

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 713 (Second Edition)

SHORT TITLE: Expand Film Credit.

SPONSOR(S): Representatives Allen and Gibson

FISCAL IMPACT					
	Yes (x)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES:					
General Fund					
	See Assumptions and Methodology – No impact in FY 09-10; minimal impact in FY 10-11; and approximately \$40 to \$50 million loss in future years				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Department of Commerce; NC Department of Revenue					
EFFECTIVE DATE: January 1, 2010					

BILL SUMMARY:

House Bill 713 would increase the income tax credit for a production company from 15% to 25% of the company's qualifying expenditures and disallow the 1%/\$80 privilege tax treatment for qualified film purchases. As an alternative, the bill would allow a production company to continue the 15% film credit level and keep the 1%/\$80 treatment. The bill would become effective for taxable years beginning on or after January 1, 2010.

ASSUMPTIONS AND METHODOLOGY:

The impact of the bill will depend on the number of production companies that elect to take the expanded film credit vs. keeping the 1%/\$80 privilege tax treatment. Because of the January 1, 2010 effective date, the bill would have no impact in FY 09-10. The impact in FY 10-11 would be minimal because of the time required to complete film projects and obtain the credit. The credit would not apply to expenses incurred before January 1, 2010. The revenue loss in FY 11-12 and future years would grow to approximately \$40 - \$60 million as additional film projects locate to the state.

SOURCES OF DATA: NC Film Office, North Carolina Department of Commerce; *Economic and Fiscal Impacts of the North Carolina Film Credit Program*, Ernst and Young, June 2009, Carolina Center for Competitive Economies.

TECHNICAL CONSIDERATIONS: None

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DATE: August 10, 2009



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