

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 86th General Assembly
3 Regular Session, 2007
4

As Engrossed: H3/26/07

A Bill

HOUSE BILL 2680

5 By: Representative Saunders
6
7

For An Act To Be Entitled

9 AN ACT TO PROVIDE FINANCIAL INCENTIVES FOR THE
10 PRODUCTION AND POST-PRODUCTION OF FILM AND
11 DIGITAL CONTENT IN THE STATE OF ARKANSAS; TO
12 ESTABLISH AN ARKANSAS FUTURE FILMMAKER'S FUND; TO
13 ESTABLISH A FILM INVESTMENT CREDIT FOR RESIDENTS
14 OF ARKANSAS; TO PROVIDE FOR THE REGISTRATION OF
15 FILM AND DIGITAL CONTENT PRODUCTION COMPANIES
16 DOING BUSINESS IN THE STATE; AND FOR OTHER
17 PURPOSES.

Subtitle

18
19 AN ACT TO ESTABLISH FINANCIAL INCENTIVES
20 FOR THE PRODUCTION AND POST-PRODUCTION
21 OF FILM AND DIGITAL-MEDIUM MOTION
22 PICTURES WITHIN THE STATE OF ARKANSAS.
23
24
25

26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
27

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

30 15-4-3301. Title.

31 This subchapter shall be known and may be cited as the "Digital Content
32 AND Film Industry Development Act of 2007".
33

34 15-4-3302. Legislative intent - Findings.

35 (a) It is the intent of the General Assembly to assist in cultivating
36 the film industry by:



1 (1)(A) Declaring that the citizens of Arkansas shall be provided
2 with the education, training, and financial tools to succeed in today's
3 global economy.

4 (B) The economic landscape of the state and nation has
5 moved from a manufacturing-based economy to an economy based on knowledge and
6 technology.

7 (C) To further cultivate the state's knowledge and
8 technology based economy, the film and digital content industry in Arkansas
9 shall be further developed;

10 (2) Providing the financial incentives needed to foster the
11 long-term development of the digital medium and traditional film industry in
12 Arkansas by:

13 (A) Recognizing that similar incentives in surrounding
14 states have been a catalyst for unprecedented economic growth within those
15 states;

16 (B) Recognizing that to create an effective mechanism for
17 the sustained growth of the film industry in Arkansas will require the
18 passage of modern legislation that establishes a film production incentive
19 program that is not only competitive but also uniquely attractive to specific
20 types of projects and production companies;

21 (C) Recognizing a successfully cultivated film industry
22 will create a sector of high technology in Arkansas, a much needed infusion
23 of capital into areas of the state that may be economically depressed, and
24 offer high paying, knowledge-based and skilled labor employment opportunities
25 to Arkansans; and

26 (D) Recognizing that the temporary revenue loss to seed
27 the initial growth will be more than offset by the film and digital content
28 industry's total value added to the Arkansas economy and direct offsets
29 through the state and local taxes collected on economic activity generated by
30 the industry;

31 (3) Allowing Arkansas to once again become competitive with
32 surrounding states that offer financial incentives to the film and digital
33 content production industry;

34 (4) Recognizing that currently there is a significant brain
35 drain out of the state as creative talent native to Arkansas and those
36 educated in our higher education system are forced to leave Arkansas to

1 pursue careers in the film & digital content industry;

2 (5) Creating a vibrant film and digital content industry in
3 Arkansas will be essential in order to retain Arkansas's highly educated and
4 creative individuals who want to pursue a career in this field including
5 without limitation:

6 (A) Individuals educated with a specific focus in the film
7 and media entertainment industry;

8 (B) Graduates of the film school programs at Arkansas
9 State University and the University of Central Arkansas; and

10 (C) Individuals who have been trained to a very high level
11 of proficiency in digital technology, specifically participants of the
12 nationally renowned EAST Initiative and My Community Program; and

13 (6)(A) Targeting film and digital content projects with budgets
14 between seventy-five thousand dollars (\$75,000) and twenty million dollars
15 (\$20,000,000) will allow Arkansas to take advantage of the federal tax
16 incentive offered to American film projects of that size in the American Jobs
17 Creation Act of 2004.

18 (B)(i) Establishing an incentive program that benefits
19 film productions within the range specified in subdivision (a)(6)(A) of this
20 section will allow Arkansas to be attractive to the overwhelming majority of
21 films being produced every year.

22 (ii) The low threshold of seventy-five thousand
23 dollars (\$75,000) for qualification will allow Arkansas to be uniquely
24 attractive to low-budget films like documentaries and other independent
25 projects.

