
SENATE BILL 5640

State of Washington

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2022 Regular Session

By Senators Short, Frockt, Conway, Holy, Lovelett, Nguyen, Rolfes, Wagoner, and L. Wilson

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1 AN ACT Relating to updating the motion picture competitiveness
2 program to enhance funding and encourage productions in rural
3 communities; and amending RCW 43.365.020 and 82.04.4489.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 43.365.020 and 2012 c 189 s 2 are each amended to
6 read as follows:

7 (1) The department must adopt criteria for the approved motion
8 picture competitiveness program with the sole purpose of revitalizing
9 the state's economic, cultural, and educational standing in the
10 national and international market of motion picture production. Rules
11 adopted by the department shall allow the program, within the
12 established criteria, to provide funding assistance only when it
13 captures economic opportunities for Washington's communities and
14 businesses and shall only be provided under a contractual arrangement
15 with a private entity. In establishing the criteria, the department
16 shall consider:

17 (a) The additional income and tax revenue to be retained in the
18 state for general purposes;

19 (b) The creation and retention of family-wage jobs which provide
20 health insurance and payments into a retirement plan;

1 (c) The impact of motion picture projects to maximize in-state
2 labor and the use of in-state film production and film postproduction
3 companies;

4 (d) The impact upon the local economies and the state economy as
5 a whole, including multiplier effects;

6 (e) The intangible impact on the state and local communities that
7 comes with motion picture projects;

8 (f) The regional, national, and international competitiveness of
9 the motion picture filming industry;

10 (g) The revitalization of the state as a premier venue for motion
11 picture production and national television commercial campaigns;

12 (h) Partnerships with the private sector to bolster film
13 production in the state and serve as an educational and cultural
14 purpose for its citizens;

15 (i) The vitality of the state's motion picture industry as a
16 necessary and critical factor in promoting the state as a premier
17 tourist and cultural destination;

18 (j) Giving preference to additional seasons of television series
19 that have previously qualified;

20 (k) Other factors the department may deem appropriate for the
21 implementation of this chapter.

22 (2) The board of directors created under RCW 43.365.030 shall
23 create and administer an account for carrying out the purposes of
24 subsection (3) of this section.

25 (3) Money received by the approved motion picture competitiveness
26 program shall be used only for:

27 (a) Health insurance and payments into a retirement plan, and
28 other costs associated with film production; (~~and~~)

29 (b) Staff and related expenses to maintain the program's proper
30 administration and operation;

31 (c) Supporting the growth and development of the Washington state
32 film industry in rural communities; and

33 (d) Supporting educational opportunities for students in the
34 arts.

35 (4) Except as provided otherwise in subsection (7) of this
36 section, maximum funding assistance from the approved motion picture
37 competitiveness program is limited to an amount up to thirty percent
38 of the total actual investment in the state of at least:

39 (a) Five hundred thousand dollars for a single motion picture
40 produced in Washington state; or

1 (b) One hundred fifty thousand dollars for a television
2 commercial associated with a national or regional advertisement
3 campaign produced in Washington state.

4 (5) Except as provided otherwise in subsection (7) of this
5 section, maximum funding assistance from the approved motion picture
6 competitiveness program is limited to an amount up to thirty-five
7 percent of the total actual investment of at least three hundred
8 thousand dollars per episode produced in Washington state. A minimum
9 of six episodes of a series must be produced to qualify under this
10 subsection. A maximum of up to thirty percent of the total actual
11 investment from the approved motion picture competitiveness program
12 may be awarded to an episodic series of less than six episodes.

13 (6) With respect to costs associated with nonstate labor for
14 motion pictures and episodic services, funding assistance from the
15 approved motion picture competitiveness program is limited to an
16 amount up to fifteen percent of the total actual investment used for
17 costs associated with nonstate labor. To qualify under this
18 subsection, the production must have a labor force of at least
19 eighty-five percent of Washington residents. The board may establish
20 additional criteria to maximize the use of in-state labor.

21 (7)(a) The approved motion picture competitiveness program may
22 allocate an annual aggregate of no more than ten percent of the
23 qualifying contributions by the program under RCW 82.04.4489 to
24 provide funding support for filmmakers who are Washington residents,
25 new forms of production, and emerging technologies. The approved
26 motion picture competitiveness program must allocate an annual
27 aggregate of at least \$6.25 million of the qualifying contributions
28 to fund projects in rural communities. For purposes of this
29 subsection, "rural communities" has the same meaning as "rural
30 county" in RCW 82.14.370.

