

HCS HB 767 -- TAX CREDIT FOR QUALIFIED FILM PRODUCTION

SPONSOR: Sutherland (Grill)

COMMITTEE ACTION: Voted "do pass" by the Committee on Ways and Means by a vote of 9 to 1.

Beginning January 1, 2009, this substitute increases the cap on tax credits that can be certified for qualified film production projects from \$4.5 million per year to \$10 million each fiscal year.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$0 to \$5,500,000 in FY 2010, FY 2011, and FY 2012. No impact on Other State Funds in FY 2010, FY 2011, and FY 2012.

PROPOSERS: Supporters say that the bill creates new jobs, helps the economy, and promotes film making in Missouri. Currently, all credits have been redeemed by one film. A film production must spend the money in the state before getting the credit. Twelve states have no caps. It is hard to make a film without incentives. Missouri is a good location being in the center of the nation and having air travel close. The bill is a small step toward a goal of a film production center in the state. Missouri has the potential for long-term economic development through support of the motion media industry. Once the industry is sure Missouri will provide incentives, it could build a permanent base here. Michigan is becoming a center for production with sound and special effects stages creating 5,200 new jobs. Louisiana has eight sound and four production stages. Missouri only has small sound stages. Hard structure development in Missouri will bring in good paying jobs. The more equipment and stages that are here, the more the film production industry will look at this state. Extras on movies are usually the state's unemployed. If the tax credit was higher, Paramount Pictures could have shot a whole film in Missouri. Production is similar to a manufacturing plant. The investment is really delayed in Missouri. Some states offer a rebate, and the film production is refunded when leaving the state. According to an Ernst and Young study, tax credits return 1.5% of the credit amount. Last year, eight projects took a split in the credit with no money for them this year. A television show would have come to Kansas City for three years and brought 90 jobs, but there is no money to offer them. Iowa is working on a deal that could have come to Missouri.

Testifying for the bill were Representative Grill; Lorah Steiner, Missouri Motion Media Association; Associated Industries of Missouri; Taxpayers Research Institute of Missouri; Missouri Citizens for the Arts; and Geno Hart, Paramount Pictures.

OPPONENTS: There was no opposition voiced to the committee.