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FISCAL IMPACT REPORT

| SPONSOR: | Beffort | DATE TYPED: | 01-22-02 | HB | | |
|------------|-------------|--------------------|----------|------|------|--|
| SHORT TITL | E: Film Pro | duction Tax Credit | | SB | 88 | |
| | | | ANAL | YST: | Neel | |

REVENUE

| Estimate | d Revenue | - | Recurring or Non-Rec | Fund Affected | |
|----------|--------------|--------------|-------------------------|------------------|--|
| FY02 | FY03 | | | | |
| | Undetermined | (\$10,000.0) | Recurring | General Fund | |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC files No response

Taxation and Revenue Department (TRD).

SUMMARY

Synopsis of Bill

Senate Bill 88 amends statute to create the "film production tax credit" for up to 10 percent of the direct production expenditures made in New Mexico directly attributable to the production of a film. The maximum credit for each film is \$2.0 million. SB 88 defines "direct production expenditures" to include the cost of the story, wages and salaries for New Mexico residents, the cost of set construction, the cost of photography and related services, the cost of editing, rental of facilities and equipment, and other direct costs of producing the film.

To be eligible the film company must:

- Submit to the New Mexico Film Division (NMFD) of the Economic Development Department information required by the division to demonstrate that the film company has met all NMFD's requirements;
- Submit to NMFD a completion bond for the film production; and
- Apply to TRD on a prescribed application the amount of direct production expenditures made in New Mexico.

The Film company may apply the film production tax credit against personal income tax liability or corporate income tax liability.

FISCAL IMPLICATIONS

SB 88 places a ceiling of \$10.0 million per year of approved film production tax credits. If the amount of approved applications exceed \$10.0 million payment shall be made in the order in which applications are submitted to TRD.

Provisions in SB 88 apply beginning in the calendar year 2002.

SN/njw