

10083--B

I N A S S E M B L Y

May 10, 2016

Introduced by M. of A. LENTOL -- read once and referred to the Committee on Ways and Means -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- reported and referred to the Committee on Rules -- Rules Committee discharged, bill amended, ordered reprinted as amended and recommitted to the Committee on Rules

AN ACT to amend the tax law and the economic development law, in relation to the creation of the empire state music production credit and the empire state digital gaming media production credit; to repeal subdivision 11 of section 352 of the economic development law relating thereto; and providing for the repeal of certain provisions upon expiration thereof

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 Section 1. The tax law is amended by adding a new section 43 to read
2 as follows:
3 S 43. EMPIRE STATE MUSIC PRODUCTION CREDIT. (A) ALLOWANCE OF CREDIT.
4 (1) A TAXPAYER WHICH IS A MUSIC PRODUCTION ENTITY ENGAGED IN QUALIFIED
5 MUSIC PRODUCTION, OR WHO IS A SOLE PROPRIETOR OF OR A MEMBER OF A PART-
6 NERSHIP, WHICH IS A MUSIC PRODUCTION ENTITY ENGAGED IN QUALIFIED MUSIC
7 PRODUCTION, AND IS SUBJECT TO TAX UNDER ARTICLE NINE-A OR TWENTY-TWO OF
8 THIS CHAPTER, SHALL BE ALLOWED A CREDIT AGAINST SUCH TAX TO BE COMPUTED
9 AS PROVIDED HEREIN.
10 (2) THE AMOUNT OF THE CREDIT SHALL BE THE PRODUCT (OR PRO RATA SHARE
11 OF THE PRODUCT, IN THE CASE OF A MEMBER OF A PARTNERSHIP OR LIMITED
12 LIABILITY COMPANY) OF TWENTY-FIVE PERCENT AND THE ELIGIBLE PRODUCTION
13 COSTS OF ONE OR MORE QUALIFIED MUSIC PRODUCTIONS.
14 (3) ELIGIBLE PRODUCTION COSTS FOR A QUALIFIED MUSIC PRODUCTION
15 INCURRED AND PAID IN THIS STATE BUT OUTSIDE SUCH METROPOLITAN COMMUTER
16 TRANSPORTATION DISTRICT SHALL BE ELIGIBLE FOR A CREDIT OF TEN PERCENT OF
17 SUCH ELIGIBLE PRODUCTION COSTS IN ADDITION TO THE CREDIT SPECIFIED IN
18 PARAGRAPH TWO OF THIS SUBDIVISION.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [] is old law to be omitted.

LBD15150-08-6

1 (4) ELIGIBLE PRODUCTION COSTS SHALL NOT INCLUDE THOSE COSTS USED BY
2 THE TAXPAYER OR ANOTHER TAXPAYER AS THE BASIS CALCULATION OF ANY OTHER
3 TAX CREDIT ALLOWED UNDER THIS CHAPTER OR ALLOWED IN ANY OTHER STATE.

4 (B) ALLOCATION OF CREDIT. THE AGGREGATE AMOUNT OF TAX CREDITS ALLOWED
5 UNDER THIS SECTION, SUBDIVISION FIFTY-TWO OF SECTION TWO HUNDRED TEN-B
6 AND SUBSECTION (HHH) OF SECTION SIX HUNDRED SIX OF THIS CHAPTER IN ANY
7 TAXABLE YEAR SHALL BE TWENTY-FIVE MILLION DOLLARS. THE AGGREGATE AMOUNT
8 OF CREDITS FOR ANY TAXABLE YEAR SHALL BE DISTRIBUTED ON A REGIONAL BASIS
9 AS FOLLOWS: FIFTY PERCENT OF THE AGGREGATE AMOUNT OF CREDITS SHALL BE
10 AVAILABLE FOR QUALIFIED MUSIC PRODUCTIONS THAT INCUR AT LEAST SIXTY
11 PERCENT OF ELIGIBLE PRODUCTION COSTS FOR A QUALIFIED MUSIC PRODUCTION IN
12 REGION ONE; TWENTY PERCENT OF THE AGGREGATE AMOUNT OF CREDITS SHALL BE
13 AVAILABLE FOR QUALIFIED MUSIC PRODUCTIONS THAT INCUR AT LEAST SIXTY
14 PERCENT OF ELIGIBLE PRODUCTION COSTS FOR A QUALIFIED MUSIC PRODUCTION IN
15 REGION TWO; AND THIRTY PERCENT OF THE AGGREGATE AMOUNT OF CREDITS SHALL
16 BE AVAILABLE FOR QUALIFIED MUSIC PRODUCTIONS THAT INCUR AT LEAST SIXTY
17 PERCENT OF ELIGIBLE PRODUCTION COSTS FOR A QUALIFIED MUSIC PRODUCTION IN
18 REGION THREE. IF SUCH REGIONAL DISTRIBUTION IS NOT FULLY ALLOCATED IN
19 ANY TAXABLE YEAR, THE REMAINDER OF SUCH CREDITS SHALL BE AVAILABLE FOR
20 ALLOCATION TO ANY REGION IN THE SUBSEQUENT TAX YEAR. FOR THE PURPOSES
21 OF THIS SECTION REGION ONE SHALL CONTAIN THE CITY OF NEW YORK; REGION
22 TWO SHALL CONTAIN THE COUNTIES OF WESTCHESTER, ROCKLAND, NASSAU AND
23 SUFFOLK; AND REGION THREE SHALL CONTAIN ANY COUNTY NOT CONTAINED IN
24 REGIONS ONE AND TWO. SUCH CREDIT SHALL BE ALLOCATED BY THE EMPIRE STATE
25 DEVELOPMENT CORPORATION AMONG TAXPAYERS IN ORDER OF PRIORITY BASED UPON
26 THE DATE OF FILING AN APPLICATION FOR ALLOCATION OF MUSIC PRODUCTION
27 CREDITS WITH SUCH OFFICE. IF THE TOTAL AMOUNT OF ALLOCATED CREDITS
28 APPLIED FOR IN ANY PARTICULAR YEAR EXCEEDS THE AGGREGATE AMOUNT OF TAX
29 CREDITS ALLOWED FOR SUCH YEAR UNDER THIS SECTION, SUCH EXCESS SHALL BE
30 TREATED AS HAVING BEEN APPLIED FOR ON THE FIRST DAY OF THE SUBSEQUENT
31 TAXABLE YEAR.

