HOUSE RESEARCH

Bill Summary

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Subject: Film production investment credit

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Overview

Establishes a 25 percent income tax credit for investment in film production expenditures in Minnesota. If the amount of a taxpayer's film production credit exceeds the taxpayer's income tax liability for a taxable year, the taxpayer may carry over the unused credit amounts for up to five years. The taxpayer may also transfer the credit to another individual or corporate taxpayer.

1 **Film production investment credit.**

Subd. 1. Credit allowed. Allows a credit against the individual income and corporate franchise taxes equal to 25 percent of qualified investment in a qualifying film production.

Subd. 2. Definitions. Defines terms for purposes of the credit:

"Qualifying film production" means a motion picture certified by the Minnesota Film and TV Board as made in Minnesota

"Qualified investment" means a cash investment to pay production expenses by an investor who does not have a financial interest in the production.

"Motion picture" means a feature length film or a television series or pilot, and excludes television coverage of news and athletic events.

"Qualified production expenses" means specified preproduction, production and postproduction expenses incurred in Minnesota, and excludes postproduction costs for marketing and distribution, amounts that are later reimbursed, costs related to transfer of credits, amounts paid as a result of participation in profits.

Subd. 3. Credit certification. Requires taxpayers to apply to the Minnesota Film and TV Board ("the Board") for a film production investment credit certificate before investing, in a form and manner specified by the Board. Limits the Board to issuing no more than $5 million in certificates per year. By January 31 of each year, requires the Board to report to the commissioner of revenue on certificates issued during the preceding tax year, and to provide verification that the taxpayers issued certificates made the full investment required.

Subd. 4. Carryover. Allows unused credit amounts to be carried over for up to five years.

Subd. 5. Transfers. Allows credit certificates to be transferred once in each 12 month period. 180 days must elapse after the date of the qualified investment before a taxpayer may transfer a credit certificate. Requires the taxpayer who transfers a credit certificate to notify the commissioner of revenue within 30 days of the transfer.

Effective date: Effective beginning in tax year 2012.