

OKLAHOMA HOUSE OF REPRESENTATIVES
COMMITTEE REPORT

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JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

HB2344

By: Osborn (Leslie) et al of the House

David et al of the Senate

Title: Revenue and taxation; Oklahoma Revenue and Taxation Codes
Amendments Act of 2017; effective date; emergency.

Coauthored By:

Recommendation: **DO PASS AS AMENDED BY CS**

Amendments:

1. Committee Substitute Attached



Chr.
Representative Leslie Osborn

YEAS: 24

Bennett (J), Caldwell, Calvey, Casey, Cockroft, Dunnington, Henke, Inman, Jordan, Kouplen, Loring, Martin, Ortega, Osborn (L), Ownbey, Pfeiffer, Proctor, Roberts (D), Russ, Sanders, Sears, Stone, Virgin, Wallace

NAYS: 0

CONSTITUTIONAL PRIVILEGE: 0

**OKLAHOMA STATE SENATE
JOINT
COMMITTEE REPORT**

April 17, 2017

JOINT COMMITTEE ON APPROPRIATIONS AND BUDGET

HB 2344

By: Osborn (Leslie) of the House and David and Fields of the Senate

Title: Revenue and taxation; Oklahoma Revenue and Taxation Codes Amendments Act of 2017; effective date; emergency.

Recommendation: **DO PASS AS AMENDED**

Aye: Allen, Bergstrom, Bice, Boggs, Brecheen, Dahm, Daniels, Dugger, Holt, Jech, Kidd, Leewright, McCortney, Newberry, Newhouse, Paxton, Pederson, Pemberton, Pugh, Quinn, Rader, Shaw, Silk, Smalley, Standridge, Stanislawski, Sykes, Thompson, Yen, Fields, David

Nay: Bass, Dossett, Griffin, Loveless, Matthews, Pittman, Scott, Sharp, Simpson

Pass:

Senator Kim David, Chair

Committee Substitute, motion by Senator DAVID - Adopted (Request No: 7610)

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 2344

By: Osborn (Leslie) and Wallace
of the House of
Representatives

and

David and Fields of the
Senate

COMMITTEE SUBSTITUTE

An Act relating to revenue and taxation; amending 68
O.S. 2011, Section 3624, which relates to the Compete
with Canada Film Act; modifying maximum amount of
incentive payments; providing an effective date; and
declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 68 O.S. 2011, Section 3624, is
amended to read as follows:

Section 3624. A. There is hereby created the Oklahoma Film
Enhancement Rebate Program. A rebate in the amount of up to
seventeen percent (17%) of documented expenditures made in Oklahoma
directly attributable to the production of a film, television
production, or television commercial, as defined in Section 3623 of

1 this title, in this state, may be paid to the production company
2 responsible for the production. Provided, for documented
3 expenditures made after July 1, 2009, the rebate amount shall be
4 thirty-five percent (35%), except as provided in subsection B of
5 this section.

6 B. The amount of rebate paid to the production company as
7 provided for in subsection A of this section shall be increased by
8 an additional two percent (2%) of documented expenditures if a
9 production company spends at least Twenty Thousand Dollars
10 (\$20,000.00) for the use of music created by an Oklahoma resident
11 that is recorded in Oklahoma or for the cost of recording songs or
12 music in Oklahoma for use in the production.

13 C. The rebate program shall be administered by the Office of
14 the Oklahoma Film and Music Commission and the Oklahoma Tax
15 Commission, as provided in the Compete with Canada Film Act.

16 D. To be eligible for a rebate payment:

17 1. The production company responsible for a film, television
18 production, or television commercial, as defined in Section 3623 of
19 this title, made in this state shall submit documentation to the
20 Office of the Oklahoma Film and Music Commission of the amount of
21 wages paid for employment in this state to residents of this state
22 directly relating to the production and the amount of other
23 production costs incurred in this state directly relating to the
24 production;

1 2. The production company has filed or will file any Oklahoma
2 tax return or tax document which may be required by law;

3 3. Except major studio productions, the production company
4 shall provide the name of the completion guarantor and a copy of the
5 bond guaranteeing the completion of the project or if a film has not
6 secured a completion bond, the production company shall provide
7 evidence that all Oklahoma crew and local vendors have been paid and
8 there are no liens against the production company pending in the
9 state;

10 4. The minimum budget for the film shall be Fifty Thousand
11 Dollars (\$50,000.00) of which not less than Twenty-five Thousand
12 Dollars (\$25,000.00) shall be expended in this state;

13 5. The production company shall provide evidence of financing
14 for production prior to the commencement of principal photography;
15 and

16 6. The production company shall provide evidence of a
17 certificate of general liability insurance with a minimum coverage
18 of One Million Dollars (\$1,000,000.00) and a workers' compensation
19 policy pursuant to state law, which shall include coverage of
20 employer's liability.

21 E. A production company shall not be eligible to receive both a
22 rebate payment pursuant to the provisions of this act and an
23 exemption from sales taxes pursuant to the provisions of paragraph
24 21 of Section 1357 of this title. If a production company has

1 received such an exemption from sales taxes and submits a claim for
2 rebate pursuant to the provisions of the Compete with Canada Film
3 Act, the company shall be required to fully repay the amount of the
4 exemption to the Tax Commission. A claim for a rebate shall include
5 documentation from the Tax Commission that repayment has been made
6 as required herein or shall include an affidavit from the production
7 company that the company has not received an exemption from sales
8 taxes pursuant to the provisions of paragraph 21 of Section 1357 of
9 this title.

10 F. The Office shall approve or disapprove all claims for rebate
11 and shall notify the Tax Commission. The Tax Commission shall, upon
12 notification of approval from the Office of the Film and Music
13 Commission, issue payment for all approved claims from funds in the
14 Oklahoma Film Enhancement Rebate Program Revolving Fund created in
15 Section 3625 of this title. Provided, no claims for rebate for
16 expenditures made on or after July 1, 2009, shall be paid prior to
17 July 1, 2010. The amount of payments in any single fiscal year
18 shall not exceed ~~Five Million Dollars (\$5,000,000.00)~~ Four Million
19 Dollars (\$4,000,000.00). If the amount of approved claims exceeds
20 the amount specified in this subsection in a fiscal year, payments
21 shall be made in the order in which the claims are approved by the
22 Office. If an approved claim is not paid in whole or in part, the
23 unpaid claim or unpaid portion may be paid in the following fiscal
24 year subject to the limitations specified in this subsection.

1 SECTION 2. This act shall become effective July 1, 2017.

2 SECTION 3. It being immediately necessary for the preservation
3 of the public peace, health or safety, an emergency is hereby
4 declared to exist, by reason whereof this act shall take effect and
5 be in full force from and after its passage and approval.

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7 56-1-7619 MAH 04/17/17