

BILL SUMMARY
1st Session of the 59th Legislature

Bill No.:	HB1362
Version:	PCS1
Request Number:	7422
Author:	Rep. Fetgatter
Date:	2/28/2023
Impact:	See Analysis Below

Research Analysis

The proposed committee substitute for HB1362 increases the annual cap for film incentives awarded pursuant to the Filmed in Oklahoma Act of 2021 from \$30 million to \$80 million. The measure also changes the production budget based credit allocation caps to the following:

Aggregate Rebate Cap	Project Production Budget
\$5 million	Less than \$1 million
\$18.750 million	Between \$1 million and \$7.5 million
\$56.250 million	Greater than \$7.5 million

Additionally, the measure establishes a maximum rebate cap equal to 30 percent of qualified production expenditures.

Prepared By: Quyen Do

Fiscal Analysis

From the Oklahoma Tax Commission

Re: Revenue Impact – Proposed Committee Substitute for HB 1362

The Proposed Committee Substitute for HB 1362 modifies provisions relating to the Filmed in Oklahoma Act of 2021 beginning with FY 24.

Under current law, the "Filmed in Oklahoma Act of 2021" is 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 is administered by the Oklahoma Department of Commerce (Commerce) and the Oklahoma Tax Commission (OTC).

The total amount of rebate payments conditionally pre-qualified by Commerce each fiscal year shall not exceed \$30 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 \$7.5 million for production projects with total expenditures of less than \$7.5 million; and \$22.5 million for production projects with total expenditures of \$7.5 million or more.

Commerce approves or disapproves all claims for rebate. Upon notification of approval from Commerce, OTC issues 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 Proposed Committee Substitute for HB 1362 modifies provisions relating to incentive payments beginning with FY 24:

- The total amount of rebate payments conditionally pre-qualified by Commerce each fiscal year is increased from \$30 million to \$80 million.¹
- 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 \$1 million;
- The amount of rebate payments conditionally pre-qualified by Commerce each fiscal year shall not exceed \$18.75 million for production projects with total expenditures in excess of \$1 million but not more than \$7.5 million;
- The amount of rebate payments conditionally pre-qualified by Commerce each fiscal year shall not exceed \$56.250 million for production projects with total expenditures in excess of \$7.5 million.

Also, this measure:

¹ The amount apportioned to the Filmed in Oklahoma Program Revolving Fund (68 O.S. § 2352) remains at \$30 million.

- Removes the provision that an incentive for a project filmed in Oklahoma for wages paid to nonresident crew, not including above-the-line personnel, before July 1, 2023, shall be paid in the amount of seven and one-half percent (7.5%).
- Prohibits the payments of incentives to exceed 30% of the otherwise qualified production expenditure amount.

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 \$30 million and the amount apportioned to the Filmed in Oklahoma Program Revolving Fund increases by \$30 million, beginning with FY 22.

Therefore, there is no fiscal impact from the measure.

Prepared By: Mariah Searock, House Fiscal Staff

Other Considerations

None.

