

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1529

Session of
2007

INTRODUCED BY STURLA, DeWEESE, WHEATLEY, EACHUS, GERGELY, SURRA,
D. O'BRIEN, DALEY AND GALLOWAY, JUNE 12, 2007

AS REPORTED FROM COMMITTEE ON COMMERCE, HOUSE OF
REPRESENTATIVES, AS AMENDED, JUNE 19, 2007

AN ACT

1 Amending Title 12 (Commerce and Trade) of the Pennsylvania
2 Consolidated Statutes, further providing for film production
3 grants; AND REQUIRING A REPORT. <—

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Sections 4102, 4103, 4104, 4105, 4106 and 4108 of
7 Title 12 of the Pennsylvania Consolidated Statutes are amended
8 to read:

9 § 4102. Definitions.

10 The following words and phrases when used in this chapter
11 shall have the meanings given to them in this section unless the
12 context clearly indicates otherwise:

13 "Applicant." A person that files a notice and application in
14 accordance with this chapter.

15 "Department." The Department of Community and Economic
16 Development of the Commonwealth.

17 "Film." The term includes a feature film, television film,

1 television pilot or [each episode of] a television series which
2 is intended as programming for a national audience, in each case
3 with a budget of less than \$2,000,000. The term does not include
4 a production featuring:

- 5 (1) News, current events, weather and market reports.
- 6 (2) Public programming.
- 7 (3) Talk shows, game shows, sports events, awards shows
8 or other gala events.
- 9 (4) A production that solicits funds.
- 10 (5) A production that primarily markets a product or
11 service.
- 12 (6) A production containing obscene material or
13 performances as defined in 18 Pa.C.S. § 5903(b) (relating to
14 obscene and other sexual materials and performances).
- 15 (7) A production primarily for private, political,
16 industrial, corporate or institutional purposes.

17 "Pennsylvania production expense." A production expense
18 incurred in this Commonwealth. For the purposes of wages and
19 salaries, the term includes only wages and salaries on which the
20 taxes imposed by Article III or IV of the act of March 4, 1971
21 (P.L.6, No.2), known as the Tax Reform Code of 1971, have been
22 paid or accrued.

23 "Production expense."

24 (1) An expense incurred in the production of a film. The
25 term includes:

26 (i) The aggregate amount of wages and salaries of
27 individuals each of whom receive less than \$1,000,000 and
28 are employed in the production of the film.

29 (ii) The costs of construction, operations, editing,
30 photography, sound synchronization, lighting, wardrobe

1 and accessories.

2 (iii) [The cost of rental facilities and equipment.]
3 (Reserved).

4 (iv) The cost of transportation to or from a
5 Pennsylvania train station, bus depot or airport.

6 (v) The purchase of music or story rights if the
7 purchase price is under \$1,000,000, the rights are
8 purchased from a Pennsylvania resident or an entity
9 subject to taxation in this Commonwealth and the
10 transaction is subject to taxation under Article III, IV
11 or VI of the act of March 4, 1971 (P.L.6, No.2), known as
12 the Tax Reform Code of 1971.

13 (vi) The cost of leasing vehicles.

14 (vii) The cost of insurance coverage if the
15 insurance is purchased through a Pennsylvania-based
16 insurance agent.

17 (viii) The costs of food and lodging.

18 (ix) Any other costs the department deems advisable
19 to include.

20 (2) The term does not include [expenses incurred in
21 purchasing story rights, music rights,] development costs[,]
22 or expenses incurred in marketing or advertising a film.

23 "Program." The Film Production Grant Program established in
24 section 4103 (relating to establishment).

25 "Qualified film production expense." A Pennsylvania
26 production expense if at least 60% of the total production
27 expenses are Pennsylvania production expenses.

28 "Recipient." A person who receives a grant under this
29 chapter.

30 "Start date." The first day of principal photography in this

1 Commonwealth.

2 § 4103. Establishment.

3 There is established within the department a program to be
4 known as the Film Production Grant Program. The program shall be
5 administered by the department to provide grants to persons for
6 [certain] films produced within this Commonwealth.

7 § 4104. Application.

