

HOUSE BILL REPORT

SSB 6423

As Reported by House Committee On:
Finance

Title: An act relating to strengthening the tax credit and modifying the governing board of a Washington motion picture competitiveness program.

Brief Description: Strengthening the tax credit and modifying the governing board of a Washington motion picture competitiveness program.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Hewitt, Kohl-Welles and McAuliffe).

Brief History:

Committee Activity:

Finance: 3/3/08 [DP].

Brief Summary of Substitute Bill

- Strengthening the tax credit and modifying the governing board of a Washington Motion Picture Competitiveness Program.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

Staff: Don Taylor (786-7388).

Background:

In 2006 the Legislature authorized the establishment of a Washington Motion Picture Competitiveness Program (MPCP) to revitalize the state's economic, cultural, and educational standing in the motion picture production industry. An MPCP is a non-profit entity administered by a board of directors appointed by the Governor and consisting of representatives of the film industry, labor unions, visitors and convention bureaus, the tourism industry, and the restaurant, hotel, and airline industry.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

An MPCP provides up to 20 percent of the in-state cost of, or investment in, certain film production projects that meet film industry revitalization criteria set by the Department of Community, Trade and Economic Development. A contributor of cash of up to \$1 million to an MPCP qualifies, dollar for dollar, for a business and occupation (B&O) tax credit until 2008. After 2008 the amount of the credit is reduced to 90 percent of the amount contributed. A credit may be claimed in the current year or carried over for up to three succeeding years. No more than \$3.5 million in credits may be granted, state wide, in any one year. The B&O tax credit expires July 1, 2011.

Summary of Bill:

Beginning in 2010, the terms of the board members are modified to provide for staggered four-year terms. An MPCP may award a single motion picture production or episodic television project an amount greater than \$1 million. The provision that reduces the B&O tax credit to 90 percent of the amount contributed is removed, keeping the maximum credit that may be earned for a calendar year at the lesser of \$1 million or 100 percent of the amount contributed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) The motion picture competitiveness program experienced delays in the initial implementation process during 2006. It took longer than expected to establish the nonprofit WFW. Nonetheless, in its first year WFW was able to assist three feature films, three television movies, and two television commercials. Total production budgets amounted to \$14.5 million, of which \$5.8 million was spent in this state; total related employment was 490 positions. The amount of financial assistance awarded to this production was \$1.1 million.

Under the existing law, the B&O tax credit drops to only 90 percent of the amount contributed. Supporters of the program believe that contributions will be much more effective on a dollar-for-dollar basis.

There are approximately 38 states which offer financial incentives for in-state video and film production activities. The program in Oregon offers significantly greater benefits.

In addition to attracting out-of-state producers of movies, television programs, and commercials, the program helps to serve as an incubator for film production firms located in Washington.

(Opposed) None.

Persons Testifying: Becky Bogard and Amy Dee, Washington Film Works; and Bobby Riggs, International Associations of Theatrical State Employees.

Persons Signed In To Testify But Not Testifying: None.