

Legislative Analysis



FILM INCENTIVES

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 1103 (reported from House Committee as H-1)

Sponsor: Sen. Randy Richardville

Senate Committee: Economic Development

House Committee: Commerce

Addendum to the SFA Analysis

Complete to 12-2-14

ADDENDUM TO SENATE FISCAL AGENCY ANALYSIS OF SB 1103 DATED 10-28-14:

HOUSE COMMITTEE ACTION:

The House Commerce Committee adopted two amendments that were incorporated into an H-1 Substitute for the bill when the bill was reported from committee. (The Senate-passed version was an S-2, as amended.)

One amendment amends Page 11, Line 16, to correct a reference to a date. "October 1, 2018" would be changed to "October 1, 2017."

The second amendment deals with residual payments not otherwise subject to withholding under the state Income Tax Act; these are payments made following a production's theatrical release. The bill specifies that the eligible production company, affiliate entity, or its successor company could elect to deal with these payments in one of two ways:

**** By electing for a period of at least 10 years following the theatrical release of the production to withhold taxes from the residual payments and pay the required amounts to the state; or**

**** By requiring above-the-line personnel to register to do business under Michigan laws. This applies to the personnel paid directly or through personal service corporations, loan out companies, professional employer organizations, limited liability companies, corporations, or other entities for the service of such personnel receiving payments for direct production expenditures.**

To the extent the production company elects not to withhold, it must notify the above-the-line personnel of the registration obligations at the time of engaging their services.

FISCAL IMPACT:

As noted in the Senate Fiscal Agency analysis, the bill has no fiscal impact on the state or local units of government because the funds for film incentives are appropriated in a

fixed amount by the Legislature. Senate Bill 1103 alters the distribution of funds by changing how expenses are reimbursed.

POSITIONS:

Representatives from the Studio Center and Kahn & Company PLC testified in support of the bill before the House Commerce Committee. (11-13-14)

The Michigan Chamber of Commerce testified in opposition to the bill. (11-13-14)

Americans for Prosperity-Michigan indicated opposition to the bill. (11-13-14)

The Michigan Economic Development Corporation indicated neutrality. (11-13-14)

Legislative Analyst: Chris Couch
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.