32 (C) DEFINITIONS. AS USED IN THIS SECTION:

33 (1) "MUSIC PRODUCTION" MEANS THE CREATION OF A SOUND RECORDING AND ANY
34 RELATED MUSIC VIDEO, EITHER OF WHICH IS INTENDED FOR COMMERCIAL RELEASE.
35 A "MUSIC PRODUCTION" DOES NOT INCLUDE RECORDINGS THAT ARE PRIMARILY
36 SPOKEN WORD OR WILDLIFE OR NATURE SOUNDS, OR PRODUCED FOR INSTRUCTIONAL
37 USE OR ADVERTISING OR PROMOTIONAL PURPOSES.

38 (2) "QUALIFIED MUSIC PRODUCTION" IS A MUSIC PRODUCTION IN WHICH ELIGI-
39 BLE PRODUCTION COSTS EQUAL TO OR ARE IN EXCESS OF SEVEN THOUSAND FIVE
40 HUNDRED DOLLARS IF INCURRED AND PAID IN THIS STATE IN THE TWELVE MONTHS
41 PRECEDING THE DATE ON WHICH THE CREDIT IS CLAIMED. PROVIDED, HOWEVER, IF
42 SUCH PRODUCTION COSTS ARE INCURRED AND PAID OUTSIDE THE METROPOLITAN
43 COMMUTER TRANSPORTATION DISTRICT IN THIS STATE, SUCH PRODUCTION COSTS
44 SHALL BE EQUAL TO OR IN EXCESS OF THREE THOUSAND SEVEN HUNDRED FIFTY
45 DOLLARS TO BE A QUALIFIED MUSIC PRODUCTION FOR THE PURPOSES OF THIS
46 PARAGRAPH.

47 (3) (A) "ELIGIBLE PRODUCTION COSTS FOR A QUALIFIED MUSIC PRODUCTION"
48 ARE COSTS INCURRED AND PAID IN THIS STATE FOR TANGIBLE PROPERTY AND
49 SERVICES USED IN THE PRODUCTION OF QUALIFIED MUSIC PRODUCTION, AS DETER-
50 MINED BY THE DEPARTMENT OF ECONOMIC DEVELOPMENT, INCLUDING, BUT NOT
51 LIMITED TO: (I) STUDIO RENTAL FEES AND RELATED COSTS, (II) INSTRUMENT
52 AND EQUIPMENT RENTAL FEES, (III) PRODUCTION SESSION FEES FOR MUSICIANS,
53 PROGRAMMERS, ENGINEERS, AND TECHNICIANS AND (IV) MIXING AND MASTERING
54 SERVICES.

55 (B) ELIGIBLE PRODUCTION COSTS SHALL NOT INCLUDE: (I) COSTS FOR TANGI-
56 BLE PROPERTY OR SERVICES USED OR PERFORMED OUTSIDE OF THIS STATE, (II)

1 PERFORMANCE FEES FOR FEATURED ARTISTS OR FEATURED GUEST ARTISTS RECEIV-
 2 ING ROYALTIES OR ADVANCES ON ROYALTIES OR SPECIAL PERFORMANCE FEES
 3 (OTHER THAN THOSE THAT WOULD NORMALLY BE COLLECTED BY A PERFORMING
 4 RIGHTS ORGANIZATION) PURSUANT TO AN AGREEMENT DIRECTLY WITH THE PRODUCER
 5 OR EMPLOYER, (III) SALARIES OR RELATED COMPENSATION FOR PRODUCERS OR
 6 SONGWRITERS, (IV) COMPOSER, ARTIST OR PRODUCER RESIDUAL ROYALTIES OR
 7 ADVANCES, (V) LICENSING FEES FOR SAMPLES, (VI) INTERPOLATIONS OR OTHER
 8 MUSIC CLEARANCE COSTS, (VII) MASTERING OR POST-PRODUCTION EXPENDITURES
 9 FOR PROJECTS THAT WERE NOT PRINCIPALLY TRACKED AND RECORDED IN THIS
 10 STATE, (VIII) ANY COSTS ASSOCIATED WITH MANUFACTURING, DUPLICATION,
 11 PACKAGING, DISTRIBUTION, PROMOTION, MARKETING OR TOURING NOT SPECIF-
 12 ICALLY OUTLINED IN THIS SUBPARAGRAPH, OR (IX) LOCAL TRANSPORTATION
 13 EXPENDITURES DIRECTLY RELATED TO MUSIC PRODUCTION AND PROVIDED AT OR TO
 14 THE SITE OF SUCH MUSIC PRODUCTION. WITH RESPECT TO THE PRODUCTION OF A
 15 MUSIC VIDEO, ELIGIBLE PRODUCTION COSTS ARE THOSE DEFINED IN PARAGRAPH
 16 TWO OF SUBDIVISION (B) OF SECTION TWENTY-FOUR OF THIS ARTICLE. SUCH
 17 TOTAL PRODUCTION COSTS INCURRED AND PAID IN THIS STATE SHALL BE EQUAL TO
 18 OR EXCEED SEVENTY-FIVE PERCENT OF TOTAL COST OF AN ELIGIBLE PRODUCTION
 19 INCURRED AND PAID WITHIN AND WITHOUT THIS STATE.