8 [At any time prior to 60 days after the completion of
9 production of a film, a person may submit an application for a
10 film production grant to the department. The application shall
11 be on a form required by the department and shall include or
12 demonstrate all of the following:]

13 (a) Notice.--Prior to commencing production of a film, a
14 person desiring to apply for a grant for a Pennsylvania film
15 production under subsection (b) shall submit a notice to the
16 department informing it of the person's intention to apply for
17 the grant. The notice shall be on the form required by the
18 department and shall include or demonstrate all of the
19 following:

20 (1) An itemized list of production expenses incurred or
21 to be incurred during the current Commonwealth fiscal year
22 and the anticipated expenses to be incurred for any
23 subsequent Commonwealth fiscal year if the film production is
24 anticipated to extend into any such year.

25 (2) An itemized list of Pennsylvania production expenses
26 incurred.

27 (3) The start date.

28 (4) The actual or projected completion date.

29 (5) A statement of the amount of grant sought.

30 (6) Any other information required by the department.

1 (b) Application.--Within 60 days of the completion of
2 production of a film, the applicant shall file an application
3 for a film production grant with the department. The application
4 shall be on a form required by the department and shall include
5 or demonstrate all of the following:

6 (1) An itemized list of production expenses actually
7 incurred.

8 (2) An itemized list of Pennsylvania production expenses
9 actually incurred. Expenses submitted under this paragraph
10 may not in the aggregate exceed the amount of projected
11 expenses submitted to the department under subsection (a)(2).

12 (3) The date of the completion of production of the
13 film.

14 (4) Any other information required by the department.

15 § 4105. Review.

16 The department shall review the application to determine if
17 the applicant has met all of the criteria set forth in section
18 4104 (relating to application)[.] and in the guidelines
19 developed by the department under section 4109 (relating to
20 guidelines).

21 § 4106. Approval.

22 The following shall apply:

23 (1) Upon being satisfied that all requirements have been
24 met and subject to section 4108 (relating to limitations),
25 the department may approve the application and award a film
26 production grant to the applicant.

27 (2) Prior to providing grant funds to the applicant, the
28 department shall enter into a contract with the applicant.

29 The contract shall include provisions requiring the applicant
30 to use the grant to pay costs associated with the production

1 of the film.

2 (3) The department may impose any other terms and
3 conditions on the grants authorized by this chapter as the
4 department determines are in the best interests of the
5 Commonwealth.

6 § 4108. Limitations.

7 The following limitations shall apply:

8 (1) A recipient may not receive a grant under this
9 chapter for more than one year for the same film.

10 [(1)] (2) A grant awarded under this chapter to an
11 applicant for a film may not exceed 20% of the qualified film
12 production expenses incurred for the film.

13 [(2)] (3) In no case shall the aggregate amount of
14 grants awarded in any fiscal year under this chapter exceed
15 [\$10,000,000] \$15,000,000.

16 [(3)] (4) A grant awarded under this chapter shall in no
17 way constitute an entitlement derived from the Commonwealth
18 or a claim on any other funds of the Commonwealth.

19 (5) An applicant who has been awarded a film production
20 tax credit under any provision of the act of March 4, 1971
21 (P.L.6, No.2), known as the Tax Reform Code of 1971, shall
22 not be eligible to receive a grant under this chapter for the
23 same film.

24 SECTION 2. TITLE 12 IS AMENDED BY ADDING A SECTION TO READ: <—

25 § 4108.1. ANNUAL REPORT.

26 THE DEPARTMENT SHALL SUBMIT AN ANNUAL REPORT ON USAGE OF THE
27 PROGRAM TO THE CHAIRMAN AND MINORITY CHAIRMAN OF THE COMMUNITY,
28 ECONOMIC AND RECREATIONAL DEVELOPMENT COMMITTEE OF THE SENATE
29 AND THE CHAIRMAN AND MINORITY CHAIRMAN OF THE COMMERCE COMMITTEE
30 OF THE HOUSE OF REPRESENTATIVES ON OR BEFORE SEPTEMBER 15.

1 Section ~~2~~ 3. This act shall take effect immediately.

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