

REPORT OF THE SALES AND INCOME TAX SUBCOMMITTEE

(Allison, Simrill, G.M. Smith, Hosey & Stavrinakis - Staff Contact: Katie Owen)

HOUSE BILL 3357

H. 3357 -- Reps. Henderson, Merrill and Herbkerman: A BILL TO AMEND SECTION 12-62-50, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE TAX REBATE TO A MOTION PICTURE PRODUCTION COMPANY BY THE SOUTH CAROLINA FILM COMMISSION, SO AS TO PROVIDE THAT THE REBATE MAY NOT EXCEED TWENTY PERCENT OF THE TOTAL AGGREGATE PAYROLL FOR QUALIFYING PERSONS SUBJECT TO INCOME TAX WITHHOLDINGS OF SOUTH CAROLINA AND MAY NOT EXCEED TWENTY-FIVE PERCENT FOR QUALIFYING RESIDENTS OF SOUTH CAROLINA; AND TO AMEND SECTION 12-62-60, AS AMENDED, RELATING TO REBATES TO MOTION PICTURE PRODUCTION COMPANIES, SO AS TO PROVIDE THAT THE DEPARTMENT MAY REBATE UP TO THIRTY PERCENT OF CERTAIN EXPENDITURES.

Summary of Bill:

This bill increases the tax rebates to motion picture production companies by the SC Film Commission. It increases the rebate to 20%, versus the current 15%, of the total combined payroll for qualifying individuals subject to SC income tax withholdings, not to exceed twenty-five percent for SC residents, for persons employed in connection with the production. The production company must spend at least one million dollars during the taxable year. The bill allows for a rebate of up to 30%, versus the current 15%, of qualifying expenditures made by the production company.

Introduced: 01/17/2013

Received by Ways and Means: 01/17/2013

Estimated Fiscal Impact:

This bill will have no revenue impact on the General Fund or any other funds.

Subcommittee Recommendation:

Favorable

Full Committee Recommendation:

Pending

Other Notes/Comments:

Budget provisos adopted in FY 07-12 set the rebates at the levels proposed in this bill. There is also a budget proviso for FY 13-14.

Statement of Estimated State Revenue Impact

Date: February 4, 2013

Bill Number: H.3357

Authors: Henderson, Merrill, Herbkersman, and Harrell

Committee Requesting Impact: Ways and Means

Bill Summary

TO AMEND SECTION 12-62-50, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE TAX REBATE TO A MOTION PICTURE PRODUCTION COMPANY BY THE SOUTH CAROLINA FILM COMMISSION, SO AS TO PROVIDE THAT THE REBATE MAY NOT EXCEED TWENTY PERCENT OF THE TOTAL AGGREGATE PAYROLL FOR QUALIFYING PERSONS SUBJECT TO INCOME TAX WITHHOLDINGS OF SOUTH CAROLINA AND MAY NOT EXCEED TWENTY-FIVE PERCENT FOR QUALIFYING RESIDENTS OF SOUTH CAROLINA; AND TO AMEND SECTION 12-62-60, AS AMENDED, RELATING TO REBATES TO MOTION PICTURE PRODUCTION COMPANIES, SO AS TO PROVIDE THAT THE DEPARTMENT MAY REBATE UP TO THIRTY PERCENT OF CERTAIN EXPENDITURES.

REVENUE IMPACT ^{1/}

This bill will have no revenue impact on the General Fund or agency other funds.

Explanation

This bill allows additional wage and supplier rebates to motion picture production companies in addition to the rebates allowed in §§12-62-50 and 60. The maximum wage rebate would total up to 20% of aggregate South Carolina payroll and the maximum supplier rebate would total up to 30% for expenditures made in South Carolina by eligible production companies. Temporary budget provisions in Fiscal Years 2006-07 to FY 2011-12 fixed the wage and supplier rebates at the proposed 20% and 30% respectively.

The bill would have no revenue affect on General Fund or agency other funds, as the amount of revenue allocated to these expenditures will not change. Statutorily, the annual amount of the wage rebate is a maximum of \$10 million from the General Fund. Since FY 2010-11, the Destination Specific Tourism Program receives any unexpended funds not refunded as a wage rebate, up to the \$10 million maximum. Similarly, the wage rebates are funded through an allocation of 26% of General Fund admissions tax. This percentage allocation would not change under the proposed legislation. We anticipate no impact on General Fund or agency other fund revenue from this bill.



