

# House File 411 - Introduced

HOUSE FILE \_\_\_\_\_  
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Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act creating a film, television, and video project promotion  
2 program and fund and an Iowa film advisory board, providing  
3 tax credits and income exclusions, making appropriations, and  
4 including effective and retroactive applicability dates.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 1515YH 82  
7 tm/cf/24

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1 1 Section 1. NEW SECTION. 15.391 SHORT TITLE.  
1 2 This part shall be known as the "Film, Television, and  
1 3 Video Project Promotion Program".  
1 4 Sec. 2. NEW SECTION. 15.392 PURPOSE.  
1 5 The purpose of the film, television, and video project  
1 6 promotion program is to assist legitimate film, television,  
1 7 and video producers in the production of film, television, and  
1 8 video projects in the state and to increase the fiscal impact  
1 9 on the state's economy of film, television, and video projects  
1 10 produced in the state. The program includes assistance in the  
1 11 production of advertising projects in a film, television, or  
1 12 video medium.  
1 13 Sec. 3. NEW SECTION. 15.393 FILM, TELEVISION, AND VIDEO  
1 14 PROJECT PROMOTION PROGRAM == TAX CREDITS AND EXCLUSION.  
1 15 1. The department shall establish and administer a film,  
1 16 television, and video project promotion program that provides  
1 17 for the registration of projects to be shot on location in the  
1 18 state. A project that is registered under the program is  
1 19 entitled to the assistance provided in subsection 2. A fee  
1 20 shall not be charged for registering. The department shall  
1 21 not register a project unless the department determines that  
1 22 all of the following are met:  
1 23 a. The project is a legitimate effort to produce an entire  
1 24 film, television, or video episode or a film, television, or  
1 25 video segment in the state.  
1 26 b. The project will include expenditures of at least one  
1 27 hundred thousand dollars in the state and have an economic  
1 28 impact on the economy of the state or locality sufficient to  
1 29 justify assistance under the program.  
1 30 c. The project will further tourism, economic development,  
1 31 and population retention or growth in the state or locality.  
1 32 d. Other criteria established by rule relating to the  
1 33 economic impact and promotional aspects of the project on the  
1 34 state or locality.  
1 35 2. A project registered with the department under the  
2 1 program is eligible for the following assistance:  
2 2 a. (1) For tax years beginning on or after January 1,  
2 3 2007, a qualified expenditure tax credit shall be allowed  
2 4 against the taxes imposed in chapter 422, divisions II, III,  
2 5 and V, and in chapter 432, and against the moneys and credits  
2 6 tax imposed in section 533.24, for a portion of a taxpayer's  
2 7 qualified expenditures in a project registered under the  
2 8 program. The tax credit shall equal twenty-five percent of

2 9 the qualified expenditures on a project. An individual may  
2 10 claim a tax credit under this paragraph "a" of a partnership,  
2 11 limited liability company, S corporation, estate, or trust  
2 12 electing to have income taxed directly to the individual. The  
2 13 amount claimed by the individual shall be based upon the pro  
2 14 rata share of the individual's earnings from the partnership,  
2 15 limited liability company, S corporation, estate, or trust.  
2 16 Any tax credit in excess of the taxpayer's liability for the  
2 17 tax year may be credited to the tax liability for the  
2 18 following five years or until depleted, whichever is earlier.  
2 19 A tax credit shall not be carried back to a tax year prior to  
2 20 the tax year in which the taxpayer claims the tax credit. A  
2 21 tax credit shall not be transferable to any other taxpayer.

2 22 (2) A qualified expenditure by a taxpayer is a payment to  
2 23 an Iowa resident or an Iowa-based business for the sale,  
2 24 rental, or furnishing of tangible personal property or for  
2 25 services directly related to the registered project including  
2 26 but not limited to aircraft, vehicles, equipment, materials,  
2 27 supplies, accounting, animals and animal care, artistic and  
2 28 design services, graphics, construction, data and information  
2 29 services, delivery and pickup services, graphics, labor and  
2 30 personnel, lighting, makeup and hairdressing, film, music,  
2 31 photography, sound, video and related services, printing,  
2 32 research, site fees and rental, travel related to Iowa distant  
2 33 locations, trash removal and cleanup, and wardrobe. For the  
2 34 purposes of this subparagraph, "labor and personnel" does not  
2 35 include the director, producers, or cast members other than  
3 1 extras and stand-ins. The department of revenue, in  
3 2 consultation with the department of economic development,  
3 3 shall by rule establish a list of eligible expenditures.

