Senate Engrossed House Bill

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

HOUSE BILL 2127

AN ACT

AMENDING TITLE 41, CHAPTER 10, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2; AMENDING SECTION 42-2003, ARIZONA REVISED STATUTES; REPEALING SECTIONS 43-1075 AND 43-1163, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 43-1075; AMENDING SECTION 43-1075.01, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 43-1163; AMENDING SECTION 43-1163.01, ARIZONA REVISED STATUTES; RELATING TO MULTIMEDIA PRODUCTION INCENTIVES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 41, chapter 10, Arizona Revised Statutes, is amended by adding article 2, to read:

ARTICLE 2. MULTIMEDIA PRODUCTION INCENTIVES

41-1527. Multimedia production liaison

THE CHIEF EXECUTIVE OFFICER OF THE ARIZONA COMMERCE AUTHORITY SHALL APPOINT A MULTIMEDIA PRODUCTION LIAISON WITHIN THE AUTHORITY TO:

1. SUPERVISE AND EVALUATE THE PREAPPROVAL AND POSTAPPROVAL OF MULTIMEDIA PRODUCTION INCOME TAX CREDITS PURSUANT TO SECTION 41-1527.01.

2. COORDINATE THE INTERESTS OF THE AUTHORITY, THE OFFICE OF TOURISM, THE DEPARTMENT OF REVENUE AND OTHER AGENCIES AND POLITICAL SUBDIVISIONS OF THIS STATE AND PRIVATE ENTITIES IN PROMOTING MULTIMEDIA PRODUCTION IN THIS STATE.

41-1527.01. Multimedia production income tax credits; qualification; report; definitions

A. THROUGH DECEMBER 31, 2021, THE MULTIMEDIA PRODUCTION LIAISON SHALL QUALIFY MULTIMEDIA PRODUCTION COMPANIES THAT PRODUCE ONE OR MORE MOTION PICTURES IN THIS STATE FOR MULTIMEDIA PRODUCTION INCOME TAX CREDITS PURSUANT TO SECTION 43-1075 OR 43-1163, AS APPLICABLE. A PRODUCTION COMPANY MAY ONLY RECEIVE A CREDIT THAT IS BASED ON THE QUALIFIED PRODUCTION EXPENDITURES SUBMITTED BY THE PRODUCTION COMPANY AND CERTIFIED BY THE LIAISON.

B. TO QUALIFY FOR A CREDIT UNDER THIS SECTION, A PRODUCTION COMPANY MUST:

1. HAVE QUALIFIED PRODUCTION EXPENDITURES OF AT LEAST TWO HUNDRED FIFTY THOUSAND DOLLARS IN PRODUCTION COSTS. A PRODUCTION COMPANY MAY AGGREGATE PRODUCTION COSTS FOR MULTIPLE PRODUCTIONS WITHIN A SINGLE FISCAL YEAR FOR THE PURPOSES OF REACHING THIS MINIMUM EXPENDITURE THRESHOLD.

2. NOT INCLUDE PROPERTY WITH RESPECT TO WHICH RECORDS ARE REQUIRED TO BE MAINTAINED UNDER 18 UNITED STATES CODE SECTION 2257.

3. ENTER INTO A WRITTEN MANAGED REVIEW AGREEMENT WITH THE LIAISON THAT ESTABLISHES THE REQUIREMENTS OF A MANAGED REVIEW TO BE CONDUCTED AT THE PRODUCTION COMPANY'S EXPENSE. THE MANAGED REVIEW MUST BE CONDUCTED BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT WHO IS SELECTED BY THE PRODUCTION COMPANY, WHO IS LICENSED IN THIS STATE AND WHO IS APPROVED BY THE LIAISON. THE CERTIFIED PUBLIC ACCOUNTANT AND THE FIRM THE CERTIFIED PUBLIC ACCOUNTANT IS AFFILIATED WITH SHALL NOT REGULARLY PERFORM SERVICES FOR THE PRODUCTION COMPANY OR ANY AFFILIATE OF THE PRODUCTION COMPANY. THE CERTIFIED PUBLIC ACCOUNTANT SHALL FURNISH WRITTEN FINDINGS OF THE MANAGED REVIEW TO THE LIAISON. THE LIAISON SHALL REVIEW THE FINDINGS AND MAY FURTHER EXAMINE RECORDS AND PERFORM OTHER REVIEWS THAT THE LIAISON CONSIDERS NECESSARY TO VERIFY THAT THE MANAGED REVIEW SUBSTANTIALLY CONFORMS TO THE TERMS OF THE MANAGED REVIEW AGREEMENT. THE LIAISON SHALL ACCEPT OR REJECT THE FINDINGS OF THE MANAGED REVIEW. IF THE LIAISON REJECTS ALL OR PART OF THE MANAGED REVIEW, THE LIAISON SHALL PROVIDE WRITTEN REASONS FOR THE REJECTION. EXCEPT AS PROVIDED BY THIS PARAGRAPH, IF THE LIAISON ACCEPTS THE FINDINGS OF THE

MANAGED REVIEW AND THE PRODUCTION COMPANY TIMELY FILES ITS INCOME TAX RETURN WITH THE APPROPRIATE CREDIT CLAIM FORMS, THE CREDIT AMOUNT ACCEPTED IS NOT SUBJECT TO RECAPTURE, DISALLOWANCE, REDUCTION OR DENIAL WITH RESPECT TO THE PRODUCTION COMPANY. THE LIAISON'S ACCEPTANCE SHALL INCLUDE A WRITTEN CERTIFICATE TO THE PRODUCTION COMPANY STATING THE AMOUNT OF THE CREDIT AND THAT THE CREDIT IS NOT SUBJECT TO RECAPTURE AS PROVIDED BY THIS PARAGRAPH. THIS PARAGRAPH DOES NOT PROHIBIT THE RECAPTURE OF A CREDIT FROM A PRODUCTION COMPANY IF THE COMPANY FAILED TO DISCLOSE MATERIAL INFORMATION DURING THE MANAGED REVIEW OR FALSIFIED ITS BOOKS OR RECORDS OR OTHERWISE ENGAGED IN AN ACTION THAT PREVENTED AN ACCURATE REVIEW. A MANAGED REVIEW UNDER THIS PARAGRAPH IS NOT CONSIDERED TO BE AN AUDIT FOR THE PURPOSES OF SECTION 42-2059.

4. INCLUDE IN THE END CREDITS, AN ACKNOWLEDGEMENT THAT THE PRODUCTION WAS FILMED IN ARIZONA.

5. RECEIVE PREAPPROVAL AND POSTAPPROVAL CERTIFICATION OF THE CERTIFICATION PRODUCTION FROM THE LIAISON AS PROVIDED BY THIS SECTION.

C. A MULTIMEDIA PRODUCTION COMPANY INITIALLY APPLYING FOR QUALIFICATION UNDER THIS SECTION MUST REPORT THE FOLLOWING TO THE LIAISON ON A FORM AND IN A MANNER PRESCRIBED BY THE LIAISON:

1. THE NAME, ADDRESS, TELEPHONE NUMBER AND WEBSITE OF THE MULTIMEDIA PRODUCTION COMPANY.

2. THE NAME AND ADDRESS OF AN INDIVIDUAL WHO WILL MAINTAIN RECORDS OF EXPENDITURES IN THIS STATE.

3. THE PROJECTED FIRST PREPRODUCTION DATE AND LAST PRODUCTION DATE IN THIS STATE.

4. THE ESTIMATED TOTAL BUDGET OF THE PRODUCTION.

5. THE ESTIMATED TOTAL EXPENDITURES IN THIS STATE.

6. THE ESTIMATED TOTAL NUMBER OF DAYS IN PREPRODUCTION, PRODUCTION AND POSTPRODUCTION TAKING PLACE IN THIS STATE.

7. THE ESTIMATED LEVEL OF EMPLOYMENT OF RESIDENTS OF THIS STATE IN THE CAST AND CREW.

8. A SCRIPT, INCLUDING A SYNOPSIS, THE PROPOSED DIRECTOR AND A PRELIMINARY LIST OF THE CAST AND PRODUCER, EXCEPT THAT, WITH RESPECT TO A TELEVISION SERIES, OTHER THAN A PILOT PRODUCTION, IN LIEU OF A SCRIPT THE APPLICANT MUST INCLUDE:

(a) A SYNOPSIS OF THE GENERAL NATURE OF THE SERIES.

(b) A DESCRIPTION OF THE CHARACTERS AND THE INTENDED NATURE OF THEIR INTERACTION WITH EACH OTHER.

(c) A DESCRIPTION OF THE LOCATIONS.

(d) A DESCRIPTION OF THE SETS.

(e) THE INTENDED DISTRIBUTION OR BROADCAST MEDIUM WITH SPECIFIC TELEVISION NETWORKS, IF KNOWN.

9. AN AFFIRMATION SIGNED BY A PRINCIPAL OF THE PRODUCTION COMPANY WHO WILL BE CREDITED ON SCREEN AS THE PRODUCER OR PRODUCERS OF THE MOTION PICTURE

THAT THE MULTIMEDIA PRODUCTION COMPANY AGREES TO FURNISH RECORDS OF EXPENDITURES IN THIS STATE TO THE LIAISON ON REQUEST.

D. WITHIN TEN DAYS AFTER SUBMITTING THE INITIAL APPLICATION UNDER SUBSECTION C OF THIS SECTION, THE APPLICANT MUST NOTIFY THE LIAISON OF THE APPLICANT'S OFFICE ADDRESS AND TELEPHONE NUMBER IN THIS STATE.