26 (iii) It is important to note that these financial
27 incentives are available to any qualifying projects but the vast majority of
28 projects fall within the target range.

29 (iv) Aiming to develop and attract these size
30 projects will provide Arkansans with a better opportunity to achieve steady
31 employment in the fields of film and digital content production and post-
32 production.

33 (v) It is essential to provide financial incentives
34 for post-production projects, so as to further develop the entire film and
35 digital content industry.

36 (b) The General Assembly finds that:

1 (1)(A) Arkansas's natural beauty and diverse topography provide
2 a variety of excellent settings from which the film and digital content
3 industry might choose locations for production.

4 (B) In addition, the low cost of living, low cost of
5 labor, and easy accessibility make Arkansas a natural choice from a financial
6 standpoint for potential production companies.

7 (C) With the implementation of an effective film incentive
8 program, Arkansas will be a uniquely attractive location for the film and
9 digital content industry.

10 (2)(A) Due to the exceptional qualities of the state in terms of
11 natural settings, availability of labor, materials, climate, and hospitality
12 of its people, several successful motion pictures have been filmed in
13 Arkansas.

14 (B) One (1) of the major reasons these projects were
15 produced in Arkansas was because of the Motion Picture Incentive Act of 1983,
16 § 24-2-201, et seq., that was one (1) of the first incentives offered to the
17 motion picture industry and allowed the state and motion picture industry to
18 develop a strong partnership.

19 (3)(A) The multiplier effect of the infusion of capital
20 resulting from the production of film and digital content serves to stimulate
21 economic activity beyond that immediately apparent during production or post-
22 production.

23 (B) Other economic activities that tend to come along with
24 this industry include tourism, new local residents, new local industries, and
25 marketing and advertising opportunities.

26
27 15-4-3303. Definitions.

28 As used in this subchapter:

29 (1) "Below-the-line employment" means employment in a state-
30 certified production except for screenwriters, producers, directors, and
31 principal actors;

32 (2)(A) "Film and digital content" means video images or other
33 visual media entertainment content.

34 (B) "Film and digital content" includes without
35 limitation:

36 (i) Any format of digital media created primarily

1 for distribution or exhibition to the general public;

2 (ii) Any trailer, pilot, video teaser, or demo
3 created primarily to stimulate the sale, marketing, promotion, or
4 exploitation of future investment in either a product or a qualified
5 production by any means and media in any digital media format, a film, or a
6 videotape, if the program meets all the underlying criteria of a qualified
7 production;

8 (iii) Commercials;

9 (iv) Documentaries;

10 (v) Infomercials;

11 (vi) Interactive games;

12 (vii) Interactive television;

13 (viii) Long-form;

14 (ix) Mini-series;

15 (x) Motion pictures;

16 (xi) Music videos and interstitials television
17 programming;

18 (xii) Series;

19 (xiii) Specials; and

20 (xiv) Video games;

21 (3) "Film Office" means the division of the Arkansas Department
22 of Economic Development charged with the responsibility of promoting and
23 assisting the digital content industry in Arkansas;

24 (4) "Financial institution" means any bank or savings and loan
25 association in the state that is a member of the Federal Deposit Insurance
26 Corporation;

27 (5)(A) "Post-production" means a final stage in the production
28 of digital content occurring after the action has been filmed or videotaped
29 and typically involving editing and the addition of soundtracks.

30 (B) "Post-production" includes without limitation,
31 editing, music, soundtracks, special effects, and credits;

32 (6) "Post-production costs" means all expenditures clearly and
33 demonstrably incurred in the state in the post-production phase of a state-
34 certified production;

35 (7)(A) "Production" means the process of producing any type of
36 entertainment content including without limitation;

1 (i) Any format of digital media created primarily for
2 distribution or exhibition to the general public;

3 (ii) Any trailer, pilot, video teaser, or demo created
4 primarily to stimulate the sale, marketing, promotion, or exploitation of
5 future investment in either a product or a qualified production by any means
6 and media in any digital media format, film, or videotape, if the program
7 meets all the underlying criteria of a qualified production;

8 (iii) Commercials;

9 (iv) Documentaries;

10 (v) Infomercials;

11 (vi) Interactive games;

12 (vii) Interactive television;

13 (viii) Long-form;

14 (ix) Mini-series;

15 (x) Motion pictures;

16 (xi) Music videos and interstitials television
17 programming,

18 (xii) Series;

19 (xiii) Specials; and

20 (xiv) Video games.