3 4 (3) A taxpayer claiming a tax credit under this paragraph  
3 5 "a", a business in which such taxpayer has an equity interest,  
3 6 and a business in which such taxpayer participates in its  
3 7 management is not eligible to receive the adjusted gross  
3 8 income reduction under paragraph "c".

3 9 b. (1) For tax years beginning on or after January 1,  
3 10 2007, an investment tax credit shall be allowed against the  
3 11 taxes imposed in chapter 422, divisions II, III, and V, and in  
3 12 chapter 432, and against the moneys and credits tax imposed in  
3 13 section 533.24, for a portion of a taxpayer's investment in a  
3 14 project registered under the program. The tax credit shall  
3 15 equal twenty-five percent of the investment in the project.  
3 16 An individual may claim a tax credit under this paragraph of a  
3 17 partnership, limited liability company, S corporation, estate,  
3 18 or trust electing to have income taxed directly to the  
3 19 individual. The amount claimed by the individual shall be  
3 20 based upon the pro rata share of the individual's earnings  
3 21 from the partnership, limited liability company, S  
3 22 corporation, estate, or trust. Any tax credit in excess of  
3 23 the taxpayer's liability for the tax year may be credited to  
3 24 the tax liability for the following five years or until  
3 25 depleted, whichever is earlier. A tax credit shall not be  
3 26 carried back to a tax year prior to the tax year in which the  
3 27 taxpayer claims the tax credit. A taxpayer shall not claim a  
3 28 tax credit under this paragraph "b" for qualified expenditures  
3 29 for which a tax credit is claimed under paragraph "a".

3 30 (2) After verifying the eligibility for a tax credit under  
3 31 this paragraph "b", the department of economic development  
3 32 shall issue a film, television, and video project promotion  
3 33 program tax credit certificate to be attached to the person's  
3 34 tax return. The tax credit certificate shall contain the  
3 35 taxpayer's name, address, tax identification number, the date  
4 1 of project completion, the amount of credit, other information  
4 2 required by the department of revenue, and a place for the  
4 3 name and tax identification number of a transferee and the  
4 4 amount of the tax credit being transferred. Tax credit  
4 5 certificates issued under this paragraph "b" may be  
4 6 transferred to any person or entity. Within ninety days of  
4 7 transfer, the transferee shall submit the transferred tax  
4 8 credit certificate to the department of revenue along with a  
4 9 statement containing the transferee's name, tax identification  
4 10 number, and address, and the denomination that each  
4 11 replacement tax credit certificate is to carry and any other  
4 12 information required by the department of revenue. Within  
4 13 thirty days of receiving the transferred tax credit  
4 14 certificate and the transferee's statement, the department of  
4 15 revenue shall issue one or more replacement tax credit  
4 16 certificates to the transferee. Each replacement tax credit  
4 17 certificate must contain the information required for the  
4 18 original tax credit certificate and must have the same  
4 19 expiration date that appeared in the transferred tax credit

4 20 certificate. Tax credit certificate amounts of less than the  
4 21 minimum amount established by rule of the department of  
4 22 economic development shall not be transferable. A tax credit  
4 23 shall not be claimed by a transferee under this paragraph "b"  
4 24 until a replacement tax credit certificate identifying the  
4 25 transferee as the proper holder has been issued. The  
4 26 transferee may use the amount of the tax credit transferred  
4 27 against the taxes imposed in chapter 422, divisions II, III,  
4 28 and V, and in chapter 432, and against the moneys and credits  
4 29 tax imposed in section 533.24, for any tax year the original  
4 30 transferor could have claimed the tax credit. Any  
4 31 consideration received for the transfer of the tax credit  
4 32 shall not be included as income under chapter 422, divisions  
4 33 II, III, and V, under chapter 432, or against the moneys and  
4 34 credits tax imposed in section 533.24. Any consideration paid  
4 35 for the transfer of the tax credit shall not be deducted from  
5 1 income under chapter 422, divisions II, III, and V, under  
5 2 chapter 432, or against the moneys and credits tax imposed in  
5 3 section 533.24.

