HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1321 Entertainment Industry Economic Development
SPONSOR(S): Davis
TIED BILLS: **IDEN./SIM. BILLS:** SB 2110

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Tourism Committee		McDonald	McDonald
2) Finance & Tax Committee			
3) State Infrastructure Council			
4)			
5)			

SUMMARY ANALYSIS

The bill renumbers the entertainment industry incentive program from s. 288.1254, F.S., to s. 220.192, F.S., and changes the program from a reimbursement of expenditures that is dependent upon annual appropriation to a credit against corporate income tax.

Productions of filmed entertainment that are qualified by the Office of Film and Entertainment and certified by the Governor's Office of Tourism, Trade, and Economic Development are eligible for a tax credit of up to 15% of qualified expenditures in the state. Tax credits awarded in a fiscal year will be made based on the production's principal photography start date for the queue in which it is placed, within the first two weeks after the queue's opening. Other qualified productions entering into a queue after the initial two weeks will be on a first come, first served basis.

There are three queues: film, television, and episodic queue; television pilot queue; and commercials and music video queue. Productions in the first queue must have a minimum of $625,000 in total qualified expenditures for the entire run of the project, except for high-impact television series which must have a minimum of $625,000 in qualified expenditures for each episode. A single production may receive a maximum credit of $2 million. A high-impact television series may receive a maximum credit of $3 million. Qualified high-impact television series will be allowed first position in this queue for their first five production seasons. Television series are not allowed tax credits after five seasons. Productions in the television pilot queue must have $625,000 in expenditures for the pilot episode or presentation. A single production in this queue may receive a maximum credit of $2 million. Productions in the third queue must have a minimum of $500,000 in total qualified expenditures in a state fiscal year, with a minimum of $75,000 for each production. The first queue receives 60% of the available tax credit in any fiscal year. The remaining queues each receive 20%.

There is a total tax credit cap of $25 million per fiscal year. If applications for credit exceed that amount for a fiscal year, the excess will be treated as having been applied for on the first day of the next fiscal year in which tax credits remain available for allocation. See "Fiscal Analysis" for impact of the tax credit.

Tax credits may be carried forward for up to 5 years. Upon application and approval by the Department of Revenue, a taxpayer may sell or assign, in whole or in part, tax credits. Credits cannot be exchanged for less than 75% of the tax credit to be transferred. Limitations of the credit apply to the purchaser. The purchaser cannot sell, assign, or otherwise transfer the tax credit. A qualified production company that is not a corporation can distribute credits to its partners or members in proportion to the respective distributive share of the partners' or members' income or loss for the year in which the credits were approved.

The newly created section of law is repealed July 1, 2014.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government – The bill requires the Department of Revenue to adopt rules to implement provisions of the bill and increases the responsibility of the department. The bill also requires that the Governor's Office of Tourism, Trade, and Economic Development adopt rules.

Ensure lower taxes – The bill changes an incentive funded through appropriation to a corporate tax credit. The aggregate amount of tax credits allowed in any fiscal year is $25 million. The corporate tax credit provisions are repealed July 1, 2014.

B. EFFECT OF PROPOSED CHANGES:

Present Situation:

Description of Florida's Entertainment Industry Incentive (s. 288.1254, F.S.)

The available incentive amount for the program is based upon an annual legislative appropriation. The program was enacted in 2003 but did not receive funding until FY 2004-05 when $2.45 million was appropriated. The program was modified in 2005 and received an appropriation of $10 million for FY 2005-06.

The purpose of this program is to encourage the use of Florida as a site for film and video production, to advocate the hiring of Florida residents as staff, cast or crew and to support and encourage the use of other Florida services and equipment companies in the production of filmed entertainment. The program is also to encourage the relocation to and/or expansion of digital-media-effects companies and motion picture, television production and postproduction companies in Florida.

Production Incentive:

A qualified production[1] is eligible to receive up to 15% in a cash reimbursement of in-state qualifying expenditures up to a maximum of $2 million provided that the production has a minimum in total qualified expenditures of $850,000 for the entire run of the project. In determining the expenditures, the wages, salaries, or other compensation of two highest paid employees is excluded. The final reimbursement is determined after receipts and other information has been submitted to the Office of Film and Entertainment (OFE) for review.

