

State of Arizona
Senate
Fiftieth Legislature
Second Regular Session
2012

SENATE BILL 1170

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 INCOME TAX INCENTIVES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

4 ARTICLE 2. MULTIMEDIA PRODUCTION INCENTIVES

5 41-1527. Multimedia production liaison

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

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

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

14 41-1527.01. Multimedia production income tax credits;
15 qualification; report; definitions

16 A. THROUGH DECEMBER 31, 2041, THE MULTIMEDIA PRODUCTION LIAISON SHALL
17 QUALIFY MULTIMEDIA PRODUCTION COMPANIES THAT PRODUCE ONE OR MORE MOTION
18 PICTURES IN THIS STATE FOR MULTIMEDIA PRODUCTION INCOME TAX CREDITS PURSUANT
19 TO SECTION 43-1075 OR 43-1163, AS APPLICABLE. A PRODUCTION COMPANY MAY ONLY
20 RECEIVE A CREDIT THAT IS BASED ON THE QUALIFIED PRODUCTION EXPENDITURES
21 SUBMITTED BY THE PRODUCTION COMPANY AND CERTIFIED BY THE LIAISON.

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

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

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

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

1 MANAGED REVIEW AND THE PRODUCTION COMPANY TIMELY FILES ITS INCOME TAX RETURN
2 WITH THE APPROPRIATE CREDIT CLAIM FORMS, THE CREDIT AMOUNT ACCEPTED IS NOT
3 SUBJECT TO RECAPTURE, DISALLOWANCE, REDUCTION OR DENIAL WITH RESPECT TO THE
4 PRODUCTION COMPANY. THE LIAISON'S ACCEPTANCE SHALL INCLUDE A WRITTEN
5 CERTIFICATE TO THE PRODUCTION COMPANY STATING THE AMOUNT OF THE CREDIT AND
6 THAT THE CREDIT IS NOT SUBJECT TO RECAPTURE AS PROVIDED BY THIS PARAGRAPH.
7 THIS PARAGRAPH DOES NOT PROHIBIT THE RECAPTURE OF A CREDIT FROM A PRODUCTION
8 COMPANY IF THE COMPANY FAILED TO DISCLOSE MATERIAL INFORMATION DURING THE
9 MANAGED REVIEW OR FALSIFIED ITS BOOKS OR RECORDS OR OTHERWISE ENGAGED IN AN
10 ACTION THAT PREVENTED AN ACCURATE REVIEW. A MANAGED REVIEW UNDER THIS
11 PARAGRAPH IS NOT CONSIDERED TO BE AN AUDIT FOR THE PURPOSES OF SECTION
12 42-2059.

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

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

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

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

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

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

26 4. THE ESTIMATED TOTAL BUDGET OF THE PRODUCTION.

27 5. THE ESTIMATED TOTAL EXPENDITURES IN THIS STATE.

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

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

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

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

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

39 (c) A DESCRIPTION OF THE LOCATIONS.

40 (d) A DESCRIPTION OF THE SETS.

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (b) TWO HUNDRED FIFTY THOUSAND DOLLARS.

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

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

1 1. TEN MILLION DOLLARS IS RESERVED EACH FISCAL YEAR FOR THE PURPOSES
2 OF INFRASTRUCTURE PROJECT CREDITS PURSUANT TO SECTIONS 43-1075.01 AND
3 43-1163.01.

4 2. SIXTY MILLION DOLLARS, ALLOCATED EQUALLY DURING ANY APPLICATION
5 SCHEDULE ADOPTED UNDER SUBSECTION E, PARAGRAPH 1 OF THIS SECTION, FOR THE
6 PURPOSES OF MULTIMEDIA PRODUCTION CREDITS PURSUANT TO SECTIONS 43-1075 AND
7 43-1163.

