

HOUSE BILL 1185

C8

71r0012

By: **Chair, Economic Matters Committee (By Request - Departmental - Business and Economic Development)**

Introduced and read first time: February 21, 2007

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering the method for determining the rebate payable from the
4 Film Production Employer Wage Rebate Fund of the Department of Business
5 and Economic Development; altering the scope of certain costs eligible for the
6 rebate; renaming the Fund; defining certain terms; and generally relating to the
7 Film Production Employer Wage Rebate Fund and film production activity in
8 the State.

9 BY repealing and reenacting with amendments,
10 Article 83A - Department of Business and Economic Development
11 Section 5-1801 and 5-1803 through 5-1805 to be under the amended subtitle
12 "Subtitle 18. Film Production Rebate Fund"
13 Annotated Code of Maryland
14 (2003 Replacement Volume and 2006 Supplement)

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

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

18 Subtitle 18. Film Production [Activity - Employer Wage]Rebate [Grant Program]
19 **FUND.**

20 5-1801.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) In this subtitle the following words have the meanings indicated.

2 (b) (1) “Film production activity” means the production of film or video
3 projects for which the total direct costs incurred in the State are at least \$500,000 and
4 which are intended for nationwide commercial distribution.

5 (2) “Film production activity” includes the production of feature films,
6 television projects, commercials, corporate films, infomercials, music videos, digital,
7 animation, and multimedia projects.

8 (3) “Film production activity” does not include:

9 (i) Production of:

- 10 1. Student films;
- 11 2. Noncommercial personal videos;
- 12 3. Sports broadcasts;
- 13 4. Broadcasts of live events; or
- 14 5. Talk shows; or

15 (ii) Any activity not necessary to and undertaken directly and
16 exclusively for the making of a master film, tape, or image.

17 (c) “Fund” means the Film Production [Employer Wage] Rebate Fund
18 established under § 5–1805 of this subtitle.

19 (d) [(1) “Qualified employee wages” means the first \$25,000 of the portion
20 of an employee’s wages that are directly attributable to the employee’s work on the
21 film production activity in the State.

22 (2) “Qualified employee wages” does not include any portion of the
23 wages of an employee whose wages in connection with the film production activity
24 equal or exceed \$1,000,000.

25 (e) “Qualified film production [employer] ENTITY” means an [employer]
26 ENTITY that is carrying out a film production activity and is determined by the

1 Secretary under § 5–1804 of this subtitle to be an [employer] ENTITY eligible for the
2 rebate provided under this subtitle.

3 [(f)] (E) (1) “Total direct costs of a film production activity” means the
4 total of costs incurred **IN THE STATE** that are necessary to carry out a film production
5 activity.

6 (2) “Total direct costs of a film production activity” include costs
7 incurred for:

8 (i) Employee wages and benefits;

9 (ii) Fees for services;

10 (iii) Acquiring or leasing real property or tangible or intangible
11 personal property; or

12 (iv) Any other expense necessary to carry out a film production
13 activity.

14 5–1803.

15 [A] **AT THE DISCRETION OF THE DEPARTMENT, A** qualified film production
16 [employer] ENTITY may receive a rebate in [the] AN amount [of 50% of the amount of
17 qualified employee wages that the qualified film production employer has paid, up to a
18 maximum rebate amount of \$2,000,000 for any particular film production activity] **UP**
19 **TO 25% OF THE TOTAL DIRECT COSTS OF A FILM PRODUCTION ACTIVITY.**

20 5–1804.

21 (a) To qualify for the rebate provided under this subtitle, a film production
22 [employer] ENTITY must notify the Department of its intent to seek the rebate before
23 commencing the film production activity.

24 (b) To apply for the rebate, the film production [employer] ENTITY shall
25 submit the following to the Secretary:

26 (1) A description of the anticipated film production activity, including
27 its projected total budget with estimated number of employees and total wages, and
28 anticipated dates for carrying out the major elements of the film production activity;
29 and

1 (2) Any other information related to the film production activity and
2 the [employer] **ENTITY** seeking the rebate that the Secretary requires.

3 (c) The Secretary may require any information required under this section to
4 be verified by an independent auditor selected and paid by the [employer] **ENTITY**
5 seeking the rebate certification and approved by the Secretary.

6 (d) As a condition to applying for and receiving the rebate, the qualified film
7 production [employer] **ENTITY** shall enter into a grant agreement with the
8 Department in form and substance satisfactory to the Department.

9 5–1805.

10 (a) There is a Film Production [Employer Wage] Rebate Fund within the
11 Department.

12 (b) The Department may use the Fund to:

13 (1) [Make a grant] **GRANT** to a qualified film production [employer
14 to] **ENTITY AS A** rebate [50% of the qualified employee wages] **A PERCENTAGE OF**
15 **THE TOTAL DIRECT COSTS OF A FILM PRODUCTION ACTIVITY** paid by the qualified
16 film production [employer] **ENTITY** for a film production activity, **AS PROVIDED**
17 **UNDER § 5–1803 OF THIS SUBTITLE**; and

18 (2) Pay the administrative, legal, and actuarial expenses of the Fund.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 July 1, 2007.