applicant for the sales and use tax
7 exemption; requiring the Department to adopt certain regulations; defining
8 certain terms; and generally relating to sales and use tax exemptions for film
9 production activities.

10 BY adding to

11 Article - Tax - General
12 Section 11-226
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 1999 Supplement)

15 BY adding to

16 Article 83A - Department of Business and Economic Development
17 Section 4-501 to be under the new subtitle "Subtitle 5. Film Production Activity
18 Tax Exemptions"
19 Annotated Code of Maryland
20 (1998 Replacement Volume and 1999 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article - Tax - General**

24 11-226.

25 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
26 INDICATED.

1 (2) (I) "FILM PRODUCTION ACTIVITY" MEANS THE PRODUCTION OR
2 POSTPRODUCTION OF FILM OR VIDEO PROJECTS INCLUDING FEATURE FILMS,
3 TELEVISION PROJECTS, COMMERCIALS, CORPORATE FILMS, INFOMERCIALS, MUSIC
4 VIDEOS, OR OTHER PROJECTS FOR WHICH THE PRODUCER OR PRODUCTION
5 COMPANY WILL BE COMPENSATED, AND WHICH ARE INTENDED FOR NATIONWIDE
6 COMMERCIAL DISTRIBUTION.

7 (II) "FILM PRODUCTION ACTIVITY" INCLUDES THE PRODUCTION OR
8 POSTPRODUCTION OF DIGITAL, ANIMATION, AND MULTIMEDIA PROJECTS.

9 (III) "FILM PRODUCTION ACTIVITY" DOES NOT INCLUDE:

10 1. PRODUCTION OR POSTPRODUCTION OF STUDENT FILMS
11 OR NONCOMMERCIAL PERSONAL VIDEOS; OR

12 2. ANY ACTIVITY NOT NECESSARY TO AND UNDERTAKEN
13 DIRECTLY AND EXCLUSIVELY FOR THE MAKING OF A MASTER FILM, TAPE, OR IMAGE.

14 (3) "TANGIBLE PERSONAL PROPERTY OR A TAXABLE SERVICE USED
15 DIRECTLY IN CONNECTION WITH A FILM PRODUCTION ACTIVITY" INCLUDES:

16 (I) CAMERA EQUIPMENT AND SUPPLIES;

17 (II) FILM AND TAPE;

18 (III) LIGHTING AND STAGE EQUIPMENT AND SUPPLIES;

19 (IV) SOUND EQUIPMENT AND SUPPLIES;

20 (V) RECORDING EQUIPMENT AND SUPPLIES;

21 (VI) COSTUMES, WARDROBES, AND MATERIALS TO CONSTRUCT
22 THEM;

23 (VII) PROPS, SCENERY, AND MATERIALS TO CONSTRUCT THEM;

24 (VIII) DESIGN SUPPLIES AND EQUIPMENT;

25 (IX) DRAFTING SUPPLIES AND EQUIPMENT;

26 (X) SPECIAL EFFECTS SUPPLIES AND EQUIPMENT;

27 (XI) HOTEL ROOMS AND LODGING;

28 (XII) MOTOR VEHICLES; AND

29 (XIII) FABRICATION, PRINTING, OR PRODUCTION OF SCRIPTS,
30 STORYBOARDS, COSTUMES, WARDROBES, PROPS, SCENERY, OR SPECIAL EFFECTS.

31 (B) THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF TANGIBLE
32 PERSONAL PROPERTY OR A TAXABLE SERVICE USED DIRECTLY IN CONNECTION

1 WITH A FILM PRODUCTION ACTIVITY BY A FILM PRODUCER OR PRODUCTION
2 COMPANY CERTIFIED BY THE DEPARTMENT OF BUSINESS AND ECONOMIC
3 DEVELOPMENT UNDER ARTICLE 83A, § 4-501 OF THE CODE.

4 **Article 83A - Department of Business and Economic Development**

5 SUBTITLE 5. FILM PRODUCTION ACTIVITY TAX EXEMPTIONS.

6 4-501.

7 (A) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE TAX EXEMPTION
8 PROVIDED UNDER § 11-226 OF THE TAX - GENERAL ARTICLE IS FOR THE PURPOSE OF
9 INCREASING THE FILM PRODUCTION ACTIVITY CARRIED OUT IN THE STATE,
10 BRINGING ECONOMIC BENEFITS TO THE CITIZENS OF THE STATE AND GENERATING
11 INCREASED EMPLOYMENT OPPORTUNITIES IN THE STATE.

12 (B) TO ENSURE THAT THE TAX EXEMPTION IS GRANTED FOR A FILM
13 PRODUCTION ACTIVITY, A PERSON SEEKING THE EXEMPTION MUST FIRST APPLY
14 FOR AND RECEIVE FROM THE DEPARTMENT A CERTIFICATION OF ELIGIBILITY FOR
15 THE EXEMPTION.

16 (C) THE DEPARTMENT SHALL ADOPT REGULATIONS DEFINING WITH
17 GREATER SPECIFICITY FOR PURPOSES OF THE SALES AND USE TAX EXEMPTION
18 UNDER § 11-226 OF THE TAX - GENERAL ARTICLE WHAT CONSTITUTES A FILM
19 PRODUCTION ACTIVITY AND WHAT CONSTITUTES TANGIBLE PERSONAL PROPERTY
20 AND TAXABLE SERVICES USED DIRECTLY IN CONNECTION WITH A FILM
21 PRODUCTION ACTIVITY.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 July 1, 2000.