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

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

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

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

25 K. THE LIAISON SHALL REALLOCATE THE AMOUNT OF CREDITS THAT IS
26 VOLUNTARILY RELINQUISHED UNDER SUBSECTION I OF THIS SECTION, THAT LAPSES
27 UNDER SUBSECTION G OF THIS SECTION OR THAT LAPSES UNDER SUBSECTION M,
28 PARAGRAPH 1 OF THIS SECTION. THE CREDITS SHALL BE REALLOCATED TO OTHER
29 MULTIMEDIA PRODUCTION COMPANIES THAT APPLIED IN THE ORIGINAL CREDIT YEAR
30 BASED ON PRIORITY PLACEMENT AS PROVIDED BY SUBSECTION J OF THIS SECTION. THE
31 AMOUNT OF THE REALLOCATED CREDITS CONTINUES TO APPLY AGAINST THE DOLLAR LIMIT
32 OF THE ORIGINAL CREDIT YEAR REGARDLESS OF THE YEAR IN WHICH THE REALLOCATION
33 OCCURS. IF FOR ANY YEAR AN UNUSED BALANCE OCCURS IN THE CREDITS AUTHORIZED
34 UNDER THE DOLLAR LIMIT PRESCRIBED BY SUBSECTION H OF THIS SECTION:

35 1. THE BALANCE SHALL BE ALLOCATED TO MULTIMEDIA PRODUCTION COMPANIES
36 THAT SUCCESSFULLY APPEAL THE DENIAL OF APPROVAL UNDER SUBSECTION M OF THIS
37 SECTION. ANY AMOUNT OF TAX CREDITS DUE TO SUCCESSFUL APPEALS THAT ARE NOT
38 PAID FROM AN UNUSED BALANCE IN ANY YEAR SHALL BE PAID AGAINST THE DOLLAR
39 LIMIT PRESCRIBED BY SUBSECTION H OF THIS SECTION IN THE FOLLOWING YEAR.

40 2. ANY REMAINING UNUSED BALANCE SHALL BE REALLOCATED FOR THE PURPOSES
41 OF THIS SECTION IN THE FOLLOWING YEAR.

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

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

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

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

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

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

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

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

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

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

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

42 (ii) THE PRODUCTION DEPICTS SEXUAL ACTIVITY AS DEFINED IN TITLE 13,
43 CHAPTER 35.

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

1 N. IF A PREAPPROVED MULTIMEDIA PRODUCTION COMPANY FAILS TO UNDERTAKE
2 PRODUCTION AND ALSO FAILS TO VOLUNTARILY RELINQUISH THE UNUSED CREDIT AMOUNTS
3 FOR REALLOCATION AS PROVIDED BY SUBSECTION I OF THIS SECTION WITHIN THE
4 NINETY-DAY PERIOD, THE LIAISON MAY DISQUALIFY THE PRODUCTION COMPANY AND ALL
5 PERSONS SIGNING THE APPLICATION FOR PREAPPROVAL FROM RECEIVING, OR
6 PARTICIPATING IN ANY MULTIMEDIA PRODUCTION COMPANY THAT APPLIES FOR OR
7 RECEIVES, TAX CREDITS PURSUANT TO THIS SECTION FOR THREE YEARS AFTER THE
8 ORIGINAL APPLICATION.

9 O. THE LIAISON SHALL:

10 1. ADOPT RULES, FORMS AND PROCEDURES AS NECESSARY TO FACILITATE THE
11 ORDERLY APPLICATION, EVALUATION AND APPROVAL OF CREDITS UNDER SECTIONS
12 43-1075 AND 43-1163, AND POST THOSE RULES, FORMS AND PROCEDURES ON THE
13 LIAISON'S OFFICIAL WEBSITE.

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

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

20 1. THE NAME OF EACH MULTIMEDIA PRODUCTION COMPANY, THE NUMBER OF DAYS
21 SHOOTING AND THE NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES, ITEMIZED BY
22 PRODUCTIONS IN PREPRODUCTION, PRODUCTION AND POSTPRODUCTION STAGE OF
23 ACTIVITY.

