

1 AN ACT Relating to increasing Washington state's motion picture  
2 and film industry viability by increasing the tax credit available to  
3 certain motion picture activities; amending RCW 82.04.4489; and  
4 creating new sections.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that the motion  
7 picture competitiveness program ensures Washington state remains  
8 competitive in the creative economy by retaining talent, generating  
9 tax revenue, promoting tourism, and garnering investment in local  
10 infrastructure.

11 (2) The legislature finds that from 2007-2014 the motion picture  
12 competitiveness program created an estimated fourteen thousand seven  
13 hundred thirty-eight jobs for Washingtonians. The legislature  
14 recognizes film and television generate more than ten dollars of  
15 benefit for every one dollar invested and since 2007 film projects  
16 approved through the motion picture competitiveness program have  
17 brought in an estimated 96.3 million dollars in direct in-state  
18 spending which includes an estimated forty-four million dollars in  
19 direct wages and benefits for Washington residents, while increasing  
20 family-wage jobs with health and retirement benefits.

1 (3) The legislature recognizes that the motion picture  
2 competitiveness program reviews and verifies every qualified in-state  
3 expenditure after principal photography is complete. The legislature  
4 recognizes that no funding assistance is released to approved  
5 productions until after documentation has been received of the actual  
6 number of jobs that were created for Washington workers and the  
7 projects that were invested in Washington state businesses.

8 (4) The legislature regrets that in 2014, Washington state turned  
9 away productions that would have generated an estimated fifty-five  
10 million dollars in economic activity due to funding cap restrictions.  
11 A 2010 review by the joint legislative audit and review committee  
12 recommends the legislature should continue the tax credit due to its  
13 effectiveness in encouraging film production in Washington.

14 (5) Therefore, the legislature finds it is essential to expand  
15 its motion picture competitiveness program to ensure the state's  
16 rightful place as a premiere location for filming, promoting the  
17 development of online video platforms and building a statewide  
18 creative economy.

19 NEW SECTION. **Sec. 2.** This section is the tax preference  
20 performance statement for the tax preference contained in section 3  
21 of this act. This performance statement is only intended to be used  
22 for subsequent evaluation of the tax preference. It is not intended  
23 to create a private right of action by any party or be used to  
24 determine eligibility for preferential tax treatment.

25 (1) The legislature categorizes this tax preference as one  
26 intended to create or retain jobs as indicated in RCW  
27 82.32.808(2)(b).

28 (2) It is the legislature's specific public policy objective to  
29 increase the viability of the motion picture and film industry in  
30 Washington state. It is the legislature's intent to increase the  
31 credit available to qualifying activities in order to attract  
32 additional motion picture and film projects, thereby increasing  
33 family-wage jobs.

34 (3) If a review finds that the jobs attributable to these  
35 projects increase by at least ten percent over the jobs in the state  
36 since 2015 then the legislature intends to extend the expiration date  
37 of the tax preference.

38 (4) In order to obtain the data necessary to perform the review  
39 in subsection (3) of this section, the joint legislative audit and

1 review committee may refer to data provided to the department of  
2 revenue pursuant to RCW 82.04.4489(9) and the annual survey required  
3 under RCW 43.365.040.

4 **Sec. 3.** RCW 82.04.4489 and 2012 c 189 s 4 are each amended to  
5 read as follows:

6 (1) Subject to the limitations in this section, a credit is  
7 allowed against the tax imposed under this chapter for contributions  
8 made by a person to a Washington motion picture competitiveness  
9 program.

10 (2) The person must make the contribution before claiming a  
11 credit authorized under this section. Credits earned under this  
12 section may be claimed against taxes due for the calendar year in  
13 which the contribution is made. The amount of credit claimed for a  
14 reporting period may not exceed the tax otherwise due under this  
15 chapter for that reporting period. No person may claim more than one  
16 million dollars of credit in any calendar year, including credit  
17 carried over from a previous calendar year. No refunds may be granted  
18 for any unused credits.

19 (3) The maximum credit that may be earned for each calendar year  
20 under this section for a person is limited to the lesser of one  
21 million dollars or an amount equal to one hundred percent of the  
22 contributions made by the person to a program during the calendar  
23 year.

24 (4) Except as provided under subsection (5) of this section, a  
25 tax credit claimed under this section may not be carried over to  
26 another year.

27 (5) Any amount of tax credit otherwise allowable under this  
28 section not claimed by the person in any calendar year may be carried  
29 over and claimed against the person's tax liability for the next  
30 succeeding calendar year. Any credit remaining unused in the next  
31 succeeding calendar year may be carried forward and claimed against  
32 the person's tax liability for the second succeeding calendar year;  
33 and any credit not used in that second succeeding calendar year may  
34 be carried over and claimed against the person's tax liability for  
35 the third succeeding calendar year, but may not be carried over for  
36 any calendar year thereafter.

37 (6)(a) Credits are available on a first in-time basis. Until  
38 January 1, 2016, the department must disallow any credits, or portion  
39 thereof, that would cause the total amount of credits claimed under

1 this section during any calendar year to exceed three million five  
2 hundred thousand dollars. Beginning January 1, 2016, the total amount  
3 of credits claimed under this section during a calendar year is as  
4 follows:

5 (i) For calendar year 2016, credits may not exceed five million  
6 two hundred fifty thousand dollars;

7 (ii) For calendar year 2017, credits may not exceed seven million  
8 dollars;

9 (iii) For calendar year 2018, credits may not exceed eight  
10 million five hundred thousand dollars; and

11 (iv) For calendar year 2019 and subsequent years, credits may not  
12 exceed ten million dollars.

13 (b) If ((~~this limitation is~~)) the limitations under this section  
14 are reached, the department must notify all Washington motion picture  
15 competitiveness programs that the annual statewide limit has been  
16 met. In addition, the department must provide written notice to any  
17 person who has claimed tax credits in excess of the limitations in  
18 this subsection. The notice must indicate the amount of tax due and  
19 provide that the tax be paid within thirty days from the date of the  
20 notice. The department may not assess penalties and interest as  
21 provided in chapter 82.32 RCW on the amount due in the initial notice  
22 if the amount due is paid by the due date specified in the notice, or  
23 any extension thereof.

24 (7) To claim a credit under this section, a person must  
25 electronically file with the department all returns, forms, and any  
26 other information required by the department, in an electronic format  
27 as provided or approved by the department. Any return, form, or  
28 information required to be filed in an electronic format under this  
29 section is not filed until received by the department in an  
30 electronic format. As used in this subsection, "returns" has the same  
31 meaning as "return" in RCW 82.32.050.

32 (8) No application is necessary for the tax credit. The person  
33 must keep records necessary for the department to verify eligibility  
34 under this section.

35 (9) A Washington motion picture competitiveness program must  
36 provide to the department, upon request, such information needed to  
37 verify eligibility for credit under this section, including  
38 information regarding contributions received by the program.

39 (10) The department may not allow any credit under this section  
40 before July 1, 2006.

1           (11) For the purposes of this section, "Washington motion picture  
2 competitiveness program" or "program" means an organization  
3 established pursuant to chapter 43.365 RCW.

4           (12) No credit may be earned for contributions made on or after  
5 (~~July 1, 2017~~) December 31, 2022.

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