E. THE LIAISON SHALL ESTABLISH THE PROCESS FOR QUALIFYING AND PREAPPROVING A PRODUCTION COMPANY FOR A TAX CREDIT UNDER THIS SECTION AS FOLLOWS:

1. THE LIAISON MAY ADOPT A SCHEDULE FOR RECEIVING APPLICATIONS DURING EACH YEAR AS NECESSARY TO EXPEDITE AND MANAGE THE APPLICATION REVIEW AND EVALUATION PROCESS.

2. EACH APPLICATION MUST BE ACCOMPANIED BY A NONREFUNDABLE APPLICATION FEE IN AN AMOUNT ESTABLISHED BY THE CHIEF EXECUTIVE OFFICER OF THE ARIZONA COMMERCE AUTHORITY. THE LIAISON SHALL DEPOSIT THE REVENUES FROM THE FEE IN THE MULTIMEDIA PRODUCTION FUND ESTABLISHED BY SECTION 41-1527.03.

3. WITHIN THIRTY DAYS AFTER RECEIVING A COMPLETE APPLICATION CONTAINING THE INFORMATION REQUIRED BY SUBSECTION C OF THIS SECTION, THE LIAISON SHALL REVIEW THE APPLICATION TO DETERMINE WHETHER THE MULTIMEDIA PRODUCTION COMPANY SATISFIES ALL OF THE CRITERIA NECESSARY TO RECEIVE PREAPPROVAL UNDER THIS SUBSECTION.

4. THE LIAISON SHALL ISSUE TO A QUALIFYING APPLICANT A PREAPPROVAL LETTER THAT IS EFFECTIVE FOR THE PURPOSES OF THIS SECTION FOR TWENTY-FOUR MONTHS AS STATED IN THE LETTER.

F. THE LIAISON MAY CONDUCT A SITE VISIT TO VERIFY THAT PRODUCTION HAS BEGUN.

G. PREAPPROVAL OF A PRODUCTION LAPSES, THE APPLICATION IS VOID AND THE AMOUNT OF THE PREAPPROVED CREDIT DOES NOT APPLY AGAINST THE DOLLAR LIMIT PRESCRIBED BY SUBSECTION H OF THIS SECTION IF, WITHIN NINETY DAYS AFTER THE LIAISON PREAPPROVES THE PRODUCTION, THE PRODUCTION COMPANY FAILS TO PROVIDE DOCUMENTATION OF EITHER:

1. ITS EXPENDITURE IN THIS STATE OF THE LESSER OF:

(a) TEN PER CENT OF THE ESTIMATED TOTAL STATED BUDGET OF THE PRODUCTION.

(b) TWO HUNDRED FIFTY THOUSAND DOLLARS.

2. A COMPLETION BOND, EQUAL TO THE ESTIMATED TOTAL BUDGET OF THE PREAPPROVED PRODUCTION. FOR THE PURPOSES OF THIS PARAGRAPH, "COMPLETION BOND" MEANS AN EXECUTED WRITTEN CONTRACT, ISSUED BY AN INSURANCE COMPANY WITH AN INSURANCE INDUSTRY RATING OF B+ OR BETTER BY A.M. BEST COMPANY GUARANTEEING TO THE FINANCIERS OF THE PROJECT THAT IT WILL BE COMPLETED ACCORDING TO THE TERMS OF THE PREAPPROVED APPLICATION SUBMITTED BY THE PRODUCTION COMPANY IN ITS APPLICATION.

H. THE LIAISON SHALL NOT PREAPPROVE INCOME TAX CREDITS FOR THE PURPOSES OF SECTIONS 43-1075, 43-1075.01, 43-1163 AND 43-1163.01 THAT EXCEED A TOTAL OF SEVENTY MILLION DOLLARS FOR ANY FISCAL YEAR. OF THAT AMOUNT:

1. TEN MILLION DOLLARS IS RESERVED EACH FISCAL YEAR FOR THE PURPOSES OF PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITY CREDITS PURSUANT TO SECTIONS 43-1075.01 AND 43-1163.01.

2. SIXTY MILLION DOLLARS, ALLOCATED EQUALLY AMONG ANY PERIODIC APPLICATION PERIODS ADOPTED UNDER SUBSECTION E, PARAGRAPH 1 OF THIS SECTION, FOR THE PURPOSES OF MULTIMEDIA PRODUCTION INCOME TAX CREDITS PURSUANT TO SECTIONS 43-1075 AND 43-1163. THE AMOUNT OF THE CREDIT FOR AN INDIVIDUAL PRODUCTION SHALL BE CALCULATED PURSUANT TO SECTION 43-1075 OR 43-1163, AS APPLICABLE, AND IS LIMITED TO FIFTEEN MILLION DOLLARS FOR ANY INDIVIDUAL PRODUCTION.

I. A PREAPPROVED AMOUNT APPLIES AGAINST THE DOLLAR LIMIT PRESCRIBED BY SUBSECTION H OF THIS SECTION FOR THE FISCAL YEAR IN WHICH THE APPLICATION WAS SUBMITTED REGARDLESS OF WHETHER THE INITIAL PREAPPROVAL PERIOD EXTENDS INTO THE FOLLOWING YEAR OR YEARS. BEFORE THE EXPIRATION OF THE INITIAL PREAPPROVAL OR REQUALIFICATION PERIOD, A PRODUCTION COMPANY MAY VOLUNTARILY RELINQUISH UNUSED CREDIT AMOUNTS.

J. THE LIAISON SHALL ALLOCATE THE INCOME TAX CREDITS BASED ON PRIORITY PLACEMENT ESTABLISHED BY THE DATE THAT THE PRODUCTION COMPANY FILES ITS APPLICATION, EXCEPT THAT:

1. A TELEVISION SERIES PRODUCTION SHALL BE GIVEN PRIORITY PLACEMENT BEFORE ANY OTHER PRODUCTION THAT HAS NOT ALREADY RECEIVED PREAPPROVAL.

2. A TELEVISION SERIES THAT WAS PREAPPROVED IN A PREVIOUS YEAR AND OTHERWISE MET THE REQUIREMENTS OF THIS SECTION SHALL BE GIVEN PRIORITY PLACEMENT BEFORE ANY OTHER NEW APPLICANT IN THE FOLLOWING YEAR, OTHER THAN ANOTHER TELEVISION SERIES WITH AN EARLIER PRIORITY PLACEMENT ESTABLISHED BY THE DATE THAT TELEVISION SERIES PRODUCTION COMPANY FILED ITS INITIAL APPLICATION OR QUALIFICATION.

K. THE LIAISON SHALL REALLOCATE THE AMOUNT OF CREDITS THAT IS VOLUNTARILY RELINQUISHED UNDER SUBSECTION I OF THIS SECTION, THAT LAPSES UNDER SUBSECTION G OF THIS SECTION OR THAT LAPSES UNDER SUBSECTION M, PARAGRAPH 1 OF THIS SECTION. THE CREDITS SHALL BE REALLOCATED TO OTHER MULTIMEDIA PRODUCTION COMPANIES THAT APPLIED IN THE ORIGINAL CREDIT YEAR BASED ON PRIORITY PLACEMENT AS PROVIDED BY SUBSECTION J OF THIS SECTION. IF FOR ANY YEAR AN UNUSED BALANCE OCCURS IN THE CREDITS AUTHORIZED UNDER THE DOLLAR LIMIT PRESCRIBED BY SUBSECTION H OF THIS SECTION, THE BALANCE SHALL BE ALLOCATED TO MULTIMEDIA PRODUCTION COMPANIES THAT SUCCESSFULLY APPEAL THE DENIAL OF APPROVAL UNDER SUBSECTION M OF THIS SECTION. THE AMOUNT OF ALL CREDITS THAT ARE REALLOCATED UNDER THIS SUBSECTION APPLIES AGAINST THE DOLLAR LIMIT OF THE ORIGINAL CREDIT YEAR REGARDLESS OF THE YEAR IN WHICH THE REALLOCATION OCCURS.

L. ON COMPLETION OF A PREQUALIFIED MULTIMEDIA PRODUCTION AND AFTER COMPLETION OF THE MANAGED REVIEW REQUIREMENTS UNDER SUBSECTION B, PARAGRAPH 3 OF THIS SECTION, THE MULTIMEDIA PRODUCTION COMPANY MUST:

1. APPLY TO THE LIAISON IN WRITING FOR POSTAPPROVAL OF INCOME TAX CREDITS.

2. SUBMIT A VIEWABLE COPY OF THE MOTION PICTURE, EXCEPT THAT A MULTIMEDIA PRODUCTION COMPANY MAY APPLY FOR POSTAPPROVAL BEFORE A VIEWABLE COPY OF THE PRODUCTION IS AVAILABLE IF THE COMPANY SUBMITS WITH ITS APPLICATION A LETTER OF CREDIT, PAYABLE TO THE MULTIMEDIA PRODUCTION FUND, PROVIDING THAT WITHIN TWO BUSINESS DAYS AFTER THE ISSUER RECEIVES A WRITTEN DETERMINATION FROM THE LIAISON THAT THE PRODUCTION FAILS TO QUALIFY FOR THE TAX CREDITS THE ISSUER WILL PAY TO THE LIAISON THE FULL FACE VALUE OF THE INCOME TAX CREDITS IN THE APPLICATION. IF THE LIAISON DRAWS ON THE LETTER OF CREDIT, THE MONIES SHALL BE TRANSFERRED TO AND HELD IN AN INTEREST BEARING ACCOUNT PENDING THE FINAL OUTCOME OF AN APPEAL, IF ANY. THE LETTER OF CREDIT MAY BE RELEASED ON THE LIAISON'S DETERMINATION THAT THE COMPLETED PRODUCTION QUALIFIES FOR THE TAX CREDITS.