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

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

28 Q. FOR THE PURPOSES OF THIS SECTION:

29 1. "MULTIMEDIA PRODUCTION COMPANY" OR "PRODUCTION COMPANY" MEANS ANY
30 PERSON PRIMARILY ENGAGED IN THE BUSINESS OF PRODUCING ENTERTAINMENT CONTENT
31 CREATED IN WHOLE OR IN PART WITHIN THIS STATE, INCLUDING MOTION PICTURES,
32 DOCUMENTARIES, LONG-FORM PRODUCTIONS, SPECIALS, SERIES, MINISERIES, SOUND
33 RECORDINGS, VIDEOS AND MUSIC VIDEOS AND INTERSTITIALS, TELEVISION
34 PROGRAMMING, INTERACTIVE TELEVISION, INTERACTIVE GAMES, VIDEOGAMES,
35 COMMERCIALS, INFOMERCIALS, ANY FORMAT OF DIGITAL MEDIA, INCLUDING AN
36 INTERACTIVE WEBSITE, CREATED FOR DISTRIBUTION OR EXHIBITION TO THE GENERAL
37 PUBLIC, AND ANY TRAILER, PILOT, VIDEO TEASER OR DEMO CREATED PRIMARILY TO
38 STIMULATE THE SALE, MARKETING, PROMOTION OR EXPLOITATION OF FUTURE INVESTMENT
39 IN EITHER A PRODUCT OR A QUALIFIED PRODUCTION BY ANY MEANS AND MEDIA IN ANY
40 DIGITAL FORMAT, FILM OR VIDEOTAPE. PRODUCTION COMPANY DOES NOT INCLUDE ANY
41 ONGOING TELEVISION PROGRAM CREATED PRIMARILY AS NEWS, WEATHER OR FINANCIAL
42 MARKET REPORTS, A PRODUCTION FEATURING CURRENT EVENTS, SPORTING EVENTS AND
43 AWARDS SHOW OR OTHER GALA EVENT, A PRODUCTION WHOSE SOLE PURPOSE IS
44 FUND-RAISING, A PRODUCTION USED FOR CORPORATE TRAINING OR IN-HOUSE CORPORATE

1 ADVERTISING OR OTHER SIMILAR PRODUCTIONS FOR WHICH RECORDS ARE REQUIRED TO BE
2 MAINTAINED UNDER 18 UNITED STATES CODE SECTION 2257.

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

5 (a) THE WAGES THAT ARE SUBJECT TO ARIZONA INCOME TAX AND THAT ARE PAID
6 FOR WORK PERFORMED IN THIS STATE, BUT, WITH RESPECT TO ANY INDIVIDUAL, NOT
7 MORE THAN ONE MILLION DOLLARS FOR A SINGLE PRODUCTION.

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

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

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

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

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

19 (g) HOTEL AND LODGING IN THIS STATE.

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

21 (i) LOCATION FEES IN THIS STATE.

22 (j) POSTPRODUCTION EXPENSES IN THIS STATE.

23 (k) FUEL PURCHASED IN THIS STATE.

24 (l) VEHICLES RENTED IN THIS STATE.

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

29 (a) CURRENT OWNERSHIP OF RESIDENTIAL PROPERTY.

30 (b) DRIVER LICENSE.

31 (c) NONOPERATING IDENTIFICATION LICENSE.

32 (d) MOTOR VEHICLE REGISTRATION.

33 (e) VOTER REGISTRATION.

34 (f) STATE TAX RECORDS IN THIS STATE.

