

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

INTERIM STUDY PROPOSAL 2007-098

State of Arkansas
86th General Assembly
Regular Session, 2007

A Bill

HOUSE BILL 2749

By: Representative Webb

Referred to
Insurance & Commerce- House
by the House of Representatives
on 04/02/2007

For An Act To Be Entitled

AN ACT TO REPEAL THE MOTION PICTURE INCENTIVE ACT
OF 1997; TO CREATE THE MOTION PICTURE INCENTIVE ACT
OF 2007; AND FOR OTHER PURPOSES.

Subtitle

THE MOTION PICTURE INCENTIVE ACT OF
2007.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code Title 15, Chapter 4 is amended to add an additional subchapter to read as follows:

15-4-3301. Short title.

This subchapter shall be known and may be cited as the "Motion Picture Incentive Act of 2007".

15-4-3302. Legislative intent.

(a) The General Assembly recognizes that:

(1) The Motion Picture Incentive Act of 1997 is no longer an attractive incentive to encourage the filming of motion picture productions in the State of Arkansas;

(2) Numerous states, including most of the states surrounding

1 Arkansas, have enacted legislation to promote the filming of motion pictures
2 and have provided incentives more lucrative than those offered by the State
3 of Arkansas;

4 (3) In order to take advantage of the many attributes that make
5 Arkansas a viable location for filming, the state must offer a competitive
6 incentive for motion picture production companies to bring their projects to
7 Arkansas;

8 (4) To sustain the development of the motion picture industry in
9 Arkansas, it is necessary to offer an incentive package that will induce the
10 industry to return to Arkansas repeatedly and to make long-term investments
11 in the state to build a respectable motion picture industry within the state;

12 (5) At the 2004 Arkansas Venture Forum, the Milken Institute
13 noted that among high-technology industries, the motion picture industry had
14 the fourth highest growth rate of all high-technology industries; and

15 (6) Arkansas has a long history with the motion picture industry
16 and has provided a great number of native Arkansans with the opportunity to
17 work in this industry and to distinguish themselves within their respective
18 parts of this growing field.

19 (b) In order to build an industry that helps to keep our talented
20 Arkansans at home, the Motion Picture Incentive Act of 2007 is intended to
21 encourage motion picture companies to return to the state to take advantage
22 of the graduated approach to the incentives offered and to provide a basis
23 upon which capital investments can be made in the state to secure a growing
24 share of this consistent market.

25
26 15-4-3303. Definitions.

27 As used in this subchapter:

28 (1)(A) "Eligible expenditures" means expenditures made with Arkansas
29 residents for payroll subject to Arkansas withholding or Arkansas vendors
30 including:

- 31 (i) Per diem payments to Arkansas cast and crew;
- 32 (ii) Catering services expenses;
- 33 (iii) Location expenses;
- 34 (iv) Rental car payments;
- 35 (v) Location filming expenses;
- 36 (vi) Pre-production expenses;

1 (vii) Post-production expenses; and
 2 (viii) Other expenses necessary to produce a motion
 3 picture in Arkansas.

4 (B) Except as provided in § 15-4-3305(f), all eligible
 5 expenditures shall occur within the State of Arkansas;

6 (2) "Financial institution" means any bank or savings and loan
 7 institution in the state that carries Federal Deposit Insurance Corporation
 8 or Federal Savings and Loan Insurance Corporation insurance;

9 (3) "Key production personnel" means the:

10 (A) Director of the project;

11 (B) Executive producer of the project;

12 (C) Producer of the project; and

13 (D) Screenwriter of the project;

14 (4) "Motion picture office" means the division of the Department
 15 of Economic Development charged with the responsibility of promoting and
 16 assisting the motion picture industry in Arkansas;

17 (5) "Motion picture production company" means a company:

18 (A) Engaged in the business of producing motion pictures
 19 intended for a theatrical release or for television viewing; and

20 (B) That receives at least seventy-five percent (75%) of
 21 its revenues from out of state;

22 (6) "Project" means:

23 (A)(i) The production of one (1) feature film;

24 (ii) The production of music videos;

25 (iii) The production of one (1) or more
 26 documentaries;