3. CERTIFY THE TOTAL AMOUNT OF ACTUAL ELIGIBLE PRODUCTION COSTS ASSOCIATED WITH THE PROJECT.

M. WITHIN NINETY DAYS AFTER THE MULTIMEDIA PRODUCTION COMPANY'S APPLICATION FOR POSTAPPROVAL, THE LIAISON MUST EITHER:

1. PROVIDE POSTAPPROVAL IF THE PRODUCTION COMPANY HAS MET THE ELIGIBILITY REQUIREMENTS OF THIS SECTION. IF THE AMOUNT OF APPROVED PRODUCTION COSTS IS LESS THAN THE PREAPPROVED AMOUNT, THE AMOUNT NOT INCLUDED IN POSTAPPROVAL LAPSES AND DOES NOT APPLY AGAINST THE DOLLAR LIMIT PRESCRIBED BY SUBSECTION H OF THIS SECTION FOR THAT YEAR. ON A DETERMINATION BY THE LIAISON THAT A MULTIMEDIA PRODUCTION COMPANY QUALIFIES FOR TAX CREDITS UNDER THIS SECTION, THE LIAISON SHALL ISSUE THE PRODUCTION COMPANY A WRITTEN LETTER OF QUALIFICATION.

2. REQUEST ADDITIONAL INFORMATION NECESSARY FOR A DETERMINATION OF ELIGIBILITY. IF THE PRODUCTION COMPANY SUPPLIES REQUESTED ADDITIONAL INFORMATION TO THE LIAISON, THE APPLICATION IS CONSIDERED TO BE APPROVED IF THE LIAISON FAILS TO TAKE FURTHER ACTION WITHIN THIRTY DAYS. IN ANY EVENT, ONE HUNDRED TWENTY DAYS AFTER THE PRODUCTION COMPANY'S APPLICATION FOR POSTAPPROVAL, THE APPLICATION IS CONSIDERED TO BE APPROVED WITH RESPECT TO ALL AMOUNTS NOT SUBJECT TO THE LIAISON'S REQUEST FOR ADDITIONAL INFORMATION.

3. ISSUE A DENIAL OF POSTAPPROVAL WITH WRITTEN FINDINGS SUPPORTING THE DENIAL. THE LIAISON SHALL DENY AN APPLICATION FOR POSTAPPROVAL SUBMITTED ON COMPLETION OF A PRODUCTION IF:

(a) THE PRODUCTION COMPANY DOES NOT MEET ALL OF THE ESTABLISHED CRITERIA PRESCRIBED IN SUBSECTION B OF THIS SECTION.

(b) THE LIAISON DETERMINES THAT, REGARDLESS OF THE PRODUCTION MEDIUM:

(i) THE PRODUCTION WOULD CONSTITUTE AN OBSCENE MOTION PICTURE FILM OR OBSCENE PICTORIAL PUBLICATION UNDER TITLE 12, CHAPTER 7, ARTICLE 1.1.

(ii) THE PRODUCTION DEPICTS SEXUAL ACTIVITY AS DEFINED IN SECTION 13-3501.

(iii) THE PRODUCTION WOULD CONSTITUTE SEXUAL EXPLOITATION OF A MINOR OR COMMERCIAL SEXUAL EXPLOITATION OF A MINOR UNDER TITLE 13, CHAPTER 35.1.

N. IF A PREAPPROVED MULTIMEDIA PRODUCTION COMPANY FAILS TO UNDERTAKE PRODUCTION AND ALSO FAILS TO VOLUNTARILY RELINQUISH THE UNUSED CREDIT AMOUNTS

FOR REALLOCATION AS PROVIDED BY SUBSECTION I OF THIS SECTION WITHIN THE NINETY-DAY PERIOD, THE LIAISON MAY DISQUALIFY THE PRODUCTION COMPANY AND ALL PERSONS SIGNING THE APPLICATION FOR PREAPPROVAL FROM RECEIVING, OR PARTICIPATING IN ANY MULTIMEDIA PRODUCTION COMPANY THAT APPLIES FOR OR RECEIVES, TAX CREDITS PURSUANT TO THIS SECTION FOR THREE YEARS AFTER THE ORIGINAL APPLICATION.

O. THE LIAISON SHALL:

1. ADOPT RULES, FORMS AND PROCEDURES AS NECESSARY TO FACILITATE THE ORDERLY APPLICATION, EVALUATION AND APPROVAL OF CREDITS UNDER SECTIONS 43-1075 AND 43-1163, AND POST THOSE RULES, FORMS AND PROCEDURES ON THE LIAISON'S OFFICIAL WEBSITE.

2. MAINTAIN ANNUAL DATA AND OTHER INFORMATION ON THE TOTAL AMOUNT OF MONIES CREDITED PURSUANT TO THIS SECTION.

P. ANY INFORMATION GATHERED FROM MULTIMEDIA PRODUCTION COMPANIES FOR THE PURPOSES OF THIS SECTION IS CONSIDERED CONFIDENTIAL TAXPAYER INFORMATION, EXCEPT THAT THE LIAISON SHALL PUBLISH THE FOLLOWING INFORMATION IN AN ANNUAL REPORT:

1. THE NAME OF EACH MULTIMEDIA PRODUCTION COMPANY, THE NUMBER OF DAYS SHOOTING IN THIS STATE AND THE NUMBER OF FULL-TIME EQUIVALENT RESIDENT EMPLOYEES, ITEMIZED BY PRODUCTIONS IN THE PREPRODUCTION, PRODUCTION AND POSTPRODUCTION STAGE OF ACTIVITY.

2. THE AMOUNT OF INCOME TAX CREDITS PREAPPROVED DURING THE TAXABLE YEAR.

3. THE AMOUNT OF CREDITS POSTAPPROVED WITH RESPECT TO EACH PRODUCTION DURING THE YEAR.

Q. FOR THE PURPOSES OF THIS SECTION:

1. "MULTIMEDIA PRODUCTION COMPANY" OR "PRODUCTION COMPANY" MEANS ANY PERSON PRIMARILY ENGAGED IN THE BUSINESS OF PRODUCING ENTERTAINMENT CONTENT CREATED IN WHOLE OR IN PART WITHIN THIS STATE, INCLUDING MOTION PICTURES, DOCUMENTARIES, LONG-FORM PRODUCTIONS, SPECIALS, SERIES, MINISERIES, SOUND RECORDINGS, VIDEOS AND MUSIC VIDEOS AND INTERSTITIALS, TELEVISION PROGRAMMING, INTERACTIVE TELEVISION, INTERACTIVE GAMES, VIDEOGAMES, COMMERCIALS, INFOMERCIALS, ANY FORMAT OF DIGITAL MEDIA, INCLUDING AN INTERACTIVE WEBSITE, CREATED FOR DISTRIBUTION OR EXHIBITION TO THE GENERAL PUBLIC, AND ANY TRAILER, PILOT, VIDEO TEASER OR DEMO CREATED PRIMARILY TO STIMULATE THE SALE, MARKETING, PROMOTION OR EXPLOITATION OF FUTURE INVESTMENT IN EITHER A PRODUCT OR A QUALIFIED PRODUCTION BY ANY MEANS AND MEDIA IN ANY DIGITAL FORMAT, FILM OR VIDEOTAPE. PRODUCTION COMPANY DOES NOT INCLUDE ANY ONGOING TELEVISION PROGRAM CREATED PRIMARILY AS NEWS, WEATHER OR FINANCIAL MARKET REPORTS, A PRODUCTION FEATURING CURRENT EVENTS, SPORTING EVENTS AND AWARDS SHOW OR OTHER GALA EVENT, A PRODUCTION WHOSE SOLE PURPOSE IS FUND-RAISING, A PRODUCTION USED FOR CORPORATE TRAINING OR IN-HOUSE CORPORATE ADVERTISING OR OTHER SIMILAR PRODUCTIONS FOR WHICH RECORDS ARE REQUIRED TO BE MAINTAINED UNDER 18 UNITED STATES CODE SECTION 2257.

2. "QUALIFIED PRODUCTION EXPENDITURE" MEANS THE FOLLOWING EXPENDITURES DIRECTLY RELATED TO A PRODUCTION BY A PRODUCTION COMPANY:

(a) THE WAGES, SALARIES AND OTHER COMPENSATION THAT ARE SUBJECT TO ARIZONA INCOME TAX AND THAT ARE PAID FOR TALENT, MANAGEMENT AND LABOR PERFORMED IN THIS STATE, BUT, WITH RESPECT TO ANY INDIVIDUAL, NOT MORE THAN ONE MILLION DOLLARS FOR A SINGLE PRODUCTION.

(b) FEES AND OTHER CHARGES FOR ATTORNEYS, ACCOUNTANTS AND OTHER PROFESSIONAL SERVICES THAT MAY BE LAWFULLY RENDERED ONLY BY A PERSON LICENSED OR OTHERWISE AUTHORIZED BY A LICENSING AUTHORITY IN THIS STATE TO RENDER THE SERVICE.

(c) MATERIAL PURCHASED FROM A VENDOR LOCATED IN THIS STATE FOR CONSTRUCTION OF SETS, SPECIAL EFFECTS AND OTHER PURPOSES.

(d) EQUIPMENT RENTED OR LEASED FROM A VENDOR LOCATED IN THIS STATE.

(e) EQUIPMENT ACQUIRED OR OTHERWISE PURCHASED FROM A VENDOR LOCATED IN THIS STATE.

(f) FACILITIES LEASED FROM A LESSEE LOCATED IN THIS STATE FOR PREPRODUCTION, PRODUCTION AND POSTPRODUCTION IN THIS STATE.

(g) HOTEL AND LODGING IN THIS STATE.

(h) FOOD EXPENSES, INCLUDING CATERING, PURCHASED IN THIS STATE.

(i) LOCATION FEES IN THIS STATE.

(j) POSTPRODUCTION EXPENSES IN THIS STATE.

(k) FUEL PURCHASED IN THIS STATE.

