



**Hundredth Legislature - First Session - 2007**  
**Committee Statement**  
**LB 235**

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**Hearing Date:** February 15, 2007  
**Committee On:** Revenue

**Introducer(s):** (Nantkes)

**Title:** Provide business incentives for film and music production

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**Roll Call Vote – Final Committee Action:**

- Advanced to General File
  - X Advanced to General File with Amendments
  - Indefinitely Postponed
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**Vote Results:**

- |   |                     |   |
|---|---------------------|---|
| 5 | Yes                 | Senators Cornett, Dierks, Janssen, Preister and White |
| 2 | No                  | Senators Burling and Raikes                           |
| 1 | Present, not voting | Senator Langemeier                                    |
| 0 | Absent              |   |
- 

**Proponents:**

Senator Danielle Nantkes  
Mark Hoeger  
Kathy Rocco  
Sandy Veneziano  
Jim Sheard  
Don Herz  
Dana Markel  
Kerry Knight  
Andrew E. Nelson  
Jim Casey  
Walt Radcliffe  
John Thompson

**Representing:**

Introducer  
Oberon Entertainment  
Omaha Film Commission  
Art Directors, Academy of Motion Pictures  
Teamsters/Change to Win  
City of Lincoln  
NE Association of Convention & Visitors Bureau  
Himself  
Castlegate Pictures, LLC  
Nebraska Music Hall of Fame  
The Motion Picture Association of America  
Centercoast Media, Inc.

**Opponents:**

None

**Representing:**

**Neutral:**

Neal Bedlan

**Representing:**

Nebraska Game & Parks Commission

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### **Summary of purpose and/or changes:**

LB 235 would enact four different incentives related to film or music production in Nebraska. One incentive would be a fifteen percent rebate of expenditures made in Nebraska that are attributable to making movies or commercials in Nebraska. Another would grant an income or sales tax credit equal to ten or twenty-five percent of the costs incurred in establishing a film or music production and development facility. The third would be an income tax credit equal to 25 percent of the profits from a Nebraska film or music project that is reinvested in a new Nebraska film or music project. Finally, the bill would allow a sales tax exemption for goods and services consumed in producing a Nebraska documentary, music video television program or commercial.

### **Explanation of amendments, if any:**

The Committee amendments rewrite the bill and provide only one incentive, a rebate of production costs for film productions. "Film" would be any professional media program or feature which is not obscene, and may be a commercial, movie, or television program or special. "Production costs" would be defined as wages of state residents, construction, wardrobe and accessories, editing, and rentals of facilities, locations and equipment. Production costs also include the wages and salaries of persons defined as "Nebraska expatriates" by the newly-created Film Office of the Game and Parks Commission.

The amount of the rebate would be 25 percent of production costs incurred in Nebraska for a film with a budget of at least \$30 million. If the budget is less, the rebate would still be 25 percent if more than 50 percent of the crew are Nebraska residents, 15 percent if between 25 percent and 50 percent of the crew are Nebraska residents, and 10 percent if fewer than 25 percent of the crew are Nebraska residents. To be eligible, the production must have a budget of at least \$2 million with at least \$1.25 million of the production costs incurred in Nebraska.

To receive the rebate, the production company is to document the production costs, file a Nebraska income tax return, and show that the production has adequate financial backing and liability insurance. The Film Office is also to determine that the proposed film project has a reasonable chance of economic success before granting the rebate. If approved, the Film Office is to notify the State Treasurer, who is to issue payment of the rebate.

Section 3 would create the Film Enhancement Rebate Program Fund which is to contain appropriations and private donations. Approved rebates of production costs are to be paid from the fund. Section 4 would create the Film Office within the Game and Parks Commission.

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**Senator Ray Janssen, Chairperson**