

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version:	CSSB 39(L&C)
Fiscal Note Number:	1
(S) Publish Date:	3/13/2015

Identifier: SB039-DOR-TAX-2-16-15
 Title: REPEAL FILM PRODUCTION TAX CREDIT
 Sponsor: STOLTZE
 Requester: (S) 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)

	FY2016	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2016 Request	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues	***						
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

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 If yes, by what date are the regulations to be adopted, amended or repealed? **06/30/20**

Why this fiscal note differs from previous version:

Initial version.

Prepared By:	Brandon Spanos, Deputy Director, Tax Division	Phone:	(907)269-6736
Division:	Tax	Date:	02/17/2015 01:00 PM
Approved By:	Jerry Burnett, Deputy Commissioner	Date:	02/15/15
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

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 approved by the Film Commission prior to July 1, 2015. This bill retains 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.

Expenditures:

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. Three positions were created in the Department of Revenue to administer the program.

The Governor's FY 2016 Amended Budget removes funding for the three positions which currently administer the Film Office in the Department of Revenue, at a savings of \$346.7. The Department will absorb the responsibilities of the Film Office into the Excise Tax Group within the Tax Division. As a result of the funding changes in the Governor's budget, the repeal of the film production tax credit would result in no additional changes to personal service since the three positions currently administering the program would be eliminated from the department's budget beginning in FY 2016. This bill provides that any tax credits preapproved prior to July 1, 2015 would still be allowed under previous law. The department will need to process tax credits that were preapproved and which have 2 years to submit a final application and an additional year for the state to challenge the validity of the tax credit. We anticipate these remaining functions of the film office that are not repealed by this bill can be implemented in the Tax Division using this existing staff and resources.

Regulations:

Regulations adopted by the department for this program would be repealed by June 30, 2020.