

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                               STATE OF OKLAHOMA

3                               1st Session of the 60th Legislature (2025)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 2374

By: Hill of the House

and

**Thompson** of the Senate

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10                               COMMITTEE SUBSTITUTE

11           An Act relating to revenue and taxation; amending 68  
12           O.S. 2021, Sections 3632, as last amended by Section  
13           44, Chapter 59, O.S.L. 2024, 3633, and 3637 (68 O.S.  
14           Supp. 2024, Section 3632), which relate to the Filmed  
15           in Oklahoma Act of 2021; modifying definitions;  
16           prescribing procedures for withholding tax;  
17           prescribing income tax treatment; providing for set  
18           aside amount for economic impact reviews; providing  
19           for codification; providing an effective date; and  
20           declaring an emergency.

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

24           SECTION 1.           AMENDATORY           68 O.S. 2021, Section 3632, as  
last amended by Section 44, Chapter 59, O.S.L. 2024 (68 O.S. Supp.  
2024, Section 3632), is amended to read as follows:

Section 3632. As used in the Filmed in Oklahoma Act of 2021:

1. "Above-the-line personnel" means producers, principal cast,  
screenwriters, and directors who work on production of films or

1 television series. The qualifying salary of above-the-line  
2 personnel may be included as crew, as defined in paragraph 3 of this  
3 section, if the salaries are paid to loan-out corporations and  
4 limited liability companies registered to do business in this state  
5 or the salaries are paid to Oklahoma-based above-the-line personnel.  
6 The qualifying salary of above-the-line personnel shall not comprise  
7 more than twenty-five percent (25%) of total expenditures as defined  
8 in paragraph 5 of this section. For purposes of this paragraph,  
9 "Oklahoma-based" means a company or individual with an Oklahoma  
10 income tax requirement;

11 2. "Apprentice" means a person who works for a skilled or  
12 qualified person in order to learn a trade or profession for an  
13 agreed-upon period of time. An apprentice may work in any of the  
14 trades recognized by the Oklahoma Department of Commerce as  
15 necessary for a film production. An apprentice shall be required to  
16 complete safety training appropriate for the duties to be performed  
17 in connection with a qualified project and also to complete a course  
18 related to and with the objective of preventing workplace  
19 misbehavior, such as bullying and sexual harassment;

20 3. "Crew" means any person who works on preproduction,  
21 principal photography and post-production, with the exception of  
22 above-the-line personnel;

23 4. "Eligible television series" means a project if either  
24 seventy-five percent (75%) of the series season is filmed within the

1 state or, for an episodic television pilot, ~~if more than seventy~~  
2 ~~five percent (75%) of the pilot is filmed within the state;~~

3 5. "Expenditure" or "production cost" includes but is not  
4 limited to:

- 5 a. wages or salaries of persons who are residents of this  
6 state or who are enrolled as full-time students at a  
7 college or university located in the state offering an  
8 undergraduate degree program or who are on active  
9 military duty and stationed in Oklahoma or involved in  
10 a restorative workforce program and who have earned  
11 income from working on a film in this state including  
12 payments to personal services corporations with  
13 respect to the services of qualified performing  
14 artists, pursuant to the provisions of the Internal  
15 Revenue Code, 26 U.S.C., Section 62(a)(2),
- 16 b. the cost of construction and operations, wardrobe,  
17 accessories and related services,
- 18 c. the cost of photography, sound synchronization,  
19 lighting and related services,
- 20 d. the cost of editing and related services,
- 21 e. rental of facilities and equipment,
- 22 f. other direct costs of producing a film, and

1           g.    the wages and salaries of persons who are defined and  
2                registered as an Oklahoma Expatriate by the Oklahoma  
3                Film and Music Office;

