SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 2455

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DATE	D-PG	OFFICIAL STATUS
03/14/2012	4413	Introduction and first reading Referred to Taxes

A bill for an act

relating to taxation; income; providing for a film investment credit; proposing coding for new law in Minnesota Statutes, chapter 290.

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

Section 1. **[290.0682] FILM PRODUCTION INVESTMENT CREDIT.**

Subdivision 1. **Credit allowed.** An individual or corporate taxpayer is allowed a credit against the tax due under this chapter equal to 25 percent of the qualified investment in a qualifying film production made during the taxable year.

Subd. 2. **Definitions.** For the purposes of this section, the following terms have the meanings given.

(a) "Qualifying film production" means a motion picture that is certified by the Minnesota Film and TV Board as made wholly in Minnesota.

(b) "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 motion picture or the production company responsible for filming the motion picture.

(c) "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.

(d) "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. The following are not included: (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. 3. **Certification of credits.** (a) Before making a qualified investment, taxpayers must apply to the Minnesota Film and TV Board for a film production investment credit certificate. The application must be in the form and made under the procedures specified by the Minnesota Film and TV Board. The Minnesota Film and TV Board must only issue credit certificates for qualifying investments in qualifying film productions.

(b) The Minnesota Film and TV Board may not issue certificates for more than $5,000,000 in film production investment credits per year.

(c) By January 31 of each year, the Minnesota Film and TV Board must report to the commissioner of revenue the number, amount, and taxpayers to whom film production investment credit certificates were issued during the preceding taxable year, and must provide verification that the taxpayers issued credit certificates made the full amount of the investment required by the certificate.

Subd. 4. **Carryover.** The credit is limited to the liability for tax, as computed under this chapter for the taxable year. If the amount of the credit determined under this section for any taxable year exceeds this limitation, the excess is a film investment credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit for the taxable year is carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this subdivision shall not exceed the taxpayer's liability for tax, less the film investment credit for the taxable year.

Subd. 5. **Transfers.** After 180 days from the date of the qualified investment, an individual or corporate taxpayer may transfer credits to another person or corporate taxpayer who is subject to tax, and must notify the commissioner of revenue within 30 days of the transfer on the form prescribed by the commissioner. A person or corporate taxpayer must not transfer a credit more than once in a 12-month period. A credit acquired by transfer is subject to the limitations prescribed in this section. Any transfer of credits does not affect the time schedule for claiming the credit.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2011.