

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-NINTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 22, 2023

BILL NUMBER: HB 2459 **STATUS AND DATE OF BILL:** Engrossed 3/20/23

AUTHORS: House: Hill and McDugle Senate: Hall

TAX TYPE (S): None **SUBJECT:** Film Rebate

PROPOSAL: Amendatory

HB 2459 proposes to amend the Filmed in Oklahoma Act of 2021.

EFFECTIVE DATE: Sections 1 and 3: Emergency - July 1, 2023
Section 2: Emergency - Upon Passage and Approval

REVENUE IMPACT:

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

FY 24: None.

March 23, 2023

DATE

Rick Miller

DIVISION DIRECTOR

lh

3/23/2023

DATE

Huan Gong

HUAN GONG, ECONOMIST

3/27/2023

DATE

Joseph P. Jappa

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 - HB 2459 [Engrossed] Prepared 3/22/23

HB 2459 proposes to amend the Filmed in Oklahoma Act of 2021. Under current law, Oklahoma offers companies a rebate of 35% of documented expenditures made in-state that are directly attributable to the production of a film, television production or television commercial with a budget of at least \$50,000 (with 50 percent expended in-state). Productions are eligible for an additional 2% rebate if the production company spends at least \$20,000 for the use of music created by an Oklahoma resident that is recorded in-state or for the cost of recording music in Oklahoma for use in the production

This measure proposes the following amendments:

- The definition of "**expenditure**" or "**production cost**" is amended to include the wages or salaries of persons who are enrolled as full-time students at a college or university located in the state offering an undergraduate degree program or who are on active military duty and stationed in Oklahoma and involved in a restorative workforce program; the definition of "**apprentice**" is amended to require an apprentice to complete safety training appropriate for the duties to be performed in connection with a qualified project and also to complete a course related to and with the objective of preventing workplace misbehavior, such as bullying and sexual harassment; and the definition of "**qualified soundstage facility**" is amended to require a total state rental cost to the production company to equal to at least 3% of the qualifying Oklahoma expenditures with respect to a production.
- The base incentive amount for a project filmed in Oklahoma, not including above-the-line personnel, is increased from a maximum of 20% to 30% of the qualified production expenditure amount. An incentive for a project filmed in this state for wages paid to nonresident crew, not including above-the-line personnel, is increased from 7.5% to 20%.
- An additional incentive payment is allowed in the amount of 2% of the qualified production expenditure amount for projects whose hub location, as determined by the Department, is or projects where at least 25% of main crew principal photography days are filmed on location, excluding sound stage production, in a municipality having a population of 25,000¹ or fewer persons according to the Federal Decennial Census or most recent population estimate regardless of the county in which the municipality is located or partially located.
- Allowing an additional incentive amount of 2% of the qualified production expenditure amount for the post production expenses of music production, recording, mixing or composition, or licensing of Oklahoma music.
- Allowing color grading or digital intermediate processing, audio post production processes including Foley artist processes or services, and graphics, including but not limited to the GFX system to qualify as post-production expenditures.
- Requiring all production projects for which any incentive is paid shall contain a logo, as approved by the Oklahoma Department of Commerce, to be displayed in the credits of the finished production for a period of at least 5 seconds.

It is expected this measure will have no impact on state revenue collections.

¹ Under current law, the municipality population is 13,000 or fewer.