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This bill provides an income and corporate franchise tax credit equal to 25 percent of “film production costs.” The credit is refundable, so it is not dependent on the recipient having or incurring Minnesota tax liability. Production costs that qualify under the credit are defined by reference to the direct spending Film Production Jobs Program statute (section 116U.26). Defined costs cover amounts spent for a broad range of activities involved in making a film:

- the story and scenario
- salaries of talent, management, and labor
- set construction and operations, wardrobe, accessories, and related services
- photography, sound synchronization, lighting, and related services
- editing
- rental of facilities and equipment
- other direct costs of production under generally accepted entertainment industry practice
- above-the-line talent fees for nonresident talent
- postproduction costs

Defined “films” include television or Internet pilots, programs, series, documentaries, music videos, and television commercials, but exclude news, weather, current events, talk shows, sports coverage, award shows, and similar.

**Background on direct spending program:** The 2013 legislature appropriated \$10 million to the Minnesota Film and TV Board for the film production jobs program (\$5 million each year for FY 2014 and FY 2015); the 2015 legislature appropriated \$3.5 million for FY 2016 and \$1.5 million for FY 2017; the 2016 legislature appropriated an additional \$4.5 million for FY 2017; the 2017 legislature appropriated \$1,000,000 (\$500,000 each year for FY 2018 and FY 2019).