20 (D) CROSS-REFERENCES. FOR APPLICATIONS OF THE CREDIT PROVIDED FOR IN
 21 THIS SECTION, SEE THE FOLLOWING PROVISIONS OF THIS CHAPTER:

22 (1) ARTICLE NINE-A: SECTION TWO HUNDRED TEN-B, SUBDIVISION FIFTY-TWO.

23 (2) ARTICLE TWENTY-TWO: SECTION SIX HUNDRED SIX, SUBSECTION (I), PARA-
 24 GRAPH ONE, SUBPARAGRAPH (B), CLAUSE (XLIII).

25 (3) ARTICLE TWENTY-TWO: SECTION SIX HUNDRED SIX, SUBSECTION (HHH).

26 S 2. Section 210-B of the tax law is amended by adding a new subdivi-
 27 sion 52 to read as follows:

28 52. EMPIRE STATE MUSIC PRODUCTION CREDIT. (A) ALLOWANCE OF CREDIT. A
 29 TAXPAYER WHO IS ELIGIBLE PURSUANT TO SECTION FORTY-THREE OF THIS CHAPTER
 30 SHALL BE ALLOWED A CREDIT TO BE COMPUTED AS PROVIDED IN SUCH SECTION
 31 FORTY-THREE AGAINST THE TAX IMPOSED BY THIS ARTICLE.

32 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
 33 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
 34 THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF
 35 SECTION TWO HUNDRED TEN OF THIS ARTICLE. PROVIDED, HOWEVER, THAT IF THE
 36 AMOUNT OF THE CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE
 37 YEAR REDUCES THE TAX TO SUCH AMOUNT, THE EXCESS SHALL BE TREATED AS AN
 38 OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE
 39 PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER, PROVIDED,
 40 HOWEVER, NO INTEREST SHALL BE PAID THEREON.

41 S 3. Subparagraph (B) of paragraph 1 of subsection (i) of section 606
 42 of the tax law is amended by adding a new clause (xliii) to read as
 43 follows:

44 (XLIII) EMPIRE STATE MUSIC	AMOUNT OF CREDIT
45 PRODUCTION CREDIT UNDER	UNDER SUBDIVISION
46 SUBSECTION (HHH)	FIFTY-TWO OF SECTION TWO HUNDRED
47	TEN-B

48 S 4. Section 606 of the tax law is amended by adding a new subsection
 49 (hhh) to read as follows:

50 (HHH) EMPIRE STATE MUSIC PRODUCTION CREDIT. (1) ALLOWANCE OF CREDIT. A
 51 TAXPAYER WHO IS ELIGIBLE PURSUANT TO SECTION FORTY-THREE OF THIS CHAPTER
 52 SHALL BE ALLOWED A CREDIT TO BE COMPUTED AS PROVIDED IN SUCH SECTION
 53 FORTY-THREE AGAINST THE TAX IMPOSED BY THIS ARTICLE.

1 (2) APPLICATION OF CREDIT. IF THE AMOUNT OF THE CREDIT ALLOWABLE UNDER
2 THIS SUBSECTION FOR ANY TAXABLE YEAR EXCEEDS THE TAXPAYER'S TAX FOR SUCH
3 YEAR, THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDIT-
4 ED OR REFUNDED AS PROVIDED IN SECTION SIX HUNDRED EIGHTY-SIX OF THIS
5 ARTICLE, PROVIDED, HOWEVER, THAT NO INTEREST SHALL BE PAID THEREON.

6 S 5. The tax law is amended by adding a new section 44 to read as
7 follows:

8 S 44. EMPIRE STATE DIGITAL GAMING MEDIA PRODUCTION CREDIT. (A) ALLOW-
9 ANCE OF CREDIT. (1) A TAXPAYER WHICH IS A DIGITAL GAMING MEDIA
10 PRODUCTION ENTITY ENGAGED IN QUALIFIED DIGITAL GAMING MEDIA PRODUCTION,
11 OR WHO IS A SOLE PROPRIETOR OF OR A MEMBER OF A PARTNERSHIP, WHICH IS A
12 DIGITAL GAMING MEDIA PRODUCTION ENTITY ENGAGED IN QUALIFIED DIGITAL
13 GAMING MEDIA PRODUCTION, AND IS SUBJECT TO TAX UNDER ARTICLE NINE-A OR
14 TWENTY-TWO OF THIS CHAPTER, SHALL BE ALLOWED A CREDIT AGAINST SUCH TAX
15 TO BE COMPUTED AS PROVIDED HEREIN.

16 (2) THE AMOUNT OF THE CREDIT SHALL BE THE PRODUCT (OR PRO RATA SHARE
17 OF THE PRODUCT, IN THE CASE OF A MEMBER OF A PARTNERSHIP OR LIMITED
18 LIABILITY COMPANY) OF TWENTY-FIVE PERCENT AND THE ELIGIBLE PRODUCTION
19 COSTS OF ONE OR MORE QUALIFIED DIGITAL GAMING MEDIA PRODUCTIONS.

