

A bill for an act
relating to film production; authorizing film production investment grants;
requiring reports; appropriating money; proposing coding for new law in
Minnesota Statutes, chapter 116U.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[116U.27] FILM PRODUCTION INVESTMENT GRANTS.**

Subdivision 1. Definitions. (a) For purposes of this section, the following terms have the meanings given.

(b) "Board" means the Minnesota Film and TV Board.

(c) "Qualifying film production" means a motion picture that is certified by the board as made wholly in Minnesota and that has not received more than \$1,000,000 in investments that have resulted in receipt of grants under this section.

(d) "Qualified investment" means an amount of cash used to pay qualified production expenses that is provided by an investor who does not have any financial interest in the production company responsible for filming the motion picture.

(e) "Motion picture" means a feature length film, whether shot on film or digital video, or a television series with a national distribution agreement, for theatrical or television viewing or as a television pilot, but does not include television coverage of news and athletic events.

(f) "Qualified production expenses" means preproduction, production, and postproduction expenditures incurred in Minnesota that are directly used in a qualifying film production including, without limitation, set construction and operation; wardrobes, make-up, accessories, and related services; costs associated with photography and sound synchronization, lighting, and related services and materials; editing and related services;

rental of facilities and equipment; leasing of vehicles; costs of food and lodging; digital or tape editing, film processing, transfer of film to tape or digital format, sound mixing, and special and visual effects; total aggregate payroll; and music, if performed, composed, or recorded by a Minnesota musician or released or published by a Minnesota-domiciled and headquartered company. Qualified production expenses do not include:

(1) postproduction costs for marketing and distribution;

(2) any amounts that are later reimbursed;

(3) any costs related to the transfer of credits; and

(4) any amounts paid to persons or entities as a result of their participation in profits from the exploitation of the production.

Subd. 2. **Film investment grants authorized.** The board is authorized to make grants to qualifying film productions that have obtained at least \$100,000 in qualified investments. The grant amount equals 25 percent of qualified investments obtained by the qualifying film production, up to a maximum grant of \$100,000.

Subd. 3. **Application; preliminary certification.** (a) A qualifying film production must apply to the board in order to receive a grant. The application must be in a form and manner prescribed by the board. The application must include information on qualified investments of at least \$100,000 obtained or anticipated by the qualifying film production.

(b) The board must evaluate applications for grants using criteria agreed on by the board, including, but not limited to:

(1) the potential for job creation of the qualifying film production; and

(2) the ability of the qualifying film production to attract private investment.

The board may consult with outside experts, as needed, to best evaluate applications. The board may only certify applications that have obtained or anticipate obtaining at least \$100,000 in qualified investments.

(c) The board must make preliminary certification of applications meeting the criteria semiannually during a fiscal year, with not more than \$500,000 of preliminary certifications issued each time, unless preliminary certifications for that fiscal year have been canceled as provided under subdivision 4. The preliminary certification reserves a grant equal to 25 percent of the qualified investments up to the maximum of \$100,000.

Subd. 4. **Award of grant.** (a) A qualifying film production that has received preliminary certification under subdivision 3 must demonstrate to the board receipt of the specified amount of qualified investments within 60 days of receiving preliminary certification.

(b) The board must provide a grant equal to 25 percent of qualified investments up to the maximum grant of \$100,000 within 30 days of verifying that the qualifying film

production has received the qualified investments. The board may not award more than \$1,000,000 in grants during the fiscal year.

(c) If a qualifying film production fails to demonstrate receipt of the specified amount of qualified investments within 30 days of receiving preliminary certification, the preliminary certification is canceled and the reserved grant amount is available to the board for grants to other qualifying film productions.

Subd. 5. Report. By February 1, 2011, and each following year, the board must report to the committees of the legislature with jurisdiction over economic development issues, in compliance with sections 3.195 and 3.197, on the number and amount of grants awarded under this section during the previous fiscal year, and the impact on economic activity in the state.

Sec. 2. APPROPRIATION; FILM PRODUCTION INVESTMENT GRANTS.

\$..... in fiscal year 2010 and \$..... in fiscal year 2011 are appropriated from the general fund to the Minnesota Film and TV Board to make film production investment grants as provided in Minnesota Statutes, section 116U.27.