

HCS HB 803 -- TAX CREDITS FOR FILM PROJECTS

SPONSOR: Swan

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Economic Development and Business Attraction and Retention by a vote of 9 to 1. Voted "Do Pass with HCS" by the Select Committee on Commerce by a vote of 9 to 0.

This bill requires a qualified film production project to feature a state or logo designated by the Department of Economic Development indicating that the project was filmed in Missouri in order to qualify for the tax credit.

Currently, a taxpayer is allowed a tax credit for up to 35% of the amount of qualifying expenses in a qualified film production project per year. Beginning January 1, 2015, the bill allows a taxpayer to claim a tax credit equal to 20% for qualifying in-state expenses and qualifying out-of-state expenses. A highly compensated individual is anyone who receives more than \$250,000 in compensation for a single qualified film production project. An additional 5% may be earned for qualifying expenses if at least 50% of the production is filmed in Missouri.

The provisions of this bill will expire six years after November 28, 2015.

PROPONENTS: Supporters say that Missouri has been out of the competitive filming market since the tax credit expired in 2013. The state and Missouri businesses are missing out on lots of revenue related to filming projects and increased tourism. The tax credit would keep the entire filming production in the state, rather than the producers shooting exteriors and filming the rest of the production in another state with more competitive tax incentives. Supporters say that two Kansas City stories were shot in Georgia and Louisiana because Missouri could not compete with the tax incentives provided in those states. Missouri has diverse scenery and landscapes, with a variety of architecture to allow studio engineers to make Missouri cities look like any other city. On one filming project, a Missouri grocery store sold tractor trailers full of ice during the winter for studio engineers to create artificial snow.

Testifying for the bill were Representative Swan; Associated Industries Of Missouri; Greater Kansas City Chamber Of Commerce; Missouri Restaurant Association; Associated Industries Of Missouri; Rick Cowan; Gordon Hayman, IATSE Local 493; Motion Picture Association of America; Stephane Scupham, Visit KC, Kansas City Film and Media Office; and Joni Tackette, Missouri Motion Media

Association.

OPPONENTS: Those who oppose the bill say that film tax credits fail to permanently stimulate growth in Missouri's film production and to provide a positive return on investment in the state. Those who oppose the bill say that the highest paying jobs associated with film production go to non-Missouri residents and any jobs created as a direct result of film production tend to be short-lived.

Testifying against the bill was Michael Rathbone, Show-Me Institute.