

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 814

SPONSOR: Senator Crist

SUBJECT: Entertainment Industry

DATE: March 19, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Birnholz</u>	<u>Maclure</u>	<u>CM</u>	<u>Fav/1 amendment</u>
2.	<u>Keating</u>	<u>Johansen</u>	<u>FT</u>	<u>Favorable</u>
3.	_____	_____	<u>AGG</u>	_____
4.	_____	_____	<u>AP</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

In order to better reflect the scope of industries served by the Office of the Film Commissioner, this bill renames the Office of the Film Commissioner as the Office of Film and Entertainment, the Film Commissioner as the Commissioner of Film and Entertainment, and the Florida Film Advisory Council as the Florida Film and Entertainment Advisory Council.

This bill also:

- enables motion picture production businesses and their allied industries to apply for tax incentives under the Urban High-Crime-Area Job Tax Credit Program and the Rural Job Tax Credit Program;
- authorizes the Office of Film and Entertainment to request or accept grants and donations of funds or property for any of the office's strategic-plan purposes or permitted activities; and
- changes the Florida Film and Entertainment Advisory Council by adding a representative of Workforce Florida, Inc., to the council as an ex officio, nonvoting member and by clarifying that the chair of the council must be elected from the council's appointed membership.

This bill substantially amends the following sections of the Florida Statutes: 14.2015, 212.097, 212.098, 213.053, 288.1251, 288.1252, 288.1253, and 288.1258.

II. Present Situation:

The film and entertainment industry is a significant part of the Florida economy. A recent study estimates that the Florida entertainment industry generated more than \$3.9 billion in revenue and

more than 39,000 full-time jobs in 1999.¹ The motion picture and video sub-sector of the industry accounted for about one-third of these totals. Furthermore, U.S. Census data indicates that workers in the industry earn an average wage of more than \$50,000 per year.

To assist this major industry, the Legislature created the Office of the Film Commissioner within the Governor's Office of Tourism, Trade, and Economic Development (OTTED). (s. 288.1251, F.S.) Established in 1999, the Office of the Film Commissioner develops, markets, promotes, and provides services to the state's entertainment industry. The office's activities include scouting potential media locations; providing industry communications, education and liaison services; marketing the Florida entertainment industry; recruiting and assisting the retention of state entertainment businesses; and dealing with the entertainment industry's unique workforce development issues.

Also created in 1999, the Florida Film Advisory Council serves as an advisory body to OTTED and the Office of the Film Commissioner. (s. 288.1252, F.S.) The council provides these offices with industry insight and expertise related to developing, marketing, promoting, and providing services to the state's entertainment industry.

Currently, entertainment businesses within the "motion picture production and allied services" standard industrial classification are not eligible to participate in the Urban High-Crime Area Job Tax Credit Program and the Rural Job Tax Credit Program.

- The Urban High-Crime Area Job Tax Credit Program was created in 1997 to encourage the creation of jobs in urban areas of Florida. (s. 212.097, F.S.) The program provides tax credits to eligible businesses that are located within the 13 urban areas designated by OTTED and hire a specific number of employees. The credit ranges from \$500 to \$2,000 per qualified job and can be taken against either the Florida Corporate Income Tax or the Florida Sales and Use Tax, but not both. A total of \$5 million of tax credits may be approved under the Urban Job Tax Credit Program each calendar year. In 2000, OTTED approved eight program applications and awarded \$4,999,500 in tax credits.
- The Rural Job Tax Credit Program provides an incentive for eligible businesses located within one of 17 designated rural areas to create new jobs. (s. 212.098, F.S.) The tax credit ranges from \$500 to \$2,000 per qualified employee and can only be taken against either the Florida Corporate Income Tax or the Florida Sales and Use Tax. Five million dollars of tax credits may be approved in a calendar year. In 2000, OTTED approved one program application and awarded \$21,000 in tax credits.

III. Effect of Proposed Changes:

By revising multiple statutory references, this bill renames the following:

- the Office of the Film Commissioner as the Office of Film and Entertainment,
- the Film Commissioner as the Commissioner of Film and Entertainment, and
- the Florida Film Advisory Council as the Florida Film and Entertainment Advisory Council.

