

STATE-LAW, **2007 PA S 97** , **Enacted**, (July 25, 2007)
2007 PA S 97 , **Enacted**

Pennsylvania

Changes in Bill text reflected as:

~~Text Deleted~~

Text Added

~~Text Vetoed~~

SUMMARY: Amends the Tax Reform Code. Relates to vendor refunds of sales tax attributed to bad debts, apportionment, affiliates, tax credits for manufacturing and remanufacturing, corporate net income, bank and trust company shares, realty transfer tax, film production, resource enhancement and protection, neighborhood assistance, pass-through entities, malt beverages, mining, vessels, agricultural erosion plans, nutrient management, research for utility services and powder metallurgy parts.-SAME__AS:

Current Legislative Status

02/15/2007 INTRODUCED.

02/15/2007 To SENATE Committee on FINANCE.

06/13/2007 From SENATE Committee on FINANCE. Reported as amended.

06/13/2007 In SENATE. Read first time.

06/18/2007 To SENATE Committee on APPROPRIATIONS.

06/25/2007 From SENATE Committee on APPROPRIATIONS. Reported as amended.

06/26/2007 In SENATE. Read second time.

06/27/2007 In SENATE. Read third time. Passed SENATE. *****To HOUSE.

06/28/2007 To HOUSE Committee on FINANCE.

07/03/2007 From HOUSE Committee on FINANCE. Reported as amended.

07/03/2007 In HOUSE. Read first time.

07/03/2007 In HOUSE. Laid on table.

07/04/2007 In HOUSE. Removed from table.

07/07/2007 In HOUSE. Amendment Nos. A-02693, A-02695, A-02698, A-02775, A-02816, A-02711 and A-02742 adopted on floor.

07/07/2007 In HOUSE. Read second time.

07/07/2007 To HOUSE Committee on APPROPRIATIONS.

07/08/2007 From HOUSE Committee on APPROPRIATIONS.

07/10/2007 In HOUSE. Read third time. Passed HOUSE. *****To SENATE for concurrence.

07/10/2007 To SENATE Committee on RULES AND EXECUTIVE NOMINATIONS for concurrence.

07/15/2007 From SENATE Committee on RULES AND EXECUTIVE NOMINATIONS. Reported as amended.

07/16/2007 SENATE concurred in HOUSE amendments with further amendments. *****To HOUSE for concurrence.

07/16/2007 To HOUSE Committee on RULES for concurrence.

07/17/2007 From HOUSE Committee on RULES.

07/17/2007 HOUSE concurred in SENATE amendments to HOUSE amendments.

07/17/2007 *****To GOVERNOR.

07/25/2007 Signed by GOVERNOR.

07/25/2007 Act No. 2007-55

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session: Pennsylvania 190th General Assembly -- 2007-08 Regular Session

cite: 2007 PA S 97

Enacted

July 25, 2007

White

SESSION OF 2007-2008

Act 2007-55

No. 2007-55

AN ACT

SB 97

SECTION NOT PERTAINING TO THE FILM INCENTIVE HAVE BEEN OMITTED

~~ARTICLE XVII D~~

~~FILM PRODUCTION TAX CREDIT~~

~~Section 1701-D. Scope of article.~~

~~This article relates to film production tax credits.~~

~~Section 1702-D. Definitions.~~

~~The following words and phrases when used in this article shall have the meanings given to them in this section unless the context clearly indicates otherwise:~~

~~"Department." The Department of Community and Economic Development of the Commonwealth.~~

~~"Film." A feature film, a television film, a television talk or game show series, a television commercial or a television pilot or each episode of a television series which is intended as programming for a national or regional audience. The term does not include a production featuring news, current events, weather and market reports, or public programming, sports event, awards show or other gala event, a production that solicits funds, a production containing obscene material or performances as defined in 18 Pa.C.S. Section 5903(b) (relating to obscene and other sexual materials and performances) or a production primarily for private, political, industrial, corporate or institutional purposes.~~

~~"Film production tax credit." The credit provided under this article.~~

~~"Pass through entity." A partnership as defined in section 301(n.0) or a Pennsylvania S corporation as defined in section 301(n.1).~~

~~"Pennsylvania production expense." A production expense incurred in this Commonwealth. As applied to wages and salaries, the term includes only wages and salaries on which the taxes imposed by Article III or IV will be paid or accrued.~~