21 (B) "Production" does not include:

22 (i) Any ongoing program created primarily as news
23 reports, weather reports, or financial market reports; or

24 (ii) Any production containing any material or
25 performance that is obscene;

26 (8) "Production company" means a corporation, partnership,
27 limited liability company, or other business entity engaged in the business
28 of producing qualified productions on a one-time or ongoing basis and
29 qualified by the Secretary of the State to engage in business in the state;

30 (9)(A) "Qualified production costs" means all expenditures
31 clearly and demonstrably incurred in the state in the development,
32 preproduction, production, or post-production of a qualified production,
33 including the costs of optioning or purchasing intellectual property
34 including without limitation, books, scripts, music, or trademarks relating
35 to the development or purchase of a script, screenplay, or format, if:

36 (i) The intellectual property was produced primarily

1 in the state of Arkansas or the creator of the intellectual property is a
2 resident of Arkansas;

3 (ii) At least seventy-five percent (75%) of the
4 subsequent film or digital content is produced in the state of Arkansas; and

5 (iii) The production expenses or costs for the
6 optioning or purchasing are less than twenty-five per cent (25%) of the
7 production expenses or costs incurred in the state.

8 (B) "Qualified production costs" include all expenditures
9 generally associated with optioning or purchasing intellectual property,
10 including option money, agent fees and attorney fees relating to the
11 transaction, but does not include any deferrals, deferments, royalties,
12 profit participation or recourse or non-recourse loans that the eligible
13 production company may negotiate in order to obtain the rights to the
14 intellectual property.

15 (C) "Qualified production costs" does not include
16 optioning or purchasing any intellectual property that does not expressly
17 adhere to the guidelines established under this subchapter.

18 (D) "Qualified production costs" does not include:

19 (i) Media buys, promotional events or gifts, or
20 public relations associated with the promotion or marketing of any qualified
21 production;

22 (ii) Deferred, leveraged, or profit participation
23 costs relating to any personnel associated with any aspects of the
24 production, including without limitation, producer fees, director fees,
25 talent fees and writer fees;

26 (iii) Costs relating to the transfer of the
27 production tax credits; or

28 (iv) Any amounts paid to persons or businesses as a
29 result of participation of the person or business in profits from the
30 exploitation of the qualified production;

31 (10) "Resident" means a natural person and includes for the
32 purpose of determining eligibility for the tax incentive under this
33 subchapter any person domiciled in the State of Arkansas and any other person
34 who maintains a permanent place of abode within the state and spends in the
35 aggregate at least six (6) months of the taxable year within the state; and

36 (11) "State-certified production" means a qualified production

1 produced by an eligible production company that is:

2 (i) In compliance with rules promulgated under this
3 subchapter;

4 (ii) Authorized by the Department of Economic Development
5 to conduct business in this state, and

6 (iii) Has been approved by the department as qualifying
7 for a production tax credit under this subchapter.

8
9
10 15-4-3304. Registration required.

11 (a) A production company that plans to operate within the State of
12 Arkansas shall register with the Film Office before commencing production.

13 (b) Upon registration and signing a financial incentive agreement, the
14 production company shall agree to include Arkansas's name in the production's
15 credits, unless the state prefers not to be acknowledged.

16
17 15-4-3305. The Arkansas 20/20 Film Production Tax Credit.

18 (a) The incentive program under this section requires that a
19 potentially eligible production company submits an application and a project
20 plan to the Film Office before incurring production expenses or costs and
21 before hiring new employees associated with the proposed production.

22 (b)(1) The Arkansas 20/20 Film Production Tax Credit is a strategic
23 incentive to recruit significant film projects to Arkansas and to secure the
24 extraordinary in-state capital investments associated with these projects.

25 (2) The tax credit under this section is created to alleviate
26 certain financial impacts and to encourage a production company to maximize
27 in-state expenditures with specific emphasis on the employment of Arkansas
28 residents.

29 (c)(1) Upon approval of an application by the Department of Economic
30 Development, a qualifying production company shall be eligible for an
31 Arkansas income tax credit of twenty percent (20%) with no cap per production
32 on all qualified production costs in connection with the production of the
33 state-certified production.

34 (2) An additional credit of fifteen percent (15%) will be
35 granted for payroll of below-the-line employees who are full time residents
36 of Arkansas.

1 (d) To qualify for this credit, a production company shall spend at
2 least seventy-five thousand dollars (\$75,000) within a six (6) month period
3 in connection with the production of one (1) state-certified production as
4 set forth in § 15-4-3303.