4           6.    "Film" means a professional single media, multimedia program  
5   or feature, which is not child sexual abuse material as defined in  
6   subsection A of Section 1024.1 of Title 21 of the Oklahoma Statutes  
7   or obscene material as defined in paragraph 1 of subsection B of  
8   Section 1024.1 of Title 21 of the Oklahoma Statutes including, but  
9   not limited to, animation, commercials, documentaries, feature  
10 films, game shows, pilots, reality television, scripted television,  
11 talk shows, national advertising messages that are broadcast on a  
12 national affiliate or cable network, fixed on film or digital video,  
13 which can be viewed or reproduced and which is exhibited in  
14 theaters, licensed for exhibition by individual television stations,  
15 groups of stations, networks, cable television stations or other  
16 means or licensed for home viewing markets. The term shall also  
17 include filming for interactive and video gaming including, but not  
18 limited to, green screen, motion capture and similar production  
19 techniques;

20           7.    "Live audience episodic television" means episodic  
21 television filmed in front of a live audience intended for broadcast  
22 on network television, cable and streaming platforms. The audience  
23 should consist of a minimum of fifty (50) people;  
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1        8. "Loan-out corporation" or "loan-out company" means a  
2 corporation or limited liability company actively registered with  
3 the Oklahoma Secretary of State to do business in this state as a  
4 foreign or domestic entity used by above-the-line personnel and crew  
5 to report payments received from the production as Oklahoma earnings  
6 for the personnel or crew member;

7        9. "Multi-film deal" means a project in which a production  
8 company films at least seventy-five percent (75%) of main crew  
9 principal photography for three (3) or more films in this state  
10 within three (3) years or where the third film starts main crew  
11 principal photography within the three-year period;

12        ~~8.~~ 10. "Nonresident crew member" means a person who is not an  
13 Oklahoma resident, hired for a qualifying production project  
14 occurring within the state and who is subject to the payment of  
15 Oklahoma employment taxes;

16        ~~9.~~ 11. "Production company" means a person, producer or company  
17 who produces film for exhibition in theaters, on television or  
18 elsewhere;

19        ~~10.~~ 12. "Qualified production expenditure amount" means an  
20 expenditure defined pursuant to paragraph 5 of this section; and

21        ~~11.~~ 13. "Qualified soundstage facility" means a state-certified  
22 industry standard soundstage facility having not less than seven  
23 thousand five hundred (7,500) square feet of combined soundstage  
24 space and with a total state rental cost to the production company

1 equal to at least three percent (3%) of the qualifying Oklahoma  
2 expenditures with respect to a production.

3 SECTION 2. AMENDATORY 68 O.S. 2021, Section 3633, is  
4 amended to read as follows:

5 Section 3633. A. There is hereby created an incentive rebate  
6 program for certain film projects and eligible television series  
7 projects filmed or produced in Oklahoma who meet the requirements of  
8 this act.

9 B. The rebate program shall be administered by the Oklahoma  
10 Department of Commerce and the Oklahoma Tax Commission.

11 C. By October 1 of each year, the Oklahoma Department of  
12 Commerce shall submit an annual report to the Speaker of the House  
13 of Representatives, the President Pro Tempore of the Senate, the  
14 Chair of the Appropriations and Budget Committee of the House of  
15 Representatives, the Chair of the Appropriations Committee of the  
16 Senate and the Director of the Legislative Office of Fiscal  
17 Transparency detailing the program and incentive rebate payments.

18 D. The Oklahoma Department of Commerce and the Oklahoma Tax  
19 Commission may promulgate rules to implement the provisions of this  
20 act.

21 E. To be eligible for a rebate payment a production company  
22 shall:

23 1. Submit an application and documentation to the Oklahoma  
24 Department of Commerce as required by the Department;

1        2. Have filed any Oklahoma tax returns and tax documents  
2 required by law;

3        3. Provide evidence that all Oklahoma crew and local vendors  
4 have been paid and that there are no pending liens against the  
5 production company in this state;

6        4. Provide evidence of financing for production prior to the  
7 commencement of principal photography;

8        5. Provide evidence of a certificate of general liability  
9 insurance with a minimum coverage of One Million Dollars  
10 (\$1,000,000.00) and a workers' compensation policy in compliance  
11 with law, which shall include coverage of employer's liability; ~~and~~

12        6. Provide evidence, as required by the Department, that the  
13 projects pursuant to this act are completed; and

14        7. The production company, or its payroll service provider,  
15 shall withhold Oklahoma income tax at the highest percentage rate  
16 found in the withholding statutes, on all payments to loan-out  
17 companies for services performed in Oklahoma. The amounts so  
18 withheld shall be allocated to the loan-out company's employees  
19 based on the payments made to the loan-out company's employees for  
20 services performed in Oklahoma. The loan-out company employees  
21 performing services in Oklahoma shall be considered taxable and the  
22 loan-out company shall be subject to income taxation in the taxable  
23 year in which the loan-out company's employees perform services in  
24 Oklahoma.

