



## Fiscal Estimate Narratives

DOR 5/8/2025

LRB Number	<b>25-2810/1</b>	Introduction Number	<b>SB-0231</b>	Estimate Type	<b>Original</b>
<b>Description</b> 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

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

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<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  There is a one-time cost of \$43,850 related to software updates and testing.		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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