~~"Production expense." An expense incurred in the production of a film. The term includes the aggregate amount of wages and salaries of individuals each of whom receive less than \$1,000,000 and are employed in the production of the film; the costs of construction, operations, editing, photography, sound synchronization, lighting, wardrobe and accessories; the cost of leasing vehicles; the cost of transportation to or from a Pennsylvania train station, bus depot or airport; the cost of insurance coverage if the insurance is purchased through a Pennsylvania-based insurance agent; the costs of food and lodging; the purchase of music or story rights if the rights are purchased from a Pennsylvania resident or an entity subject to taxation in this Commonwealth and the transaction is subject to taxation under Article III, IV or VI; and the cost of rental of facilities and equipment, if rented from or through a Pennsylvania resident or an entity subject to taxation in this Commonwealth. The term does not include:~~

~~(1) deferred, leveraged or profit participation paid or to be paid to individuals employed in the production of the film;~~

~~(2) development costs; or~~

~~(3) expenses incurred in marketing or advertising a film.~~

~~"Qualified film production expense." A Pennsylvania production expense if at least 60% of the total expenses are Pennsylvania production expenses.~~

~~"Qualified tax liability." The liability for taxes imposed under Article III, IV or VI. The term shall not include any tax withheld by an employer from an employee under Article III.~~

~~"Start date." The first day of principal photography in this Commonwealth. "Taxpayer." A film production company subject to tax under Article III, IV or VI. The term does not include contractors or subcontractors of a film production company.~~

~~Section 1703 D. Credit for qualified film production expenses.~~

~~(a) Application. A taxpayer may apply to the department for a film production tax credit under this section. The application shall be on the form required by the department.~~

~~(b) Review and approval. The department shall review the application. Upon determining the qualified film production expense amount for the taxpayer, the department may approve the taxpayer for a film production tax credit.~~

~~(c) Contract. If the department approves the taxpayer's application under subsection (b), the department and the taxpayer shall enter into a contract containing the following:~~

~~(1) An itemized list of production expenses incurred or to be incurred.~~

~~(2) An itemized list of Pennsylvania production expenses incurred or to be incurred.~~

~~(3) With respect to a contract entered into prior to completion of production, a commitment by the taxpayer to incur the qualified film production expenses as itemized.~~

~~(4) The start date.~~

~~(5) Any other information the department deems appropriate.~~

~~(d) Certificate. Upon execution of the contract required by subsection (c), the department shall award the taxpayer a film production tax credit and issue the taxpayer a film production tax credit certificate.~~

~~(e) Limitations. The following limitations shall apply:~~

~~(1) The aggregate amount of film production tax credits awarded by the department under subsection (d) to a taxpayer for a film may not exceed 25% of the qualified film production expenses to be incurred.~~

~~(2) A taxpayer has received a grant under 12 Pa.C.S. Section 4106 (relating to approval) shall not be eligible for a film production tax credit under this act for the same film.~~

~~(3) The aggregate amount of film production tax credits claimed by a taxpayer under section 1704 D may not exceed the amount awarded for the department under this section for the taxpayer for that taxable year.~~

~~Section 1704 D. Film production tax credits.~~

~~A taxpayer may claim a film production tax credit against the qualified tax liability of the taxpayer if the taxpayer makes a contribution in the amount of at least 10% of the amount of the credit claimed to an organization which is located in this Commonwealth and is registered under section 5 of the act of December 19, 1990 (P.L.1200, No.202), known as the Solicitation of Funds for Charitable Purposes Act.~~

~~Section 1705 D. Carryover, carryback, refund and assignment of credit.~~

~~(a) General rule. If the taxpayer cannot use the entire amount of the film production tax credit for the taxable year in which the film production tax credit is first approved, then the excess may be carried over to succeeding taxable years and used as a credit against the qualified tax liability of the taxpayer for those taxable years. Each time the film production tax credit is carried over to a succeeding taxable year, it shall be reduced by the amount that was used as a credit during the immediately preceding taxable year. The film production tax credit provided by this article may be carried over and applied to succeeding taxable years for no more than three taxable years following the first taxable year for which the taxpayer was entitled to claim the credit.~~

~~(b) Application. A film production tax credit approved by the department in a taxable year first shall be applied against the taxpayer's qualified tax liability for the current taxable year as of the date on which the credit was approved before the film production tax credit can be applied against any tax liability under subsection (a).~~

~~(c) No carryback. A taxpayer is not entitled to carry back all or any portion of an unused film production tax credit granted to the taxpayer under this article.~~

~~(d) (Reserved)~~

~~(e) Sale or assignment. The following shall apply:~~

~~(1) A taxpayer, upon application to and approval by the department, may sell or assign, in whole or in part, a film production tax credit granted to the taxpayer under this article to another taxpayer under this article.~~

~~(2) The department and the Department of Revenue shall jointly promulgate regulations for the approval of applications under this subsection.~~

