

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007
4

A Bill

HOUSE BILL 2749

5 By: Representative Webb
6
7

For An Act To Be Entitled

9 AN ACT TO REPEAL THE MOTION PICTURE INCENTIVE ACT
10 OF 1997; TO CREATE THE MOTION PICTURE INCENTIVE ACT
11 OF 2007; AND FOR OTHER PURPOSES.
12

Subtitle

13 THE MOTION PICTURE INCENTIVE ACT OF
14 2007.
15
16
17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
19

20 SECTION 1. Arkansas Code Title 15, Chapter 4 is amended to add an
21 additional subchapter to read as follows:

22 15-4-3301. Short title.

23 This subchapter shall be known and may be cited as the "Motion Picture
24 Incentive Act of 2007".
25

26 15-4-3302. Legislative intent.

27 (a) The General Assembly recognizes that:

28 (1) The Motion Picture Incentive Act of 1997 is no longer an
29 attractive incentive to encourage the filming of motion picture productions
30 in the State of Arkansas;

31 (2) Numerous states, including most of the states surrounding
32 Arkansas, have enacted legislation to promote the filming of motion pictures
33 and have provided incentives more lucrative than those offered by the State
34 of Arkansas;

35 (3) In order to take advantage of the many attributes that make
36 Arkansas a viable location for filming, the state must offer a competitive



1 incentive for motion picture production companies to bring their projects to
2 Arkansas;

3 (4) To sustain the development of the motion picture industry in
4 Arkansas, it is necessary to offer an incentive package that will induce the
5 industry to return to Arkansas repeatedly and to make long-term investments
6 in the state to build a respectable motion picture industry within the state;

7 (5) At the 2004 Arkansas Venture Forum, the Milken Institute
8 noted that among high-technology industries, the motion picture industry had
9 the fourth highest growth rate of all high-technology industries; and

10 (6) Arkansas has a long history with the motion picture industry
11 and has provided a great number of native Arkansans with the opportunity to
12 work in this industry and to distinguish themselves within their respective
13 parts of this growing field.

14 (b) In order to build an industry that helps to keep our talented
15 Arkansans at home, the Motion Picture Incentive Act of 2007 is intended to
16 encourage motion picture companies to return to the state to take advantage
17 of the graduated approach to the incentives offered and to provide a basis
18 upon which capital investments can be made in the state to secure a growing
19 share of this consistent market.

20
21 15-4-3303. Definitions.

22 As used in this subchapter:

23 (1)(A) "Eligible expenditures" means expenditures made with Arkansas
24 residents for payroll subject to Arkansas withholding or Arkansas vendors
25 including:

- 26 (i) Per diem payments to Arkansas cast and crew;
- 27 (ii) Catering services expenses;
- 28 (iii) Location expenses;
- 29 (iv) Rental car payments;
- 30 (v) Location filming expenses;
- 31 (vi) Pre-production expenses;
- 32 (vii) Post-production expenses; and
- 33 (viii) Other expenses necessary to produce a motion
34 picture in Arkansas.

35 (B) Except as provided in § 15-4-3305(f), all eligible
36 expenditures shall occur within the State of Arkansas;

1 (2) "Financial institution" means any bank or savings and loan
2 institution in the state that carries Federal Deposit Insurance Corporation
3 or Federal Savings and Loan Insurance Corporation insurance;

4 (3) "Key production personnel" means the:

- 5 (A) Director of the project;
- 6 (B) Executive producer of the project;
- 7 (C) Producer of the project; and
- 8 (D) Screenwriter of the project;

9 (4) "Motion picture office" means the division of the Department
10 of Economic Development charged with the responsibility of promoting and
11 assisting the motion picture industry in Arkansas;

12 (5) "Motion picture production company" means a company:

- 13 (A) Engaged in the business of producing motion pictures
14 intended for a theatrical release or for television viewing; and
- 15 (B) That receives at least seventy-five percent (75%) of
16 its revenues from out of state;

17 (6) "Project" means:

