

*{As Amended by Senate Committee of the Whole}*

*As Amended by Senate Committee*

*Session of 2023*

**SENATE BILL No. 91**

By Committee on Commerce

1-24

1 AN ACT concerning economic development; enacting the Kansas film and  
2 digital media production development act; establishing an income tax  
3 credit ~~and~~, sales tax exemption ~~and loan and grant fund loan and~~  
4 ~~grant~~ program to be administered by the secretary of commerce for  
5 the purpose of developing film, video or digital production in Kansas;  
6 establishing the Kansas film and digital media production development  
7 act ~~education fund and the Kansas film and digital media production~~  
8 ~~development act workforce training and business direct investment~~  
9 ~~fund, establishing the Kansas film and digital media production~~  
10 ~~development act education fund and the Kansas film and digital~~  
11 ~~media production development act workforce training and business~~  
12 ~~direct investment fund~~ amending K.S.A. 2022 Supp. 79-3606 and  
13 repealing the existing section.  
14

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

16 New Section 1. Sections 1 through ~~8~~ **8**, and amendments thereto,  
17 shall be known and may be cited as the Kansas film and digital media  
18 production development act. The purpose of the Kansas film and digital  
19 media production development act is to incentivize film, video or digital  
20 media productions in Kansas and facilitate the development and growth of  
21 a film, video or digital media production industry and associated  
22 businesses supporting the industry in this state.

23 New Sec. 2. As used in this act:

24 (a) "Above-the-line personnel" means any individual hired or credited  
25 on screen for an eligible production for work on the production or  
26 postproduction of film as a:

27 (1) Principal cast member compensated for the eligible production  
28 project at a screen actors guild schedule f or above payment rate; or

29 (2) producer, screenwriter or director.

30 (b) "Act" means the Kansas film and digital media production  
31 development act.

32 (c) "Affiliates" means those entities that are included in the  
33 production company's affiliated group as defined in section 1504(a) of the  
34 internal revenue code, 26 U.S.C. § 1504(a), and all other entities that are

Proposed Amendments  
2023 Senate Bill No. 91  
Prepared by: Office of Revisor of Statutes  
Funds

strike

1 monitoring the use of funds and achievement of milestones and objectives  
2 and preparation of the report required by subsection (f).

3 ~~(e) (1) Subject to appropriation acts, on July 1, 2024, and each July 1~~  
4 ~~thereafter through July 1, 2032, the director of accounts and reports shall~~  
5 ~~transfer \$1,000,000 from the state general fund to the Kansas film and~~  
6 ~~digital media production development act workforce training and business~~  
7 ~~direct investment fund. Any unexpended balance in such fund at the close~~  
8 ~~of a fiscal year shall remain credited to the fund for use in the succeeding~~  
9 ~~fiscal year.~~

10 ~~(2) On January 1, 2023, the director of accounts and reports shall~~  
11 ~~transfer all unexpended moneys in the Kansas film and digital media~~  
12 ~~production development act workforce training and business direct~~  
13 ~~investment fund to the state general fund. After such transfer and the~~  
14 ~~disbursement of any unexpended funds pursuant to awards made prior to~~  
15 ~~January 1, 2023, the Kansas film and digital media production~~  
16 ~~development act workforce training and business direct investment fund~~  
17 ~~shall be abolished. Upon abolition of such fund, all liabilities of the~~  
18 ~~Kansas film and digital media production development act workforce~~  
19 ~~training and business direct investment fund shall be transferred to and~~  
20 ~~imposed on the state general fund.~~

21 ~~(f) On or before January 31, 2024, and each January 31 thereafter~~  
22 ~~through January 31, 2032, the secretary of commerce shall submit an~~  
23 ~~annual report to the house of representatives standing committee on~~  
24 ~~commerce, labor and economic development and the senate standing~~  
25 ~~committee on commerce on the administration of the Kansas film and~~  
26 ~~digital media production development act workforce training and business~~  
27 ~~direct investment fund and all grants or loans awarded from the fund. Such~~  
28 ~~report shall contain specific and aggregate information regarding all~~  
29 ~~expenditures from the fund, the businesses or Kansas postsecondary~~  
30 ~~educational institutions receiving funds, the amount of funds expended for~~  
31 ~~each grant or loan, the reason and purpose for which each grant or loan~~  
32 ~~was approved, including how it was intended to further the purposes of the~~  
33 ~~Kansas film and digital media production development act project~~  
34 ~~workforce training and business direct investment fund, the actual use of~~  
35 ~~the grant or loan funds by the recipient and the accomplishment of or~~  
36 ~~progress made toward agreed milestones and objectives.~~