~~(3) Before an application is approved, the Department of Revenue must make a finding that the applicant has filed all required State tax reports and returns for all applicable taxable years and paid any balance of State tax due as determined at settlement, assessment or determination by the Department of Revenue.~~

~~(4) Notwithstanding any other provision of law, the Department of Revenue shall settle, assess or determine the tax of an applicant under this subsection within 90 days of the filing of all required final returns or reports in accordance with section 806.1(a)(5) of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.~~

~~(f) Purchasers and assignees. The purchaser or assignee of all or a portion of a film production tax credit under subsection (e) shall immediately claim the credit in the taxable year in which the purchase or assignment is made. The amount of the film production credit that a purchaser or assignee may use against any one qualified tax liability may not exceed 50% of such qualified tax liability for the taxable year. The purchaser or assignee may not carry back or obtain a refund of the film production tax credit. The purchaser or assignee shall notify the Department of Revenue of the seller or assignor of the film production tax credit in compliance with procedures specified by the Department of Revenue.~~

~~Section 1706 D. Determination of qualified film production expenses.~~

~~In prescribing standards for determining which production expenses are considered qualified film production expenses for purposes of computing the credit provided by this article, the department shall consider:~~

~~(1) The location where services are performed.~~

~~(2) The residence or business location of the person or persons performing the service.~~

~~(3) The location where supplies are consumed.~~

~~(4) Other factors the department determines are relevant.~~

~~Section 1707 D. Limitation.~~

~~In no case shall the aggregate amount of tax credits awarded in any fiscal year under this article exceed \$50,000,000.~~

~~Section 1708 D. Penalty.~~

~~A taxpayer which claims a film production tax credit and fails to incur the amount of qualified film production expenses agreed to in section 1703 D(c)(3) for a film in that taxable year shall repay to the Commonwealth the amount of the film production tax credit claimed under this article for the film, including any sums refunded to the taxpayer under section 1705 D(d).~~

~~Section 1709 D. Pass through entity.~~

~~(a) General rule. If a pass through entity has any unused tax credit under section 1705 D, it may elect in writing, according to procedures established by the Department of Revenue, to transfer all or a portion of the credit to shareholders, members or partners in proportion to the share of distributive income to which the shareholder, member or partner is entitled.~~

~~(b) Limitation. The credit provided under subsection (a) cannot be claimed under this article for the same qualified film production expense by pass through entity and a shareholder, member or partner of a pass through entity.~~

~~(c) Application. A shareholder, member or partner of a pass through entity to whom a credit is transferred under subsection (a) shall immediately claim the credit in the taxable year in which the transfer is made. The shareholder, member or partner may not carry forward, carry back, obtain a refund of or sell or assign the credit.~~

~~Section 1710 D. Department guidelines.~~

~~The department shall develop written guidelines for the implementation of the provisions of this article.~~

~~Section 1711 D. Report to General Assembly.~~

~~The Secretary of Community and Economic Development shall submit an annual report to the General Assembly indicating the effectiveness of the credit provided by this article no later than March 15 following the year in which the credits were approved. The report shall include the names of all taxpayers utilizing the credit as of the date of the report and the amount of credits approved and utilized by each taxpayer. Notwithstanding any law providing for the confidentiality of tax records, the information contained in the report shall be public information. The report may also include any recommendations for changes in the calculation or administration of the credit.~~

SECTION NOT PERTAINING TO THE FILM INCENTIVE HAVE BEEN OMITTED

ARTICLE XVII-D

FILM PRODUCTION TAX CREDIT

SECTION 1701-D. SCOPE OF ARTICLE.

THIS ARTICLE RELATES TO FILM PRODUCTION TAX CREDITS.

SECTION 1702-D. DEFINITIONS.

THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

"DEPARTMENT." THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT OF THE COMMONWEALTH.

"FILM." A FEATURE FILM, A TELEVISION FILM, A TELEVISION TALK OR GAME SHOW SERIES, A TELEVISION COMMERCIAL OR A TELEVISION PILOT OR EACH EPISODE OF A TELEVISION SERIES WHICH IS INTENDED AS PROGRAMMING FOR A NATIONAL AUDIENCE. THE TERM DOES NOT INCLUDE A PRODUCTION FEATURING NEWS, CURRENT EVENTS, WEATHER AND MARKET REPORTS, OR PUBLIC PROGRAMMING, SPORTS EVENT, AWARDS SHOW OR OTHER GALA EVENT, A PRODUCTION THAT SOLICITS FUNDS, A PRODUCTION CONTAINING OBSCENE MATERIAL OR PERFORMANCES AS DEFINED IN 18 PA.C.S. SECTION 5903(B) (RELATING TO OBSCENE AND OTHER SEXUAL MATERIALS AND PERFORMANCES) OR A PRODUCTION PRIMARILY FOR PRIVATE, POLITICAL, INDUSTRIAL, CORPORATE OR INSTITUTIONAL PURPOSES.

