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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2875

03/14/2012 Authored by Kiel

The bill was read for the first time and referred to the Committee on State Government Finance

03/20/2012 Adoption of Report: Pass and re-referred to the Committee on Legacy Funding Division

1.1 A bill for an act  
1.2 relating to state government; changing provisions of grant management;  
1.3 changing control and oversight of the film production jobs program to the  
1.4 commissioner of administration; amending Minnesota Statutes 2010, sections  
1.5 16B.98, subdivisions 5, 7; 116U.26.

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

1.7 Section 1. Minnesota Statutes 2010, section 16B.98, subdivision 5, is amended to read:

1.8 Subd. 5. **Creation and validity of grant agreements.** (a) A grant agreement is  
1.9 not valid and the state is not bound by the grant unless:

1.10 (1) the grant has been executed by the head of the agency or a delegate who is  
1.11 party to the grant; ~~and~~

1.12 (2) the accounting system shows an encumbrance for the amount of the grant in  
1.13 accordance with policy approved by the commissioner; and

1.14 (3) the grant agreement includes an effective date that references either section  
1.15 16C.05, subdivision 2, or 16B.98, subdivisions 5 and 7, as determined by the granting  
1.16 agency.

1.17 (b) The combined grant agreement and amendments must not exceed five years  
1.18 without specific, written approval by the commissioner according to established policy,  
1.19 procedures, and standards, or unless the commissioner determines that a longer duration is  
1.20 in the best interest of the state.

1.21 (c) A fully executed copy of the grant agreement with all amendments and other  
1.22 required records relating to the grant must be kept on file at the granting agency for a time  
1.23 equal to that required of grantees in subdivision 8.

1.24 (d) Grant agreements must comply with policies established by the commissioner  
1.25 for minimum grant agreement standards and practices.

(e) The attorney general may periodically review and evaluate a sample of state agency grants to ensure compliance with applicable laws.

Sec. 2. Minnesota Statutes 2010, section 16B.98, subdivision 7, is amended to read:

Subd. 7. **Grant payments.** Payments to the grantee may not be issued until the grant agreement is fully executed. Encumbrances for grants issued by June 30 may be certified for a period of one year beyond the year in which the funds were originally appropriated as provided by section 16A.28, subdivision 6.

Sec. 3. Minnesota Statutes 2010, section 116U.26, is amended to read:

**116U.26 FILM PRODUCTION JOBS PROGRAM.**

(a) The film production jobs program is created. The program shall be operated by the Minnesota Film and TV Board with administrative oversight and control by the ~~director of Explore Minnesota Tourism~~ commissioner of administration. The program shall make payment to producers of feature films, national television or Internet programs, documentaries, music videos, and commercials that directly create new film jobs in Minnesota. To be eligible for a payment, a producer must submit documentation to the Minnesota Film and TV Board of expenditures for production costs incurred in Minnesota that are directly attributable to the production in Minnesota of a film product.

The Minnesota Film and TV Board shall make recommendations to the ~~director of Explore Minnesota Tourism~~ commissioner of administration about program payment, but the ~~director~~ commissioner has the authority to make the final determination on payments. The ~~director's~~ commissioner's determination must be based on proper documentation of eligible production costs submitted for payments. No more than five percent of the funds appropriated for the program in any year may be expended for administration.

(b) For the purposes of this section:

(1) "production costs" means the cost of the following:

(i) a story and scenario to be used for a film;

(ii) salaries of talent, management, and labor, including payments to personal services corporations for the services of a performing artist;

(iii) set construction and operations, wardrobe, accessories, and related services;

(iv) photography, sound synchronization, lighting, and related services;

(v) editing and related services;

(vi) rental of facilities and equipment; or

(vii) other direct costs of producing the film in accordance with generally accepted entertainment industry practice; and

(2) "film" means a feature film, television or Internet show, documentary, music video, or television commercial, whether on film, video, or digital media. Film does not include news, current events, public programming, or a program that includes weather or market reports; a talk show; a production with respect to a questionnaire or contest; a sports event or sports activity; a gala presentation or awards show; a finished production that solicits funds; or a production for which the production company is required under United States Code, title 18, section 2257, to maintain records with respect to a performer portrayed in a single-media or multimedia program.

(c) Notwithstanding any other law to the contrary, the Minnesota Film and TV Board may make reimbursements of: (1) up to 20 percent of film production costs for films that locate production outside the metropolitan area, as defined in section 473.121, subdivision 2, or that incur production costs in excess of \$5,000,000 in the metropolitan area within a 12-month period; or (2) up to 15 percent of film production costs for films that incur production costs of \$5,000,000 or less in the metropolitan area within a 12-month period.