27 (iv) The production of one (1) or more episodic
 28 television shows; or

29 (v) The production of commercial advertising;

30 (B) "Project" means a production that:

31 (i) Is created for national distribution;

32 (ii) Consists of a start-to-finish production; and

33 (iii) Is not filmed in sections; or

34 (C) For a first-time project, "project" means a production
 35 that expends a minimum of:

36 (i) Two hundred fifty thousand dollars (\$250,000) in

1 a six-month period; or

2 (ii) One million dollars (\$1,000,000) in a twelve-
3 month period; and

4 (7) "Resident" means a natural person and includes, for the
5 purpose of determining eligibility for the tax incentive provided by this
6 subchapter:

7 (A) A person domiciled in the State of Arkansas; or

8 (B) A person who:

9 (i) Maintains a permanent place of abode within the
10 state; and

11 (ii) Spends in the aggregate more than six (6)
12 months of the taxable year within this state.

13
14 15-4-3304. Requirement for registration.

15 Any motion picture production company that intends to take advantage of
16 the incentives offered by this subchapter shall register with the motion
17 picture office before the commencement of filming.

18
19 15-4-3305. Application for rebate.

20 (a) Any motion picture production company that desires to take
21 advantage of the investment incentive authorized by this subchapter shall:

22 (1) Submit an application to the motion picture office on forms
23 provided by the Department of Economic Development; and

24 (2) Provide:

25 (A) An estimate of the total expenditures to be made in
26 Arkansas in connection with the filming or production, or both, of the
27 project, itemized by category of expenditure;

28 (B) A copy of the full script of a project; and

29 (C) The estimated number of shoot days in Arkansas.

30 (b) The application and estimate of expenditures shall be filed with
31 the motion picture office before the commencement of filming in Arkansas;

32 (c) At the time of filing the application, the motion picture
33 production company shall designate:

34 (1) An estimate of expenditures with the motion picture office;

35 (2) A representative of the motion picture production company to
36 work with:

1 (A) The Department of Economic Development at the time of
2 filing the application; and

3 (B) The Revenue Division of the Department of Finance and
4 Administration on the reporting of expenditures; and

5 (3) Other information necessary to take advantage of the
6 incentives offered under this subchapter.

7 (d) In order to be eligible for the incentive provided under this
8 subchapter, the motion picture production company shall make payments for
9 eligible expenditures from a checking account from any Arkansas financial
10 institution.

11 (e)(1) If a motion picture production company hires a payroll service
12 company to handle the payroll of a project, the payroll payments otherwise
13 allowable shall be allowed as eligible expenditures if payments made by the
14 motion picture production company to the payroll service company are paid
15 through an Arkansas financial institution account.

16 (2) However, if the payroll checks issued by the payroll service
17 company are drawn on a bank or other entity that is outside the State of
18 Arkansas, the payroll payments otherwise allowable shall be allowed as
19 eligible expenditures only if the out-of-state bank or other entity
20 guarantees payment of the checks at an Arkansas financial institution.

21 (f) If a motion picture production company hires a food catering
22 service company that is outside the State of Arkansas, payments otherwise
23 allowable as eligible expenditures that are made by the out-of-state food
24 catering service to food businesses located in Arkansas shall be allowed as
25 eligible expenditures, if:

26 (1) Actual receipts or copies of invoices from the food
27 businesses located in Arkansas are filed with the final expenditure report;
28 and

29 (2) Payments made by the motion picture production company to
30 the out-of-state food catering service company are paid through an Arkansas
31 financial institution account.

32 (g) The six-month and twelve-month period during which expenses must
33 be made to qualify for the incentive authorized by this subchapter shall
34 begin on the day the motion picture production company files an application
35 for incentives with the motion picture office.

36 (h) The application for the rebate shall include the names of key

1 production personnel involved in the motion picture production company who
2 will be eligible to bring other motion picture projects to Arkansas and
3 qualify for the graduated investment incentive authorized in § 15-4-3306.

4 (i)(1) In order to qualify for the rebate authorized by this
5 subchapter, the motion picture production company shall file a final
6 expenditure report with the department after the payment of all Arkansas
7 eligible expenditures.