20 (3) ELIGIBLE DIGITAL GAMING MEDIA PRODUCTION COSTS FOR A QUALIFIED
21 DIGITAL GAMING MEDIA PRODUCTION INCURRED AND PAID IN THIS STATE BUT
22 OUTSIDE SUCH METROPOLITAN COMMUTER TRANSPORTATION DISTRICT SHALL BE
23 ELIGIBLE FOR A CREDIT OF TEN PERCENT OF SUCH ELIGIBLE PRODUCTION COSTS
24 IN ADDITION TO THE CREDIT SPECIFIED IN PARAGRAPH TWO OF THIS SUBDIVI-
25 SION.

26 (4) ELIGIBLE PRODUCTION COSTS SHALL NOT INCLUDE THOSE COSTS USED BY
27 THE TAXPAYER OR ANOTHER TAXPAYER AS THE BASIS CALCULATION OF ANY OTHER
28 TAX CREDIT ALLOWED UNDER THIS CHAPTER OR ALLOWED IN ANY OTHER STATE.

29 (B) ALLOCATION OF CREDIT. THE AGGREGATE AMOUNT OF TAX CREDITS ALLOWED
30 UNDER THIS SECTION, SUBDIVISION FIFTY-THREE OF SECTION TWO HUNDRED TEN-B
31 AND SUBSECTION (III) OF SECTION SIX HUNDRED SIX OF THIS CHAPTER IN ANY
32 TAXABLE YEAR SHALL BE TWENTY-FIVE MILLION DOLLARS. THE AGGREGATE AMOUNT
33 OF CREDITS FOR ANY TAXABLE YEAR MUST BE DISTRIBUTED ON A REGIONAL BASIS
34 AS FOLLOWS: FIFTY PERCENT OF THE AGGREGATE AMOUNT OF CREDITS SHALL BE
35 AVAILABLE FOR QUALIFIED DIGITAL GAMING MEDIA PRODUCTIONS THAT INCUR AT
36 LEAST SIXTY PERCENT OF ELIGIBLE PRODUCTION COSTS FOR A QUALIFIED DIGITAL
37 GAMING MEDIA PRODUCTION IN REGION ONE; TWENTY PERCENT OF THE AGGREGATE
38 AMOUNT OF CREDITS SHALL BE AVAILABLE FOR QUALIFIED DIGITAL GAMING MEDIA
39 PRODUCTIONS THAT INCUR AT LEAST SIXTY PERCENT OF ELIGIBLE PRODUCTION
40 COSTS FOR A QUALIFIED DIGITAL GAMING MEDIA PRODUCTION IN REGION TWO; AND
41 THIRTY PERCENT OF THE AGGREGATE AMOUNT OF CREDITS SHALL BE AVAILABLE FOR
42 QUALIFIED DIGITAL GAMING MEDIA PRODUCTIONS THAT INCUR AT LEAST SIXTY
43 PERCENT OF ELIGIBLE PRODUCTION COSTS FOR A QUALIFIED DIGITAL GAMING
44 MEDIA PRODUCTION IN REGION THREE. IF SUCH REGIONAL DISTRIBUTION IS NOT
45 FULLY ALLOCATED IN ANY TAXABLE YEAR, THE REMAINDER OF SUCH CREDITS SHALL
46 BE AVAILABLE FOR ALLOCATION TO ANY REGION IN THE SUBSEQUENT TAX YEAR.
47 FOR THE PURPOSES OF THIS SECTION REGION ONE SHALL CONTAIN THE CITY OF
48 NEW YORK; REGION TWO SHALL CONTAIN THE COUNTIES OF WESTCHESTER, ROCK-
49 LAND, NASSAU AND SUFFOLK; AND REGION THREE SHALL CONTAIN ANY COUNTY NOT
50 CONTAINED IN REGIONS ONE AND TWO. SUCH CREDIT SHALL BE ALLOCATED BY THE
51 EMPIRE STATE DEVELOPMENT CORPORATION AMONG TAXPAYERS IN ORDER OF PRIORI-
52 TY BASED UPON THE DATE OF FILING AN APPLICATION FOR ALLOCATION OF
53 DIGITAL GAMING MEDIA PRODUCTION CREDIT WITH SUCH OFFICE. IF THE TOTAL
54 AMOUNT OF ALLOCATED CREDITS APPLIED FOR IN ANY PARTICULAR YEAR EXCEEDS
55 THE AGGREGATE AMOUNT OF TAX CREDITS ALLOWED FOR SUCH YEAR UNDER THIS

1 SECTION, SUCH EXCESS SHALL BE TREATED AS HAVING BEEN APPLIED FOR ON THE
2 FIRST DAY OF THE SUBSEQUENT TAXABLE YEAR.

3 (C) DEFINITIONS. AS USED IN THIS SECTION:

4 (1) "QUALIFIED DIGITAL GAMING MEDIA PRODUCTION" MEANS: (I) A WEBSITE,
5 THE DIGITAL MEDIA PRODUCTION COSTS OF WHICH ARE PAID OR INCURRED PREDOMINATELY
6 IN CONNECTION WITH (A) VIDEO SIMULATION, ANIMATION, TEXT,
7 AUDIO, GRAPHICS OR SIMILAR GAMING RELATED PROPERTY EMBODIED IN DIGITAL
8 FORMAT, AND (B) INTERACTIVE FEATURES OF DIGITAL GAMING (E.G., LINKS,
9 MESSAGE BOARDS, COMMUNITIES OR CONTENT MANIPULATION); (II) VIDEO OR
10 INTERACTIVE GAMES PRODUCED PRIMARILY FOR DISTRIBUTION OVER THE INTERNET,
11 WIRELESS NETWORK OR SUCCESSORS THERETO; (III) ANIMATION, SIMULATION OR
12 EMBEDDED GRAPHICS DIGITAL GAMING RELATED SOFTWARE INTENDED FOR COMMERCIAL
13 DISTRIBUTION REGARDLESS OF MEDIUM; AND (IV) A DIGITAL GAMING MEDIA
14 PRODUCTION IN WHICH QUALIFIED DIGITAL GAMING MEDIA PRODUCTION COSTS
15 EQUAL TO OR ARE IN EXCESS OF SEVEN THOUSAND FIVE HUNDRED DOLLARS IF
16 INCURRED AND PAID IN THIS STATE IN TWELVE MONTHS PRECEDING THE DATE ON
17 WHICH THE CREDIT IS CLAIMED. PROVIDED, HOWEVER, IF SUCH A PRODUCTION
18 COSTS ARE INCURRED AND PAID OUTSIDE THE METROPOLITAN COMMUTER TRANSPORTATION
19 DISTRICT IN THIS STATE, SUCH PRODUCTION COSTS SHALL BE EQUAL TO
20 OR IN EXCESS OF THREE THOUSAND SEVEN HUNDRED FIFTY DOLLARS TO BE A QUALIFIED
21 DIGITAL GAMING MEDIA PRODUCTION FOR PURPOSES OF THIS PARAGRAPH. A
22 QUALIFIED DIGITAL GAMING MEDIA PRODUCTION DOES NOT INCLUDE A WEBSITE,
23 VIDEO, INTERACTIVE GAME OR SOFTWARE THAT IS USED PREDOMINATELY FOR:
24 ELECTRONIC COMMERCE (RETAIL OR WHOLESALE PURPOSES OTHER THAN THE SALE OF
25 VIDEO OR INTERACTIVE GAMES), GAMBLING (INCLUDING ACTIVITIES REGULATED BY
26 A NEW YORK GAMING AGENCY), EXCLUSIVE LOCAL CONSUMPTION FOR ENTITIES NOT
27 ACCESSIBLE BY THE GENERAL PUBLIC INCLUDING INDUSTRIAL OR OTHER PRIVATE
28 PURPOSES, AND POLITICAL ADVOCACY PURPOSES.

29 (2) "DIGITAL GAMING MEDIA PRODUCTION COSTS" MEANS ANY COSTS FOR PROPERTY
30 USED AND WAGES OR SALARIES PAID TO INDIVIDUALS DIRECTLY EMPLOYED
31 FOR SERVICES PERFORMED BY THOSE INDIVIDUALS DIRECTLY AND PREDOMINATELY
32 IN THE CREATION OF A DIGITAL GAMING MEDIA PRODUCTION OR PRODUCTIONS.
33 DIGITAL GAMING MEDIA PRODUCTION COSTS INCLUDE BUT SHALL NOT BE LIMITED
34 TO TO PAYMENTS FOR PROPERTY USED AND SERVICES PERFORMED DIRECTLY AND
35 PREDOMINATELY IN THE DEVELOPMENT (INCLUDING CONCEPT CREATION), DESIGN,
36 PRODUCTION (INCLUDING CONCEPT CREATION), DESIGN, PRODUCTION (INCLUDING
37 TESTING), EDITING (INCLUDING ENCODING) AND COMPOSITING (INCLUDING THE
38 INTEGRATION OF DIGITAL FILES FOR INTERACTION BY END USERS) OF DIGITAL
39 GAMING MEDIA. DIGITAL GAMING MEDIA PRODUCTION COSTS SHALL NOT INCLUDE
40 EXPENSES INCURRED FOR THE DISTRIBUTION, MARKETING, PROMOTION, OR ADVERTISING
41 CONTENT GENERATED BY END-USERS OR OTHER COSTS NOT DIRECTLY AND
42 PREDOMINATELY RELATED TO THE CREATION, PRODUCTION OR MODIFICATION OF
43 DIGITAL GAMING MEDIA. IN ADDITION, SALARIES OR OTHER INCOME DISTRIBUTION
44 RELATED TO THE CREATION OF DIGITAL GAMING MEDIA FOR ANY PERSON WHO
45 SERVES IN THE ROLE OF CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER,
46 PRESIDENT, TREASURER OR SIMILAR POSITION SHALL NOT BE INCLUDED AS
47 DIGITAL GAMING MEDIA PRODUCTION COSTS. FURTHERMORE, ANY INCOME OR OTHER
48 DISTRIBUTION TO ANY INDIVIDUAL WHO HOLDS AN OWNERSHIP INTEREST IN A
49 DIGITAL GAMING MEDIA PRODUCTION ENTITY SHALL NOT BE INCLUDED AS DIGITAL
50 GAMING MEDIA PRODUCTION COSTS.

