

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-5827/1	Introduction Number SB-1026
Description creating a tax credit for expenses related to film production services and for capital investments made by a film production company, making an appropriation, and granting rule-making authority	
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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	
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" 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/ Zach Petersen (608) 267-2428	Authorized Signature Michael Oakleaf (608) 261-5173
Date 2/21/2024	

Fiscal Estimate Narratives

DOR 2/21/2024

LRB Number	23-5827/1	Introduction Number	SB-1026	Estimate Type	Original
Description creating a tax credit for expenses related to film production services and for capital investments made by a film production company, making an appropriation, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

The bill creates an income and franchise credit for expenses related to film production and capital investments made by a film production company. The credit is equal to 25% of the salary and wages paid to the company's employees in the taxable year of services rendered in this state to produce film, video, broadcast advertisement, or television production. The credit for those expenses is nonrefundable. There is a separate credit for 25% of the expenditures paid by the company in the taxable year to produce a film, video, broadcast advertisement, or television production. The credit for those expenses is refundable. The bill also makes the credit transferable to other taxpayers.

Fiscal Estimate

The fiscal impact of the bill could be as high as \$5 million annually if all credits are certified and claimed. To the extent that the State Film Office allocated fewer credits, the fiscal impact will be commensurately lower.

According to the most recent American Rescue Plan Act (ARPA) Net Tax Reduction Calculation Update released by the Department of Administration, the remaining margin for tax reductions before triggering potential SLFRF recoupment at \$96.9 million for fiscal year 2024 and \$326.6 million for fiscal year 2025. This bill will reduce these margins.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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Description creating a tax credit for expenses related to film production services and for capital investments made by a film production company, making an appropriation, and granting rule-making authority		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): There is a one-time cost of \$43,850 related to software updates and testing.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By	Authorized Signature	Date
DOR/ Zach Petersen (608) 267-2428	Michael Oakleaf (608) 261-5173	2/21/2024