

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.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

A Bill

SENATE BILL 944

4
5 By: Senator T. Smith
6
7

For An Act To Be Entitled

8
9 AN ACT TO REPEAL THE MOTION PICTURE INCENTIVE ACT
10 OF 1997; TO CREATE THE MOTION PICTURE INCENTIVE ACT
11 OF 2005; AND FOR OTHER PURPOSES.
12

Subtitle

13
14 THE MOTION PICTURE INCENTIVE ACT OF
15 2005.
16
17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
19

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

22 15-4-3101. Short title.

23 This subchapter shall be known and may be cited as the "Motion Picture
24 Incentive Act of 2005".
25

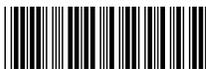
26 15-4-3102. Legislative intent.

27 (a) The General Assembly recognizes that:

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

31 (2) Numerous states, including most of the states surrounding
32 Arkansas, have enacted legislation to promote the filming of motion pictures
33 and have provided incentives more lucrative than those offered by the State
34 of Arkansas;

35 (3) In order to take advantage of the many attributes that make
36 Arkansas a viable location for filming, the state must offer a competitive



1 incentive for motion picture production companies to bring their projects to
2 Arkansas;

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

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

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

14 (b) In order to build an industry that helps to keep our talented
15 Arkansans at home, the Motion Picture Incentive Act of 2005 is intended to
16 encourage motion picture companies to return to the state to take advantage
17 of the graduated approach to the incentives offered and to provide a basis
18 upon which capital investment can be made in the state to secure a growing
19 share of this consistent market.

20

21 15-4-3103. Definitions.

22 As used in this subchapter:

23 (1) "Department" means the Arkansas Department of Economic
24 Development;

25 (2)(A) "Eligible expenditures" means expenditures made with
26 Arkansas residents for payroll subject to Arkansas withholding or Arkansas
27 vendors including:

28 (i) Per diem payments to Arkansas cast and crew;

29 (ii) Catering services;

30 (iii) Location expenses;

31 (iv) Rental car payments;

32 (v) Location filming expenses;

33 (vi) Pre-production expenses;

34 (vii) Post-production expenses; and

35 (viii) Other expenses necessary to produce a motion
36 picture in Arkansas.

1 (B) Except as provided in § 15-4-3105(f), all eligible
 2 expenditures shall occur within the State of Arkansas;

3 (3) "Financial institution" means any bank or savings and loan
 4 in the state that carries Federal Deposit Insurance Corporation or Federal
 5 Savings and Loan Insurance Corporation insurance;

6 (4) "Key production personnel" means the:

7 (A) Director of the project;

8 (B) Executive producer of the project;

9 (C) Producer of the project; and

10 (D) Screenwriter of the project;

11 (5) "Motion Picture office" means the division of the Arkansas
 12 Department of Economic Development charged with the responsibility of
 13 promoting and assisting the motion picture industry in Arkansas;

14 (6) "Motion picture production company" means a company:

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

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

19 (7) "Project" means:

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

21 (ii) The production of music videos;

22 (iii) The production of one (1) or more
 23 documentaries;

24 (iv) The production of one (1) or more episodic
 25 television shows; or

26 (v) The production of commercial advertising;

27 (B) A project that:

28 (i) Is created for national distribution;

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

30 (iii) Is not filmed in sections;

31 (C) For a first-time project, a project that expends a
 32 minimum of:

33 (i) Two hundred fifty thousand dollars (\$250,000) in
 34 a six-month period; or

35 (ii) One million dollars (\$1,000,000) in a twelve-
 36 month period;

1 (8) "Resident" means a natural person and includes, for the
2 purpose of determining eligibility for the tax incentive provided by this
3 subchapter:

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

5 (B)(i) A person who maintains a permanent place of abode
6 within the state; and

7 (ii) Spends in the aggregate more than six (6)
8 months of the taxable year within this state; and

9 (9) "Revenue Division" means the Revenue Division of the
10 Department of Finance and Administration.

11
12 15-4-3104. Requirement for registration.

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

16
17 15-4-3105. Application for rebate.

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

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

22 (2) Provide:

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

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

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

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

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

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

33 (2) A representative of the motion picture production company to
34 work with the Arkansas Department of Economic Development, at the time of
35 filing the application and the Revenue Division of the Department of Finance
36 and Administration on the reporting of expenditures; and

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

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

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

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

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

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

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

27 (g) The six-month and twelve-month period during which expenses must
28 be made to qualify for the incentive authorized by this subchapter begin on
29 the date the motion picture production company files an application for
30 incentives with the Motion Picture Office.