(l) VEHICLES RENTED IN THIS STATE.

3. "RESIDENT" MEANS AN INDIVIDUAL WHO HAS BEEN DOMICILED IN THIS STATE FOR AT LEAST NINETY DAYS OR WHO IS OTHERWISE IN THIS STATE FOR OTHER THAN A TEMPORARY OR TRANSITORY PURPOSE. EVIDENCE OF RESIDENCY INCLUDES AT LEAST ONE OF THE FOLLOWING:

(a) CURRENT OWNERSHIP OF RESIDENTIAL PROPERTY.

(b) DRIVER LICENSE.

(c) NONOPERATING IDENTIFICATION LICENSE.

(d) MOTOR VEHICLE REGISTRATION.

(e) VOTER REGISTRATION.

(f) STATE TAX RECORDS IN THIS STATE.

(g) IN-STATE STUDENT CLASSIFICATION UNDER TITLE 15, CHAPTER 14, ARTICLE 1.

4. "TELEVISION SERIES" MEANS A RECURRING OR EPISODIC PRODUCTION INTENDED IN ITS PILOT OR INITIAL RUN FOR BROADCAST ON FREE OR SUBSCRIPTION TELEVISION SERVICE THAT HAS A RUNNING TIME OF AT LEAST THIRTY MINUTES IN LENGTH, INCLUDING COMMERCIAL ADVERTISEMENT AND INTERSTITIAL PROGRAMMING.

41-1527.02. Certifying privately funded multimedia production facilities; report; definitions

A. THE MULTIMEDIA PRODUCTION LIAISON SHALL CERTIFY PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITIES FOR THE PURPOSES OF THE INCOME TAX CREDITS PROVIDED BY SECTIONS 43-1075, 43-1075.01, 43-1163 AND 43-1163.01 IF THE

PRODUCTION FACILITY IS CERTIFIED BY THE LIAISON AS MEETING THE FOLLOWING REQUIREMENTS:

1. THE PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITY MUST EMPLOY RESIDENTS OF THIS STATE FOR AT LEAST FIFTY PER CENT OF ITS FULL-TIME EMPLOYMENT POSITIONS IN THIS STATE. FOR THE PURPOSES OF THIS PARAGRAPH, "RESIDENT" HAS THE SAME MEANING PRESCRIBED IN SECTION 41-1527.01.

2. THE PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITY MUST HAVE CERTIFIED INFRASTRUCTURE INVESTMENT WITH A VALUE OF AT LEAST FIFTY MILLION DOLLARS, DETERMINED AS FOLLOWS:

(a) THE PRODUCTION FACILITY MAY APPLY TO THE MULTIMEDIA PRODUCTION LIAISON TO CERTIFY THE VALUE OF ITS INFRASTRUCTURE INVESTMENT.

(b) BEFORE SUBMITTING AN APPLICATION, THE PRODUCTION FACILITY SHALL ENTER INTO A WRITTEN MANAGED REVIEW AGREEMENT WITH THE LIAISON THAT ESTABLISHES THE REQUIREMENTS OF A MANAGED REVIEW TO BE CONDUCTED AT THE PRODUCTION FACILITY'S EXPENSE. THE MANAGED REVIEW MUST BE CONDUCTED BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT WHO IS SELECTED BY THE PRODUCTION FACILITY, WHO IS LICENSED IN THIS STATE AND WHO IS APPROVED BY THE LIAISON. THE CERTIFIED PUBLIC ACCOUNTANT AND THE FIRM THE CERTIFIED PUBLIC ACCOUNTANT IS AFFILIATED WITH SHALL NOT REGULARLY PERFORM SERVICES FOR THE PRODUCTION FACILITY OR ANY AFFILIATE OF THE PRODUCTION FACILITY. THE CERTIFIED PUBLIC ACCOUNTANT SHALL PROVIDE WRITTEN FINDINGS AS REQUIRED BY THE MANAGED REVIEW AGREEMENT. THE LIAISON SHALL REVIEW THE FINDINGS AND MAY FURTHER EXAMINE RECORDS AND PERFORM OTHER REVIEWS THAT THE LIAISON CONSIDERS NECESSARY TO VERIFY THAT THE MANAGED REVIEW SUBSTANTIALLY CONFORMS TO THE TERMS OF THE MANAGED REVIEW AGREEMENT. THE LIAISON SHALL ACCEPT OR REJECT THE FINDINGS OF THE MANAGED REVIEW. IF THE LIAISON REJECTS ALL OR PART OF THE MANAGED REVIEW, THE LIAISON SHALL PROVIDE WRITTEN REASONS FOR THE REJECTION. IF THE LIAISON ACCEPTS THE FINDINGS OF THE MANAGED REVIEW AND ISSUES A CERTIFICATION OF INFRASTRUCTURE INVESTMENT VALUE, THAT AMOUNT IS ACCEPTED AND NOT SUBJECT TO FURTHER REVIEW.

B. WITHIN THIRTY DAYS AFTER THE DATE OF APPLICATION, THE LIAISON SHALL REVIEW EACH COMPLETE APPLICATION TO DETERMINE WHETHER THE APPLICANT SATISFIES ALL OF THE CRITERIA REQUIRED BY THIS SECTION. THE LIAISON MAY CONDUCT A SITE VISIT AS PART OF THE REVIEW PROCESS. IF THE LIAISON DETERMINES THAT THE APPLICATION IS COMPLETE AND CORRECT AND THAT ALL OF THE CRITERIA REQUIRED BY THIS SECTION ARE MET, THE LIAISON SHALL:

1. CERTIFY THE VALUE OF THE FACILITY BASED ON DOCUMENTATION SUBMITTED WITH THE APPLICATION, INCLUDING THE FINDINGS OF THE MANAGED REVIEW UNDER SUBSECTION A, PARAGRAPH 2, SUBDIVISION (b) OF THIS SECTION.

2. APPROVE THE INCOME TAX CREDIT UNDER SECTION 43-1075.01 OR 43-1163.01, AS APPLICABLE.

3. ISSUE A WRITTEN CERTIFICATE TO THE PRODUCTION FACILITY STATING THE CERTIFIED AMOUNT OF THE INFRASTRUCTURE INVESTMENT AND NOTIFY THE DEPARTMENT OF REVENUE OF THE CERTIFICATION.

C. THE LIAISON SHALL NOT CERTIFY MORE THAN ONE INCOME TAX CREDIT UNDER THIS SECTION EACH FISCAL YEAR, AND NO CREDIT, COMPUTED AS FIFTEEN PER CENT OF THE CERTIFIED INFRASTRUCTURE INVESTMENT, SHALL EXCEED TEN MILLION DOLLARS AS PROVIDED BY SECTION 41-1527.01, SUBSECTION H, PARAGRAPH 1.

D. WITHIN SIXTY DAYS BEFORE THE END OF THE FISCAL YEAR, IF THE LIAISON HAS PREAPPROVED AN INCOME TAX CREDIT UNDER THIS SECTION FOR THAT FISCAL YEAR, THE LIAISON MAY ACCEPT APPLICATIONS FOR THE NEXT FISCAL YEAR, BUT PREAPPROVAL OF ANY APPLICATION UNDER THIS SUBSECTION IS NOT EFFECTIVE UNTIL THE FIRST BUSINESS DAY OF THE NEXT FISCAL YEAR.

E. PREAPPROVAL UNDER THIS SECTION LAPSES, THE APPLICATION IS VOID AND THE AMOUNT OF THE PREAPPROVED CREDIT DOES NOT APPLY AGAINST THE LIMIT PRESCRIBED BY SUBSECTION C OF THIS SECTION IF, WITHIN NINETY DAYS AFTER PREAPPROVAL, THE PRODUCTION FACILITY FAILS TO PROVIDE DOCUMENTATION OF EITHER:

1. A TOTAL EXPENDITURE OF FIVE MILLION DOLLARS IN THIS STATE.

2. A SURETY BOND EQUAL TO THE CERTIFIED INFRASTRUCTURE INVESTMENT AMOUNT.

F. ON COMPLETION, THE PRODUCTION FACILITY MUST APPLY TO THE LIAISON IN WRITING FOR POSTAPPROVAL OF THE CERTIFIED INFRASTRUCTURE INVESTMENT IN THE PROJECT. IF THE APPLICANT HAS MET THE ELIGIBILITY REQUIREMENTS OF THIS SECTION, THE LIAISON SHALL:

1. PROVIDE POSTAPPROVAL OF THE CERTIFIED INFRASTRUCTURE INVESTMENT AMOUNT, BUT THE CALCULATED INCOME TAX CREDIT SHALL NOT EXCEED THE PREAPPROVED AMOUNT UNDER THIS SECTION.

2. NOTIFY THE DEPARTMENT OF REVENUE THAT THE APPLICANT MAY CLAIM THE INCOME TAX CREDIT PURSUANT TO SECTION 43-1075.01 OR 43-1163.01 IN THE POSTAPPROVED AMOUNT DETERMINED UNDER PARAGRAPH 1 OF THIS SUBSECTION.

G. A PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITY SHALL MAINTAIN DATA ON THE NUMBER OF PRODUCTIONS USING ITS FACILITY EACH YEAR AND REPORT THAT INFORMATION TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE ON OR BEFORE DECEMBER 31 OF EACH YEAR.

H. ANY INFORMATION GATHERED FROM PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITIES FOR THE PURPOSES OF THIS SECTION IS CONSIDERED CONFIDENTIAL TAXPAYER INFORMATION, EXCEPT THAT THE LIAISON SHALL PUBLISH IN AN ANNUAL REPORT THE NAME OF EACH CERTIFIED PRODUCTION FACILITY, THE NUMBER OF DAYS SHOOTING AND THE NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES, ITEMIZED BY PRODUCTIONS CURRENTLY IN THE PREPRODUCTION, PRODUCTION AND POSTPRODUCTION STAGE OF ACTIVITY AT THE PRODUCTION FACILITY.

