

Bill Summary
1st Session of the 57th Legislature

Bill No.:	SB 200
Version:	INT
Request No.:	1101
Author:	Sen. Thompson
Date:	01/08/2019

Bill Analysis

SB 200 expands the purpose of the Oklahoma Quick Action Closing Fund to include payments of rebates to a high impact production. A high impact production, as defined by the measure, is a production with costs equal to or greater than \$50 million and with at least 1/3 of the total costs deemed Oklahoma expenditures by the Office of the Oklahoma Film and Music Commission. The measure provides an exception for rebates to high impact productions from the requirement of a Department of Commerce study on the business's impact on the state.

Prepared by: Kalen Taylor

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: January 25, 2019

BILL NUMBER: SB 200 **STATUS AND DATE OF BILL:** Introduced 1/8/19

AUTHORS: House n/a Senate Thompson

TAX TYPE (S): Income Tax **SUBJECT:** Film Rebate

PROPOSAL: Amendatory

SB 200 proposes to amend the Quick Action Closing Fund (62 O.S. § 48.2) and the Compete with Canada Film Act (68 O.S. § 3621 et. seq.) by:

- Allowing monies in the Quick Action Closing Fund to be used for payments of rebates to a high impact production pursuant to the Oklahoma Film Enhancement Rebate Program.
- Increasing the annual apportionment to the Oklahoma Film Enhancement Rebate Program Revolving Fund from \$4 million to \$10 million, effective July 1, 2019.
- Providing that special appropriations may be made to the Oklahoma Film Enhancement Rebate Program Revolving Fund, in excess of the \$10 million annual appropriation, for rebate claims for high impact productions.

EFFECTIVE DATE: July 1, 2019 - Emergency

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 20: No change to income tax collections. See attached for changes to the General Revenue Fund and the Oklahoma Film Enhancement Rebate Program Revolving Fund

Feb. 1, 2019
DATE

Rick Miller
DIVISION DIRECTOR

lrh

2-1-2019
DATE

Huan Gong
HUAN GONG, ECONOMIST

2-1-19
DATE

Jonny M. L.
FOR THE COMMISSION

The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

Attachment to Revenue Impact (page 1) - SB 200 [Introduced] Prepared 1/25/19

SB 200 proposes to amend the Quick Action Closing Fund (62 O.S. § 48.2) and the Compete with Canada Film Act (68 O.S. § 3621 et. seq.).

Current Law:

The Quick Action Closing Fund (Fund) was established in 2011. The Fund provides resources for the Governor to make expenditures to attract high-impact businesses when they are likely to be the deciding factor in a business's location decision. These expenditures typically support infrastructure or capital improvements necessary for relocation of a company, but they can be used for a variety of business needs. Subsection 48.2(L) of Title 62 provides that the Fund no longer has the force and effect of law six years after the "first fiscal year for which any funds are deposited to, appropriated to, apportioned to or otherwise transferred to the Oklahoma Quick Action Closing Fund". In FY12 an initial appropriation was made to the Fund¹, as a result, the Fund no longer has the force and effect of law as of July 1, 2017.

The Office of Oklahoma Film and Music Commission (Office) is authorized to approve claims for rebates based on documented expenditures that are directly attributable to the production of a film, television production or television series in Oklahoma. The rebate is thirty-five percent (35%) of eligible expenditures and the maximum amount of rebates eligible to be paid in any one fiscal year is \$4 million.² Applications for the film rebate are submitted to the Office prior to the start of pre-production. If approved, production will receive a written notice of conditional prequalification. Office of Oklahoma Film and Music Commission records show \$28 million in rebate applications have been preapproved for FY14 through FY19.

Under current law, \$4 million of individual income tax collections that would otherwise accrue to the General Revenue Fund are apportioned to the Oklahoma Film Enhancement Rebate Program Revolving Fund each fiscal year.³ Tax Commission records show a balance of \$12.5 million in the Oklahoma Film Enhancement Rebate Revolving Fund.

Proposed Law:

Senate Bill 200 proposes to:

- Allow monies in the Quick Action Closing Fund to be used for payments of rebates to a "high impact production"⁴ pursuant to the Oklahoma Film Enhancement Rebate Program.
- Increase the annual apportionment to the Oklahoma Film Enhancement Rebate Program Revolving Fund from \$4 million to \$10 million, effective July 1, 2019.
- Provide that special appropriations may be made to the Oklahoma Film Enhancement Rebate Program Revolving Fund, in excess of the \$10 million annual appropriation, for rebate claims for high impact productions.

A production designated as a high impact production must be approved by the Office of Oklahoma Film and Music Commission and the Cabinet Secretary for Commerce and Tourism. The payment of a rebate claim for a high impact production shall be by special appropriation to the Oklahoma Film Enhancement Rebate Program Revolving Fund, if the claim is approved during a regular or special session of the Oklahoma Legislature, or by payment from the Oklahoma Quick Action Closing Fund if the claim is approved when the Legislature is not in session.

¹ State of Oklahoma, Incentive Evaluation Commission, Quick Action Closing Fund Evaluation, November 9, 2018 https://iec.ok.gov/sites/g/files/gmc216/f/Quick%20Action%20Closing%20Fund_11.20.18_FINAL.PDF

² HB 2344 (2017) decreased the maximum annual FY rebate from \$5 million to \$4 million effective for FY18.

³ 68 O.S. §3625

⁴ "High impact production" means a production for which total expenditures or production costs are equal to or greater than Fifty Million Dollars (\$50,000,000.00), with at least one-third (1/3) of total costs deemed Oklahoma expenditures by the Office of the Oklahoma Film and Music Commission.

Attachment to Revenue Impact (page 2) - SB 200 [Introduced] Prepared 1/25/19

Revenue Impact:

This measure would decrease the amount apportioned to the General Revenue Fund from individual income tax collections by at least \$6 million and the amount apportioned to the Oklahoma Film Enhancement Rebate Program Revolving Fund would increase by at least \$6 million.⁵

⁵ Special appropriations may be made to the Oklahoma Film Enhancement Rebate Program Revolving Fund, in excess of the \$10 million annual appropriation, for rebate claims for high impact productions.