

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HCR 52** HLS 16RS 2045

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 1, 2016	4:33 PM	Author: STOKES
Dept./Agy.: Revenue / Economic Development		
Subject: Clarifies That Withholding Applies To ATL Payroll Only		Analyst: Greg Albrecht

TAX CREDITS

OR SEE FISC NOTE GF RV

Page 1 of 1

Provides for the Legislative intent of Act No. 425 from the 2015 Regular Session of the Legislature

Act 425 of the 2015 Regular Session required personal income tax withholding by entities making payments for services used directly in a production activity. Payroll was defined as all salary, wages, or other compensation of any kind, but that payroll shall exclude any portion of an individual salary in excess of \$3 million. The bill also defined "above the line services" or "ATL services" as those performed by personnel customarily considered as above the line services in the film and television industry (for example producers, actors, directors, screenwriters ,etc.).

This resolution clarifies that the required income tax withholding be limited to payroll of entities performing "above the line services" or "ATL services".

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
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>	<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

Act 425 appears to apply a withholding requirement to all payroll handled by entities making payments for services used directly in a production activity, and does not appear to limit income tax withholding to payroll of above the line services. This resolution clarifies that intent of Act 425, and may result in less withholding than would otherwise be the case. However, it may be the case that payroll associated with above the line services is more likely to fail to comply with state income tax requirements since it is paid to persons more likely to be nonresidents. Limiting the Act 425 withholding requirement to above the line services may still achieve much of the compliance gain that Act 425 was attempting, although some greater amount of withholding and compliance may be foregone. Tax liabilities are not changed by Act 425 or this resolution.

Senate Dual Referral Rules House

- | | |
|---|--|
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {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