¹ *An Economic Assessment of the Florida Film and Entertainment Industry*, MGT of America, Inc., December 31, 2000, pp. 3-18 and 3-19.

This bill amends ss. 212.097 and 212.098, F.S., to add standard industrial classification code 781 (motion picture production and allied services) to the list of businesses eligible for the Urban High-Crime Area Job Tax Credit Program and the Rural Job Tax Credit Program. This would allow certain movie production businesses and companies in related industries to make use of these job tax credit programs.²

This bill also amends s. 288.1251, F.S., to authorize the Office of Film and Entertainment to request or accept any grant, payment, or gift of funds or property for any of the office's strategic-plan purposes or permitted activities. The office may use these funds to carry out "its responsibilities and duties as delineated in law."

Section 288.1252, F.S., is amended to add the executive director of Workforce Florida, Inc., to the Florida Film and Entertainment Advisory Council as an ex officio, nonvoting member. This would provide the state's chief workforce policy organization an official position on the council. The bill also amends s. 288.1252, F.S., to clarify that the chair of the council must be elected from the council's appointed membership

The bill takes effect July 1, 2001.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The Legislature has authorized the Office of Tourism, Trade, and Economic Development (OTTED) to approve, for any calendar year, a maximum of \$5 million of tax credits for the Urban High-Crime Area Job Tax Credit Program and \$5 million of tax credits for the Rural Job Tax Credit Program. In 2000, OTTED approved eight program applications under the Urban High-Crime Job Tax Credit Program for a total of \$4,999,500 and approved one program application under the Rural Job Tax Credit Program for a total of \$21,000. Since

² The Standard Industrial Classification code 781 applies to businesses in the motion picture production and allied services industries, such as establishments primarily engaged in the production and distribution of theatrical and nontheatrical motion pictures and video tapes; motion picture film processing, editing, and titling; casting; wardrobe and studio property rental; television tape services; motion picture and video tape reproduction; and stock footage film library services.

the Urban High-Crime Area Job Tax Credit Program has reached its statutory \$5 million cap, the entertainment industry cannot avail themselves of these tax credits at this time. However, with only \$21,000 in tax credits to date under the Rural Job Tax Credit Program, there is room for additional tax credits. According to the Revenue Estimating Conference, adding the entertainment industry to the list of eligible industries would have an insignificant impact on the amount of rural job tax credits taken.

B. Private Sector Impact:

Through the Urban High-Crime Area Job Tax Credit Program and the Rural Job Tax Credit Program, new and existing businesses with the standard industrial classification code 781 (motion picture production and allied services) would have a greater incentive to expand in urban high-crime areas and rural areas of Florida.

C. Government Sector Impact:

The Office of Film and Entertainment would be able to request and accept public and private donations and grants that would be used to aid and support the entertainment industry in Florida.

The Office of Tourism, Trade, and Economic Development might have to review more applications for tax credits under the Urban High-Crime Area Job Tax Credit Program and the Rural Job Tax Credit Program.

VI. Technical Deficiencies:

The bill amends s. 288.1252, F.S., to add the executive director of Workforce Florida, Inc., to the Florida Film and Entertainment Advisory Council as an ex officio, nonvoting member. Because Workforce Florida, Inc., does not have an executive director; it appears that this provision refers to the president of Workforce Florida, Inc., as authorized in s. 445.004(4)(a), F.S. However, the addition to the council of a “representative” (rather than the president) of Workforce Florida, Inc., may be more consistent with existing law given that s. 288.1252(3)(e), F.S., already requires that a “representative” of Enterprise Florida, Inc., and a “representative” of the Florida Tourism Marketing Corporation serve as ex officio, nonvoting members of the council.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Commerce and Economic Opportunities:

Adds “a representative,” rather than “the executive director,” of Workforce Florida, Inc., to the Florida Film and Entertainment Advisory Council. (WITH TITLE AMENDMENT)