8 (2) The expenditure report shall clearly state the date, the
9 amount, and the name of the person or entity to which the payment was made.

10 (3) Payments are allowable in calculating eligible expenses for
11 which a rebate may be issued only if the payments are made to:

12 (A) Arkansas residents for payroll subject to Arkansas
13 withholding; or

14 (B) Vendors.

15 (j)(1) The Department of Economic Development shall forward the
16 expenditure report to the Revenue Division of the Department of Finance and
17 Administration for an audit of expenditures.

18 (2) The motion picture production company shall provide
19 documentation of eligible expenditures in accordance with rules promulgated
20 by the Department of Economic Development.

21
22 15-4-3306. Investment incentive.

23 (a) Upon making application and meeting other requirements prescribed
24 in this subchapter, a qualifying motion picture production company shall be
25 entitled to a rebate based upon approved eligible expenditures.

26 (b)(1) For the first project qualifying under this subchapter, the
27 motion picture production company is entitled to receive a rebate equal to
28 ten percent (10%) of eligible expenditures if the motion picture production
29 company has expended a minimum of:

30 (A) Two hundred fifty thousand dollars (\$250,000) on
31 eligible expenditures within six (6) months; or

32 (B) One million dollars (\$1,000,000) within twelve (12)
33 months of applying for an incentive under this subchapter.

34 (2) For the second motion picture project qualifying under this
35 subchapter, the production company is entitled to receive a rebate equal to
36 fifteen percent (15%) of eligible expenditures if the second project:

1 (A) Is completed within twenty-four (24) months following
2 the receipt of the first rebate; and

3 (B) Has expended a minimum of one million dollars
4 (\$1,000,000) on eligible expenditures.

5 (3)(A) For the third and subsequent motion picture projects
6 qualifying under this subchapter, the production company is entitled to
7 receive a rebate equal to twenty percent (20%) of eligible expenditures if
8 the third project and subsequent projects:

9 (i) Are completed within twelve (12) months from the
10 date the last rebate was received; and

11 (ii) Have expended a minimum of one million five
12 hundred thousand dollars (\$1,500,000) on each subsequent project.

13 (B) If the third or subsequent motion picture project is
14 completed within twelve (12) months from the date the last rebate was
15 received but does not expend the one million five hundred thousand dollars
16 (\$1,500,000) necessary to receive the twenty percent (20%) rebate under
17 subdivision (a)(3)(A) of this section, the applying motion picture production
18 company shall be eligible for the:

19 (i) Ten percent (10%) rebate under subdivision
20 (b)(1) of this section if the motion picture production company expends in
21 excess of two hundred fifty thousand dollars (\$250,000) but less than one
22 million dollars (\$1,000,000); and

23 (ii) Fifteen percent (15%) rebate under
24 subdivision (b)(2) of this section if the motion picture production company
25 expends in excess of one million dollars (\$1,000,000) but less than one
26 million five hundred thousand dollars (\$1,500,000).

27 (c) If a motion picture production company meets the qualifications
28 outlined in this subchapter, the Revenue Division of the Department of
29 Finance and Administration shall issue to the qualifying motion picture
30 production company an appropriate rebate subsection (b) of this section and
31 in accordance with the disbursement procedure outlined in § 15-4-3308.

32
33 15-4-3307. Investor incentive.

34 (a) An investor that invests a minimum of twenty thousand dollars
35 (\$20,000) in a project that attracts at least two hundred fifty thousand
36 dollars (\$250,000) in investments within the State of Arkansas in a qualified

1 project to be filmed in the State of Arkansas is eligible to earn an income
2 tax credit of ten percent (10%) of the investment.

3 (b)(1) An investor that invests more than twenty thousand dollars
4 (\$20,000) in a qualified project may offset fifty percent (50%) of the
5 investor's tax liability in any one (1) year.

6 (2) Any unused tax credits offset under subdivision (b)(1) of
7 this section may be carried forward for a period of nine (9) years after the
8 year in which the credit was first earned or until exhausted, whichever event
9 occurs first.

