

ALLOW SMALLER FILM CREDITS

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Senate Bill 383

Sponsor: Sen. Mike Kowall

House Committee: Tax Policy

Senate Committee: Economic Development

Complete to 6-6-11

A SUMMARY OF SENATE BILL 383 AS PASSED BY THE SENATE 6-1-11

The bill would amend the Michigan Business Tax Act (MCL 208.1455 et al.) to provide for the awarding of smaller film credits.

Under the Michigan Business Tax, filmmakers can claim refundable credits for certain specified expenditures. The act allows the state's Film Office, with the concurrence of the State Treasurer, to enter into agreements that provide credits equal to the following amounts:

- ** 42% of direct production expenditures in a core community.
- ** 40% of direct production expenditures in other areas of the state.
- ** 30% of qualified personnel expenditures.

Senate Bill 383 would instead allow credits of up to those amounts. In other words, those amounts would be caps not the guaranteed size of the credit. The bill would say that these caps would apply for "each separate expenditure."

Similarly, the MBT Act currently allows for a credit equal to:

- ** 25% of a taxpayer's base investment in a qualified film and digital media infrastructure project.
- ** 50% of an eligible production company's qualified job training expenditures.

Senate Bill 383 would, again, allow the Film Office instead to enter into agreements for credits up to those amounts.

The amount of a credit would have to be listed on the postproduction certificate of completion, the investment expenditure certificate, or the job training expenditure certificate.

FISCAL IMPACT:

Senate Bill 383 would allow the film industry tax credits to be granted at lower levels. As part of the recently enacted tax restructuring, the MBT will be repealed effective January 1, 2012. A \$25 million appropriation for film credit grants for FY 2011-12 will replace the tax credit as contained in the MBT.

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