

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 6558 E 2S SB _PL	<b>Title:</b> Motion picture industry
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## Estimated Cash Receipts

Agency Name	2005-07		2007-09		2009-11	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	(3,500,000)	(3,500,000)	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)
<b>Total \$</b>	(3,500,000)	(3,500,000)	(7,000,000)	(7,000,000)	(7,000,000)	(7,000,000)

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

## Estimated Expenditures

Agency Name	2005-07			2007-09			2009-11		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Community, Trade, and Economic Development	.0	16,817	16,817	.0	3,678	3,678	.0	3,678	3,678
Department of Revenue	.3	39,400	39,400	.1	12,400	12,400	.1	12,400	12,400
<b>Total</b>	0.3	\$56,217	\$56,217	0.1	\$16,078	\$16,078	0.1	\$16,078	\$16,078

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

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<b>Prepared by:</b> Doug Jenkins, OFM	<b>Phone:</b> 360-902-0563	<b>Date Published:</b> Final 3/16/2006
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 14446

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6558 E 2S SB _PL	<b>Title:</b> Motion picture industry	<b>Agency:</b> 103-Community, Trade & Economic Develop
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

<b>FUND</b>					
<b>Total \$</b>					

### Estimated Expenditures from:

		FY 2006	FY 2007	2005-07	2007-09	2009-11
<b>Fund</b>						
General Fund-State	001-1	0	16,817	16,817	3,678	3,678
<b>Total \$</b>		0	16,817	16,817	3,678	3,678

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 03/13/2006
Agency Preparation: Suzy Kellett	Phone: 206-256-6146	Date: 03/13/2006
Agency Approval: Victor Vasquez	Phone: 360 725-4144	Date: 03/14/2006
OFM Review: Mike Woods	Phone: 360-902-9819	Date: 03/15/2006

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

The bill, as passed legislature, differs from the second substitute in the following ways. Allows a credit against Business & Occupation (B&O) tax of 100 percent of contributions to the motion picture competitiveness program for the first three calendar years of the program, and 90 percent thereafter and limits the amount of credit that may be claimed annually against B&O tax liability statewide to \$3.5 million instead of \$5 million. This change has no fiscal impact to the Department of Community Trade and Economic Development (CTED).

This bill creates the Motion Picture Competitiveness Program with the purpose of revitalizing the state's standing in the national market of motion picture production. A Motion Picture Competitiveness fund is created. Oversight of the fund is by an eight-member board appointed by the Governor. Maximum funding assistance is 20% of actual investment in the state by a production company. No one production may receive more than one million dollars. Thresholds of spending are established for feature films, television and commercials.

Section 2 sets up the Motion Picture Competitiveness Program as non-profit under Internal Revenue code 501(c)(6).

Section 3 (1) states that the Department of Community Trade and Economic Development (CTED) shall adopt criteria or rules for an approved Motion Picture Competitiveness Program.

Section 4 (1) – (4) Establishes a Governor appointed 8 member Board of Directors to administer the Competitiveness Fund.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

None.

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

Section 3(1) will have minimal on-going costs, which will be absorbed by staff except those listed below.

Assuming legislation comes into effect July 1, 2006:

July 2006 – assemble advisory committee to analyze issues

August 2006 – draft rules, conduct public hearings

September 2006 – respond to comments and adopt rules

Six volunteers--No expenditures

Publish response document--\$500 (Goods and Services)

Publish final amended procedural criteria--\$2,500 (Goods and Services)

Implementation and management of the program will require input from the Attorney General's Office--\$10,000 (Goods and Services)

Annual Attorney General review of program--\$500 (Goods and Services)

Section 4 (1)-(4) Assumption: The actual appointment activities will not incur a cost but there will be a CTED travel cost

incurred for board members to attend board meetings.

Travel is assumed at \$939 per meeting. Three board meetings will be held in Fiscal Year (FY) 2007 and one meeting each subsequent year.

Conference room rental and refreshments estimates: \$1,000 for three board meeting in FY 2007 and \$400 per meeting each subsequent year (Goods and Services)

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services		14,000	14,000	1,800	1,800
G-Travel		2,817	2,817	1,878	1,878
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
<b>Total:</b>	\$0	\$16,817	\$16,817	\$3,678	\$3,678

#### III. C - Expenditures By Program (optional)

Program	FY 2006	FY 2007	2005-07	2007-09	2009-11
Economic Development (700)		16,817	16,817	3,678	3,678
<b>Total \$</b>		16,817	16,817	3,678	3,678

### Part IV: Capital Budget Impact

None.

### Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Section 3 (1) New rule making is required.

