

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 COMMITTEE SUBSTITUTE

4 FOR

5 SENATE BILL NO. 603

6 By: Rader

7 COMMITTEE SUBSTITUTE

8 An Act relating to film expenditure rebates; amending
9 68 O.S. 2011, Section 3624, as last amended by
10 Section 3, Chapter 313, O.S.L. 2019 (68 O.S. Supp.
11 2020, Section 3624), which relates to the Oklahoma
12 Film Enhancement Rebate Program; clarifying certain
13 payments; limiting liability for payments to balance
14 of specified fund; updating statutory reference; and
15 providing an effective date.

16 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

17 SECTION 1. AMENDATORY 68 O.S. 2011, Section 3624, as
18 last amended by Section 3, Chapter 313, O.S.L. 2019 (68 O.S. Supp.
19 2020, Section 3624), is amended to read as follows:

20 Section 3624. A. There is hereby created the Oklahoma Film
21 Enhancement Rebate Program. A rebate in the amount of up to
22 seventeen percent (17%) of documented expenditures made in ~~Oklahoma~~
23 this state that are directly attributable to the production of a
24 film, television production, or television commercial, as defined in
Section 3623 of this title, ~~in this state,~~ may be paid to the
production company responsible for the production. Provided, for

1 documented expenditures made after July 1, 2009, the rebate amount
2 shall be thirty-five percent (35%), except as provided in subsection
3 B of this section.

4 B. The amount of rebate paid to the production company as
5 provided for in subsection A of this section shall be increased by
6 an additional two percent (2%) of documented expenditures if a
7 production company spends at least Twenty Thousand Dollars
8 (\$20,000.00) for the use of music created by an Oklahoma resident
9 that is recorded in Oklahoma or for the cost of recording songs or
10 music in Oklahoma for use in the production.

11 C. The rebate program shall be administered by the Office of
12 the Oklahoma Film and Music Commission and the Oklahoma Tax
13 Commission, as provided in the Compete with Canada Film Act.

14 D. To be eligible for a rebate payment:

15 1. The production company responsible for a film, television
16 production, or television commercial, as defined in Section 3623 of
17 this title, made in this state shall submit documentation to the
18 Office of the Oklahoma Film and Music Commission of the amount of
19 wages paid for employment in this state to residents of this state
20 directly relating to the production and the amount of other
21 production costs incurred in this state directly relating to the
22 production;

23 2. The production company has filed or will file any Oklahoma
24 tax return or tax document which may be required by law;

1 3. Except major studio productions, the production company
2 shall provide the name of the completion guarantor and a copy of the
3 bond guaranteeing the completion of the project or if a film has not
4 secured a completion bond, the production company shall provide
5 evidence that all Oklahoma crew and local vendors have been paid and
6 there are no liens against the production company pending in the
7 state;

8 4. The minimum budget for the film shall be Fifty Thousand
9 Dollars (\$50,000.00) of which not less than Twenty-five Thousand
10 Dollars (\$25,000.00) shall be expended in this state;

11 5. The production company shall provide evidence of financing
12 for production prior to the commencement of principal photography;
13 and

14 6. The production company shall provide evidence of a
15 certificate of general liability insurance with a minimum coverage
16 of One Million Dollars (\$1,000,000.00) and a workers' compensation
17 policy pursuant to state law, which shall include coverage of
18 employer's liability.

19 E. A production company shall not be eligible to receive both a
20 rebate payment pursuant to the provisions of ~~this act~~ Section 3621
21 et seq. of this title and an exemption from sales taxes pursuant to
22 the provisions of paragraph 23 of Section 1357 of this title. If a
23 production company has received such an exemption from sales taxes
24 and submits a claim for rebate pursuant to the provisions of the

1 Compete with Canada Film Act, the company shall be required to fully
2 repay the amount of the exemption to the Tax Commission. A claim
3 for a rebate shall include documentation from the Tax Commission
4 that repayment has been made as required herein or shall include an
5 affidavit from the production company that the company has not
6 received an exemption from sales taxes pursuant to the provisions of
7 paragraph 21 of Section 1357 of this title.

8 F. The Office shall approve or disapprove all claims for rebate
9 and shall notify the Tax Commission. The Tax Commission shall, upon
10 notification of approval from the Office of the Film and Music
11 Commission, issue payment for all approved claims from funds in the
12 Oklahoma Film Enhancement Rebate Program Revolving Fund created in
13 Section 3625 of this title. Excluding any rebate payments to high
14 impact productions as provided for in subsection G of this section,
15 the amount of ~~payments in~~ claims prequalified and approved by the
16 Office for any single fiscal year shall not exceed Eight Million
17 Dollars (\$8,000,000.00). If the amount of approved claims exceeds
18 the amount specified in this subsection in a fiscal year, payments
19 shall be made in the order in which the claims are approved by the
20 Office. If an approved claim is not paid in whole or in part, the
21 unpaid claim or unpaid portion may be paid in the following fiscal
22 year subject to the limitations specified in this subsection. The
23 liability of this state to make incentive payments pursuant to this

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1 act shall be limited to the balance of the Oklahoma Film Enhancement
2 Rebate Program Revolving Fund.

3 G. 1. At the time the Office of the Film and Music Commission
4 issues a conditional prequalification for a production, such
5 prequalification may include a proposed designation as a high impact
6 production, as defined in Section 3623 of this title.

7 2. The proposed designation must be approved by the Cabinet
8 Secretary for Commerce and Tourism.

9 3. If the high impact production otherwise meets all of the
10 requirements of the Compete With Canada Act and the Office gives
11 final approval to rebate claims, such rebate claims shall not be
12 subject to the Eight Million Dollar (\$8,000,000.00) cap provided for
13 in subsection F of this section.

14 4. The payment of a rebate claim approved by the Office for a
15 production designated as a high impact production by the Cabinet
16 Secretary may be made as follows:

17 a. by special appropriation to the Oklahoma Film
18 Enhancement Rebate Program Revolving Fund, if the
19 claim is approved during a regular or special session
20 of the ~~Oklahoma~~ Legislature, or

21 b. by payment from the Oklahoma Quick Action Closing Fund
22 pursuant to Section 48.2 of Title 62 of the Oklahoma
23 Statutes, if the claim is approved when the ~~Oklahoma~~
24 Legislature is not in session.

1 SECTION 2. This act shall become effective November 1, 2021.

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