

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

HOUSE BILL 15

**52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SPECIAL SESSION, 2016**

INTRODUCED BY

Rod Montoya and David M. Gallegos and James R.J. Strickler and  
James G. Townsend

AN ACT

RELATING TO TAXATION; REDUCING THE CAP ON FILM PRODUCTION TAX  
CREDITS TO TWENTY-FIVE MILLION DOLLARS (\$25,000,000) FOR FISCAL  
YEAR 2017; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** Section 7-2F-1 NMSA 1978 (being Laws 2002,  
Chapter 36, Section 1, as amended) is amended to read:

"7-2F-1. FILM PRODUCTION TAX CREDIT--FILM PRODUCTION  
COMPANIES THAT COMMENCE PRINCIPAL PHOTOGRAPHY PRIOR TO JANUARY  
1, 2016.--

A. The tax credit created by this section may be  
referred to as the "film production tax credit".

B. Except as otherwise provided in this section, an  
eligible film production company may apply for, and the

underscored material = new  
~~[bracketed material] = delete~~

underscoring material = new  
~~[bracketed material] = delete~~

1 taxation and revenue department may allow, subject to the  
2 limitation in this section, a tax credit in an amount equal to  
3 twenty-five percent of:

4 (1) direct production expenditures made in New  
5 Mexico that:

6 (a) are directly attributable to the  
7 production in New Mexico of a film or commercial audiovisual  
8 product;

9 (b) are subject to taxation by the state  
10 of New Mexico;

11 (c) exclude direct production  
12 expenditures for which another taxpayer claims the film  
13 production tax credit; and

14 (d) do not exceed the usual and  
15 customary cost of the goods or services acquired when purchased  
16 by unrelated parties. The secretary of taxation and revenue  
17 may determine the value of the goods or services for purposes  
18 of this section when the buyer and seller are affiliated  
19 persons or the sale or purchase is not an arm's length  
20 transaction; and

21 (2) postproduction expenditures made in  
22 New Mexico that:

23 (a) are directly attributable to the  
24 production of a commercial film or audiovisual product;

25 (b) are for services performed in New

underscored material = new  
[bracketed material] = delete

1 Mexico;

2 (c) are subject to taxation by the state  
3 of New Mexico;

4 (d) exclude postproduction expenditures  
5 for which another taxpayer claims the film production tax  
6 credit; and

7 (e) do not exceed the usual and  
8 customary cost of the goods or services acquired when purchased  
9 by unrelated parties. The secretary of taxation and revenue  
10 may determine the value of the goods or services for purposes  
11 of this section when the buyer and seller are affiliated  
12 persons or the sale or purchase is not an arm's length  
13 transaction.

14 C. In addition to the percentage applied pursuant  
15 to Subsection B of this section, another five percent shall be  
16 applied in calculating the amount of the film production tax  
17 credit to direct production expenditures:

18 (1) on a standalone pilot intended for series  
19 television in New Mexico or on series television productions  
20 intended for commercial distribution with an order for at least  
21 six episodes in a single season; provided that the New Mexico  
22 budget for each of those six episodes is fifty thousand dollars  
23 (\$50,000) or more; or

24 (2) on a production with a total New Mexico  
25 budget of the following amounts; provided that the expenditures

.204917.1

underscored material = new  
~~[bracketed material] = delete~~

1 are directly attributable and paid to a New Mexico resident who  
2 is hired as industry crew, or who is hired as a producer,  
3 writer or director working directly with the physical  
4 production, and has filed a New Mexico income tax return as a  
5 resident in the two previous taxable years:

6 (a) not more than thirty million dollars  
7 (\$30,000,000) that shoots at least ten principal photography  
8 days in New Mexico at a qualified production facility; provided  
9 that a film production company in principal photography on or  
10 after April 10, 2015 shall: 1) shoot at least seven of those  
11 days at a sound stage that is a qualified production facility  
12 and the remaining number of required days, if any, at a  
13 standing set that is a qualified production facility; and 2)  
14 for each of the ten days, include industry crew working on the  
15 premises of those facilities for a minimum of eight hours  
16 within a twenty-four-hour period; or

