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An Act To Provide Incentives To Foster Economic Growth and Build Infrastructure in the State

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, this legislation fosters economic growth in the State by providing incentives to film companies; and

Whereas, film production is especially amenable to incentives because it is highly mobile, environmentally safe, capital and labor intensive and effective in promoting tourism; and

Whereas, it is important that these incentives be made available quickly to encourage film production companies to come to Maine as soon as possible, thus benefiting the economy and people of Maine; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 5 MRSA §13090-M is enacted to read:

§ 13090-M. Tourism and Industry Film Production Cash Rebate Program

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

- A. "Below-the-line personnel" means nonstarring cast members and the technical production and postproduction staff of a film company.
- B. "Fund" means the Film Production Cash Rebate Program Fund established in subsection 3.
- C. "Office" means the Department of Economic and Community Development, Office of Tourism.
- D. "Program" means the Tourism and Industry Film Production Cash Rebate Program established in subsection 2.
- E. "Qualifying film company" means a film company that meets the criteria specified in subsection 4.

2. Program established. The Tourism and Industry Film Production Cash Rebate Program is established in and administered by the office to promote tourism, increase opportunities for employment and foster economic growth in this State by encouraging the film industry to use the State as a production location.

3. Fund established; revenue sources. The Film Production Cash Rebate Program Fund is established in the office as a nonlapsing dedicated account. The fund receives money deposited by the Treasurer of State and any other gift, grant or revenue from any other source to be used by the office to provide cash rebates to qualifying film companies under the schedule established in subsection 5.

4. Qualifications. In order to be eligible to participate in the program, a film company must spend at least \$50,000 for direct production costs in this State, including employment of residents of this State, as specified in paragraph A, and at least \$250,000 in investment in infrastructure in this State. Additionally, the film production must:

- A. Employ below-the-line personnel, at least 50% of whom are residents of this State;
- B. Have a production office located in this State;
- C. Own or operate at least one film stage in this State;
- D. Contract with a travel company located in this State;
- E. Contract with a payroll processing company licensed by this State pursuant to Title 10, chapter 222 and located in this State;
- F. Use a financial institution located and authorized to do business in this State; and
- G. Perform at least 80% of the filming, by time, in this State, including second unit, stunt and aerial filming.

5. Rebate amount. A qualifying film company is entitled to a rebate of expenditures according to the following schedule:

- A. Except as provided in paragraph B, for production expenditures, 45% of those costs;
- B. For production expenditures made in rural communities, 47% of those costs;
- C. For expenditures for below-the-line personnel who are not residents of this State, 32% of those costs;
- D. For expenditures for below-the-line personnel who are residents of this State, 51% of those costs, including any costs related to job training for those personnel;
- E. For any infrastructure expenditures in this State, 27% of those costs; and
- F. For travel expenditures, 30% of those costs.

6. Application; fees. A film company that chooses to participate in the program shall pay an application fee of \$200 to the office. The office shall accept or deny the participation of the company within 2 weeks of receipt of the application and fee. The office shall withhold 0.5% of any rebate provided to a qualifying film company pursuant to subsection 5 for expenses related to the administration of this section.

7. Rules. The office shall adopt rules necessary for the administration of the program, including establishing methods to determine whether a film company qualifies for a rebate and the amount of the expenditures subject to rebate. Rules adopted pursuant to this subsection are routine technical rules as defined in chapter 375, subchapter 2-A.

8. Review and report. Beginning January 15, 2013, and every 2 years thereafter, the office shall review all aspects of the program, including the level of participation, the amount rebated from the fund and the amount retained by the office, and submit a report to the joint standing committee of the Legislature having jurisdiction over economic development matters. The report must include any recommendations of the office for improvements or changes to the program.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

SUMMARY

This bill establishes the Tourism and Industry Film Production Cash Rebate Program in the Department of Economic and Community Development, Office of Tourism. The purpose of the program is to attract film production companies to Maine by providing cash rebates for certain expenses of the film production company. In order to qualify, the company must spend at least \$50,000 for direct production costs in Maine and at least \$250,000 in investment in infrastructure in this State and have ties to Maine, such as using a Maine bank and payroll processor. The amount of the available rebate ranges from 27% of the expenses related to infrastructure to 51% of the costs of training and employment of Maine residents.