MINNESOTA · REVENUE

INDIVIDUAL INCOME TAX
CORPORATE FRANCHISE TAX
Film Production Tax Credit

April 10, 2007

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of S.F. 1716 (Cohen) / H.F. 2069 (Hausman)

	Fund Impact			
	F.Y. 2008	**F.Y. 2009**	**F.Y. 2010**	**F.Y. 2011**
	(000's)			
General Fund	($2,300)	($2,400)	($2,500)	($2,700)

Effective beginning with tax year 2007.

EXPLANATION OF THE BILL

The bill would provide a refundable credit against the individual income tax and corporate franchise tax equal to 15% of specified film production expenditures made in Minnesota.

Although there is not now such an income tax provision, the Minnesota Film and TV Board currently offers a rebate ("Snowbate") equal to 15% of film production costs, similar to the proposed refundable credit. This rebate is funded by a one-time appropriation covering the period May 1, 2006, to June 30, 2007. Eligible films include feature films, television series, shorts, documentaries, and television commercials.

REVENUE ANALYSIS DETAIL

- An appropriation of $1.7 million (less $85,000 administrative overhead) has been available for Snowbate expenditures since May 1, 2006 (in practice, since July 28, 2006). Of that amount, $1.466 million has been or is expected to be rebated as of the end of March. On an annualized basis therefore, $2.2 million in rebates would be expected (if the appropriation had been sufficient to fund this amount). It is assumed that the proposed credit would be a similar amount.
- An annual growth rate of 5% was assumed.
- Tax year impact was allocated to the following fiscal year.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

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