"PASS-THROUGH ENTITY." A PARTNERSHIP AS DEFINED IN SECTION 301(N.0) OR A PENNSYLVANIA S CORPORATION AS DEFINED IN SECTION 301(N.1).

"PENNSYLVANIA PRODUCTION EXPENSE." PRODUCTION EXPENSE INCURRED IN THIS COMMONWEALTH. THE TERM INCLUDES:

(1) COMPENSATION PAID TO AN INDIVIDUAL ON WHICH THE TAX IMPOSED BY ARTICLE III WILL BE PAID OR ACCRUED.

(2) PAYMENT TO A PERSONAL SERVICE CORPORATION REPRESENTING INDIVIDUAL TALENT IF THE TAX IMPOSED BY ARTICLE IV WILL BE PAID OR ACCRUED ON THE NET INCOME OF THE CORPORATION FOR THE TAXABLE YEAR.

(3) PAYMENT TO A PASS-THROUGH ENTITY REPRESENTING INDIVIDUAL TALENT IF THE TAX IMPOSED BY ARTICLE III WILL BE PAID OR ACCRUED BY ALL OF THE PARTNERS, MEMBERS OR SHAREHOLDERS OF THE PASS-THROUGH ENTITY FOR THE TAXABLE YEAR.

(4) THE COST OF TRANSPORTATION INCURRED WHILE TRANSPORTING TO OR FROM A TRAIN STATION, BUS DEPOT OR AIRPORT, LOCATED IN THIS COMMONWEALTH.

(5) THE COST OF INSURANCE COVERAGE PURCHASED THROUGH AN INSURANCE AGENT BASED IN THIS COMMONWEALTH.

(6) THE PURCHASE OF MUSIC OR STORY RIGHTS IF ANY OF THE FOLLOWING SUBPARAGRAPHS APPLY:

(I) THE PURCHASE IS FROM A RESIDENT OF THIS COMMONWEALTH.

(II) THE PURCHASE IS FROM AN ENTITY SUBJECT TO TAXATION IN THIS COMMONWEALTH; AND THE TRANSACTION IS SUBJECT TO TAXATION UNDER ARTICLE III, IV OR VI.

(7) THE COST OF RENTAL OF FACILITIES AND EQUIPMENT RENTED FROM OR THROUGH A RESIDENT OF THIS COMMONWEALTH OR AN ENTITY SUBJECT TO TAXATION IN THIS COMMONWEALTH.

"PRODUCTION EXPENSE." AS FOLLOWS:

(1) THE TERM INCLUDES ALL OF THE FOLLOWING:

(I) COMPENSATION PAID TO AN INDIVIDUAL EMPLOYED IN THE PRODUCTION OF THE FILM.

(II) PAYMENT TO A PERSONAL SERVICE CORPORATION REPRESENTING INDIVIDUAL TALENT.

(III) PAYMENT TO A PASS-THROUGH ENTITY REPRESENTING INDIVIDUAL TALENT.

(IV) THE COSTS OF CONSTRUCTION, OPERATIONS, EDITING, PHOTOGRAPHY, SOUND SYNCHRONIZATION, LIGHTING, WARDROBE AND ACCESSORIES.

(V) THE COST OF LEASING VEHICLES.

(VI) THE COST OF TRANSPORTATION TO OR FROM A TRAIN STATION, BUS DEPOT OR AIRPORT.

(VII) THE COST OF INSURANCE COVERAGE.

(VIII) THE COSTS OF FOOD AND LODGING.

(IX) THE PURCHASE OF MUSIC OR STORY RIGHTS.

(X) THE COST OF RENTAL OF FACILITIES AND EQUIPMENT.

(2) THE TERM DOES NOT INCLUDE ANY OF THE FOLLOWING:

(I) DEFERRED, LEVERAGED OR PROFIT PARTICIPATION PAID OR TO BE PAID TO INDIVIDUALS EMPLOYED IN THE PRODUCTION OF THE FILM OR PAID TO ENTITIES REPRESENTING AN INDIVIDUAL FOR SERVICES PROVIDED IN THE PRODUCTION OF THE FILM.

(II) DEVELOPMENT COST.

(III) EXPENSE INCURRED IN MARKETING OR ADVERTISING A FILM.

(IV) COST RELATED TO THE SALE OR ASSIGNMENT OF A FILM PRODUCTION TAX CREDIT UNDER SECTION 1705-D(E).

