

CHAPTER 87

(House Bill 1185)

AN ACT concerning

Film Production Activity – Employer Wage Rebate Program

FOR the purpose of altering the method for determining the rebate payable from the Film Production Employer Wage Rebate Fund of the Department of Business and Economic Development; altering the scope of certain costs eligible for the rebate; renaming the Fund; defining certain terms; and generally relating to the Film Production Employer Wage Rebate Fund and film production activity in the State.

BY repealing and reenacting with amendments,

Article 83A – Department of Business and Economic Development
Section 5–1801 and 5–1803 through 5–1805 to be under the amended subtitle
“Subtitle 18. Film Production Rebate Fund”
Annotated Code of Maryland
(2003 Replacement Volume and 2006 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article 83A – Department of Business and Economic Development

Subtitle 18. Film Production Rebate Fund.

5–1801. Definitions

- (a) *In general.*- In this subtitle the following words have the meanings indicated.
- (b) *Film production activity.*-

(1) “Film production activity” means the production of film or video projects for which the total direct costs incurred in the State are at least \$500,000 and which are intended for nationwide commercial distribution.

(2) “Film production activity” includes the production of feature films, television projects, commercials, corporate films, infomercials, music videos, digital, animation, and multimedia projects.

(3) “Film production activity” does not include:

- (i) Production of:
1. Student films;

2. Noncommercial personal videos;
3. Sports broadcasts;
4. Broadcasts of live events; or
5. Talk shows; or

(ii) Any activity not necessary to and undertaken directly and exclusively for the making of a master film, tape, or image.

(c) *Fund.*- “Fund” means the Film Production Rebate Fund established under § 5–1805 of this subtitle.

(d) *Qualified film production entity.*- “Qualified film production entity” means an entity that is carrying out a film production activity and is determined by the Secretary under § 5–1804 of this subtitle to be an entity eligible for the rebate provided under this subtitle.

(e) *Total direct costs of a film production activity.*-

(1) “Total direct costs of a film production activity” means the total of costs incurred in the state that are necessary to carry out a film production activity.

(2) “Total direct costs of a film production activity” include costs incurred for:

- (i) Employee wages and benefits;
- (ii) Fees for services;
- (iii) Acquiring or leasing real property or tangible or intangible personal property; or
- (iv) Any other expense necessary to carry out a film production activity.

5–1802. Intent

It is the intent of the General Assembly that the rebate provided under this subtitle is for the purpose of increasing film production activity carried out in the State, bringing economic benefits to the citizens of the State, and generating increased employment opportunities for the citizens of the State.

5-1803. Rebate to Film Production Entity

At the discretion of the department, a qualified film production entity may receive a rebate in an amount up to 25% of the total direct costs of a film production activity.

5-1804. Application and qualification procedure

(a) *Notification prior to startup.*- To qualify for the rebate provided under this subtitle, a film production entity must notify the Department of its intent to seek the rebate before commencing the film production activity.

(b) *Application.*- To apply for the rebate, the film production entity shall submit the following to the Secretary:

(1) A description of the anticipated film production activity, including its projected total budget with estimated number of employees and total wages, and anticipated dates for carrying out the major elements of the film production activity; and

(2) Any other information related to the film production activity and the entity seeking the rebate that the Secretary requires.

(c) *Verification of information.*- The Secretary may require any information required under this section to be verified by an independent auditor selected and paid by the entity seeking the rebate certification and approved by the Secretary.

(d) *Grant agreement.*- As a condition to applying for and receiving the rebate, the qualified film production entity shall enter into a grant agreement with the Department in form and substance satisfactory to the Department.

5-1805. Film Production Rebate Fund

(a) *Established.*- There is a Film Production Rebate Fund within the Department.

(b) *Use of Fund.*- The Department may use the Fund to:

(1) Grant to a qualified film production entity as a rebate a percentage of the total direct costs of a film production activity paid by the qualified film production entity for a film production activity, as provided under § 5-1803 of this subtitle; and

(2) Pay the administrative, legal, and actuarial expenses of the Fund.

(c) *Status; management; investment income.*-

(1) The Fund is a special, nonlapsing revolving fund that is not subject to § [7-302 of the State Finance and Procurement Article](#).

(2) The State Treasurer shall hold the Fund and the State Treasurer shall account for it.

(3) Any investment earnings of the Fund shall be credited to the Fund.

- (d) *Composition.*- The Fund consists of:
- (1) Money appropriated to the State to the Fund;
 - (2) Repayments of any defaulted grant from the Fund; and
 - (3) Any other money made available to the Department for the Fund

5-1806. Regulations

The Secretary shall adopt regulations to specify criteria for eligibility for, and procedures for applying for, the rebate provided under this subtitle.

5-1807. Reports

(a) *In general.*- On or before December 31 of each year, the Department shall report to the Governor and, subject to § [2-1246 of the State Government Article](#), to the General Assembly on the rebates provided for film production activity in the prior fiscal year.

(b) *Contents.*- The report shall include:

- (1) The number of local technicians, actors, and extras hired for film production activity during the reporting period;
- (2) A list of companies doing business in the State that provided goods or services directly for film production activity, including hotels, during the reporting period; and
- (3) Any other information that indicates the economic benefits to the State as a result of film production activity during the reporting period.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2007.

Approved by the Governor, April 10, 2007.