10 (c)(1) The income tax credit authorized by this section may not be
11 used in combination with the rebate authorized by § 15-4-3306.

12 (2)(A) A qualified motion picture production company may take
13 the rebate authorized by § 15-4-3306 or a qualified investor may take the tax
14 credit authorized by this section, but both incentives may not be taken on
15 the same project.

16 (B) The election of the rebate or income tax credit under
17 this section shall be made at the time of application.

18 (d) The income tax credit authorized by this section is not
19 transferable.

20 (e) If a motion picture production company decides to file an
21 application for an investor income tax credit under this section, the motion
22 picture production company shall provide to the Revenue Division of the
23 Department of Finance and Administration before the start of filming:

24 (1) A list of all investors individually, including without
25 limitation:

- 26 (A) Names;
- 27 (B) Social security numbers; and
- 28 (C) Amount of cash invested in the project;

29 (2) A verification that each investor has invested twenty
30 thousand dollars (\$20,000) or more in the project;

31 (3) A certification that a minimum of two hundred fifty thousand
32 dollars (\$250,000) has been invested in the project from within the State of
33 Arkansas; and

34 (4) A notarized statement certifying the veracity of the
35 investments being made in the project that are subject to the benefits
36 authorized in this section.

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15-4-3308. Disbursement of incentive.

After the Revenue Division of the Department of Finance and Administration audits the expenditures submitted by a motion picture production company and after the Revenue Division determines that all applicable criteria have been met, the Revenue Division shall authorize a rebate based on the qualification for a rebate as set forth in § 15-4-3306 and in compliance with the requirements of this subchapter.

15-4-3309. Economic Development Incentive Fund.

(a) There is established on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a fund to be known as the "Economic Development Incentive Fund".

(b) The fund shall consist of revenues designated for this fund by the Revenue Division of the Department of Finance and Administration under agreements entered into by the Department of Economic Development with qualified projects by motion picture production companies.

(c) After the Department of Finance and Administration has determined that the motion picture production company has qualified under this subchapter and has determined the valid expenditures eligible under this subchapter for a rebate authorized by this subchapter, the Department of Finance and Administration shall transfer the appropriate amount of money for the rebate out of general revenues into a special account designated as special revenue for the Economic Development Incentive Fund.

15-4-3310. Exclusions.

(a) The following items are specifically excluded from being considered as eligible expenditures under this subchapter:

(1) Payments:

- (A) For penalties or fines;
- (B) To nonprofit institutions; and
- (C) To federal and state entities that do not pay state income taxes; and

(2) Expenses related to:

- (A) Real property;
- (B) Property, including motor vehicles or other equipment,

1 subject to assessment as personal property;

2 (C) Equipment that will be domiciled outside the State of
3 Arkansas; and

4 (D) Entertainment not directly associated with the filming
5 of the project.

6 (b) Telethons, award shows, sports events, contests, or galas shall
7 not be eligible for the benefits under this subchapter.

8

9 15-4-3311. Disclaimer.

10 The State of Arkansas reserves the right to refuse the use of Arkansas'
11 name in the credits of any motion picture filmed or produced, or both in this
12 state.

13

14 15-4-3312. Audit.

15 The Revenue Division of the Department of Finance and Administration
16 may require that reported expenditures and the application for an investment
17 incentive from the motion picture production company be subjected to an audit
18 by Revenue Division auditors to verify expenditures.

19

20 15-4-3313. Sunset.

21 The opportunity for an investment tax incentive provided by § 15-4-3306
22 shall expire on June 30, 2015.

23

24 SECTION 2. Arkansas Code Title 15, Chapter 4, Subchapter 20 the Motion
25 Picture Incentive Act of 1997, is repealed.

26 ~~15-4-2001. Short title.~~

27 ~~This subchapter may be referred to and cited as the "Motion Picture~~
28 ~~Incentive Act of 1997".~~

29

30 ~~15-4-2002. Legislative determination.~~

31 ~~It is found and determined that:~~

32 ~~(1) Arkansas' natural beauty and diverse topography provides a variety~~
33 ~~of excellent settings from which the motion picture industry might choose a~~
34 ~~location for filming a motion picture or television program;~~

