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FISCAL IMPACT REPORT

SPONSOR: Robinson DATE TYPED: 2/13/03 HB _____

SHORT TITLE: Investment in Films Produced in New Mexico SB 380/aSCORC

ANALYST: Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	NFI			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From

SIC

SUMMARY

Synopsis of SCORC Amendments

The Senate Corporations and Transportation Committee amendment would allow the SIC to purchase up to 80% of the film investment refundable tax credit for which an eligible New Mexico film project can file with the Taxation & Revenue Department.

SIC reports that the ability to purchase a portion of the expected and estimated film production tax credit at a discount will provide funds to New Mexico film projects for use while filming in New Mexico, rather than having to wait to receive these funds at a later date after the filing of their state tax return. The result is that fewer funds need to be obtained or borrowed in order to produce the film project within New Mexico.

Synopsis of Original Bill

This bill changes the amount authorized for investment in films produced in New Mexico from .05% to 2.5% of the market value of the Severance Tax Permanent Fund (STPF). To qualify, the production company must have obtained a full, unconditional and irrevocable guarantee to insure the repayment of the invested amount from one of several possible sources. If the investment is

not guaranteed, then the production company must meet qualifications as specified in the original statute as well as have one third of the estimated total production costs from other sources which must be approved by the state investment officer.

FISCAL IMPLICATIONS

Films are a special form of private equity investment. Given the latest fund pricing, the SIC is allowed to invest up to \$15.6 million in films. They currently have commitments for roughly \$12 million. This bill would allow the agency to increase commitment to \$78.1 million

SS/prr/njw