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 Herbkersman: 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
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

5 This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Sections 2-7-75 for a local revenue impact or Section 8-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

S.C. Board of Economic Advisors, 1000 Assembly Street, Suite 459, Columbia, SC, (803) 734-3805
H. 3357

STATUS INFORMATION

General Bill
Sponsors: Reps. Henderson, Merrill, Herdkersman, Harrell, Gilliard and Stavrinakis
Document Path: \council\bills\n\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

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

View the latest legislative information at the LPITS web site

VERSIONS OF THIS BILL

1/17/2013
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.

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

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

“(A)(1) The South Carolina Film Commission may rebate to a motion picture production company a portion of the South Carolina payroll of the employment of persons subject to South Carolina income tax withholdings in connection with production of a motion picture. The rebate may not exceed fifteen percent of the total aggregate South Carolina payroll for persons subject to South Carolina income tax withholdings, and may not exceed twenty-five percent for South Carolina residents, for persons employed in connection with the production when total production costs in South Carolina equal or exceed one million
dollars during the taxable year. The rebates in total may not annually exceed ten million dollars and shall come from the state’s general fund. For purposes of this section, ‘total aggregate payroll’ does not include the salary of an employee whose salary is equal to or greater than one million dollars for each motion picture.”

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

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

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

-----XX-----