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HOUSE BILL 2872

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State of Washington                      60th Legislature                      2008 Regular Session

By Representatives Kenney, McIntire, Darneille, Lantz, and Ormsby

Read first time 01/17/08.      Referred to Committee on Community & Economic Development & Trade.

1            AN ACT Relating to strengthening the tax credit and modifying the  
2 governing board of a Washington motion picture competitiveness program;  
3 and amending RCW 43.365.020, 43.365.030, and 82.04.4489.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            **Sec. 1.** RCW 43.365.020 and 2006 c 247 s 3 are each amended to read  
6 as follows:

7            (1) The department shall adopt criteria for an approved motion  
8 picture competitiveness program with the sole purpose of revitalizing  
9 the state's economic, cultural, and educational standing in the  
10 national and international market of motion picture production. Rules  
11 adopted by the department shall allow the program, within the  
12 established criteria, to provide funding assistance only when it  
13 captures economic opportunities for Washington's communities and  
14 businesses and shall only be provided under a contractual arrangement  
15 with a private entity. In establishing the criteria, the department  
16 shall consider:

17            (a) The additional income and tax revenue to be retained in the  
18 state for general purposes;

1 (b) The creation and retention of family wage jobs which provide  
2 health insurance and payments into a retirement plan;

3 (c) The impact of motion picture projects to maximize in-state  
4 labor and the use of in-state film production and film postproduction  
5 companies;

6 (d) The impact upon the local economies and the state economy as a  
7 whole, including multiplier effects;

8 (e) The intangible impact on the state and local communities that  
9 comes with motion picture projects;

10 (f) The regional, national, and international competitiveness of  
11 the motion picture filming industry;

12 (g) The revitalization of the state as a premier venue for motion  
13 picture production and national television commercial campaigns;

14 (h) Partnerships with the private sector to bolster film production  
15 in the state and serve as an educational and cultural purpose for its  
16 citizens;

17 (i) The vitality of the state's motion picture industry as a  
18 necessary and critical factor in promoting the state as a premier  
19 tourist and cultural destination;

20 (j) Giving preference to additional seasons of television series  
21 that have previously qualified;

22 (k) Other factors the department may deem appropriate for the  
23 implementation of this chapter.

24 (2) The board of directors created under RCW 43.365.030 shall  
25 create and administer an account for carrying out the purposes of  
26 subsection (3) of this section.

27 (3) Money received by an approved motion picture competitiveness  
28 program shall be used only for: (a) Health insurance and payments into  
29 a retirement plan, and other costs associated with film production; (b)  
30 a tax credit marketer to market the tax credits authorized under RCW  
31 82.04.4489; and (c) staff and related expenses to maintain the  
32 program's proper administration and operation.

33 (4) Maximum funding assistance from an approved motion picture  
34 competitiveness program is limited to an amount up to twenty percent of  
35 the total actual investment in the state of at least:

36 (a) (~~Twenty percent of a total actual investment in the state of~~  
37 ~~at least~~) Five hundred thousand dollars(~~(7)~~) for a single feature film  
38 produced in Washington state;

1           (b) (~~Twenty percent of a total actual investment in the state of~~  
2 ~~at least~~) Three hundred thousand dollars per television episode  
3 produced in Washington state; or

4           (c) (~~Twenty percent of a total actual investment in the state of~~  
5 ~~at least two~~) One hundred fifty thousand dollars for an infomercial or  
6 television commercial associated with a national or regional  
7 advertisement campaign produced in Washington state.

8           (5) (~~No single motion picture production or episodic television~~  
9 ~~project may be awarded an amount greater than one million dollars from~~  
10 ~~an approved motion picture competitiveness program.~~

11           ~~(6)~~) Funding assistance approval must be determined by the  
12 approved motion picture competitiveness program within a maximum of  
13 thirty calendar days from when the application is received, if the  
14 application is submitted after August 15, 2006.

15           **Sec. 2.** RCW 43.365.030 and 2006 c 247 s 4 are each amended to read  
16 as follows:

17           (1) A Washington motion picture competitiveness program under this  
18 chapter shall be administered by a board of directors appointed by the  
19 governor, and the appointments shall be made within sixty days  
20 following enactment. The department, after consulting with the board,  
21 shall adopt rules for the standards that shall be used to evaluate the  
22 applications for funding assistance prior to June 30, 2006.

23           (2) The board shall evaluate and award financial assistance to  
24 motion picture projects under rules set forth under RCW 43.365.020.

25           (3) The board shall consist of the following members:

26           (a) One member representing the Washington motion picture  
27 production industry;

28           (b) One member representing the Washington motion picture  
29 postproduction industry;

30           (c) Two members representing labor unions affiliated with  
31 Washington motion picture production;

32           (d) One member representing the Washington visitors and convention  
33 bureaus;

34           (e) One member representing the Washington tourism industry;

35           (f) One member representing the Washington restaurant, hotel, and  
36 airline industry; and

1 (g) A chairperson, chosen at large, shall serve at the pleasure of  
2 the governor.

3 (4) The term of the board members, other than the chair, is four  
4 years, except as provided in subsection (5) of this section.

