

2024 -- S 2959

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO TAXATION -- MOTION PICTURE PRODUCTION TAX CREDITS

Introduced By: Senators Miller, and Ruggerio

Date Introduced: April 05, 2024

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 44-31.2-5 of the General Laws in Chapter 44-31.2 entitled "Motion  
2 Picture Production Tax Credits" is hereby amended to read as follows:

3 **44-31.2-5. Motion picture production company tax credit.**

4 (a) A motion picture production company shall be allowed a credit to be computed as  
5 provided in this chapter against a tax imposed by chapters 11, 14, 17, and 30 of this title. The  
6 amount of the credit shall be thirty percent (30%) of the state-certified production costs incurred  
7 directly attributable to activity within the state, provided:

8 (1) That the primary locations are within the state of Rhode Island and the total production  
9 budget as defined herein is a minimum of one hundred thousand dollars (\$100,000); or

10 (2) The motion picture production incurs and pays a minimum of ten million dollars  
11 (\$10,000,000) in state-certified production costs within a twelve-month (12) period.

12 The credit shall be earned in the taxable year in which production in Rhode Island is  
13 completed, as determined by the film office in final certification pursuant to § 44-31.2-6(c).

14 (b) For the purposes of this section: "total production budget" means and includes the  
15 motion picture production company's pre-production, production, and post-production costs  
16 incurred for the production activities of the motion picture production company in Rhode Island in  
17 connection with the production of a state-certified production. The budget shall not include costs  
18 associated with the promotion or marketing of the film, video, or television product.

19 (c) Notwithstanding subsection (a) of this section, the credit shall not exceed seven million

1 dollars (\$7,000,000) for pending projects and shall be allowed against the tax for the taxable period  
2 in which the credit is earned and can be carried forward for not more than three (3) succeeding tax  
3 years; provided, however, on and after January 1, 2025, the credit shall not exceed ten million  
4 dollars (\$10,000,000). Pursuant to rules promulgated by the tax administrator, the administrator  
5 may issue a waiver of the seven million dollars (\$7,000,000) tax credit cap for any pending feature-  
6 length film or television series up to the remaining funds available pursuant to ~~section (e)~~  
7 subsections (e) through (h) of this section, and after January 1, 2025, may issue a waiver of the ten  
8 million dollars (\$10,000,000) tax credit cap up to the remaining funds available pursuant to  
9 subsection (h) of this section. Beginning in tax year 2026, the credit shall not exceed fifteen million  
10 dollars (\$15,000,000) and shall be allowed against the tax for the taxable period in which the credit  
11 is earned and can be carried forward for not more than three (3) succeeding tax years. Pursuant to  
12 rules promulgated by the tax administrator, the administrator may issue a waiver of the fifteen  
13 million dollars (\$15,000,000) tax credit cap for any feature-length film or television series up to  
14 the remaining funds available pursuant to subsection (e) of this section.

15 (d) Credits allowed to a motion picture production company, which is a subchapter S  
16 corporation, partnership, or a limited liability company that is taxed as a partnership, shall be passed  
17 through respectively to persons designated as partners, members, or owners on a pro rata basis or  
18 pursuant to an executed agreement among such persons designated as subchapter S corporation  
19 shareholders, partners, or members documenting an alternate distribution method without regard to  
20 their sharing of other tax or economic attributes of such entity.

21 (e) No more than fifteen million dollars (\$15,000,000) in total may be issued for any tax  
22 year beginning after December 31, 2007, for motion picture tax credits pursuant to this chapter  
23 and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title. After  
24 December 31, 2019, no more than twenty million dollars (\$20,000,000) in total may be issued for  
25 any tax year for motion picture tax credits pursuant to this chapter and/or musical and theater  
26 production tax credits pursuant to chapter 31.3 of this title. Said credits shall be equally available  
27 to motion picture productions and musical and theatrical productions. No specific amount shall be  
28 set aside for either type of production.

29 (f) Exclusively for tax year 2022, the total amount of motion picture tax credits issued  
30 pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3  
31 of this title shall not exceed thirty million dollars (\$30,000,000).

32 (g) Exclusively for tax year 2023 and tax year 2024, the total amount of motion picture tax  
33 credits issued pursuant to this section and/or musical and theatrical production tax credits pursuant  
34 to chapter 31.3 of this title shall not exceed forty million dollars (\$40,000,000).

1           (h) Beginning in tax year 2025, the total amount of motion picture tax credits issued  
2 pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3  
3 of this title shall not exceed forty million dollars (\$40,000,000). Beginning in tax year 2026, the  
4 total amount of motion picture tax credits issued pursuant to this section and/or musical and  
5 theatrical production tax credits pursuant to chapter 31.3 of this title shall not exceed fifty million  
6 dollars (\$50,000,000).

7           SECTION 2. Section 44-31.2-11 of the General Laws in Chapter 44-31.2 entitled "Motion  
8 Picture Production Tax Credits" is hereby repealed.

9           **44-31.2-11. Sunset.**

10           ~~No credits shall be issued on or after July 1, 2027, unless the production has received initial~~  
11 ~~certification under § 44-31.2-6(a) prior to July 1, 2027.~~

12           SECTION 3. This act shall take effect on January 1, 2025.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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- 1           This act would increase the motion picture tax credit to ten million dollars (\$10,000,000)  
2 for calendar year 2025 and then to fifteen million dollars (\$15,000,000) for calendar year 2026.  
3 This act would also increase the total available credits to forty million dollars (\$40,000,000) for  
4 calendar year 2025 and fifty million dollars (\$50,000,000) for calendar year 2026. This act would  
5 also eliminate the sunset provision.  
6           This act would take effect on January 1, 2025.

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