

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34

Date: 6/7/13

Majority

L.D. 1409
(Filing No. H-401)

TAXATION

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
126TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1005, L.D. 1409, Bill, "An Act To Promote Tourism and Foster Economic Development"

Amend the bill by striking out all of the emergency preamble (page 1, lines 1 to 13 in L.D.).

Amend the bill in section 1 in §13090-L in subsection 2-A in paragraph B-3 in the last line (page 2, line 16 in L.D.) by inserting after the following: "media production" the following: 'or any single item with a value of \$500,000 or more that is not owned and retained for use in future productions by a major visual media production company'

Amend the bill in section 1 in §13090-L in subsection 2-A in paragraph D in the 4th line (page 2, line 27 in L.D.) by inserting after the following: "medium" the following: ', including the Internet.'

Amend the bill in section 1 in §13090-L by striking out all of subsection 3-A (page 4, lines 11 to 41 and page 5, lines 1 to 13 in L.D.) and inserting the following:

3-A. Requirements for major visual media production certificate. Applications for a major visual media production certificate must be made on a form prescribed and furnished by the department. The applicant must:

A. Provide payment for a nonrefundable application fee equal to 0.2% of the estimated amount of the tax credit for which the major visual media production company is requesting certification, which may not be less than \$200 or more than \$5,000;

B. Provide the names of the principals involved in the major visual media production and contact information for them;

C. Provide a certificate of insurance for the major visual media production;

D. Provide financial information that demonstrates that the major visual media production is fully financed and has an overall budget of at least \$1,000,000 if applying for the 25% credit under Title 36, section 5219-II, subsection 1;

COMMITTEE AMENDMENT

1 E. Provide projections of the number of positions required for the major visual media
2 production, the number of residents of the State employed and the economic impact
3 on the State;

4 F. Provide evidence that the major visual media production company is not owned
5 by, affiliated with or controlled by, in whole or in part, a person that is in default on a
6 loan made by the State or a loan guaranteed by the State;

7 G. Provide a projected schedule for preproduction, production and postproduction of
8 the major visual media production that shows that the production will begin within 60
9 days after certification pursuant to subsection 3-B;

10 H. Demonstrate, by certifying in writing, that the major visual media production
11 would not occur within the State absent the availability of the tax credit for which the
12 major visual media production company is requesting certification;

13 I. Include, in the certified major visual media production, an on-screen credit for the
14 State of Maine as described in subsection 3, paragraph E; and

15 J. Provide any other information required to demonstrate to the satisfaction of the
16 commissioner that the major visual media production company has met, or will meet,
17 the requirements of this subsection.'

18 Amend the bill by striking out all of section 2 (page 6, lines 9 to 20 in L.D.) and
19 inserting the following:

20 'Sec. 2. 36 MRSA §5219-II is enacted to read:

21 **§5219-II. Certified major visual media production credit**

22 **1. Credit allowed.** A major visual media production company, as defined in Title 5,
23 section 13090-L, subsection 2-A, paragraph B-2, is allowed a credit against the taxes
24 imposed by this Part in an amount equal to a percentage of major visual media production
25 expenses, as defined in Title 5, section 13090-L, subsection 2-A, paragraph B-3, up to
26 25% of major visual media production expenses.

27 **2. Limitation.** Taxpayers claiming a credit under section 5219-W or 5219-Y are not
28 eligible for this credit. The credit allowed by this section may be used only for the
29 taxable year in which the major visual media production, as defined in Title 5, section
30 13090-L, subsection 2-A, paragraph B-1, is completed.

31 **3. Refundable.** The credit allowed under this section is fully refundable.

32 **4. Repeal.** This section is repealed December 31, 2017.'

33 Amend the bill by striking out all of the emergency clause (page 6, lines 21 and 22 in
34 L.D.) and inserting the following:

35 'Sec. 3. Application. This Act applies to tax years beginning on or after January 1,
36 2013.'

37 **SUMMARY**

38 This amendment changes the bill by removing the emergency provisions and
39 clarifying that the credit is fully refundable. It clarifies that a visual media production

1 may include content produced for the Internet and that the certified major visual media
2 production credit must be claimed in the taxable year in which the major visual media
3 production is completed. It removes the 35% credit for major visual media productions
4 of over \$100,000,000, the requirement for 50% of the positions to be filled by in-state
5 residents and the requirement for the productions to include trailers and commercials. It
6 provides that the application fee, which is 0.2% of tax credit, is nonrefundable and can be
7 no less than \$200 and no more than \$5,000. It specifies that a major visual media
8 production expense does not include any single item with a value of \$500,000 or more
9 that is not owned and retained for use in future productions by a major visual media
10 production company. It repeals the credit on December 31, 2017.

FISCAL NOTE REQUIRED
(See attached)



126th MAINE LEGISLATURE

LD 1409

LR 1750(02)

An Act To Promote Tourism and Foster Economic Development

Fiscal Note for Bill as Amended by Committee Amendment 'A' (H-401)

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
Net Cost (Savings)				
General Fund	\$332,500	\$1,045,000	\$1,045,000	\$1,045,000
Revenue				
General Fund	(\$332,500)	(\$1,045,000)	(\$1,045,000)	(\$1,045,000)
Other Special Revenue Funds	(\$17,500)	(\$55,000)	(\$55,000)	(\$55,000)

Fiscal Detail and Notes

This bill reduces General Fund revenue by an estimated \$332,500 in FY 2013-14 and by \$1,045,000 in FY 2014-15 and reduces Municipal Revenue Sharing revenue by \$17,500 in FY 2013-14 and by \$55,000 in FY 2014-15 due to providing a refundable income tax credit for companies undertaking major visual media productions located in the State. This refundable income tax credit will be repealed on December 31, 2017. This fiscal note assumes that no large big-budget visual media production gets produced in the State. If one does the General Fund revenue reduction will be significantly larger.

Additional costs to the Department of Economic and Community Development associated with the rulemaking process and with issuing the required certificate can be absorbed within existing budgeted resources.