A bill for an act

relating to the film production jobs program; establishing a revolving account funded with taxes paid by assisted productions; modifying reporting requirements; appropriating money; amending Minnesota Statutes 2008, section 116U.26; proposing coding for new law in Minnesota Statutes, chapter 16A.

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

Section 1. **[16A.726] FILM PRODUCTION JOBS ACCOUNT.**

(a) A film production jobs account is created to provide funding for the film production jobs program under section 116U.26.

(b) Before the end of each fiscal year, the commissioner shall transfer to the account the amount of taxes reported by the Minnesota Film and TV Board under section 116U.26 as being paid by productions receiving payments under the film production jobs program in the prior fiscal year.

(c) Amounts in the account are appropriated to the Minnesota Film and TV Board for purposes of the film production jobs program and remain available until expended.

EFFECTIVE DATE. This section is effective beginning in fiscal year 2012.

Sec. 2. Minnesota Statutes 2008, 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. 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 documentation must include detailed information sufficient to verify the following amounts of taxes paid as part of the production costs:

(1) withholding tax under section 290.92; and

(2) sales and use tax under chapter 297A.

The Minnesota Film and TV Board shall make recommendations to the director of Explore Minnesota Tourism about program payment, but the director has the authority to make the final determination on payments. The director'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 up to 20 percent of film production costs for films that incur production costs in excess of $5,000,000 in Minnesota within a 12-month period.

(d) By February 15, the board shall report to the commissioner of management and budget the amount of state withholding tax and sales tax reported as paid by productions receiving payments under this program during the prior fiscal year.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 3. **FILM PRODUCTION JOBS PROGRAM APPROPRIATION.**

$....... is appropriated from the arts and cultural heritage fund to the Minnesota Film and TV Board for purposes of the film production jobs program. This appropriation is for fiscal year 2011 and is a onetime appropriation and does not become part of the board's base budget.