

1.1 A bill for an act
1.2 relating to arts and culture; creating motion picture production investment
1.3 incentive program; appropriating money; proposing coding for new law in
1.4 Minnesota Statutes, chapter 116J.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. [116J.999] MOTION PICTURE PRODUCTION INVESTMENT
1.7 INCENTIVE PROGRAM.

1.8 (a) The commissioner of employment and economic development shall enter into an
1.9 agreement with the Association of Minnesota Motion Pictures (AMMP), a not-for-profit
1.10 501(c)(6) organization, to establish and administer a motion picture production investment
1.11 incentive program to produce feature-length films in Minnesota. Upon entering into the
1.12 agreement with AMMP, the commissioner must transfer the annual appropriation to AMMP
1.13 for investment in production of feature-length films. The agreement must provide for the
1.14 initial investment to be repaid to the state and for the state to receive a specified percentage
1.15 of future revenues from each film after the state's initial investment in the film is repaid.

1.16 (b) An agreement between the commissioner and AMMP under this section must
1.17 specify the authority of AMMP to act on behalf of the commissioner. An agreement must:

1.18 (1) ensure that AMMP, acting as an agent of the commissioner, has ownership
1.19 claims on revenue from each film funded under this section that are not of lower priority
1.20 than or less favorable than those of any other creditor or investor and that AMMP has
1.21 preferred position financing for each film;

1.22 (2) specify the schedule and method for AMMP to repay money to the commissioner;

2.1 (3) provide that after the state's investment in a film has been repaid to the state,
2.2 at least 50 percent of the revenue from the film received by AMMP is returned to the
2.3 commissioner; and

2.4 (4) provide that all film productions receiving funding under this section agree to
2.5 indemnify and hold the state of Minnesota harmless from claims, suits, and demands of
2.6 causes of action arising from film production in Minnesota and agree to carry at least
2.7 \$3,000,000 in liability insurance for each film produced, with the state of Minnesota
2.8 named as an additional insured.

2.9 (c) A film may receive funding under this section only if:

2.10 (1) the project has a final shooting script, final budget, and final schedule, with a
2.11 producer, director, and principal cast under contract;

2.12 (2) all funding for the film, other than funding to be provided under this section, is
2.13 in place and documented;

2.14 (3) the amount of funding requested under this section is not more than 50 percent of
2.15 the total direct budget for the film;

2.16 (4) the film has a documented distribution agreement in place, through a distributor
2.17 that AMMP determines is well-known and well-respected in the motion picture industry;

2.18 (5) the applicant for funding has documented what Minnesota-based personnel,
2.19 businesses, locations, and other related activities will be used in production of the film;

2.20 (6) the applicant for funding guarantees credits on the film and on all relevant publicity
2.21 relating to the film that acknowledge funding from the arts and cultural heritage fund;

2.22 (7) no more than six percent of the amount provided to AMMP under this section
2.23 each fiscal year is spent by AMMP for its administrative costs; and

2.24 (8) AMMP ensures that a majority of the funds allocated for each film project will
2.25 be spent in the state of Minnesota.

2.26 (d) Notwithstanding section 129D.17, subdivision 2, paragraph (f), AMMP may use
2.27 money appropriated from the arts and cultural heritage fund for projects and activities
2.28 necessary to the mission of AMMP outside of Minnesota.

2.29 (e) Money repaid to the commissioner from agreements under this section must be
2.30 deposited in the arts and cultural heritage fund.

2.31 **Sec. 2. APPROPRIATION.**

2.32 \$..... in the fiscal year ending June 30, 2014, and \$..... in the fiscal year ending
2.33 June 30, 2015, is appropriated to the commissioner of employment and economic
2.34 development for purposes of entering into an agreement with the Association of Minnesota

- 3.1 Motion Pictures (AMMP) according to section 1. The commissioner must transfer the
3.2 annual appropriation to AMMP pursuant to Minnesota Statutes, section 116J.999.