SENATE BILL REPORT
SB 5760

As of January 16, 2022

Title: An act relating to updating and expanding the motion picture competitiveness program.

Brief Description: Updating and expanding the motion picture competitiveness program.

Sponsors: Senators Wellman, Frockt, Conway, Keiser, Liias, Lovelett, Nguyen, Rolfes, Short and Wilson, C..

Brief History:
Committee Activity: Business, Financial Services & Trade: 1/18/22.

Brief Summary of Bill

- Increases the amount of Business and Occupation (B&O) tax credits that may be taken per year, per business entity, from $750,000 to $1 million.
- Increases the total amount of B&O tax credits taken annually from $3.5 million to $20 million.
- Modifies the membership of the board of directors of the Washington Motion Picture Competitiveness Program (Program).
- Exempts certain entities contributing to the Program and receiving a tax credit from certain annual reporting requirements.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Staff: Kellee Gunn (786-7429)

Background: Motion Picture Competitiveness Program and Washington Filmworks. The motion picture competitiveness program (Program) was created by the legislature in 2002 to help maintain Washington as a competitive location to film motion pictures, television, and commercials. In return for contributing to the Program's incentive fund, a business may

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receive a credit against their Business and Occupations (B&O) tax liability up to $750,000 per year. The total amount that may be credited any calendar year is $3.5 million.

The Program is overseen by a nonprofit corporation, Washington Filmworks (Filmworks), with a board of nine directors, appointed by the governor. Except for a chairperson, chosen at large, the following must be represented on the board:

- one member of the Washington motion picture production industry;
- one member of the Washington motion picture postproduction industry;
- one member of the Washington interactive media or emerging motion picture industry;
- one member representing Washington visitors and convention bureaus;
- one member representing the Washington tourism industry;
- one member representing the Washington restaurant, hotel, and airline industry; and
- two members representing labor unions affiliated with Washington motion picture production.

The Department of Commerce (Commerce) is responsible for adopting criteria for the Program, along with other rules. Money for the program may only be used for:

- benefits for employees, and other costs associated with film production; and
- operating and administrative costs.

Reporting Requirements. Those who contribute to the Program are subject to the annual reporting requirement for tax preferences, collected by the Department of Revenue, and an annual survey by Filmworks, and reported by Commerce. Both reports require employment and wage data, among other information.

Summary of Bill: The total amount of B&O tax credits taken annually is increased to $20 million, and the amount of credit that may be taken per year per entity is increased to $1 million.

Filmworks' board membership is modified. The board must have:

- two members representing the Washington motion picture industry, with one demonstrating expertise in motion picture financing;
- one member from the Washington interactive entertainment industry, not involved in any aspect of the industry associated with gambling;
- one member representing technologies impacting the Washington emerging motion picture industry;
- three members representing industries and businesses impacted by motion picture production, two of whom must each represent a side of the Cascade Mountain range;
- a cochair of the board's equity committee, as recommended to the board by the Governor; and
- a cochair of the board's advisory committee, as recommended by the Governor.

Entities contributing to Filmworks and receiving a tax credit, and not otherwise receiving

funding assistance under the program, are exempt from DOR's and Commerce's annual reporting requirements.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.