

MAINE STATE LEGISLATURE

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Date: 3/25/26 Minority

L.D. 1957
(Filing No. H-960)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
132ND LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1309, L.D. 1957, "An Act to Promote Film Production in Maine"

Amend the bill by striking out all of section 5 and inserting the following:

'Sec. 5. 5 MRSA §13090-L, sub-§2-A, ¶F, as enacted by PL 2009, c. 470, §1, is amended to read:

F. "Visual media production expense" means an expense directly incurred in this State for preproduction, production or postproduction of a visual media production certified under this section. "Visual media production expense" includes amounts paid directly by a visual media production company, including wages and salaries of individuals employed in the production on which taxes have been paid or accrued if those wages do not exceed \$50,000 per individual and, payments to a temporary employee-leasing company, as defined in Title 36, section 6901, subsection 3-A, payments to a loan-out company, payments to a personal service corporation and other contractual payments for the services of individuals working in the State if those payments do not exceed \$50,000 \$75,000 per individual providing services in the production and the visual media production company withheld and remitted the applicable Maine income tax as required pursuant to Title 36, chapter 827. "Visual media production expense" includes the cost of construction; operations; editing and related services; music, photography and film processing, including transferring film to tape or a digital format; sound recording, mixing and synchronization; lighting, makeup, wardrobe and accessories; transportation, not including airfare unless booked through a travel agent in this State; catering, food and lodging for cast members, staff and crew; local insurance and bonding; and the rental of facilities and equipment, including location fees; local payroll company fees; and fees collected by a temporary employee-leasing company as defined in Title 36, section 6901, subsection 3-A. "Visual media production expense" does not include expenses incurred in marketing or advertising a visual media production or in printing or disseminating a visual media production.'

Amend the bill by striking out all of section 10 and inserting the following:

COMMITTEE AMENDMENT

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1 **'Sec. 10. 5 MRSA §13090-L, sub-§3, ¶I** is enacted to read:

2 I. Agree to withhold, either internally or via a payroll company, a percentage of
3 payments made to a loan-out company or personal service corporation created to hire
4 out the services of one or more individuals, including an actor or artist, to a 3rd party
5 or independent contractor that performs personal services in this State, as required by
6 Title 36, chapter 827.'

7 Amend the bill by striking out all of sections 14 and 15 and inserting the following:

8 **'Sec. 14. 5 MRSA §13090-L, sub-§7,** as enacted by PL 2009, c. 470, §1, is
9 amended to read:

10 **7. Report.** The Maine State Film Office shall submit a report by January 15th annually
11 to the joint standing committee of the Legislature having jurisdiction over taxation matters
12 regarding the certification and reporting process pursuant to this section and the visual
13 media production ~~tax credit and~~ reimbursement activities pursuant to ~~Title 36, section~~
14 ~~5219-Y and~~ Title 36, chapter 919-A. The report must include a description of any rule-
15 making activity related to the implementation of the ~~credit and~~ reimbursement activities,
16 outreach efforts to visual media production companies, the number of applications for the
17 visual media production ~~credit and tax~~ reimbursement, the number of ~~credits and~~
18 reimbursements granted, the revenue loss associated with the ~~credit and~~ reimbursement and
19 the amount of visual media production expenses generated in the State as a result of the
20 ~~credit and~~ reimbursement.

21 **Sec. 15. 36 MRSA §191, sub-§2, ¶MM,** as amended by PL 2009, c. 652, Pt. A,
22 §51, is further amended to read:

23 MM. The disclosure to an authorized representative of the Department of Economic
24 and Community Development of information required for the administration of the
25 visual media production credit under former section 5219-Y for tax years beginning
26 prior to January 1, 2026 only, the employment tax increment financing program under
27 chapter 917, the visual media production reimbursement program under chapter 919-A
28 or the Pine Tree Development Zone program under Title 30-A, chapter 206, subchapter
29 4;'

30 Amend the bill by inserting after section 16 the following:

31 **'Sec. 17. 36 MRSA §5255-D** is enacted to read:

32 **§5255-D. Withholding on visual media production payments**

33 To the extent not otherwise subject to withholding under this chapter, a visual media
34 production company claiming a visual media production reimbursement under chapter
35 919-A shall deduct and withhold a tax at the highest marginal rate under section 5111
36 applicable to the tax year on payments made for personal services performed in this State
37 in relation to a certified visual media production.

