Multiple Agency Fiscal Note Summary

Bill Number: 5640 SB	**Title:** Motion picture program/rural

Estimated Cash Receipts

Agency Name	2021-23			2023-25			2025-27		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	(21,500,000)	(21,500,000)	(21,500,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)	(43,000,000)
Total $	**(21,500,000)**	**(21,500,000)**	**(21,500,000)**	**(43,000,000)**	**(43,000,000)**	**(43,000,000)**	**(43,000,000)**	**(43,000,000)**	**(43,000,000)**

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.1	14,400	14,400	14,400	.1	18,200	18,200	18,200	.1	18,200	18,200	18,200
Total $	**0.1**	**14,400**	**14,400**	**14,400**	**0.1**	**18,200**	**18,200**	**18,200**	**0.1**	**18,200**	**18,200**	**18,200**

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Estimated Capital Budget Breakout

NONE

Prepared by: Gwen Stamey, OFM	**Phone:** (360) 790-1166	**Date Published:** Final

FNPID 63564

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5640 SB	Title: Motion picture program/rural	Agency: 103-Department of Commerce

Part I: Estimates

[X] **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:
NONE

Estimated Capital Budget Impact:

NONE

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:	Kellee Gunn	Phone: 786-7429	Date: 01/10/2022
Agency Preparation:	Karen McArthur	Phone: 360-725-4027	Date: 01/13/2022
Agency Approval:	Joyce Miller	Phone: 360-725-2710	Date: 01/13/2022
OFM Review:	Gwen Stamey	Phone: (360) 790-1166	Date: 01/14/2022

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.

Section 1(3) (c) and (d) add supporting the growth and development of the state's film industry in rural communities; and educational opportunities for students in the arts to the uses of the motion picture competitiveness program.

Section 1(7)(a) requires the program to allocate an aggregate of at least $6,250,000 of qualifying contributions to fund projects in rural communities.

Section 2(6) increases the total amount of credits claimed during any calendar year from $3,500,000j to $25,000,000

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.

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.

There is no fiscal impact to the department. The activities stated in SB 5640 are already part of the normal operating procedures within the Office of Economic Development and Competitiveness division within the department.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation . Totals need to agree with total FTEs in Part IVB*

NONE

Part V: New Rule Making Required

Department of Revenue Fiscal Note

Bill Number: 5640 SB	Title: Motion picture program/rural	Agency: 140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Account	FY 2022	FY 2023	2021-23	2023-25	2025-27
GF-STATE-State 01 - Taxes 06 - Tax Credits - B & O		(21,500,000)	(21,500,000)	(43,000,000)	(43,000,000)
Total $		(21,500,000)	(21,500,000)	(43,000,000)	(43,000,000)

Estimated Expenditures from:

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.1	0.1	0.1	0.1
Account					
GF-STATE-State 001-1		14,400	14,400	18,200	18,200
Total $		14,400	14,400	18,200	18,200

Estimated Capital Budget Impact:

NONE

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:	Kellee Gunn	Phone: 786-7429	Date: 01/10/2022
Agency Preparation:	Van Huynh	Phone: 360-534-1512	Date: 01/13/2022
Agency Approval:	Don Gutmann	Phone: 360-534-1510	Date: 01/13/2022
OFM Review:	Cheri Keller	Phone: (360) 584-2207	Date: 01/13/2022

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 .

CURRENT LAW:

Under RCW 82.04.4489 (motion picture competitiveness program), a Business and Occupation (B&O) tax credit is available to those who make contributions to a Washington motion picture competitiveness program.

The amount of credit claimed for a reporting period may not exceed the B&O tax otherwise due for that reporting period. No person may claim more than $750,000 of credit in any calendar year, including credit carried over from a previous calendar year.

The maximum credit that may be earned for each calendar year for a person is limited to the lesser of $750,000 or an amount equal to 100% of the contributions made by the person during the calendar year.

Tax credit earned but not claimed by the person in any calendar year may be carried over and claimed against the person's tax liability for the next three succeeding calendar years.

The Department of Revenue (Department) must not allow any credits that would cause the total amount of credits claimed during any calendar year to exceed $3.5 million (annual statewide cap).

No credit may be earned for contributions made on or after July 1, 2027.

PROPOSAL:

This bill increases the annual statewide credit cap from $3.5 million to $25 million.

The bill also states that those claiming the credit and not otherwise receiving funding assistance under an approved motion picture competitiveness program are exempt from the annual reporting requirements in RCW 82.32.534 and 43.365.040.

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
- The proposed statewide credit cap of $25 million will be reached annually. This assumption is based on, among other factors, the amount of credit claimed historically, and the types of business that claimed the credit.
- It is assumed that the bill will be effective June 7, 2022.

DATA SOURCES
Department of Revenue excise tax returns

REVENUE ESTIMATES
Adopting this bill will result in state revenue loss of $21.5 million in Fiscal Year 2023 and $43.0 million in the 2023-25 Biennium.

TOTAL REVENUE IMPACT:

State Government (cash basis, $000):
FY 2022 - $
FY 2023 - ($ 21,500)
FY 2024 - ($ 21,500)
FY 2025 - ($ 21,500)
FY 2026 - ($ 21,500)
FY 2027 - ($ 21,500)

Local Government, if applicable (cash basis, $000): Not applicable.

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

ASSUMPTIONS:
This bill affects 20 taxpayers.

FIRST YEAR COSTS:
The Department will not incur costs in Fiscal Year 2022.

SECOND YEAR COSTS:
The Department will incur total costs of $14,400 in Fiscal Year 2023. These costs include :

Labor Costs – Time and effort equates to 0.1 FTEs.
- Assist additional taxpayers claiming the credit, answer questions, issue refunds and assessments.
- Set up, program and test computer system changes.

Object Costs - $4,400.
- Computer system changes, including contract programming.

ONGOING COSTS:
Ongoing costs for the 2023-2025 Biennium equal $18,200 and include similar activities described in the second year costs. Time and effort equates to .01 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2022	FY 2023	2021-23	2023-25	2025-27
FTE Staff Years		0.1	0.1	0.1	0.1
A-Salaries and Wages		6,000	6,000	12,000	12,000
B-Employee Benefits		2,100	2,100	4,200	4,200
C-Professional Service Contracts		4,400	4,400		
E-Goods and Other Services		1,200	1,200	1,800	1,800
J-Capital Outlays		700	700	200	200
Total $		$14,400	$14,400	$18,200	$18,200

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 2022	FY 2023	2021-23	2023-25	2025-27
EXCISE TAX EX 3	59,688		0.1	0.1	0.1	0.1
Total FTEs			0.1	0.1	0.1	0.1

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and dexcribe potential financing methods

NONE

None.

Part V: New Rule Making Required