37 ~~(New Sec. 7. (a) The secretary of commerce is hereby authorized~~  
38 ~~and empowered to award grants for educational purposes or programs~~  
39 ~~to develop and support the Kansas film and digital media industry. The~~  
40 ~~purpose of such grants is to develop, expand and improve Kansas~~  
41 ~~educational programs directly relevant to development and support of~~  
42 ~~the film and digital media industry in this state. The secretary is~~  
43 ~~authorized to award such grants to not-for-profit, postsecondary~~

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1 ~~educational institutions with a main campus or principal operations in~~  
2 ~~Kansas, including public or private four-year universities or colleges,~~  
3 ~~community colleges or technical colleges established under the laws of~~  
4 ~~this state or the Washington Institute of Technology. In awarding such~~  
5 ~~grants, the secretary shall select such institutions that are engaged in or~~  
6 ~~that seek to engage in educational programs or activities related to film,~~  
7 ~~media, digital technology training or other evolving areas of the film and~~  
8 ~~digital media industry in Kansas. The secretary shall not award grants~~  
9 ~~pursuant to this section on or after January 1, 2023.~~

10 ~~(b) (1) There is hereby established in the state treasury the Kansas~~  
11 ~~film and digital media production development act education fund to be~~  
12 ~~administered by the secretary of commerce. All moneys credited to such~~  
13 ~~fund shall be used to provide grants for the expansion of film and digital~~  
14 ~~media production-related education in the state of Kansas and the~~  
15 ~~administration of such fund. All expenditures from such fund shall be~~  
16 ~~made in accordance with the provisions of appropriation acts and upon~~  
17 ~~warrants of the director of revenue and reports issued pursuant to~~  
18 ~~warrants approved by the secretary of commerce or the secretary's~~  
19 ~~designee.~~

20 ~~(2) The secretary shall remit any moneys received pursuant to any~~  
21 ~~warrants or any repayment obligations imposed by the secretary~~  
22 ~~pursuant to this section to the state treasurer in accordance with the~~  
23 ~~provisions of K.S.A. 75-4215 and amendments thereto. Upon receipt of~~  
24 ~~such such remittance, the state treasurer shall deposit the entire amount~~  
25 ~~in the state treasury to the credit of the Kansas film and digital media~~  
26 ~~production development act education fund.~~

27 ~~(c) (1) Grants made by the secretary of commerce from the Kansas~~  
28 ~~film and digital media production development act education fund shall~~  
29 ~~be used for educational purposes, including, but not limited to:~~

30 ~~(A) Internships and apprenticeship programs;~~

31 ~~(B) scholarships;~~

32 ~~(C) equipment development and staffing; or~~

33 ~~(D) research such as lab facilities or equipment.~~

34 ~~(2) Such grants shall be awarded upon such terms and conditions~~  
35 ~~as the secretary of commerce may deem appropriate. Such terms and~~  
36 ~~conditions shall:~~

37 ~~(A) Require that scholarship programs that receive grant funding~~  
38 ~~require student scholarship recipients to agree to reside in Kansas and~~  
39 ~~work primarily in Kansas or with a Kansas-based company, when~~  
40 ~~possible, for at least two years following completion of an educational~~  
41 ~~program;~~

42 ~~(B) include specified objectives and milestones as agreed by the~~  
43 ~~Kansas educational institution grant recipient and the secretary.~~

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1 including, but not limited to, graduate job placement goals, and  
2 ~~(C) require the Kansas educational institution to provide~~  
3 ~~information as requested by the secretary for purposes of administering~~  
4 ~~the grant program, monitoring the use of funds and the achievement of~~  
5 ~~milestones and objectives and preparation of the report required by~~  
6 ~~subsection (a).~~

7 ~~(d) (1) Subject to appropriation acts, on July 1, 2023, and each July~~  
8 ~~1 thereafter through July 1, 2032, the director of accounts and reports~~  
9 ~~shall transfer \$1,000,000 from the state general fund to the Kansas film~~  
10 ~~and digital media production development act education fund. Any~~  
11 ~~unexpended balance in such fund at the close of a fiscal year shall~~  
12 ~~remain credited to the fund for use in the succeeding fiscal year.~~

13 ~~(2) On January 1, 2023, the director of accounts and reports shall~~  
14 ~~transfer all unexpended money in the Kansas film and digital media~~  
15 ~~production development act education fund to the state general fund.~~  
16 ~~After such transfer and the disbursement of any enumerated funds~~  
17 ~~pursuant to grant awards made prior to January 1, 2023, the Kansas~~  
18 ~~film and digital media production development act education fund shall~~  
19 ~~be abolished. Upon abolition of such fund, all liabilities of the~~  
20 ~~Kansas film and digital media production development act education~~  
21 ~~fund shall be transferred to and imposed on the state general fund.~~