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

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

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

43 A. THE MULTIMEDIA PRODUCTION LIAISON SHALL CERTIFY PRIVATELY FUNDED
44 PRODUCTION FACILITIES FOR THE PURPOSES OF THE INCOME TAX CREDITS PROVIDED BY

1 SECTIONS 43-1075 AND 43-1163 IF THE PRODUCTION FACILITY IS CERTIFIED BY THE
2 LIAISON AS MEETING THE FOLLOWING REQUIREMENTS:

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

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

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

12 (b) WITHIN THIRTY DAYS AFTER THE DATE OF APPLICATION, THE LIAISON
13 SHALL CERTIFY THE VALUE BASED ON DOCUMENTATION SUBMITTED WITH THE
14 APPLICATION, INCLUDING THE FINDINGS OF A MANAGED REVIEW UNDER SUBDIVISION (c)
15 OF THIS PARAGRAPH.

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

35 (d) THE LIAISON SHALL ISSUE A WRITTEN CERTIFICATE TO THE PRODUCTION
36 FACILITY STATING THE CERTIFIED AMOUNT OF THE INFRASTRUCTURE INVESTMENT.

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

41 C. ANY INFORMATION GATHERED FROM PRIVATELY FUNDED PRODUCTION
42 FACILITIES FOR THE PURPOSES OF THIS SECTION IS CONSIDERED CONFIDENTIAL
43 TAXPAYER INFORMATION, EXCEPT THAT THE LIAISON SHALL PUBLISH IN AN ANNUAL
44 REPORT THE NAME OF EACH CERTIFIED PRODUCTION FACILITY, THE NUMBER OF DAYS
45 SHOOTING AND THE NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES, ITEMIZED BY

1 PRODUCTIONS CURRENTLY IN PREPRODUCTION, PRODUCTION AND POSTPRODUCTION STAGE
2 OF ACTIVITY AT THE PRODUCTION FACILITY.

3 D. FOR THE PURPOSES OF THIS SECTION:

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

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

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

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

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

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

26 41-1527.03. Multimedia production fund

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

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

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

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

38 42-2003. Authorized disclosure of confidential information

39 A. Confidential information relating to:

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

44 2. A corporate taxpayer may be disclosed to any principal officer, any
45 person designated by a principal officer or any person designated in a

1 resolution by the corporate board of directors or other similar governing
2 body.

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

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

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

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

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

20 B. Confidential information may be disclosed to:

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

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

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

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

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

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

6 (b) A state tax official of another state.

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

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

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

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

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

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

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

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

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

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

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

32 9. The United States treasury inspector general for tax administration
33 for the purpose of reporting a violation of internal revenue code section
34 7213A (26 United States Code section 7213A), unauthorized inspection of
35 returns or return information.

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

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

41 12. The Arizona commerce authority for its use in:

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

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

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

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

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

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

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

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

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

18 (b) FULFILLING THE ANNUAL REPORTING RESPONSIBILITY PURSUANT TO SECTION
19 41-1527.01, SUBSECTION P AND SECTION 41-1527.02, SUBSECTION C.

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

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

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

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

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

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

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

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

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

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

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

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

20 1. May only be used for internal purposes.

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

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

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

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

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

43 K. Except as provided in section 42-2002, subsection C, confidential
44 information, described in section 42-2001, paragraph 2, subdivision (a), item

1 (iii), may be disclosed to law enforcement agencies for law enforcement
2 purposes.

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

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

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

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

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

21 Q. Except as provided in section 42-2002, subsection D, the department
22 of revenue shall release confidential information as requested by the
23 department of economic security pursuant to section 42-1122 or 46-291.
24 Information disclosed under this subsection is limited to the same type of
25 information that the United States internal revenue service is authorized to
26 disclose under section 6103(1)(6) of the internal revenue code.

