

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5631-01
Bill No.: HB 2034
Subject: Entertainment, Sports and Amusements; Revenue Department; Taxation and Revenue - Income.
Type: Original
Date: April 4, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$0 to (\$1,000,000)	\$0 to (\$1,000,000)	\$0 to (\$1,000,000)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$1,000,000)	\$0 to (\$1,000,000)	\$0 to (\$1,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** assume the proposal would have no fiscal impact on their agency.

Officials from the **Office of Administration - Budget and Planning** state the bill could negatively affect general and total state revenues by up to \$1 million annually with the increased tax credit cap.

Officials from the **Department of Economic Development (DED)** state an additional \$1 million in tax credits are authorized by the bill. This could cause a reduction GR of that amount which could be offset by some positive but unknown economic benefits to the state. The film production tax credit should help in the development of the film production industry sector. The development of this industry will bring revenue to the state of Missouri through the hiring of employees and collection of sales tax on expenditures related to the film production in Missouri.

DED projects with the increase of \$1 million in film tax credits, they will require one additional FTE to administer the program. DED assumes the costs of the additional FTE to be roughly \$80,000 per year.

ASSUMPTION (continued)

Oversight assumes DED will not require the additional FTE as requested. Oversight will range the fiscal impact of the proposal from \$0 to a loss of \$1,000,000 from the increased limit on the film tax credits. The amounts issued under the Film Tax Credit Program over the past three fiscal years have been \$166,087 in FY 2003, \$1,059,409 in FY 2004 and \$0 in FY 2005. DED projected \$1.5 million of issuances in both fiscal years 2006 and 2007.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Loss</u> - from increasing the annual cap on Film Tax Credit Program from \$1.5 million to \$2.5 million	\$0 to <u>(\$1,000,000)</u>	\$0 to <u>(\$1,000,000)</u>	\$0 to <u>(\$1,000,000)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 to <u>(\$1,000,000)</u>	\$0 to <u>(\$1,000,000)</u>	\$0 to <u>(\$1,000,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<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.

DESCRIPTION

Currently, the total amount of tax credits that can be certified for qualified film production projects is \$1.5 million per year. This bill increases the limit to \$2.5 million per year.

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

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SOURCES OF INFORMATION

Department of Economic Development
Office of Administration - Budget and Planning
Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
April 4, 2006