"QUALIFIED FILM PRODUCTION EXPENSE." ALL PENNSYLVANIA PRODUCTION EXPENSES IF PENNSYLVANIA PRODUCTION EXPENSES COMPRISE AT LEAST 60% OF THE FILM'S TOTAL PRODUCTION EXPENSES. THE TERM SHALL NOT INCLUDE MORE THAN \$15,000,000 IN THE AGGREGATE OF COMPENSATION PAID TO INDIVIDUALS OR PAYMENT MADE TO ENTITIES REPRESENTING AN INDIVIDUAL FOR SERVICES PROVIDED IN THE PRODUCTION OF THE FILM.

"QUALIFIED TAX LIABILITY." THE LIABILITY FOR TAXES IMPOSED UNDER ARTICLE III, IV OR VI. THE TERM SHALL NOT INCLUDE ANY TAX WITHHELD BY AN EMPLOYER FROM AN EMPLOYEE UNDER ARTICLE III.

"START DATE." THE FIRST DAY OF PRINCIPAL PHOTOGRAPHY IN THIS COMMONWEALTH.

"TAX CREDIT." THE FILM PRODUCTION TAX CREDIT PROVIDED UNDER THIS ARTICLE.

"TAXPAYER." A FILM PRODUCTION COMPANY SUBJECT TO TAX UNDER ARTICLE III, IV OR VI. THE TERM DOES NOT INCLUDE CONTRACTORS OR SUBCONTRACTORS OF A FILM PRODUCTION COMPANY.

SECTION 1703-D. CREDIT FOR QUALIFIED FILM PRODUCTION EXPENSES.

(A) APPLICATION. A TAXPAYER MAY APPLY TO THE DEPARTMENT FOR A TAX CREDIT UNDER THIS SECTION. THE APPLICATION SHALL BE ON THE FORM REQUIRED BY THE DEPARTMENT.

(B) REVIEW AND APPROVAL. THE DEPARTMENT SHALL REVIEW AND APPROVE OR DISAPPROVE THE APPLICATIONS IN THE ORDER IN WHICH THEY ARE RECEIVED. UPON DETERMINING THE TAXPAYER HAS INCURRED OR WILL INCUR QUALIFIED FILM PRODUCTION EXPENSES, THE DEPARTMENT MAY APPROVE THE TAXPAYER FOR A TAX CREDIT.

(C) CONTRACT. IF THE DEPARTMENT APPROVES THE TAXPAYER'S APPLICATION UNDER SUBSECTION (B), THE DEPARTMENT AND THE TAXPAYER SHALL ENTER INTO A CONTRACT CONTAINING THE FOLLOWING:

(1) AN ITEMIZED LIST OF PRODUCTION EXPENSES INCURRED OR TO BE INCURRED FOR THE FILM.

(2) AN ITEMIZED LIST OF PENNSYLVANIA PRODUCTION EXPENSES INCURRED OR TO BE INCURRED FOR THE FILM.

(3) WITH RESPECT TO A CONTRACT ENTERED INTO PRIOR TO COMPLETION OF PRODUCTION, A COMMITMENT BY THE TAXPAYER TO INCUR THE QUALIFIED FILM PRODUCTION EXPENSES AS ITEMIZED.

(4) THE START DATE.

(5) ANY OTHER INFORMATION THE DEPARTMENT DEEMS APPROPRIATE.

(D) CERTIFICATE. UPON EXECUTION OF THE CONTRACT REQUIRED BY SUBSECTION (C), THE DEPARTMENT SHALL AWARD THE TAXPAYER A FILM PRODUCTION TAX CREDIT AND ISSUE THE TAXPAYER A FILM PRODUCTION TAX CREDIT CERTIFICATE.

SECTION 1704-D. FILM PRODUCTION TAX CREDITS.

A TAXPAYER MAY CLAIM A TAX CREDIT AGAINST THE QUALIFIED TAX LIABILITY OF THE TAXPAYER.

SECTION 1705-D. CARRYOVER, CARRYBACK AND ASSIGNMENT OF CREDIT.

