

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

SENATE BILL 88

**45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002**

INTRODUCED BY

Sue Wilson Beffort

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO TAXATION; PROVIDING A TAX CREDIT FOR A PORTION OF  
DIRECT FILM PRODUCTION EXPENDITURES FOR FILMS MADE IN NEW  
MEXICO.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. FILM PRODUCTION TAX CREDIT.--

A. The tax credit created by this section may be referred to as the "film production tax credit". An eligible film production company may apply for, and the taxation and revenue department may allow, a tax credit for ten percent of direct production expenditures made in New Mexico directly attributable to the production in New Mexico of a film. The maximum tax credit amount with respect to each film production is two million dollars (\$2,000,000).

B. The film production tax credit shall not be claimed with respect to expenditures for which the film production company has delivered a nontaxable transaction certificate pursuant to Section 7-9-86 NMSA 1978.

C. As used in this section:

.139943.1

underscored material = new  
~~[bracketed material] = delete~~

underscored material = new  
[bracketed material] = delete

1 (1) "direct production expenditure" includes:

2 (a) the cost of a story and scenario to  
3 be used for a film;

4 (b) wages or salaries for talent,  
5 management and labor paid to persons who are residents of New  
6 Mexico;

7 (c) the cost of set construction and  
8 operations, wardrobe, accessories and related services;

9 (d) the cost of photography, sound  
10 synchronization, lighting and related services;

11 (e) the cost of editing and related  
12 services;

13 (f) rental of facilities and equipment;  
14 and

15 (g) other direct costs of producing the  
16 film;

17 (2) "film" means a single media or multimedia  
18 program, including national advertising messages, that is  
19 fixed on film, videotape, computer disc, laser disc or other  
20 similar delivery medium, that can be viewed or reproduced and  
21 that is exhibited in theaters, licensed for exhibition by  
22 individual television stations, groups of stations, networks,  
23 cable television stations or other means or licensed for the  
24 home viewing market; and

25 (3) "film production company" means a person  
that produces film for exhibition in theaters, on television  
or elsewhere.

D. To be eligible for the film production tax  
credit, a film production company shall submit to the New

underscored material = new  
~~[bracketed material] = delete~~

1 Mexico film division of the economic development department  
2 information required by the division to demonstrate conformity  
3 with the requirements of this section. The company must  
4 submit to the division a completion bond for the film  
5 production for which the company will be claiming a credit.  
6 The division shall determine the eligibility of the company  
7 and shall report this information to the taxation and revenue  
8 department in a manner and at times the economic development  
9 department and the taxation and revenue department shall agree  
10 upon.

11 E. To receive a film production tax credit, a film  
12 production company shall apply to the taxation and revenue  
13 department on forms and in the manner the department may  
14 prescribe. The application shall include a certification of  
15 the amount of direct production expenditures made in New  
16 Mexico with respect to the film production for which the film  
17 production company is seeking the film production tax credit.  
18 If the requirements of this section have been complied with,  
19 the taxation and revenue department shall approve the film  
20 production tax credit and issue a document granting the tax  
21 credit.

22 F. The film production company may apply all or a  
23 portion of the film production tax credit granted by the  
24 document against personal income tax liability or corporate  
25 income tax liability. If the amount of the film production  
tax credit claimed exceeds the film production company's tax  
liability for the taxable year in which the credit is being  
claimed, the excess shall be refunded.

G. The amount of film production tax credits

underscored material = new  
~~[bracketed material] = delete~~

1 approved in any one fiscal year shall not exceed ten million  
2 dollars (\$10,000,000). If the amount of approved claims  
3 exceeds ten million dollars (\$10,000,000), payments shall be  
4 made in the order in which applications are submitted to the  
5 taxation and revenue department. If an approved claim is not  
6 paid in whole or in part, the unpaid claim or unpaid portion  
7 of the claim may be paid in the following fiscal year subject  
8 to the limitations of this subsection.

9 Section 2. APPLICABILITY.--The provisions of this act  
10 apply to taxable years beginning on or after January 1, 2002.