

HOUSE BILL No. 2441

By Committee on Economic Development and Tourism

2-7

9 AN ACT enacting the Kansas film production sales and use tax rebate
10 act.

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12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. This act shall be known and may be cited as the Kansas
14 film production sales and use tax rebate act.

15 Sec. 2. As used in this act:

16 (a) "Qualified film production project" means any film, video, com-
17 mercial, or television production, as approved by the department of com-
18 merce, that is 30 minutes or less in length with an expected in-state ex-
19 penditure budget in excess of \$50,000, or that is over 30 minutes in length
20 with an expected in-state expenditure budget in excess of \$100,000. Qual-
21 ified film production project shall not include the following:

22 (1) News or current events programming;

23 (2) talk show;

24 (3) production produced primarily for industrial, corporate or insti-
25 tutional purposes, and for internal use;

26 (4) sports event or sports programming;

27 (5) gala presentation or awards programming;

28 (6) infomercial or any production that directly solicits funds;

29 (7) political advertisement; or

30 (8) production that is considered obscene.

31 (b) "Qualifying film production project expenditures" means the sum
32 total amount spent in this state by a film production company in connec-
33 tion with a qualified film production project for goods or services pur-
34 chased or leased by the film production company, provided that for any
35 goods with a purchase price of \$25,000 or more the qualifying expendi-
36 tures shall not exceed an amount equal to the purchase price of such
37 goods less the fair market value of such goods on the date production
38 ceases.

39 (c) "Film production company" means a person, firm, partnership,
40 or corporation that produces one or more qualified film production
41 projects.

42 Sec. 3. (a) A film production company which purchases tangible per-
43 sonal property used directly in the production of a qualified film produc-

1 tion project and which makes qualifying film production project expend-
2 itures may qualify for a rebate of sales or use taxes paid on such purchases.
3 To be eligible for the rebate pursuant to this section, a film production
4 company shall submit to the department of commerce information re-
5 quired by the secretary of commerce to demonstrate conformity with the
6 requirements of this section and shall have expended or will expend a
7 minimum of \$200,000 on qualifying film production project expenditures
8 in this state within a consecutive 36 month period. Application for the
9 rebate shall be made within 36 months of the expenditure qualifying for
10 the rebate. The department of commerce shall determine eligibility of
11 the film production company and shall report this information to the
12 department of revenue in a manner and at a time upon which the de-
13 partment of commerce and the department of revenue shall agree. The
14 department of commerce may charge an application fee not in excess of
15 \$500 for a film production company's application to be qualified for the
16 sales or use tax rebate pursuant to this section.

17 (b) To receive the rebate pursuant to this section, the film production
18 company shall apply to the department of revenue on forms and in the
19 manner set forth by the department of revenue. The application shall
20 include a certification of the amount of qualifying film production project
21 expenditures made in Kansas by the film production company by the
22 secretary of commerce or such secretary's designee. The state director of
23 taxation shall review each claim and shall refund that amount of sales tax
24 paid as determined under the provisions of this section. All refunds shall
25 be paid from the sales tax refund fund upon warrants of the director of
26 accounts and reports pursuant to vouchers approved by the state director
27 of taxation or the director's designee.

28 (c) The rebate paid shall be subject to recapture by the department
29 of revenue at 100% in the event that the tax incentive criteria are not met
30 at the qualified film production project site during production or in the
31 event that the film production company did not otherwise qualify. Any
32 recapture amount due under this section shall be a deficiency in tax for
33 the period in which the disqualification first occurs, and may be enforced
34 and collected in the manner provided by the Kansas retailers' sales tax
35 act.

36 (d) The secretary of commerce and the secretary of the department
37 of revenue are hereby authorized to adopt rules and regulations to im-
38 plement and administer the provisions of this section.

39 Sec. 4. This act shall take effect and be in force from and after its
40 publication in the statute book.