# F I S C A L I M P A C T R E P O R T

SPONSOR: Robinson DATE TYPED: 03/16/01 HB

SHORT TITLE: Define "Production Costs" for Tax Deduction SB 154

ANALYST: Eaton

## REVENUE

| Estimated Revenue | | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|---|---|---|---|---|
| FY01 | FY02 | | | |
| | $ (490.0) | $ (530.0) | Recurring | General Fund |
| | $ (350.0) | $ (380.0) | Recurring | Local Govt. |

(Parenthesis ( ) Indicate Revenue Decreases)

## SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)
Economic Development Department (EDD)
Department of Tourism

## SUMMARY

Synopsis of Bill

This bill amends section 7-9-86 NMSA which currently provides gross receipts tax deductions for film production companies. This bill adds the costs of food, lodging, as well as expenditures forleasing vehicles to the list of items deductible by film producers.

## FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) estimates this bill will have a negative impact on the general fund of $490.0 in FY02 and a full year impact of $530. Local government revenues would be reduced by an estimated $350.0 in FY02 and a full year impact of $380.0.

This bill is an economic development proposal. The hope is the deduction will stimulate film making activity and generate replacement tax revenues from other gross receipts and income taxes. The Film Division of the Economic Development Department believe this could stimulate more commercial film production activity. The Taxation and Revenue Department is unsure.

## ADMINISTRATIVE IMPLICATIONS

None.

## TECHNICAL ISSUES

The Taxation and Revenue Department indicate and that as written, the bill does not exempt film production companies from paying the leased vehicle gross receipts tax and surcharge.

JBE/njw