35 ~~(2) Several successful motion pictures have been filmed in~~
36 ~~Arkansas due to the unique qualities of the state in terms of natural~~

1 settings, availability of labor, materials, climate, and hospitality of its
 2 people;

3 (3) ~~The motion picture industry brings with it a much-needed~~
 4 ~~infusion of capital into areas of the state which may be economically~~
 5 ~~depressed;~~

6 (4) ~~The multiplier effect of the infusion of capital resulting~~
 7 ~~from the filming of a motion picture or television program serves to~~
 8 ~~stimulate economic activity beyond that immediately apparent on the film set;~~

9 (5) ~~Due to the distance of Arkansas from the film industry~~
 10 ~~center on the West Coast and due to the period of economic depression, it is~~
 11 ~~necessary to provide financial incentives to the film industry in order that~~
 12 ~~Arkansas might compete with other states for filming locations; and~~

13 (6) ~~Since a significant portion of the cost of a motion picture~~
 14 ~~production will not be eligible for a tax incentive because portions of the~~
 15 ~~production are carried out in another state, this subchapter may also serve~~
 16 ~~as an inducement for the motion picture industry to locate operations within~~
 17 ~~the State of Arkansas in order to take advantage of the tax incentive~~
 18 ~~afforded by this subchapter.~~

19
 20 ~~15-4-2003. Definitions.~~

21 ~~As used in this subchapter:~~

22 (1) ~~"Financial institution" means any bank or savings and loan in the~~
 23 ~~state which carries Federal Deposit Insurance Corporation or Federal Savings~~
 24 ~~and Loan Insurance Corporation insurance;~~

25 (2) ~~"Motion picture office" means the division of the Arkansas~~
 26 ~~Economic Development Commission charged with the responsibility of promoting~~
 27 ~~and assisting the motion picture industry in Arkansas;~~

28 (3) ~~"Motion picture production company" means a company engaged~~
 29 ~~in the business of producing motion pictures intended for a theatrical~~
 30 ~~release or for television viewing;~~

31 (4) ~~"Resident" means natural persons and includes, for the~~
 32 ~~purpose of determining eligibility for the tax incentive provided by this~~
 33 ~~subchapter, any person domiciled in the State of Arkansas and any other~~
 34 ~~person who maintains a permanent place of abode within the state and spends~~
 35 ~~in the aggregate more than six (6) months of the taxable year within the~~
 36 ~~state; and~~

1 ~~(5) "Revenue Division" means the Revenue Division of the~~
 2 ~~Department of Finance and Administration.~~

3
 4 ~~15-4-2004. Requirement for registration.~~

5 ~~Each motion picture production company which plans to film any scenes~~
 6 ~~within the borders of the State of Arkansas shall register with the motion~~
 7 ~~picture office prior to the commencement of filming.~~

8
 9 ~~15-4-2005. Tax incentive.~~

10 ~~(a) A qualifying production company, upon making application therefor~~
 11 ~~and meeting other requirements prescribed in this subchapter, shall be~~
 12 ~~entitled to a tax refund of one hundred percent (100%) of the tax imposed by~~
 13 ~~§ 26-52-301 et seq. and the Arkansas Compensating Tax Act of 1949, § 26-53-~~
 14 ~~101 et seq., and paid on the purchase of property and services in Arkansas in~~
 15 ~~connection with the filming or production projects, or both, within Arkansas.~~

16 ~~(b) To qualify, a production company must:~~

17 ~~(1) Spend five hundred thousand dollars (\$500,000) within a six-~~
 18 ~~month period in connection with the filming or production, or both, of one~~
 19 ~~(1) feature film, telefilm, music video, documentary, episodic television~~
 20 ~~show, or commercial advertising project; or~~

21 ~~(2) Spend in excess of one million dollars (\$1,000,000) within a~~
 22 ~~twelve-month period in connection with the filming or production, or both, of~~
 23 ~~one (1) or more feature films, telefilms, music videos, documentaries,~~
 24 ~~episodic television shows, or commercial advertising projects.~~

