



**INDIVIDUAL INCOME TAX  
CORPORATE FRANCHISE TAX  
INSURANCE PREMIUMS TAX  
Film Production Credit Modification**

March 31, 2022

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>		<b>X</b>

Department of Revenue  
Analysis of H.F. 4590 (Lislegard)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2022</u></b>	<b><u>F.Y. 2023</u></b>	<b><u>F.Y. 2024</u></b>	<b><u>F.Y. 2025</u></b>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective beginning tax year 2022.

**EXPLANATION OF THE BILL**

**Current Law:** A taxpayer is eligible for a credit for production costs related to film making in Minnesota. The credit may be claimed against the individual income tax, corporate franchise tax or insurance gross premiums tax. The credit is nonrefundable but may be carried over for up to five years.

The credit is equal to 25% of eligible production costs paid in a tax year. An eligible project is a film that includes the promotion of Minnesota, for which the taxpayers expends at least \$1,000,000 in the taxable year for eligible production costs, and employs Minnesota residents to the extent practicable. Films include feature films, television or Internet pilots, programs, series, documentaries, music videos, and television commercials.

Total credits are limited to \$4.95 million each tax year. The credits are to be issued on a first come, first served basis. If the entire amount is not allocated, any remaining amount is available for allocation in the four following tax years until the entire allocation has been made. The credit expires after tax year 2024.

The credit is assignable to another taxpayer, who may claim the credit. The assignee must notify the Commissioner of Revenue within 30 days of the assignment.

**Proposed Law:** The bill modifies the \$1,000,000 minimum expense requirement. A taxpayer must expend at least \$1,000,000 in any consecutive twelve-month period, provided the taxpayer designates the months to the Commissioner of Employment and Economic Development and does not designate a month previously designated.

## **REVENUE ANALYSIS DETAIL**

- The bill may affect the eligibility of certain projects. However, it is assumed that the maximum of \$4.95 million credits will be claimed each year so the total amount of credits will remain unchanged.

Minnesota Department of Revenue  
Tax Research Division  
[https://www.revenue.state.mn.us/  
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