



Ohio Legislative Service Commission

Bill Analysis

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H.B. 475

131st General Assembly
(As Introduced)

Rep. Schuring

BILL SUMMARY

- Adjusts how the refundable motion picture tax credit is calculated.
- Removes the \$5 million limit on the maximum credit amount that may be awarded to a motion picture.
- Increases the total amount of credits that may be awarded from \$20 million to \$75 million per fiscal year and authorizes unallocated credit amounts to be carried forward.
- Authorizes motion picture companies to transfer the authority to claim a credit to another person.
- Creates a program for certifying resident film crew trainees and authorizes the state to make payments to motion picture companies equal to 50% of those trainees' salaries.

CONTENT AND OPERATION

Overview

The bill makes several changes to Ohio's refundable motion picture tax credit. The bill changes how the credit is calculated, removes a \$5 million cap on the maximum credit amount that may be awarded to a motion picture, increases the maximum amount of credits that may be awarded in each fiscal year from \$20 million to \$75 million, authorizes credit amounts not awarded in a fiscal year to carry forward to increase the following year's maximum credit amount, and authorizes motion picture companies to transfer the authority to claim a credit to another person.

Additionally, the bill creates a job training program for Ohio resident film crew members whereby the Director of Development Services is required to pay to the employing motion picture company one-half of the salary of such members certified by the Director.

Ohio motion picture tax credit

Continuing law authorizes a motion picture company that produces at least part of a motion picture in Ohio and incurs at least \$300,000 in Ohio-sourced expenditures to apply to the Director of Development Services to receive a certificate entitling the company to refundable credits against the commercial activities tax, financial institutions tax, or personal income tax. The bill's tax credit changes apply to certificates issued beginning July 1, 2016.¹

Credit amount

Under current law, for an eligible motion picture, the amount of the credit equals the lesser of \$5 million or a percentage of Ohio-sourced expenditures for goods, services, and payroll. Under current law, this percentage equals 25% of the cost of goods and services (including payroll of nonresidents) and 35% of payroll of Ohio resident cast and crew. The bill sets the credit percentage at 30% for all Ohio-sourced expenditures, including the payroll of Ohio resident cast and crew, and removes the \$5 million credit cap.²

Overall credit limit

Current law limits the total amount of tax credit certificates that may be issued to no more than \$40 million in each fiscal biennium and no more than \$20 million for the first fiscal year of the biennium. The bill increases the amount of allowable credits to \$75 million per fiscal year (referred to in the bill as the "annual cap").

The bill also requires that any of the annual cap not awarded as credits in a fiscal year be carried over to increase the cap in the following fiscal year. Unallocated credits continue to be carried forward until the annual cap is reached in a fiscal year. For example, assume that \$65 million in credits are awarded in fiscal year 2017—\$10 million below the \$75 million annual cap. That unallocated \$10 million increases the annual cap in fiscal year 2018 to \$85 million. If only \$70 million in credits are awarded in fiscal year

¹ Section 3.

² R.C. 122.85(A)(4), (C)(1)(b), and (C)(4).



2018—\$15 million below the annual cap for that year—the annual cap for fiscal year 2019 will equal \$90 million.³

Credit certificate transfers

The bill authorizes a motion picture company to transfer the authority to claim all or part of a motion picture tax credit to another person, provided the company provides certain details of the transfer to the Director of Development Services within 30 days after such a transfer. Specifically, the transferring company is required to detail the amount of the credit being transferred, the date of the transfer, and the tax identification number of any transferee. The Director may require a company to supply additional information.

The bill disallows credit transfers after expiration of the time for the motion picture company to claim the credit and requires any transferred credit to be claimed by the transferee for the same tax period for which the company could have claimed the credit. A motion picture company may divide portions of a transferred credit between different transferees but may not transfer the same portion of the credit to more than one transferee.⁴

Film crew salary payment program

The bill requires the Director of Development Services to establish and adopt rules administering a program to pay eligible motion picture companies 50% of the salary of certain Ohio resident trainees.⁵ Under this program, the Director certifies resident individuals as eligible for the program if they participate in Director-approved on-the-job film or multimedia training or complete a Director-approved film or multimedia training course. The Director may prescribe additional certification qualifications.

A motion picture company whose production has been certified by the Director as eligible for a motion picture tax credit that intends to employ and provide on-the-job training to a certified individual in that production may apply to the Director for a payment equal to 50% of that certified employee's salary. The bill requires the Director, upon completion of the production, to pay to each approved applicant an amount equal to 50% of the certified individual's salary, though the bill does not specify the revenue source from which the payment may be drawn.

³ R.C. 122.85(C)(4).

⁴ R.C. 122.85(A)(2) and (H).

⁵ R.C. 122.85(G)(1) and (I).



HISTORY

ACTION

DATE

Introduced

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