BDR 32-68
AB 137

EXECUTIVE AGENCY

FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 28, 2017

Agency Submitting: Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
Loss of Revenue - Home Office Credit (Revenue)		($41,157,735)	($41,157,735)	($82,315,470)
Loss off Revenue - Film Tax Credit (Revenue)		($5,000,000)		
Total	0	($46,157,735)	($41,157,735)	($82,315,470)

Explanation (Use Additional Sheets of Attachments, if required)

Please see attached

Name Deonne Contine

Title Executive Director

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Monday, March 27, 2017

The agency's response appears reasonable.

Name Paul Nicks

Title Executive Budget Officer

Exhibit 1

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: BDR 32-68

Name of Agency: Department of Taxation

Division/Department:

Date: February 14, 2017

BDR 32-68 provides for transferable tax credits for film production companies up to $15 million. Additionally, this bill also removes the cap to the regional home office credit taken against the Insurance Premium Tax.

Revenue:

The Department does not have the necessary information to determine how many film production companies may qualify for the transferable tax credit or how much of the credit would be approved. However, the bill provides for up to $15 million and thus the loss in revenue could potentially be up to this amount.

The Department has historical information regarding how much in home office credits were taken against the Insurance Premium Tax. The most recent data available is for calendar year 2015. During this period of time the home office credits were calculated as 50% of the aggregate amount of the tax and an amount equal to the full amount of ad valorem taxes paid by the insurer. This bill provides for the credit based on the same calculation that was utilized during calendar year 2015. During calendar year 2015 a total of $46,157,735 in credits were taken. Current law caps the credits across all taxpayers at $5 million. The net loss in revenue should this bill be approved is estimated as $41,157,735 per year based on this historical data. The loss would be realized by the State General Fund.

FY 2018: -$41,157,735
FY 2019: -$41,157,735
Future Biennia: -$82,315,470

Expense:

The Department would be required to re-program the Unified Tax System in order to correctly administer these changes. The Department can absorb the programming costs.