

FEB 14 2006
WAYS AND MEANS

HOUSE FILE 2368
BY PAULSEN

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to a film promotion program to assist film,
2 television, and video projects in the state by providing
3 income tax credits, and providing effective and retroactive
4 applicability dates.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 15.391 FILM PROMOTION PROGRAM.

2 This part shall be known as the "film promotion program".

3 Sec. 2. NEW SECTION. 15.392 PURPOSE.

4 The purpose of the film promotion program is to assist
5 legitimate film, television, and video producers in the making
6 of film, television, and video projects in the state and to
7 increase the fiscal impact on the state's economy of film,
8 television, and video projects produced in the state.

9 Sec. 3. NEW SECTION. 15.393 PROGRAM -- REGISTRATION --
10 FILM PRODUCTION TAX CREDIT.

11 1. The department shall establish a film promotion program
12 that will provide for the registration of film, television, or
13 video projects that are to be shot on location in the state.

14 A film, television, or video project that is registered under
15 the program is entitled to the tax credit provided in

16 subsection 3. Registration shall be free. The department
17 shall not register a film, television, or video project unless
18 the department determines that all of the following are met:

19 a. The project is a legitimate effort to produce an entire
20 film, television, or video episode or a film, television, or
21 video segment in the state.

22 b. The project will have an economic impact on the economy
23 of the state or locality sufficient to justify assistance
24 under the program.

25 c. The project will further tourism and population
26 retention or growth in the state or locality.

27 d. The project budget for activity located in the state
28 equals at least two hundred fifty thousand dollars.

29 e. Other criteria established by rule relating to the
30 economic impact and promotional aspect of the project on the
31 state or locality.

32 2. A producer of a film, television, or video project
33 which has been registered pursuant to subsection 1 shall apply
34 to receive the certificate for the tax credit allowed under
35 subsection 3. The application shall be submitted upon

1 completion of the project's activities in the state. Upon
2 verification of the total amount that has been spent on the
3 project in the state, which amount must be at least two
4 hundred fifty thousand dollars, the department shall issue a
5 tax credit certificate in the amount determined pursuant to
6 subsection 3. A tax credit certificate shall identify the
7 producer claiming the credit and contain the taxpayer's name,
8 address, tax identification number, the date of completion of
9 the project, the amount of the credit, and other information
10 required by the department of revenue.

11 3. a. A producer of a film, television, or video project
12 which was registered pursuant to subsection 1 may claim a film
13 production tax credit equal to ten percent of the amount of
14 the project budget for activity located in the state. The tax
15 credit shall be allowed against taxes imposed under chapter
16 422, division II or III.

17 b. Any credit in excess of the tax liability shall be
18 refunded. In lieu of claiming a refund, a taxpayer may elect
19 to have the overpayment shown on the taxpayer's final,
20 completed return credited to the tax liability for the
21 following taxable year.

22 c. If the producer is a partnership, S corporation,
23 limited liability company, or estate or trust electing to have
24 the income taxed directly to the individual, an individual may
25 claim the tax credit allowed. The amount claimed by the
26 individual shall be based upon the pro rata share of the
27 individual's earnings of the partnership, S corporation,
28 limited liability company, or estate or trust.

29 Sec. 4. NEW SECTION. 422.11M FILM PRODUCTION TAX CREDIT.

30 The taxes imposed under this division, less the amounts of
31 nonrefundable credits allowed under this division, shall be
32 reduced by the film production tax credit allowed under
33 section 15.393.

34 Sec. 5. Section 422.33, Code Supplement 2005, is amended
35 by adding the following new subsection:

1 NEW SUBSECTION. 20. The taxes imposed under this division
2 shall be reduced by a film production tax credit allowed under
3 section 15.393.

4 Sec. 6. EFFECTIVE AND RETROACTIVE APPLICABILITY DATE.
5 This Act, being deemed of immediate importance, takes effect
6 upon enactment and applies retroactively to January 1, 2006,
7 for tax years beginning on or after that date.

8 EXPLANATION

9 This bill provides for a film promotion program within the
10 department of economic development. The program is designed
11 to assist legitimate film, television, and video producers in
12 making film, television, and video episodes or segments in the
13 state by granting refundable individual and corporate income
14 tax credits. The amount of the credit equals 10 percent of
15 the program budget spent in the state. The bill provides for
16 a minimum program budget for the state of \$250,000.

17 The bill takes effect upon enactment and applies
18 retroactively to tax years beginning on or after January 1,
19 2006.

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