

LEGAL SERVICES

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MEMORANDUM

April 9, 2013

SUBJECT: Sectional summary of HCS SB 7(FIN); addition of bill sections relating the film production tax credit (Work Order No. 28-LS0104\C)

TO: Representative Bill Stoltze
Co-Chair of the House Finance Committee
Attn: Daniel George

FROM: Donald M. Bullock
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

* **Sec 1.** Amends AS 43.20.011(e) to reduce corporation income tax rates.

* **Sec. 2.** Adds a new subsection to AS 44.25.115 as that section was enacted by sec. 28, ch. 51, SLA 2012. Makes the types of productions in the list ineligible for the film production tax credit. Note that, under AS 44.25.115(a)(3) (eff. July 1, 2013), a film production is eligible for a tax credit if the Alaska Film Incentive Review Commission "determines that the production is not contrary to the best interests of the state[.]" The new subsection added to AS 44.25.115, in sec. 2 of the bill, lists the specific types of productions that are not eligible for the credit.

* **Sec. 3.** States that the changes in tax rates in sec. 1 of the bill are applicable during a taxable year that begins on or after the effective date of sec. 1 of the bill.

* **Sec. 4.** Provides that a film production that received a notice of qualification under AS 44.33.234 before July 1, 2013 will be eligible for the film production tax credit as provided by the law in effect before July 1, 2013. Note that on July 1, 2013, the duties of the film office will be transferred to the Department of Revenue from the Department of Commerce, Community, and Economic Development, the film production tax credit provisions that were formerly in AS 44.33.232 - 44.33.239 will be repealed, and the new provisions for administering the credit in AS 44.25.100 - 44.25.190 will take effect.

Representative Bill Stoltze

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AS 44.33.231 was not repealed, but was reenacted to authorize a film production promotion program to be administered by the Department of Commerce, Community, and Economic Development. Note that I was not sure what the July 1, 2013 date meant. In this version, July 1, 2013 is the date before which a production was required to receive notice of qualification.

* **Sec. 5.** Makes the film production tax-related sections of the bill take effect on July 1, 2013, to coincide with the effective date of changes in administration and substantive provisions related to the credit under ch. 51, SLA 2012.

The enclosed draft changes the title of the Senate bill in the House. A concurrent resolution is enclosed to suspend the Uniform Rules that prohibit a title change in the House.

DMB:ln

13-232.ln

Enclosures