

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 3921
Version:	CS
Request Number:	11232
Author:	Rep. Dunnington
Date:	2/28/2020
Impact:	Film Tax Credit

\$50 Million Annual Cap

**Credits Claimed Dependent on Project
Eligible Expenditures and State Identification**

Research Analysis

The committee substitute for HB3921 creates a tax credit for qualified entertainment industry project expenditures incurred between July 1, 2020 and June 30, 2030 that can be attributable to film and television projection projects with projection budgets greater than \$5 million. The measure also set the minimum budget for a film project at \$500,000, of which at least \$250,000 must be expended in the state. The minimum budget for each episode of a television production project is \$250,000.

All qualified film and television projects are entitled to a base tax credit equal to 25 percent of qualified expenditures made in the state and may receive a larger credit percentage for the completing the following requirements:

- One percent for a qualifying music expenditure equal to or greater than \$15,000;
- One percent for a qualifying audio post-production, visual post-production and visual effects expenditure equal to or greater than \$20,000;
- One percent for a qualifying soundstage expenditure equal to or greater than \$10,000;
- One percent for use of a "filmed in Oklahoma" logo;
- One percent for the including language, a logo and an animated sequence in the opening credits that promotes the involvement of the state of Oklahoma; and
- One percent for a qualifying film or television expenditure for a qualified environmental sustainability plan.

In addition, if the project had qualified expenditures related to compensation of nonresidents, an additional tax credit equal to 15 percent of such compensation is allowed.

The measure limits each film project to a \$7 million tax credit cap; each television production project to a \$1.2 million per episode tax credit cap; and limits the total amount of credits authorized through the program at \$50 million per year.

The measure also renames the Compete with Canada Act to the Oklahoma Film and Television Projection Incentive Program and updates statutory references and definitions to reflect the addition of television production projects to the lineup of entertainment projects that receive state incentives.

Prepared By: Quyen Do

Fiscal Analysis

The measure provides credits for qualifying entertainment industry expenditure (25%), music expenditure (1.0%), post-production expenditure (1.0%), soundstage expenditure (1.0%), use of a “Filmed in Oklahoma” logo (1.0%), opening credit using “In Association With the State of Oklahoma” (1.0%) qualifying environmental sustainability expenditure (1.0%) and qualifying expenditure for compensation paid to nonresidents (15%).

Credits are transferable and may be claimed against income or insurance premium tax liability.

Total annual credits earned/claimed may not exceed \$50,000,000. The Tax Commission will annually calculate a reduction in credits to ensure credits do not exceed \$50,000,000.

Prepared By: Mark Tygret

Other Considerations

None.