1 F. A production company shall not be eligible to receive both a  
2 rebate payment pursuant to the provisions of this act and an  
3 exemption from sales tax pursuant to the provisions of paragraph 23  
4 of ~~section~~ Section 1357 of Title 68 of the Oklahoma Statutes. If a  
5 production company has received the exemption from sales taxes and  
6 submits a claim for rebate pursuant to the provisions of this act,  
7 the company shall be required to fully repay the amount of the  
8 exemption to the Tax Commission. A claim for a rebate shall include  
9 documentation from the Tax Commission that repayment has been made  
10 as required in this subsection or shall include an affidavit from  
11 the production company that the company has not received an  
12 exemption from sales tax pursuant to the provisions of paragraph 23  
13 of Section 1357 of Title 68 of the Oklahoma Statutes.

14 G. The Department of Commerce shall approve or disapprove all  
15 claims for rebate and shall notify the Tax Commission subject to the  
16 limitations set forth in Section 4 of this act. Upon notification  
17 of approval from the Department, the Commission shall issue payment  
18 for all approved claims from funds held in the Filmed in Oklahoma  
19 Program Revolving Fund created pursuant to Section 9 of this act and  
20 subject to the limitations set forth in Section 4 of this act. If  
21 the amount of approved claims exceeds the balance of the revolving  
22 fund, payments shall be made in the order the claims are approved by  
23 the Department. If an approved claim is not paid in whole, the  
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1 unpaid claim or unpaid portion of the claim shall be paid upon the  
2 availability of funds.

3 SECTION 3. AMENDATORY 68 O.S. 2021, Section 3637, is  
4 amended to read as follows:

5 Section 3637. To qualify for the maximum twenty percent (20%)  
6 base incentive payment authorized for Oklahoma production projects  
7 pursuant to subsection A of Section 5 of this act, the production  
8 project shall utilize the services of apprentices according to the  
9 following requirements:

10 1. For a production with Oklahoma expenditures of Seven Million  
11 Five Hundred Thousand Dollars (\$7,500,000.00) or less, two (2)  
12 apprentices;

13 2. For a production with Oklahoma expenditures greater than  
14 Seven Million Five Hundred Thousand Dollars (\$7,500,000.00) and  
15 Fifteen Million Dollars (\$15,000,000.00) or less, four (4)  
16 apprentices;

17 3. For a production with Oklahoma expenditures greater than  
18 Fifteen Million Dollars (\$15,000,000.00) and Twenty-five Million  
19 Dollars (\$25,000,000.00) or less, eight (8) apprentices; and

20 4. For a production with Oklahoma expenditures greater than  
21 Twenty-five Million Dollars (\$25,000,000.00), sixteen (16)  
22 apprentices.  
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1       SECTION 4.       NEW LAW       A new section of law to be codified  
2 in the Oklahoma Statutes as Section 3642 of Title 68, unless there  
3 is created a duplication in numbering, reads as follows:

4       Every fiscal year the program shall designate Thirty-five  
5 Thousand Dollars (\$35,000.00) from the top tier for the purpose of  
6 economic impact reviews of the program.

7       SECTION 5. This act shall become effective July 1, 2025.

8       SECTION 6. It being immediately necessary for the preservation  
9 of the public peace, health or safety, an emergency is hereby  
10 declared to exist, by reason whereof this act shall take effect and  
11 be in full force from and after its passage and approval.

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13 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
14 03/06/2025 - DO PASS, As Amended and Coauthored.

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