

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1633 **Amendment Number:** Engrossment 3/11/13 (Am. # H1)
Bill Subtitle: TO AMEND THE DIGITAL PRODUCT AND MOTION PICTURE INDUSTRY
DEVELOPMENT ACT OF 2009.

Basic Change :

Representative J. Edwards
Senator D. Sanders

House Amendment 1 --- Amends the bill to provide additional time for DFA to remit the incentive payment to the production company. The time period is increased from 90 days to 120 days of the final expenditure report submission.

Original Bill --- The bill amends the Digital Product and Motion Picture Industry Act of 2009. 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 for implementation

Procedural Changes :

Education of staff personnel in the change in the law.

Legal Analysis :

Amendment H1 extends the time for DFA to process a credit request from 90 to 120 days.