

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



Fiscal Note On: **HB 445** HLS 21RS 986

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 16, 2021	11:48 AM	<b>Author:</b> BOURRIAQUE
<b>Dept./Agy.:</b> Economic Development / Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Sound Recording Tax Credit		

TAX CREDITS OR DECREASE GF RV See Note Page 1 of 1  
Changes the sound recording investor tax credit into a refundable tax credit

Current law provides various levels of tax credits for qualified expenditures associated with sound recording productions and qualified music companies. Credits are nonrefundable with a five-year carry-forward of unused credit amounts.

Proposed law makes these credits refundable.

Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</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>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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**


The Dept of Revenue would incur relatively minor costs to modify and test tax processing systems to accommodate the change in the existing credit from nonrefundable to refundable.

**REVENUE EXPLANATION**

The sound recording tax credit program has been only modestly utilized, and the nonrefundability of the program's credits may have dampened attractiveness of the program. However, the program has a current credit issuance cap of \$2,160,000 per year, and LED indicates that it has never had participation sufficient to issue that amount of credit. In addition, credit claims reported by the Dept of Revenue over the last three years are quite small (FY17 \$82,000, FY18 \$42,000, and FY19 \$15,000). It seems unlikely that a change to refundability would fully subscribe the program, at least quickly, but even if it does, converting the credits to refundable status results in a maximum increase in exposure to the state fisc of roughly \$2.1 million per year.

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}

  
**Christopher A. Keaton**  
**Legislative Fiscal Officer**