

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 112
Fiscal Note Number: 2
(H) Publish Date: 3/22/13

Identifier: HB112-DOR-TAX-03-12-13
Title: REPEAL FILM PRODUCTION TAX CREDIT
Sponsor: STOLTZE
Requester: (H) L&C

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Personal Services	(148.0)	148.0	(148.0)	(148.0)	(148.0)	(148.0)	(148.0)
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	(148.0)	148.0	(148.0)	(148.0)	(148.0)	(148.0)	(148.0)

Fund Source (Operating Only)

1004 Gen Fund	(148.0)	148.0	(148.0)	(148.0)	(148.0)	(148.0)	(148.0)
Total	(148.0)	148.0	(148.0)	(148.0)	(148.0)	(148.0)	(148.0)

Positions

Full-time	(3.0)	1.0	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Part-time							
Temporary							

Change in Revenues		***	***	***	***	***	***
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 06/30/19

Why this fiscal note differs from previous version:

Initial version.

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Division: Tax Division Date: 03/12/2013 01:32 PM
Approved By: Bryan D. Butcher, Commissioner Date: 03/12/13
Department of Revenue

FISCAL NOTE ANALYSIS #2

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB 112

Analysis

Bill Language:

This bill would repeal the current film production tax credit and the provisions of Chapter 51, SLA 12, which moved the Film Office to the Department of Revenue from the Department of Commerce, Community and Economic Development (DCCED), extended the film program for 10 years, and increased the total aggregate film credits allowed to be awarded from \$100 million to \$300 million. The bill allows a tax credit to be awarded to any production that receives a notice of qualification under current law, provided that the notice of qualification is submitted prior to July 1, 2013 and that total aggregate film credits awarded do not exceed \$100 million. This bill keeps the provision in existing statute that allows the Department of Revenue to file legal proceedings up to 6 years after the date a tax credit is awarded if the department determines that the film producer is liable for damages to the state or any political subdivision of the state.

Revenues:

The original film credit program was established in 2008 with a sunset provision of June 30, 2013. The aggregate amount of film credits available to be authorized during the original 5-year period was \$100 million. Chapter 51, SLA 12, extended the film program 10 years to June 30, 2023 and increased the aggregate amount of film credits allowed to be awarded to \$300 million. To date, the Department of Revenue has issued \$35.1 million in film credits. The Film Office within DCCED has received approximately \$48 million in additional requests for film credits which may receive a notice of qualification under existing statute and, therefore, be qualified to receive a film tax credit. If all productions receive a notice of qualification prior to July 1, 2013, the maximum credits issued under existing law would be approximately \$83 million. If the film tax credit program is repealed, as a result of this legislation, and there are no more productions to request and be awarded a notice of qualification, the state could see an increase in tax revenue of approximately \$217 million between July 1, 2013 and June 30, 2023. This amount represents the difference between the current statutory cap of \$300 million and the maximum credits that could be issued by July 1, 2013.

Expenditures:

The department requested and received three additional positions to administer the film program within the Department of Revenue. Although the positions were approved, the department did not receive funding for two of the positions. Therefore, the repeal of the film production tax credit would result in personal service savings of 148.0 to the department and the three positions requested would be eliminated from the department's budget, in the future. We anticipate the provisions within this bill can be implemented in the Tax Division using existing staff and resources.

Regulations:

Regulations adopted by the department for this program would be repealed by June 30, 2019.