



1 to pay for production costs that is reinvested by the taxpayer with  
2 the production company to pay for the production cost of the  
3 production company for a new Oklahoma film or music project.

4 B. In no event shall the amount of the credit provided for in  
5 subsection A of this section for an eligible taxpayer exceed the tax  
6 liability of the taxpayer in a calendar year.

7 C. The Oklahoma Tax Commission shall have the authority to  
8 prescribe forms for purposes of claiming the credit authorized in  
9 subsection A of this section. The forms shall include, but not be  
10 limited to, requests for information that prove who the investment  
11 was with, the amount of the original investment and the amount of  
12 the profit realized from the investment.

13 D. As used in this section:

14 1. "Film" means a professional single media, multimedia program  
15 or feature, which is not child pornography as defined in subsection  
16 A of Section 1024.1 of Title 21 of the Oklahoma Statutes or obscene  
17 material as defined in paragraph 1 of subsection B of Section 1024.1  
18 of Title 21 of the Oklahoma Statutes including, but not limited to,  
19 national advertising messages that are broadcast on a national  
20 affiliate or cable network, fixed on film or digital video, which  
21 can be viewed or reproduced and which is exhibited in theaters,  
22 licensed for exhibition by individual television stations, groups of  
23 stations, networks, cable television stations or other means or  
24 licensed for home viewing markets;

1           2. "Music project" means a professional recording released on a  
2 national or international level, whether via traditional  
3 manufacturing or distributing or electronic distribution, using  
4 technology currently in use or future technology including, but not  
5 limited to, music CDs, radio commercials, jingles, cues, or  
6 electronic device recordings;

7           3. "Production company" means a person who produces a film or  
8 music project for exhibition in theaters, on television or  
9 elsewhere;

10          4. "Total production cost" includes, but is not limited to:

- 11           a. wages or salaries of persons who have earned income  
12                 from working on a film or music project in this state,  
13                 including payments to personal services corporations  
14                 with respect to the services of qualified performing  
15                 artists, as determined under Section 62(a)(A) of the  
16                 Internal Revenue Code,
- 17           b. the cost of construction and operations, wardrobe,  
18                 accessories and related services,
- 19           c. the cost of photography, sound synchronization,  
20                 lighting and related services,
- 21           d. the cost of editing and related services,
- 22           e. rental of facilities and equipment, and
- 23           f. other direct costs of producing a film or music  
24                 project;

1       5. "Existing Oklahoma film or music project" means a film or  
2 music project produced after July 1, 2005;

3       6. "Profit" means the amount made by the taxpayer to be  
4 determined as follows:

- 5           a. the gross revenues less gross expenses, including  
6           direct production, distribution and marketing costs  
7           and an allocation of indirect overhead costs, of the  
8           film or music project shall be multiplied by,
- 9           b. a ratio, the numerator of which is Oklahoma production  
10           costs, as defined in paragraph 7 of this subsection,  
11           and the denominator of which is total production  
12           costs, as defined in paragraph 4 of this subsection,  
13           which shall be multiplied by,
- 14           c. the percent of the taxpayer's taxable income allocated  
15           to Oklahoma in a taxable year, and
- 16           d. subtract from the result of the formula calculated  
17           pursuant to subparagraphs a through c of this  
18           paragraph the profit made by a taxpayer from  
19           investment in an existing Oklahoma film or music  
20           project in previous taxable years. Profit shall  
21           include either a net profit or net loss;

22       7. "Oklahoma production cost" means that portion of total  
23 production costs which are incurred with any qualified vendor;

24

1 8. a. "Qualified vendor" means an Oklahoma entity which  
2 provides goods or services to a production company and  
3 for which:

4 (1) fifty percent (50%) or more of its employees are  
5 Oklahoma residents, and

6 (2) fifty percent (50%) or more of gross wages, as  
7 reported on Internal Revenue Service Form W-2 or  
8 Form 1099, are paid to Oklahoma residents.

9 b. For purposes of this paragraph, an employee shall  
10 include a self-employed individual reporting income  
11 from a qualified vendor on Internal Revenue Service  
12 Form 1040.

13 c. The Oklahoma Tax Commission shall prescribe forms by  
14 which an entity may be certified to a production  
15 company as a qualified vendor for purposes of this  
16 section; and

17 9. "Investment" means costs associated with the original  
18 production company. Film or music projects acquired from an  
19 original production company do not qualify as investment under  
20 subsection A of this section.

21 E. No credit otherwise authorized by the provisions of this  
22 section may be claimed for any event, transaction, investment,  
23 expenditure or other act occurring on or after July 1, 2010, for  
24 which the credit would otherwise be allowable. The provisions of

1 this subsection shall cease to be operative on July 1, 2012.  
2 Beginning July 1, 2012, the credit authorized by this section may be  
3 claimed for any event, transaction, investment, expenditure or other  
4 act occurring on or after July 1, 2012, according to the provisions  
5 of this section.

6 SECTION 2. This act shall become effective November 1, 2014.

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8 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
9 03/27/2014 - DO PASS.  
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