
Community & Economic Development Committee

HB 1914

Brief Description: Updating and expanding the motion picture competitiveness program.

Sponsors: Representatives Riccelli, Orcutt, Berry, Leavitt, McEntire, Ryu, Santos, Walen, Wicks, Ortiz-Self, Stonier, Robertson, Peterson, Rule, Vick, Goodman, Dolan, Orwall, Eslick, Barkis, Graham, Berg, Dent, Bateman and Macri.

Brief Summary of Bill

- Modifies the membership of the board of directors of the Motion Picture Competitiveness Program (Program).
- Adds supporting the growth and development of the state film industry as an allowable use of Program funding assistance.
- Increases the total statewide Business and Occupation (B&O) tax credit limit for Program contributions from \$3.5 million to \$20 million per calendar year.
- Increases the B&O tax credit limit one person may claim for Program contributions from \$750,000 to \$1 million per calendar year.

Hearing Date: 1/25/22

Staff: Cassie Jones (786-7303).

Background:

The Motion Picture Competitiveness Program (Program) was created by the Legislature in 2006 for the stated purpose of creating a partnership with the private sector to regain Washington's

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place as a premier destination to make motion pictures, television, and television commercials. The Program must be overseen by a nonprofit organization with the sole purpose of revitalizing the state's economic, cultural, and educational standing in the national and international market of motion picture production and associated creative industries.

Washington Filmworks (Filmworks) is the private nonprofit that oversees the Program and manages its incentive program. Filmworks must be administered by a board of directors (Board) appointed by the Governor. The following must be represented on the Board:

- one member of the Washington motion picture production industry;
- one member of the Washington motion picture postproduction industry;
- one member of the Washington interactive media or emerging motion picture industry;
- one member representing Washington visitors and convention bureaus;
- one member representing the Washington tourism industry;
- one member representing the Washington restaurant, hotel, and airline industry;
- two members representing labor unions affiliated with Washington motion picture production; and
- a chairperson, chosen at large.

The Board must evaluate and award financial assistance to motion picture projects under rules adopted by the Department of Commerce (Commerce). Money received by the Program may only be used for:

- benefits for employees and other costs associated with film production; and
- staff and related expenses to maintain the Program's proper administration and operation.

In return for contributing to the Program's incentive fund, a person may receive a credit against Business and Occupations (B&O) tax liability up to \$750,000 per year. The total amount that may be credited any calendar year is \$3.5 million.

Each motion picture production receiving funding assistance under the Program must report information to Commerce by filing a complete annual survey. The survey must include information on taxes paid, amount of funding assistance received, and employment and wage data. A person claiming a tax credit for contributions made to the Program must file an annual report with the Department of Revenue (DOR). The report must include employment and wage data, among other information.

Summary of Bill:

The total statewide B&O tax credit limit for Program contributions is increased to \$20 million per calendar year. The B&O tax credit limit one person may claim for Program contributions is increased to \$1 million per calendar year.

An additional authorized use of Program funding assistance is supporting the growth and development of the state film industry through career connected learning, workforce development, and business development with a focus on better supporting people from

marginalized and rural communities.

Filmworks' Board membership is modified. The number of Board members is increased from nine to 12 members. In addition to two labor representatives, and the chairperson, the Board must include:

- two members representing the Washington motion picture industry, with one demonstrating expertise in motion picture financing;
- one member from the Washington interactive entertainment industry, not involved in any aspect of the industry associated with gambling;
- one member representing technologies impacting the Washington emerging motion picture industry;
- three members representing industries and businesses impacted by motion picture production, two of whom must each represent a side of the Cascade Mountain range;
- a cochair of the Board's equity committee, as recommended to the board by the Governor;
- and
- a cochair of the Board's advisory committee, as recommended by the Governor.

Entities contributing to the Program and receiving a tax credit, and not otherwise receiving funding assistance under the Program, are exempt from DOR's and Commerce's annual reporting requirements.

A tax preference performance statement that identifies the Legislature's public policy purpose and intent for the Program tax credit is included. The Joint Legislative Audit and Review Committee must review and make a recommendation to the Legislature regarding the effectiveness of the Program by December 1, 2026.

Appropriation: None.

Fiscal Note: Requested on January 18, 2022.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.