

HOUSE BILL No. 2442

By Committee on Economic Development

2-11

9 AN ACT creating the Kansas film production growth act.

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11 *Be it enacted by the Legislature of the State of Kansas:*

12 Section 1. Sections 1 to 3, inclusive, and amendments thereto, shall
13 be known and may be cited as the Kansas film production growth act.

14 Sec. 2. (a) No more than 2.5% of the market value of the economic
15 development initiatives fund may be invested in Kansas film private eq-
16 uity funds or a Kansas film project under this section.

17 (b) If an investment is made under this section, not more than
18 \$7,500,000 of the amount authorized for investment pursuant to subsec-
19 tion (a) of this section shall be invested in any one Kansas film private
20 equity fund or any one Kansas film project.

21 (c) The Kansas development finance authority shall make invest-
22 ments pursuant to this section only upon approval of the state investment
23 council after a review by the private equity investment advisory commit-
24 tee and the department of commerce. The Kansas development finance
25 authority may make debt or equity investments pursuant to this section
26 only in Kansas film projects or Kansas film private equity funds that invest
27 only in film projects that:

28 (1) Are filmed wholly or substantially in Kansas;

29 (2) have shown to the satisfaction of the Kansas film division that a
30 distribution contract is in place with a reputable distribution company;

31 (3) have agreed that, while filming in Kansas, a majority of the pro-
32 duction crew will be Kansas residents;

33 (4) have posted a completion bond that has been approved by the
34 Kansas film division; provided that a completion bond shall not be re-
35 quired if the fund or project is guaranteed pursuant to paragraph (5) of
36 this subsection; and

37 (5) have obtained a full, unconditional and irrevocable guarantee of
38 repayment of the invested amount in favor of the severance tax perma-
39 nent fund:

40 (A) From an entity that has a credit rating of not less than Baa or
41 BBB by a national rating agency;

42 (B) from a substantial subsidiary of an entity that has a credit rating
43 of not less than Baa or BBB by a national rating agency;

- 1 (C) by providing a full, unconditional and irrevocable letter of credit
2 from a United States incorporated bank with a credit rating of not less
3 than A by a national rating agency; or
- 4 (D) from a substantial and solvent entity as determined by the Kansas
5 development finance authority in accordance with its standards and prac-
6 tices; or
- 7 (6) if not guaranteed pursuant to paragraph (5) of this subsection,
8 have obtained no less than $\frac{1}{3}$ of the estimated total production costs from
9 other sources as approved by the Kansas development finance authority.
- 10 (d) The state investment officer may purchase at a discount, from an
11 eligible Kansas film project, up to 80% of an expected and estimated film
12 production tax credit available to a film production company. The de-
13 partment of commerce shall determine the estimated amount of a film
14 production tax credit. The Kansas development finance authority shall
15 establish guidelines for the Kansas development finance authority's ini-
16 tiation of a purchase and the terms of the purchase.
- 17 (e) As used in this section:
- 18 (1) "Committed capital" means the sum of the fixed amounts of
19 money that accredited investors have obligated for investment in a Kansas
20 film private equity fund, which fixed amounts may be invested in that
21 fund in one or more payments over time;
- 22 (2) "film project" means a single media or multimedia program, in-
23 cluding advertising messages, fixed on film, videotape, computer disc,
24 laser disc or other similar delivery medium from which the program can
25 be viewed or reproduced and that is intended to be exhibited in theaters;
26 licensed for exhibition by individual television stations, groups of stations,
27 networks, cable television stations or other means; or licensed for the
28 home viewing market; and
- 29 (3) "Kansas film private equity fund" means any limited partnership,
30 limited liability company or corporation organized and operating in the
31 United States that:
- 32 (A) Has as its primary business activity the investment of funds in
33 return for equity in film projects produced wholly or partly in Kansas;
- 34 (B) holds out the prospects for capital appreciation from such in-
35 vestments; and
- 36 (C) accepts investments only from accredited investors as that term
37 is defined in section 2 of the federal securities act of 1933, as amended,
38 and rules promulgated pursuant to that section.
- 39 Sec. 3. If any part or application of this act is held invalid, the re-
40 mainder or its application to other situations or persons shall not be
41 affected.
- 42 Sec. 4. This act shall take effect and be in force from and after its
43 publication in the statute book.