By statute, 60% of the incentive funding is dedicated to theatrical or direct-to-video motion pictures, made-for-TV movies, commercials, music videos, industrial and education films, promotional videos or films, documentary films, TV specials, and digital-media-effects productions by entertainment industry to be sold or displayed in an electronic medium. The remaining 40% is dedicated to TV pilots or TV series to be sold or displayed in an electronic medium.[2]

Funding for the two queues remains separate until February 1 of the fiscal year when the funding and queues are combined.

[1] A "qualified production" is filmed entertainment that makes expenditures in this state for the total or partial production of filmed entertainment. Productions cannot contain obscene content as defined by the United States Supreme Court. A production is not qualified if it is determined that the first day of principal photography in this state occurred on or before the date of submitting an application to OFE or prior to certification by OTTED. Also, note that electronic gaming industry and sporting events are specifically excluded.

[2] Included in the 40% are drama, reality, comedy, soap opera, telenovela, game show, or miniseries productions.

Digital Media Effects Company:

The statute provides that a digital-media-effects company in the state may be eligible for a payment of not more than 5% of its annual gross revenues of qualified expenditures as defined in s. 288.1254(2)(c), F.S. The Office of Film and Entertainment reviews applications for eligibility for reimbursement.

Qualified Relocation Project:

A qualified relocation project is a corporation, limited liability company, partnership, corporate headquarters, or other private entity that is domiciled in another state or country and relocates its operations in this state, is organized under the laws of this or any other state or country, and includes as one of its primary purposes digital-media-effects or motion picture and television production or postproduction.

The project may receive a one-time incentive payment in an amount equal to 5% of its annual gross revenues before taxes for the first 12 months of conducting business in its Florida domicile or $200,000, whichever is less.

Impact of Florida's Entertainment Industry Financial Incentive Program

Production Impact:

With no multiplier effect included, the return on investment for the $2.45 million appropriated for the entertainment industry incentive in 2004-05 was 7.5:1 with estimated total in-Florida production expenditures of almost $18.5 million with more than $9.1 million being Florida resident wages. The return on the $10 million for FY 05-06 is estimated to be 7.4:1 with an estimated total in-Florida production expenditure of $73.9 million with Florida resident salaries accounting for more than $36.6 million. In the first year, four productions were certified for funding while 15 productions were certified as of December, 2005 for funding in the second year.

Digital Media Effects Company Impact:

According to the Office of Film and Entertainment, only two digital media applications have been approved in two years.

Qualified Relocation Project Impact:

According to the Office of Film and Entertainment, there have been no applications received for company relocations over the two years that funding has been available. As stated earlier, company relocations are often encouraged through other, more lucrative economic development incentives available through OTTED with recommendation by Enterprise Florida and through local government economic development agencies.

Florida Film and Entertainment Advisory Council (FFEAC)

The FFEAC is a statutorily-created advisory body to the Governor's Office of Tourism, Trade, and Economic Development and to the Office of Film and Entertainment. The 17 member council is composed of members appointed by the Governor, President of the Senate, and Speaker of the House of Representatives. One of the duties of FFEAC is to advise and consult on laws governing the entertainment industry.

Based upon a series of public meetings, the following changes were approved for recommendation at the December 9, 2005 meeting. These changes addressed concerns relating to commercial production, television pilots and episodes, minimum expenditure requirements, encouraging

independent production, application process, and method of funding of the incentive. The following were recommended:

- Eliminate specific incentives in law relating to qualified relocation projects and digital-media-effects companies because of lack of use.
- Change the current law allowing for two queues to four queues to do the following:
    1. Recognize the differences between commercial and music video production and film, television movies, and specials by splitting into two queues, with 58% of funding for the film queue and 20% for the commercial and video production;
    2. Provide emphasis on TV pilots by changing the current TV pilots or TV series queue to include only TV pilots and shift the series (episodics) to the film queue, with 20% of funding to be used for TV pilots; and,
    3. Create a new queue for an independent film and video distribution bonus to encourage independent, indigenous productions, with 2% of funding set aside for this purpose.
- Reduce the minimum Florida qualified expenditure requirement from $850,000 to $625,000 for the film, TV Movie, TV series, and TV pilots to conform to what is the current Screen Actors Guild minimum threshold for low-budget films.
- Reduce minimum expenditure to $500,000 and reduce the $2 million reimbursement cap to $500,000 for commercials and music videos and allow production companies to add up qualified expenditures from multiple commercials within fiscal year to reach minimum expenditures. Also allow for cumulative spend over a fiscal year to meet minimum expenditure level.
- Modify the application and reimbursement process, provide for rules, and specify marketing requirements for Florida recognition in productions.
- Retain the current maximum reimbursement of 15% up to the maximum payout of $2 million.