17 (b) thirty million dollars (\$30,000,000)  
18 or more that shoots at least fifteen principal photography days  
19 in New Mexico at a qualified production facility; provided that  
20 a film production company in principal photography on or after  
21 April 10, 2015 shall: 1) shoot at least ten of those days at a  
22 sound stage that is a qualified production facility and the  
23 remaining number of required days, if any, at a standing set  
24 that is a qualified production facility; and 2) for each day of  
25 the fifteen days, include industry crew working on the premises

.204917.1

underscored material = new  
[bracketed material] = delete

1 of the facility for a minimum of eight hours within a twenty-  
2 four-hour period.

3 D. With respect to expenditures attributable to a  
4 production for which the film production company receives a tax  
5 credit pursuant to the federal new markets tax credit program,  
6 the percentage to be applied in calculating the film production  
7 tax credit is twenty percent.

8 E. A claim for film production tax credits shall be  
9 filed as part of a return filed pursuant to the Income Tax Act  
10 or the Corporate Income and Franchise Tax Act or an information  
11 return filed by a pass-through entity. The date a credit claim  
12 is received by the taxation and revenue department shall  
13 determine the order that a credit claim is authorized for  
14 payment by the department. [~~Except as otherwise provided in~~  
15 ~~this section~~]

16 F. The aggregate amount of claims for a credit  
17 provided by the Film Production Tax Credit Act that may be  
18 authorized for payment in any fiscal year [~~is fifty million~~  
19 ~~dollars (\$50,000,000)~~] with respect to the direct production  
20 expenditures or postproduction expenditures made on film or  
21 commercial audiovisual products is:

22 (1) for a fiscal year that begins prior to  
23 July 1, 2016, fifty million dollars (\$50,000,000);

24 (2) for a fiscal year that begins July 1, 2016  
25 and ends June 30, 2017, twenty-five million dollars

.204917.1

underscored material = new  
[bracketed material] = delete

1 (\$25,000,000); and

2 (3) for a fiscal year that begins on or after  
3 July 1, 2017, fifty million dollars (\$50,000,000).

4 G. A film production company that submits a claim  
5 for a film production tax credit that is unable to receive the  
6 tax credit because the claims for the fiscal year exceed the  
7 limitation in [~~this~~] Subsection F of this section shall be  
8 placed for the subsequent fiscal year at the front of a queue  
9 of credit claimants submitting claims in the subsequent fiscal  
10 year in the order of the date on which the credit was  
11 authorized for payment.

12 [~~F. If, in fiscal years 2013 through 2015, the~~  
13 ~~aggregate amount in each fiscal year of the film production tax~~  
14 ~~credit claims authorized for payment is less than fifty million~~  
15 ~~dollars (\$50,000,000), then the difference in that fiscal year~~  
16 ~~or ten million dollars (\$10,000,000), whichever is less, shall~~  
17 ~~be added to the aggregate amount of the film production tax~~  
18 ~~credit claims that may be authorized for payment pursuant to~~  
19 ~~Subsection E of this section in the immediately following~~  
20 ~~fiscal year.~~

21 ~~G.]~~ H. Except as otherwise provided in this  
22 section, credit claims authorized for payment pursuant to the  
23 Film Production Tax Credit Act shall be paid pursuant to  
24 provisions of the Tax Administration Act to the taxpayer as  
25 follows:

.204917.1

underscoring material = new  
~~[bracketed material] = delete~~

1 (1) a credit claim amount of less than two  
2 million dollars (\$2,000,000) per taxable year shall be paid  
3 immediately upon authorization for payment of the credit claim;

4 (2) a credit claim amount of two million  
5 dollars (\$2,000,000) or more but less than five million dollars  
6 (\$5,000,000) per taxable year shall be divided into two equal  
7 payments, with the first payment to be made immediately upon  
8 authorization of the payment of the credit claim and the second  
9 payment to be made twelve months following the date of the  
10 first payment; and

11 (3) a credit claim amount of five million  
12 dollars (\$5,000,000) or more per taxable year shall be divided  
13 into three equal payments, with the first payment to be made  
14 immediately upon authorization of payment of the credit claim,  
15 the second payment to be made twelve months following the date  
16 of the first payment and the third payment to be made twenty-  
17 four months following the date of the first payment.

