

1 **SENATE FLOOR VERSION**

2 February 24, 2021

3 COMMITTEE SUBSTITUTE
4 FOR

5 SENATE BILL NO. 603

By: Rader of the Senate

and

Pfeiffer of the House

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

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

18 SECTION 1. AMENDATORY 68 O.S. 2011, Section 3624, as
19 last amended by Section 3, Chapter 313, O.S.L. 2019 (68 O.S. Supp.
20 2020, Section 3624), is amended to read as follows:

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

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

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

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

15 D. To be eligible for a rebate payment:

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

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

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

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

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

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

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

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

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

1 liability of this state to make incentive payments pursuant to this
2 act shall be limited to the balance of the Oklahoma Film Enhancement
3 Rebate Program Revolving Fund.

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

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

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

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

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

22 b. by payment from the Oklahoma Quick Action Closing Fund
23 pursuant to Section 48.2 of Title 62 of the Oklahoma
24

1 Statues, if the claim is approved when the ~~Oklahoma~~
2 Legislature is not in session.

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

4 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
5 February 24, 2021 - DO PASS AS AMENDED
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