

ENROLLED BILL

-- Economic Matters/Finance and Budget and Taxation --

Introduced by **The Speaker (By Request - Administration) and Delegates**

Aumann, Bartlett, Bates, Boschert, Cluster, Cryor, DeBoy, Edwards, Elliott, Frank, Fulton, Gilleland, Hammen, Impallaria, Jameson, Kach, Krebs, Krysiak, Leopold, Levy, McDonough, McKee, Minnick, Murray, O'Donnell, Parrott, Ross, Shank, Shewell, Stull, Taylor, Trueschler, and Walkup

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Film Production Activity - Employer Wage Rebate Grant Program**

3 FOR the purpose of establishing a program within the Department of Business and
4 Economic Development to provide grants to rebate a certain proportion of
5 certain wages paid in the State by employers engaged in certain film production
6 activity, up to a specified maximum; providing for the application process and
7 criteria for eligibility for the grants; declaring the intent of the General
8 Assembly; ~~authorizing~~ requiring the Secretary of Business and Economic
9 Development to adopt certain regulations; requiring the Department to report to
10 the Governor and the General Assembly on or before a certain date each year;
11 specifying information that must be included in the report; requiring the
12 Department to submit a certain interim report to the Governor and the General

1 *Assembly on or before a certain date*; defining certain terms; and generally
2 relating to film production activity in the State.

3 BY adding to

4 Article 83A - Department of Business and Economic Development
5 Section 5-1801 through 5-1807 to be under the new subtitle "Subtitle 18. Film
6 Production Activity - Employer Wage Rebate Grant Program"
7 Annotated Code of Maryland
8 (2003 Replacement Volume and 2004 Supplement)

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

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

12 **SUBTITLE 18. FILM PRODUCTION ACTIVITY - EMPLOYER WAGE REBATE GRANT**
13 **PROGRAM.**

14 5-1801.

15 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
16 INDICATED.

17 (B) (1) "FILM PRODUCTION ACTIVITY" MEANS THE PRODUCTION OF FILM OR
18 VIDEO PROJECTS FOR WHICH THE TOTAL DIRECT COSTS INCURRED IN THE STATE
19 ARE AT LEAST \$500,000 AND WHICH ARE INTENDED FOR NATIONWIDE COMMERCIAL
20 DISTRIBUTION.

21 (2) "FILM PRODUCTION ACTIVITY" INCLUDES THE PRODUCTION OF
22 FEATURE FILMS, TELEVISION PROJECTS, COMMERCIALS, CORPORATE FILMS,
23 INFOMERCIALS, MUSIC VIDEOS, DIGITAL, ANIMATION, AND MULTIMEDIA PROJECTS.

24 (3) "FILM PRODUCTION ACTIVITY" DOES NOT INCLUDE:

25 (I) PRODUCTION OF:

26 A. STUDENT FILMS;

27 B. NONCOMMERCIAL PERSONAL VIDEOS;

28 C. SPORTS BROADCASTS;

29 D. BROADCASTS OF LIVE EVENTS; OR

30 E. TALK SHOWS; OR

31 (II) ANY ACTIVITY NOT NECESSARY TO AND UNDERTAKEN
32 DIRECTLY AND EXCLUSIVELY FOR THE MAKING OF A MASTER FILM, TAPE, OR IMAGE.

1 (C) "FUND" MEANS THE FILM PRODUCTION EMPLOYER WAGE REBATE FUND
2 ESTABLISHED UNDER § 5-1805 OF THIS SUBTITLE.

3 (D) (1) "QUALIFIED EMPLOYEE WAGES" MEANS THE FIRST \$25,000 OF THE
4 PORTION OF AN EMPLOYEE'S WAGES THAT ARE DIRECTLY ATTRIBUTABLE TO THE
5 EMPLOYEE'S WORK ON THE FILM PRODUCTION ACTIVITY IN THE STATE.