5 (e)(1)(A) This section does not create a per production limit on the
6 amount of tax incentive credit.

7 (B) However, there is established an annual cap of ten million
8 dollars (\$10,000,000) for all incentives under this subchapter.

9 (2) The incentives will be issued on a first-come first-serve
10 basis.

11 (f)(1) A tax credit allowed under this section may be sold, assigned,
12 or otherwise transferred, in whole or in part, to one (1) or more taxpayers,
13 and the taxpayers may claim the credit only for an income year in which the
14 production company would have been eligible to claim the tax credit.

15 (2)(A) The tax credit shall not offset more than fifty percent
16 (50%) of an taxpayer's state tax liability.

17 (B) However, any unused tax credits may be carried forward
18 for three (3) years beyond the year in which the tax credits were earned or
19 until exhausted, whichever occurs first.

20 (3)(A) The production company shall make application to the
21 department for the sale of credits.

22 (B) Upon approval by the Department of Economic
23 Development, any sale of tax credits through this incentive shall be fully
24 documented by the Department of Economic Development and the documentation
25 shall be transmitted to the Revenue Division of the Department of Finance and
26 Administration.

27 (C) The buyer of the tax credit shall be subject to the
28 same provisions for carry forward of the tax credits as the production
29 company that originally earned the credits.

30
31 15-4-3306. The Arkansas 20/20 Post-Production Tax Credit.

32 (a) The Arkansas 20/20 Post-Production Tax Credit is offered to assist
33 production companies with qualified post-production expenses or other costs
34 incurred exclusively during post-production.

35 (b) The tax credit is created to alleviate certain financial impacts
36 and to encourage the production company to maximize in-state expenditures

1 with specific emphasis on the employment of Arkansas residents in the post-
2 production phase.

3 (c)(1) Upon approval of the application by the Arkansas Department of
4 Economic Development, a qualifying production company shall be eligible for
5 an Arkansas income tax credit of twenty percent (20%) with no cap per
6 production on all qualified production costs in connection with the post-
7 production of a state-certified production.

8 (2) An additional credit of fifteen percent (15%) shall be
9 granted for payroll of below-the-line employees who are full-time residents
10 of Arkansas.

11 (d) To qualify for the tax credit under this section, a production
12 company shall spend at least seventy-five thousand dollars (\$75,000) within a
13 six-month period in connection with the production of one (1) state-certified
14 production as set forth in § 15-4-3303.

15 (e)(1)(A) This section does not create a per production limit on the
16 amount of tax incentive credit.

17 (B) However, there is established an annual cap of ten
18 million dollars (\$10,000,000) for all incentives under this subchapter.

19 (2) The incentives will be issued on a first-come first-serve
20 basis.

21 (f)(1) A tax credit allowed under this subsection may be sold,
22 assigned, or otherwise transferred, in whole or in part, to one (1) or more
23 tax payers, if the taxpayers may claim the credit only for an income year in
24 which the production company would have been eligible to claim the tax
25 credit.

26 (2)(A) The tax credit shall not offset more than fifty percent
27 (50%) of an taxpayer's state tax liability.

28 (B) However, any unused tax credits may be carried forward
29 for three (3) years beyond the year in which the tax credits were earned or
30 until exhausted, whichever occurs first.

31 (3)(A) The production company shall make application to the
32 Department of Economic Development for the sale of credits.

33 (B) Upon approval by the Department of Economic
34 Development, any sale of tax credits through this incentive shall be fully
35 documented by the Department of Economic Development and the documentation
36 shall be transmitted to the Revenue Division of the Department of Finance and

1 Administration.

2 (C) The buyer of the tax credit shall be subject to the
3 same provisions for carry forward of the tax credits as the production
4 company that originally earned the credits.

5
6 15-4-3307. Resident film investment incentive.

7 (a) A resident of the State of Arkansas who makes an investment in a
8 state-certified production shall be eligible for a personal state income tax
9 credit.

10 (b)(1) The tax credit created in subsection (a) of this section may
11 only be used for individual state income tax relief and only for an Arkansas
12 taxpayer who has been a full-time resident of the State of Arkansas for two
13 (2) or more years before the commencement of the state-certified production.

14 (2) An Arkansas resident who invests in a state certified
15 production shall earn the tax credit at the time of the investment in the
16 state-certified production.