Frank A. Rainwater
Chief Economist

Analyst: Shuford

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

South Carolina General Assembly
120th Session, 2013-2014

H. 3357

STATUS INFORMATION

General Bill

Sponsors: Reps. Henderson, Merrill, Herbkersman, Harrell, Gilliard and Stavrinakis

Document Path: I:\council\bill\13095dg13.docx

Introduced in the House on January 17, 2013

Currently residing in the House Committee on **Ways and Means**

Summary: Motion picture tax rebate

HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
1/17/2013	House	Introduced and read first time (House Journal-page 7)
1/17/2013	House	Referred to Committee on Ways and Means (House Journal-page 7)
1/29/2013	House	Member(s) request name added as sponsor: Harrell
2/21/2013	House	Member(s) request name added as sponsor: Gilliard
3/6/2013	House	Member(s) request name added as sponsor: Stavrinakis

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VERSIONS OF THIS BILL

1/17/2013

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8
9 **A BILL**

10
11 TO AMEND SECTION 12-62-50, AS AMENDED, CODE OF
12 LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE
13 TAX REBATE TO A MOTION PICTURE PRODUCTION
14 COMPANY BY THE SOUTH CAROLINA FILM
15 COMMISSION, SO AS TO PROVIDE THAT THE REBATE
16 MAY NOT EXCEED TWENTY PERCENT OF THE TOTAL
17 AGGREGATE PAYROLL FOR QUALIFYING PERSONS
18 SUBJECT TO INCOME TAX WITHHOLDINGS OF SOUTH
19 CAROLINA AND MAY NOT EXCEED TWENTY-FIVE
20 PERCENT FOR QUALIFYING RESIDENTS OF SOUTH
21 CAROLINA; AND TO AMEND SECTION 12-62-60, AS
22 AMENDED, RELATING TO REBATES TO MOTION
23 PICTURE PRODUCTION COMPANIES, SO AS TO PROVIDE
24 THAT THE DEPARTMENT MAY REBATE UP TO THIRTY
25 PERCENT OF CERTAIN EXPENDITURES.

26
27 Be it enacted by the General Assembly of the State of South
28 Carolina:

29
30 SECTION 1. Section 12-62-50(A)(1) of the 1976 Code, as last
31 amended by Act 56 of 2005, is further amended to read:

32
33 “(A)(1) The South Carolina Film Commission may rebate to a
34 motion picture production company a portion of the South
35 Carolina payroll of the employment of persons subject to South
36 Carolina income tax withholdings in connection with production of
37 a motion picture. The rebate may not exceed ~~fifteen~~ twenty
38 percent of the total aggregate South Carolina payroll for persons
39 subject to South Carolina income tax withholdings, and may not
40 exceed twenty-five percent for South Carolina residents, for
41 persons employed in connection with the production when total
42 production costs in South Carolina equal or exceed one million

1 dollars during the taxable year. The rebates in total may not
2 annually exceed ten million dollars and shall come from the state's
3 general fund. For purposes of this section, 'total aggregate
4 payroll' does not include the salary of an employee whose salary is
5 equal to or greater than one million dollars for each motion
6 picture."

7
8 SECTION 2. Section 12-62-60(A)(1) of the 1976 Code, as last
9 amended by Act 56 of 2005, is further amended to read:

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11 "(A)(1) An amount equal to twenty-six percent of the general
12 fund portion of admissions tax collected by the State of South
13 Carolina for the previous fiscal year must be funded annually by
14 September first to the department for the exclusive use of the
15 South Carolina Film Commission. The department may rebate to a
16 motion picture production company up to ~~fifteen~~ thirty percent of
17 the expenditures made by the motion picture production company
18 in the State if the motion picture production company has a
19 minimum in-state expenditure of one million dollars. The
20 distribution of rebates may not exceed the amount annually funded
21 to the department for the South Carolina Film Commission from
22 the admissions tax collected by the State."

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24 SECTION 3. This act takes effect upon approval by the Governor.

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