

FINAL BILL REPORT

2SSB 6558

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Synopsis as Enacted

Brief Description: Improving the state of Washington's economic, cultural, and educational standing in the motion picture industry.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Hewitt, Eide, Kohl-Welles, Benson, McAuliffe, Benton, Kline and Keiser).

Senate Committee on Labor, Commerce, Research & Development
Senate Committee on Ways & Means
House Committee on Finance

Background: Some economic studies indicate that expenditures on motion picture and video productions in Washington have declined from \$50 million in 2001 to a current \$13 million annually. Industry experts contend that the decline is at least in part a result of the myriad of tax breaks and other incentives available in other states and British Columbia. For example, the state of Oregon recently enacted the "Greenlight Oregon" program, which makes available to film producers who spend at least \$1 million in a year in that state: (1) a rebate of about 6.2 percent of wages paid through regular payroll work done in Oregon; and (2) a discount of 10 percent on the purchase of goods and services from Oregon vendors that have agreed to offer the discount in exchange for being identified in the program by the Oregon Office of Film and Video.

Summary: A Motion Picture Competitiveness Program (MPCP), a non-profit entity administered by a board of directors appointed by the Governor, is authorized. The board consists of an at-large chairperson and representatives of: (1) the film industry, including production and post-production; (2) labor unions affiliated with motion picture production; (3) visitors and convention bureaus; (4) the tourism industry; and (5) the restaurant, hotel, and airline industry.

MPCP is authorized to provide up to 20 percent of the in-state cost of, or investment in, certain film production projects that meet film industry revitalization criteria set by the Department of Community, Trade and Economic Development (CTED). A contributor of cash of up to one million dollars to MPCP qualifies, dollar for dollar, for a business and occupation tax credit until 2008. After 2008, the amount of the credit is reduced to 90 percent of the amount contributed. A credit may be claimed in the current year or carried over for up to three succeeding years. No more than \$3.5 million in credits may be granted, state-wide, in any year. The business and occupation tax credit expires July 1, 2011.

Motion picture productions receiving funding from the program established by this bill must annually report employment and other information to CTED. The Joint Legislative Audit and Review committee must make a recommendation on the effectiveness of the business and occupation tax credit to the House Finance Committee and the Senate Ways and Means committee in December 2010.

Votes on Final Passage:

Senate	47	1	
House	90	8	(House amended)
Senate	47	0	(Senate concurred)

Effective: June 7, 2006