

Fiscal Impact
2nd Session of the 57th Legislature

Bill No.:
Version:
Author:
Date:

SB 1442
INT
Sen. Thompson
02/06/2020

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: January 28, 2020

BILL NUMBER: SB 1442 **STATUS AND DATE OF BILL:** Introduced 1/15/2020

AUTHORS: House n/a Senate Thompson

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

PROPOSAL: Amendatory

SB 1442 amends the *Compete with Canada Film Act* (68 O.S. § 3621 et. seq.), setting additional requirements relating to whether a high impact production meets the expenditure threshold, clarifying that payment may be made in a future fiscal year subject to the availability of funds if the amount of claims approved by the Office of the Oklahoma Film and Music Commission exceeds the balance of the Oklahoma Film Enhancement Rebate Program Revolving Fund, and directing the Tax Commission to apportion from income tax revenue \$8 million in each fiscal year to the Oklahoma Film Enhancement Rebate Program Revolving Fund.

EFFECTIVE DATE: July 1, 2020 - Emergency

REVENUE IMPACT:

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

FY 21: None

<u>Jan. 28, 2020</u> DATE	<u>Rick Miller</u> DIVISION DIRECTOR	lrh
<u>1/28/2020</u> DATE	<u>Huan Gong</u> HUAN GONG, ECONOMIST	
<u>1/28/2020</u> DATE	<u>[Signature]</u> FOR THE COMMISSION	

The 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: SB 1442 [INTRODUCED] Prepared 1/28/20

Under current law, the Office of the 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 35%¹ of eligible expenditures and the maximum amount of rebates eligible to be paid in any one fiscal year is \$8 million². The Tax Commission apportions, from income tax revenue, an amount the Commission estimates to be necessary to pay the film rebates to the Oklahoma Film Enhancement Rebate Program Revolving Fund (Fund). Special appropriations may be made to the Fund, in excess of the \$8 million annual appropriation, for rebate claims for high impact productions.

SB 1442 proposes to amend the *Compete with Canada Film Act* (68 O.S. § 3621 et. seq.).

- Section 1 – Amends Section 3623; the Office may set additional requirements relating to whether a high impact production meets the expenditure threshold (total expenditures or production costs must be equal to or greater than \$50 million, with at least 1/3 of total costs deemed Oklahoma expenditures).
- Section 2 – Amends Section 3624; if the amount of claims approved by the Office exceeds the balance of the Fund, payment may be made in a future fiscal year subject to the availability of funds. High impact production rebate claims may be paid by either special appropriation to the Fund or by payment from the Quick Action Closing Fund.
- Section 3 –Amends Section 3625; the Tax Commission is to apportion from income tax revenue \$8 million in each fiscal year to the Fund.³

No change in revenue is expected as a result of this proposal.

¹ The amount of rebate paid to the production company shall be increased by an additional 2% of documented expenditures if a production company spends at least \$20,000 for the use of music created by an Oklahoma resident that is recorded in Oklahoma or for the cost of recording songs or music in Oklahoma for use in the production.

² SB 200 (2019) increased the maximum annual FY rebate from \$4 million to \$8 million effective for FY 20.

³ Under current law, the Tax Commission apportions an amount the Commission estimates to be necessary to pay the film rebates (not to exceed the amount allowed in 68 O.S. § 3625), based on the amount of rebate claims approved by the Office.