

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1229

02/14/2019 Authored by Petersburg and Urdahl
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to economic development; creating a moving image industry incentive
1.3 program; authorizing rulemaking; appropriating money; proposing coding for new
1.4 law in Minnesota Statutes, chapter 116J.

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

1.6 Section 1. [116J.9791] MOVING IMAGE INDUSTRY INCENTIVE PROGRAM.

1.7 Subdivision 1. Grant program established. The commissioner of employment and
1.8 economic development shall administer a grant program for production companies that
1.9 produce moving image projects in the state, to the extent that gifts, grants, donations, or
1.10 other money, including appropriations, are made available to the commissioner for this
1.11 purpose.

1.12 Subd. 2. Application procedure. The commissioner shall develop a procedure for the
1.13 submission of grant applications and the awarding of grants under this section. The procedure
1.14 must include:

1.15 (1) methods by which the production company's and an individual's Minnesota residency
1.16 can be proven; and

1.17 (2) requirements for the submission, before production of a moving image project begins,
1.18 of:

1.19 (i) an estimate of total in-state spending;

1.20 (ii) the shooting script or story board, as applicable;

1.21 (iii) the estimated number of jobs for cast and production crew during the production
1.22 and completion of a moving image project; and

2.1 (iv) any other information considered useful and necessary by the commissioner for an
2.2 adequate and accurate analysis of a production company's in-state spending.

2.3 Subd. 3. **Gifts, grants, donations.** The commissioner may accept gifts, grants, and
2.4 donations for the purpose of implementing this section.

2.5 Subd. 4. **Content.** The commissioner is not required to act on any grant application and
2.6 may deny an application because of inappropriate content or content that portrays Minnesota
2.7 or Minnesotans in a negative fashion, as determined by the commissioner, in a moving
2.8 image project. In determining whether to act on or deny a grant application, the commissioner
2.9 shall consider general standards of decency and respect for the diverse beliefs and values
2.10 of the citizens of Minnesota.

2.11 Subd. 5. **Requirements.** Before a grant is awarded under this section, the commissioner
2.12 shall:

2.13 (1) require a copy of the final script;

2.14 (2) require an audit of the completed in-state spending, which must be completed by a
2.15 third-party auditor at the expense of the production company;

2.16 (3) determine if any substantial changes occurred during production on a moving image
2.17 project to include content described by subdivision 4; and

2.18 (4) verify the production company's completed in-state spending pursuant to the audit
2.19 under clause (2) matches the grant to be awarded.

2.20 Subd. 6. **Qualification.** To qualify for a grant under this section:

2.21 (1) a production company must be based in Minnesota and have spent a minimum of
2.22 \$250,000 in in-state spending for a film or television program;

2.23 (2) at least 70 percent of the production crew, actors, and extras for a moving image
2.24 project must be Minnesota residents unless the commissioner determines and certifies in
2.25 writing that a sufficient number of qualified crew, actors, and extras are not available to the
2.26 company at the time principal photography begins;

2.27 (3) at least 60 percent of the moving image project must be filmed in the state; and

2.28 (4) a production company must submit to the commissioner an expended budget and
2.29 audit required under subdivision 5, clause (2), in a format prescribed by the commissioner,
2.30 that reflects all in-state spending and includes all receipts, invoices, pay orders, and other
2.31 documentation considered necessary by the commissioner to accurately determine the
2.32 amount of a production company's in-state spending that is completed.

3.1 Television commercials are not qualified moving image projects under this section.

3.2 Subd. 7. **Grant.** (a) Except as provided by subdivision 8, a grant under this section may
3.3 not exceed the amount established by the commissioner. The commissioner shall adopt
3.4 rules prescribing the method the commissioner will use to calculate the amount of a grant
3.5 allowed under this paragraph. The commissioner shall publish a written summary of the
3.6 method for determining grants before awarding a grant under this subdivision. The method
3.7 must consider, at a minimum:

3.8 (1) the current and likely future effect a moving image project will have on employment,
3.9 tourism, and economic activity in this state; and

3.10 (2) the amount of a production company's in-state spending for a moving image project.

3.11 (b) In calculating a grant amount under subdivision 8 or the amount of in-state spending
3.12 for purposes of rules adopted under paragraph (a), the commissioner must not include wages
3.13 of persons, including an actor or director, employed in the production of a moving image
3.14 project that exceed \$1,000,000.

3.15 (c) The commissioner must only make a grant from appropriated funds.

3.16 Subd. 8. **Additional grant for underutilized and economically distressed areas.** In
3.17 addition to the grant calculated under subdivision 7, a production company that spends at
3.18 least 25 percent of a moving image project's filming days in an underutilized and
3.19 economically distressed area is eligible for an additional grant in an amount equal to 2.5
3.20 percent of the total amount of the production company's in-state spending for the moving
3.21 image project.

3.22 Subd. 9. **State debt.** If a production company owes money to the state at the time the
3.23 production company is awarded a grant under this section, the commissioner shall offset
3.24 the amount owed to the state from the amount awarded.

3.25 Sec. 2. **APPROPRIATION.**

3.26 \$12,500,000 in fiscal year 2020 and \$12,500,000 in fiscal year 2021 are appropriated
3.27 from the general fund to the commissioner of employment and economic development for
3.28 the moving image industry incentive program under Minnesota Statutes, section 116J.9791.