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SENATE BILL NO. 703

Offered January 16, 2008

A *BILL to amend the Code of Virginia by adding a section numbered 2.2-2320.1, relating to the Virginia Tourism Authority; Virginia Motion Picture Incentive Performance Grant Fund.*

Patron—Lucas

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 2.2-2320.1 as follows:

§ 2.2-2320.1. *Virginia Motion Picture Incentive Performance Grant Fund.*

A. *As used in this section:*

"Fund" means the Virginia Motion Picture Incentive Performance Grant Fund created in this section.

"Grant" means the Motion Picture Incentive Performance Grant authorized by this section.

"Qualifying expenses" means the sum of the following amounts spent in the Commonwealth by a production company in connection with the production of a motion picture film:

1. Goods and services purchased or rented. For goods with a purchase price of \$25,000 or more, the amount included in qualifying expenses shall be the purchase price less the fair market value of the goods at the time the production is completed, or if rented, the amount paid for the rented goods; and

2. Compensation and wages less the amount paid to an individual who directly or indirectly receives compensation in excess of \$1,000,000 for personal services with respect to a single production. An individual is deemed to receive compensation indirectly when a production company pays a personal service company or an employee leasing company that pays the individual.

B. There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia Motion Picture Incentive Performance Grant Fund, hereafter referred to as "the Fund." The Fund shall be established on the books of the Comptroller. All moneys as may be appropriated in the appropriation act shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of awarding grants under this section. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Executive Director of the Authority.

C. The amount of the grant that an eligible motion picture film production company shall be eligible to receive shall be determined by the Virginia Film Office based on such production company's qualifying expenses. For the purposes of this section, in the case of an episodic television series, an entire season of episodes is one production. The grant shall be computed based on all of the eligible motion picture film production company's qualifying expenses incurred with respect to the production, and not just the qualifying expenses incurred during a particular calendar year.

D. The amount of a grant to any eligible motion picture film production company under this section shall be equal to 15 percent of the qualifying expenses, not to exceed \$3 million or 10 percent of the amount appropriated by the General Assembly to the Fund in the year that the qualifying motion picture film production has been completed.

E. For all eligible grants awarded on and after July 1, 2008, the aggregate amount of the grants approved in accordance with this section in any year shall not exceed \$30 million, and the aggregate amount of grants outstanding to all eligible motion picture film production companies under this section for all years shall at no time exceed \$60 million.

F. No grant shall be approved for any production that:

1. Is political advertising;

2. Is a television production of a news program or live sporting event; or

3. Contains material that is obscene.

G. The Virginia Film Office shall:

1. Establish an application process by which eligible motion picture film production companies may apply for a grant. An application for a grant shall not be approved until the Virginia Film Office has verified that the qualifying motion picture film production has been completed; and

2. Publish by November 1 of each year the following information for the 12-month period ending the preceding December 31:

a. The location of the sites used in a production for which a credit was claimed;

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- 59** *b. The qualifying expenses for which a grant was allowed, classified by whether the expenses were*
60 *for goods, services, or compensation paid by the production company;*
61 *c. The number of people employed in the State with respect to the grant approved; and*
62 *d. The total cost to the general fund of the grant approved.*