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LEGISLATIVE ACTION

| Senate | . | House |
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| Comm: RCS | . | |
| 04/17/2017 | . | |
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The Committee on Commerce and Tourism (Gibson) recommended the following:

Senate Amendment

Delete lines 84 - 156
and insert:

(h) "Tier one sales agency" means an agency that has sold at least \$50 million in feature films.

(2) CORPORATION.—The Florida Film Investment Corporation is created as a corporation not for profit, to be incorporated under chapter 617 and approved by the Department of State. The corporation shall be organized on a nonstock basis. The purpose



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11 of the corporation is to encourage this state to be used as a
12 site for scripted productions through equity investment in such
13 productions.

14 (3) POWERS AND LIMITATIONS.-

15 (a) The corporation may make equity investments in scripted
16 productions in this state pursuant to the criteria, bylaws,
17 rules, and policies adopted by the board which must include all
18 of the following:

19 1. The corporation shall make investments in productions
20 that it estimates will generate maximum economic impact to the
21 state by providing high-wage jobs for Florida residents and
22 significant in-state expenditures.

23 2. The amount of the corporation's investment in a
24 production must not exceed the amount of the production's in-
25 state expenditures for that production.

26 3. The corporation's investment in a production must rank
27 and remain equal with the highest class of ownership in the
28 production, such that, in the event of liquidation or
29 bankruptcy, the corporation's investment share retains the
30 highest priority with other preferred shareholders.

31 4. An equity investment made by the corporation under this
32 section must be less than one-half of the production's total
33 shares or other ownership interest.

34 5. The amount of the corporation's investment in any one
35 production must not exceed 12.5 percent of the sum of the
36 remaining amount of uncommitted funds in the account plus the
37 amounts of all outstanding investments in other productions.

38 6. The corporation must not have any voting rights,
39 creative control, or management authority over a production



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40 receiving an equity investment under this section.

41 7. The corporation shall limit the return on its
42 investments, establishing variable limits on returns that
43 account for time value and reduce returns in exchange for a
44 production's early buyout of investment equity. For a production
45 exercising an early buyout, the corporation shall limit its
46 return on investment to the minimum that is actuarially
47 measurable, credible, and sufficiently related to actual and
48 expected losses to ensure the corporation's self-sufficiency and
49 preservation of the state appropriations provided for
50 investment.

51 8. The corporation shall conduct at least two investment
52 cycles per fiscal year, committing no more than 40 percent of
53 its total investment in productions for the fiscal year in any
54 one investment cycle.

55 (b) The board shall adopt objective criteria for making
56 equity investments in scripted productions in this state.

57 1. The criteria must require:

58 a. The production to use a bonded third-party collection
59 account management firm to ensure that the corporation receives
60 all funds due from sales proceeds in accordance with a waterfall
61 agreement included in the corporation's investment terms.

62 b. Presales or sales estimates based on the cast and script
63 of the production from a tier one sales agency which reflect a
64 value of at least 1.5 times the exposure of the corporation.

65 c. The production to carry an insurance package from an
66 insurance company rated "A" or higher by A.M. Best Company which
67 must include general liability insurance, workers' compensation,
68 and key cast and director insurance that covers the costs of



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69 disruption or replacement downtime in the event of illness or
70 other loss of services from such individuals. If at least 75
71 percent of the production's filming schedule occurs after June 1
72 and before November 30, the production's insurance package must
73 include hurricane coverage.

74 d. The production to provide proof of funds for the
75 remaining budget within 60 days after tentative approval and
76 place the remaining budget in escrow before the release of
77 corporation funds.

78 e. That the lead producer or production company has
79 completed, sold, and delivered at least five feature films, or
80 the production must provide a completion bond.

81 f. That the production's budget, script, and filming
82 schedule have been evaluated and approved by a production expert
83 selected by the board.

84 g. The production budget to include contingency funds in an
85 amount equal to at least 5 percent of the total budget. Up to 40
86 percent of the contingency funds may be expended during
87 production without the approval of the board. The remaining
88 contingency funds may only be expended with prior approval of
89 the board.

90 h. The board to release corporation funds to a production
91 in the following manner:

92 (I) Fifty percent of corporation funds shall be released on
93 the first day of principal photography.

94 (II) Twenty-five percent of corporation funds shall be
95 released upon completion of principal photography.

96 (III) Twenty-five percent of corporation funds shall be
97 released after final picture lock, as that term is generally



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98 understood in the production industry.

99 i. The production company to provide the board with the
100 right to inspect and audit the weekly cost reports and general
101 ledger of the production throughout preproduction, production,
102 and postproduction.

103 2. The criteria shall give preference to:

104 a. Productions with the greatest economic impact to the
105 state as demonstrated by the greatest number of high-wage jobs
106 provided for state residents and the greatest amount of in-state
107 expenditures as a percentage of total production expenditures.

108 b. Productions in which the proposed investment by the
109 corporation is lowest as a percentage of the production's total
110 shares or other ownership interests.

111 c. Productions with the quickest deployment, in which the
112 production's in-state expenditures will be made soonest after
113 the corporation's investment.

114 d. Productions by companies with a verifiable track record
115 of producing successful productions.

116 e. Productions by state-based production companies or by
117 producers, writers, or directors who are state residents.

118 f. Productions estimated to significantly increase tourism
119 to the state by using a screenplay or teleplay based on a
120 Florida story or including recognizable state locations.

121 g. Productions whose development demonstrates the
122 likelihood of their success, including, but not limited to,
123 having a recognized director, actor, or other creative talent
124 attached to the production.

125 h. Productions in which the corporation's investment is