

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 748** HLS 15RS 396

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **W/ SEN FLOOR AMD**

Proposed Amd.:

Sub. Bill For.:

Date: June 7, 2015 5:45 PM	Author: STOKES
Dept./Agy.: Economic Development	Analyst: Greg Albrecht
Subject: Film Credit Program Administration	

TAX CREDITS REF DECREASE GF RV See Note Page 1 of 1
Provides relative to the motion picture investor tax credit and the motion picture infrastructure investor tax credit

The bill provides a number of clarifications and codifications of current practice in administering the film tax credit program including allowing productions for digital online viewing, establishing that credits are earned only when project expenditures have occurred and all requirements are met, establishing time frames for submittals and certifications, establishes a final date for infrastructure credits, and establishing that credits are not entitlements and requiring clear and unequivocal eligibility be established.

Allows marketing expenditures to be eligible for tax credits for productions approved after July 1, 2015, and allows credits to be carried back and applied against prior year's tax liability.

Certain provisions are effective for initial certifications after January 1, 2016.

Effective upon governor's signature.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

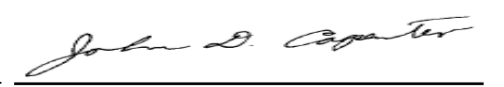
The bill may result in expanded program costs and refunds of taxes paid in prior years. For productions approved after July 1, 2015 marketing expenditures shall be considered production expenditures, making them eligible to generate tax credits. In addition, the bill allows credits to be used against a prior year's tax liability. This may create essentially an unlimited carry-back provision that will result in refunds being paid out by the Revenue Department. These two provisions could substantially increase program costs in particular fiscal years by expanding the generation of tax credits and accelerating the realization of certified credits.

The Department of Economic Development already considers distribution through online platforms as eligible for the program (as only a distribution plan is required, not a specific type of distribution).

The infrastructure credit expired in December of 2008. This bill establishes final dates for submitting documentation (December 31, 2015) and for certifying credits (July 1, 2017).

Various other changes also do not appear to expand or contract the program and are not likely to change overall program costs.

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|---|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |


John D. Carpenter
Legislative Fiscal Officer