LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On:	**HB**	**8**	HLS 182ES	43
Bill Text Version:	**ORIGINAL**			
Opp. Chamb. Action:				
Proposed Amd.:				
Sub. Bill For.:				

Date: May 23, 2018 11:54 AM	**Author:** HARRIS, L.
Dept./Agy.: LA Dept. of Economic Development/LA Dept. of Revenue	
Subject: Reduces Motion Picture Production Tax Credit Caps by 25%	**Analyst:** Zachary Rau

TAX CREDITS   OR +$45,000,000 GF RV See Note   Page 1 of 1

Reduces the annual cap on the amount of motion picture production tax credits awarded by the DED, reduces the annual cap on the amount of motion picture production tax credits claimed on tax returns, and reduces the per project cap (Item #21)

Present law imposes a front-end issuance cap of $150 M annually for final certification of motion picture production tax credits issued by the LA Dept. of Economic Development (LED) on or after July 1, 2017. Proposed law reduces the annual front-end issuance cap by 25%, from $150 M to $112.5 M for applications made on or after July 1, 2018. Proposed law provides that credit applications made in excess of the $112.5 M cap in a given year shall be treated as having been applied for on the first day of the ensuing year. Present law imposes a back-end claims cap of $180 M annually for claims of motion picture production tax credits for state income tax purposes. Proposed law reduces the annual back-end claims cap by 25%, from $180 M to $135 M, beginning July 1, 2018. Proposed law allows for the rollover of any unused portion of the $135 M back-end cap in a given year to the ensuing year. Present law provides a cap of up to $20 M for a single state certified production and a cap of up to $25 M for per season of a scripted episodic content for applications made on or after July 1, 2017. Proposed law reduces the aforementioned production caps by 25%, and provides a cap of up to $15 M for a single state certified production and a cap of up to $18.75 M for per season of a scripted episodic content for applications made on or after July 1, 2018.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	$0	$0	$0	$0	$0	$0
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	$45,000,000	$45,000,000	$45,000,000	$45,000,000	$45,000,000	$225,000,000
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	$0	$0	$0	$0	$0	$0
Annual Total	**$45,000,000**	**$45,000,000**	**$45,000,000**	**$45,000,000**	**$45,000,000**	**$225,000,000**

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law will increase SGF revenues by up to $45 M beginning in FY 19 and in subsequent FYs. The proposed legislation reduces the cap on claims of the motion picture production tax credit by 25%, from $180 M to $135 M, effective July 1, 2018. In each of the three years FY15 - FY17, film tax credit claims costs have exceeded $200 million. Assuming the $180 M cap would be realized in the absence of proposed law, SGF revenues will increase by a maximum of $45 M annually as a result of the reduced exposure under the reduced cap in the proposed legislation.

Note: in the event the $135 M cap is not exhausted in a given fiscal year, the remaining portion may be rolled over into the ensuing fiscal year. To the extent this occurs, SGF revenue increases may be less than $45 M in the ensuing fiscal year.

Senate	Dual Referral Rules	House	
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}		☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}	
☒ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}	

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