

SENATE BILL NO. 367

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOSKINS.

1718S.01H

ADRIANE D. CROUSE, Secretary

AN ACT

To repeal section 135.750, RSMo, and to enact in lieu thereof one new section relating to tax credits for qualified film projects.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 135.750, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 135.750,
3 to read as follows:

135.750. 1. **This act shall be referred to as the**
2 **"Show Missouri Film and Digital Media Act"**.

3 2. As used in this section, the following terms mean:

- 4 (1) "Highly compensated individual", any individual
5 who receives compensation in excess of [one million] **two**
6 **hundred fifty thousand** dollars in connection with a single
7 qualified film production project;
- 8 (2) "Qualified film production project", any film,
9 video, commercial, or television production, as approved by
10 the department of economic development and the office of the
11 Missouri film commission, **that features a statement or logo**
12 **designated by the department of economic development in the**
13 **credits of the film indicating that the project was filmed**
14 **in Missouri and** that is under thirty minutes in length with
15 an expected in-state expenditure budget in excess of fifty
16 thousand dollars[,] or [that] is over thirty minutes in
17 length with an expected in-state expenditure budget in
18 excess of one hundred thousand dollars. Regardless of the

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 production costs, "qualified film production project" shall
20 not include any:

21 (a) News or current events programming;

22 (b) Talk show;

23 (c) Production produced primarily for industrial,
24 corporate, or institutional purposes, and for internal use;

25 (d) Sports event or sports program;

26 (e) Gala presentation or awards show;

27 (f) Infomercial or any production that directly
28 solicits funds;

29 (g) Political ad;

30 (h) Production that is considered obscene, as defined
31 in section 573.010;

32 (3) "Qualifying **in-state** expenses", the sum of the
33 total amount spent in this state for the following by a
34 production company in connection with a qualified film
35 production project:

36 (a) Goods and services leased or purchased by the
37 production company. For goods with a purchase price of
38 twenty-five thousand dollars or more, the amount included in
39 qualifying **in-state** expenses shall be the purchase price
40 less the fair market value of the goods at the time the
41 production is completed;

42 (b) Compensation and wages paid by the production
43 company **to Missouri residents** on which the production
44 company remitted withholding payments to the department of
45 revenue under chapter 143. For purposes of this section,
46 compensation and wages shall not include any amounts paid to
47 a highly compensated individual;

48 (4) "Qualifying **out-of-state expenses**", the sum of all
49 **compensation and wages paid by the production company to non-**
50 **Missouri residents on which the production company remitted**

51 **withholding payments to the department of revenue under**
52 **chapter 143. For purposes of this section, compensation and**
53 **wages shall not include any amounts paid to a highly**
54 **compensated individual;**

55 (5) "Tax credit", a credit against the tax otherwise
56 due under chapter 143, excluding withholding tax imposed by
57 sections 143.191 to 143.265, or otherwise due under chapter
58 148;

59 [(5)] (6) "Taxpayer", any individual, partnership, or
60 corporation as described in section 143.441, 143.471, or
61 section 148.370 that is subject to the tax imposed in
62 chapter 143, excluding withholding tax imposed by sections
63 143.191 to 143.265, or the tax imposed in chapter 148 or any
64 charitable organization which is exempt from federal income
65 tax and whose Missouri unrelated business taxable income, if
66 any, would be subject to the state income tax imposed under
67 chapter 143.

68 [2.] 3. (1) For all [taxable] **tax** years beginning on
69 or after January 1, 1999, but ending on or before December
70 31, 2007, a taxpayer shall be granted a tax credit for up to
71 fifty percent of the amount of investment in production or
72 production-related activities in any film production project
73 with an expected in-state expenditure budget in excess of
74 three hundred thousand dollars.

75 (2) For all [taxable] **tax** years beginning on or after
76 January 1, 2008, **but ending on or before November 28, 2013,**
77 a taxpayer shall be allowed a tax credit for up to thirty-
78 five percent of the amount of qualifying expenses in a
79 qualified film production project.

80 (3) **For all tax years beginning on or after January 1,**
81 **2021, a taxpayer shall be allowed a tax credit equal to**
82 **twenty-five percent of qualifying in-state expenses and ten**

83 percent of qualifying out-of-state expenses. An additional
84 five percent may be earned for both qualifying in-state
85 expenses and qualifying out-of-state expenses if at least
86 fifty percent of the qualified film production project is
87 filmed in Missouri. An additional five percent may be
88 earned for both qualifying in-state expenses and qualifying
89 out-of-state expenses if the department of economic
90 development determines that the script of the qualified film
91 production project positively markets a city or region of
92 the state, the entire state, or a tourist attraction located
93 in the state. Each film production company shall be limited
94 to one qualified film production project per year.
95 Activities qualifying a taxpayer for the tax credit pursuant
96 to this subsection shall be approved by the office of the
97 Missouri film commission and the department of economic
98 development.

99 [3.] 4. Taxpayers shall apply for the film production
100 tax credit by submitting an application to the department of
101 economic development, on a form provided by the department.
102 As part of the application, the expected in-state
103 expenditures of the qualified film production project shall
104 be documented. In addition, the application shall include
105 an economic impact statement, showing the economic impact
106 from the activities of the film production project. Such
107 economic impact statement shall indicate the impact on the
108 region of the state in which the film production or
109 production-related activities are located and on the state
110 as a whole.

111 [4.] 5. For all [taxable] tax years ending on or
112 before December 31, 2007, tax credits certified pursuant to
113 subsection [2] 3 of this section shall not exceed one
114 million dollars per taxpayer per year, and shall not exceed

115 a total for all tax credits certified of one million five
116 hundred thousand dollars per year. For all [taxable] **tax**
117 years beginning on or after January 1, 2008, tax credits
118 certified under subsection 1 of this section shall not
119 exceed a total for all tax credits certified of four million
120 five hundred thousand dollars per year. Taxpayers may carry
121 forward unused credits for up to five tax periods, provided
122 all such credits shall be claimed within ten tax periods
123 following the tax period in which the film production or
124 production-related activities for which the credits are
125 certified by the department occurred.

126 [5.] **6.** Notwithstanding any provision of law to the
127 contrary, any taxpayer may sell, assign, exchange, convey or
128 otherwise transfer tax credits allowed in subsection [2] **3**
129 of this section. The taxpayer acquiring the tax credits may
130 use the acquired credits to offset the tax liabilities
131 otherwise imposed by chapter 143, excluding withholding tax
132 imposed by sections 143.191 to 143.265, or chapter 148.
133 Unused acquired credits may be carried forward for up to
134 five tax periods, provided all such credits shall be claimed
135 within ten tax periods following the tax period in which the
136 film production or production-related activities for which
137 the credits are certified by the department occurred.

138 [6.] **7.** Under section 23.253 of the Missouri sunset
139 act:

140 (1) The provisions of the [new] program authorized
141 under this section shall automatically sunset [six years
142 after November 28, 2007] **on December 31, 2027**, unless
143 reauthorized by an act of the general assembly; and

144 (2) If such program is reauthorized, the program
145 authorized under this section shall automatically sunset **on**

146 **December thirty-first** twelve years after the effective date
147 of the reauthorization of this section; and

148 (3) This section shall terminate on September first of
149 the calendar year immediately following the calendar year in
150 which the program authorized under this section is sunset.

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