

AN ACT relating to film industry incentives.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 148.542 is amended to read as follows:

As used in KRS 148.542 to 148.546:

- (1) "Above-the-line production crew" means employees involved with the production of a motion picture or entertainment production whose salaries are negotiated prior to commencement of production, such as actors, directors, producers, and writers;
- (2) "Animated production" means a nationally distributed feature-length film created with the rapid display of a sequence of images using 2-D or 3-D graphics of artwork or model positions in order to create an illusion of movement;
- (3) "Approved company" means an eligible company approved for incentives provided under KRS 141.383 and 148.544;
- (4) "Below-the-line production crew" means employees involved with the production of a motion picture or entertainment production except above-the-line production crew. "Below-the-line production crew" includes but is not limited to:
 - (a) Casting assistants;
 - (b) Costume design;
 - (c) Extras;
 - (d) Gaffers;
 - (e) Grips;
 - (f) Location managers;
 - (g) Production assistants;
 - (h) Set construction staff; and
 - (i) Set design staff;
- (5) "Cabinet" means the Finance and Administration Cabinet;
- (6) "Commercial" means an individual production or series of live-action or animated productions, music videos, infomercials, or interstitials that are:

- (a) Less than thirty-one (31) minutes in length;
 - (b) Made for the purpose of promoting a product, service, or idea; and
 - (c) Produced for regional or national distribution via broadcast, cable, or any digital format, including but not limited to cable, satellite, Internet, or mobile electronic devices;
- (7) "Commonwealth" means the Commonwealth of Kentucky;
- (8) "Compensation" means compensation included in adjusted gross income as defined in KRS 141.010(10);
- (9) "Documentary" means a production based upon factual information and not subjective interjections;
- (10) "Eligible company" means any person that intends to film or produce a motion picture or entertainment production in the Commonwealth;
- (11) "Employee" means the same as defined in KRS 141.010(20);
- (12) "Enhanced incentive county" has the same meaning as in KRS 154.32-010, **plus all Kentucky counties included in the Appalachian region as defined in the latest edition of the Appalachian Regional Development Act of 1965, 40 U.S.C. sec. 14102;**
- (13) "Feature-length film" means a live-action or animated production that is:
- (a) More than thirty (30) minutes in length; and
 - (b) Produced for distribution in theaters or via digital format, including but not limited to DVD, Internet, or mobile electronic devices;
- (14) "Industrial film" means a business-to-business film that may be viewed by the public, including but not limited to videos used for training or for viewing at a trade show;
- (15) "Kentucky-based company" has the same meaning as in KRS 164.6011;
- (16) (a) "Motion picture or entertainment production" means:
- 1. The following if filmed in whole or in part, or produced in whole or in

- part, in the Commonwealth:
- a. A feature-length film;
 - b. A television program;
 - c. An industrial film;
 - d. A documentary; or
 - e. A commercial; or
2. A national touring production of a Broadway show produced in Kentucky;
- (b) "Motion picture or entertainment production" does not include the filming or production of obscene material or television coverage of news or athletic events;
- (17) "Obscene" means the same as defined in KRS 531.010;
- (18) "Office" means the Kentucky Film Office in the Tourism, Arts and Heritage Cabinet;
- (19) "Person" means the same as defined in KRS 141.010(15);
- (20) (a) "Qualifying expenditure" means expenditures made in the Commonwealth for the following if directly used in or for a motion picture or entertainment production:
1. The production script and synopsis;
 2. Set construction and operations, wardrobe, accessories, and related services;
 3. Lease or rental of real property in Kentucky as a set location;
 4. Photography, sound synchronization, lighting, and related services;
 5. Editing and related services;
 6. Rental of facilities and equipment;
 7. Vehicle leases;
 8. Food; and

9. Accommodations.

- (b) "Qualifying expenditure" does not include Kentucky sales and use tax paid by the approved company on the qualifying expenditure;
- (21) "Qualifying payroll expenditure" means compensation paid to above-the-line crew and below-the line crew while working on a motion picture or entertainment production in the Commonwealth if the compensation is for services performed in the Commonwealth;
- (22) "Resident" has the same meaning as in KRS 141.010;
- (23) "Secretary" means the secretary of the Tourism, Arts and Heritage Cabinet;
- (24) "Tax incentive agreement" means the agreement entered into pursuant to KRS 148.546 between the office and the approved company; and
- (25) "Television program" means any live-action or animated production or documentary, including but not limited to:
 - (a) An episodic series;
 - (b) A miniseries;
 - (c) A television movie; or
 - (d) A television pilot;that is produced for distribution on television via broadcast, cable, or any digital format, including but not limited to cable, satellite, Internet, or mobile electronic devices.