I. FOR THE PURPOSES OF THIS SECTION:

1. "INFRASTRUCTURE INVESTMENT" MEANS EXPENDITURES FOR SOUNDSTAGES AND SUPPORT AND AUGMENTATION FACILITIES THAT ARE CONSTRUCTED IN THIS STATE AND THAT ARE USED BY A PRODUCTION COMPANY BUT DOES NOT INCLUDE MOTION PICTURE THEATERS AND OTHER COMMERCIAL EXHIBITION FACILITIES.

2. "PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITY" OR "PRODUCTION FACILITY" MEANS A PERMANENT FACILITY IN THIS STATE OF ONE OR MORE SETS OR STAGES USED:

(a) BY ANY PRODUCTION COMPANY OR COMPANIES AND ANY LAND, PERMANENT BUILDINGS AND CAPITAL EQUIPMENT THAT IS IN OR ADJACENT TO, AND IS NECESSARY FOR THE OPERATION OF THE FACILITY, INCLUDING PERMANENT FACILITIES USED TO COMPLEMENT PRODUCTION NEEDS.

(b) FOR STAGING AND FILMING BY A PRODUCTION COMPANY AND ANY LAND, PERMANENT BUILDINGS OR CAPITAL EQUIPMENT THAT IS IN OR ADJACENT TO, AND IS NECESSARY FOR THE OPERATION OF THE FACILITY, INCLUDING PERMANENT FACILITIES USED TO COMPLEMENT MULTIMEDIA PRODUCTION NEEDS AND COMPLEMENT THE MULTIMEDIA PRODUCTION.

3. "SOUNDSTAGE" MEANS A PERMANENT FACILITY IN THIS STATE OF ONE OR MORE SETS OR STAGES USED PRIMARILY FOR STAGING AND FILMING BY A PRODUCTION COMPANY AND ANY LAND, PERMANENT BUILDINGS OR CAPITAL EQUIPMENT THAT IS IN OR ADJACENT TO, AND IS NECESSARY FOR THE OPERATION OF, A SOUNDSTAGE.

4. "SUPPORT AND AUGMENTATION FACILITIES" MEANS PERMANENT FACILITIES IN THIS STATE THAT ARE USED TO COMPLEMENT PRODUCTION COMPANY NEEDS AND COMPLEMENT THE PRODUCTION PROCESS.

41-1527.03. Multimedia production fund

A. THE MULTIMEDIA PRODUCTION FUND IS ESTABLISHED CONSISTING OF REVENUES FROM THE APPLICATION FEE ASSESSED PURSUANT TO SECTION 41-1527.01, SUBSECTION E, PARAGRAPH 2. THE MULTIMEDIA PRODUCTION LIAISON SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED TO THE MULTIMEDIA PRODUCTION LIAISON FOR THE PURPOSES OF THIS ARTICLE.

B. ON NOTICE FROM THE LIAISON, THE STATE TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

C. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

Sec. 2. Section 42-2003, Arizona Revised Statutes, is amended to read:

42-2003. Authorized disclosure of confidential information

A. Confidential information relating to:

1. A taxpayer may be disclosed to the taxpayer, its successor in interest or a designee of the taxpayer who is authorized in writing by the taxpayer. A principal corporate officer of a parent corporation may execute a written authorization for a controlled subsidiary.

2. A corporate taxpayer may be disclosed to any principal officer, any person designated by a principal officer or any person designated in a resolution by the corporate board of directors or other similar governing body.

3. A partnership may be disclosed to any partner of the partnership. This exception does not include disclosure of confidential information of a particular partner unless otherwise authorized.

4. An estate may be disclosed to the personal representative of the estate and to any heir, next of kin or beneficiary under the will of the decedent if the department finds that the heir, next of kin or beneficiary has a material interest ~~which~~ THAT will be affected by the confidential information.

5. A trust may be disclosed to the trustee or trustees, jointly or separately, and to the grantor or any beneficiary of the trust if the department finds that the grantor or beneficiary has a material interest ~~which~~ THAT will be affected by the confidential information.

6. Any taxpayer may be disclosed if the taxpayer has waived any rights to confidentiality either in writing or on the record in any administrative or judicial proceeding.

7. The name and taxpayer identification numbers of persons issued direct payment permits may be publicly disclosed.

B. Confidential information may be disclosed to:

1. Any employee of the department whose official duties involve tax administration.

2. The office of the attorney general solely for its use in preparation for, or in an investigation ~~which~~ THAT may result in, any proceeding involving tax administration before the department or any other agency or board of this state, or before any grand jury or any state or federal court.

3. The department of liquor licenses and control for its use in determining whether a spirituous liquor licensee has paid all transaction privilege taxes and affiliated excise taxes incurred as a result of the sale of spirituous liquor, as defined in section 4-101, at the licensed establishment and imposed on the licensed establishments by this state and its political subdivisions.

4. Other state tax officials whose official duties require the disclosure for proper tax administration purposes if the information is sought in connection with an investigation or any other proceeding conducted by the official. Any disclosure is limited to information of a taxpayer who is being investigated or who is a party to a proceeding conducted by the official.

5. The following agencies, officials and organizations, if they grant substantially similar privileges to the department for the type of information being sought, pursuant to statute and a written agreement between the department and the foreign country, agency, state, Indian tribe or organization:

(a) The United States internal revenue service, alcohol and tobacco tax and trade bureau of the United States treasury, United States bureau of alcohol, tobacco, firearms and explosives of the United States department of justice, United States drug enforcement agency and federal bureau of investigation.

(b) A state tax official of another state.

(c) An organization of states, federation of tax administrators or multistate tax commission that operates an information exchange for tax administration purposes.

(d) An agency, official or organization of a foreign country with responsibilities that are comparable to those listed in subdivision (a), (b) or (c) of this paragraph.

(e) An agency, official or organization of an Indian tribal government with responsibilities comparable to the responsibilities of the agencies, officials or organizations identified in subdivision (a), (b) or (c) of this paragraph.

6. The auditor general, in connection with any audit of the department subject to the restrictions in section 42-2002, subsection D.

7. Any person to the extent necessary for effective tax administration in connection with:

(a) The processing, storage, transmission, destruction and reproduction of the information.

(b) The programming, maintenance, repair, testing and procurement of equipment for purposes of tax administration.

(c) The collection of the taxpayer's civil liability.

8. The office of administrative hearings relating to taxes administered by the department pursuant to section 42-1101, but the department shall not disclose any confidential information:

(a) Regarding income tax, withholding tax or estate tax.

(b) On any tax issue relating to information associated with the reporting of income tax, withholding tax or estate tax.

9. The United States treasury inspector general for tax administration for the purpose of reporting a violation of internal revenue code section 7213A (26 United States Code section 7213A), unauthorized inspection of returns or return information.

10. The financial management service of the United States treasury department for use in the treasury offset program.

11. The United States treasury department or its authorized agent for use in the state income tax levy program and in the electronic federal tax payment system.

12. The Arizona commerce authority for its use in:

~~(a) Qualifying motion picture production companies for the tax incentives provided for motion picture production under chapter 5 of this title and sections 43-1075 and 43-1163.~~

~~(b) Qualifying applicants for the motion picture infrastructure project tax credits under sections 43-1075.01 and 43-1163.01.~~

~~(c)~~ (a) Qualifying renewable energy operations for the tax incentives under sections 42-12006, 43-1083.01 and 43-1164.01.

~~(d)~~ (b) Fulfilling its annual reporting responsibility pursuant to section 41-1511, subsections U and V ~~and section 41-1517, subsections S and T~~.

13. A prosecutor for purposes of section 32-1164, subsection C.

14. The state fire marshal for use in determining compliance with and enforcing title 41, chapter 16, article 3.1.

15. The department of transportation for its use in administering taxes and surcharges prescribed by title 28.

16. THE MULTIMEDIA PRODUCTION LIAISON FOR THE SOLE USE OF THE LIAISON FOR THE PURPOSES OF:

(a) QUALIFYING AND APPROVING MULTIMEDIA PRODUCTION COMPANIES FOR THE INCOME TAX CREDITS PROVIDED FOR MULTIMEDIA PRODUCTION UNDER SECTIONS 43-1075 AND 43-1163.

(b) FULFILLING THE ANNUAL REPORTING RESPONSIBILITY PURSUANT TO SECTION 41-1527.01, SUBSECTION P AND SECTION 41-1527.02, SUBSECTION H.

C. Confidential information may be disclosed in any state or federal judicial or administrative proceeding pertaining to tax administration pursuant to the following conditions:

1. One or more of the following circumstances must apply:

(a) The taxpayer is a party to the proceeding.

(b) The proceeding arose out of, or in connection with, determining the taxpayer's civil or criminal liability, or the collection of the taxpayer's civil liability, with respect to any tax imposed under this title or title 43.

(c) The treatment of an item reflected on the taxpayer's return is directly related to the resolution of an issue in the proceeding.

(d) Return information directly relates to a transactional relationship between a person who is a party to the proceeding and the taxpayer and directly affects the resolution of an issue in the proceeding.

2. Confidential information may not be disclosed under this subsection if the disclosure is prohibited by section 42-2002, subsection C or D.

D. Identity information may be disclosed for purposes of notifying persons entitled to tax refunds if the department is unable to locate the persons after reasonable effort.

E. The department, ~~upon~~ ON the request of any person, shall provide the names and addresses of bingo licensees as defined in section 5-401, verify whether or not a person has a privilege license and number, a distributor's license and number or a withholding license and number or disclose the information to be posted on the department's website or otherwise publicly accessible pursuant to section 42-1124, subsection F and section 42-3201, subsection A.