5 4 c. For tax years beginning on or after January 1, 2007, a  
5 5 reduction in adjusted gross income for purposes of taxes  
5 6 imposed in chapter 422, divisions II and III, for payments  
5 7 received from the sale, rental, or furnishing of tangible  
5 8 personal property or services directly related to the  
5 9 production of a project registered under this section which  
5 10 meets the criteria of a qualified expenditure under paragraph  
5 11 "a", subparagraph (2).

5 12 3. The department shall promote the program and the  
5 13 assistance available under the program on an internet website.

5 14 4. A film, television, and video project promotion fund is  
5 15 created in the state treasury under the control of the  
5 16 department and consisting of any moneys appropriated by the  
5 17 general assembly and any other moneys available to and  
5 18 obtained or accepted by the department for placement in the  
5 19 fund. The fund shall be used to provide financial assistance  
5 20 under the film, television, and video project promotion  
5 21 program. Moneys in the fund are not subject to section 8.33.  
5 22 Notwithstanding section 12C.7, interest or earnings on moneys  
5 23 in the fund shall be credited to the fund.

5 24 5. A project that depicts or describes any obscene  
5 25 material, as defined in section 728.1, shall not be eligible  
5 26 to receive assistance under this section.

5 27 Sec. 4. NEW SECTION. 15.394 IOWA FILM ADVISORY BOARD ==  
5 28 APPROPRIATION.

5 29 1. An Iowa film advisory board is established within the  
5 30 department consisting of seven members appointed by the  
5 31 governor. The members shall serve four-year terms staggered  
5 32 as determined by the governor. The membership shall consist  
5 33 of all of the following:

5 34 a. Two members representing the Iowa motion picture  
5 35 association.

6 1 b. A film director.

6 2 c. A film actor.

6 3 d. A film technician.

6 4 e. A film project investor.

6 5 f. An educator from a private college in the state or an  
6 6 institution of higher learning under the state board of  
6 7 regents.

6 8 2. The board shall do all of the following:

6 9 a. Meet regularly and advise the department on issues  
6 10 relating to expanding the number of film projects produced in  
6 11 the state.

6 12 b. Administer the scholarship program pursuant to  
6 13 subsection 3.

6 14 3. The board shall grant up to ten Iowa film scholarships  
6 15 each fiscal year. A scholarship shall not exceed two thousand  
6 16 dollars. A scholarship shall be awarded to a student  
6 17 attending or planning to attend college in Iowa and receiving  
6 18 or intending to receive instruction in the area of film.

6 19 4. Each fiscal year, there is appropriated from the  
6 20 general fund of the state to the Iowa film advisory board  
6 21 twenty thousand dollars for purposes of awarding Iowa film  
6 22 scholarships under subsection 3. Notwithstanding section  
6 23 8.33, moneys appropriated in this subsection that remain  
6 24 unencumbered or unobligated at the close of the fiscal year  
6 25 shall not revert but shall remain available for expenditure  
6 26 for the purposes designated until the close of the succeeding  
6 27 fiscal year.

6 28 5. The board shall adopt rules pursuant to chapter 17A  
6 29 necessary for the administration of this section.

6 30 Sec. 5. Section 422.7, Code 2007, is amended by adding the

6 31 following new subsection:

6 32 NEW SUBSECTION. 50. Subtract an amount equal to any  
6 33 income received from the sale, rental, or furnishing of  
6 34 tangible personal property or services directly related to the  
6 35 production of a project registered under section 15.393 which  
7 1 meets the criteria of a qualified expenditure under section  
7 2 15.393, subsection 2, paragraph "a", subparagraph (2).

7 3 Sec. 6. NEW SECTION. 422.11T FILM QUALIFIED EXPENDITURE  
7 4 TAX CREDIT.

7 5 The taxes imposed under this division, less the credits  
7 6 allowed under sections 422.12 and 422.12B, shall be reduced by  
7 7 a qualified expenditure tax credit authorized pursuant to  
7 8 section 15.393, subsection 2, paragraph "a".

7 9 Sec. 7. NEW SECTION. 422.11U FILM INVESTMENT TAX CREDIT.