17 (c) For a state-certified production approved by the Arkansas
18 Department of Economic Development, if the total base investment is greater
19 than one hundred thousand dollars (\$100,000), each taxpayer shall be allowed
20 a tax credit of twenty percent (20%) of the investment made by the taxpayer.

21 (d) The tax credit created under subsection (a) of this section:

22 (1) Is not transferable; and

23 (2) Shall be:

24 (A) Allowed against the income tax for the taxable period
25 in which the credit is earned; or

26 (B) Carried forward for not more than three (3) succeeding
27 tax years.

28 (e) All tax credits earned under this section shall be subject to and
29 reckoned against the annual cap for all incentives established in §§ 15-4-
30 3305 and 15-4-3306.

31
32 15-4-3308. Arkansas Future Filmmaker's Fund.

33 (a)(1) There is established the "Arkansas Future Filmmaker's Fund".

34 (2) The Arkansas Future Filmmaker's Fund is an unincorporated
35 association with the sole purpose of providing additional resources to the
36 Film Office for education, training, marketing, and promotion associated with

1 film and digital content production or post-production, or both that is
2 performed in Arkansas.

3 (b)(1) The fund shall:

4 (A) File articles of organization with the office of the
5 Secretary of State; and

6 (B) Provide all requisite information to qualify under the
7 Internal Revenue Code as a 501(c)(3) corporation.

8 (2) The fund shall be created and perpetuated exclusively by
9 funds from the private sector in Arkansas.

10 (3) Contributions to the fund shall qualify as charitable
11 contributions under § 26-51-419 as a deduction from an individual's adjusted
12 gross income, including Arkansas income tax under § 26-51-403(b).

13
14 15-4-3309. Application for tax incentive.

15 (a)(1) A production company that desires to take advantage of the tax
16 incentives under this subchapter shall submit to the Department of Economic
17 Development an application and provide an estimate of total expenditures to
18 be made in Arkansas in connection with the production.

19 (2) The application and estimate of expenditures shall be filed
20 with the Film Office and approved as eligible for the tax incentive under
21 this subchapter before the commencement of production in Arkansas.

22 (b)(1) After each production company submits an application, the
23 Department of Economic Development shall sign a financial incentive agreement
24 with each eligible production company that qualifies under this subchapter
25 and is approved by the Department of Economic Development.

26 (2) The financial incentive agreement shall:

27 (A) Be the primary document setting forth:

28 (i) The benefits to be received; and

29 (ii) The start and end dates of the project; and

30 (B) Serve as the primary source document when the
31 Department of Finance and Administration audits the production company to
32 verify compliance with this subchapter.

33 (3) The financial incentive agreement shall specify the:

34 (A) Effective date of the agreement;

35 (B) Terms of the agreement that shall be calculated from
36 the date the agreement is signed by the production company and the Arkansas

1 Department of Economic Development;

2 (C) Incentive the production company may qualify for;

3 (D) Investment threshold requirements necessary to qualify
4 for eligibility;

5 (E) Eligible production company's responsibilities for
6 certifying eligibility requirements; and

7 (F) Approved production company's responsibilities for
8 failure to meet or maintain eligibility requirements.

9 (c) At the time the production company registers and provides the
10 estimate of expenditures to the Film Office, the production company shall
11 also designate a member or representative to work with the Film Office and
12 the Revenue Division of the Department of Finance and Administration on the
13 reporting of expenditures and on other information necessary to receive a tax
14 incentive credit under this subchapter.

15 (d)(1) No later than ninety (90) days after the last production
16 expenses or costs are incurred in the production of a qualified production,
17 an eligible production company shall:

18 (A) Apply to the Department of Economic Development for a
19 production tax credit certificate; and

20 (B) Provide with the application a final expenditure
21 report providing the information as the Department of Economic Development
22 may require concerning the amount of the company's production expenses or
23 costs.

24 (2)(A) The final expenditure report shall include without
25 limitation:

26 (i) To be eligible for the tax incentive under this
27 subchapter, documentation that all payments including all payroll payments
28 have been made from a checking account from any Arkansas financial
29 institution;

30 (ii) Receipts showing direct cash payments by the
31 production company to Arkansas vendors, businesses, or citizens hired as cast
32 or crew, if the sum of the cash payments does not exceed forty percent (40%)
33 of the total verifiable expenditures;

34 (iii) Receipts showing per diem expenditures by the
35 cast or crew, or both for lodging; and

36 (iv) Other expenditure reports deemed necessary by

1 the Revenue Division to ensure compliance with this subchapter.

