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Bullock  
3/18/11

**CS FOR SENATE BILL NO. 23( )**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): SENATORS ELLIS, McGuire, French, Davis**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to transferable film production tax credits and tax credit certificates;**  
2 **and providing for an effective date by amending the effective dates of secs. 3 and 4, ch.**  
3 **63, SLA 2008."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 **\* Section 1.** AS 43.98.030(a) is amended to read:

6 (a) In cooperation with the film office in the Department of Commerce,  
7 Community, and Economic Development, the department shall provide a transferable  
8 film production tax credit **certificate** to a producer, as defined in AS 44.33.239, for  
9 qualified production expenditures under AS 44.33.231 - 44.33.239.

10 **\* Sec. 2.** AS 43.98.030(b) is amended to read:

11 (b) A tax credit **certificate** provided under (a) of this section may be sold,  
12 assigned, exchanged, conveyed, or otherwise transferred in whole or in part.

13 **\* Sec. 3.** AS 43.98.030(c) is amended to read:

14 (c) A taxpayer acquiring a transferable **tax** credit **certificate** may use the

1 credit or a portion of the credit to offset taxes imposed under AS 43.20 (Alaska Net  
2 Income Tax Act). **Except as provided in (e) of this section, any** [ANY] portion of  
3 the credit not used may be used at a later period or transferred under (b) of this  
4 section.

5 \* **Sec. 4.** AS 43.98.030(e) is amended to read:

6 (e) A **transferable film production tax credit certificate** provided under (a)  
7 of this section, whether sold, assigned, exchanged, conveyed, or otherwise transferred,  
8 in whole or in part, must be used within **six** [THREE] years after being provided by  
9 the department.

10 \* **Sec. 5.** AS 43.98.030(f) is amended to read:

11 (f) The **amount** [NUMBER] of tax credits provided [IN THE AGGREGATE]  
12 under this section may not exceed

13 **(1) \$100,000,000 before July 1, 2018; and**

14 **(2) \$200,000,000 in the aggregate.**

15 \* **Sec. 6.** AS 43.98.030 is amended by adding a new subsection to read:

16 (g) A person acquiring two or more film production tax credit certificates  
17 provided under (a) of this section may combine the unused amounts of the credits for  
18 sale, assignment, exchange, conveyance, or other transfer. At the request of a person  
19 holding a film production tax credit, the department shall replace a certificate that  
20 represents the full amount of tax credit available with multiple certificates that each  
21 represent a portion of the total tax credit available for the purpose of sale, assignment,  
22 exchange, conveyance, or other transfer under this subsection, or, on request, shall  
23 provide one tax credit certificate that represents the combined value of multiple tax  
24 credit certificates. A tax credit certificate provided by the department under this  
25 subsection must state the expiration date and the amount of each credit that is included  
26 in the certificate. Combining or splitting unused amounts of credits under this  
27 subsection does not change or extend the time period in which each credit that is  
28 included in the combination or split must be used.

29 \* **Sec. 7.** AS 44.33.231 is amended by adding a new subsection to read:

30 (d) The film office shall design a logo that represents the film office and must  
31 be included in a film qualifying for a film production tax credit under AS 44.33.231 -

1 44.33.239.

2 \* **Sec. 8.** AS 44.33.233(a) is amended to read:

3 (a) A film production is eligible for a tax credit under AS 43.98.030, if the

4 (1) producer has \$100,000 or more in qualified expenditures in a  
5 consecutive 36-month [24-MONTH] period under AS 44.33.236;

6 (2) film office determines that the production is not contrary to the best  
7 interests of the state; and

8 (3) production is approved by the film office.

9 \* **Sec. 9.** AS 44.33.234 is amended by adding a new subsection to read:

10 (c) Information submitted in an application under (a) of this section is  
11 confidential and is not subject to inspection or copying under AS 40.25.110 -  
12 40.25.125.

13 \* **Sec. 10.** AS 44.33.235(a) is amended to read:

14 (a) Subject to AS 43.98.030(f) and (i) of this section, the film office, in  
15 cooperation with the Department of Revenue, shall determine the amount of the tax  
16 credit under AS 43.98.030 available to a producer who has obtained a notice of  
17 qualification under AS 43.33.234(b), based on the qualified expenditures of the  
18 production under AS 44.33.236.

19 \* **Sec. 11.** AS 44.33.235 is amended by adding new subsections to read:

20 (i) To qualify for the tax credit under AS 43.98.030, a producer shall include,

21 (1) in the end credits of each qualified film, the film office logo  
22 designed under AS 44.33.231(d) and the words, "Filmed in Alaska with the Support of  
23 the State of Alaska and the Film Office, Alaska Department of Commerce,  
24 Community, and Economic Development"; or

25 (2) on each DVD or other media produced for distribution, a short  
26 Alaska promotional video or advertisement approved by the film office.