18 ~~[H.]~~ I. For a fiscal year in which the amount of  
19 total credit claims authorized for payment is less than the  
20 aggregate amount of credit claims that may be authorized for  
21 payment pursuant to this section, the next scheduled payments  
22 for credit claims authorized for payment pursuant to Subsection  
23 ~~[G]~~ F of this section shall be accelerated for payment for that  
24 fiscal year and shall be paid to a taxpayer pursuant to the Tax  
25 Administration Act and in the order in which outstanding

.204917.1

underscored material = new  
[bracketed material] = delete

1 payments are scheduled in the queue established pursuant to  
2 Subsections [~~E and~~] G and H of this section; provided that the  
3 total credit claims authorized for payment shall not exceed the  
4 aggregate amount of credit claims that may be authorized for  
5 payment pursuant to this section. If a partial payment is made  
6 pursuant to this subsection, the difference owed shall retain  
7 its original position in the queue.

8 [~~F.~~] J. Any amount of a credit claim that is  
9 carried forward pursuant to Subsection [~~G~~] H of this section  
10 shall be subject to the limit on the aggregate amount of credit  
11 claims that may be authorized for payment pursuant to  
12 [~~Subsections E and~~] Subsection F of this section in the fiscal  
13 year in which that amount is paid.

14 [~~J.~~] K. A credit claim shall only be considered  
15 received by the taxation and revenue department if the credit  
16 claim is made on a complete return filed after the close of the  
17 taxable year. All direct production expenditures and  
18 postproduction expenditures incurred during the taxable year by  
19 a film production company shall be submitted as part of the  
20 same income tax return and paid pursuant to this section. A  
21 credit claim shall not be divided and submitted with multiple  
22 returns or in multiple years.

23 [~~K.~~] L. For purposes of determining the payment of  
24 credit claims pursuant to this section, the secretary of  
25 taxation and revenue may require that credit claims of

.204917.1



underscored material = new  
[bracketed material] = delete

1 affiliated persons be combined into one claim if necessary to  
2 accurately reflect closely integrated activities of affiliated  
3 persons.

4 ~~[H.]~~ M. The film production tax credit shall not be  
5 claimed with respect to direct production expenditures or  
6 postproduction expenditures for which the film production  
7 company has delivered a nontaxable transaction certificate  
8 pursuant to Section 7-9-86 NMSA 1978.

9 ~~[M.]~~ N. A production for which the film production  
10 tax credit is claimed pursuant to Paragraph (1) of Subsection B  
11 of this section shall contain an acknowledgment to the state of  
12 New Mexico in the end screen credits that the production was  
13 filmed in New Mexico, and a state logo provided by the division  
14 shall be included and embedded in the end screen credits of  
15 long-form narrative film productions and television episodes,  
16 unless otherwise agreed upon in writing by the film production  
17 company and the division.