The FFEAC was reviewing and comparing the current funding of the incentive through appropriation to the use of a transferable tax credit similar to what most of Florida's competitor states use as their incentive. The official recommendation was not provided at the meeting.

Subsequent to the meeting, the FFEAC endorsed the use of a transferable tax credit. The FFEAC also agreed to remove the proposed queue on distribution for independent films because of difficulty in implementing the proposal at this time.

Other States[3]

Some states without a strong infrastructure, such as Louisiana, are using incentives to lure business while infrastructure is being brought in from outside until a base can be built in the state. The director of the Louisiana Film Office has compared the state to Canada ten years ago before it had developed its infrastructure.

Louisiana and seven other states have enacted transferable tax credits that are assignable, can be sold, or can be carried forward for a number of years. Depending upon the state, these credits are offered to production companies on investments (LA, GA), payroll (LA, GA, IL, MA), and production costs (LA, AZ, GA, MA, MO, PA, RI). Nine states offer income tax refunds, rebates, or credits on payroll, production costs, or investments. New Mexico and New Jersey offer low interest loans or loan guarantees to encourage film production. Three states, Louisiana, Oklahoma, and South Carolina, offer incentives for investment in facilities, productions, and certain entertainment businesses.

Unlike Florida's incentive that does not require the hiring of a percentage of residents, the production incentives offered by many other states are tied to employment of residents, with some requiring the hiring of a percentage of local crew, or the use of soundstages or other facilities. Some states offer

[3] Florida's Entertainment Industry Infrastructure: *Are We Growing the Indigenous Industry as well as Support Production?*, Tourism Committee, Florida House of Representatives, 2006, p 16.

additional incentives related to employment and to the training or mentoring of crew by a production. Often these are used to help build the infrastructure base of a state.

Proposed Changes:

The bill renumbers the entertainment industry incentive program from s. 288.1254, F.S., to s. 220.192, F.S., and changes the program from a reimbursement of expenditures that is dependent upon annual appropriation to a credit against corporate income tax.

The digital media-effects company and qualified relocation project incentives that were in s. 288.1254, F.S., are deleted. The incentive in s. 220.192, F.S., pertains only to the production of filmed entertainment.

Definitions are amended to make clarifications and to reflect the change to a tax credit. The definition of “filmed entertainment” is changed to add “television special” to the list and to change the exclusions from the definition to include only news shows and sporting events. A definition of “qualified production company” is added. Also, a definition of “high-impact television series” is added to distinguish it from other television series. The high-impact television series is created to run multiple seasons with at least seven episodes per season and qualified expenditures of at least $625,000 per episode. “Production costs” now include wages, salaries, or other compensation paid through payroll services companies.

The application procedure and application approval process for filmed entertainment have been changed to reflect change to a tax credit. In addition to technical changes and the shift of language to the section on rules, the following changes are made in the bill relating to application:

- the signed affirmation that information on an application form has been verified and is correct is shifted from the Office of Film and Entertainment (OFE) to the applicant;
- the time frame for OFE to review the application and make recommendation to the Governor’s Office of Tourism, Trade, and Economic Development (OTTED) regarding the amount of the tax credit award and for notifying an applicant that the information provided is not complete has been increased from 5 days to 10 business days;
- OFE must notify the applicant of the certified maximum tax credit award within 10 days of OTTED certifying the amount;
- Language is removed which gives OFE verification responsibility after the production has completed its filming related to the initial notification of credit. This is to verify the amount of expenditures upon which the tax credit will be taken. Language, however, remains stating that OTTED shall make the final determination for the actual tax credit award.

Productions of filmed entertainment that are qualified by OFE and certified by OTTED are eligible for a tax credit of up to 15% of qualified expenditures in the state, excluding wages, salaries, and other compensation paid to the two highest-paid employees of the production in the state.