- 18 (A)(i) The production of one (1) feature film;
- 19 (ii) The production of music videos;
- 20 (iii) The production of one (1) or more
21 documentaries;
- 22 (iv) The production of one (1) or more episodic
23 television shows; or
- 24 (v) The production of commercial advertising;
- 25 (B) "Project" means a production that:
- 26 (i) Is created for national distribution;
- 27 (ii) Consists of a start-to-finish production; and
- 28 (iii) Is not filmed in sections; or
- 29 (C) For a first-time project, "project" means a production
30 that expends a minimum of:
- 31 (i) Two hundred fifty thousand dollars (\$250,000) in
32 a six-month period; or
- 33 (ii) One million dollars (\$1,000,000) in a twelve-
34 month period; and

35 (7) "Resident" means a natural person and includes, for the
36 purpose of determining eligibility for the tax incentive provided by this

1 subchapter:

2 (A) A person domiciled in the State of Arkansas; or

3 (B) A person who:

4 (i) Maintains a permanent place of abode within the
5 state; and

6 (ii) Spends in the aggregate more than six (6)
7 months of the taxable year within this state.

8

9 15-4-3304. Requirement for registration.

10 Any motion picture production company that intends to take advantage of
11 the incentives offered by this subchapter shall register with the motion
12 picture office before the commencement of filming.

13

14 15-4-3305. Application for rebate.

15 (a) Any motion picture production company that desires to take
16 advantage of the investment incentive authorized by this subchapter shall:

17 (1) Submit an application to the motion picture office on forms
18 provided by the Department of Economic Development; and

19 (2) Provide:

20 (A) An estimate of the total expenditures to be made in
21 Arkansas in connection with the filming or production, or both, of the
22 project, itemized by category of expenditure;

23 (B) A copy of the full script of a project; and

24 (C) The estimated number of shoot days in Arkansas.

25 (b) The application and estimate of expenditures shall be filed with
26 the motion picture office before the commencement of filming in Arkansas;

27 (c) At the time of filing the application, the motion picture
28 production company shall designate:

29 (1) An estimate of expenditures with the motion picture office;

30 (2) A representative of the motion picture production company to
31 work with:

32 (A) The Department of Economic Development at the time of
33 filing the application; and

34 (B) The Revenue Division of the Department of Finance and
35 Administration on the reporting of expenditures; and

36 (3) Other information necessary to take advantage of the

1 incentives offered under this subchapter.

2 (d) In order to be eligible for the incentive provided under this
 3 subchapter, the motion picture production company shall make payments for
 4 eligible expenditures from a checking account from any Arkansas financial
 5 institution.

6 (e)(1) If a motion picture production company hires a payroll service
 7 company to handle the payroll of a project, the payroll payments otherwise
 8 allowable shall be allowed as eligible expenditures if payments made by the
 9 motion picture production company to the payroll service company are paid
 10 through an Arkansas financial institution account.

11 (2) However, if the payroll checks issued by the payroll service
 12 company are drawn on a bank or other entity that is outside the State of
 13 Arkansas, the payroll payments otherwise allowable shall be allowed as
 14 eligible expenditures only if the out-of-state bank or other entity
 15 guarantees payment of the checks at an Arkansas financial institution.

16 (f) If a motion picture production company hires a food catering
 17 service company that is outside the State of Arkansas, payments otherwise
 18 allowable as eligible expenditures that are made by the out-of-state food
 19 catering service to food businesses located in Arkansas shall be allowed as
 20 eligible expenditures, if:

21 (1) Actual receipts or copies of invoices from the food
 22 businesses located in Arkansas are filed with the final expenditure report;
 23 and

24 (2) Payments made by the motion picture production company to
 25 the out-of-state food catering service company are paid through an Arkansas
 26 financial institution account.

27 (g) The six-month and twelve-month period during which expenses must
 28 be made to qualify for the incentive authorized by this subchapter shall
 29 begin on the day the motion picture production company files an application
 30 for incentives with the motion picture office.

31 (h) The application for the rebate shall include the names of key
 32 production personnel involved in the motion picture production company who
 33 will be eligible to bring other motion picture projects to Arkansas and
 34 qualify for the graduated investment incentive authorized in § 15-4-3306.

35 (i)(1) In order to qualify for the rebate authorized by this
 36 subchapter, the motion picture production company shall file a final

1 expenditure report with the department after the payment of all Arkansas
 2 eligible expenditures.