18 ~~[N.]~~ O. To be eligible for the film production tax  
19 credit, a film production company shall submit to the division  
20 information required by the division to demonstrate conformity  
21 with the requirements of the Film Production Tax Credit Act,  
22 including detailed information on each direct production  
23 expenditure and each postproduction expenditure. A film  
24 production company shall make reasonable efforts, as determined  
25 by the division, to contract with a specialized vendor that

.204917.1

underscored material = new  
[bracketed material] = delete

1 provides goods and services, inventory or services directly  
2 related to that vendor's ordinary course of business. A film  
3 production company shall provide to the division a projection  
4 of the film production tax credit claim the film production  
5 company plans to submit in the fiscal year. In addition, the  
6 film production company shall agree in writing:

7 (1) to pay all obligations the film production  
8 company has incurred in New Mexico;

9 (2) to post a notice at completion of  
10 principal photography on the [~~web site~~] website of the division  
11 that:

12 (a) contains production company  
13 information, including the name of the production, the address  
14 of the production company and contact information that includes  
15 a working phone number, fax number and email address for both  
16 the local production office and the permanent production office  
17 to notify the public of the need to file creditor claims  
18 against the film production company; and

19 (b) remains posted on the [~~web site~~]  
20 website until all financial obligations incurred in the state  
21 by the film production company have been paid;

22 (3) that outstanding obligations are not  
23 waived should a creditor fail to file;

24 (4) to delay filing of a claim for the film  
25 production tax credit until the division delivers written

.204917.1

underscored material = new  
[bracketed material] = delete

1 notification to the taxation and revenue department that the  
2 film production company has fulfilled all requirements for the  
3 credit; and

4 (5) to submit a completed application for the  
5 film production tax credit and supporting documentation to the  
6 division within one year of making the final expenditures in  
7 New Mexico that were incurred for the registered project and  
8 that are included in the credit claim.

9 ~~[O-]~~ P. The division shall determine the  
10 eligibility of the company and shall report this information to  
11 the taxation and revenue department in a manner and at times  
12 the economic development department and the taxation and  
13 revenue department shall agree upon. The division shall also  
14 post on its ~~[web site]~~ website all information provided by the  
15 film production company that does not reveal revenue, income or  
16 other information that may jeopardize the confidentiality of  
17 income tax returns, including that the division shall report  
18 quarterly the projected amount of credit claims for the fiscal  
19 year.

20 ~~[P-]~~ Q. To provide guidance to film production  
21 companies regarding the amount of credit capacity remaining in  
22 the fiscal year, the taxation and revenue department shall post  
23 monthly on that department's ~~[web site]~~ website the aggregate  
24 amount of credits claimed and processed for the fiscal year.

25 ~~[Q-]~~ R. To receive a film production tax credit, a

.204917.1

underscoring material = new  
~~[bracketed material] = delete~~

1 film production company shall apply to the taxation and revenue  
2 department on forms and in the manner the department may  
3 prescribe. The application shall include a certification of  
4 the amount of direct production expenditures or postproduction  
5 expenditures made in New Mexico with respect to the film  
6 production for which the film production company is seeking the  
7 film production tax credit; provided that for the film  
8 production tax credit, the application shall be submitted  
9 within one year of the date of the last direct production  
10 expenditure in New Mexico or the last postproduction  
11 expenditure in New Mexico. If the amount of the requested tax  
12 credit exceeds five million dollars (\$5,000,000), the  
13 application shall also include the results of an audit,  
14 conducted by a certified public accountant licensed to practice  
15 in New Mexico, verifying that the expenditures have been made  
16 in compliance with the requirements of this section. If the  
17 requirements of this section have been complied with, subject  
18 to the provisions of Subsection ~~[E]~~ F of this section, the  
19 taxation and revenue department shall approve the film  
20 production tax credit and issue a document granting the tax  
21 credit.

22 ~~[R-]~~ S. The film production company may apply all  
23 or a portion of the film production tax credit granted against  
24 personal income tax liability or corporate income tax  
25 liability. If the amount of the film production tax credit

.204917.1

underscored material = new  
[bracketed material] = delete

1 claimed exceeds the film production company's tax liability for  
2 the taxable year in which the credit is being claimed, the  
3 excess shall be refunded.