(A) GENERAL RULE. IF THE TAXPAYER CANNOT USE THE ENTIRE AMOUNT OF THE TAX CREDIT FOR THE TAXABLE YEAR IN WHICH THE TAX CREDIT IS FIRST APPROVED, THEN THE EXCESS MAY BE CARRIED OVER TO SUCCEEDING TAXABLE YEARS AND USED AS A CREDIT AGAINST THE QUALIFIED TAX LIABILITY OF THE TAXPAYER FOR THOSE TAXABLE YEARS. EACH TIME THE TAX CREDIT IS CARRIED OVER TO A SUCCEEDING TAXABLE YEAR, IT SHALL BE REDUCED BY THE AMOUNT THAT WAS USED AS A CREDIT DURING THE IMMEDIATELY PRECEDING TAXABLE YEAR. THE TAX CREDIT PROVIDED BY THIS ARTICLE MAY BE CARRIED OVER AND APPLIED TO SUCCEEDING TAXABLE YEARS FOR NO MORE THAN THREE TAXABLE YEARS FOLLOWING THE FIRST TAXABLE YEAR FOR WHICH THE TAXPAYER WAS ENTITLED TO CLAIM THE CREDIT.

(B) APPLICATION. A TAX CREDIT APPROVED BY THE DEPARTMENT IN A TAXABLE YEAR FIRST SHALL BE APPLIED AGAINST THE TAXPAYER'S QUALIFIED TAX LIABILITY FOR THE CURRENT TAXABLE YEAR AS OF THE DATE ON WHICH THE CREDIT WAS APPROVED BEFORE THE TAX CREDIT CAN BE APPLIED AGAINST ANY TAX LIABILITY UNDER SUBSECTION (A).

(C) NO CARRYBACK OR REFUND. A TAXPAYER IS NOT ENTITLED TO CARRY BACK OR OBTAIN A REFUND OF ALL OR ANY PORTION OF AN UNUSED TAX CREDIT GRANTED TO THE TAXPAYER UNDER THIS ARTICLE.

(D) (RESERVED).

(E) SALE OR ASSIGNMENT. THE FOLLOWING SHALL APPLY:

(1) A TAXPAYER, UPON APPLICATION TO AND APPROVAL BY THE DEPARTMENT, MAY SELL OR ASSIGN, IN WHOLE OR IN PART, A TAX CREDIT GRANTED TO THE TAXPAYER UNDER THIS ARTICLE.

(2) THE DEPARTMENT AND THE DEPARTMENT OF REVENUE SHALL JOINTLY PROMULGATE REGULATIONS FOR THE APPROVAL OF APPLICATIONS UNDER THIS SUBSECTION.

(3) BEFORE AN APPLICATION IS APPROVED, THE DEPARTMENT OF REVENUE MUST MAKE A FINDING THAT THE APPLICANT HAS FILED ALL REQUIRED STATE TAX REPORTS AND RETURNS FOR ALL APPLICABLE TAXABLE YEARS AND PAID ANY BALANCE OF STATE TAX DUE AS DETERMINED AT SETTLEMENT, ASSESSMENT OR DETERMINATION BY THE DEPARTMENT OF REVENUE.

(4) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE DEPARTMENT OF REVENUE SHALL SETTLE, ASSESS OR DETERMINE THE TAX OF AN APPLICANT UNDER THIS SUBSECTION WITHIN 90 DAYS OF THE FILING OF ALL REQUIRED FINAL RETURNS OR REPORTS IN ACCORDANCE WITH SECTION 806.1(A)(5) OF THE ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE.

(F) PURCHASERS AND ASSIGNEES. THE PURCHASER OR ASSIGNEE OF ALL OR A PORTION OF A TAX CREDIT UNDER SUBSECTION (E) SHALL IMMEDIATELY CLAIM THE CREDIT IN THE TAXABLE YEAR IN WHICH THE PURCHASE OR ASSIGNMENT IS MADE. THE AMOUNT OF THE TAX CREDIT THAT A PURCHASER OR ASSIGNEE MAY USE AGAINST ANY ONE QUALIFIED TAX LIABILITY MAY NOT EXCEED 50% OF SUCH QUALIFIED TAX LIABILITY FOR THE TAXABLE YEAR. THE PURCHASER OR ASSIGNEE MAY NOT CARRY FORWARD, CARRY BACK OR OBTAIN A REFUND OF OR SELL OR ASSIGN THE TAX CREDIT. THE PURCHASER OR ASSIGNEE SHALL NOTIFY THE DEPARTMENT OF REVENUE OF THE SELLER OR ASSIGNOR OF THE TAX CREDIT IN COMPLIANCE WITH PROCEDURES SPECIFIED BY THE DEPARTMENT OF REVENUE.

SECTION 1706-D. DETERMINATION OF PENNSYLVANIA PRODUCTION EXPENSES.

IN PRESCRIBING STANDARDS FOR DETERMINING WHICH PRODUCTION EXPENSES ARE CONSIDERED PENNSYLVANIA PRODUCTION EXPENSES FOR PURPOSES OF COMPUTING THE CREDIT PROVIDED BY THIS ARTICLE, THE DEPARTMENT SHALL CONSIDER:

(1) THE LOCATION WHERE SERVICES ARE PERFORMED.