3 (2) The expenditure report shall clearly state the date, the
 4 amount, and the name of the person or entity to which the payment was made.

5 (3) Payments are allowable in calculating eligible expenses for
 6 which a rebate may be issued only if the payments are made to:

7 (A) Arkansas residents for payroll subject to Arkansas
 8 withholding; or

9 (B) Vendors.

10 (j)(1) The Department of Economic Development shall forward the
 11 expenditure report to the Revenue Division of the Department of Finance and
 12 Administration for an audit of expenditures.

13 (2) The motion picture production company shall provide
 14 documentation of eligible expenditures in accordance with rules promulgated
 15 by the Department of Economic Development.

16
 17 15-4-3306. Investment incentive.

18 (a) Upon making application and meeting other requirements prescribed
 19 in this subchapter, a qualifying motion picture production company shall be
 20 entitled to a rebate based upon approved eligible expenditures.

21 (b)(1) For the first project qualifying under this subchapter, the
 22 motion picture production company is entitled to receive a rebate equal to
 23 ten percent (10%) of eligible expenditures if the motion picture production
 24 company has expended a minimum of:

25 (A) Two hundred fifty thousand dollars (\$250,000) on
 26 eligible expenditures within six (6) months; or

27 (B) One million dollars (\$1,000,000) within twelve (12)
 28 months of applying for an incentive under this subchapter.

29 (2) For the second motion picture project qualifying under this
 30 subchapter, the production company is entitled to receive a rebate equal to
 31 fifteen percent (15%) of eligible expenditures if the second project:

32 (A) Is completed within twenty-four (24) months following
 33 the receipt of the first rebate; and

34 (B) Has expended a minimum of one million dollars
 35 (\$1,000,000) on eligible expenditures.

36 (3)(A) For the third and subsequent motion picture projects

1 qualifying under this subchapter, the production company is entitled to
 2 receive a rebate equal to twenty percent (20%) of eligible expenditures if
 3 the third project and subsequent projects:

4 (i) Are completed within twelve (12) months from the
 5 date the last rebate was received; and

6 (ii) Have expended a minimum of one million five
 7 hundred thousand dollars (\$1,500,000) on each subsequent project.

8 (B) If the third or subsequent motion picture project is
 9 completed within twelve (12) months from the date the last rebate was
 10 received but does not expend the one million five hundred thousand dollars
 11 (\$1,500,000) necessary to receive the twenty percent (20%) rebate under
 12 subdivision (a)(3)(A) of this section, the applying motion picture production
 13 company shall be eligible for the:

14 (i) Ten percent (10%) rebate under subdivision
 15 (b)(1) of this section if the motion picture production company expends in
 16 excess of two hundred fifty thousand dollars (\$250,000) but less than one
 17 million dollars (\$1,000,000); and

18 (ii) Fifteen percent (15%) rebate under
 19 subdivision (b)(2) of this section if the motion picture production company
 20 expends in excess of one million dollars (\$1,000,000) but less than one
 21 million five hundred thousand dollars (\$1,500,000).

22 (c) If a motion picture production company meets the qualifications
 23 outlined in this subchapter, the Revenue Division of the Department of
 24 Finance and Administration shall issue to the qualifying motion picture
 25 production company an appropriate rebate subsection (b) of this section and
 26 in accordance with the disbursement procedure outlined in § 15-4-3308.

27
 28 15-4-3307. Investor incentive.

29 (a) An investor that invests a minimum of twenty thousand dollars
 30 (\$20,000) in a project that attracts at least two hundred fifty thousand
 31 dollars (\$250,000) in investments within the State of Arkansas in a qualified
 32 project to be filmed in the State of Arkansas is eligible to earn an income
 33 tax credit of ten percent (10%) of the investment.

34 (b)(1) An investor that invests more than twenty thousand dollars
 35 (\$20,000) in a qualified project may offset fifty percent (50%) of the
 36 investor's tax liability in any one (1) year.

1 (2) Any unused tax credits offset under subdivision (b)(1) of
 2 this section may be carried forward for a period of nine (9) years after the
 3 year in which the credit was first earned or until exhausted, whichever event
 4 occurs first.

