

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 25-2456/1	Introduction Number AB-0231	
Description creating a tax credit for expenses related to film production services and for capital investments made by a film production company, granting rule-making authority, and making an appropriation		
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations</div><div style="width: 33%;"><input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues</div><div style="width: 33%;"><input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</div><input type="checkbox"/> Decrease Costs</div></div> Local: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"><div>1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div>2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div></div></div><div style="width: 33%;"><div style="display: flex; justify-content: space-between;"><div>3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div><div>4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</div></div></div><div style="width: 33%;">5.Types of Local Government Units Affected <div style="display: flex; justify-content: space-between;"><div><input type="checkbox"/> Towns <input type="checkbox"/> Counties <input type="checkbox"/> School Districts</div><div><input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts</div><div><input type="checkbox"/> Cities <div style="border-bottom: 1px solid black; width: 50px; display: inline-block;"></div></div></div></div></div>		
Fund Sources Affected <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		
Affected Ch. 20 Appropriations		
Agency/Prepared By DOR/ Zach Petersen (608) 267-2428	Authorized Signature Michael Oakleaf (608) 261-5173	Date 5/8/2025

Fiscal Estimate Narratives

DOR 5/8/2025

LRB Number	25-2456/1	Introduction Number	AB-0231	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, granting rule-making authority, and making an appropriation					

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 30% 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 30% 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. The bill also allows a film production company to claim an income and franchise tax credit for the first three taxable years that the company is doing business in the state, in an amount that is equal to 30% of the amount the claimant paid in the taxable year to purchase depreciable tangible personal property or to acquire, construct, rehabilitate, remodel, or repair real property.

Fiscal Estimate

The following fiscal effect only pertains to the tax credits created in the bill.

Because the bill creates a nonrefundable credit, which reduces revenue, and a refundable credit, which raises spending, the fiscal effect will be an unknown and varied combination of reduced revenue and increased spending. The potential net effect on the general fund could be a reduction of \$10 million. To the extent that the State Film Office allocated fewer credits, the fiscal impact will be commensurately lower.

The American Rescue Plan Act (ARPA) prohibits states from using state fiscal recovery funds (SLFRF) to either directly or indirectly offset reduction in net tax revenue. This bill reduces the margin for tax reductions determined by DOA before triggering potential SLFRF recoupment.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2025 Session

Detailed Estimate of Annual Fiscal Effect

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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	\$See Text	\$
NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By	Authorized Signature	Date
DOR/ Zach Petersen (608) 267-2428	Michael Oakleaf (608) 261-5173	5/8/2025