22 ~~(e) On or before January 31, 2024, and each January 31 through~~  
23 ~~January 31, 2033, the secretary of commerce shall submit an annual~~  
24 ~~report to the house of representatives standing committee on commerce,~~  
25 ~~labor and economic development and the senate standing committee on~~  
26 ~~commerce on the administration of the Kansas film and digital media~~  
27 ~~production development act education fund and all grants awarded from~~  
28 ~~the fund. Such report shall contain specific and aggregate information~~  
29 ~~regarding all expenditures from the fund, the Kansas educational~~  
30 ~~institutions receiving grants, the amount of funds expended for each~~  
31 ~~grant, the reason and purpose for which each grant was approved,~~  
32 ~~including how it was intended to further the purposes of the fund, the~~  
33 ~~actual use of such grant funds by the Kansas educational institution and~~  
34 ~~the accomplishment or progress made by the educational institution~~  
35 ~~toward agreed milestones and objectives.~~

36 ~~New Sec. 8. (a) The secretary of commerce is hereby authorized~~  
37 ~~and empowered to award grants or loans from the Kansas film and~~  
38 ~~digital media production development act workforce training and~~  
39 ~~business direct investment fund in connection with projects certified by~~  
40 ~~the secretary pursuant to section 3, and amendments thereto. The~~  
41 ~~secretary shall award such grants or loans for the purpose of facilitating~~  
42 ~~and supporting certified projects and developing the Kansas film and~~  
43 ~~digital media industry by funding workforce training and by investing~~

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1 ~~directly in Kansas companies engaged in or seeking to engage in~~  
2 ~~certified projects. The secretary shall not award grants or loans~~  
3 ~~pursuant to this section on or after January 1, 2013.~~  
4 ~~(b) (1) There is hereby established in the state treasury the Kansas~~  
5 ~~film and digital media production development act workforce training~~  
6 ~~and business direct investment fund to be administered by the secretary~~  
7 ~~of commerce. All monies credited to such fund shall be used to provide~~  
8 ~~grants or loans as provided by this section for the support of workforce~~  
9 ~~training and direct investment in Kansas companies in relation to~~  
10 ~~certified film or digital media production projects, the development to~~  
11 ~~the Kansas film and digital media industry and the administration of~~  
12 ~~such fund. All expenditures from such fund shall be made in accordance~~  
13 ~~with the provisions of appropriation acts and upon warrants of the~~  
14 ~~director of accounts and reports issued pursuant to vouchers approved~~  
15 ~~by the secretary of commerce or the secretary's designee.~~  
16 ~~(2) The secretary of commerce shall remit any monies received~~  
17 ~~pursuant to loan repayments, interest, any penalties or any other~~  
18 ~~repayment obligations imposed by the secretary pursuant to this section~~  
19 ~~to the state treasurer in accordance with the provisions of K.S.A. 75-~~  
20 ~~4215 and amendments thereto. Upon receipt of each such remittance,~~  
21 ~~the state treasurer shall deposit the entire amount in the state treasury to~~  
22 ~~the credit of the Kansas film and digital media production development~~  
23 ~~act workforce training and business direct investment fund.~~  
24 ~~(c) (1) Grants made by the secretary of commerce from the Kansas~~  
25 ~~film and digital media production development act workforce training~~  
26 ~~and business direct investment fund shall be used for workforce~~  
27 ~~development purposes, including, but not limited to:~~  
28 ~~(A) Apprenticeship programs for Kansas residents;~~  
29 ~~(B) ~~even training for Kansas residents, including:~~~~  
30 ~~(i) Training provided by not-for-profit postsecondary educational~~  
31 ~~institutions with a main campus or principal operations in Kansas~~  
32 ~~selected by the secretary, including four-year public or private~~  
33 ~~educational institutions, public community colleges or public technical~~  
34 ~~schools established under the laws of this state or the Washington Institute~~  
35 ~~of Technology; or~~  
36 ~~(ii) employee training provided by any production company or a~~  
37 ~~Kansas company involved in the film and digital media industry and~~  
38 ~~engaged in a certified project; or~~  
39 ~~(C) development of training models in coordination and~~  
40 ~~cooperation with the film and digital media production industry for use~~  
41 ~~by Kansas educational institutions.~~  
42 ~~(2) Such grants shall be upon such terms and conditions as the~~  
43 ~~secretary of commerce may deem appropriate. Such terms and~~

1 conditions shall include an agreement by the grant recipient to provide  
 2 information as requested by the secretary for purposes of administering  
 3 the grant program, monitoring the use of funds and preparation of the  
 4 report required by subsection (F).