5 (c)(1) The income tax credit authorized by this section may not be
 6 used in combination with the rebate authorized by § 15-4-3306.

7 (2)(A) A qualified motion picture production company may take
 8 the rebate authorized by § 15-4-3306 or a qualified investor may take the tax
 9 credit authorized by this section, but both incentives may not be taken on
 10 the same project.

11 (B) The election of the rebate or income tax credit under
 12 this section shall be made at the time of application.

13 (d) The income tax credit authorized by this section is not
 14 transferable.

15 (e) If a motion picture production company decides to file an
 16 application for an investor income tax credit under this section, the motion
 17 picture production company shall provide to the Revenue Division of the
 18 Department of Finance and Administration before the start of filming:

19 (1) A list of all investors individually, including without
 20 limitation:

21 (A) Names;

22 (B) Social security numbers; and

23 (C) Amount of cash invested in the project;

24 (2) A verification that each investor has invested twenty
 25 thousand dollars (\$20,000) or more in the project;

26 (3) A certification that a minimum of two hundred fifty thousand
 27 dollars (\$250,000) has been invested in the project from within the State of
 28 Arkansas; and

29 (4) A notarized statement certifying the veracity of the
 30 investments being made in the project that are subject to the benefits
 31 authorized in this section.

32
 33 15-4-3308. Disbursement of incentive.

34 After the Revenue Division of the Department of Finance and
 35 Administration audits the expenditures submitted by a motion picture
 36 production company and after the Revenue Division determines that all

1 applicable criteria have been met, the Revenue Division shall authorize a
 2 rebate based on the qualification for a rebate as set forth in § 15-4-3306
 3 and in compliance with the requirements of this subchapter.

4
 5 15-4-3309. Economic Development Incentive Fund.

6 (a) There is established on the books of the Treasurer of State, the
 7 Auditor of State, and the Chief Fiscal Officer of the State a fund to be
 8 known as the "Economic Development Incentive Fund".

9 (b) The fund shall consist of revenues designated for this fund by the
 10 Revenue Division of the Department of Finance and Administration under
 11 agreements entered into by the Department of Economic Development with
 12 qualified projects by motion picture production companies.

13 (c) After the Department of Finance and Administration has determined
 14 that the motion picture production company has qualified under this
 15 subchapter and has determined the valid expenditures eligible under this
 16 subchapter for a rebate authorized by this subchapter, the Department of
 17 Finance and Administration shall transfer the appropriate amount of money for
 18 the rebate out of general revenues into a special account designated as
 19 special revenue for the Economic Development Incentive Fund.

20
 21 15-4-3310. Exclusions.

22 (a) The following items are specifically excluded from being
 23 considered as eligible expenditures under this subchapter:

24 (1) Payments:

- 25 (A) For penalties or fines;
- 26 (B) To nonprofit institutions; and
- 27 (C) To federal and state entities that do not pay state
 28 income taxes; and

29 (2) Expenses related to:

- 30 (A) Real property;
- 31 (B) Property, including motor vehicles or other equipment,
 32 subject to assessment as personal property;
- 33 (C) Equipment that will be domiciled outside the State of
 34 Arkansas; and
- 35 (D) Entertainment not directly associated with the filming
 36 of the project.

1 (b) Telethons, award shows, sports events, contests, or galas shall
 2 not be eligible for the benefits under this subchapter.

3
 4 15-4-3311. Disclaimer.

5 The State of Arkansas reserves the right to refuse the use of Arkansas'
 6 name in the credits of any motion picture filmed or produced, or both in this
 7 state.

8
 9 15-4-3312. Audit.

10 The Revenue Division of the Department of Finance and Administration
 11 may require that reported expenditures and the application for an investment
 12 incentive from the motion picture production company be subjected to an audit
 13 by Revenue Division auditors to verify expenditures.

14
 15 15-4-3313. Sunset.

16 The opportunity for an investment tax incentive provided by § 15-4-3306
 17 shall expire on June 30, 2015.

18
 19 SECTION 2. Arkansas Code Title 15, Chapter 4, Subchapter 20 the Motion
 20 Picture Incentive Act of 1997, is repealed.