31 (h) The application for the rebate must include the names of key
32 production personnel involved in the motion picture production company who
33 will be eligible to bring other motion picture projects to Arkansas and
34 qualify for the graduated investment incentive authorized in § 15-4-3106.

35 (i)(1) In order to qualify for the rebate authorized by this
36 subchapter, the motion picture production company shall file a final

1 expenditure report with the department after the payment of all Arkansas
2 eligible expenditures.

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

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

7 (A) Arkansas residents for payroll subject to Arkansas
8 withholding; or

9 (B) Vendors.

10 (j)(1) The department shall forward the expenditure report to the
11 Revenue Division of the Arkansas Department of Finance and Administration for
12 an audit of expenditures.

13 (2) The motion picture production company shall provide
14 documentation of eligible expenditures in accordance with rules promulgated
15 by the department.

16
17 15-4-3106. Investment incentive.

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

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

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

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

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

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

35 (B) Has expended a minimum of one million dollars
36 (\$1,000,000) on eligible expenditures.

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

5 (i) Are completed within twelve (12) months from the
 6 date the last rebate was received, and

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

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

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

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

23 (c) If a motion picture production company meets the qualifications
 24 outlined in this subchapter, the Revenue Division of the Department of
 25 Finance and Administration shall issue to the qualifying motion picture
 26 production company an appropriate rebate subsection (b) of this section and
 27 in accordance with the disbursement procedure outlined in § 15-4-3108.

28
 29 15-4-3107. Investor incentive.

30 (a) An investor that invests a minimum of twenty thousand dollars
 31 (\$20,000) in a motion picture production project that attracts at least two
 32 hundred fifty thousand dollars (\$250,000) in investments within the State of
 33 Arkansas in a qualified motion picture project to be filmed in the State of
 34 Arkansas is eligible to earn an income tax credit of ten percent (10%) of the
 35 investment.

36 (b)(1) An investor that invests more than twenty thousand dollars

1 (\$20,000) in a qualified motion picture project may offset fifty percent
 2 (50%) of the investor's tax liability in any one (1) year.

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

7 (c)(1) The income tax credit authorized by this section may not be
 8 used in combination with the rebate authorized by § 15-4-3106.

9 (2)(A) A qualified motion picture production company may take
 10 the rebate authorized by § 15-4-3106 or a qualified investor may take the tax
 11 credit authorized by this section, but both incentives may not be taken on
 12 the same project.

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

15 (d) The income tax credit authorized by this section is not
 16 transferable.

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

21 (1) A list of all investors individually, including, but not
 22 limited to:

23 (A) Names;

24 (B) Social security numbers; and

25 (C) Amount of cash invested in the project;

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

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

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

34
 35 15-4-3108. Disbursement of incentive.

36 After the Revenue Division of the Department of Finance and

1 Administration audits the expenditures submitted by a motion picture
 2 production company and after the Revenue Division determines that all
 3 applicable criteria have been met, the Revenue Division shall authorize a
 4 rebate based on the qualification for a rebate as set forth in § 15-4-3106
 5 and in compliance with the requirements of this subchapter.

6
 7 15-4-3109. Economic Development Incentive Fund.

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

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

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

22
 23 15-4-3110. Exclusions.

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

26 (1) Payments:

27 (A) For penalties or fines;

28 (B) To nonprofit institutions; and

29 (C) To federal and state entities that do not pay state
 30 income taxes;

31 (2) Real property;

32 (3) Property, including motor vehicles or other equipment,
 33 subject to assessment as personal property;

34 (4) Equipment that will be domiciled outside the State of
 35 Arkansas; and

36 (5) Entertainment not directly associated with the filming of

1 the project.

2 (b) Telethons, award shows, sports events, contests, or galas shall
 3 not be eligible for the benefits afforded by this subchapter.

4

5 15-4-3111. 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 this
 8 state.

9

10 15-4-3112. Audit.

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

15

16 15-4-3113. Sunset.

