

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 906 Session of 2021

INTRODUCED BY ROBINSON, BARTOLOTTA, YUDICHAK, LANGERHOLC,
STEFANO, VOGEL AND BREWSTER, OCTOBER 18, 2021

REFERRED TO FINANCE, OCTOBER 18, 2021

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," in entertainment production tax credit, further
11 providing for definitions, for credit for qualified film
12 production expenses, for carryover, carryback and assignment
13 of credit, for limitations, for reissuance of film production
14 tax credits and for pass-through entity.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. The definition of "multifilm" in section 1711-D
18 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
19 Reform Code of 1971, added June 30, 2021 (P.L.124, No.25), is
20 amended and the section is amended by adding a definition to
21 read:

22 Section 1711-D. Definitions.

23 The following words and phrases when used in this subarticle
24 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 * * *

3 ["Multifilm." A series of separate and distinct films
4 produced by the same taxpayer over a period of no less than one
5 year and no more than four years from the time of application.]

6 "Multifilm production." A series of separate and distinct
7 films that are produced by the same taxpayer, or directly or
8 indirectly produced by the same taxpayers who have no less than
9 80% common ownership, over a period of no more than four years
10 from the time of application.

11 * * *

12 Section 2. Section 1712-D(b) (7.1) of the act, added June 30,
13 2021 (P.L.124, No.25), is amended to read:

14 Section 1712-D. Credit for qualified film production
15 expenses.

16 * * *

17 (b) Review and approval.--The department shall establish
18 application periods not to exceed 90 days each. All applications
19 received during the application period shall be reviewed and
20 evaluated by the department based on the following criteria:

21 * * *

22 (7.1) If a multifilm production application is
23 submitted, the department shall consider the ability of the
24 taxpayer to produce multiple films within this Commonwealth
25 during the proposed period of production and the potential
26 economic impact, including tourism impact, of the multiple
27 films to this Commonwealth. The taxpayer may supplement the
28 multifilm production application with additional films during
29 the period of production. The department may annually extend
30 the multifilm production application's period of production

1 before the expiration of the period of production. The
2 taxpayer may not include a film in the multifilm production
3 application that was the subject of an application submitted
4 under this subsection before January 1, 2021.

5 * * *

6 Section 3. Section 1714-D(e) (1) of the act is amended and
7 the subsection is amended by adding a paragraph to read:

8 Section 1714-D. Carryover, carryback and assignment of credit.

9 * * *

10 (e) Sale or assignment.--The following shall apply:

11 (1) [A] Except as provided under paragraph (5), a
12 taxpayer, upon application to and approval by the department,
13 may sell or assign, in whole or in part, a tax credit granted
14 to the taxpayer under this subarticle.

15 * * *

16 (5) A taxpayer may not sell or assign, in whole or in
17 part, a tax credit granted to the taxpayer under this
18 subarticle for a multifilm production.

19 * * *

20 Section 4. Section 1716-D(a) introductory paragraph of the
21 act is amended and the section is amended by adding a subsection
22 to read:

23 Section 1716-D. Limitations.

24 (a) Cap.--Except for tax credits reissued under section
25 1716.1-D or credits issued for multifilm productions, in no case
26 shall the aggregate amount of tax credits awarded in any fiscal
27 year under this subarticle exceed \$70,000,000. The department
28 may, in its discretion, award in one fiscal year up to:

29 * * *

30 (e) Multifilm productions.--The cap on the aggregate amount

1 of tax credits awarded in any fiscal year under subsection (a)
2 shall not apply to the award of tax credits to taxpayers for
3 multifilm productions.

4 Section 5. Sections 1716.1-D(a)(4) of the act, added June
5 30, 2021 (P.L.124, No.25), is amended to read:

6 Section 1716.1-D. Reissuance of film production tax credits.

7 (a) Reissuance.--In any fiscal year, the department may
8 reissue a tax credit which meets all of the following:

9 * * *

10 (4) If an individual film that was issued a tax credit
11 as part of a multifilm production application is canceled,
12 the department may reissue that tax credit only after
13 allowing the taxpayer or the taxpayer's affiliate 90 days to
14 submit an application for an alternative individual film,
15 produced by the taxpayer or the taxpayer's affiliate for that
16 tax credit. The department may approve or reject the
17 application.

18 * * *

19 Section 6. Section 1718-D(c) of the act is amended and the
20 section is amended by adding a subsection to read:

21 Section 1718-D. Pass-through entity.

22 * * *

23 (c) Application.--[A] Except as provided under subsection
24 (d), a shareholder, member or partner of a pass-through entity
25 to whom a credit is transferred under subsection (a) shall
26 immediately claim the credit in the taxable year in which the
27 transfer is made. The shareholder, member or partner may not
28 carry forward, carry back, obtain a refund of or sell or assign
29 the credit.

30 (d) Multifilm productions.--A shareholder, member or partner

1 of a pass-through entity to whom a credit for a multifilm
2 production is transferred under subsection (a) may carry forward
3 the credit for no more than three taxable years following the
4 first taxable year for which the taxpayer was entitled to claim
5 the credit for the multifilm production.

6 Section 7. This act shall take effect in 60 days.