4 ~~[S.]~~ T. That amount of a film production tax credit  
5 for total payments as applied to direct production expenditures  
6 for the services of performing artists shall not exceed five  
7 million dollars (\$5,000,000) for services rendered by  
8 nonresident performing artists and featured resident principal  
9 performing artists in a production. This limitation shall not  
10 apply to the services of background artists and resident  
11 performing artists who are not cast in industry standard  
12 featured principal performer roles.

13 ~~[F.]~~ U. As used in this section, "direct production  
14 expenditure":

15 (1) except as provided in Paragraph (2) of  
16 this subsection, means a transaction that is subject to  
17 taxation in New Mexico, including:

18 (a) payment of wages, fringe benefits or  
19 fees for talent, management or labor to a person who is a New  
20 Mexico resident;

21 (b) payment for wages and per diem for a  
22 performing artist who is not a New Mexico resident and who is  
23 directly employed by the film production company; provided that  
24 the film production company deducts and remits, or causes to be  
25 deducted and remitted, income tax from the first day of

underscored material = new  
~~[bracketed material] = delete~~

1 services rendered in New Mexico at the maximum rate pursuant to  
2 the Withholding Tax Act;

3 (c) payment to a personal services  
4 business for the services of a performing artist if: 1) the  
5 personal services business pays gross receipts tax in New  
6 Mexico on the portion of those payments qualifying for the tax  
7 credit; and 2) the film production company deducts and remits,  
8 or causes to be deducted and remitted, income tax at the  
9 maximum rate in New Mexico pursuant to Subsection H of Section  
10 7-3A-3 NMSA 1978 on the portion of those payments qualifying  
11 for the tax credit paid to a personal services business where  
12 the performing artist is a full or part owner of that business  
13 or subcontracts with a personal services business where the  
14 performing artist is a full or part owner of that business; and

15 (d) any of the following provided by a  
16 vendor: 1) the story and scenario to be used for a film; 2)  
17 set construction and operations, wardrobe, accessories and  
18 related services; 3) photography, sound synchronization,  
19 lighting and related services; 4) editing and related services;  
20 5) rental of facilities and equipment; 6) leasing of vehicles,  
21 not including the chartering of aircraft for out-of-state  
22 transportation; however, New Mexico-based chartered aircraft  
23 for in-state transportation directly attributable to the  
24 production shall be considered a direct production expenditure;  
25 provided that only the first one hundred dollars (\$100) of the

.204917.1

underscored material = new  
~~[bracketed material] = delete~~

1 daily expense of leasing a vehicle for passenger transportation  
2 on roadways in the state may be claimed as a direct production  
3 expenditure; 7) food or lodging; provided that only the first  
4 one hundred fifty dollars (\$150) of lodging per individual per  
5 day is eligible to be claimed as a direct production  
6 expenditure; 8) commercial airfare if purchased through a New  
7 Mexico-based travel agency or travel company for travel to and  
8 from New Mexico or within New Mexico that is directly  
9 attributable to the production; 9) insurance coverage and  
10 bonding if purchased through a New Mexico-based insurance  
11 agent, broker or bonding agent; 10) services for an external  
12 audit upon submission of an application for a film production  
13 tax credit by an accounting firm that submits the application  
14 pursuant to this section; and 11) other direct costs of  
15 producing a film in accordance with generally accepted  
16 entertainment industry practice; and

17 (2) does not include an expenditure for:

18 (a) a gift with a value greater than  
19 twenty-five dollars (\$25.00);

20 (b) artwork or jewelry, except that a  
21 work of art or a piece of jewelry may be a direct production  
22 expenditure if: 1) it is used in the film production; and 2)  
23 the expenditure is less than two thousand five hundred dollars  
24 (\$2,500);

25 (c) entertainment, amusement or

.204917.1

underscored material = new  
[bracketed material] = delete

1 recreation;

2 (d) subcontracted goods or services  
3 provided by a vendor when subcontractors are not subject to  
4 state taxation, such as equipment and locations provided by the  
5 military, government and religious organizations; or

