

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 36** HLS 21RS 355

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 26, 2021	2:06 PM	Author: DEVILLIER
Dept./Agy.: Economic Development		Analyst: Greg Albrecht
Subject: Motion Picture Production Tax Credit Program		

TAX CREDITS OR +\$80,000,000 GF RV See Note Page 1 of 1
Reduces the annual cap on the amount of motion picture production tax credits awarded, the cap on the amount of credits claimed on tax returns, and reduces the per project cap

Current law allows the Dept. of Economic Development (LED) to grant \$150 million per year of tax credits in final certification letters for certified productions. The Dept. of Revenue (LDR) is required to limit film tax credit claims against tax liabilities to \$180 million per year. Current law also establishes the maximum amount of tax credit that can be allocated to a single production at \$20 million, or \$25 million if the production is for scripted episodic content.

Proposed law reduces the LED credit certifications to \$75 million per year, for applications submitted on or after July 1, 2021. Also, reduces the maximum amount of tax credit claims that LDR can process to \$90 million per year beginning July 1, 2021. In addition, the bill reduces the maximum amount of tax credit LED can allocate to a single production to \$10 million, and \$12.5 million if the production is for scripted episodic content. Effective upon governor's signature.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$80,000,000	\$80,000,000	\$80,000,000	\$80,000,000	\$80,000,000	\$400,000,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$80,000,000	\$80,000,000	\$80,000,000	\$80,000,000	\$80,000,000	\$400,000,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The program currently operates under a credit issuance cap of \$150 million per year, and a credit claim cap of \$180 million per year. This bill reduces these caps by half, and since program credit claim costs have fully realized maximum annual amounts each year since the cap was instituted beginning with FY16, the bill results in a reduction of annual fiscal costs of \$80 million per year. Net revenue gains occur (due to less tax credit claims allowed) with FY22.

The bill also provides for reallocation of the available credit issuance amount among single productions and scripted episodic productions. This provision does not change aggregate fiscal costs of the program.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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