(2) THE LOCATION WHERE SUPPLIES ARE CONSUMED.

(3) OTHER FACTORS THE DEPARTMENT DETERMINES ARE RELEVANT.

SECTION 1707-D. LIMITATIONS.

(A) CAP. IN NO CASE SHALL THE AGGREGATE AMOUNT OF TAX CREDITS AWARDED IN ANY FISCAL YEAR UNDER THIS ARTICLE EXCEED \$75,000,000.

(B) INDIVIDUAL LIMITATIONS. THE FOLLOWING SHALL APPLY:

(1) THE AGGREGATE AMOUNT OF FILM PRODUCTION TAX CREDITS AWARDED BY THE DEPARTMENT UNDER SECTION 1703-D(D) TO A TAXPAYER FOR A FILM MAY NOT EXCEED 25% OF THE QUALIFIED FILM PRODUCTION EXPENSES TO BE INCURRED.

(2) A TAXPAYER THAT HAS RECEIVED A GRANT UNDER 12 PA.C.S. SECTION 4106 (RELATING TO APPROVAL) SHALL NOT BE ELIGIBLE FOR A FILM PRODUCTION TAX CREDIT UNDER THIS ACT FOR THE SAME FILM.

SECTION 1708-D. PENALTY.

A TAXPAYER WHICH CLAIMS A TAX CREDIT AND FAILS TO INCUR THE AMOUNT OF QUALIFIED FILM PRODUCTION EXPENSES AGREED TO IN SECTION 1703-D(C)(3) FOR A FILM IN THAT TAXABLE YEAR SHALL REPAY TO THE COMMONWEALTH THE AMOUNT OF THE FILM PRODUCTION TAX CREDIT CLAIMED UNDER THIS ARTICLE FOR THE FILM.

SECTION 1709-D. PASS-THROUGH ENTITY.

(A) GENERAL RULE. IF A PASS-THROUGH ENTITY HAS ANY UNUSED TAX CREDIT UNDER SECTION 1705-D, IT MAY ELECT IN WRITING, ACCORDING TO PROCEDURES ESTABLISHED BY THE DEPARTMENT OF REVENUE, TO TRANSFER ALL OR A PORTION OF THE CREDIT TO SHAREHOLDERS, MEMBERS OR PARTNERS IN PROPORTION TO THE SHARE OF THE ENTITY'S DISTRIBUTIVE INCOME TO WHICH THE SHAREHOLDER, MEMBER OR PARTNER IS ENTITLED.

(B) LIMITATION. A PASS-THROUGH ENTITY AND A SHAREHOLDER, MEMBER OR PARTNER OF A PASS-THROUGH ENTITY SHALL NOT CLAIM THE CREDIT UNDER SUBSECTION (A) FOR THE SAME QUALIFIED FILM PRODUCTION EXPENSE.

(C) APPLICATION. A SHAREHOLDER, MEMBER OR PARTNER OF A PASS-THROUGH ENTITY TO WHOM A CREDIT IS TRANSFERRED UNDER SUBSECTION (A) SHALL IMMEDIATELY CLAIM THE CREDIT IN THE TAXABLE YEAR IN WHICH THE TRANSFER IS MADE. THE SHAREHOLDER, MEMBER OR PARTNER MAY NOT CARRY FORWARD, CARRY BACK, OBTAIN A REFUND OF OR SELL OR ASSIGN THE CREDIT.

SECTION 1710-D. DEPARTMENT GUIDELINES AND REGULATIONS.

THE DEPARTMENT SHALL DEVELOP WRITTEN GUIDELINES FOR THE IMPLEMENTATION OF THE PROVISIONS OF THIS ARTICLE. THE GUIDELINES SHALL BE IN EFFECT UNTIL SUCH TIME AS THE DEPARTMENT PROMULGATES REGULATIONS FOR THE IMPLEMENTATION OF THE PROVISIONS OF THIS ARTICLE. THE DEPARTMENT SHALL PROMULGATE REGULATIONS FOR THE IMPLEMENTATION OF THIS ARTICLE WITHIN TWO YEARS OF THE EFFECTIVE DATE OF THIS SECTION.

SECTION 1711-D. REPORT TO GENERAL ASSEMBLY.