6 (2) "QUALIFIED EMPLOYEE WAGES" DOES NOT INCLUDE ANY PORTION
7 OF THE WAGES OF AN EMPLOYEE WHOSE WAGES IN CONNECTION WITH THE FILM
8 PRODUCTION ACTIVITY EQUAL OR EXCEED \$1,000,000.

9 (E) "QUALIFIED FILM PRODUCTION EMPLOYER" MEANS AN EMPLOYER THAT
10 IS CARRYING OUT A FILM PRODUCTION ACTIVITY AND IS DETERMINED BY THE
11 SECRETARY UNDER § 5-1804 OF THIS SUBTITLE TO BE AN EMPLOYER ELIGIBLE FOR
12 THE REBATE PROVIDED UNDER THIS SUBTITLE.

13 (F) (1) "TOTAL DIRECT COSTS OF A FILM PRODUCTION ACTIVITY" MEANS
14 THE TOTAL OF COSTS INCURRED THAT ARE NECESSARY TO CARRY OUT A FILM
15 PRODUCTION ACTIVITY.

16 (2) "TOTAL DIRECT COSTS OF A FILM PRODUCTION ACTIVITY" INCLUDE
17 COSTS INCURRED FOR:

18 (I) EMPLOYEE WAGES AND BENEFITS;

19 (II) FEES FOR SERVICES;

20 (III) ACQUIRING OR LEASING REAL PROPERTY OR TANGIBLE OR
21 INTANGIBLE PERSONAL PROPERTY; OR

22 (IV) ANY OTHER EXPENSE NECESSARY TO CARRY OUT A FILM
23 PRODUCTION ACTIVITY.

24 5-1802.

25 IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE REBATE PROVIDED
26 UNDER THIS SUBTITLE IS FOR THE PURPOSE OF INCREASING FILM PRODUCTION
27 ACTIVITY CARRIED OUT IN THE STATE, BRINGING ECONOMIC BENEFITS TO THE
28 CITIZENS OF THE STATE, AND GENERATING INCREASED EMPLOYMENT
29 OPPORTUNITIES ~~IN~~ FOR THE CITIZENS OF THE STATE.

30 5-1803.

31 A QUALIFIED FILM PRODUCTION EMPLOYER MAY RECEIVE A REBATE IN THE
32 AMOUNT OF 50% OF THE AMOUNT OF QUALIFIED EMPLOYEE WAGES THAT THE
33 QUALIFIED FILM PRODUCTION EMPLOYER HAS PAID, UP TO A MAXIMUM REBATE
34 AMOUNT OF \$2,000,000 FOR ANY PARTICULAR FILM PRODUCTION ACTIVITY.

1 5-1804.

2 (A) TO QUALIFY FOR THE REBATE PROVIDED UNDER THIS SUBTITLE, A FILM
3 PRODUCTION EMPLOYER MUST NOTIFY THE DEPARTMENT OF ITS INTENT TO SEEK
4 THE REBATE BEFORE COMMENCING THE FILM PRODUCTION ACTIVITY.

5 (B) TO APPLY FOR THE REBATE, THE FILM PRODUCTION EMPLOYER SHALL
6 SUBMIT THE FOLLOWING TO THE SECRETARY:

7 (1) A DESCRIPTION OF THE ANTICIPATED FILM PRODUCTION ACTIVITY,
8 INCLUDING ITS PROJECTED TOTAL BUDGET WITH ESTIMATED NUMBER OF
9 EMPLOYEES AND TOTAL WAGES, AND ANTICIPATED DATES FOR CARRYING OUT THE
10 MAJOR ELEMENTS OF THE FILM PRODUCTION ACTIVITY; AND

11 (2) ANY OTHER INFORMATION RELATED TO THE FILM PRODUCTION
12 ACTIVITY AND THE EMPLOYER SEEKING THE REBATE THAT THE SECRETARY
13 REQUIRES.

14 (C) THE SECRETARY MAY REQUIRE ANY INFORMATION REQUIRED UNDER
15 THIS SECTION TO BE VERIFIED BY AN INDEPENDENT AUDITOR SELECTED AND PAID
16 BY THE EMPLOYER SEEKING THE REBATE CERTIFICATION AND APPROVED BY THE
17 SECRETARY.