51 (3) "QUALIFIED DIGITAL GAMING MEDIA PRODUCTION COSTS" MEANS DIGITAL
52 GAMING MEDIA PRODUCTION COSTS ONLY TO THE EXTENT SUCH COSTS ARE ATTRIBUTABLE
53 TO THE USE OF PROPERTY OR THE PERFORMANCE OF SERVICES BY ANY
54 PERSONS WITHIN THE STATE DIRECTLY AND PREDOMINANTLY IN THE CREATION,
55 PRODUCTION OR MODIFICATION OF DIGITAL GAMING RELATED MEDIA. SUCH TOTAL
56 PRODUCTION COSTS INCURRED AND PAID IN THIS STATE SHALL BE EQUAL TO OR

1 EXCEED SEVENTY-FIVE PERCENT OF TOTAL COST OF AN ELIGIBLE PRODUCTION
2 INCURRED AND PAID WITHIN AND WITHOUT THIS STATE.

3 (D) CROSS-REFERENCES. FOR APPLICATION OF THE CREDIT PROVIDED FOR IN
4 THIS SECTION, SEE THE FOLLOWING PROVISIONS OF THIS CHAPTER:

5 (1) ARTICLE NINE-A: SECTION TWO HUNDRED TEN-B, SUBDIVISION
6 FIFTY-THREE.

7 (2) ARTICLE TWENTY-TWO: SECTION SIX HUNDRED SIX, SUBSECTION (I), PARA-
8 GRAPH ONE, SUBPARAGRAPH (B), CLAUSE (XLIV).

9 (3) ARTICLE TWENTY-TWO: SECTION SIX HUNDRED SIX, SUBSECTION (III).

10 S 6. Section 210-B of the tax law is amended by adding a new subdivi-
11 sion 53 to read as follows:

12 53. EMPIRE STATE DIGITAL GAMING MEDIA PRODUCTION CREDIT. (A) ALLOWANCE
13 OF CREDIT. A TAXPAYER WHO IS ELIGIBLE PURSUANT TO SECTION FORTY-FOUR OF
14 THIS CHAPTER SHALL BE ALLOWED A CREDIT TO BE COMPUTED AS PROVIDED IN
15 SUCH SECTION FORTY-FOUR AGAINST THE TAX IMPOSED BY THIS ARTICLE.

16 (B) APPLICATION OF CREDIT. THE CREDIT ALLOWED UNDER THIS SUBDIVISION
17 FOR ANY TAXABLE YEAR SHALL NOT REDUCE THE TAX DUE FOR SUCH YEAR TO LESS
18 THAN THE AMOUNT PRESCRIBED IN PARAGRAPH (D) OF SUBDIVISION ONE OF
19 SECTION TWO HUNDRED TEN OF THIS ARTICLE. PROVIDED, HOWEVER, THAT IF THE
20 AMOUNT OF THE CREDIT ALLOWABLE UNDER THIS SUBDIVISION FOR ANY TAXABLE
21 YEAR REDUCES THE TAX TO SUCH AMOUNT, THE EXCESS SHALL BE TREATED AS AN
22 OVERPAYMENT OF TAX TO BE CREDITED OR REFUNDED IN ACCORDANCE WITH THE
23 PROVISIONS OF SECTION ONE THOUSAND EIGHTY-SIX OF THIS CHAPTER, PROVIDED,
24 HOWEVER, NO INTEREST SHALL BE PAID THEREON.

25 S 7. Subparagraph (B) of paragraph 1 of subsection (i) of section 606
26 of the tax law is amended by adding a new clause (xliv) to read as
27 follows:

28 (XLIV) EMPIRE STATE DIGITAL	AMOUNT OF CREDIT
29 GAMING MEDIA PRODUCTION	UNDER SUBDIVISION
30 CREDIT UNDER SUBSECTION (III)	FIFTY-THREE OF SECTION
31	TWO HUNDRED TEN-B

32 S 8. Section 606 of the tax law is amended by adding a new subsection
33 (iii) to read as follows:

34 (III) EMPIRE STATE DIGITAL GAMING MEDIA PRODUCTION CREDIT. (1) ALLOW-
35 ANCE OF CREDIT. A TAXPAYER WHO IS ELIGIBLE PURSUANT TO SECTION
36 FORTY-FOUR OF THIS CHAPTER SHALL BE ALLOWED A CREDIT TO BE COMPUTED AS
37 PROVIDED IN SUCH SECTION FORTY-FOUR AGAINST THE TAX IMPOSED BY THIS
38 ARTICLE.

39 (2) APPLICATION OF CREDIT. IF THE AMOUNT OF THE CREDIT ALLOWABLE UNDER
40 THIS SUBSECTION FOR ANY TAXABLE YEAR EXCEEDS THE TAXPAYER'S TAX FOR SUCH
41 YEAR, THE EXCESS SHALL BE TREATED AS AN OVERPAYMENT OF TAX TO BE CREDIT-
42 ED OR REFUNDED AS PROVIDED IN SECTION SIX HUNDRED EIGHTY-SIX OF THIS
43 ARTICLE, PROVIDED, HOWEVER, THAT NO INTEREST SHALL BE PAID THEREON.

44 S 9. The state commissioner of economic development, after consulting
45 with the state commissioner of taxation and finance, shall promulgate
46 regulations by December 31, 2016 to establish procedures for the allo-
47 cation of tax credits as required by subdivision (a) of section 43 and
48 subdivision (a) of section 44 of the tax law. Such rules and regulations
49 shall include provisions describing the application process, the due
50 dates for such applications, the standards which shall be used to evalu-
51 ate the applications, the documentation that will be provided to taxpay-
52 ers substantiate to the New York state department of taxation and
53 finance the amount of tax credits allocated to such taxpayers, under
54 what conditions all or a portion of this tax credit may be revoked, and
55 such other provisions as deemed necessary and appropriate. Notwithstand-

1 ing any other provisions to the contrary in the state administrative
2 procedure act, such rules and regulations may be adopted on an emergency
3 basis if necessary to meet such December 31, 2016 deadline.

