ORDINANCE No. 2208

AN ORDINANCE PROVIDING FOR LOCAL FILM INCENTIVES

WHEREAS, the City Council of the City of Eureka Springs, Arkansas, has made a comprehensive review of film incentives; and,

WHEREAS, the City of Eureka Springs desires to offer economic incentives to the film industry in the form of a rebate on sales and usage taxes paid on all goods and services, lodging, food, leases, rentals, and other production expenditures made within the city limits.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EUREKA SPRINGS ARKANSAS, THAT:

Section 1. Definitions:

A. **Film industry** shall mean film, digital, and television productions, commercials and music videos.

B. **Post production** shall mean work required for creating the final product including but not limited to editing, sound, audio, music, special effects, and other related activities.

C. **City of Eureka Springs Sales Tax** shall mean sales taxes levied by the City of Eureka Springs, excluding the portion of the sales taxes dedicated by law or debt obligations to another purpose.

Section 2. Incentives are subject to the production company entering into a contract with the City of Eureka Springs relative to the incentive payments. There shall be a cap of 2% sales tax rebate to any individual project or production for new productions by a new production company within the City of Eureka Springs.

Section 3. Requirements for Rebates:

A. The production office must be located in the city limits of Eureka Springs.

B. Production must have acceptable expenditures of the type listed in Section 4, paid within Eureka Springs city limits, amounting to at least $250,000.

C. In order to qualify for the enhanced subsequent production cap, both the original and the subsequent production must meet the criteria listed in Sections 6 and 7 of this Ordinance.

D. The production company must enter into a contract with the City of Eureka Springs relative to the incentive payments prior to beginning production in Eureka Springs.

E. Payment and eligibility for incentives shall be subject to such reasonable rules and regulations as determined by the City Council of Eureka Springs.

Section 4. Expenditures: Productions meeting the above requirements will be eligible for incentive payments equal to the following expenditures:

A. Lodging for the cast and crew incurred in the City of Eureka Springs.

B. Lease or rental expenses, including all lease or rental expenses for equipment, automobiles, sound stage, location or productions of the project and post production.

C. Other production and post production expenses, including purchases of materials and supplies, related to production of the project and post production.

Section 5. Application Process:

A. Upon executing a lease or rental agreement, applicant should contact the State Film Office to begin the prequalification process. Film industry determinations of eligibility will be made by the State Film Office.

B. The application shall include all information required by the City of Eureka Springs, including but not limited to:

1. Total projected budget
2. Estimated total of expenditures eligible for the sales tax rebate
3. Estimated room nights
4. List of vendors and services likely to be utilized

C. If the application is approved by the City of Eureka Springs, the production company shall enter into an agreement with the City of Eureka Springs for the incentive payments.

D. When the production efforts in the City of Eureka Springs are completed, and all taxes paid, the applicant may apply for payment. Payment must be requested no later than 180 days from the completion of production. Payment will be made after the City has reviewed and, if necessary, audited the expenses in the application.

Section 6. Payment of incentives is subject to funding as follows: The City of Eureka Springs will appropriate funds for incentive payments in an amount determined by the City Council and adopted in a budget ordinance. The Mayor will be authorized to execute agreements for incentive payments up to the amount of the incentives authorized herein, until all appropriated funds have been expended or encumbered by the execution of agreements. Once funds appropriated in a fiscal year have been expended or encumbered, no further incentive agreements will be executed for that fiscal year, unless additional funds are appropriated for that purpose. In the event an agreement is entered into for a production extending into a future fiscal year, the agreement will include a non-appropriated clause, making incentive payments in future years for that production subject to the appropriation of funds for that purpose.

Section 7. This incentive program applies to expenditures in the City of Eureka Springs for production begun after the effective date of these provisions. For the purpose of the enhanced, subsequent cap, the original production may have already begun, but must still be on-going at the time of the adoption of these provisions.

Section 8. All ordinances and resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 9. The provisions of this ordinance are hereby declared to be separable and if any provision shall for any reason be held illegal or invalid, such holding shall not affect the validity of the remainder of this ordinance.

PASSED AND ORDAINED BY THE CITY COUNCIL OF THE CITY OF EUREKA SPRINGS, ARKANSAS ON THIS 28th DAY OF MAY, 2014.

APPROVE:

Mayor Morris Pate

ATTEST:

Ann Armstrong

City Clerk/Treasurer Ann Armstrong

All present voted "Aye" – James DeVito, Mickey Schneider, Joyce Zeller, Terry McClung, David Mitchell and Dee Purkeypile