

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



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

<b>Date:</b> May 17, 2017 11:40 AM	<b>Author:</b> MORRIS, JAY
<b>Dept./Agy.:</b> Economic Development	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Film Tax Credit Program	

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

Continues the \$180 million per year maximum on film tax credit claims/payments by the Dept. of Revenue through FY21 (currently set to expire at end of FY18). After FY21 the credit claims/payment maximum is set at \$150 million per year, indefinitely. Also 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 a \$150 million issuance cap for each calendar year thereafter (no issuance cap exists in current law).

Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**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 reduces the issuance cap to \$150 million per calendar year thereafter. The current law cap on actual credit claims/payments against the state fisc of \$180 million (expiring at the end of FY18) is continued through FY21, and then reduced to \$150 million per year, indefinitely.

The bill initially limits 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 FY19 - FY20, along with other potential credits already issued but not yet claimed and paid. However, the current law cap of \$180 million per year of credits claimed and paid (expiring at the end of FY18) is continued by this bill. 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. Over-subscription of the claims/payments cap in a year prioritizes the excess claims in line for the next year's claims/payments cap.

The bill appears to be attempting to ultimately stabilize the cost of the program at \$150 million, based on credit issuance and claims/payment limitations of \$150 million each. 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}

**John D. Carpenter**  
**Legislative Fiscal Officer**