

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3234/1	Introduction Number AB-976
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Subject
 Film production services tax credit

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DOR/ Pamela Walgren (608) 266-7817	Authorized Signature Dennis Collier (608) 266-5773	Date 11/17/2003
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Fiscal Estimate Narratives

DOR 3/12/2004

LRB Number 03-3234/1	Introduction Number AB-976	Estimate Type Original
Subject Film production services tax credit		

Assumptions Used in Arriving at Fiscal Estimate

The draft would create an income and franchise tax credit for 25% of salary and wages paid to employees for services rendered in the state for film, video or television production if the wages are paid to employees who rendered services in the state or were residents of the state at the time they were paid. The salary and wages must be in the production stage of the project, from the final script stage to the end of the post-production stage. The credit may not exceed an amount equal to the first \$25,000 of salary or wages paid to each employee, not including the two highest paid employees.

To qualify, the project must be an accredited production approved by the Department of Revenue. The aggregate salary and wages included in the cost of production must be at least \$100,000 for a project that is 30 minutes or longer and \$50,000 for a project that is less than 30 minutes. An accredited production does not include the following programs: news, current events or public programming that includes weather or market reports, talk shows, game, questionnaire or contest shows, sports events, gala presentation or awards shows, a production that solicits funds, productions for industrial, corporate or institutional purposes, or productions that have record keeping requirements under 18 U.S.C. 2257.

The credit is nonrefundable and unused amounts may be carried forward for 15 years to offset tax liability in future years. Partnerships, limited liability companies and tax option corporations may not claim the credit, but compute the amount of the credit that each partner, member or shareholder may claim in proportion to their ownership interests.

Information is not available to estimate the cost of the credit. The estimate assumes that the language is interpreted as allowing a credit for 25% of wages, up to a maximum of \$25,000 per employee. If the full amount of the credit is applied to the wages of 100 employees, it would total \$2.5 million (100 x \$25,000); if it applied to the wages of 1,000 employees, it would total \$25 million (1,000 x \$25,000).

The Department anticipates one-time costs for programming and development of \$20,800. The draft does not provide funding for these costs.

Long-Range Fiscal Implications