Tax credits awarded in a fiscal year will be made based on the production’s principal photography start date for the queue in which it is placed, within the first two weeks after the queue’s opening. Other qualified productions entering into a queue after the initial two weeks will be on a first come, first served basis.

There is a total credit cap of $25 million per fiscal year. If applications for credit exceed that amount for a fiscal year, the excess will be treated as having been applied for on the first day of the next fiscal year in which tax credits remain available for allocation.

If a qualified production is not continued subject to a reasonable schedule, OFE shall withdraw its eligibility and reallocate the funds to the next qualified productions already in the queue that have not received their full tax credit.

There are three queues: film, television, and episodic queue; television pilot queue; and commercials and music video queue. Productions in the first queue must have a minimum of $625,000 in total qualified expenditures for the entire run of the project except for high-impact television series which must have a minimum of $625,000 in qualified expenditures for each episode. A single production may receive a maximum credit of $2 million. A high-impact television series may receive a maximum credit of $3 million. This queue receives 60% of the available tax credit in any fiscal year. Qualified high-impact television series will be allowed first position in this queue for their first five production seasons, if an application is received by OFE within the first two weeks after the queue opens. Television series are not allowed tax credits after five seasons. Productions in the television pilot queue must demonstrate $625,000 in expenditures for the pilot episode or presentation. A single production in this queue may receive a maximum credit of $2 million. This queue receives 20% of the available tax credit in any fiscal year. The third queue requires productions to demonstrate a minimum of $500,000 in total qualified expenditures in a state fiscal year, with a minimum of $75,000 in qualified expenditure for each production. This queue receives 20% of the available tax credit in any fiscal year. On March 1 of each year credits remaining in the first two queues will be merged and placed into a general queue for use for other purposes as determined by OFE. On April 1 of each fiscal year credits remaining in the third queue will be merged into the general queue.

If a taxpayer cannot use the full amount of tax credit granted, the balance may be carried forward for up to five years.

Upon application and approval by the Department of Revenue, a taxpayer may sell or assign, in whole or in part, tax credits granted under this section. Credits cannot be exchanged for consideration of less than 75% of the tax credit to be transferred. Purchasers of the credit may use it subject to the same limitations as the taxpayer to whom the credit was granted. The purchaser cannot sell, assign, or otherwise transfer the tax credit.

A qualified production company that is not a corporation, as defined in s. 220.03(1)(e), F.S., can make an election to the Department of Revenue to distribute credits to its partners or members in proportion to the respective distributive share of the partners' or members' income or loss for the year in which the credits were approved. Unused credits may be carried forward 5 years.

The bill requires that a qualified production applying for a tax credit award must submit, no later than August 15 of the state fiscal year following the state fiscal year in which claimed qualified expenditures were incurred, a single report from a certified public accountant, preapproved by OFE. The report must document the amount of claimed qualified expenditures.

The bill requires OFE to ensure that appropriate marketing materials, when appropriate, are included in filmed entertainment.

The bill requires for the development of rules by OTTED.

The bill provides that an applicant who knowingly submits fraudulent information on an application is liable for reimbursement of reasonable costs and fees associated with the review, processing, investigation, and prosecution of the fraudulent application.

The newly created section of law is repealed July 1, 2014.

Finally, the bill makes a cross-reference change in s. 477.0135, F.S.

C. SECTION DIRECTORY:

Section 1. Transfers and renumbers s. 288.1254, F.S., as s. 220.192, F.S.; revising the entertainment industry incentive program to provide corporate income tax credits to qualified entertainment entities rather than reimbursements from appropriations; revising definitions; changing expenditure levels required for qualification for the incentive; providing varying incentive fiscal year maximums dependent upon type of

filmed entertainment; revising application procedures, approval process, fraudulent claims, and annual report; requiring rules; providing criteria and limitations for awards of tax credits; providing for $25 million in tax credits for each fiscal year; providing that credits may be used, carried forward, transferred or sold; providing marketing requirements for qualified productions; and providing for repeal of section on July 1, 2014.

Section 2. Amends s. 477.0135(5), F.S., correcting a cross-reference.

Section 3. Providing an effective date of July 1, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:	FY 2006-07	FY 2007-08	FY 2008-09
General Revenue	($25M)	($25M)	($25M)

This is the maximum allowed per state fiscal year. See "Fiscal Comments."