7 10 The taxes imposed under this division, less the credits  
7 11 allowed under sections 422.12 and 422.12B, shall be reduced by  
7 12 an investment tax credit authorized pursuant to section  
7 13 15.393, subsection 2, paragraph "b".

7 14 Sec. 8. Section 422.33, Code 2007, is amended by adding  
7 15 the following new subsections:

7 16 NEW SUBSECTION. 24. The taxes imposed under this division  
7 17 shall be reduced by a qualified expenditure tax credit  
7 18 authorized pursuant to section 15.393, subsection 2, paragraph  
7 19 "a".

7 20 NEW SUBSECTION. 25. The taxes imposed under this division  
7 21 shall be reduced by an investment tax credit authorized  
7 22 pursuant to section 15.393, subsection 2, paragraph "b".

7 23 Sec. 9. Section 422.35, Code 2007, is amended by adding  
7 24 the following new subsection:

7 25 NEW SUBSECTION. 23. Subtract an amount equal to any  
7 26 income received from the sale, rental, or furnishing of  
7 27 tangible personal property or services directly related to the  
7 28 production of a project registered under section 15.393 which  
7 29 meets the criteria of a qualified expenditure under section  
7 30 15.393, subsection 2, paragraph "a", subparagraph (2).

7 31 Sec. 10. Section 422.60, Code 2007, is amended by adding  
7 32 the following new subsections:

7 33 NEW SUBSECTION. 13. The taxes imposed under this division  
7 34 shall be reduced by a qualified expenditure tax credit  
7 35 authorized pursuant to section 15.393, subsection 2, paragraph  
8 1 "a".

8 2 NEW SUBSECTION. 14. The taxes imposed under this division  
8 3 shall be reduced by an investment tax credit authorized  
8 4 pursuant to section 15.393, subsection 2, paragraph "b".

8 5 Sec. 11. NEW SECTION. 432.12J FILM QUALIFIED EXPENDITURE  
8 6 TAX CREDIT.

8 7 The tax imposed under this chapter shall be reduced by a  
8 8 qualified expenditure tax credit authorized pursuant to  
8 9 section 15.393, subsection 2, paragraph "a".

8 10 Sec. 12. NEW SECTION. 432.12K FILM INVESTMENT TAX  
8 11 CREDIT.

8 12 The tax imposed under this chapter shall be reduced by an  
8 13 investment tax credit authorized pursuant to section 15.393,  
8 14 subsection 2, paragraph "b".

8 15 Sec. 13. Section 533.24, Code 2007, is amended by adding  
8 16 the following new subsections:

8 17 NEW SUBSECTION. 11. The moneys and credits tax imposed  
8 18 under this section shall be reduced by a qualified expenditure  
8 19 tax credit authorized pursuant to section 15.393, subsection  
8 20 2, paragraph "a".

8 21 NEW SUBSECTION. 12. The moneys and credits tax imposed  
8 22 under this section shall be reduced by an investment tax  
8 23 credit authorized pursuant to section 15.393, subsection 2,  
8 24 paragraph "b".

8 25 Sec. 14. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.  
8 26 This Act, except the section enacting section 15.394, being  
8 27 deemed of immediate importance, takes effect upon enactment  
8 28 and is retroactively applicable to January 1, 2007, for tax  
8 29 years beginning on and after that date.

8 30 EXPLANATION

8 31 This bill creates a film, television, and video project  
8 32 promotion program and fund and an Iowa film advisory board,  
8 33 provides for tax credits and income exclusions, and includes  
8 34 effective and retroactive applicability dates.

8 35 The bill requires the department of economic development to  
9 1 establish and administer a film, television, and video project  
9 2 promotion program that will provide for the registration of  
9 3 projects that are to be shot on location in the state. The  
9 4 bill prohibits the department from registering a film project  
9 5 unless the department determines that the project is a  
9 6 legitimate effort to produce an entire film, television, or

9 7 video episode, or a film, television, or video segment in the  
9 8 state; the project will include expenditures of at least  
9 9 \$100,000 in the state and have an economic impact on the  
9 10 economy of the state or locality sufficient to justify  
9 11 assistance under the program; the project will further tourism  
9 12 and population retention or growth in the state or locality;  
9 13 and the project satisfies any other criteria established by  
9 14 rule by the department. The bill creates a film, television,  
9 15 and video project promotion fund in the state treasury under  
9 16 the control of the department to be used to provide financial  
9 17 assistance under the film, television, and video project  
9 18 promotion program.

