

HOUSE BILL 753

Q3

5lr2255

By: **Delegates Luedtke, D. Barnes, Branch, Ebersole, Fennell, Gaines, C. Howard, Kaiser, McIntosh, Patterson, Platt, Tarlau, Turner, Vaughn, A. Washington, M. Washington, and Zucker**

Introduced and read first time: February 13, 2015

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Film Production Activity Tax Credit**

3 FOR the purpose of extending certain termination provisions for a certain income tax credit
4 allowed for certain entities that carry out certain film production activities in the
5 State; altering the amount of certain tax credit certificates that the Secretary of
6 Business and Economic Development may issue for certain fiscal years; altering a
7 reporting requirement under the credit to require the Department of Business and
8 Economic Development to provide a list of companies in the State that qualified as
9 certain minority business enterprises or certain small businesses and directly
10 provided goods or services for film production activity during a certain period;
11 requiring a qualified film production entity that receives the tax credit certificate to
12 feature, under certain circumstances, a certain State promotional logo in a certain
13 project in a certain manner; providing that, in lieu of featuring a certain State
14 promotional logo, the qualified film production entity may offer certain alternative
15 marketing opportunities; providing for the application of this Act; and generally
16 relating to income tax credits for certain film production activities.

17 BY repealing and reenacting, with amendments,
18 Article – Tax – General
19 Section 10–730(e) through (g)
20 Annotated Code of Maryland
21 (2010 Replacement Volume and 2014 Supplement)

22 BY adding to
23 Article – Tax – General
24 Section 10–730(g)
25 Annotated Code of Maryland
26 (2010 Replacement Volume and 2014 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Chapter 516 of the Acts of the General Assembly of 2011, as amended by Chapter 28
3 of the Acts of the General Assembly of 2013
4 Section 2

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

7 **Article – Tax – General**

8 10–730.

9 (e) On or before January 1 of each year, the Department shall report to the
10 Governor and, subject to § 2–1246 of the State Government Article, the General Assembly,
11 on:

12 (1) the number of film production entities submitting applications under
13 subsection (c) of this section;

14 (2) the number and amount of tax credit certificates issued under
15 subsection (d) of this section;

16 (3) the number of local technicians, actors, and extras hired for film
17 production activity during the reporting period;

18 (4) a list of companies doing business in the State, including hotels, that
19 directly provided goods or services for film production activity during the reporting period;
20 [and]

21 **(5) A LIST OF COMPANIES DOING BUSINESS IN THE STATE THAT**
22 **DIRECTLY PROVIDED GOODS OR SERVICES FOR FILM PRODUCTION ACTIVITY**
23 **DURING THE REPORTING PERIOD THAT QUALIFIED DURING THE REPORTING**
24 **PERIOD AS MINORITY BUSINESS ENTERPRISES UNDER § 14–301(F) OF THE STATE**
25 **FINANCE AND PROCUREMENT ARTICLE;**

26 **(6) A LIST OF COMPANIES DOING BUSINESS IN THE STATE THAT**
27 **DIRECTLY PROVIDED GOODS OR SERVICES FOR FILM PRODUCTION ACTIVITY**
28 **DURING THE REPORTING PERIOD THAT, AS DETERMINED BY THE DEPARTMENT, ARE**
29 **CONSIDERED SMALL BUSINESSES; AND**

30 **[(5)] (7)** any other information that indicates the economic benefits to the
31 State resulting from film production activity during the reporting period.

32 (f) (1) Except as provided in paragraph (2) of this subsection, the Secretary
33 may not issue tax credit certificates for credit amounts in the aggregate totaling more than:

- 1 (i) for fiscal year 2014, \$25,000,000;
- 2 (ii) for fiscal year 2015, \$7,500,000; [and]
- 3 (iii) for fiscal year 2016, \$7,500,000;
- 4 **(IV) FOR FISCAL YEAR 2017, \$25,000,000;**
- 5 **(V) FOR FISCAL YEAR 2018, \$25,000,000; AND**
- 6 **(VI) FOR FISCAL YEAR 2019, \$25,000,000.**

7 (2) If the aggregate credit amounts under the tax credit certificates issued
8 by the Secretary total less than the maximum provided under paragraph (1) of this
9 subsection in any fiscal year, any excess amount may be carried forward and issued under
10 tax credit certificates in a subsequent fiscal year.

11 **(G) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A**
12 **QUALIFIED FILM PRODUCTION ENTITY THAT RECEIVES A TAX CREDIT CERTIFICATE**
13 **UNDER THIS SECTION FOR A FILM PRODUCTION ACTIVITY SHALL INCLUDE:**

14 **(I) FOR A FEATURE FILM PROJECT, A 5-SECOND LONG STATIC**
15 **OR ANIMATED LOGO THAT PROMOTES THE STATE IN THE END CREDITS BEFORE THE**
16 **BELOW-THE-LINE CREW CRAWL FOR THE LIFE OF THE PROJECT AND A LINK TO THE**
17 **STATE'S WEB SITE ON THE PROJECT'S WEB SITE;**

18 **(II) FOR A TELEVISION SERIES PROJECT, AN EMBEDDED**
19 **5-SECOND LONG STATIC OR ANIMATED LOGO THAT PROMOTES THE STATE DURING**
20 **EACH BROADCAST WORLDWIDE FOR THE LIFE OF THE PROJECT AND A LINK TO THE**
21 **STATE'S WEB SITE ON THE PROJECT'S WEB SITE; OR**

22 **(III) FOR ANY OTHER PROJECT, THE STATE LOGO AT THE END OF**
23 **EACH PROJECT AND IN ONLINE PROMOTIONS.**

24 **(2) IN LIEU OF INCLUDING A STATE LOGO AS REQUIRED UNDER**
25 **PARAGRAPH (1) OF THIS SUBSECTION, THE QUALIFIED FILM PRODUCTION ENTITY**
26 **MAY OFFER ALTERNATIVE MARKETING OPPORTUNITIES TO BE EVALUATED BY THE**
27 **DEPARTMENT TO ENSURE THAT THOSE OPPORTUNITIES OFFER EQUAL OR GREATER**
28 **PROMOTIONAL VALUE TO THE STATE.**

29 **[(g)] (H)** The Department and the Comptroller jointly shall adopt regulations to
30 carry out the provisions of this section and to specify criteria and procedures for the
31 application for, approval of, and monitoring of continuing eligibility for the tax credit under
32 this section.

1 **Chapter 516 of the Acts of 2011, as amended by Chapter 28 of the Acts of 2013**

2 SECTION 2. AND BE IT FURTHER ENACTED, That the film production activity
3 tax credit under § 10-730 of the Tax – General Article as enacted by this Act shall take
4 effect July 1, 2011, and shall be applicable to all taxable years beginning after December
5 31, 2010. The film production activity tax credit under § 10-730 of the Tax – General Article
6 as enacted by this Act shall remain effective for a period of **[5] 8** years and, at the end of
7 June 30, **[2016] 2019**, with no further action required by the General Assembly, shall be
8 abrogated and of no further force and effect. The Secretary of Business and Economic
9 Development may not issue film production activity tax credit certificates under § 10-730
10 of the Tax – General Article for any fiscal year beginning on or after July 1, **[2016] 2019**.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
12 1, 2015, and shall be applicable to all film production activity tax credit certificates issued
13 after December 31, 2014.