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

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

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

43 U. For proceedings before the department, the office of administrative
44 hearings, the board of tax appeals or any state or federal court involving
45 penalties that were assessed against a return preparer, an electronic return

1 preparer or a payroll service company pursuant to section 42-1103.02,
2 42-1125.01 or 43-419, confidential information may be disclosed only before
3 the judge or administrative law judge adjudicating the proceeding, the
4 parties to the proceeding and the parties' representatives in the proceeding
5 prior to its introduction into evidence in the proceeding. The confidential
6 information may be introduced as evidence in the proceeding only if the
7 taxpayer's name, the names of any dependents listed on the return, all social
8 security numbers, the taxpayer's address, the taxpayer's signature and any
9 attachments containing any of the foregoing information are redacted and if
10 either:

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

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

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

20 V. The department may disclose to the attorney general confidential
21 information received under section 44-7111 and requested by the attorney
22 general for purposes of determining compliance with and enforcing section
23 44-7111. The department and attorney general shall share with each other the
24 information received under section 44-7111, and may share the information
25 with other federal, state or local agencies only for the purposes of
26 enforcement of section 44-7101, section 44-7111 or corresponding laws of
27 other states.

28 W. The department may provide the name and address of qualifying
29 hospitals and qualifying health care organizations, as defined in section
30 42-5001, to a business classified and reporting transaction privilege tax
31 under the utilities classification.

32 Sec. 3. Repeal

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

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

36 43-1075. Credit for qualified multimedia production
37 expenditures in Arizona; definitions

38 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2011
39 THROUGH TAXABLE YEARS ENDING ON OR BEFORE DECEMBER 31, 2041, A CREDIT IS
40 ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR QUALIFIED PRODUCTION
41 EXPENDITURES DURING THE TAXABLE YEAR BY A MULTIMEDIA PRODUCTION COMPANY IN
42 THIS STATE.

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

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

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

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

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

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

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

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

37 F. A TAXPAYER WHO CLAIMS A CREDIT FOR MULTIMEDIA PRODUCTION
38 EXPENDITURES UNDER THIS SECTION SHALL NOT CLAIM A CREDIT UNDER SECTION
39 43-1075.01 FOR THE SAME COSTS.

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

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

1 as defined in section 1361 of the internal revenue code, may allocate the
2 credit allowed under this section among the co-owners on any basis without
3 regard to their proportional ownership interest. The total of the credits
4 allowed all such owners may not exceed the amount that would have been
5 allowed for a sole owner of the company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 ~~I.~~ H. A taxpayer who claims a credit for ~~motion picture~~ MULTIMEDIA
2 infrastructure projects under this section shall not claim a credit under
3 section 43-1075 for the same costs.

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

7 ~~K.~~ J. For the purposes of this section, "~~motion picture~~ MULTIMEDIA
8 infrastructure project" ~~has the same meaning prescribed in section~~
9 ~~41-1517.01:~~

10 1. MEANS SOUNDSTAGES AND SUPPORT AND AUGMENTATION FACILITIES, AS
11 DEFINED IN SECTION 41-1527.02, THAT ARE CONSTRUCTED IN THIS STATE AND THAT
12 ARE USED FOR MULTIMEDIA PRODUCTION.

13 2. DOES NOT INCLUDE MOTION PICTURE THEATERS AND OTHER COMMERCIAL
14 EXHIBITION FACILITIES.

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

17 43-1163. Credit for qualified multimedia production
18 expenditures in Arizona; definitions

19 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2011
20 THROUGH TAXABLE YEARS ENDING ON OR BEFORE DECEMBER 31, 2041, A CREDIT IS
21 ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR QUALIFIED PRODUCTION
22 EXPENDITURES DURING THE TAXABLE YEAR BY A MULTIMEDIA PRODUCTION COMPANY IN
23 THIS STATE.

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

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

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

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

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

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

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

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

17 F. A TAXPAYER THAT CLAIMS A CREDIT FOR MULTIMEDIA PRODUCTION
18 EXPENDITURES UNDER THIS SECTION SHALL NOT CLAIM A CREDIT UNDER SECTION
19 43-1163.01 FOR THE SAME COSTS.

