

# LEGAL SERVICES

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## MEMORANDUM

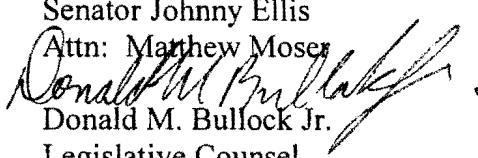
March 18, 2011

**SUBJECT:** Sectional summary for CSSB 23( ), Draft Version "X", relating to film production tax credits (Work Order No. 27-LS0252\X)

**TO:** Senator Johnny Ellis

Attn: Matthew Moser

**FROM:** Donald M. Bullock Jr.  
Legislative Counsel



You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Amends AS 43.98.030(a) to require the Department of Revenue to provide a certificate for a film production tax credit.

**Section 2.** Amends AS 43.98.030(b) to refer to the certificate provided under sec. 1 of the bill.

**Section 3.** Amends AS 43.98.030(c) to refer to the certificate provided under sec. 1 of the bill; adds a reference to AS 43.98.030(e) that limits the period in which the credit may be used.

**Section 4.** Amends AS 43.98.030(e) to refer to the certificate provided under sec. 1 of the bill; expands the period in which the credit may be used from three years to six years.

**Section 5.** Amends AS 43.98.030(f) to increase the total amount of film production tax credits that may be authorized.

**Section 6.** Adds AS 43.98.030(g) to AS 43.98.030 to authorize a person to combine film production tax credits for sale, assignment, exchange, conveyance, or other transfer. Authorizes the Department of Revenue to combine multiple tax credit certificates into a single certificate, or to divide a single tax credit certificate into multiple tax credit certificates. States that combining or splitting the tax credits does not change the period during which the credits must be used.

**Section 7.** Amends AS 44.33.231 to require the film office to design a logo that represents the film office, which is to be included in a film qualifying for the film production tax credit.

**Section 8.** Amends AS 44.33.233(a) to allow qualified expenditures to be incurred during a 36-month period rather than the current 24-month period.

**Section 9.** Adds AS 44.33.234(c) to AS 44.33.234 to make information on the application for a film production tax credit confidential.

**Section 10.** Amends AS 44.33.235(a) by adding a reference to AS 44.33.235(i) that is added by sec. 11 of the bill.

**Section 11.** Adds AS 44.33.235(i) to AS 44.33.235 to require that the film office logo and special film office acknowledgement text must be included in a qualified film, or that a short Alaska promotional video or advertisement must be included in a DVD or other media produced for distribution.

**Section 12.** Amends AS 44.33.236(a) by adding the cost of transferring digital media to film or tape as a qualified expenditure.

**Section 13.** Amends uncodified law to authorize the film office to determine a film production's qualified expenditures, award a tax credit, or review a tax credit that has been provided to a film production that has received a notice of qualification under AS 44.33.234(b) before July 1, 2023.

**Section 14.** Amends uncodified law that requires the commissioner of revenue to notify the presiding officers of each house of the legislature and the revisor of statutes in writing when the amount of tax credits provided under AS 43.98.030(f) and the estimated amount of tax credits that can be claimed, based on notices of qualification issued under AS 44.33.234(b), together equal \$200,000,000.

**Section 15.** Amends uncodified law to extend the sunset date for the transferable film tax credit program to July 1, 2023, unless the amount of tax credits awarded under the program has reached the maximum amount of \$200,000,000 before that time.

**Section 16.** Amends uncodified law to extend the period in which the film office, in cooperation with the Department of Revenue, may review, audit, and bring legal proceedings to recover any amount of a tax credit issued under AS 44.33.235.