

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



Fiscal Note On: **SB 248** SLS 17RS 566  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 7, 2017 12:58 PM	<b>Author:</b> MORRELL
<b>Dept./Agy.:</b> Economic Development	
<b>Subject:</b> Musical and Theatrical Production Tax Credit	<b>Analyst:</b> Greg Albrecht

TAX/TAXATION EN SEE FISC NOTE GF RV See Note Page 1 of 1  
 Provides for an annual cap and a termination date for the musical and theatrical production income tax credit. (7/1/17)

Modifies the musical and theatrical production tax credit program by limiting the program total of tax credit issuance to \$10 million per year starting July 1, 2017, and \$1 million per project for applications after June 30, 2017. Half of the total annual credits available are reserved for production by nonprofit organizations. If less than a \$10 million annual issuance is granted in a year, the excess is added to the maximum amount allowed to be issued the following year. Provisions for projects associated with higher education institutions are repealed. No credits can be granted for applications received after June 30, 2025.

Effective July 1, 2017.

<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>\$0</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>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

Beginning with FY18, the bill allows a maximum of \$10 million per year of tax credits to be issued by the Dept. of Economic Development (LED) to participating theatrical and musical productions. According to LED, there is currently \$7.3 million of tax credits pending to be finally certified and ultimately granted. Should these credits reach the stage of final certification during FY18, they would presumably be subject to the maximum provided by this bill and a remaining amount of \$2.7 million could still be issued or carried over to FY19, making its maximum \$12.7 million.

According to the Dept. of Revenue, the total amount of credits realized against the state fisc has been \$8.75 million in FY14, \$13.4 million in FY15, and \$5.3 million in FY16. These are credits associated with productions completing the program in prior years, and any outstanding credits already issued would presumably still be paid by the state.

Over time, the annual issuance amounts and annual claimed amounts should average to near the \$10 million maximum issuance allowed in this bill. However, annual variation will occur as varying numbers of productions move through the program at varying speeds. Relative to current participation, the bill doesn't appear to constrain program costs below what might otherwise occur, although, there have been years in the past where more than \$10 million was claimed.

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**