

HOUSE BILL NO. 67

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

BY REPRESENTATIVES TUCK AND HERRON, Millett, Petersen

Introduced: 1/18/11

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

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

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

4 * **Section 1.** AS 43.98.030(f) is amended to read:

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

7 (1) \$100,000,000 before July 1, 2018; and

8 (2) \$200,000,000 in the aggregate.

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

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

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

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

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

2 * **Sec. 3.** AS 44.33.234 is amended by adding a new subsection to read:

3 (c) Information submitted in an application under (a) of this section is
4 confidential and is not subject to inspection or copying under AS 40.25.110 -
5 40.25.125.

6 * **Sec. 4.** AS 44.33.236(a) is amended to read:

7 (a) Expenditures made by a production company in connection with a film
8 production approved by the film office that shall be considered qualified expenditures
9 must be directly related to the production and be incurred in the state. Only
10 expenditures that are ordinary, reasonable, and not in excess of fair market value and
11 that are for real or tangible property, fees, services, or state or municipal taxes shall be
12 considered. Expenditures may include

13 (1) costs of set construction and operation;

14 (2) costs of wardrobes, make-up, accessories, and related services;

15 (3) costs associated with photography and sound synchronization;

16 (4) costs of lighting and related services and materials;

17 (5) costs of editing and related services;

18 (6) rental of facilities and equipment;

19 (7) leasing of vehicles;

20 (8) costs of food and lodging;

21 (9) costs of digital or tape editing, film processing, transfer of film to
22 tape or digital format, **transfer of digital media to film or tape**, sound mixing, and
23 special and visual effects;

24 (10) the total aggregate payroll for services performed in Alaska,
25 including all salaries, wages, compensation, and related benefits provided to
26 producers, directors, writers, actors, and other personnel that are directly attributable
27 to services performed in Alaska;

28 (11) the costs of the use of an Alaska business for processing qualified
29 payroll and related expenditures;

30 (12) costs of music, if performed, composed, or recorded by an Alaska
31 musician, or released or published by an Alaska business;

1 (13) costs of intrastate travel, if provided by an Alaska business;

2 (14) costs relating to the design, construction, improvement, or repair
3 of a film, video, television, or digital production or postproduction facility or related
4 property, infrastructure, or equipment, except commercial exhibition facilities, as
5 determined by the film office;

6 (15) costs of state or municipal taxes levied in Alaska on the lease or
7 rental of passenger or recreational vehicles or the rental of rooms or other lodging; or

8 (16) other similar production expenditures as determined by the film
9 office in cooperation with the Department of Revenue.

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

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

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

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

27 * **Sec. 7.** Section 7, ch. 63, SLA 2008, is amended to read:

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

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

31 (2) the date of the commissioner of revenue's notification to the

1 presiding officers of each house of the legislature and to the revisor of statutes under
2 sec. 6, **ch. 63, SLA 2008** [OF THIS ACT].

3 * **Sec. 8.** Section 8, ch. 63, SLA 2008, is amended to read:

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

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

6 (2) one year after the date of the commissioner of revenue's
7 notification to the legislature and to the revisor of statutes under sec. 6, **ch. 63, SLA**
8 **2008** [OF THIS ACT].