6 (e) a service provided by a person who  
7 is not a New Mexico resident and is employed in an industry  
8 crew position, excluding a performing artist, where it is the  
9 standard entertainment industry practice for the film  
10 production company to employ a person for that industry crew  
11 position, except when the person who is not a New Mexico  
12 resident is hired or subcontracted by a vendor; and when the  
13 film production company, as determined by the division and when  
14 applicable in consultation with industry, provides: 1)  
15 reasonable efforts to hire resident crew; and 2) financial or  
16 promotional contributions toward education or [~~work force~~  
17 workforce development efforts in New Mexico, including at least  
18 one of the following: a payment to a New Mexico public  
19 education institution that administers at least one industry-  
20 recognized film or multimedia program, as determined by the  
21 division, in an amount equal to two and one-half percent of  
22 payments made to nonresidents in approved positions employed by  
23 the vendor; promotion of the New Mexico film industry by  
24 directors, actors or executive producers affiliated with the  
25 production company's project through social media that is

.204917.1



underscoring material = new  
[bracketed material] = delete

1 managed by the state; radio interviews facilitated by the  
2 division; enhanced screen credit acknowledgments; or related  
3 events that are facilitated, conducted or sponsored by the  
4 division.

5 ~~[U-]~~ V. As used in this section, "film production  
6 company" means a person that produces one or more films or any  
7 part of a film and that commences principal photography prior  
8 to January 1, 2016.

9 ~~[V-]~~ W. As used in this section, "vendor" means a  
10 person who sells or leases goods or services that are related  
11 to standard industry craft inventory, who has a physical  
12 presence in New Mexico and is subject to gross receipts tax  
13 pursuant to the Gross Receipts and Compensating Tax Act and  
14 income tax pursuant to the Income Tax Act or corporate income  
15 tax pursuant to the Corporate Income and Franchise Tax Act but  
16 excludes a personal services business and services provided by  
17 nonresidents hired or subcontracted if the tasks and  
18 responsibilities are associated with:

- 19 (1) the standard industry job position of:  
20 (a) a director;  
21 (b) a writer;  
22 (c) a producer;  
23 (d) an associate producer;  
24 (e) a co-producer;  
25 (f) an executive producer;

underscored material = new  
[bracketed material] = delete

- 1 (g) a production supervisor;
- 2 (h) a director of photography;
- 3 (i) a motion picture driver whose sole
- 4 responsibility is driving;
- 5 (j) a production or personal assistant;
- 6 (k) a designer;
- 7 (l) a still photographer; or
- 8 (m) a carpenter and utility technician
- 9 at an entry level; and
- 10 (2) nonstandard industry job positions and
- 11 personal support services."

12 SECTION 2. Section 7-2F-12 NMSA 1978 (being Laws 2015,  
13 Chapter 143, Section 11) is amended to read:

14 "7-2F-12. CREDIT CLAIMS--AGGREGATE AMOUNT OF CLAIMS  
15 ALLOWED.--

16 A. A claim for a film and television tax credit  
17 shall be filed as part of a return filed pursuant to the Income  
18 Tax Act or the Corporate Income and Franchise Tax Act or an  
19 information return filed by a pass-through entity. The date a  
20 credit claim is received by the taxation and revenue department  
21 shall determine the order that a credit claim is authorized for  
22 payment by the department.

23 B. The aggregate amount of claims for a credit  
24 provided by the Film Production Tax Credit Act that may be  
25 authorized for payment [~~in any fiscal year is fifty million~~

underscoring material = new  
[bracketed material] = delete

1 ~~dollars (\$50,000,000)~~ with respect to the direct production  
2 expenditures or postproduction expenditures made on film or  
3 commercial audiovisual products is:

4 (1) for a fiscal year that begins prior to  
5 July 1, 2016, fifty million dollars (\$50,000,000);

6 (2) for a fiscal year that begins July 1, 2016  
7 and ends June 30, 2017, twenty-five million dollars  
8 (\$25,000,000); and

9 (3) for a fiscal year that begins on or after  
10 July 1, 2017, fifty million dollars (\$50,000,000).

