

2020 -- H 7247

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

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A N A C T

RELATING TO TAXATION -- MOTION PICTURE PRODUCTION TAX CREDITS

Introduced By: Representatives Abney, Mattiello, Shekarchi, Edwards, and Carson

Date Introduced: January 23, 2020

Referred To: House 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 that the primary locations are within the
8 state of Rhode Island and the total production budget as defined herein is a minimum of one
9 hundred thousand dollars (\$100,000). The credit shall be earned in the taxable year in which
10 production in Rhode Island is completed, as determined by the film office in final certification
11 pursuant to § 44-31.2-6(c). [The film office director may issue a waiver of the primary location](#)
12 [requirement for any feature film or television production which spends a minimum of ten million](#)
13 [dollars \(\\$10,000,000\) in qualified expenditures.](#)

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
17 in connection with the production of a state-certified production. The budget shall not include
18 costs 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

1 million dollars (\$7,000,000) and shall be allowed against the tax for the taxable period in which
2 the credit is earned and can be carried forward for not more than three (3) succeeding tax years.
3 Pursuant to rules promulgated by the tax administrator, the administrator may issue a waiver of
4 the seven million dollars (\$7,000,000) tax credit cap for any feature-length film or television
5 series up to the remaining funds available pursuant to section (e) of this section.

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

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

20 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would authorize the film office director to waive the primary locations within the
2 state requirement for any feature film or television production spending a minimum of ten million
3 dollars (\$10,000,000) in qualified expenditures.

4 This act would take effect upon passage.

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