2. Expenditures:

Minimal. See "Fiscal Comments."

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None. See "Fiscal Comments."

2. Expenditures:

None. See "Fiscal Comments."

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Indigenous qualified productions of filmed entertainment will receive a 15% corporate tax credit on their qualified expenditures as will qualified productions coming from outside the state to produce filmed entertainment in Florida. If a production company does not owe corporate tax in Florida, the bill provides that the credits can be transferred or sold to Florida taxpayers for use on what they owe in corporate tax. The tax credits cannot be sold for less than 75% of the face value of the credits. Credits can also be carried forward for 5 years.

The credit is intended, among other things, to encourage more television series to shoot in the state. These, generally, run for a number of years bringing longer term employment and stability to the state's entertainment industry infrastructure and encouraging growth in the infrastructure. The bill also provides greater incentive for commercials and music videos which generally are filmed during a time when other filmed entertainment is not as active in the state.

The purpose of the credit is to encourage the state as a site for filming and to develop and sustain the workforce and infrastructure for filmed entertainment. An infusion of more money from more production as well as a sustained level of production business will help the state to maintain and possibly increase its trained, experienced crew base and other infrastructure. The Florida Agency for Workforce Innovation stated that in 2004 the average salary for crew in Florida was $52,972, excluding health care and retirement benefits.[4]

[4] Florida Agency for Workforce Innovation, Labor Market Statistics, 2001 – 2004.

An increase in filmed entertainment in the state will impact not only the persons directly employed by the production but will impact ancillary businesses such as building supply companies, nurseries, restaurants, and hotels.

D. FISCAL COMMENTS:

The aggregate amount of tax credits allowed under the bill is $25 million in any fiscal year from FY 2006-07 to FY 2013-2014. The total aggregate credit allowed over the eight years is $200 million. At this time, it is not known how much of the credit will be used in the first year. This is all dependent upon the types and number of qualified productions availing themselves of the credit. The exact amount of the tax credit award will not be known until after productions are completed and all expenditures verified as being qualified expenditures for claiming the credit. There are ceilings on the total credits for the filmed entertainment productions in the bill with the two highest maximum credits being $2 million for a single production and $3 million for a high-impact television series.

There could be some impact on the Office of Film and Entertainment if there is an increase in application for the incentive when it is changed from an appropriation to a tax credit. The Office of Film and Entertainment has not requested any additional resources to implement the legislation. The Department of Revenue could experience some impact because of the added responsibilities placed upon the department. At this time, the Department of Revenue has stated that the it does not anticipate an impact that would require an appropriation.

The impact of the legislation on local governments is not known at this time; however, increases in filmed entertainment in an area have historically brought an increase in revenue.

The FY 2005-06 appropriation of $10 million for the entertainment industry incentive yielded an estimated $73.9 million in in-state production expenditures, hiring 3,775 Florida residents, and having 12,444 hotel room nights. The Florida wages paid were almost $37 million. The return on investment was 7.4:1.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

3. Applicability of Municipality/County Mandates Provision:

The bill does not require a municipality or county to expend funds or to take any action requiring the expenditure of funds. The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate. The bill does not reduce the percentage of state tax shared with municipalities or counties.

4. Other[5]:

In <u>Cuno v. DaimlerChrysler</u>,[6] the Sixth Circuit Court of Appeals invalidated an Ohio state corporate franchise tax credit on grounds that it violated the dormant Commerce Clause of the United States Constitution. The Ohio tax credit applied to the purchase of manufacturing machinery and equipment used in the state and was intended to provide an incentive for the location or expansion of business within the state.

At present the case has no precedential value to courts in the Eleventh Circuit, which includes Florida, because it has been decided in the Sixth Circuit. On September 27, 2005, however, the

[5] Information taken from *An Analysis of <u>Cuno v.DaimlerChrysler</u> And Its Possible Effects on Florida Business Location Tax Incentives*, November 3, 2005, prepared by staff of the Economic Development, Trade and Banking Committee, Florida House of Representatives.

[6] <u>Cuno v. DaimlerChrysler</u>, 386 F.3d 738(6th Cir. 2004)

Supreme Court granted petitions for certiorari by the State of Ohio and DaimlerChrysler, challenging the Cuno decision. Arguments were heard by the Court on March 1, 2006. The Court should issue a ruling in the summer of 2006. If the Court affirms the Cuno decision, it will become the law of the land, and similar tax incentives in Florida will be at risk of being struck down.

