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### **Statement Regarding Liability of Film Tax Credit Transferees**

To Whom it May Concern:

Iowa film tax credit recipients may transfer their tax credits to other taxpayers. If a film company obtains film tax credits by fraud, misrepresentation, breaching its contract with IDED, violating any warranty provided to IDED, or other unlawful acts or omissions (collectively “Unlawful Acts”), the film company shall be liable to the State of Iowa for the value of the tax credits, applicable interest and penalties, and reasonable attorneys fees and court costs. A film company is liable to the State of Iowa for Unlawful Acts, regardless of whether the film company has transferred its tax credits by the time the Unlawful Acts are discovered. A third-party transferee who acquires tax credits from a film company shall not be liable to the State of Iowa—even though the film company obtained those tax credits through Unlawful Acts—if the transferee acquired the tax credits: (i) for value, (ii) in good faith, and (iii) without actual or constructive notice of the film company’s Unlawful Acts. A transferee who does not satisfy all three of these conditions may be jointly and severally liable to the State of Iowa for an amount equal to the tax credits acquired by the transferee.

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