11 C. A film production company that submits a claim  
12 for a film and television tax credit that is unable to receive  
13 the tax credit because the claims for the fiscal year exceed  
14 the limitation in [~~this~~] Subsection B of this section shall be  
15 placed for the subsequent fiscal year at the front of a queue  
16 of credit claimants submitting claims in the subsequent fiscal  
17 year in the order of the date on which the credit was  
18 authorized for payment.

19 [~~B-~~] D. Except as otherwise provided in this  
20 section, credit claims authorized for payment pursuant to the  
21 Film Production Tax Credit Act shall be paid pursuant to  
22 provisions of the Tax Administration Act to the taxpayer as  
23 follows:

24 (1) a credit claim amount of less than two  
25 million dollars (\$2,000,000) per taxable year shall be paid

.204917.1

underscored material = new  
[bracketed material] = delete

1 immediately upon authorization for payment of the credit claim;

2 (2) a credit claim amount of two million  
3 dollars (\$2,000,000) or more but less than five million dollars  
4 (\$5,000,000) per taxable year shall be divided into two equal  
5 payments, with the first payment to be made immediately upon  
6 authorization of the payment of the credit claim and the second  
7 payment to be made twelve months following the date of the  
8 first payment; and

9 (3) a credit claim amount of five million  
10 dollars (\$5,000,000) or more per taxable year shall be divided  
11 into three equal payments, with the first payment to be made  
12 immediately upon authorization of payment of the credit claim,  
13 the second payment to be made twelve months following the date  
14 of the first payment and the third payment to be made twenty-  
15 four months following the date of the first payment.

16 [~~G.~~] E. For a fiscal year in which the amount of  
17 total credit claims authorized for payment is less than the  
18 aggregate amount of credit claims that may be authorized for  
19 payment pursuant to this section, the next scheduled payments  
20 for credit claims authorized for payment pursuant to Subsection  
21 [~~B~~] D of this section shall be accelerated for payment for that  
22 fiscal year and shall be paid to a taxpayer pursuant to the Tax  
23 Administration Act and in the order in which outstanding  
24 payments are scheduled in the queue established pursuant to  
25 Subsections [~~A and B~~] C and D of this section; provided that

.204917.1

underscoring material = new  
[bracketed material] = delete

1 the total credit claims authorized for payment shall not exceed  
2 the aggregate amount of credit claims that may be authorized  
3 for payment pursuant to this section. If a partial payment is  
4 made pursuant to this subsection, the difference owed shall  
5 retain its original position in the queue.

6 ~~[D-]~~ F. Any amount of a credit claim that is  
7 carried forward pursuant to Subsection ~~[B]~~ D of this section  
8 shall be subject to the limit on the aggregate amount of credit  
9 claims that may be authorized for payment pursuant to  
10 Subsection A of this section in the fiscal year in which that  
11 amount is paid.

12 ~~[E-]~~ G. A credit claim shall only be considered  
13 received by the taxation and revenue department if the credit  
14 claim is made on a complete return filed after the close of the  
15 taxable year. All direct production expenditures and  
16 postproduction expenditures incurred during the taxable year by  
17 a film production company shall be submitted as part of the  
18 same income tax return and paid pursuant to this section. A  
19 credit claim shall not be divided and submitted with multiple  
20 returns or in multiple years.

21 ~~[F-]~~ H. For purposes of determining the payment of  
22 credit claims pursuant to this section, the secretary of  
23 taxation and revenue may require that credit claims of  
24 affiliated persons be combined into one claim if necessary to  
25 accurately reflect closely integrated activities of affiliated

.204917.1

underscored material = new  
~~[bracketed material] = delete~~

1 persons."

2 SECTION 3. EMERGENCY.--It is necessary for the public  
3 peace, health and safety that this act take effect immediately.

4 - 22 -

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25