F. A department employee, in connection with the official duties relating to any audit, collection activity or civil or criminal investigation, may disclose return information to the extent that disclosure is necessary to obtain information ~~which~~ THAT is not otherwise reasonably available. These official duties include the correct determination of and liability for tax, the amount to be collected or the enforcement of other state tax revenue laws.

G. If an organization is exempt from this state's income tax as provided in section 43-1201 for any taxable year, the name and address of the organization and the application filed by the organization ~~upon~~ ON which the department made its determination for exemption together with any papers submitted in support of the application and any letter or document issued by the department concerning the application are open to public inspection.

H. Confidential information relating to transaction privilege tax, use tax, severance tax, jet fuel excise and use tax and rental occupancy tax may be disclosed to any county, city or town tax official if the information relates to a taxpayer who is or may be taxable by the county, city or town. Any taxpayer information released by the department to the county, city or town:

1. May only be used for internal purposes.

2. May not be disclosed to the public in any manner that does not comply with confidentiality standards established by the department. The county, city or town shall agree in writing with the department that any release of confidential information that violates the confidentiality standards adopted by the department will result in the immediate suspension of any rights of the county, city or town to receive taxpayer information under this subsection.

I. The department may disclose statistical information gathered from confidential information if it does not disclose confidential information attributable to any one taxpayer. The department may disclose statistical information gathered from confidential information, even if it discloses confidential information attributable to a taxpayer, to:

1. The state treasurer in order to comply with the requirements of section 42-5029, subsection A, paragraph 3.

2. The joint legislative income tax credit review committee and the joint legislative budget committee staff in order to comply with the requirements of section 43-221.

J. The department may disclose the aggregate amounts of any tax credit, tax deduction or tax exemption enacted after January 1, 1994. Information subject to disclosure under this subsection shall not be disclosed if a taxpayer demonstrates to the department that such information would give an unfair advantage to competitors.

K. Except as provided in section 42-2002, subsection C, confidential information, described in section 42-2001, paragraph 2, subdivision (a), item (iii), may be disclosed to law enforcement agencies for law enforcement purposes.

L. The department may provide transaction privilege tax license information to property tax officials in a county for the purpose of identification and verification of the tax status of commercial property.

M. The department may provide transaction privilege tax, luxury tax, use tax, property tax and severance tax information to the ombudsman-citizens aide pursuant to title 41, chapter 8, article 5.

N. Except as provided in section 42-2002, subsection D, a court may order the department to disclose confidential information pertaining to a party to an action. An order shall be made only upon a showing of good cause and that the party seeking the information has made demand upon the taxpayer for the information.

O. This section does not prohibit the disclosure by the department of any information or documents submitted to the department by a bingo licensee. Before disclosing the information the department shall obtain the name and address of the person requesting the information.

P. If the department is required or permitted to disclose confidential information, it may charge the person or agency requesting the information for the reasonable cost of its services.

Q. Except as provided in section 42-2002, subsection D, the department of revenue shall release confidential information as requested by the department of economic security pursuant to section 42-1122 or 46-291. Information disclosed under this subsection is limited to the same type of information that the United States internal revenue service is authorized to disclose under section 6103(l)(6) of the internal revenue code.

R. Except as provided in section 42-2002, subsection D, the department of revenue shall release confidential information as requested by the courts and clerks of the court pursuant to section 42-1122.

S. To comply with the requirements of section 42-5031, the department may disclose to the state treasurer, to the county stadium district board of directors and to any city or town tax official that is part of the county stadium district confidential information attributable to a taxpayer's business activity conducted in the county stadium district.

T. The department shall release confidential information as requested by the attorney general for purposes of determining compliance with and enforcing section 44-7101, the master settlement agreement referred to therein and subsequent agreements to which the state is a party that amend or implement the master settlement agreement. Information disclosed under this subsection is limited to luxury tax information relating to tobacco manufacturers, distributors, wholesalers and retailers and information collected by the department pursuant to section 44-7101(2)(j).

U. For proceedings before the department, the office of administrative hearings, the board of tax appeals or any state or federal court involving penalties that were assessed against a return preparer, an electronic return preparer or a payroll service company pursuant to section 42-1103.02, 42-1125.01 or 43-419, confidential information may be disclosed only before the judge or administrative law judge adjudicating the proceeding, the parties to the proceeding and the parties' representatives in the proceeding prior to its introduction into evidence in the proceeding. The confidential information may be introduced as evidence in the proceeding only if the taxpayer's name, the names of any dependents listed on the return, all social security numbers, the taxpayer's address, the taxpayer's signature and any

attachments containing any of the foregoing information are redacted and if either:

1. The treatment of an item reflected on such return is or may be related to the resolution of an issue in the proceeding.

2. Such return or return information relates or may relate to a transactional relationship between a person who is a party to the proceeding and the taxpayer which directly affects the resolution of an issue in the proceeding.

3. The method of payment of the taxpayer's withholding tax liability or the method of filing the taxpayer's withholding tax return is an issue for the period.

V. The department may disclose to the attorney general confidential information received under section 44-7111 and requested by the attorney general for purposes of determining compliance with and enforcing section 44-7111. The department and attorney general shall share with each other the information received under section 44-7111, and may share the information with other federal, state or local agencies only for the purposes of enforcement of section 44-7101, section 44-7111 or corresponding laws of other states.

W. The department may provide the name and address of qualifying hospitals and qualifying health care organizations, as defined in section 42-5001, to a business classified and reporting transaction privilege tax under the utilities classification.

Sec. 3. Repeal

Sections 43-1075 and 43-1163, Arizona Revised Statutes, are repealed.

Sec. 4. Title 43, chapter 10, article 5, Arizona Revised Statutes, is amended by adding a new section 43-1075, to read:

43-1075. Credit for qualified multimedia production expenditures in Arizona; definitions

A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2011 THROUGH TAXABLE YEARS ENDING ON OR BEFORE DECEMBER 31, 2021, A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR QUALIFIED PRODUCTION EXPENDITURES DURING THE TAXABLE YEAR BY A MULTIMEDIA PRODUCTION COMPANY IN THIS STATE.

B. THE AMOUNT OF THE CREDIT WITH RESPECT TO ANY INDIVIDUAL PRODUCTION IS DETERMINED AS FOLLOWS:

1. TWENTY PER CENT OF THE AMOUNT OF QUALIFIED PRODUCTION EXPENDITURES EXCEEDING TWO HUNDRED FIFTY THOUSAND DOLLARS THAT ARE PREAPPROVED BY THE MULTIMEDIA PRODUCTION LIAISON PURSUANT TO SECTION 41-1527.01.

2. AN ADDITIONAL FIVE PER CENT OF THE AMOUNT OF QUALIFIED PRODUCTION EXPENDITURES EXCEEDING TWO HUNDRED FIFTY THOUSAND DOLLARS IF, FOR AT LEAST FIFTY PER CENT OF THE PRODUCTION, THE PRODUCTION COMPANY USES A PRIVATELY FUNDED PRODUCTION FACILITY THAT IS CERTIFIED BY THE MULTIMEDIA PRODUCTION LIAISON PURSUANT TO SECTION 41-1527.02.

3. AN ADDITIONAL FIVE PER CENT OF THE WAGES, INCLUDED AS QUALIFIED PRODUCTION EXPENDITURES, PAID TO RESIDENTS OF THIS STATE FOR WORK PERFORMED IN THIS STATE DIRECTLY RELATED TO THE PRODUCTION.

4. THE AMOUNT OF THE CREDIT SHALL NOT EXCEED FIFTEEN MILLION DOLLARS FOR ANY INDIVIDUAL PRODUCTION BY A QUALIFIED PRODUCTION COMPANY.

C. AN APPROVED CREDIT OFFSETS TAX LIABILITY FOR THE TAXABLE YEAR IN WHICH THE TAXPAYER RECEIVED POSTAPPROVAL FOR THE PRODUCTION. THE CREDITS MUST BE CLAIMED ON A TIMELY FILED ORIGINAL INCOME TAX RETURN, INCLUDING EXTENSIONS. THE DEPARTMENT SHALL NOT ALLOW A CREDIT UNDER THIS SECTION TO A TAXPAYER WHO HAS A DELINQUENT TAX BALANCE OWING TO THE DEPARTMENT UNDER THIS TITLE OR TITLE 42.

D. CO-OWNERS OF A MULTIMEDIA PRODUCTION COMPANY, INCLUDING PARTNERS IN A PARTNERSHIP, MEMBERS OF A LIMITED LIABILITY COMPANY AND SHAREHOLDERS OF AN S CORPORATION AS DEFINED IN SECTION 1361 OF THE INTERNAL REVENUE CODE, MAY ALLOCATE THE CREDIT ALLOWED UNDER THIS SECTION AMONG THE CO-OWNERS ON ANY BASIS WITHOUT REGARD TO THEIR PROPORTIONAL OWNERSHIP INTEREST, EXCEPT THAT THE TOTAL OF THE CREDITS ALLOWED ALL SUCH OWNERS OF THE PRODUCTION COMPANY MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN ALLOWED FOR A SOLE OWNER OF THE COMPANY.

E. IF THE ALLOWABLE TAX CREDIT FOR A TAXPAYER EXCEEDS THE TAXES OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO STATE INCOME TAXES DUE ON THE CLAIMANT'S INCOME, THE AMOUNT OF THE CLAIM NOT USED AS AN OFFSET AGAINST INCOME TAXES SHALL BE PAID TO THE TAXPAYER IN THE SAME MANNER AS A REFUND UNDER SECTION 42-1118. REFUNDS MADE PURSUANT TO THIS SUBSECTION ARE SUBJECT TO SETOFF UNDER SECTION 42-1122. IF THE DEPARTMENT DETERMINES THAT ANY AMOUNT REFUNDED PURSUANT TO THIS SECTION IS INCORRECT OR INVALID, THE EXCESS CREDIT AMOUNT REFUNDED MAY BE TREATED AS A TAX DEFICIENCY PURSUANT TO SECTION 42-1108.

