

1 AN ACT relating to tax incentives for motion pictures and entertainment  
2 productions.

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

4 ➔Section 1. KRS 154.61-020 is amended to read as follows:

- 5 (1) The purposes of KRS 141.383 and this subchapter are to encourage:
- 6 (a) The film and entertainment industry to choose locations in the  
7 Commonwealth for the filming and production of motion pictures or  
8 entertainment productions;
- 9 (b) The development of a film and entertainment industry in Kentucky;
- 10 (c) Increased employment opportunities for the citizens of the Commonwealth  
11 within the film and entertainment industry; and
- 12 (d) The development of a production and postproduction infrastructure in the  
13 Commonwealth for film production and touring Broadway show production  
14 facilities containing state-of-the-art technologies.
- 15 (2) The authority, together with the Department of Revenue, shall administer the tax  
16 credit established by KRS 141.383, this section, and KRS 154.61-030.
- 17 (3) To qualify for the tax incentive provided in subsection (5) of this section, the  
18 following requirements shall be met:
- 19 (a) For an approved ~~company that is also a~~ Kentucky-based company that:
- 20 1. Films or produces a feature-length film, television program, or industrial  
21 film in whole or in part in the Commonwealth, the minimum combined  
22 total of qualifying expenditures and qualifying payroll expenditures shall  
23 be one hundred twenty-five thousand dollars (\$125,000);
- 24 2. Produces a national touring production of a Broadway show in whole or  
25 in part in the Commonwealth, the minimum combined total of  
26 qualifying expenditures and qualifying payroll expenditures shall be  
27 twenty thousand dollars (\$20,000); or

- 1           3. Films or produces a documentary in whole or in part in the  
2           Commonwealth, the minimum combined total of qualifying  
3           expenditures and qualifying payroll expenditures shall be ten thousand  
4           dollars (\$10,000); and
- 5           (b) For an approved company that is not a Kentucky-based company that:
- 6           1. Films or produces a feature-length film, television program, or industrial  
7           film in whole or in part in the Commonwealth, the minimum combined  
8           total of qualifying expenditures and qualifying payroll expenditures shall  
9           be two hundred fifty thousand dollars (\$250,000); or
- 10          2. Films or produces a documentary in whole or in part in the  
11          Commonwealth or that produces a national touring production of a  
12          Broadway show, the minimum combined total of qualifying  
13          expenditures and qualifying payroll expenditures shall be twenty  
14          thousand dollars (\$20,000).
- 15          (4) Beginning on January 1, 2022, the total tax incentive approved under KRS 141.383  
16          and this subchapter shall be limited to seventy-five million dollars (\$75,000,000)  
17          for calendar year 2022 and each calendar year thereafter.
- 18          (5) (a) To qualify for the tax incentive available under KRS 141.383 and this  
19          subchapter all applicants shall:
- 20               1. Begin filming or production within six (6) months of filing an  
21               application with the authority; and
- 22               2. Complete filming or production within two (2) years of the filming or  
23               production start date.
- 24          (b) The tax credit shall be against the Kentucky income tax imposed under KRS  
25          141.020 or 141.040, and the limited liability entity tax imposed under KRS  
26          141.0401, and shall be refundable as provided in KRS 141.383.
- 27          (c) 1. For a motion picture or entertainment production filmed or produced in

1 its entirety in an enhanced incentive county, the amount of the incentive  
2 shall be equal to thirty-five percent (35%) of the approved company's:

- 3 a. Qualifying expenditures;  
4 b. Qualifying payroll expenditures paid to resident and nonresident  
5 below-the-line production crew; and  
6 c. Qualifying payroll expenditures paid to resident and nonresident  
7 above-the-line production crew not to exceed one million dollars  
8 (\$1,000,000) in payroll expenditures per employee.

9 2. a. To the extent the approved company films or produces a motion  
10 picture or entertainment production in part in an enhanced  
11 incentive county and in part a Kentucky county that is not an  
12 enhanced incentive county, the approved company shall be eligible  
13 to receive the incentives provided in this paragraph for those  
14 expenditures incurred in the enhanced incentive county and all  
15 other expenditures shall be subject to the incentives provided in  
16 paragraph (d) of this subsection.

17 b. The approved company shall track the requisite expenditures by  
18 county. If the approved company can demonstrate to the  
19 satisfaction of the cabinet that it is not practical to use a separate  
20 accounting method to determine the expenditures by county, the  
21 approved company shall determine the correct expenditures by  
22 county using an alternative method approved by the cabinet.

23 (d) For a motion picture or entertainment production filmed or produced in whole  
24 or in part in any Kentucky county other than in an enhanced incentive county,  
25 the amount of the incentive shall be equal to:

- 26 1. Thirty percent (30%) of the approved company's:  
27 a. Qualifying expenditures;

- 1                   b.    Qualifying payroll expenditures paid to below-the-line production
- 2                                   crew that are not residents; and
- 3                   c.    Qualifying payroll expenditures paid to above-the-line production
- 4                                   crew that are not residents, not to exceed one million dollars
- 5                                   (\$1,000,000) in payroll expenditures per employee; and
- 6           2.    Thirty-five percent (35%) of the approved company's:
- 7                   a.    Qualifying payroll expenditures paid to resident below-the-line
- 8                                   production crew; and
- 9                   b.    Qualifying payroll expenditures paid to resident above-the-line
- 10                                   production crew not to exceed one million dollars (\$1,000,000) in
- 11                                   payroll expenditures per employee.