

---

**SENATE BILL 5640**

---

**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** Senators Short and Frockt

Prefiled 01/04/22.

1 AN ACT Relating to updating the motion picture competitiveness  
2 program to enhance funding and encourage productions in rural  
3 communities; and amending RCW 43.365.020 and 82.04.4489.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 43.365.020 and 2012 c 189 s 2 are each amended to  
6 read as follows:

7 (1) The department must adopt criteria for the approved motion  
8 picture competitiveness program with the sole purpose of revitalizing  
9 the state's economic, cultural, and educational standing in the  
10 national and international market of motion picture production. Rules  
11 adopted by the department shall allow the program, within the  
12 established criteria, to provide funding assistance only when it  
13 captures economic opportunities for Washington's communities and  
14 businesses and shall only be provided under a contractual arrangement  
15 with a private entity. In establishing the criteria, the department  
16 shall consider:

17 (a) The additional income and tax revenue to be retained in the  
18 state for general purposes;

19 (b) The creation and retention of family-wage jobs which provide  
20 health insurance and payments into a retirement plan;

1 (c) The impact of motion picture projects to maximize in-state  
2 labor and the use of in-state film production and film postproduction  
3 companies;

4 (d) The impact upon the local economies and the state economy as  
5 a whole, including multiplier effects;

6 (e) The intangible impact on the state and local communities that  
7 comes with motion picture projects;

8 (f) The regional, national, and international competitiveness of  
9 the motion picture filming industry;

10 (g) The revitalization of the state as a premier venue for motion  
11 picture production and national television commercial campaigns;

12 (h) Partnerships with the private sector to bolster film  
13 production in the state and serve as an educational and cultural  
14 purpose for its citizens;

15 (i) The vitality of the state's motion picture industry as a  
16 necessary and critical factor in promoting the state as a premier  
17 tourist and cultural destination;

18 (j) Giving preference to additional seasons of television series  
19 that have previously qualified;

20 (k) Other factors the department may deem appropriate for the  
21 implementation of this chapter.

22 (2) The board of directors created under RCW 43.365.030 shall  
23 create and administer an account for carrying out the purposes of  
24 subsection (3) of this section.

25 (3) Money received by the approved motion picture competitiveness  
26 program shall be used only for:

27 (a) Health insurance and payments into a retirement plan, and  
28 other costs associated with film production; (~~and~~)

29 (b) Staff and related expenses to maintain the program's proper  
30 administration and operation;

31 (c) Supporting the growth and development of the Washington state  
32 film industry in rural communities; and

33 (d) Supporting educational opportunities for students in the  
34 arts.

35 (4) Except as provided otherwise in subsection (7) of this  
36 section, maximum funding assistance from the approved motion picture  
37 competitiveness program is limited to an amount up to thirty percent  
38 of the total actual investment in the state of at least:

39 (a) Five hundred thousand dollars for a single motion picture  
40 produced in Washington state; or

1 (b) One hundred fifty thousand dollars for a television  
2 commercial associated with a national or regional advertisement  
3 campaign produced in Washington state.

4 (5) Except as provided otherwise in subsection (7) of this  
5 section, maximum funding assistance from the approved motion picture  
6 competitiveness program is limited to an amount up to thirty-five  
7 percent of the total actual investment of at least three hundred  
8 thousand dollars per episode produced in Washington state. A minimum  
9 of six episodes of a series must be produced to qualify under this  
10 subsection. A maximum of up to thirty percent of the total actual  
11 investment from the approved motion picture competitiveness program  
12 may be awarded to an episodic series of less than six episodes.

13 (6) With respect to costs associated with nonstate labor for  
14 motion pictures and episodic services, funding assistance from the  
15 approved motion picture competitiveness program is limited to an  
16 amount up to fifteen percent of the total actual investment used for  
17 costs associated with nonstate labor. To qualify under this  
18 subsection, the production must have a labor force of at least  
19 eighty-five percent of Washington residents. The board may establish  
20 additional criteria to maximize the use of in-state labor.

21 (7)(a) The approved motion picture competitiveness program may  
22 allocate an annual aggregate of no more than ten percent of the  
23 qualifying contributions by the program under RCW 82.04.4489 to  
24 provide funding support for filmmakers who are Washington residents,  
25 new forms of production, and emerging technologies. The approved  
26 motion picture competitiveness program must allocate an annual  
27 aggregate of at least \$6.25 million of the qualifying contributions  
28 to fund projects in rural communities. For purposes of this  
29 subsection, "rural communities" has the same meaning as "rural  
30 county" in RCW 82.14.370.

