

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 631** HLS 17RS 12
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 3, 2017 11:49 AM	Author: MORRIS, JAY
Dept./Agy.: Economic Development	Analyst: Greg Albrecht
Subject: Film Tax Credit Program	

TAX CREDITS OR SEE FISC NOTE GF RV Page 1 of 1
 Provides relative to the cap on the amount of motion picture production tax credits paid each year

Establishes maximum amounts of film tax credit issuance by the Dept of Economic Development of \$180 million for the 18-month period of July 1, 2017 to December 31, 2018, then establishes the \$180 million issuance cap or each calendar year thereafter. Applicable to program applications submitted on or after July 1, 2017.

Effective upon governor's signature.

EXPENDITURES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
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	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

EXPENDITURE EXPLANATION

LED indicates no additional costs with administering the program.

REVENUE EXPLANATION

Currently, there is no annual maximum for tax credits issued by LED. This bill establishes a maximum of \$180 million for the next 18-months (7/1/17 - 12/21/18), then maintains the issuance cap at \$180 million per calendar year thereafter. The current law cap on actual credit claims against the state fisc of \$180 million expires at the end of FY18, and is not affected by this bill.

The bill is ultimately limiting the issuance of credits to \$180 million per year. The program rule of thumb is that these credits would be presented against the state fisc roughly two years after a production enters the program, meaning that most realizations of these amounts would likely occur in FY20 - FY22, along with other potential credits already issued but not yet claimed and paid. The current law cap of \$180 million per year of credits claimed and paid expires at the end of FY18, and is not affected by this bill. Thus, while credits generated by the program would be limited, credits claimed and paid would not be limited. According to LED, there is roughly \$280 million of credits in the program to be finally awarded (\$230 million) or already awarded (\$50 million) that could still be claimed, even with this bill's limitation on new credit issuances.

The current annual cost of the program is approximately \$180 million per year, based on an annual limitation of the amount of credits that can be claimed and paid. The bill appears to be attempting to stabilize the cost of the program at that level, based on a credit issuance limitation. Over time, once existing credits are cleared against the state fisc, a convergence of annual cost realizations toward that amount is likely to occur, although variation around that level can occur, based on the volume and pace of productions flowing through 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}

Evan Brasseaux

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