

Development to conduct a study and report to the General Assembly on the effect of this tax credit and the potential economic effect of a certain income tax credit on the film and video production industry in the State and on the actual effect of similar credits enacted in other states; defining certain terms; and generally relating to sales and use tax exemptions for film production activities.

BY adding to

Article - Tax - General

Section 11-226

Annotated Code of Maryland

(1997 Replacement Volume and 1999 Supplement)

BY adding to

Article 83A - Department of Business and Economic Development

Section 4-501 to be under the new subtitle "Subtitle 5. Film Production Activity Tax Exemptions"

Annotated Code of Maryland

(1998 Replacement Volume and 1999 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

**Article - Tax - General**

11-226.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) (I) "FILM PRODUCTION ACTIVITY" MEANS THE PRODUCTION OR POSTPRODUCTION OF FILM OR VIDEO PROJECTS INCLUDING FEATURE FILMS, TELEVISION PROJECTS, COMMERCIALS, CORPORATE FILMS, INFOMERCIALS, MUSIC VIDEOS, OR OTHER PROJECTS FOR WHICH THE PRODUCER OR PRODUCTION COMPANY WILL BE COMPENSATED, AND WHICH ARE INTENDED FOR NATIONWIDE COMMERCIAL DISTRIBUTION.

(II) "FILM PRODUCTION ACTIVITY" INCLUDES THE PRODUCTION OR POSTPRODUCTION OF DIGITAL, ANIMATION, AND MULTIMEDIA PROJECTS.

(III) "FILM PRODUCTION ACTIVITY" DOES NOT INCLUDE:

1. PRODUCTION OR POSTPRODUCTION OF STUDENT FILMS OR NONCOMMERCIAL PERSONAL VIDEOS; OR

2. ANY ACTIVITY NOT NECESSARY TO AND UNDERTAKEN DIRECTLY AND EXCLUSIVELY FOR THE MAKING OF A MASTER FILM, TAPE, OR IMAGE.

(3) "TANGIBLE PERSONAL PROPERTY OR A TAXABLE SERVICE USED DIRECTLY IN CONNECTION WITH A FILM PRODUCTION ACTIVITY" INCLUDES:

(I) CAMERA EQUIPMENT AND SUPPLIES;