21 ~~15-4-2001. Short title.~~

22 ~~This subchapter may be referred to and cited as the "Motion Picture~~
 23 ~~Incentive Act of 1997".~~

24
 25 ~~15-4-2002. Legislative determination.~~

26 ~~It is found and determined that:~~

27 ~~(1) Arkansas' natural beauty and diverse topography provides a variety~~
 28 ~~of excellent settings from which the motion picture industry might choose a~~
 29 ~~location for filming a motion picture or television program;~~

30 ~~(2) Several successful motion pictures have been filmed in~~
 31 ~~Arkansas due to the unique qualities of the state in terms of natural~~
 32 ~~settings, availability of labor, materials, climate, and hospitality of its~~
 33 ~~people;~~

34 ~~(3) The motion picture industry brings with it a much needed~~
 35 ~~infusion of capital into areas of the state which may be economically~~
 36 ~~depressed;~~

1 ~~(4) The multiplier effect of the infusion of capital resulting~~
2 ~~from the filming of a motion picture or television program serves to~~
3 ~~stimulate economic activity beyond that immediately apparent on the film set;~~

4 ~~(5) Due to the distance of Arkansas from the film industry~~
5 ~~center on the West Coast and due to the period of economic depression, it is~~
6 ~~necessary to provide financial incentives to the film industry in order that~~
7 ~~Arkansas might compete with other states for filming locations; and~~

8 ~~(6) Since a significant portion of the cost of a motion picture~~
9 ~~production will not be eligible for a tax incentive because portions of the~~
10 ~~production are carried out in another state, this subchapter may also serve~~
11 ~~as an inducement for the motion picture industry to locate operations within~~
12 ~~the State of Arkansas in order to take advantage of the tax incentive~~
13 ~~afforded by this subchapter.~~

14
15 ~~15-4-2003. Definitions.~~

16 ~~As used in this subchapter:~~

17 ~~(1) "Financial institution" means any bank or savings and loan in the~~
18 ~~state which carries Federal Deposit Insurance Corporation or Federal Savings~~
19 ~~and Loan Insurance Corporation insurance;~~

20 ~~(2) "Motion picture office" means the division of the Arkansas~~
21 ~~Economic Development Commission charged with the responsibility of promoting~~
22 ~~and assisting the motion picture industry in Arkansas;~~

23 ~~(3) "Motion picture production company" means a company engaged~~
24 ~~in the business of producing motion pictures intended for a theatrical~~
25 ~~release or for television viewing;~~

26 ~~(4) "Resident" means natural persons and includes, for the~~
27 ~~purpose of determining eligibility for the tax incentive provided by this~~
28 ~~subchapter, any person domiciled in the State of Arkansas and any other~~
29 ~~person who maintains a permanent place of abode within the state and spends~~
30 ~~in the aggregate more than six (6) months of the taxable year within the~~
31 ~~state; and~~

32 ~~(5) "Revenue Division" means the Revenue Division of the~~
33 ~~Department of Finance and Administration.~~

34
35 ~~15-4-2004. Requirement for registration.~~

36 ~~Each motion picture production company which plans to film any scenes~~

1 within the borders of the State of Arkansas shall register with the motion
 2 picture office prior to the commencement of filming.

3
 4 ~~15-4-2005.—Tax incentive.~~

5 ~~(a)—A qualifying production company, upon making application therefor
 6 and meeting other requirements prescribed in this subchapter, shall be
 7 entitled to a tax refund of one hundred percent (100%) of the tax imposed by
 8 § 26-52-301 et seq. and the Arkansas Compensating Tax Act of 1949, § 26-53-
 9 101 et seq., and paid on the purchase of property and services in Arkansas in
 10 connection with the filming or production projects, or both, within Arkansas.~~

11 ~~(b)—To qualify, a production company must:~~

12 ~~(1)—Spend five hundred thousand dollars (\$500,000) within a six-
 13 month period in connection with the filming or production, or both, of one
 14 (1) feature film, telefilm, music video, documentary, episodic television
 15 show, or commercial advertising project; or~~

16 ~~(2)—Spend in excess of one million dollars (\$1,000,000) within a
 17 twelve-month period in connection with the filming or production, or both, of
 18 one (1) or more feature films, telefilms, music videos, documentaries,
 19 episodic television shows, or commercial advertising projects.~~