(A) GENERAL RULE. NO LATER THAN JUNE 1, 2008, AND SEPTEMBER 1 OF EACH YEAR THEREAFTER, THE SECRETARY OF COMMUNITY AND ECONOMIC DEVELOPMENT SHALL SUBMIT A REPORT TO THE GENERAL ASSEMBLY SUMMARIZING THE EFFECTIVENESS OF THE TAX CREDIT PROVIDED BY THIS ARTICLE. THE REPORT SHALL INCLUDE THE NAME OF

THE FILM PRODUCED, THE NAMES OF ALL TAXPAYERS UTILIZING THE CREDIT AS OF THE DATE OF THE REPORT, AND THE AMOUNT OF CREDITS APPROVED FOR, UTILIZED BY OR SOLD OR ASSIGNED BY EACH TAXPAYER. THE REPORT MAY ALSO INCLUDE ANY RECOMMENDATIONS FOR CHANGES IN THE CALCULATION OR ADMINISTRATION OF THE TAX CREDIT. THE REPORT SHALL BE SUBMITTED TO THE CHAIRMAN AND MINORITY CHAIRMAN OF THE APPROPRIATIONS AND FINANCE COMMITTEES OF THE SENATE AND THE CHAIRMAN AND MINORITY CHAIRMAN OF THE APPROPRIATIONS AND FINANCE COMMITTEES OF THE HOUSE OF REPRESENTATIVES. IN ADDITION TO THE INFORMATION SET FORTH ABOVE, THE REPORT SHALL INCLUDE THE FOLLOWING INFORMATION, WHICH SHALL BE SEPARATED BY GEOGRAPHIC LOCATION WITHIN THIS COMMONWEALTH:

(1) THE AMOUNT OF CREDITS CLAIMED DURING THE FISCAL YEAR BY FILM.

(2) THE TOTAL AMOUNT SPENT IN THIS COMMONWEALTH DURING THE FISCAL YEAR BY FILM.

(3) THE TOTAL AMOUNT OF TAX REVENUES GENERATED BY THIS COMMONWEALTH DURING THE FISCAL YEAR BY FILM.

(4) THE TOTAL NUMBER OF JOBS CREATED DURING THE FISCAL YEAR BY THE FILM, INCLUDING THE DURATION OF THE JOBS.

(B) PUBLIC INFORMATION. NOTWITHSTANDING ANY LAW PROVIDING FOR THE CONFIDENTIALITY OF TAX RECORDS, THE INFORMATION IN THE REPORT SHALL BE PUBLIC INFORMATION AND ALL REPORT INFORMATION SHALL BE POSTED ON THE DEPARTMENT'S INTERNET WEB SITE.

SECTION 1712-D. FILM ADVISORY BOARD.

(A) COMPOSITION. A FILM ADVISORY BOARD IS ESTABLISHED. THE BOARD SHALL WORK WITH THE PENNSYLVANIA FILM OFFICE AND THE REGIONAL FILM OFFICES TO PROMOTE THE FILM INDUSTRY THROUGHOUT THIS COMMONWEALTH AND TO EXAMINE AND FILE A WRITTEN REPORT ON THE EFFECTIVENESS OF THE TAX CREDIT AND GRANT PROGRAMS. THE REPORT SHALL BE INCLUDED IN THE DEPARTMENT'S REPORT REQUIRED UNDER SECTION 1711-D. THE BOARD SHALL CONSIST OF THE FOLLOWING MEMBERS:

(1) THE SECRETARY OF COMMUNITY AND ECONOMIC DEVELOPMENT, OR A DESIGNEE.

(2) A MEMBER APPOINTED BY THE GOVERNOR.

(3) A MEMBER APPOINTED BY THE PRESIDENT PRO TEMPORE OF THE SENATE.

(4) A MEMBER APPOINTED BY THE MINORITY LEADER OF THE SENATE.

(5) A MEMBER APPOINTED BY THE MAJORITY LEADER OF THE HOUSE OF REPRESENTATIVES.

(6) A MEMBER APPOINTED BY THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES.

(B) COMPENSATION. MEMBERS OF THE BOARD SHALL NOT BE COMPENSATED FOR THEIR SERVICE AS BOARD MEMBERS, BUT SHALL BE COMPENSATED FOR THEIR REASONABLE EXPENSES. THE DEPARTMENT SHALL PROVIDE ADMINISTRATIVE SUPPORT FOR THE BOARD.

(C) MEETINGS. THE BOARD SHALL MEET NO LESS THAN TWICE EACH YEAR.

(D) CHAIRMAN. THE MEMBERS OF THE BOARD SHALL ELECT THE CHAIRMAN. ARTICLE XVII-E RESOURCE ENHANCEMENT AND PROTECTION TAX CREDIT SECTION 1701-E. SCOPE. THIS ARTICLE RELATES TO RESOURCE ENHANCEMENT AND PROTECTION TAX CREDITS. SECTION NOT PERTAINING TO THE FILM INCENTIVE HAVE BEEN OMITTED