2 (E) Payments for penalties or fines, payments to non-
3 profit organizations, and payments to federal and state entities that do not
4 pay State taxes are to be excluded from the final expenditure report.

5 (e)(1)(A) All qualifying payments for salaries or wages shall be
6 eligible for the tax credits under this subchapter.

7 (B) However, all wage and salary payments shall be:

8 (i) Reported to the Revenue Division; and

9 (ii) Subject to state and local income taxes of the
10 state of Arkansas.

11 (2)(A) The Arkansas employment credit entitles a state-certified
12 production to an additional tax credit for employing full-time residents of
13 Arkansas.

14 (B) The Arkansas employment credit grants an additional
15 credit of fifteen percent (15%) for the aggregate payroll of salaries and
16 wages to Arkansas residents who are employed in below-the-line employment
17 positions of the state-certified production.

18 (C) The Arkansas employment tax credit shall only extend
19 to below-the-line employment positions as defined in § 15-4-3303.

20 (D) Any salary for an employee whose salary is equal to or
21 greater than one hundred fifty thousand dollars (\$150,000) shall be excluded
22 from eligibility for either tax credit.

23 (f)(1) If a production company hires a payroll service company to
24 handle the payroll of a production, the payroll payments otherwise allowable
25 shall be allowed as eligible expenditures if:

26 (A) Payments made by the production company to the payroll
27 service company are paid through an Arkansas financial institution account;
28 and

29 (B) All eligible income payments to employees and
30 independent contractors done through the payroll service company are subject
31 to Arkansas state and local income taxes.

32 (2) Failure to file the expenditure report within ninety (90)
33 days after the last production expenses or costs are incurred may result in a
34 delay in the disbursement of the tax incentive benefit under §§ 15-4-3305 and
35 15-4-3306.

36 (g)(1) The final expenditure report and all qualified production costs

1 shall be subject to an audit by an outside certified public accountant
2 licensed in the State of Arkansas.

3 (2) The eligible production company shall be responsible for
4 paying all fees associated with the audit and final certification.

5 (h)(1) If the Department of Economic Development determines that the
6 company is eligible to be issued a production tax credit certificate, the
7 Department of Economic Development shall enter on the certificate the amount
8 of production expenses or costs that has been established to the satisfaction
9 of the Department of Economic Development, and the amount of the company's
10 credit under this subchapter.

11 (2) The Department of Economic Development shall provide a copy
12 of the certificate to the Department of Finance and Administration.

13
14 15-4-3310. Sexually explicit productions.

15 Qualified films do not include sexually explicit productions as defined
16 in 18 U.S.C. § 2257, as it existed on January 1, 2007.

17
18 15-4-3311. Penalties.

19 (a) A production company that intends to apply for the tax incentives
20 under § 15-4-3305 or § 15-4-3306, or both, but fails to comply with § 15-4-
21 3304 may be enjoined from engaging in production activities in the State of
22 Arkansas by any court of competent jurisdiction until the requirements of §
23 15-4-3304 are met.

24 (b) A production company that intends to apply for the tax incentives
25 under § 15-4-3305 or § 15-4-3306, or both, but fails to comply with all
26 provisions of this subchapter may be denied any future application for
27 participation in the incentive program under this subchapter and shall be
28 subject to penalty in accordance with applicable state or federal law or
29 both.

30
31 15-4-3312. Sunset.

32 The opportunity for a tax incentive under § 15-4-3305 and § 15-4-3306
33 expires on June 30, 2017.

34
35 15-4-3313. Rules.

36 The Arkansas Department of Economic Development shall promulgate

1 appropriate rules to implement the intent and purposes of this subchapter and
2 to prevent abuse.

3
4 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
5 General Assembly of the State of Arkansas that the incentives afforded by
6 this subchapter to the digital content industry can serve to stimulate the
7 economy of the area in which production and post-production is performed; and
8 that the incentives have a multiplier effect, in terms of economic
9 development, in the locality of the production and statewide; and that tax
10 revenues generated by the activities of digital content production and post-
11 production more than offset the revenue lost through the incentives provided
12 by this subchapter. Therefore, an emergency is declared to exist and this act
13 being immediately necessary for the preservation of the public peace, health,
14 and safety shall become effective on:

15 (1) The date of its approval by the Governor;

16 (2) If the bill is neither approved nor vetoed by the Governor,
17 the expiration of the period of time during which the Governor may veto the
18 bill; or

19 (3) If the bill is vetoed by the Governor and the veto is
20 overridden, the date the last house overrides the veto.

21
22 /s/ Saunders
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