25
 26 ~~15-4-2006. Application for tax incentive.~~

27 ~~(a)(1) Any motion picture production company which desires to take~~
 28 ~~advantage of the tax incentive program provided for in this subchapter shall~~
 29 ~~submit an application, along with a letter of support from the local~~
 30 ~~government or governments in the affected area, and provide an estimate of~~
 31 ~~total expenditures to be made in Arkansas in connection with the filming or~~
 32 ~~production, or both, of the motion picture.~~

33 ~~(2) The application and estimate of expenditures shall be filed~~
 34 ~~with the motion picture office and approved as eligible for the tax incentive~~
 35 ~~provided by this subchapter prior to the commencement of filming in Arkansas.~~

36 ~~(b) At the time the motion picture production company registers and~~

1 provides the estimate of expenditures to the motion picture office, it shall
 2 also designate a member or representative of the motion picture production
 3 company to work with the Arkansas Economic Development Commission's Motion
 4 Picture Development Office and the Revenue Division of the Department of
 5 Finance and Administration on the reporting of expenditures and other
 6 information necessary to take advantage of the tax incentive afforded by this
 7 subchapter.

8 ~~(c)(1)(A) Within two (2) weeks after principal photography begins, the~~
 9 ~~motion picture production company shall begin filing weekly expenditure~~
 10 ~~reports.~~

11 ~~(B) Failure to file weekly expenditure reports may result~~
 12 ~~in a delay in the disbursement of the tax incentive benefit as provided in §~~
 13 ~~15-4-2007.~~

14 ~~(2) The weekly expenditure report shall be filed in accordance~~
 15 ~~with, but not limited to, the following provisions:-~~

16 ~~(A) In order to be eligible for the tax incentive provided~~
 17 ~~for by this subchapter, payments shall be made from a checking account from~~
 18 ~~any Arkansas financial institution;-~~

19 ~~(B) Direct cash payments by the production company to~~
 20 ~~Arkansas vendors, businesses, or citizens hired as cast or crew which are~~
 21 ~~accompanied by receipts shall be allowed provided that the sum of the cash~~
 22 ~~payments does not exceed forty percent (40%) of the total verifiable~~
 23 ~~expenditures;-~~

24 ~~(C) Per diem expenditures by the cast or crew, or both,~~
 25 ~~for lodging, when accompanied by receipts, shall be eligible expenditures;-~~

26 ~~(D) Expenditure reports shall include, but are not limited~~
 27 ~~to:-~~

28 ~~(i) Check identification number;-~~

29 ~~(ii) Date of payment;-~~

30 ~~(iii) Name of payee;-~~

31 ~~(iv) Address of payee;-~~

32 ~~(v) Amount paid;-~~

33 ~~(vi) Name of financial institution; and~~

34 ~~(vii) Other such information as may be deemed~~

35 ~~necessary by the division to ensure compliance with this subchapter;-~~

36 ~~(E) Payments for salaries or wages are limited to Arkansas~~

1 residents who filed an Arkansas income tax return in the previous tax year;

2 ~~(F) Payments for penalties or fines, payments to nonprofit~~
 3 ~~organizations, and payments to federal and state entities that do not pay~~
 4 ~~state taxes are to be excluded;~~

5 ~~(G) When a motion picture production company hires a~~
 6 ~~payroll service company to handle the payroll of a production, the payroll~~
 7 ~~payments otherwise allowable shall be allowed as eligible expenditures,~~
 8 ~~provided:~~

9 ~~(i) Payments made by the motion picture production~~
 10 ~~company to the payroll service company are paid through an Arkansas financial~~
 11 ~~institution account; and~~

12 ~~(ii) If the payroll checks issued by the payroll~~
 13 ~~service company are drawn on a bank or other entity which is outside the~~
 14 ~~State of Arkansas, the out-of-state bank or other entity guarantees payment~~
 15 ~~of the checks at an Arkansas financial institution;~~

16 ~~(H) When a motion picture production company hires a food~~
 17 ~~catering service company which is outside the State of Arkansas, payments~~
 18 ~~otherwise allowable which are made by the out-of-state food catering service~~
 19 ~~to food businesses located in Arkansas shall be allowed as eligible~~
 20 ~~expenditures, provided:~~