17 The opportunity for an investment tax incentive provided by § 15-4-3106
 18 shall expire on June 30, 2015.

19

20 SECTION 2. Arkansas Code § 15-4-2001, et seq., the Motion Picture
 21 Incentive Act of 1997, is repealed

22 ~~15-4-2001. Short title.~~

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

25

26 ~~15-4-2002. Legislative determination.~~

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

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

31 ~~(2) Several successful motion pictures have been filmed in~~
 32 ~~Arkansas due to the unique qualities of the state in terms of natural~~
 33 ~~settings, availability of labor, materials, climate, and hospitality of its~~
 34 ~~people;~~

35 ~~(3) The motion picture industry brings with it a much needed~~
 36 ~~infusion of capital into areas of the state which may be economically~~

1 depressed;

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

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

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

15
16 ~~15-4-2003. Definitions.~~

17 ~~As used in this subchapter:~~

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

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

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

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

33 ~~(5) "Revenue Division" means the Revenue Division of the~~
34 ~~Department of Finance and Administration.~~

35
36 ~~15-4-2004. Requirement for registration.~~

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

4
 5 ~~15-4-2005. Tax incentive.~~

6 ~~(a) A qualifying production company, upon making application therefor~~
 7 ~~and meeting other requirements prescribed in this subchapter, shall be~~
 8 ~~entitled to a tax refund of one hundred percent (100%) of the tax imposed by~~
 9 ~~§ 26-52-301 et seq., and the Arkansas Compensating Tax Act of 1949, § 26-53-~~
 10 ~~101 et seq., and paid on the purchase of property and services in Arkansas in~~
 11 ~~connection with the filming or production projects, or both, within Arkansas.~~

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

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

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

21
 22 ~~15-4-2006. Application for tax incentive.~~

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

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

32 ~~(b) At the time the motion picture production company registers and~~
 33 ~~provides the estimate of expenditures to the motion picture office, it shall~~
 34 ~~also designate a member or representative of the motion picture production~~
 35 ~~company to work with the Arkansas Economic Development Commission's Motion~~
 36 ~~Picture Development Office and the Revenue Division of the Department of~~

1 ~~Finance and Administration on the reporting of expenditures and other~~
 2 ~~information necessary to take advantage of the tax incentive afforded by this~~
 3 ~~subchapter.~~

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

7 ~~(B) Failure to file weekly expenditure reports may result~~
 8 ~~in a delay in the disbursement of the tax incentive benefit as provided in §~~
 9 ~~15-4-2007.~~

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

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

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

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

22 ~~(D) Expenditure reports shall include, but are not limited~~
 23 ~~to:~~

24 ~~(i) Check identification number;~~

25 ~~(ii) Date of payment;~~

26 ~~(iii) Name of payee;~~

27 ~~(iv) Address of payee;~~

28 ~~(v) Amount paid;~~

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

30 ~~(vii) Other such information as may be deemed~~
 31 ~~necessary by the division to ensure compliance with this subchapter;~~

32 ~~(E) Payments for salaries or wages are limited to Arkansas~~
 33 ~~residents who filed an Arkansas income tax return in the previous tax year;~~

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

1 ~~(G) When a motion picture production company hires a~~
2 ~~payroll service company to handle the payroll of a production, the payroll~~
3 ~~payments otherwise allowable shall be allowed as eligible expenditures,~~
4 ~~provided:~~

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

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

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

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

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

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

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

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

32 ~~(2) The application shall include a final expenditure report~~
33 ~~giving a total amount of expenditures which were made in the state in~~
34 ~~connection with the filming or production, or both, of a motion picture and~~
35 ~~which comply with the provisions of this subchapter.~~

36 ~~(3) The motion picture production company shall provide~~

1 ~~documentation for expenditures in accordance with regulations promulgated by~~
2 ~~the division.~~

3
4 ~~15-4-2007.—Disbursement of tax incentive.~~

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

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

11 ~~(1) A schedule of purchases accompanied by invoices which show~~
12 ~~the property or service purchased;~~

13 ~~(2) The name and location of the vendor; and~~

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

15 ~~(c) The division shall calculate the tax refund to which the applicant~~
16 ~~is entitled and shall certify the tax refund to the Chief Fiscal Officer of~~
17 ~~the State.~~

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

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

27
28 ~~15-4-2008.—Penalties.~~

29 ~~(a) Any motion picture production company failing to comply with § 15-~~
30 ~~4-2004 may be enjoined from engaging in the business of producing motion~~
31 ~~pictures in the State of Arkansas by any court of competent jurisdiction~~
32 ~~until the requirements of § 15-4-2004 are met.~~

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

36

1 ~~15-4-2009.—Disclaimer.~~

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

5
6 ~~15-4-2010.—Audit.~~

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

11
12 ~~15-4-2011.—Sunset.~~

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

15
16 ~~15-4-2012.—Rules and regulations.~~

17 ~~The Revenue Division of the Department of Finance and Administration~~
18 ~~and the Arkansas Economic Development Commission shall promulgate appropriate~~
19 ~~rules and regulations to carry out the intent and purposes of this subchapter~~
20 ~~and to prevent abuse.~~

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