20
 21 ~~15-4-2006.—Application for tax incentive.~~

22 ~~(a)(1)—Any motion picture production company which desires to take
 23 advantage of the tax incentive program provided for in this subchapter shall
 24 submit an application, along with a letter of support from the local
 25 government or governments in the affected area, and provide an estimate of
 26 total expenditures to be made in Arkansas in connection with the filming or
 27 production, or both, of the motion picture.~~

28 ~~(2)—The application and estimate of expenditures shall be filed
 29 with the motion picture office and approved as eligible for the tax incentive
 30 provided by this subchapter prior to the commencement of filming in Arkansas.~~

31 ~~(b)—At the time the motion picture production company registers and
 32 provides the estimate of expenditures to the motion picture office, it shall
 33 also designate a member or representative of the motion picture production
 34 company to work with the Arkansas Economic Development Commission's Motion
 35 Picture Development Office and the Revenue Division of the Department of
 36 Finance and Administration on the reporting of expenditures and other~~

1 information necessary to take advantage of the tax incentive afforded by this
 2 subchapter.

3 ~~(c)(1)(A) Within two (2) weeks after principal photography begins, the~~
 4 ~~motion picture production company shall begin filing weekly expenditure~~
 5 ~~reports.~~

6 ~~(B) Failure to file weekly expenditure reports may result~~
 7 ~~in a delay in the disbursement of the tax incentive benefit as provided in §~~
 8 ~~15-4-2007.~~

9 ~~(2) The weekly expenditure report shall be filed in accordance~~
 10 ~~with, but not limited to, the following provisions:~~

11 ~~(A) In order to be eligible for the tax incentive provided~~
 12 ~~for by this subchapter, payments shall be made from a checking account from~~
 13 ~~any Arkansas financial institution;~~

14 ~~(B) Direct cash payments by the production company to~~
 15 ~~Arkansas vendors, businesses, or citizens hired as cast or crew which are~~
 16 ~~accompanied by receipts shall be allowed provided that the sum of the cash~~
 17 ~~payments does not exceed forty percent (40%) of the total verifiable~~
 18 ~~expenditures;~~

19 ~~(C) Per diem expenditures by the cast or crew, or both,~~
 20 ~~for lodging, when accompanied by receipts, shall be eligible expenditures;~~

21 ~~(D) Expenditure reports shall include, but are not limited~~
 22 ~~to:~~

23 ~~(i) Check identification number;~~

24 ~~(ii) Date of payment;~~

25 ~~(iii) Name of payee;~~

26 ~~(iv) Address of payee;~~

27 ~~(v) Amount paid;~~

28 ~~(vi) Name of financial institution; and~~

29 ~~(vii) Other such information as may be deemed~~

30 ~~necessary by the division to ensure compliance with this subchapter;~~

31 ~~(E) Payments for salaries or wages are limited to Arkansas~~
 32 ~~residents who filed an Arkansas income tax return in the previous tax year;~~

33 ~~(F) Payments for penalties or fines, payments to nonprofit~~
 34 ~~organizations, and payments to federal and state entities that do not pay~~
 35 ~~state taxes are to be excluded;~~

36 ~~(G) When a motion picture production company hires a~~

1 payroll service company to handle the payroll of a production, the payroll
 2 payments otherwise allowable shall be allowed as eligible expenditures,
 3 provided:

4 (i) Payments made by the motion picture production
 5 company to the payroll service company are paid through an Arkansas financial
 6 institution account; and

7 (ii) If the payroll checks issued by the payroll
 8 service company are drawn on a bank or other entity which is outside the
 9 State of Arkansas, the out of state bank or other entity guarantees payment
 10 of the checks at an Arkansas financial institution;

11 (H) When a motion picture production company hires a food
 12 catering service company which is outside the State of Arkansas, payments
 13 otherwise allowable which are made by the out of state food catering service
 14 to food businesses located in Arkansas shall be allowed as eligible
 15 expenditures, provided:

16 (i) Actual receipts or copies of invoices from such
 17 food businesses located in Arkansas are filed with the weekly expenditure
 18 reports; and

19 (ii) Payments made by the motion picture production
 20 company to the out of state food catering service company are paid through an
 21 Arkansas financial institution account; and

22 (I) Preproduction and postproduction expenses, which
 23 otherwise qualify, may be made from a checking account from a financial
 24 institution located out of Arkansas.