5 ~~(4) (1) Direct investments made by the secretary of commerce from  
 6 the Kansas film and digital media production development act workforce  
 7 training and business direct investment fund shall be used for investing  
 8 in Kansas film and digital media production industry companies that  
 9 will or seek to be engaged in certified projects, including Kansas-based  
 10 production companies or Kansas businesses that are offering personnel,  
 11 services, facilities, leases or rentals or that are offering, engaged in or  
 12 seeking to engage in other production or postproduction-related  
 13 business activities. Investments may be made in Kansas start-ups,  
 14 Kansas businesses seeking to expand into the film and digital media  
 15 production industry or established Kansas businesses in such industry.~~

16 ~~(2) Direct investments shall be comprised of a loan component in  
 17 the amount of 80% and a grant component in the amount of 20% of the  
 18 total amount of funds to the recipient. The investment shall be made upon  
 19 such terms and conditions as the secretary of commerce may deem  
 20 appropriate. Such terms and conditions shall:~~

21 ~~(A) Include specified objectives and milestones as required by the  
 22 secretary and provisions for repayment of the grant or loan if conditions  
 23 specified by the secretary are not met; and~~

24 ~~(B) Require the recipient to provide information as requested by the  
 25 secretary for purposes of administering the direct investment program,  
 26 monitoring the use of funds and achievement of milestones and  
 27 objectives and preparation of the report required by subsection (F).~~

28 ~~(4) (1) Subject to appropriation acts on July 1, 2024, and each July  
 29 thereafter through July 1, 2032, the director of accounts and reports  
 30 shall transfer \$1,000,000 from the state general fund to the Kansas film  
 31 and digital media production development act workforce training and  
 32 business direct investment fund. Any unexpended balance in such fund  
 33 at the close of a fiscal year shall remain credited to the fund for use in  
 34 the succeeding fiscal year.~~

35 ~~(2) On January 1, 2033, the director of accounts and reports shall  
 36 transfer all unexpended moneys in the Kansas film and digital media  
 37 production development act workforce training and business direct  
 38 investment fund to the state general fund. After such transfer and the  
 39 disbursement of any unexpended funds pursuant to awards made prior  
 40 to January 1, 2033, the Kansas film and digital media production  
 41 development act workforce training and business direct investment fund  
 42 shall be abolished. Upon abolishment of such fund, all liabilities of the  
 43 Kansas film and digital media production development act workforce~~

Strike

1 ~~training and business direct investment fund shall be transferred to and~~  
2 ~~imposed on the state general fund.~~

3 ~~(f) On or before January 31, 2024, and each January 31 thereafter,~~  
4 ~~through January 31, 2033, the secretary of commerce shall submit an~~  
5 ~~annual report to the house of representatives standing committee on~~  
6 ~~commerce, labor and economic development and the senate standing~~  
7 ~~committee on commerce on the administration of the Kansas film and~~  
8 ~~digital media production development act workforce training and~~  
9 ~~business direct investment fund and all grants or loans awarded from~~  
10 ~~the fund. Such report shall contain specific and aggregate information~~  
11 ~~regarding all expenditures from the fund, the businesses or Kansas~~  
12 ~~residential educational institutions receiving funds, the amount of~~  
13 ~~funds expended for each grant or loan, the reason and purpose for~~  
14 ~~which each grant or loan was approved, including how it was intended~~  
15 ~~to further the purpose of the Kansas film and digital media production~~  
16 ~~development act project workforce training and business direct~~  
17 ~~investment fund, the actual use of the grant or loan funds by the~~  
18 ~~recipient and the accomplishment of or progress made toward agreed~~  
19 ~~milestones and objectives.~~

20 ~~Sec. 9-7-19,} K.S.A. 2022 Supp. 79-3606 is hereby amended to read~~  
21 ~~as follows: 79-3606. The following shall be exempt from the tax imposed~~  
22 ~~by this act:~~

23 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
24 or excise tax has been paid, not subject to refund, under the laws of this  
25 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-  
26 3301, and amendments thereto, including consumable material for such  
27 electronic cigarettes, cereal malt beverages and malt products as defined  
28 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,  
29 malt syrup and malt extract, that is not subject to taxation under the  
30 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles  
31 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed  
32 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and  
33 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments  
34 thereto, and gross receipts from regulated sports contests taxed pursuant to  
35 the Kansas professional regulated sports act, and amendments thereto;

36 (b) all sales of tangible personal property or service, including the  
37 renting and leasing of tangible personal property, purchased directly by the  
38 state of Kansas, a political subdivision thereof, other than a school or  
39 educational institution, or purchased by a public or private nonprofit  
40 hospital, public hospital authority, nonprofit blood, tissue or organ bank or  
41 nonprofit integrated community care organization and used exclusively for  
42 state, political subdivision, hospital, public hospital authority, nonprofit  
43 blood, tissue or organ bank or nonprofit integrated community care

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