

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1633

Bill Subtitle: TO AMEND THE DIGITAL PRODUCT AND MOTION PICTURE INDUSTRY DEVELOPMENT ACT OF 2009.

Basic Change :

Representative J. Edwards
Senator D. Sanders

The bill amends the Digital Product and Motion Picture Industry Act of 2009, ACA §15-4-2001 et seq. For a production company to qualify for benefits under the act, the minimum production cost threshold would be \$200,000, an increase from the current \$50,000. The bill increases the production rebate from 15% to 20% of the total qualified production costs and adds the following costs as eligible for the 20% production rebate: salaries for all highly compensated individuals; fringe benefits including health benefits, pension contributions, welfare contributions, stipends, and living allowances; production costs made by a non-Arkansas financial institution; and payments made by an out-of-state food catering service to a food business located in Arkansas. The bill also allows an additional 10% payroll rebate for the first \$500,000 paid to each highly compensated individual. The requirement that all production costs are subject to audit by an outside Certified Public Accountant has been removed from the existing Act. Benefits granted through the program would be payable from funds allocated for the rebates.

Revenue Impact :

There will be no cost to general revenue since the rebates will be made from the Governor's Quick Action Closing Fund.

Taxpayer Impact :

Taxpayers with production costs below \$200,000 will no longer be eligible for rebates; and those that do qualify will receive larger rebates.

Resources Required :

None.

Time Required :

Adequate time is provided.

Procedural Changes :

Educate staff of law change.

Other Comments :

The proposed amendment increases the time period from 90 days to 180 days following the date of the last production cost for which the production company is to apply for benefits, but the law still requires that DFA determine the allowable rebate amount within 90 days after the final expenditure report has been submitted to AEDC. The 90 days provided under current law is not sufficient to complete some audits to calculate benefits and increased time authorization should be added.

Legal Analysis :

No legal issues.