27 (j) The Department of Revenue may not provide a tax credit certificate under  
28 AS 43.98.030 to a producer that fails to meet the requirements in (i) of this section.

29 \* **Sec. 12.** AS 44.33.236(a) is amended to read:

30 (a) Expenditures made by a production company in connection with a film  
31 production approved by the film office that shall be considered qualified expenditures

1 must be directly related to the production and be incurred in the state. Only  
2 expenditures that are ordinary, reasonable, and not in excess of fair market value and  
3 that are for real or tangible property, fees, services, or state or municipal taxes shall be  
4 considered. Expenditures may include

- 5 (1) costs of set construction and operation;
- 6 (2) costs of wardrobes, make-up, accessories, and related services;
- 7 (3) costs associated with photography and sound synchronization;
- 8 (4) costs of lighting and related services and materials;
- 9 (5) costs of editing and related services;
- 10 (6) rental of facilities and equipment;
- 11 (7) leasing of vehicles;
- 12 (8) costs of food and lodging;
- 13 (9) costs of digital or tape editing, film processing, transfer of film to  
14 tape or digital format, **transfer of digital media to film or tape**, sound mixing, and  
15 special and visual effects;
- 16 (10) the total aggregate payroll for services performed in Alaska,  
17 including all salaries, wages, compensation, and related benefits provided to  
18 producers, directors, writers, actors, and other personnel that are directly attributable  
19 to services performed in Alaska;
- 20 (11) the costs of the use of an Alaska business for processing qualified  
21 payroll and related expenditures;
- 22 (12) costs of music, if performed, composed, or recorded by an Alaska  
23 musician, or released or published by an Alaska business;
- 24 (13) costs of intrastate travel, if provided by an Alaska business;
- 25 (14) costs relating to the design, construction, improvement, or repair  
26 of a film, video, television, or digital production or postproduction facility or related  
27 property, infrastructure, or equipment, except commercial exhibition facilities, as  
28 determined by the film office;
- 29 (15) costs of state or municipal taxes levied in Alaska on the lease or  
30 rental of passenger or recreational vehicles or the rental of rooms or other lodging; or
- 31 (16) other similar production expenditures as determined by the film

1 office in cooperation with the Department of Revenue.

2 \* **Sec. 13.** The uncodified law of the state of Alaska enacted in sec. 5(a), ch. 63, SLA 2008,  
3 is amended to read:

4 (a) Subject to AS 43.98.030(f), enacted by sec. 1, **ch. 63, SLA 2008** [OF THIS  
5 ACT], secs. 3 and 7, **ch. 63, SLA 2008,** [OF THIS ACT] do not prevent the film  
6 office from determining a film production's qualified expenditures, awarding a tax  
7 credit, or reviewing a tax credit under the provisions repealed by secs. 3 and 4, **ch. 63,**  
8 **SLA 2008,** [OF THIS ACT] to a film production that has received a notice of  
9 qualification under AS 44.33.234(b), enacted by sec. 2, **ch. 63, SLA 2008** [OF THIS  
10 ACT], before **July 1, 2023** [JULY 1, 2013].

11 \* **Sec. 14.** The uncodified law of the state of Alaska enacted in sec. 6, ch. 63, SLA 2008, is  
12 amended to read:

13 Sec. 6. NOTIFICATION. When the **amount** [NUMBER] of tax credits  
14 provided under AS 43.98.030(f), enacted by sec. 1, **ch. 63, SLA 2008** [OF THIS  
15 ACT], in the aggregate and the estimated amount of tax credits that could be claimed  
16 based on notices of qualification issued by the film office under AS 44.33.234(b),  
17 together equal **\$200,000,000** [\$100,000,000], the commissioner shall notify the  
18 presiding officers of each house of the legislature and the revisor of statutes in writing.

19 \* **Sec. 15.** Section 7, ch. 63, SLA 2008, is amended to read:

20 Sec. 7. Section 3, **ch. 63, SLA 2008,** [OF THIS ACT] takes effect on the  
21 earlier of the following:

22 (1) July 1, **2023** [2013]; or

23 (2) the date of the commissioner of revenue's notification to the  
24 presiding officers of each house of the legislature and to the revisor of statutes under  
25 sec. 6, **ch. 63, SLA 2008** [OF THIS ACT].

26 \* **Sec. 16.** Section 8, ch. 63, SLA 2008, is amended to read:

27 Sec. 8. Section 4 of this Act takes effect on the earlier of the following:

28 (1) July 1, **2024** [2014]; or

29 (2) one year after the date of the commissioner of revenue's  
30 notification to the legislature and to the revisor of statutes under sec. 6, **ch. 63, SLA**  
31 **2008** [OF THIS ACT].