F. A TAXPAYER WHO CLAIMS A CREDIT FOR MULTIMEDIA PRODUCTION EXPENDITURES UNDER THIS SECTION SHALL NOT CLAIM A CREDIT UNDER SECTION 43-1075.01 FOR THE SAME COSTS.

G. THE CREDIT ALLOWED BY THIS SECTION IS IN LIEU OF ANY ALLOWANCE FOR STATE TAX PURPOSES OF A DEDUCTION OF THOSE EXPENSES ALLOWED BY THE INTERNAL REVENUE CODE.

H. FOR THE PURPOSES OF THIS SECTION, "MULTIMEDIA PRODUCTION COMPANY", "QUALIFIED PRODUCTION EXPENDITURE" AND "RESIDENT" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 41-1527.01.

Sec. 5. Section 43-1075.01, Arizona Revised Statutes, is amended to read:

43-1075.01. Credit for privately funded multimedia production facilities; definition

A. THROUGH TAXABLE YEARS ENDING ON OR BEFORE DECEMBER 31, 2041, a credit is allowed against the taxes imposed by this title for investments in ~~motion picture infrastructure projects~~ PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITIES in this state as provided by section ~~41-1517.01~~ 41-1527.02. The

amount of the credit is fifteen per cent of the ~~total base~~ POSTAPPROVED CERTIFIED INFRASTRUCTURE investment in the project during the taxable year as ~~approved and~~ reported by THE MULTIMEDIA PRODUCTION LIAISON TO the department ~~of commerce pursuant to section 41-1517.01, subsection F~~ PURSUANT TO SECTION 41-1527.02. The taxpayer may apply the credit against income taxes for the taxable year in which the ~~motion picture infrastructure project~~ PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITY is completed ~~as provided by section 41-1517.01, subsection F~~.

B. The department shall not allow~~:~~

~~1. Tax credits for any taxable year under this section and section 43-1163.01 that would violate the aggregate limits prescribed by section 41-1517.01, subsection C.~~

~~2.~~ a tax credit under this section to a taxpayer who has a delinquent tax balance owing to the department under this title or title 42.

~~C. An applicant, at its expense, may voluntarily enter into a limited managed audit agreement pursuant to title 42, chapter 2, article 7 that includes an audit of its base investment and other requirements prescribed by section 41-1517.01 and by this section to confirm the amount of any credit under this section. The request to enter into the audit must be made after the applicant receives approval for the credit pursuant to section 41-1517.01, subsection F. The audit must be conducted by the applicant's authorized representative, as defined in section 42-2301, who is an independent certified public accountant licensed in this state. The certified public accountant and the firm the certified public accountant is affiliated with shall not regularly perform services for the taxpayer or its affiliates. If the director accepts the findings of the audit and issues a notice of determination pursuant to section 42-2303 and the taxpayer timely files its income tax return with the appropriate credit claim forms, the credit amount accepted is not subject to recapture, disallowance, reduction or denial with respect to either the taxpayer or any subsequent transferee of the credit, and subsection F, paragraph 4 of this section does not apply. The director's notice of determination shall include a written certificate to the taxpayer stating the amount of the credit and that the credit is not subject to recapture from a transferee. This subsection does not prevent the recapture of a credit if the taxpayer failed to disclose material information during the audit or falsified its books or records or otherwise engaged in an action that prevented an accurate audit.~~

~~D.~~ C. Co-owners of a business, including partners in a partnership, members of a limited liability company and shareholders of an S corporation as defined in section 1361 of the internal revenue code, may allocate the credit allowed under this section among the co-owners on any basis without regard to their proportional ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the company.

~~E.~~ D. If the allowable tax credit for a taxpayer exceeds the taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the taxpayer may carry the amount of the claim not used to offset the taxes under this title forward for not more than five consecutive taxable years' income tax liability.

~~F. All or part of any unclaimed amount of credit under this section may be sold or otherwise transferred under the following conditions:~~

~~1. A single sale or transfer may involve one or more transferees, and a transferee may in turn resell or transfer the credit subject to the same conditions of this subsection.~~

~~2. Both the transferor and transferee must submit a written notice of the transfer to the department within thirty days after the sale or transfer. The transferee's notice shall include a processing fee equal to one per cent of the transferee's tax credit balance or two hundred dollars, whichever is less. The notice shall include:~~

~~(a) The name of the taxpayer.~~

~~(b) The date of the transfer.~~

~~(c) The amount of the transfer.~~

~~(d) The transferor's tax credit balance before the transfer and the remaining balance after the transfer.~~

~~(e) All tax identification numbers for both transferor and transferee.~~

~~(f) Any other information required by rule.~~

~~3. A sale or transfer of the credit does not extend the time in which the credit can be used. The carryforward period of time under subsection E of this section for a credit that is sold or transferred begins on the date the credit was originally earned.~~

~~4. Except as provided by subsection C of this section, if a transferor was not qualified or was disqualified from using the credit at the time of the transfer, the department shall either disallow the credit claimed by a transferee or recapture the credit from the transferee through any authorized collection method. The transferee's recourse is against the transferor.~~

~~5. In the case of any failure to comply with this subsection, the department shall disallow the tax credit until the taxpayer is in full compliance.~~

~~G.~~ E. The department ~~of revenue~~ shall maintain annual data on the total amount of monies credited pursuant to this section~~, and shall provide that data to the department of commerce on request~~.

~~H.~~ F. The department ~~of revenue, with the cooperation of the department of commerce,~~ shall adopt rules and publish and prescribe forms and procedures as necessary to effectuate the purposes of this section.

~~I.~~ G. A taxpayer who claims a credit for ~~motion picture infrastructure projects~~ A PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITY under this section shall not claim a credit under section 43-1075 for the same costs.

~~J.~~ H. The credit allowed by this section is in lieu of any allowance for state tax purposes of a deduction of those expenses allowed by the internal revenue code.

~~K. For the purposes of this section, "motion picture infrastructure project" has the same meaning prescribed in section 41-1517.01.~~

I. FOR THE PURPOSES OF THIS SECTION, "PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITY" OR "PRODUCTION FACILITY" HAS THE SAME MEANING PRESCRIBED IN SECTION 41-1527.02.

Sec. 6. Title 43, chapter 11, article 6, Arizona Revised Statutes, is amended by adding a new section 43-1163, to read:

43-1163. Credit for qualified multimedia production expenditures in Arizona; definitions

A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2011 THROUGH TAXABLE YEARS ENDING ON OR BEFORE DECEMBER 31, 2021, A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR QUALIFIED PRODUCTION EXPENDITURES DURING THE TAXABLE YEAR BY A MULTIMEDIA PRODUCTION COMPANY IN THIS STATE.

B. THE AMOUNT OF THE CREDIT WITH RESPECT TO ANY INDIVIDUAL PRODUCTION IS DETERMINED AS FOLLOWS:

1. TWENTY PER CENT OF THE AMOUNT OF QUALIFIED PRODUCTION EXPENDITURES EXCEEDING TWO HUNDRED FIFTY THOUSAND DOLLARS THAT ARE PREAPPROVED BY THE MULTIMEDIA PRODUCTION LIAISON PURSUANT TO SECTION 41-1527.01.

2. AN ADDITIONAL FIVE PER CENT OF THE AMOUNT OF QUALIFIED PRODUCTION EXPENDITURES EXCEEDING TWO HUNDRED FIFTY THOUSAND DOLLARS IF, FOR AT LEAST FIFTY PER CENT OF THE PRODUCTION, THE PRODUCTION COMPANY USES A PRIVATELY FUNDED PRODUCTION FACILITY THAT IS CERTIFIED BY THE MULTIMEDIA PRODUCTION LIAISON PURSUANT TO SECTION 41-1527.02.

3. AN ADDITIONAL FIVE PER CENT OF THE WAGES, INCLUDED AS QUALIFIED PRODUCTION EXPENDITURES, PAID TO RESIDENTS OF THIS STATE FOR WORK PERFORMED IN THIS STATE DIRECTLY RELATED TO THE PRODUCTION.

4. THE AMOUNT OF THE CREDIT SHALL NOT EXCEED FIFTEEN MILLION DOLLARS FOR ANY INDIVIDUAL PRODUCTION BY A QUALIFIED PRODUCTION COMPANY.

C. AN APPROVED CREDIT OFFSETS TAX LIABILITY FOR THE TAXABLE YEAR IN WHICH THE TAXPAYER RECEIVED POSTAPPROVAL FOR THE PRODUCTION. THE CREDITS MUST BE CLAIMED ON A TIMELY FILED ORIGINAL INCOME TAX RETURN, INCLUDING EXTENSIONS. THE DEPARTMENT SHALL NOT ALLOW A CREDIT UNDER THIS SECTION TO A TAXPAYER WHO HAS A DELINQUENT TAX BALANCE OWING TO THE DEPARTMENT UNDER THIS TITLE OR TITLE 42.

D. CO-OWNERS OF A MULTIMEDIA PRODUCTION COMPANY, INCLUDING CORPORATE PARTNERS IN A PARTNERSHIP AND MEMBERS OF A LIMITED LIABILITY COMPANY, MAY ALLOCATE THE CREDIT ALLOWED UNDER THIS SECTION AMONG THE CO-OWNERS ON ANY BASIS WITHOUT REGARD TO THEIR PROPORTIONAL OWNERSHIP INTEREST, EXCEPT THAT THE TOTAL OF THE CREDITS ALLOWED ALL SUCH OWNERS OF THE PRODUCTION COMPANY MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN ALLOWED FOR A SOLE OWNER OF THE COMPANY.