5 (5) The governor shall appoint board members in 2010 to two-year or  
6 four-year staggered terms. Once the initial two-year or four-year  
7 terms expire, all subsequent terms shall be for four years. The terms  
8 of the initial board members shall be as follows:

9 (a) The board positions in subsection (3)(b), (d), and (f) of this  
10 section, and one position from subsection (3)(c) of this section shall  
11 be appointed to two-year terms; and

12 (b) The remaining board positions in subsection (3) of this section  
13 shall be appointed to four-year terms.

14 (6) A board member appointed by the governor may be removed by the  
15 governor for cause under RCW 43.06.070 and 43.06.080.

16 ~~((+5))~~ (7) Five members of the board constitute a quorum.

17 ~~((+6))~~ (8) The board shall elect a treasurer and secretary  
18 annually, and other officers as the board members determine necessary,  
19 and may adopt bylaws or rules for its own government.

20 ~~((+7))~~ (9) The board shall make any information available at the  
21 request of the department to administer this chapter.

22 ~~((+8))~~ (10) Contributions received by a board shall be deposited  
23 into the account described in RCW 43.365.020(2).

24 **Sec. 3.** RCW 82.04.4489 and 2006 c 247 s 5 are each amended to read  
25 as follows:

26 (1) Subject to the limitations in this section, a credit is allowed  
27 against the tax imposed under this chapter for contributions made by a  
28 person to a Washington motion picture competitiveness program.

29 (2) The person must make the contribution before claiming a credit  
30 authorized under this section. Credits earned under this section may  
31 be claimed against taxes due for the calendar year in which the  
32 contribution is made. The amount of credit claimed for a reporting  
33 period shall not exceed the tax otherwise due under this chapter for  
34 that reporting period. No person may claim more than one million  
35 dollars of credit in any calendar year, including credit carried over  
36 from a previous calendar year. No refunds may be granted for any  
37 unused credits.

1 (3) The maximum credit that may be earned for each calendar year  
2 under this section for a person is limited to the lesser of(~~(+~~  
3 ~~(a)~~) one million dollars(~~(+)~~) or  
4 (~~(b)(i)~~ ~~Through calendar year 2008,~~) an amount equal to one  
5 hundred percent of the contributions made by the person to a program  
6 during the calendar year(~~(+ and~~  
7 ~~(ii)~~ ~~For calendar years after 2008,~~ an amount equal to ninety  
8 percent of the contributions made by the person to a program during the  
9 calendar year)).

10 (4) Except as provided under subsection (5) of this section, a tax  
11 credit claimed under this section may not be carried over to another  
12 year.

13 (5) Any amount of tax credit otherwise allowable under this section  
14 not claimed by the person in any calendar year may be carried over and  
15 claimed against the person's tax liability for the next succeeding  
16 calendar year. Any credit remaining unused in the next succeeding  
17 calendar year may be carried forward and claimed against the person's  
18 tax liability for the second succeeding calendar year; and any credit  
19 not used in that second succeeding calendar year may be carried over  
20 and claimed against the person's tax liability for the third succeeding  
21 calendar year, but may not be carried over for any calendar year  
22 thereafter.

23 (6) Credits are available on a first in-time basis. The department  
24 shall disallow any credits, or portion thereof, that would cause the  
25 total amount of credits claimed under this section during any calendar  
26 year to exceed (~~(three)~~) ten million (~~(five hundred thousand)~~) dollars.  
27 If this limitation is reached, the department shall notify all  
28 Washington motion picture competitiveness programs that the annual  
29 statewide limit has been met. In addition, the department shall  
30 provide written notice to any person who has claimed tax credits in  
31 excess of the (~~(three)~~) ten million (~~(five hundred thousand)~~) dollar  
32 limitation in this subsection. The notice shall indicate the amount of  
33 tax due and shall provide that the tax be paid within thirty days from  
34 the date of such notice. The department shall not assess penalties and  
35 interest as provided in chapter 82.32 RCW on the amount due in the  
36 initial notice if the amount due is paid by the due date specified in  
37 the notice, or any extension thereof.

1       (7) To claim a credit under this section, a person must  
2 electronically file with the department all returns, forms, and any  
3 other information required by the department, in an electronic format  
4 as provided or approved by the department. Any return, form, or  
5 information required to be filed in an electronic format under this  
6 section is not filed until received by the department in an electronic  
7 format. As used in this subsection, "returns" has the same meaning as  
8 "return" in RCW 82.32.050.

9       (8) No application is necessary for the tax credit. The person  
10 must keep records necessary for the department to verify eligibility  
11 under this section.

12       (9) A Washington motion picture competitiveness program shall  
13 provide to the department, upon request, such information needed to  
14 verify eligibility for credit under this section, including information  
15 regarding contributions received by the program.

16       (10) The department shall not allow any credit under this section  
17 before July 1, 2006.

18       (11) For the purposes of this section, "Washington motion picture  
19 competitiveness program" or "program" means an organization established  
20 pursuant to chapter 43.365 RCW.

21       (12) No credit may be earned for contributions made on or after  
22 July 1, 2011.

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