HOUSE FILE 2662
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 731)

(As Amended and Passed by the House March 26, 2024)

[= New Language by the House

* = Language Stricken by the House

A BILL FOR

An Act establishing the Iowa film production incentive program and fund within the economic development authority.

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

Section 1. NEW SECTION. **15.490 Iowa film production incentive program.**

1. As used in this section:

a. "Fund" means the Iowa film production incentive fund.

b. "Program" means the Iowa film production incentive program.

c. "Qualified expenditure" means an allowed expense, as determined by the authority by rule, that is incurred by a qualified production facility on or after July 1, 2024, but before July 1, 2026, for producing a qualified production.

d. "Qualified production" means a feature film, television series, documentary, or unscripted series that is rated G, PG, PG-13, or R by the classification and ratings administration of the motion picture association of America or the TV parental guidelines monitoring board.

e. "Qualified production facility" or *"facility"* means any of the following:

(1) A dedicated studio located in this state at which qualified productions can be produced.

(2) A studio located in this state at which all preproduction and film production take place for a qualified production filmed on location in this state.

2. *a.* The authority shall establish and administer an Iowa film production incentive program for the purpose of providing rebates to qualified production facilities for qualified expenditures.

b. The authority shall establish eligibility criteria for the program by rule.

(1) The eligibility criteria for qualified production facilities must require that a facility have all of the following:

(a) A soundstage with dimensions covering at least twelve thousand five hundred square feet of floor space.

(b) A permanent grid system or an alternative rigging support structure rated for overhead suspension, or on-site

resources for fly rigging.

(c) Production and postproduction sound rooms that are sound treated to meet sound engineer-approved ambient noise level ratings.

(d) Electric service from an electric utility, or sufficient electric service that does not require use of an electric generator.

(e) An agreement between the authority and the facility that the phrase "filmed in Iowa" appears at the beginning of any credits in the qualified production.

(2) The eligibility criteria for a qualified production must include:

(a) A production budget of at least one million dollars and evidence the production budget is fully funded.

(b) Availability to the public for viewing at a venue where admission is charged, or availability for purchase, for rental, or through a streaming service that requires a subscription.

(3) The eligibility criteria for qualified expenditures must include the following:

(a) The requirements for substantiation of and submission of expenses for industry standard activities including expenses for cast members, equipment, studio production facilities, hospitality services, certified public accountant services, per diem payments, payments to businesses located in this state, accommodations, and any other expenses allowed by the authority. Qualified expenditures shall not include expenses for entertainment, studio executive airfare, royalties, and publicity for the qualified production.

(b) Written acknowledgment by the qualified production facility that no qualified expenses were incurred prior to approval of the application by the authority.

3. An application for a rebate under the program shall be submitted by a qualified production facility to the authority for approval in the form and manner prescribed by the authority by rule.

4. *a.* If a qualified production facility's application is approved by the authority, the maximum rebate paid to the facility under the program shall equal thirty percent of the facility's qualified expenditures excluding any sales, use, and hotel and motel taxes paid.

b. Prior to disbursement of the rebate, a qualified production facility shall submit all of the following to the authority at the expense of the facility:

(1) An examination of the qualified expenditures completed by a certified public accountant as defined in section 542.3 in accordance with the currently effective statements on standards for attestation engagements established by the American institute of certified public accountants.

(2) A statement of the final amount of qualified expenditures.

(3) Any other information the authority deems necessary to ensure compliance with this section.

5. *a.* An Iowa film production incentive fund is created in the state treasury under the control of the authority. The fund shall consist of moneys appropriated to the authority and any other moneys available to, obtained by, or accepted by the authority for placement in the fund. The fund shall be used to provide rebates under the program.

* *b.* The cumulative value of rebates claimed by qualified production facilities pursuant to this section shall not exceed
* [ten] million dollars.

c. Notwithstanding section 8.33, moneys in the fund that remain unencumbered or unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year. Notwithstanding section 12C.7, interest or earnings on moneys in the fund shall be credited to the fund.

6. The authority shall not use more than five percent of the moneys in the fund at the beginning of each fiscal year for

purposes of administrative costs, technical assistance, and other program support.

7. The authority shall adopt rules pursuant to chapter 17A to administer this section.

8. This section is repealed July 1, 2026.

Sec. 2. CODE EDITOR DIRECTIVE. The Code editor shall designate section 15.490, as enacted in this Act, as part 31 of chapter 15, subchapter II.