

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4549-01  
Bill No.: HB 1209  
Subject: Tax Credits; Television; Business and Commerce  
Type: Original  
Date: January 25, 2012

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Bill Summary: This proposal specifies that tax credits for qualified film production projects will expire December 31, 2012.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0	Up to \$4,500,000	Up to \$4,500,000
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>Up to \$4,500,000</b>	<b>Up to \$4,500,000</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Budget and Planning** assume the elimination of this program will increase General and Total State Revenue.

Officials at the **Department of Revenue** assume that there is no fiscal impact from this proposal.

Officials at the **Department of Economic Development** assume an unknown positive fiscal impact over \$100,000 per the proposed legislation as a result of the sunset of the Film Production Tax Credit program. However, the exact amount of the positive impact is unknown due to the uncertainty as to the amount of tax credits that would otherwise be authorized and subsequently redeemed under the sunset/eliminated program in any subsequent fiscal year.

Relating to programs where a sunset provision is authorized, DED assumes that tax credits previously authorized or issued under any program with a carry forward provision would continue to be redeemed under these programs, notwithstanding the sunset on the agency's authority to authorize new tax credits. DED estimates the average authorizations from FY 2008 to FY 2010 were \$3,180,914.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** assume elimination of the qualified film production tax credit should eventually result in an annual increase of revenue in premium taxes (estimated less than \$100,000 per year). Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located.

**Oversight** assumes this tax credit was to sunset on November 28, 2013. This proposal would stop the tax credit on December 31, 2012, and therefore **Oversight** will show the increase in state revenue starting in FY 14. This tax credit has a statutory cap of \$4.5 million. In the last five years an average of \$2,152,985 has been issued for the Film Production tax credit. **Oversight** will show the fiscal impact of the program up to its annual cap of \$4.5 million.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Revenue- stopping the Film Production tax credit</u>	<u>\$0</u>	<u>Up to</u> <u>\$4,500,000</u>	<u>Up to</u> <u>\$4,500,000</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<u>\$0</u>	<u>Up to</u> <u>\$4,500,000</u>	<u>Up to</u> <u>\$4,500,000</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2013 (10 Mo.)	 FY 2014	 FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill specifies that the tax credit for qualified film production projects will expire December 31, 2012.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Budget and Planning  
Department of Economic Development  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Revenue



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January 25, 2012

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