31 (i) Up to thirty percent of the actual investment for a motion
32 picture with an actual investment lower than that of motion pictures
33 under subsection (4)(a) of this section; or

34 (ii) Up to thirty percent of the actual investment of an
35 interactive motion picture intended for multiplatform exhibition and
36 distribution.

37 (b) Subsections (4) and (5) of this section do not apply to this
38 subsection.

39 (8) Funding assistance approval must be determined by the
40 approved motion picture competitiveness program within a maximum of

1 thirty calendar days from when the application is received, if the
2 application is submitted after August 15, 2006.

3 **Sec. 2.** RCW 82.04.4489 and 2017 3rd sp.s. c 37 s 1102 are each
4 amended to read as follows:

5 (1) Subject to the limitations in this section, a credit is
6 allowed against the tax imposed under this chapter for contributions
7 made by a person to a Washington motion picture competitiveness
8 program.

9 (2) The person must make the contribution before claiming a
10 credit authorized under this section. Credits earned under this
11 section may be claimed against taxes due for the calendar year in
12 which the contribution is made. The amount of credit claimed for a
13 reporting period may not exceed the tax otherwise due under this
14 chapter for that reporting period. No person may claim more than
15 seven hundred fifty thousand dollars of credit in any calendar year,
16 including credit carried over from a previous calendar year. No
17 refunds may be granted for any unused credits.

18 (3) The maximum credit that may be earned for each calendar year
19 under this section for a person is limited to the lesser of seven
20 hundred fifty thousand dollars or an amount equal to one hundred
21 percent of the contributions made by the person to a program during
22 the calendar year.

23 (4) Except as provided under subsection (5) of this section, a
24 tax credit claimed under this section may not be carried over to
25 another year.

26 (5) Any amount of tax credit otherwise allowable under this
27 section not claimed by the person in any calendar year may be carried
28 over and claimed against the person's tax liability for the next
29 succeeding calendar year. Any credit remaining unused in the next
30 succeeding calendar year may be carried forward and claimed against
31 the person's tax liability for the second succeeding calendar year;
32 and any credit not used in that second succeeding calendar year may
33 be carried over and claimed against the person's tax liability for
34 the third succeeding calendar year, but may not be carried over for
35 any calendar year thereafter.

36 (6) Credits are available on a first-in-time basis. The
37 department must disallow any credits, or portion thereof, that would
38 cause the total amount of credits claimed under this section during
39 any calendar year to exceed (~~three million five hundred thousand~~

1 ~~dollars~~) \$25,000,000. If this limitation is reached, the department
2 must notify all Washington motion picture competitiveness programs
3 that the annual statewide limit has been met. In addition, the
4 department must provide written notice to any person who has claimed
5 tax credits in excess of the limitation in this subsection. The
6 notice must indicate the amount of tax due and provide that the tax
7 be paid within thirty days from the date of the notice. The
8 department may not assess penalties and interest as provided in
9 chapter 82.32 RCW on the amount due in the initial notice if the
10 amount due is paid by the due date specified in the notice, or any
11 extension thereof.

12 (7) To claim a credit under this section, a person must
13 electronically file with the department all returns, forms, and any
14 other information required by the department, in an electronic format
15 as provided or approved by the department. Any return, form, or
16 information required to be filed in an electronic format under this
17 section is not filed until received by the department in an
18 electronic format. As used in this subsection, "returns" has the same
19 meaning as "return" in RCW 82.32.050.

20 (8) No application is necessary for the tax credit. The person
21 must keep records necessary for the department to verify eligibility
22 under this section.

23 (9) A Washington motion picture competitiveness program must
24 provide to the department, upon request, such information needed to
25 verify eligibility for credit under this section, including
26 information regarding contributions received by the program.

27 (10) The department may not allow any credit under this section
28 before July 1, 2006.

29 (11) For the purposes of this section, "Washington motion picture
30 competitiveness program" or "program" means an organization
31 established pursuant to chapter 43.365 RCW.

32 (12) Persons claiming a credit against the tax imposed under this
33 chapter for contributions made to a Washington motion picture
34 competitiveness program and not otherwise receiving funding
35 assistance under RCW 43.365.020 are exempt from the annual reporting
36 requirements in RCW 82.32.534 and 43.365.040.

37 (13) No credit may be earned for contributions made on or after
38 July 1, 2027.

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