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FISCAL IMPACT REPORT

SPONSOR Lujan B **ORIGINAL DATE** 1/31/06 **LAST UPDATED** 2/2/06 **HB** 359
SHORT TITLE Increase Film Production Tax Credit **SB** _____
ANALYST Francis

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
(175.0)	(345.0)	(345.0)	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with HB358

SOURCES OF INFORMATION

LFC Files

Taxation and Revenue Department (TRD)

Economic Development Department (EDD)

Responses Received From

Economic Development Department (EDD)

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 359 increases the Film Production Tax Credit to 20 percent, up from 15 percent, and repeals the film makers' tax credit. The effective date is July 1, 2006.

FISCAL IMPLICATIONS

[Note: the original fiscal impact was done without the benefit of TRD analysis. The impact has been updated here.]

The fiscal impact for HB 359 is estimated to be \$345 thousand per year. Assuming tax years are split evenly over fiscal years, the FY06 reduction in revenues is \$175 thousand and \$345 thousand for FY07 and subsequent years.

TRD has reported that the average qualifying expenditures over the last three years have been \$24 million and the reported NM Filmmakers credit was \$800 thousand. Adding an additional 5

percent to the production credit will reduce income tax revenues by \$1.2 million. Combining this reduction with the revenues gained by repealing the NM Filmmakers credit would reduce income tax revenues by \$345 thousand.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 359 conflicts with HB358. HB 359 increases the credit to 20 percent and repeals the film-maker credit whereas HB 358 adds an additional 5 percent for particular activities.

NF/mt:yr