31 (i) Up to thirty percent of the actual investment for a motion  
32 picture with an actual investment lower than that of motion pictures  
33 under subsection (4)(a) of this section; or

34 (ii) Up to thirty percent of the actual investment of an  
35 interactive motion picture intended for multiplatform exhibition and  
36 distribution.

37 (b) Subsections (4) and (5) of this section do not apply to this  
38 subsection.

39 (8) Funding assistance approval must be determined by the  
40 approved motion picture competitiveness program within a maximum of

1 thirty calendar days from when the application is received, if the  
2 application is submitted after August 15, 2006.

3 **Sec. 2.** RCW 82.04.4489 and 2017 3rd sp.s. c 37 s 1102 are each  
4 amended to read as follows:

5 (1) Subject to the limitations in this section, a credit is  
6 allowed against the tax imposed under this chapter for contributions  
7 made by a person to a Washington motion picture competitiveness  
8 program.

9 (2) The person must make the contribution before claiming a  
10 credit authorized under this section. Credits earned under this  
11 section may be claimed against taxes due for the calendar year in  
12 which the contribution is made. The amount of credit claimed for a  
13 reporting period may not exceed the tax otherwise due under this  
14 chapter for that reporting period. No person may claim more than  
15 seven hundred fifty thousand dollars of credit in any calendar year,  
16 including credit carried over from a previous calendar year. No  
17 refunds may be granted for any unused credits.

18 (3) The maximum credit that may be earned for each calendar year  
19 under this section for a person is limited to the lesser of seven  
20 hundred fifty thousand dollars or an amount equal to one hundred  
21 percent of the contributions made by the person to a program during  
22 the calendar year.

23 (4) Except as provided under subsection (5) of this section, a  
24 tax credit claimed under this section may not be carried over to  
25 another year.

26 (5) Any amount of tax credit otherwise allowable under this  
27 section not claimed by the person in any calendar year may be carried  
28 over and claimed against the person's tax liability for the next  
29 succeeding calendar year. Any credit remaining unused in the next  
30 succeeding calendar year may be carried forward and claimed against  
31 the person's tax liability for the second succeeding calendar year;  
32 and any credit not used in that second succeeding calendar year may  
33 be carried over and claimed against the person's tax liability for  
34 the third succeeding calendar year, but may not be carried over for  
35 any calendar year thereafter.

36 (6) Credits are available on a first-in-time basis. The  
37 department must disallow any credits, or portion thereof, that would  
38 cause the total amount of credits claimed under this section during  
39 any calendar year to exceed (~~three million five hundred thousand~~

1 ~~dollars~~) \$25,000,000. If this limitation is reached, the department  
2 must notify all Washington motion picture competitiveness programs  
3 that the annual statewide limit has been met. In addition, the  
4 department must provide written notice to any person who has claimed  
5 tax credits in excess of the limitation in this subsection. The  
6 notice must indicate the amount of tax due and provide that the tax  
7 be paid within thirty days from the date of the notice. The  
8 department may not assess penalties and interest as provided in  
9 chapter 82.32 RCW on the amount due in the initial notice if the  
10 amount due is paid by the due date specified in the notice, or any  
11 extension thereof.

12 (7) To claim a credit under this section, a person must  
13 electronically file with the department all returns, forms, and any  
14 other information required by the department, in an electronic format  
15 as provided or approved by the department. Any return, form, or  
16 information required to be filed in an electronic format under this  
17 section is not filed until received by the department in an  
18 electronic format. As used in this subsection, "returns" has the same  
19 meaning as "return" in RCW 82.32.050.

20 (8) No application is necessary for the tax credit. The person  
21 must keep records necessary for the department to verify eligibility  
22 under this section.

23 (9) A Washington motion picture competitiveness program must  
24 provide to the department, upon request, such information needed to  
25 verify eligibility for credit under this section, including  
26 information regarding contributions received by the program.

27 (10) The department may not allow any credit under this section  
28 before July 1, 2006.

29 (11) For the purposes of this section, "Washington motion picture  
30 competitiveness program" or "program" means an organization  
31 established pursuant to chapter 43.365 RCW.

32 (12) Persons claiming a credit against the tax imposed under this  
33 chapter for contributions made to a Washington motion picture  
34 competitiveness program and not otherwise receiving funding  
35 assistance under RCW 43.365.020 are exempt from the annual reporting  
36 requirements in RCW 82.32.534 and 43.365.040.

37 (13) No credit may be earned for contributions made on or after  
38 July 1, 2027.

--- END ---