

## FISCAL NOTE

June 22, 2017

<b>Bill No:</b>	HB 1519	<b>Printer's No:</b>	PN 2092	<b>Sponsor:</b>	Ellis
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### COST / (SAVINGS)

Fund (s)	2016-17	2017-18
General Fund	"See Fiscal Impact"	"See Fiscal Impact"

**SUMMARY:** This legislation amends the Tax Reform Code (Act No. 2 of 1971), in entertainment production tax credit, further providing for definitions, establishing the Multimedia Tax Credit Fund, providing for state-certified production companies and making an inconsistent repeal.

**ANALYSIS:** This legislation amends Article XVII-D. Entertainment Production Tax Credit of the Tax Reform Code by adding Subarticle E, Multimedia Tax Credit Fund. Under this legislation, the Entertainment Production Tax Credits (film production, concert rehearsal, and video game production) will be deposited into the newly established Multimedia Tax Credit Fund.

The new fund will redistribute fiscal year tax credit allocations based on a percentage based formula rather than the current dollar amount. See chart below.

Tax Credit	Current Allocation	Proposed Pooling %	% Dollar Amount
Subarticle B: Film Production	\$65,000,000	80%	\$56,000,000
Subarticle C: Concert Rehearsal	\$4,000,000	10%	\$7,000,000
Subarticle D: Video Game Production	\$1,000,000	10%	\$7,000,000
<b>Total Tax Credits Available:</b>	<b>\$70,000,000</b>	<b>100%</b>	<b>\$70,000,000</b>

Lastly, this legislation establishes a state certified production incentive for state certified productions with expenditures occurring on or after July 1, 2017. A state certified production company which demonstrates that it owned or optioned to own a Pennsylvania screenplay, which has been held by a qualified Pennsylvania production company may be eligible for 10 percent of the money allocated in the Multimedia Tax Credit Fund.

The Department of Community and Economic Development shall post on its website a listing of approved Pennsylvania publishers and qualified Pennsylvania production companies.

Any unused funds shall remain in the Multimedia Tax Credit Fund.

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Commonwealth tax credits are not typically managed through the creation of special funds designated for that purpose. Tax credits are generally awarded through an application and certification process whereby the eligible/awarded taxpayers can reduce their total tax liability to the commonwealth. Tax credits result in reduced revenue to the commonwealth and do not require the creation of a special fund for the deposit and disbursement of monies.

This act shall take effect immediately.

**FISCAL IMPACT:** The Entertainment Production Tax Credits are part of the governor's proposal, which reduces tax credit amounts. Currently, tax credit dollars are not granted/distributed out of a special fund.