38 **1. Payments subject to withholding.** Payments by a visual media production
39 company to a loan-out company or personal service corporation created to hire out the
40 services of one or more individuals, including an actor or artist, to a 3rd party or
41 independent contractor that performs personal services in this State and other contractual
42 payments for the services of individuals working in the State are subject to withholding
43 under this section.

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1 2. Amounts withheld. In the case of payments made by a visual media production
2 company to a loan-out company or personal service corporation, the amount required to be
3 withheld pursuant to this section is considered to have been withheld on the wages paid to
4 the employees of that loan-out company or personal service corporation and must be
5 allocated to those employees based on payments made to those employees for services
6 provided in this State. In the case of services provided in this State by a nonemployee
7 owner of a pass-through entity or an entity disregarded as separate from its owner for
8 federal income tax purposes under the laws of the United States, the amount withheld must
9 be attributed to the nonemployee owner.

10 As used in this section, "certified visual media production" has the same meaning as in
11 section 6901, subsection 1; "loan-out company" has the same meaning as in section 6901,
12 subsection 3-B; and "visual media production company" has the same meaning as in Title
13 5, section 13090-L, subsection 2-A, paragraph E.'

14 Amend the bill by striking out all of sections 19 to 22 and inserting the following:

15 **'Sec. 19. 36 MRSA §6901, sub-§3-C** is enacted to read:

16 **3-C. Nonwage visual media production expenses.** "Nonwage visual media
17 production expenses" means visual media production expenses, as defined in Title 5,
18 section 13090-L, subsection 2-A, paragraph F, but does not include certified production
19 wages or any amount that would be included in certified production wages but for the
20 \$75,000 limit provided in subsection 2.

21 **Sec. 20. 36 MRSA §6901, sub-§3-D** is enacted to read:

22 **3-D. Principal photography.** "Principal photography" has the same meaning as in
23 Title 5, section 13090-L, subsection 2-A, paragraph C-1.

24 **Sec. 21. 36 MRSA §6902, sub-§1,** as amended by PL 2011, c. 240, §46, is further
25 amended to read:

26 **1. Generally.** A visual media production company is allowed a the following
27 reimbursement equal to 12% of certified production wages paid to or with respect to an
28 individual who is a resident of Maine and 10% of certified production wages paid to or
29 with respect to an individual who is not a resident of Maine. if the visual media production
30 company has visual media production expenses of \$75,000 or more with respect to a
31 certified visual media production:

32 A. A reimbursement equal to 25% of certified production wages paid to or with respect
33 to an individual who is a resident of Maine or a reimbursement equal to 28% of those
34 wages if at least 60% of the principal photography for the certified visual media
35 production occurred in Aroostook County, Franklin County, Kennebec County, Oxford
36 County, Penobscot County, Piscataquis County, Somerset County or Washington
37 County;

38 B. A reimbursement equal to 20% of certified production wages paid to or with respect
39 to an individual who is not a resident of Maine or a reimbursement equal to 23% of
40 those wages if at least 60% of the principal photography for the certified visual media
41 production occurred in Aroostook County, Franklin County, Kennebec County, Oxford
42 County, Penobscot County, Piscataquis County, Somerset County or Washington
43 County; and

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1 C. A reimbursement equal to 25% of nonwage visual media production expenses
2 incurred with respect to the certified visual media production or a reimbursement equal
3 to 28% of those expenses if at least 60% of the principal photography for the certified
4 visual media production occurred in Aroostook County, Franklin County, Kennebec
5 County, Oxford County, Penobscot County, Piscataquis County, Somerset County or
6 Washington County.

7 **Sec. 22. 36 MRSA §6902, sub-§4** is enacted to read:

8 **4. Limitations.** The following are limitations on reimbursement under this section.

9 A. With respect to a certified visual media production, a visual media production
10 company may not receive reimbursement under this section for certified production
11 wages paid and visual media production expenses incurred in an amount exceeding:

12 (1) For a certified visual media production completed on or after January 1, 2026
13 but prior to January 1, 2028, \$500,000;

14 (2) For a certified visual media production completed on or after January 1, 2028
15 but prior to January 1, 2029, \$750,000; and

16 (3) For a certified visual media production completed on or after January 1, 2029,
17 \$1,000,000.

