

SS SCS SBs 94, 52, 57, 58 & 67 -- ENTERTAINMENT TAX CREDITS

SPONSOR: Hoskins (Hudson)

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Economic Development by a vote of 15 to 0. Voted "Do Pass" by the Standing Committee on Rules- Regulatory Oversight by a vote of 5 to 1 with 3 voting Present.

This bill creates the "Show MO Act".

This bill reauthorizes a tax credit for certain expenses related to the production of qualified motion media production projects in this state, as defined in the act. Tax credits for such expenses under previous law expired on November 28, 2013.

For all tax years beginning on or after January 1, 2023, this act authorizes a tax credit equal to 20% of qualifying expenses, as defined in the bill, associated with the production of a qualified motion media production project.

An additional 5% may be awarded for each of the following conditions if they are met:

- (1) At least 50% of the qualified film production project is filmed in Missouri;
- (2) At least 15% of the project takes place in a rural or blighted area;
- (3) At least three departments of the production hire a Missouri resident ready to advance to the next level in a specialized craft position or learn a new skillset; or
- (4) The Department of Economic Development determines that the script for such project positively markets a city or region of the state, the entire state, or a tourist attraction located in the state, and the production provides certain advertising materials, as described in the act. The total dollar amount of tax credits awarded to a qualified film production project may be increased by 10% if such project is located in a county of the second, third, or fourth class.

This provision shall sunset on December 31, 2029, unless reauthorized by the General Assembly. Notwithstanding the sunset provision, this act shall expire one year after the Department determines that all other political subdivisions having a tax credit substantially similar to this act let such tax credits lapse or expire.

This bill also establishes the "Entertainment Industry Jobs Act". For all tax years beginning on or after January 1, 2024, this bill authorizes a taxpayer to claim a tax credit for rehearsal expenses and tour expenses, as such terms are defined in the bill, for live entertainment tours and associated rehearsals conducted within the state. The tax credit shall be equal to 30% of such expenses, provided that no taxpayer shall receive a tax credit in excess of \$1 million if such taxpayer's expenses are less than \$4 million; and further provided that no taxpayer shall receive a tax credit in excess of \$2 million if such taxpayer's expenses are more than \$4 million but less than \$8 million; and further provided that no taxpayer shall receive a tax credit in excess of \$3 million if such taxpayer's expenses are at least \$8 million.

Tax credits issued under this bill shall not be refundable, but may be carried forward to the taxpayer's five subsequent tax years. Unredeemed tax credits shall expire after the fifth tax year following the initial date of issuance, regardless of whether unredeemed tax credits are transferred or sold pursuant to the bill.

Tax credits may be transferred or sold, provided that the tax credit is transferred or sold to another Missouri taxpayer. A taxpayer shall submit information to the Department of Economic Development and the Department of Revenue relating to the identity of a transferee and the amount of tax credits being transferred or sold, as described in the bill. A transferee shall not subsequently transfer or sell any tax credit acquired from a transferor, and tax credits shall not be transferred or sold for less than 60% of the value of such tax credits.

The aggregate amount of tax credits that may be authorized under the bill in a given fiscal year shall not exceed \$8 million. If applications for tax credits exceed such amount, the Department of Economic Development may, at its discretion, authorize additional tax credits not to exceed \$2 million, provided that the maximum amount of tax credits that may be authorized during the subsequent fiscal year shall be reduced by such amount.

This bill shall sunset on December 31, 2030, unless reauthorized by the General Assembly. Notwithstanding the sunset provision, this bill shall expire 90 days after the Department determines that all other political subdivisions having a tax credit substantially similar to this act let such tax credits lapse or expire.

This provision shall become effective January 1, 2024.

PROPONENTS: Supporters say that there are currently not many incentives for a movie or television production company to film content in Missouri. This results in many missed opportunities for the state economy to take advantage of what could otherwise be a thriving in-state business of making movies and tv shows. With the implementation of the tax credits, the Missouri economy would expand, new businesses would be created, and more jobs would open up.

Supporters further say that if tax credits existed for the entertainment industry, Missouri would see an influx of performing artists and musicians putting on shows and acts. As a result, entrepreneurs would have an incentive to create new businesses here in-state to provide products and services to accommodate the influx of performers.

Testifying in person for the bill were Senator Hoskins; Associated Industries of Missouri; Missouri Chamber of Commerce and Industry; Cole Payne; Michelle Davidson, Film In Mo, Missouri Motion Media Association; Steph Shannon, Kansas City Film Office; Gateway Studios and Production Services; Missouri Citizens for the Arts; Britton Group on Behalf of Motion Pictures Association; Greater Kansas City Chamber, City Of Kansas City, and Hallmark Cards.

OPPONENTS: Opponents say that tax credits do not produce the type of economic activity and/or benefit that is often promised. Instead of the proposed tax credits in favor of the entertainment industry at-large, a simple tax cut across the board would be far better.

Testifying in person against the bill was Americans for Prosperity.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under "House Testimony on Senate Bills" on the House website.