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

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

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

28 43-1163.01. Credit for multimedia infrastructure projects:
29 definition

30 A. THROUGH TAXABLE YEARS ENDING ON OR BEFORE DECEMBER 31, 2041, a
31 credit is allowed against the taxes imposed by this title for investments in
32 ~~motion picture~~ MULTIMEDIA infrastructure projects in this state ~~as provided~~
33 ~~by section 41-1517.01~~. The amount of the credit is fifteen per cent of the
34 total base investment in the project during the taxable year as approved and
35 reported by the department ~~of commerce pursuant to section 41-1517.01,~~
36 ~~subsection F~~ PURSUANT TO THIS SECTION. The taxpayer may apply the credit
37 against income taxes for the taxable year in which the ~~motion picture~~
38 MULTIMEDIA infrastructure project is completed ~~as provided by section~~
39 ~~41-1517.01, subsection F~~.

40 B. The department shall not allow:

41 1. Tax credits IN A TOTAL AMOUNT EXCEEDING TEN MILLION DOLLARS for any
42 ~~taxable~~ CALENDAR year under this section and section 43-1075.01 ~~that would~~
43 ~~violate the aggregate limits prescribed by section 41-1517.01, subsection C~~.

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

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

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

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

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

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

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

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

- 1 ~~(b) The date of the transfer.~~
- 2 ~~(c) The amount of the transfer.~~
- 3 ~~(d) The transferor's tax credit balance before the transfer and the~~
- 4 ~~remaining balance after the transfer.~~
- 5 ~~(e) All tax identification numbers for both transferor and transferee.~~
- 6 ~~(f) Any other information required by rule.~~

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

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

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

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

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

25 ~~I. H. A taxpayer that claims a credit for motion picture MULTIMEDIA~~
26 ~~infrastructure projects under this section shall not claim a credit under~~
27 ~~section 43-1163 for the same costs.~~

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

31 ~~K. J. For the purposes of this section, "motion picture MULTIMEDIA~~
32 ~~infrastructure project" has the same meaning prescribed in section~~
33 ~~41-1517.01:~~

34 1. MEANS SOUNDSTAGES AND SUPPORT AND AUGMENTATION FACILITIES, AS
35 DEFINED IN SECTION 41-1527.02, THAT ARE CONSTRUCTED IN THIS STATE AND THAT
36 ARE USED FOR MULTIMEDIA PRODUCTION.

37 2. DOES NOT INCLUDE MOTION PICTURE THEATERS AND OTHER COMMERCIAL
38 EXHIBITION FACILITIES.

39 Sec. 8. Multimedia production employment mentoring program;
40 report

41 The multimedia production liaison shall work with universities and
42 community colleges in this state to develop a program to encourage multimedia
43 production companies that apply for income tax credits under title 41,
44 chapter 10, article 2, Arizona Revised Statutes, as added by this act, to

1 offer internships and mentoring programs for qualified students who are
2 pursuing postsecondary degrees in motion picture and multimedia production.

3 Sec. 9. Employment report

4 On or before July 31, 2015, the multimedia production liaison shall
5 report to the joint legislative income tax credit review committee on the
6 employment of residents of this state in full-time positions in motion
7 picture and multimedia production in this state that qualified for income tax
8 credits under title 41, chapter 10, article 2, Arizona Revised Statutes, as
9 added by this act.

10 Sec. 10. Effect on preexisting tax credits

11 This act does not affect the validity of income tax credits granted
12 under prior law. Taxpayers, including transferees, who qualified for credits
13 under sections 41-1517, 41-1517.01, 43-1075, 43-1075.01, 43-1163 and
14 43-1163.01, Arizona Revised Statutes, in effect before the effective date of
15 this act, may use any applicable amounts of those credits, including allowed
16 carryovers, against income tax liabilities for subsequent taxable years as
17 provided by law in effect before the effective date of this act.

18 Sec. 11. Purpose

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

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

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

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

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

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