18 (D) AS A CONDITION TO APPLYING FOR AND RECEIVING THE REBATE, THE
19 QUALIFIED FILM PRODUCTION EMPLOYER SHALL ENTER INTO A GRANT
20 AGREEMENT WITH THE DEPARTMENT IN FORM AND SUBSTANCE SATISFACTORY TO
21 THE DEPARTMENT.

22 5-1805.

23 (A) THERE IS A FILM PRODUCTION EMPLOYER WAGE REBATE FUND WITHIN
24 THE DEPARTMENT.

25 (B) THE DEPARTMENT MAY USE THE FUND TO:

26 (1) MAKE A GRANT TO A QUALIFIED FILM PRODUCTION EMPLOYER TO
27 REBATE 50% OF THE QUALIFIED EMPLOYEE WAGES PAID BY THE QUALIFIED FILM
28 PRODUCTION EMPLOYER FOR A FILM PRODUCTION ACTIVITY; AND

29 (2) PAY THE ADMINISTRATIVE, LEGAL, AND ACTUARIAL EXPENSES OF
30 THE FUND.

31 (C) (1) THE FUND IS A SPECIAL, NONLAPSING REVOLVING FUND THAT IS
32 NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

33 (2) THE STATE TREASURER SHALL HOLD THE FUND AND THE STATE
34 TREASURER SHALL ACCOUNT FOR IT.

35 (3) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED TO
36 THE FUND.

1 (D) THE FUND CONSISTS OF:

2 (1) MONEY APPROPRIATED TO THE STATE TO THE FUND;

3 (2) REPAYMENTS OF ANY DEFAULTED GRANT FROM THE FUND; AND

4 (3) ANY OTHER MONEY MADE AVAILABLE TO THE DEPARTMENT FOR
5 THE FUND.

6 5-1806.

7 THE SECRETARY ~~MAY~~ SHALL ADOPT REGULATIONS TO SPECIFY CRITERIA FOR
8 ELIGIBILITY FOR, AND PROCEDURES FOR APPLYING FOR, THE REBATE PROVIDED
9 UNDER THIS SUBTITLE.

10 5-1807.

11 (A) ON OR BEFORE DECEMBER 31 OF EACH YEAR, THE DEPARTMENT SHALL
12 REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT
13 ARTICLE, TO THE GENERAL ASSEMBLY ~~BY DECEMBER 31 OF EACH YEAR ON THE~~
14 REBATES PROVIDED FOR FILM PRODUCTION ACTIVITY IN ~~THAT~~ THE PRIOR FISCAL
15 YEAR.

16 (B) THE REPORT SHALL INCLUDE:

17 (1) THE NUMBER OF LOCAL TECHNICIANS, ACTORS, AND EXTRAS HIRED
18 FOR FILM PRODUCTION ACTIVITY DURING THE REPORTING PERIOD;

19 (2) A LIST OF COMPANIES DOING BUSINESS IN THE STATE THAT
20 PROVIDED GOODS OR SERVICES DIRECTLY FOR FILM PRODUCTION ACTIVITY,
21 INCLUDING HOTELS, DURING THE REPORTING PERIOD; AND

22 (3) ANY OTHER INFORMATION THAT INDICATES THE ECONOMIC
23 BENEFITS TO THE STATE AS A RESULT OF FILM PRODUCTION ACTIVITY DURING THE
24 REPORTING PERIOD.

25 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December
26 31, 2005, the Department of Business and Economic Development shall submit an
27 interim report to the Governor and, subject to § 2-1246 of the State Government
28 Article, to the General Assembly that includes the information required under Article
29 83A, § 5-1807 of the Code, as enacted by Section 1 of this Act, for the period beginning
30 July 1, 2005 through November 30, 2005.

31 ~~SECTION 3.~~ AND BE IT FURTHER ENACTED, That this Act shall take
32 effect July 1, 2005.