4 S 10. Subdivision 11 of section 352 of the economic development law is
5 REPEALED.

6 S 11. Subdivisions 1, 3 and 5 of section 353 of the economic develop-
7 ment law, as amended by section 2 of part K of chapter 59 of the laws of
8 2015, are amended to read as follows:

9 1. To be a participant in the excelsior jobs program, a business enti-
10 ty shall operate in New York state predominantly:

11 (a) as a financial services data center or a financial services back
12 office operation;

13 (b) in manufacturing;

14 (c) in software development and new media;

15 (d) in scientific research and development;

16 (e) in agriculture;

17 (f) in the creation or expansion of back office operations in the
18 state;

19 (g) in a distribution center;

20 (h) in an industry with significant potential for private-sector
21 economic growth and development in this state as established by the
22 commissioner in regulations promulgated pursuant to this article. In
23 promulgating such regulations the commissioner shall include job and
24 investment criteria; OR

25 (i) as an entertainment company[; or

26 (j) in music production].

27 3. For the purposes of this article, in order to participate in the
28 excelsior jobs program, a business entity operating predominantly in
29 manufacturing must create at least ten net new jobs; a business entity
30 operating predominately in agriculture must create at least five net new
31 jobs; a business entity operating predominantly as a financial service
32 data center or financial services customer back office operation must
33 create at least fifty net new jobs; a business entity operating predomi-
34 nantly in scientific research and development must create at least five
35 net new jobs; a business entity operating predominantly in software
36 development must create at least five net new jobs; a business entity
37 creating or expanding back office operations must create at least fifty
38 net new jobs; [a business entity operating predominately in music
39 production must create at least five net new jobs;] a business entity
40 operating predominantly as an entertainment company must create or
41 obtain at least one hundred net new jobs; or a business entity operating
42 predominantly as a distribution center in the state must create at least
43 seventy-five net new jobs, notwithstanding subdivision five of this
44 section; or a business entity must be a regionally significant project
45 as defined in this article; or

46 5. A not-for-profit business entity, a business entity whose primary
47 function is the provision of services including personal services, busi-
48 ness services, or the provision of utilities, and a business entity
49 engaged predominantly in the retail or entertainment industry, other
50 than a business operating as an entertainment company as defined in this
51 article [and other than a business entity engaged in music production],
52 and a company engaged in the generation or distribution of electricity,
53 the distribution of natural gas, or the production of steam associated
54 with the generation of electricity are not eligible to receive the tax
55 credit described in this article.

1 S 12. Subdivision 21 of section 352 of the economic development law,
2 as amended by section 1 of part K of chapter 59 of the laws of 2015, is
3 amended to read as follows:

4 21. "Software development" means the creation of coded computer
5 instructions [or production or post-production of video games, as
6 defined in subdivision one-a of section six hundred eleven of the gener-
7 al business law, other than those embedded and used exclusively in
8 advertising, promotional websites or microsites,] and [also] includes
9 new media as defined by the commissioner in regulations.

10 S 13. The economic development law is amended by adding a new section
11 243 to read as follows:

12 S 243. REPORTS ON THE MUSIC AND DIGITAL GAMING INDUSTRIES IN NEW YORK.
13 1. THE EMPIRE STATE DEVELOPMENT CORPORATION SHALL FILE A REPORT ON A
14 BIANNUAL BASIS WITH THE DIRECTOR OF THE DIVISION OF THE BUDGET AND THE
15 CHAIRPERSONS OF THE ASSEMBLY WAYS AND MEANS COMMITTEE AND SENATE FINANCE
16 COMMITTEE. THE REPORT SHALL BE FILED NO LATER THAN THIRTY DAYS BEFORE
17 THE MID-POINT AND THE END OF THE STATE FISCAL YEAR. THE FIRST REPORT
18 SHALL COVER THE CALENDAR HALF YEAR THAT BEGINS ON JANUARY FIRST, TWO
19 THOUSAND EIGHTEEN. EACH REPORT MUST CONTAIN THE FOLLOWING INFORMATION
20 FOR THE COVERED CALENDAR HALF YEAR:

21 (A) THE TOTAL DOLLAR AMOUNT OF CREDITS ALLOCATED PURSUANT TO SECTIONS
22 FORTY-THREE AND FORTY-FOUR OF THE TAX LAW DURING THE HALF YEAR, BROKEN
23 DOWN BY MONTH;

24 (B) THE NUMBER OF MUSIC AND DIGITAL GAMING PROJECTS, WHICH HAVE BEEN
25 ALLOCATED TAX CREDITS OF LESS THAN ONE MILLION DOLLARS PER PROJECT, AND
26 THE TOTAL DOLLAR AMOUNT OF CREDITS ALLOCATED TO THOSE PROJECTS DISTRIB-
27 UTED BY REGION PURSUANT TO SUBDIVISION (B) OF SECTIONS FORTY-THREE AND
28 FORTY-FOUR OF THE TAX LAW;

29 (C) THE NUMBER OF MUSIC AND DIGITAL GAMING PROJECTS, WHICH HAVE BEEN
30 ALLOCATED TAX CREDITS OF MORE THAN ONE MILLION DOLLARS, AND THE TOTAL
31 DOLLAR AMOUNT OF CREDITS ALLOCATED TO THOSE PROJECTS DISTRIBUTED BY
32 REGION PURSUANT TO SUBDIVISION (B) OF SECTIONS FORTY-THREE AND
33 FORTY-FOUR OF THE TAX LAW;

