

1.1 moves to amend H.F. No. 2658 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. **[116U.27] FILM PRODUCTION CREDIT.**

1.4 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
1.5 the meanings given.

1.6 (b) "Application" means the application for a credit certificate or credit transfer certificate
1.7 required under subdivision 3.

1.8 (c) "Commissioner" means the commissioner of employment and economic development.

1.9 (d) "Eligible production costs" has the meaning given in section 116U.26, paragraph
1.10 (b), clause (1).

1.11 (e) "Film" has the meaning given in section 116U.26, paragraph (b), clause (2).

1.12 (f) "Project" means a film:

1.13 (1) that includes the promotion of Minnesota; and

1.14 (2) for which the taxpayer has expended at least \$1,000,000 in the taxable year for
1.15 eligible production costs.

1.16 (g) "Promotion of Minnesota" or "promotion" means visible display of the term "produced
1.17 in Minnesota" or "filmed in Minnesota" in the film.

1.18 Subd. 2. **Credit allowed; credit transferable.** (a) A taxpayer is eligible for a credit
1.19 equal to 25 percent of eligible production costs paid in a taxable year.

1.20 (b) A taxpayer may transfer the credit authorized in this section in lieu of claiming the
1.21 credit. A transferred credit may be sold or assigned, in full or in part, to another taxpayer
1.22 for not less than 80 percent of the credit amount subject to transfer.

2.1 (c) The credit must be claimed or transferred only after approval and certification by
2.2 the commissioner.

2.3 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or credit transfer under
2.4 this section, a taxpayer must apply to the commissioner. The application must contain the
2.5 information and be in the form prescribed by the commissioner in consultation with the
2.6 commissioner of revenue. The application must indicate if the application is for a credit or
2.7 a credit transfer in lieu of the credit, or a combination of the two, and designate the taxpayer
2.8 qualifying for the credit or credit transfer.

2.9 (b) Upon approving an application for a credit or credit transfer, the commissioner shall
2.10 issue allocation certificates that:

2.11 (1) verify eligibility for the credit or credit transfer;

2.12 (2) state the amount of credit anticipated with the eligible project, with the credit amount
2.13 equal to 25 percent of eligible project costs and the credit transfer amount equal to not less
2.14 than 80 percent of the credit amount subject to transfer; and

2.15 (3) state the taxable year in which the credit or credit transfer is allocated.

2.16 (c) For credits or credit transfers allowed under subdivision 2, the commissioner must
2.17 not allocate more than:

2.18 (1) \$50,000,000 for taxable years beginning after December 31, 2018, and before January
2.19 1, 2021;

2.20 (2) \$60,000,000 for taxable years beginning after December 31, 2020, and before January
2.21 1, 2023; and

2.22 (3) \$75,000,000 for taxable years beginning after December 31, 2022.

2.23 (d) The commissioner must allocate credits on a first-come, first-served basis beginning
2.24 on January 1 of each year. Any amount authorized but not allocated in any taxable year
2.25 does not cancel and is added to the allocation for the next taxable year.

2.26 (e) Notwithstanding the approval and certification by the commissioner under this
2.27 subdivision, the commissioner of revenue may utilize any audit and examination powers
2.28 under chapter 270C or 289A to the extent necessary to verify that the taxpayer is eligible
2.29 for the credit or credit transfer and to assess for the amount of any improperly claimed credit
2.30 or credit transfer.

2.31 Subd. 4. **Report required.** By March 15, 2021, the commissioner, in consultation with
2.32 the commissioner of revenue, must provide a report to the chairs and ranking minority

3.1 members of the legislative committees having jurisdiction over economic development and
3.2 taxes, in compliance with sections 3.195, and 3.197, detailing the following:

3.3 (1) the amount of credits claimed in each taxable year;

3.4 (2) the number of applications received and approved for the credit;

3.5 (3) the types of projects eligible for the credit; and

3.6 (4) any other information the commissioner, in consultation with the commissioner of
3.7 revenue deems necessary for purposes of claiming and administering the credit.

3.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.9 31, 2018.

3.10 Sec. 2. Minnesota Statutes 2018, section 290.06, is amended by adding a subdivision to
3.11 read:

3.12 Subd. 39. **Film production credit.** (a) A taxpayer who has received a credit certificate
3.13 or credit transfer certificate under section 116U.27, subdivision 3, may claim a credit against
3.14 the tax imposed by this chapter.

3.15 (b) The credit is limited to the liability for tax, as computed under this chapter, for the
3.16 taxable year. If the amount of the credit determined under this subdivision for any taxable
3.17 year exceeds this limitation, the excess is a film production credit carryover or film
3.18 production credit transfer carryover to each of the five succeeding taxable years. The entire
3.19 amount of the excess unused credit for the taxable year is carried first to the earliest of the
3.20 taxable years to which the credit may be carried and then to each successive year to which
3.21 the credit may be carried. The amount of the unused credit that may be added under this
3.22 paragraph must not exceed the taxpayer's liability for tax, less the film production credit or
3.23 credit transfer for the taxable year.

3.24 (c) Credits or credit transfers allowed to a partnership, a limited liability company taxed
3.25 as a partnership, or an S corporation are passed through to the partners, members,
3.26 shareholders, or owners, respectively, pro rata to each based on the partner's, member's,
3.27 shareholder's, or owner's share of the entity's assets or as specially allocated in the
3.28 organizational documents or any other executed agreement, as of the last day of the taxable
3.29 year.

3.30 (d) For a part-year resident, the credit or credit transfer under this section must be
3.31 allocated using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

- 4.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
- 4.2 31, 2018."
- 4.3 Correct the title numbers accordingly