

# **Entertainment Industry Economic Development Bill (HB 697)**

*Sponsored by*

**State Representative Steve Precourt (R-41)**

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Florida incrementally built a successful film incentive program to reverse a trend of loss, only to suffer a significant setback through the reduction of funding from \$25M to \$5M to \$10M. This bill creates a film and digital media tax credit that has a proven record of attracting and growing the industry in New York, New Mexico, Louisiana, Connecticut, Massachusetts and Illinois.

A certified production company only receives the credit AFTER all its Florida expenditures have been verified. This is a true performance-based tax credit, in which **all** the investment occurs before a credit is issued. Florida is assured all the money remains in the state as only a Florida taxpayer can use the credit.

With the conversion from cash rebate to tax credit the unpredictability created by the annual appropriation process is removed. Florida is often bypassed for TV series and pilots because the appropriation process creates uncertainty as to whether an incentive will be available in the future.

**The proposal allows Florida to retain and create more high wage jobs by attracting production spending immediately, while avoiding any fiscal hit in the upcoming budget.** Although the film office can begin issuing credits upon adoption of the program, credits cannot be claimed until tax returns for 2012 or later, **ensuring not \$1 of credits will be claimed or issued in this upcoming budget.** This will **generate substantial amounts of new tax revenue, create thousands of jobs and boost ancillary businesses.**

The bill institutes an annual cap on total credits - the most credits that can be issued in a given year are \$75M. If more credits are applied for in a given year, those not receiving a credit will have their applications rolled forward to the next year credits are available.

The tax credit levels the economic playing field and allows Florida to take advantage of its existing talent pool and continue to build digital media entertainment production clusters.

## **This bill retains several key features of the current incentive program:**

Only Florida expenditures such as hiring local residents and expenditures associated with goods and services provided by Florida-based companies qualify for the credit;

The bill increases the base incentive amount from the current 15% to 20% for major film and television projects and digital media productions. An additional 5% remains available to entice productions to film in our state during the Hurricane season;

The enhancement for family friendly projects is increased from 2% to 5%;

Encourage the production of commercials, music videos and independent films, all critical to diversifying and growing our economy with high-paying jobs.