

1 ENGROSSED HOUSE
2 BILL NO. 1362

By: Fetgatter, Stinson,
Randleman, Lawson, Baker,
Kerbs, McDugle, Strom, West
(Josh), Moore, Vancuren,
McBride, Martinez, Tedford,
Sterling, Hasenbeck,
McEntire and Roe of the
House

6 and

7 Hall of the Senate

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9
10 [revenue and taxation - incentive payments -
11 production expenditure amounts - effective date -
12 emergency]

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

16 SECTION 1. AMENDATORY 68 O.S. 2021, Section 3634, is
17 amended to read as follows:

18 Section 3634. A. The total amount of rebate payments
19 conditionally pre-qualified by the Department of Commerce each
20 fiscal year with respect to any of the incentives authorized
21 pursuant to this act shall not exceed ~~Thirty Million Dollars~~
22 ~~(\$30,000,000.00)~~ Eighty Million Dollars (\$80,000,000.00). Projects
23 not conditionally pre-qualified for rebate payments due to the
24

1 limitations provided in this section may be conditionally pre-
2 qualified by the Department in subsequent fiscal years.

3 B. The amount of rebate payments conditionally pre-qualified by
4 the Department of Commerce each fiscal year with respect to any of
5 the incentives authorized pursuant to this act shall not exceed:

6 1. ~~Seven Million Five Hundred Thousand Dollars (\$7,500,000.00)~~
7 Five Million Dollars (\$5,000,000.00) for production projects with
8 total expenditures of less than ~~Seven Million Five Hundred Thousand~~
9 ~~Dollars (\$7,500,000.00)~~ One Million Dollars (\$1,000,000.00); and

10 2. ~~Twenty-two Million Five Hundred Thousand Dollars~~
11 ~~(\$22,500,000.00)~~ Eighteen Million Seven Hundred Fifty Thousand
12 Dollars (\$18,750,000.00) for production projects with total
13 expenditures in excess of One Million Dollars (\$1,000,000.00) but
14 not in excess of Seven Million Five Hundred Thousand Dollars
15 (\$7,500,000.00) ~~or more~~; and

16 3. Fifty Six Million Two Hundred Fifty Thousand Dollars
17 (\$56,250,000.00) for production projects with total expenditures in
18 excess of Seven Million Five Hundred Thousand Dollars
19 (\$7,500,000.00).

20 C. A production project shall have total expenditures of Fifty
21 Thousand Dollars (\$50,000.00) or more to be eligible for the rebate
22 payments provided in this act.

23 D. In any fiscal year if the amount of rebate payments
24 conditionally pre-qualified by the Department of Commerce are less

1 than the limitations provided in this section, the excess rebate
2 payments not utilized shall be added to subsequent fiscal year's
3 limitation.

4 SECTION 2. AMENDATORY 68 O.S. 2021, Section 3635, is
5 amended to read as follows:

6 Section 3635. A. Subject to the final approval of the
7 eligibility application by the Oklahoma Department of Commerce, a
8 requirement that the incentive payments made pursuant to the
9 provisions of this act achieve the maximum positive impact for the
10 Oklahoma economy and subject to the Oklahoma workforce requirements
11 of Section 7 3637 of this ~~act~~ title, the base incentive amount for a
12 project filmed in this state shall be a maximum of twenty percent
13 (20%) of the qualified production expenditure amount. ~~An incentive~~
14 ~~for a project filmed in this state for wages paid to nonresident~~
15 ~~crew, not including above-the-line personnel, before July 1, 2023,~~
16 ~~shall be provided in the amount of seven and one-half percent~~
17 ~~(7.5%).~~

18 B. In addition to the amount authorized by subsection A of this
19 section, and subject to the limitation prescribed by subsection C of
20 this section, there may be an additional incentive amount, subject
21 to the final approval of the Oklahoma Department of Commerce, in the
22 maximum amount of:

23 1. Three percent (3%) of the qualified production expenditure
24 amount for projects where at least twenty-five percent (25%) of main

1 crew principal photography days are filmed on location, excluding
2 sound stage production, in any county of this state if the county
3 has a population of less than two hundred fifty thousand (250,000)
4 persons according to the federal Decennial Census or most recent
5 population estimate;

6 2. Two percent (2%) of the qualified production expenditure
7 amount for projects whose hub location, as determined by the
8 Department, is or projects where at least twenty-five percent (25%)
9 of main crew principal photography days are filmed on location,
10 excluding sound stage production, in a municipality having a
11 population of thirteen thousand (13,000) or fewer persons according
12 to the federal Decennial Census or most recent population estimate
13 regardless of the county in which the municipality is located or
14 partially located;

15 3. Five percent (5%) of the qualified production expenditure
16 amount for soundstage expenditures if at least twenty-five percent
17 (25%) of main crew principal photography days are filmed at a
18 qualified soundstage facility;

19 4. For eligible television series as defined in paragraph 4 of
20 Section ~~2~~ 3632 of this ~~act~~ title:

21 a. two percent (2%) of the qualified production
22 expenditure amount for an eligible television episodic
23 pilot, and
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1 b. five percent (5%) of the qualified production
2 expenditure amount if a television series is filmed
3 for one or more seasons;

4 5. Five percent (5%) of the qualified production expenditure
5 amount for an eligible multi-film deal as defined in paragraph 7 of
6 Section ~~2~~ 3632 of this ~~act~~ title; and

7 6. Three percent (3%) of the qualified production expenditure
8 amount based on expenditures paid to Oklahoma vendors for post-
9 production expenses with a minimum expenditure of three percent (3%)
10 of Oklahoma production expenditures. Post-production expenditures
11 include but are not limited to the following categories:

- 12 a. sound recording or mixing,
- 13 b. color grading,
- 14 c. editorial work,
- 15 d. visual effects,
- 16 e. animation,
- 17 f. deliverables, excluding marketing and advertising,
- 18 g. music production, recording, mixing or composition,
- 19 h. licensing of Oklahoma music, and
- 20 i. editing equipment or editing facility rental.

21 C. Notwithstanding any other provisions of this section or the
22 provisions of the Filmed In Oklahoma Act of 2021 to the contrary, in
23 no case shall the total incentive payments authorized by this
24 section exceed thirty percent (30%) of the otherwise qualified

1 production expenditure amount. The incentive payment amount
2 prescribed by subsection A of this section may be used in any
3 combination with the additional incentive amounts authorized by
4 subsection B of this section, but the combination of the incentive
5 amounts shall not exceed thirty percent (30%).

6 SECTION 3. This act shall become effective July 1, 2023.

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

11 Passed the House of Representatives the 9th day of March, 2023.

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Presiding Officer of the House
of Representatives

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Passed the Senate the ___ day of _____, 2023.

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Presiding Officer of the Senate

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