34 (D) A LIST OF EACH ELIGIBLE MUSIC AND DIGITAL GAMING PROJECT, WHICH
35 HAS BEEN ALLOCATED A TAX CREDIT ENUMERATED BY REGION PURSUANT TO SUBDI-
36 VISION (B) OF SECTIONS FORTY-THREE AND FORTY-FOUR OF THE TAX LAW, AND
37 FOR EACH OF THOSE PROJECTS, (I) THE ESTIMATED NUMBER OF EMPLOYEES ASSO-
38 CIATED WITH THE PROJECT, (II) THE ESTIMATED QUALIFYING COSTS FOR THE
39 PROJECTS, (III) THE ESTIMATED TOTAL COSTS OF THE PROJECT, (IV) THE CRED-
40 IT ELIGIBLE EMPLOYEE HOURS FOR EACH PROJECT, AND (V) TOTAL WAGES FOR
41 SUCH CREDIT ELIGIBLE EMPLOYEE HOURS FOR EACH PROJECT; AND

42 (E) (I) THE NAME OF EACH TAXPAYER ALLOCATED A TAX CREDIT FOR EACH
43 PROJECT AND THE COUNTY OF RESIDENCE OR INCORPORATION OF SUCH TAXPAYER
44 OR, IF THE TAXPAYER DOES NOT RESIDE OR IS NOT INCORPORATED IN NEW YORK,
45 THE STATE OF RESIDENCE OR INCORPORATION; HOWEVER, IF THE TAXPAYER CLAIMS
46 A TAX CREDIT BECAUSE THE TAXPAYER IS A MEMBER OF A LIMITED LIABILITY
47 COMPANY, A PARTNER IN A PARTNERSHIP OR A SHAREHOLDER IN A SUBCHAPTER S
48 CORPORATION, THE NAME OF EACH LIMITED LIABILITY COMPANY, PARTNERSHIP OR
49 SUBCHAPTER S CORPORATION EARNING ANY OF THOSE TAX CREDITS MUST BE
50 INCLUDED IN THE REPORT INSTEAD OF INFORMATION ABOUT THE TAXPAYER CLAIM-
51 ING THE TAX CREDIT, (II) THE AMOUNT OF TAX CREDIT ALLOCATED TO EACH
52 TAXPAYER; PROVIDED HOWEVER, IF THE TAXPAYER CLAIMS A TAX CREDIT BECAUSE
53 THE TAXPAYER IS A MEMBER OF A LIMITED LIABILITY COMPANY, A PARTNER IN A
54 PARTNERSHIP OR A SHAREHOLDER IN A SUBCHAPTER S CORPORATION, THE AMOUNT
55 OF TAX CREDIT EARNED BY EACH ENTITY MUST BE INCLUDED IN THE REPORT
56 INSTEAD OF INFORMATION ABOUT THE TAXPAYER CLAIMING THE TAX CREDIT, AND

1 (III) INFORMATION IDENTIFYING THE PROJECT ASSOCIATED WITH EACH TAXPAYER
2 FOR WHICH A TAX CREDIT WAS CLAIMED UNDER SECTION FORTY-THREE OR
3 FORTY-FOUR OF THE TAX LAW.

4 2. THE EMPIRE STATE DEVELOPMENT CORPORATION SHALL FILE A REPORT ON A
5 TRIENNIAL BASIS WITH THE DIRECTOR OF THE DIVISION OF THE BUDGET AND THE
6 CHAIRPERSONS OF THE ASSEMBLY WAYS AND MEANS COMMITTEE AND SENATE FINANCE
7 COMMITTEE. THE FIRST REPORT SHALL BE FILED NO LATER THAN MARCH FIRST,
8 TWO THOUSAND TWENTY. THE REPORT MUST BE PREPARED BY AN INDEPENDENT THIRD
9 PARTY AUDITOR AND INCLUDE: (A) INFORMATION REGARDING THE EMPIRE STATE
10 MUSIC PRODUCTION CREDIT AND THE EMPIRE STATE DIGITAL GAMING PRODUCTION
11 CREDIT PROGRAMS INCLUDING THE EFFICIENCY OF OPERATIONS, RELIABILITY OF
12 FINANCIAL REPORTING, COMPLIANCE WITH LAWS AND REGULATIONS AND DISTRIB-
13 UTION OF ASSETS AND FUNDS; (B) AND ECONOMIC IMPACT STUDY PREPARED BY AN
14 INDEPENDENT THIRD PARTY OF THE PROGRAM WITH SPECIAL EMPHASIS ON THE
15 REGIONAL IMPACT BY REGION AND THE TOTAL DOLLAR AMOUNT OF CREDITS ALLO-
16 CATED TO THOSE PROJECTS DISTRIBUTED BY REGION PURSUANT TO SUBDIVISION
17 (B) OF SECTIONS FORTY-THREE AND FORTY-FOUR OF THE TAX LAW; AND (C) ANY
18 OTHER INFORMATION OR STATISTICAL INFORMATION THAT THE COMMISSIONER OF
19 ECONOMIC DEVELOPMENT DEEMS TO BE USEFUL IN ANALYZING THE EFFECTS OF THE
20 PROGRAMS.

21 S 14. This act shall take effect immediately and shall apply to taxa-
22 ble years beginning on January 1, 2017 and before January 1, 2020;
23 provided that sections one through eight of this act shall expire and be
24 deemed repealed December 31, 2019.