

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3111H.01I
Bill No.: HB 1499
Subject: Tax Credits; Tax Incentives; Taxation and Revenue - Income; Taxation and Revenue - General; Entertainment, Sports and Amusements; Business and Commerce
Type: Original
Date: April 4, 2025

Bill Summary: This proposal modifies the "Show Mo Act" tax credit caps for qualified motion media production projects.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§135.750 Show MO Tax Credit

Officials from the **Department of Revenue (DOR)** assume this proposal modifies the Show Me Act tax credit program which is currently a credit for film production and a credit for series production. This credit is not refundable and has a \$16 million annual cap with \$8 million reserved for film production and \$8 million for series production.

Starting January 1, 2026, this proposal would allow the 2 types of programs to share the same \$16 million cap. This proposal also will allow a taxpayer to carry forward the credits up to five tax periods.

DOR assumes that sharing the cap will not result in any additional fiscal impact to general revenue. DOR will need to change our forms (\$2,200) and computer programming (\$1,832) at a cost of \$4,032.

Oversight notes DOR requests a one-time cost for website updates to comply with the proposed language; however, **Oversight** notes that DOR receives appropriation for routine website updates and will not reflect these costs in the fiscal note.

Officials from the **Department of Economic Development (DED)** assume this proposal combines the cap for film and series production but overall program cap remains the same amount; therefore, no fiscal impact to DED is anticipated as a result of the proposed legislation.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for the DED.

Officials from the **Oversight Division** state they are responsible for providing a Sunset Report pursuant to Section 23.253 RSMo; however, Oversight is able to absorb the cost with the current budget authority.

Officials from the **Office of Administration – Budget & Planning (B&P)** assume subparagraph 135.750.6(2) is added raising the cap for motion media tax credit program for film productions to \$16M beginning on January 1, 2026. The current \$8M cap will sunset on December 31, 2025. Therefore, the fiscal impact to GR is up to \$8M per year beginning in FY 2027.

Oversight notes §135.750.6(2) states “For all tax years beginning on or after January 1, 2026, the total amount of tax credits authorized by this section for film or series production shall not exceed a total of sixteen million dollars per year.” Oversight assumes that this proposal discontinues the individualized maximum caps of \$8 million for each program, as of December 31, 2025, and allows the two programs to share the combined \$16 million maximum cap.

Oversight assumes that sharing the cap will not result in any additional fiscal impact to general revenue. Therefore, Oversight will reflect a zero impact for the purpose of this fiscal note.

For informational purposes, **Oversight** notes according to the Office of Administration – Budget & Planning website (within the Tax Credit Analysis Forms - January 2025 Submission) the below information for FY 2024:

Show MO Tax Credit Analysis (FY 2024)

Amount Authorized \$8,425,087
Amount Issued \$2,752,510
Amount Redeemed \$0

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<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.

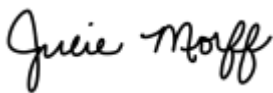
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

SOURCES OF INFORMATION

Office of Administration – Budget & Planning
Department of Revenue
Office of the Secretary of State
Joint Committee on Administrative Rules
Oversight Division
Department of Economic Development



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April 4, 2025



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April 4, 2025