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 6558 E 2S SB _PL	<b>Title:</b> Motion picture industry	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

FUND	FY 2006	FY 2007	2005-07	2007-09	2009-11
GF-STATE-State 01 - Taxes 06 - Tax Credits - B & O		(3,500,000)	(3,500,000)	(7,000,000)	(7,000,000)
<b>Total \$</b>		(3,500,000)	(3,500,000)	(7,000,000)	(7,000,000)

### Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.4	0.1	0.3	0.1	0.1
<b>Fund</b>					
GF-STATE-State 001-1	32,500	6,900	39,400	12,400	12,400
<b>Total \$</b>	32,500	6,900	39,400	12,400	12,400

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 03/13/2006
Agency Preparation: Van Huynh	Phone: 360-570-6195	Date: 03/15/2006
Agency Approval: Don Gutmann	Phone: 360-570-6073	Date: 03/15/2006
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 03/16/2006

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Note: This fiscal note reflects the bill as adopted by the Legislature.

This bill creates a Washington motion picture competitiveness program administered by a board appointed by the Governor.

"Motion picture competitiveness program" means a nonprofit organization under the Internal Revenue Code, section 501(c)(6), with the sole purpose of revitalizing the state's economic, cultural, and educational standing in the national and international market of motion picture production by recommending and awarding financial assistance for costs associated with motion pictures in the state of Washington.

Section 5 of this bill creates a new section in RCW 82.04 and provides a business and occupation tax credit to persons who make cash contributions to a Washington motion picture competitiveness program. The maximum amount of such credits allowed statewide is \$3.5 million per calendar year. These credits are allowed on a first in-time basis and can only be taken after a contribution has been made.

Through calendar year 2008, the maximum credit that can be earned each year by a business is the lesser of \$1 million or an amount equal to 100 percent of the contribution made. After 2008, the maximum credit that can be earned each year by a business is the lesser of \$1 million or an amount equal to 90 percent of the contribution made. Any unused credit for a business can be carried over for up to three years. To claim a credit, a person must electronically file with the Department of Revenue (Department) all returns, forms, and any other information required by the Department. No credit is allowed before July 1, 2006, and no credit can be earned for contributions made on or after July 1, 2011.

Section 7 provides that the tax provisions under section 5 of this bill are subject to review by the Joint Legislative Audit and Review Committee. By December 1, 2010, the Joint Legislative Audit and Review Committee must make a recommendation to the House Finance Committee and the Senate Ways and Means Committee regarding the effectiveness of the motion picture competitiveness program.

This bill takes effect June 7, 2006.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

#### ASSUMPTIONS/DATA SOURCES

Based on the amount of business and occupation tax credit allowed for persons who make contributions to a Washington motion picture competitiveness program, it is expected that the cumulative credit cap of \$3.5 million will be reached each calendar year.

#### REVENUE ESTIMATES

It is estimated that this bill will reduce state tax revenue by \$3.5 million in Fiscal Year 2007 and \$7 million for the 2007-09 Biennium.

#### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2006 - \$ None  
FY 2007 - \$ (3,500)  
FY 2008 - \$ (3,500)  
FY 2009 - \$ (3,500)  
FY 2010 - \$ (3,500)  
FY 2011 - \$ (3,500)

Local Government, if applicable (cash basis, \$000): None.

## II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

To implement this legislation, the Department will incur costs of \$39,400 in the 2005-07 Biennium. These costs reflect \$32,500 in Fiscal Year 2006 for Information Services staff time to update, program, and test changes to existing systems and databases. The remaining costs of \$6,900 in Fiscal Year 2007 reflect ongoing expenses to monitor credits and the statewide cap.

Without an appropriation to cover the expenditure impact, the Department may not be fully able to implement the legislation.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years	0.4	0.1	0.3	0.1	0.1
A-	21,800	4,400	26,200	8,800	8,800
B-	5,500	1,100	6,600	2,200	2,200
E-	2,700	700	3,400	1,400	1,400
J-	2,500	700	3,200		
<b>Total \$</b>	<b>\$32,500</b>	<b>\$6,900</b>	<b>\$39,400</b>	<b>\$12,400</b>	<b>\$12,400</b>

### III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2006	FY 2007	2005-07	2007-09	2009-11
EXCISE TAX EXAMINER 3	43,536		0.1	0.1	0.1	0.1
INFO TECH SPEC 4	54,372	0.4		0.2		
<b>Total FTE's</b>		<b>0.4</b>	<b>0.1</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>

## Part IV: Capital Budget Impact

NONE.

## Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

No rule-making required.