E. IF THE ALLOWABLE TAX CREDIT FOR A TAXPAYER EXCEEDS THE TAXES OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO STATE INCOME TAXES DUE ON THE CLAIMANT'S INCOME, THE AMOUNT OF THE CLAIM NOT USED AS AN OFFSET AGAINST INCOME TAXES SHALL BE PAID TO THE TAXPAYER IN THE SAME MANNER AS A REFUND UNDER SECTION 42-1118. REFUNDS MADE PURSUANT TO THIS SUBSECTION ARE SUBJECT TO SETOFF UNDER SECTION 42-1122. IF THE DEPARTMENT DETERMINES THAT ANY AMOUNT REFUNDED PURSUANT TO THIS SECTION IS INCORRECT OR INVALID, THE EXCESS CREDIT AMOUNT REFUNDED MAY BE TREATED AS A TAX DEFICIENCY PURSUANT TO SECTION 42-1108.

F. A TAXPAYER THAT CLAIMS A CREDIT FOR MULTIMEDIA PRODUCTION EXPENDITURES UNDER THIS SECTION SHALL NOT CLAIM A CREDIT UNDER SECTION 43-1163.01 FOR THE SAME COSTS.

G. THE CREDIT ALLOWED BY THIS SECTION IS IN LIEU OF ANY ALLOWANCE FOR STATE TAX PURPOSES OF A DEDUCTION OF THOSE EXPENSES ALLOWED BY THE INTERNAL REVENUE CODE.

H. FOR THE PURPOSES OF THIS SECTION, "MULTIMEDIA PRODUCTION COMPANY", "QUALIFIED PRODUCTION EXPENDITURE" AND "RESIDENT" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 41-1527.01.

Sec. 7. Section 43-1163.01, Arizona Revised Statutes, is amended to read:

43-1163.01. Credit for privately funded multimedia production facilities; definition

A. THROUGH TAXABLE YEARS ENDING ON OR BEFORE DECEMBER 31, 2041, a credit is allowed against the taxes imposed by this title for investments in ~~motion picture infrastructure projects~~ privately funded multimedia production facilities in this state as provided by section ~~41-1517.01~~ 41-1527.02. The amount of the credit is fifteen per cent of the ~~total base~~ POSTAPPROVED CERTIFIED INFRASTRUCTURE investment in the project during the taxable year as ~~approved and~~ reported by THE MULTIMEDIA PRODUCTION LIAISON TO the department ~~of commerce pursuant to section 41-1517.01, subsection F~~ PURSUANT TO SECTION 41-1527.02. The taxpayer may apply the credit against income taxes for the taxable year in which the ~~motion picture infrastructure project~~ PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITY is completed ~~as provided by section 41-1517.01, subsection F~~.

B. The department shall not allow~~:~~

~~1. Tax credits for any taxable year under this section and section 43-1075.01 that would violate the aggregate limits prescribed by section 41-1517.01, subsection C.~~

~~2.~~ a tax credit under this section to a taxpayer that has a delinquent tax balance owing to the department under this title or title 42.

~~C. An applicant, at its expense, may voluntarily enter into a limited managed audit agreement pursuant to title 42, chapter 2, article 7 that includes an audit of its base investment and other requirements prescribed by section 41-1517.01 and by this section to confirm the amount of any credit under this section. The request to enter into the audit must be made after~~

~~the applicant receives approval for the credit pursuant to section 41-1517.01, subsection F. The audit must be conducted by the applicant's authorized representative, as defined in section 42-2301, who is an independent certified public accountant licensed in this state. The certified public accountant and the firm the certified public accountant is affiliated with shall not regularly perform services for the taxpayer or its affiliates. If the director accepts the findings of the audit and issues a notice of determination pursuant to section 42-2303 and the taxpayer timely files its income tax return with the appropriate credit claim forms, the credit amount accepted is not subject to recapture, disallowance, reduction or denial with respect to either the taxpayer or any subsequent transferee of the credit, and subsection F, paragraph 4 of this section does not apply. The director's notice of determination shall include a written certificate to the taxpayer stating the amount of the credit and that the credit is not subject to recapture from a transferee. This subsection does not prevent the recapture of a credit if the taxpayer failed to disclose material information during the audit or falsified its books or records or otherwise engaged in an action that prevented an accurate audit.~~

~~D.~~ C. Co-owners of a business, including corporate partners in a partnership and members of a limited liability company, may allocate the credit allowed under this section among the co-owners on any basis without regard to their proportional ownership interest. The total of the credits allowed all such owners may not exceed the amount that would have been allowed for a sole owner of the company.

~~E.~~ D. If the allowable tax credit for a taxpayer exceeds the taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the taxpayer may carry the amount of the claim not used to offset the taxes under this title forward for not more than five consecutive taxable years' income tax liability.

~~F. All or part of any unclaimed amount of credit under this section may be sold or otherwise transferred under the following conditions:~~

~~1. A single sale or transfer may involve one or more transferees, and a transferee may in turn resell or transfer the credit subject to the same conditions of this subsection.~~

~~2. Both the transferor and transferee must submit a written notice of the transfer to the department within thirty days after the sale or transfer. The transferee's notice shall include a processing fee equal to one per cent of the transferee's tax credit balance or two hundred dollars, whichever is less. The notice shall include:~~

~~(a) The name of the taxpayer.~~

~~(b) The date of the transfer.~~

~~(c) The amount of the transfer.~~

~~(d) The transferor's tax credit balance before the transfer and the remaining balance after the transfer.~~

~~(e) All tax identification numbers for both transferor and transferee.~~

~~(f) Any other information required by rule.~~

~~3. A sale or transfer of the credit does not extend the time in which the credit can be used. The carryforward period of time under subsection E of this section for a credit that is sold or transferred begins on the date the credit was originally earned.~~

~~4. Except as provided by subsection C of this section, if a transferor was not qualified or was disqualified from using the credit at the time of the transfer, the department shall either disallow the credit claimed by a transferee or recapture the credit from the transferee through any authorized collection method. The transferee's recourse is against the transferor.~~

~~5. In the case of any failure to comply with this subsection, the department shall disallow the tax credit until the taxpayer is in full compliance.~~

~~G.~~ E. The department ~~of revenue~~ shall maintain annual data on the total amount of monies credited pursuant to this section~~, and shall provide that data to the department of commerce on request~~.

~~H.~~ F. The department ~~of revenue, with the cooperation of the department of commerce,~~ shall adopt rules and publish and prescribe forms and procedures as necessary to effectuate the purposes of this section.

~~I.~~ G. A taxpayer that claims a credit for ~~motion picture infrastructure projects~~ A PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITY under this section shall not claim a credit under section 43-1163 for the same costs.

~~J.~~ H. The credit allowed by this section is in lieu of any allowance for state tax purposes of a deduction of those expenses allowed by the internal revenue code.

~~K. For the purposes of this section, "motion picture infrastructure project" has the same meaning prescribed in section 41-1517.01.~~

I. FOR THE PURPOSES OF THIS SECTION, "PRIVATELY FUNDED MULTIMEDIA PRODUCTION FACILITY" OR "PRODUCTION FACILITY" HAS THE SAME MEANING PRESCRIBED IN SECTION 41-1527.02.

Sec. 8. Multimedia production employment mentoring program; report

The multimedia production liaison shall work with universities and community colleges in this state to develop a program to encourage multimedia production companies that apply for income tax credits under title 41, chapter 10, article 2, Arizona Revised Statutes, as added by this act, to offer internships and mentoring programs for qualified students who are pursuing postsecondary degrees in motion picture and multimedia production.

Sec. 9. Employment report

On or before July 31, 2015, the multimedia production liaison shall report to the joint legislative income tax credit review committee on the employment of residents of this state in full-time positions in motion picture and multimedia production in this state that qualified for income tax

credits under title 41, chapter 10, article 2, Arizona Revised Statutes, as added by this act.

Sec. 10. Effect on preexisting tax credits

This act does not affect the validity of income tax credits granted under prior law. Taxpayers, including transferees, who qualified for credits under sections 41-1517, 41-1517.01, 43-1075, 43-1075.01, 43-1163 and 43-1163.01, Arizona Revised Statutes, in effect before the effective date of this act, may use any applicable amounts of those credits, including allowed carryovers, against income tax liabilities for subsequent taxable years as provided by law in effect before the effective date of this act.

Sec. 11. Confidential tax information; prior motion picture production law

Notwithstanding section 42-2003, subsection B, paragraph 12, subdivision (b), Arizona Revised Statutes, as amended by this act, the department of revenue may continue to disclose confidential tax information to the Arizona commerce authority through June 30, 2013 for use by the authority in fulfilling its annual reporting responsibility pursuant to section 41-1517, subsections S and T, Arizona Revised Statutes, in effect before the effective date of this act.

Sec. 12. Purpose

Pursuant to section 43-223, Arizona Revised Statutes, the legislature enacts sections 43-1075 and 43-1163, Arizona Revised Statutes, as added by this act, to encourage development in this state of a strong capital and infrastructure base for multimedia production and related activity to achieve an independent, self-supporting industry. This objective is divided into immediate and long-term objectives as follows:

1. Attract private investment for the production of motion pictures in this state.

2. Develop a tax and capital infrastructure that encourages private development but not requiring any company to use the infrastructure for purposes of the tax incentives.

3. Develop a system using income tax credits to encourage investments in qualified production facilities.

4. Create high quality employment opportunities within this sector, and increase this state's global competitiveness by fully using economic development tools within the motion picture and digital media industry.

5. Encourage spin-off development such as educational programs to provide a labor force trained in all aspects of film and digital production.