21 ~~(i) Actual receipts or copies of invoices from such~~
 22 ~~food businesses located in Arkansas are filed with the weekly expenditure~~
 23 ~~reports; and~~

24 ~~(ii) Payments made by the motion picture production~~
 25 ~~company to the out-of-state food catering service company are paid through an~~
 26 ~~Arkansas financial institution account; and~~

27 ~~(I) Preproduction and postproduction expenses, which~~
 28 ~~otherwise qualify, may be made from a checking account from a financial~~
 29 ~~institution located out of Arkansas.~~

30 ~~(d) The twelve-month period and six-month period during which~~
 31 ~~expenditures may qualify for the tax incentive provided by this subchapter~~
 32 ~~begin on the date of the earliest expenditure reported.~~

33 ~~(e)(1) Upon completion of filming or production, or both, in Arkansas,~~
 34 ~~the motion picture production company shall file an application for the tax~~
 35 ~~incentive afforded by this subchapter.~~

36 ~~(2) The application shall include a final expenditure report~~

1 giving a total amount of expenditures which were made in the state in
2 connection with the filming or production, or both, of a motion picture and
3 which comply with the provisions of this subchapter.

4 (3) The motion picture production company shall provide
5 documentation for expenditures in accordance with regulations promulgated by
6 the division.

7
8 15-4-2007. Disbursement of tax incentive.

9 (a) Upon receipt of an application for a tax refund and supporting
10 documentation pursuant to this subchapter, the Revenue Division of the
11 Department of Finance and Administration shall confirm the eligibility of the
12 applicant based on total expenditures and the amount of sales and use tax
13 paid by the applicant for which a refund is due.

14 (b) The applicant shall provide, with the application for refund:

15 (1) A schedule of purchases accompanied by invoices which show
16 the property or service purchased;

17 (2) The name and location of the vendor; and

18 (3) The amount of sales or use tax paid.

19 (c) The division shall calculate the tax refund to which the applicant
20 is entitled and shall certify the tax refund to the Chief Fiscal Officer of
21 the State.

22 (d) Upon receipt of all necessary documentation to support the
23 applicant's claim for refund, the division shall certify to the Chief Fiscal
24 Officer of the State the amount to be remitted to the motion picture
25 production company within sixty (60) days of the final expenditure report.

26 (e) The Chief Fiscal Officer of the State shall remit the tax refund
27 to the motion picture production company following receipt of the
28 certification of the amount thereof from the division. The benefit shall be
29 paid from any available funds appropriated for miscellaneous tax refunds by
30 the General Assembly.

31
32 15-4-2008. Penalties.

33 (a) Any motion picture production company failing to comply with § 15-
34 4-2004 may be enjoined from engaging in the business of producing motion
35 pictures in the State of Arkansas by any court of competent jurisdiction
36 until the requirements of § 15-4-2004 are met.

1 ~~(b) Any motion picture production company failing to comply with all~~
2 ~~provisions of this subchapter may be denied any future application for~~
3 ~~participation in this incentive program.~~

4
5 ~~15-4-2009. —Disclaimer.~~

6 ~~The State of Arkansas reserves the right to refuse the use of Arkansas'~~
7 ~~name in the credits of any motion picture filmed or produced, or both, in the~~
8 ~~state.~~

9
10 ~~15-4-2010. —Audit.~~

11 ~~The Revenue Division of the Department of Finance and Administration~~
12 ~~may require that reported expenditures and the application for a tax~~
13 ~~incentive from the motion picture production company be subjected to an audit~~
14 ~~by division auditors to verify expenditures.~~

15
16 ~~15-4-2011. —Sunset.~~

17 ~~The opportunity for a tax incentive provided by § 15-4-2005 shall~~
18 ~~expire on June 30, 2007.~~

19
20 ~~15-4-2012. —Rules and regulations.~~

21 ~~The Revenue Division of the Department of Finance and Administration~~
22 ~~and the Arkansas Economic Development Commission shall promulgate appropriate~~
23 ~~rules and regulations to carry out the intent and purposes of this subchapter~~
24 ~~and to prevent abuse.~~

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