18 B. With respect to a local, in-state visual media production company that produces 5
19 or more certified visual media productions in a calendar year, each of which totals no
20 more than 10 minutes in length, including, but not limited to, commercials, industrial
21 shorts, documentary shorts and animated shorts, that visual media production company
22 may not receive the sum total of reimbursement under this section in excess of \$25,000
23 for all productions in that calendar year.

24 C. The total amount of reimbursements paid by the State Tax Assessor to visual media
25 production companies under this section may not exceed \$1,000,000 in any calendar
26 year.

27 D. For a visual media production with a budget of \$500,000 or greater, the visual
28 media production company shall provide a 3rd-party audit by a certified public
29 accountant certifying expenses as specified by the Maine State Film Office. For
30 purposes of this paragraph, "certified public accountant" means a person who has
31 passed the Uniform Certified Public Accountant Examination or other examination
32 approved by the Board of Accountancy within the Department of Professional and
33 Financial Regulation or its designee, is licensed to practice accountancy by the Board
34 of Accountancy or its designee and is in good standing with the Board of Accountancy
35 or its designee.

36 **Sec. 23. Application.** Unless otherwise indicated, this Act applies to certified visual
37 media productions completed on or after January 1, 2026, except that the section of this
38 Act that repeals the Maine Revised Statutes, Title 36, section 5219-Y applies to tax years
39 beginning on or after January 1, 2026. As used in this section, "certified visual media
40 production" has the same meaning as in Title 36, section 6901, subsection 1.

41 **Sec. 24. Appropriations and allocations.** The following appropriations and
42 allocations are made.

43 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

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Revenue Services, Bureau of 0002

Initiative: Provides one-time funding to update Maine Revenue Services systems to implement repeal of the certified visual media production tax credit and to increase and enhance the certified visual media production wage reimbursement program.

GENERAL FUND	2025-26	2026-27
All Other	\$0	\$18,550
GENERAL FUND TOTAL	\$0	\$18,550

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment, which is the minority report of the committee, makes the following changes to the bill.

1. It amends the definition of "visual media production expense" for purposes of the visual media production certification program, carrying forward from the bill the \$75,000 cap on payments for individual services provided for a visual media production under that definition. The amendment also makes other clarifying changes to the laws governing the visual media production certification program, including the addition of income withholding provisions for 3rd-party or independent contractor payments for personal services made in conjunction with a visual media production.

2. It clarifies provisions regarding the disclosure of confidential tax records to the Department of Economic and Community Development for purposes of the visual media production credit, which is repealed in the bill.

3. It amends the income tax laws to clarify withholding for certain payments made by a visual media production company claiming a visual media production reimbursement for a certified visual media production.

4. It enacts a definition under the visual media production reimbursement law for "nonwage visual media production expenses," previously included in the visual media production credit, which is repealed in the bill.

5. It amends the limitations in the bill for the visual media production reimbursement to cap the total amount of reimbursements paid by the State Tax Assessor in any calendar year to \$1,000,000 and makes other clarifying changes to those limitations.

6. It clarifies the application of the provisions of the bill as they apply to certified visual media productions for which a visual media production company may claim or be eligible for the visual media production reimbursement or visual media production credit.

FISCAL NOTE REQUIRED

(See attached)



132nd MAINE LEGISLATURE

LD 1957

LR 2390(02)

An Act to Promote Film Production in Maine

Fiscal Note for Bill as Amended by Committee Amendment *A (H-900)*

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
Net Cost (Savings)				
General Fund	\$0	\$303,550	\$760,000	\$760,000
Appropriations/Allocations				
General Fund	\$0	\$18,550	\$0	\$0
Revenue				
General Fund	\$0	(\$285,000)	(\$760,000)	(\$760,000)
Other Special Revenue Funds	\$0	(\$15,000)	(\$40,000)	(\$40,000)

Fiscal Detail and Notes

The fiscal note assumes the bill as amended would reduce General Fund revenue by \$285,000 in fiscal year 2026-27 and \$760,000 per year in fiscal years 2027-28 and 2028-29 as a result of repealing the certified visual media production tax credit and increasing and enhancing the certified visual media production wage reimbursement program. The bill as amended would also result in a revenue decrease to the Local Government Fund of \$15,000 in fiscal year 2026-27 and \$40,000 per year for fiscal years 2027-28 and 2028-29. The fiscal note also includes a one-time General Fund appropriation of \$18,550 in fiscal year 2026-27 for Maine Revenue Services system changes to implement these changes.