25 (d) The twelve month period and six month period during which
 26 expenditures may qualify for the tax incentive provided by this subchapter
 27 begin on the date of the earliest expenditure reported.

28 (e)(1) Upon completion of filming or production, or both, in Arkansas,
 29 the motion picture production company shall file an application for the tax
 30 incentive afforded by this subchapter.

31 (2) The application shall include a final expenditure report
 32 giving a total amount of expenditures which were made in the state in
 33 connection with the filming or production, or both, of a motion picture and
 34 which comply with the provisions of this subchapter.

35 (3) The motion picture production company shall provide
 36 documentation for expenditures in accordance with regulations promulgated by

1 ~~the division.~~

3 ~~15-4-2007.— Disbursement of tax incentive.~~

4 ~~(a) Upon receipt of an application for a tax refund and supporting~~
 5 ~~documentation pursuant to this subchapter, the Revenue Division of the~~
 6 ~~Department of Finance and Administration shall confirm the eligibility of the~~
 7 ~~applicant based on total expenditures and the amount of sales and use tax~~
 8 ~~paid by the applicant for which a refund is due.~~

9 ~~(b) The applicant shall provide, with the application for refund:~~

- 10 ~~(1) A schedule of purchases accompanied by invoices which show~~
 11 ~~the property or service purchased;~~
- 12 ~~(2) The name and location of the vendor; and~~
- 13 ~~(3) The amount of sales or use tax paid.~~

14 ~~(c) The division shall calculate the tax refund to which the applicant~~
 15 ~~is entitled and shall certify the tax refund to the Chief Fiscal Officer of~~
 16 ~~the State.~~

17 ~~(d) Upon receipt of all necessary documentation to support the~~
 18 ~~applicant's claim for refund, the division shall certify to the Chief Fiscal~~
 19 ~~Officer of the State the amount to be remitted to the motion picture~~
 20 ~~production company within sixty (60) days of the final expenditure report.~~

21 ~~(e) The Chief Fiscal Officer of the State shall remit the tax refund~~
 22 ~~to the motion picture production company following receipt of the~~
 23 ~~certification of the amount thereof from the division. The benefit shall be~~
 24 ~~paid from any available funds appropriated for miscellaneous tax refunds by~~
 25 ~~the General Assembly.~~

27 ~~15-4-2008.— Penalties.~~

28 ~~(a) Any motion picture production company failing to comply with § 15-~~
 29 ~~4-2004 may be enjoined from engaging in the business of producing motion~~
 30 ~~pictures in the State of Arkansas by any court of competent jurisdiction~~
 31 ~~until the requirements of § 15-4-2004 are met.~~

32 ~~(b) Any motion picture production company failing to comply with all~~
 33 ~~provisions of this subchapter may be denied any future application for~~
 34 ~~participation in this incentive program.~~

36 ~~15-4-2009.— Disclaimer.~~

1 ~~The State of Arkansas reserves the right to refuse the use of Arkansas'~~
2 ~~name in the credits of any motion picture filmed or produced, or both, in the~~
3 ~~state.~~

4
5 ~~15-4-2010.—Audit.~~

6 ~~The Revenue Division of the Department of Finance and Administration~~
7 ~~may require that reported expenditures and the application for a tax~~
8 ~~incentive from the motion picture production company be subjected to an audit~~
9 ~~by division auditors to verify expenditures.~~

10
11 ~~15-4-2011.—Sunset.~~

12 ~~The opportunity for a tax incentive provided by § 15-4-2005 shall~~
13 ~~expire on June 30, 2007.~~

14
15 ~~15-4-2012.—Rules and regulations.~~

16 ~~The Revenue Division of the Department of Finance and Administration~~
17 ~~and the Arkansas Economic Development Commission shall promulgate appropriate~~
18 ~~rules and regulations to carry out the intent and purposes of this subchapter~~
19 ~~and to prevent abuse.~~

20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36