As a general rule, a tax credit or exemption will violate the dormant Commerce Clause if it discriminates on its face or if, on the basis of "a sensitive, case-by-case analysis of purposes and effects," the provision "will in its practical operation work discrimination against interstate commerce" by "providing a direct commercial advantage to local business."[7] The high court has defined "discrimination" in this context to mean the "differential treatment of in-state and out-state economic interests that benefits the former and burdens the latter."[8]

Under Cuno, the constitutional challenge that a tax incentive faces will turn on whether the taxpayer is subject to the state's taxing power and whether the tax incentive favors in-state as opposed to out-of-state activities. The Cuno test may be explained as follows:

1. Is the business subject to Florida's taxing power?
2. Will the business reduce its Florida tax liability by availing itself of the tax incentive for location or expansion of business in Florida and not by locating or expanding business activity out-of-state? or Will its location or expansion of business activity out-of-state result in a comparative tax increase, as to a similarly-situated business expanding in Florida, because it will not be able to avail itself of the in-state tax incentive?

If the answer is questions 1 and 2 are "yes", the tax incentive likely fails the Cuno test.[9]

B. RULE-MAKING AUTHORITY:

The bill provides for the Office of Tourism, Trade, and Economic Development to adopt rules to implement the bill. The bill, however, does not provide rulemaking authority for the Department of Revenue to implement the provisions of the bill for which it is given authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

In its review of the bill, the Department of Revenue suggested the following changes:

- Amend s. 220.02(8), F.S., to incorporate the newly created corporate tax credit in the list of how the taxes are to be applied.
- On lines 82 - 89, clarify the phrase "two highest paid employees" to indicate that they are the employees of the production and are residents of the state.
- Lines 89 - 90, allows for "up to" 15 percent in a corporate tax credit. Does not state under what circumstances less than 15 percent would be given or how it would be computed. Recommend removing "up to".
- Lines 116 and 224, the term "office" is used but is not defined. Define or specify which office.
- Line 121, remove "15 percent".
- Lines 164 - 177, clarify who is required to notify the applicant of the amount of the tax credit award. Clarify the two 10 business day notification periods.
- Lines 175 - 177, add language requiring the certification to be in writing and a copy to be sent to the applicant and to the executive director of the Department of Revenue (DOR). Require applicant to forward a certified application to the department.
- Lines 187 - 189, indicates that a production is qualified and certified. Clarify how a production becomes qualified by the Office of Film and Entertainment (OFE) and certified by the Office of Tourism, Trade, and Economic Development (OTTED).

---

[7] Id. at 743 (quoting West Lynn Creamery v. Healy, 512 U.S. 186, 201 (1994)).
[8] Id. (quoting Oregon Waste Sys., Inc. v. Dep't of Envtl. Quality, 511 U.S. 93, 99 (1994)).
[9] *An Analysis of Cuno v. DaimlerChrysler And Its Possible Effects on Florida Business Location Tax Incentives*, November 3, 2005, prepared by staff of the Economic Development, Trade and Banking Committee, Florida House of Representatives, p. 7.

- Line 190, the term “qualifying” needs to be changed to “qualified” to be consistent with the term that is defined.
- Line 215, add language stating that “at such time as $200 million of tax credits have been allocated, no additional tax credits shall be allocated.”
- Lines 277 - 290, clarify if each expenditure of $75,000 or more per production can be combined to reach the $500,000 overall minimum and clarify if the minimum applies for a fiscal year, taxable year or life of the credit program.
- Authorize DOR to adopt rules necessary to administer the credit. Authorize DOR to require that the taxpayer document its eligibility to claim the credits, to determine whether credits are claimed by the proper parties, if they have been claimed in the correct amount, and authority to address credits claimed incorrectly.
- Lines 311 - 314, provide oversight for this provision.
- Lines 330 - 341, provide for verification or oversight to determine if the transfer of credits has been done according to the statutory provisions.
- Lines 374 - 387, amend language to address tax credits and not payments.

All of the changes have been addressed in a strike-all amendment prepared for the sponsor.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES