

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1519 Session of 2017

INTRODUCED BY ELLIS, JUNE 12, 2017

AS REPORTED FROM COMMITTEE ON COMMERCE, HOUSE OF REPRESENTATIVES, AS AMENDED, JUNE 21, 2017

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, establishing the Multimedia Tax
12 Credit Fund, providing for State-certified production
13 companies AND FOR DIVERSITY STATUS and making an inconsistent <--
14 repeal.

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

17 Section 1. Section 1702-D of the act of March 4, 1971
18 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended
19 by adding definitions to read:

20 Section 1702-D. Definitions.

21 The following words and phrases when used in this article
22 shall have the meanings given to them in this section unless the
23 context clearly indicates otherwise:

24 * * *

1 "Pennsylvania screenplay." As evidenced by documents,
2 including certificate of authorship, a WGA registration
3 certificate, the records of the United States Copyright Office
4 or a reasonable legal opinion issued to the office, one of the
5 following:

6 (1) A screenplay created by a Pennsylvania resident.

7 (2) A screenplay purchased, optioned, licensed or
8 otherwise acquired from a Pennsylvania publisher.

9 "Qualified Pennsylvania production company." A ~~motion~~ <--
10 picture FILM production company, organized under the laws of <--
11 this Commonwealth or otherwise domiciled and authorized to do
12 business in this Commonwealth, having its principal place of
13 business in this Commonwealth, which files Pennsylvania income
14 tax returns and meets the following requirements:

15 (1) Has the power and authority to make creative
16 decisions with respect to a motion picture being produced by
17 a State-certified production company, including final cut
18 authority.

19 (2) One of the following:

20 (i) the company is at least 50% owned by a
21 Pennsylvania resident or residents who are natural
22 persons who have been domiciled in and maintained a
23 permanent place of abode in this Commonwealth for no less
24 than 12 consecutive months prior to beginning of
25 preproduction; or

26 (ii) the company has directly employed a minimum of
27 three full-time Pennsylvania residents for a minimum of
28 12 months prior to beginning of preproduction.

29 Section 2. Article XVII-D of the act is amended by adding a
30 subarticle to read:

1 SUBARTICLE E

2 MISCELLANEOUS PROVISIONS

3 Section 1771-D. Multimedia Tax Credit Fund.

4 (a) Establishment.--There is established in the department
5 the Multimedia Tax Credit Fund. All money allocated for the
6 purposes of a tax credit under this article shall be deposited
7 in the fund.

8 (b) Usage.--The funds shall be used in accordance with the
9 following:

10 (1) Eighty percent of the money in the fund shall be
11 used for the film production tax credit under Subarticle B.

12 (2) Ten percent of the money in the fund shall be used
13 for the concert rehearsal and tour tax credit under
14 Subarticle C.

15 (3) Ten percent of the money in the fund shall be used
16 for the video game production tax credit under Subarticle D.

17 (c) Unused funds.--If the available money for one or two of
18 the tax credits under this article are not fully used, the
19 remaining money may be used for the remaining tax credits.

20 Section 1772-D. State-certified production companies.

21 (a) ~~Additional tax credit STATE-CERTIFIED PRODUCTION~~ <--
22 ~~INCENTIVE.--For State-certified productions with expenditures~~
23 ~~occurring on or after July 1, 2017, a State-certified production~~
24 ~~company which demonstrates that it owned or optioned to own a~~
25 ~~Pennsylvania screenplay, which has been held by a qualified~~
26 ~~Pennsylvania production company for a minimum of 12 months prior~~ <--
27 ~~to production, may be eligible for an additional 10% tax credit.~~
28 MAY BE ELIGIBLE FOR 10% OF THE MONEY ALLOCATED IN THE MULTIMEDIA <--
29 TAX CREDIT FUND UNDER SECTION 1771-D PRIOR TO THE ALLOCATION OF
30 SECTION 1771-D(B)(1), (2) OR (3). ANY UNUSED FUNDS SHALL REMAIN

1 IN THE MULTIMEDIA TAX CREDIT FUND.

2 (b) Approved companies.--The department shall post on its
3 publicly accessible Internet website a listing of approved
4 Pennsylvania publishers and qualified Pennsylvania production
5 companies.

6 SECTION 1773-D. DIVERSITY STATUS. <--

7 THE DEPARTMENT SHALL GIVE CONSIDERATION, WHERE POSSIBLE, TO
8 DIVERSITY STATUS REGARDING THE TAX CREDITS PROVIDED UNDER THIS
9 SUBARTICLE, IN CONFORMITY WITH EXECUTIVE ORDER 2015-11, ISSUED
10 BY THE GOVERNOR ON SEPTEMBER 23, 2015.

11 Section 3. Any provision of Article XVII-D of the act of
12 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
13 1971, is repealed to the extent that it is inconsistent with
14 this act.

15 SECTION 4. MONEY THAT HAS BEEN ALLOCATED AS OF THE EFFECTIVE <--
16 DATE OF THIS ACT UNDER THE TAX CREDITS UNDER ARTICLE XVII-D OF
17 THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM
18 CODE OF 1971, SHALL BE DISTRIBUTED IN ACCORDANCE WITH THE
19 ALLOCATION AND MAY NOT BE SUBJECT TO THE PROVISIONS OF THIS ACT.

20 Section ~~4~~ 5. This act shall ~~take effect~~ take effect <--
21 immediately.