

**REVENUE ESTIMATING CONFERENCE**

**TAX:** SUT / CIT

**ISSUE:** Entertainment industry financial incentive program

**BILL NUMBER(S):** CS/CS/HB 697 / SB 1430

**SPONSOR(S):** ECONOMIC Development Policy Committee; Representative Precourt and others; Senator Haridopolos

**MONTH/YEAR COLLECTION IMPACT BEGINS:** July 1, 2010 to June 30, 2015, tax credits effective July 1, 2011

**DATE OF ANALYSIS:** 4/2/2010

**SECTION 1: NARRATIVE SECTION 19 s. 288.1254, F.S.**

**a. Current Law:** current cash rebate program subject to the limit of appropriation from general revenue fund.  
For FY 2009-10 fiscal year, the appropriation is \$10.8 million.

**b. Proposed Change:**

1. add tax credit against sales tax or corporate income tax, or SUT/CIT combined as an option
2. total amount of tax credits allowed are \$55m, \$50m, \$27m for last 3 year, 94% for general production; 3% for commercial and music videos and 3% for independent Florida filmmaker; unused amount can be carried forward for two years.
3. tax credit carry forward – maximum of 5 years
4. transfer of tax credits – one time transfer of unused credits to one transferee under chapter 212;  
One time transfer of unused credits to up to 4 transferees in the same taxable year under chapter 220
5. the tax credits allowed are 20% of qualified production expenditures approved by the Office of Film and Entertainment. Off season production (75% or more of form 6/1 to 11/30) can get additional 5% tax credit for productions excluding commercials, music videos, and digital media; a qualified high-impact television series shall be allowed first position in this queue.
6. 5% additional tax credits is allowed if the production is determined as family friendly.

**SECTION 2: DESCRIPTION OF DATA AND SOURCES**

1997, 2002 Economic Census, U.S. Census Bureau  
 FY 2006, 2007, 2008 and 2009 Entertainment Industry Financial Incentive – year end legislative report  
 How Much Information? 2003 – Berkeley research project  
 AAAA’s TV Commercial Production Survey, 1999  
 Video in the Machine: The Incorporation of music video into the recording industry, popular music, vol. 16, No.3 (Oct 1997)  
 REC 12/09 wage and salary estimates for NAICs (51)  
 Independent Film Production, Gregory Goodell  
 The Movie Industry, James Jaeger  
 Motion Picture Association of America  
 DOR sales tax data for movie industry (NIACS 51) from CY 2004 to CY 2008

**SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)**

SEE THE ATTACHED

**SECTION 4: PROPOSED FISCAL IMPACT**

Major difference between CS/CS/HB697 and CS/SB 1430

1. 30 second “Visit Florida” promotional video (s.288.1254(3)(g)) in CS/CS/HB697, not in CS/SB1430;
2. CS/CS/HB697 removed requirement of 70 minutes for documentary and two key positions employment; still in CS/SB;

State Impact:	FY 2010-11	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
All Funds	Cash	Annualized	Cash	Cash	Cash
If no cap					
Middle	0	(\$27.0m)	(\$55.0m)	(\$50.0m)	(\$27.0m)
Low					

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**SECTION 5: CONSENSUS ESTIMATE (ADOPTED 4/2/10)** The conference adopted the proposed estimate, split 80% Sales Tax and 20% Corporate Income Tax.

	FY 2010-11 Cash	FY 2010-11 Annualized	FY 2011-12 Cash	FY 2012-13 Cash	FY 2013-14 Cash
General Revenue—Sales	0	(19.2)	(39.0)	(35.4)	(19.2)
General Revenue--Corporate	0	(5.4)	(11.0)	(10.0)	(5.4)
State Trust	0	(Insignificant)	(Insignificant)	(Insignificant)	(Insignificant)
Total State Impact	0	(24.6)	(50.0)	(45.4)	(24.6)
Revenue Sharing	0	(.6)	(1.3)	(1.2)	(.6)
Local Gov't Half Cent	0	(1.8)	(3.7)	(3.4)	(1.8)
Local Option	0	0	0	0	0
Total Local Impact	0	(2.4)	(5.0)	(4.6)	(2.4)
Total Impact	0	(27.0)	(55.0)	(50.0)	(27.0)