9 19 The bill provides that a project registered with the  
9 20 department under the program is eligible for the following  
9 21 assistance:

9 22 1. QUALIFIED EXPENDITURE TAX CREDIT. The bill allows a  
9 23 qualified expenditure tax credit for 25 percent of a  
9 24 taxpayer's qualified expenditures in a project registered  
9 25 under the program. The tax credit is allowed against personal  
9 26 and corporate income tax liabilities, franchise tax  
9 27 liabilities for financial institutions, insurance premium tax  
9 28 liabilities, and credit union moneys and credits tax  
9 29 liabilities. The bill provides that a qualified expenditure  
9 30 is a payment to an Iowa resident or an Iowa-based business for  
9 31 the sale, rental, or furnishing of tangible personal property  
9 32 or for services directly related to the registered project.  
9 33 The bill provides that any tax credit in excess of the  
9 34 taxpayer's liability for the tax year may be credited to the  
9 35 tax liability for the following five years or until depleted,  
10 1 whichever is earlier. The bill prohibits a tax credit from  
10 2 being carried back to a tax year prior to the tax year in  
10 3 which the taxpayer claims the tax credit and provides that a  
10 4 tax credit shall not be transferable to any other taxpayer.  
10 5 The bill provides that a taxpayer claiming this tax credit, a  
10 6 business in which such taxpayer has an equity interest, and a  
10 7 business in which such taxpayer participates in its management  
10 8 is not eligible to receive the adjusted gross income reduction  
10 9 incentive.

10 10 2. INVESTMENT TAX CREDIT. The bill allows an investment  
10 11 tax credit for 25 percent of a taxpayer's investment in a  
10 12 project registered under the program. The tax credit is  
10 13 allowed against personal and corporate income tax liabilities,  
10 14 franchise tax liabilities for financial institutions,  
10 15 insurance premium tax liabilities, and credit union moneys and  
10 16 credits tax liabilities. The bill provides that any tax  
10 17 credit in excess of the taxpayer's liability for the tax year  
10 18 may be credited to the tax liability for the following five  
10 19 years or until depleted, whichever is earlier. The bill  
10 20 provides that a tax credit shall not be carried back to a tax  
10 21 year prior to the tax year in which the taxpayer claims the  
10 22 tax credit. The bill provides that the tax credit is  
10 23 transferable to another taxpayer. The bill prohibits an  
10 24 investment tax credit from being claimed for qualified  
10 25 expenditures for which a qualified expenditure tax credit is  
10 26 claimed.

10 27 3. EXEMPTION FROM INCOME. The bill allows a person to  
10 28 subtract from adjusted gross income for purposes of personal  
10 29 and corporate income taxes an amount equal to any income  
10 30 received from the sale, rental, or furnishing of tangible  
10 31 personal property or services directly related to the  
10 32 production of a project registered under the bill which meets  
10 33 the criteria of a qualified expenditure.

10 34 The bill establishes a film advisory board within the  
10 35 department consisting of seven members. The bill provides  
11 1 that the board shall meet regularly and advise the department  
11 2 on issues relating to expanding the number of film projects  
11 3 produced in the state and administer the Iowa film scholarship  
11 4 program.

11 5 The bill requires the film advisory board to grant up to 10  
11 6 Iowa film scholarships each fiscal year not to exceed \$2,000  
11 7 each. The bill provides that scholarships shall be awarded to  
11 8 a student attending or planning to attend college in Iowa and  
11 9 receiving or intending to receive instruction in the area of  
11 10 film.

11 11 The bill appropriates from the general fund of the state to  
11 12 the Iowa film advisory board \$20,000 each fiscal year for  
11 13 awarding Iowa film scholarships.

11 14 With the exception of the provisions relating to the film  
11 15 advisory board and Iowa film scholarships, the bill takes  
11 16 effect upon enactment and is retroactively applicable to  
11 17 January 1, 2007, for tax years beginning on and after that

11 18 date.  
11 19 LSB 1515YH 82  
11 20 tm:rj/cf/24.2