

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: April 22, 2021

BILL NUMBER: SB 608 **STATUS AND DATE OF BILL:** Engr HA to Engr SB 4/21/21

AUTHORS: House Fetgatter Senate Hall

TAX TYPE (S): Income Tax **SUBJECT:** Incentive Rebate Program / Apportionment

PROPOSAL: Amendatory and New Law

SB 608 creates the "Filmed In Oklahoma Act of 2021", an incentive rebate program for certain film projects and eligible television series projects filmed or produced in Oklahoma effective July 1, 2021 through June 30, 2031. The rebate program will be administered by the Oklahoma Department of Commerce and the Oklahoma Tax Commission.

Also, this measure amends 68 O.S. § 2352; for each fiscal year beginning with FY 22 and ending with FY 31, \$20 million of the amounts otherwise scheduled to be placed to the credit of the General Revenue Fund shall be placed to the credit of the Filmed In Oklahoma Program Revolving Fund.

EFFECTIVE DATE: July 1, 2021 - Emergency

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 22: None.

April 23, 2021
DATE

Rick Miller
DIVISION DIRECTOR

lrh

4/23/2021
DATE

Huan Gong
HUAN GONG, ECONOMIST

4/23/21
DATE

[Signature]
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

**ATTACHMENT TO REVENUE IMPACT – SB 608 [ENGROSSED HOUSE
AMENDMENT TO ENGROSSED SENATE BILL] Prepared 4/22/2021**

Senate Bill 608 creates the "Filmed In Oklahoma Act of 2021", an incentive rebate program for certain film projects and eligible television series projects filmed or produced in Oklahoma effective July 1, 2021 through June 30, 2031. The rebate program will be administered by the Oklahoma Department of Commerce (Commerce) and the Oklahoma Tax Commission (OTC).

This measure provides definitions and eligibility requirements for production companies, including that they must have filed all Oklahoma tax returns and tax documents required by law. A production company is not eligible to receive both a rebate payment pursuant to this measure and an exemption from sales tax pursuant to the provisions of Section 1357(23) of Title 68 of the Oklahoma Statutes. Commerce will approve or disapprove all claims for rebate and will notify OTC. Upon notification of approval from Commerce, OTC will issue payment for all approved claims from funds held in the Filmed In Oklahoma Program Revolving Fund. If the amount of approved claims exceeds the balance of the revolving fund, payments will be made in the order the claims are approved by Commerce. If an approved claim is not paid in whole or in part, the unpaid claim or unpaid portion of the claim will be paid upon the availability of funds.

The total amount of rebate payments conditionally pre-qualified by Commerce each fiscal year shall not exceed \$20 million. A production project shall have total expenditures of \$50,000 or more to be eligible for the rebate payments. Excess rebate payments not utilized will be added to the subsequent fiscal year's limitation. The amount of rebate payments conditionally pre-qualified by Commerce each fiscal year shall not exceed \$5 million for production projects with total expenditures of less than \$7.5 million; and \$15 million for production projects with total expenditures of \$7.5 million or more.

This measure provides the amount of the maximum base incentive (20%) for projects located in Oklahoma and additional incentive amounts for certain qualified productions, and the maximum amount of base incentive (20%) for post-production activity occurring in this state for a project located outside the state and additional incentive amounts for eligible television series.

To qualify for the maximum 20% base incentive payment authorized for Oklahoma production projects, the production project is required to utilize the services of apprentices.

All production projects for which any incentive is paid must contain a logo, as approved by Commerce, to be displayed in the end credits of the finished production.

A revolving fund is created in the State Treasury for OTC to be designated the "Filmed In Oklahoma Program Revolving Fund" and shall consist of all monies received by the OTC which are specifically required by law to be deposited in the fund, any public or private donations, contributions, and gifts received for the benefit of the fund and any amounts appropriated by the Oklahoma Legislature.

Any company or entity that receives rebate payments for a project pursuant to the provisions of the Compete with Canada Film Act is not eligible for rebate payments provided pursuant to this measure for the same project.

This measure amends 68 O.S. § 2352; for each fiscal year beginning with FY 22 and ending with FY 31, \$20 million of the amounts otherwise scheduled to be placed to the credit of the General Revenue Fund shall be placed to the credit of the Filmed In Oklahoma Program Revolving Fund.

Revenue Impact:

This measure does not affect income tax collections. This measure annually decreases the amount apportioned to the General Revenue Fund from individual income tax collections by \$20 million and the amount apportioned to the Filmed In Oklahoma Program Revolving Fund increases by \$20 million, beginning with FY 22.