

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

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Prepared By: The Professional Staff of the Committee on Commerce and Tourism

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BILL: SPB 7128

INTRODUCER: For consideration by the Commerce and Tourism Committee

SUBJECT: Entertainment Industry

DATE: April 4, 2014

REVISED: \_\_\_\_\_

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ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Hrdlicka	Hrdlicka		<b>Pre-meeting</b>

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**I. Summary:**

SPB 7128 restructures Florida’s approach to the entertainment industry in the state.

The bill transfers the Department of Economic Opportunity’s Office of Film and Entertainment, including the Commissioner of Film and Entertainment and the Florida Film and Entertainment Advisory Council, to Enterprise Florida, Inc. (EFI). The office is established as the Division of Film and Entertainment within EFI and maintains its current responsibilities, with the exception of administering the entertainment industry economic development programs, which remains the responsibility of the department.

The bill makes several changes to the Entertainment Industry Financial Incentive Program, including:

- Extending the incentive program an additional 4 years and provides an additional \$50 million in tax credits for each fiscal year beginning Fiscal Year 2014-15 through 2019-20, for a total of \$300 million in available tax credits.
- Requiring a production to provide proof of a cash match from each county in which principal photography or project production occurred.
- Repealing the tax credit bonus for underutilized regions. Instead, the bill creates a set aside of 20 percent of the tax credits in the general production queue for underutilized counties. Any funds not certified after 10 months into the fiscal year become available for certification for other applications in the queue.
- Amending the tax credit bonus for wages paid to Florida students and recent graduates to include wages paid to state residents that are participating in the Road to Independence Program, have developmental disabilities, or are veterans.
- Creating a tax credit bonus of 5 percent for productions that complete a capital investment of at least \$2 million before the completion of the qualified production.
- Repealing the tax credit bonuses for “off-season” certified productions, for productions that conduct principal photography at a qualified production facility, and for family-friendly certified theatrical or direct-to-video movies and video games.

## II. Present Situation:

### The Office of Film and Entertainment

The Office of Film and Entertainment (OFE) within the Department of Economic Opportunity (DEO) develops, markets, promotes, and provides services to Florida's entertainment industry, such as serving as a liaison between the industry and government entities and facilitating access to filming locations.<sup>1</sup> The OFE gathers statistical information related to the state's entertainment industry, provides information and services to businesses, communities, organizations, and individuals engaged in entertainment industry activities, and administers field offices outside the state, and coordinates with regional offices maintained by counties and regions of the state. The OFE is also required to develop a 5-year strategic plan to guide its activities, which is updated on an annual basis and aligns with the DEO's Strategic Plan for Economic Development.<sup>2</sup> The OFE's mission is to build, support, and market the entertainment industry in Florida.

The head of the OFE is the Commissioner of Film and Entertainment. The commissioner is hired by the executive director of the DEO, after a national search by the DEO for a qualified person to fill the position. For Fiscal Year 2013-14, the OFE has an operating budget of approximately \$673,000 and five full-time-equivalent (FTE) positions (two of which are vacant). The OFE's budget supports a field office in Los Angeles.

The OFE is assisted by the Florida Film and Entertainment Advisory Council (advisory council), which is composed of 17 members, of which seven members are appointed by the Governor, and five members each are appointed by the President of the Senate and the Speaker of the House of Representatives.<sup>3</sup> In addition, Enterprise Florida, Inc., Workforce Florida, Inc., and the Florida Tourism Industry Marketing Corporation (commonly referred to as "VISIT Florida") each have a representative that serves as an ex officio nonvoting member of the advisory council. The advisory council provides the OFE and the DEO with industry insight and assists in the creation of the 5-year strategic plan.

Additionally, there are over 60 local film offices that have been established across the state, organized predominately by county and municipal governments, local chambers of commerce, economic development councils, convention and visitors bureaus, and tourist development councils.<sup>4</sup>

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<sup>1</sup> Section 288.1251, F.S. See also OFE website, available at <http://www.filminflorida.com/about/vm.asp> (last visited 4/3/2014).

<sup>2</sup> The OFE's Film and Entertainment Industry Strategic Plan for Economic Development is available at [http://www.filminflorida.com/about/OFE\\_Plan\\_V11.pdf](http://www.filminflorida.com/about/OFE_Plan_V11.pdf) (last visited 4/3/2014).

<sup>3</sup> Section 288.1252, F.S.

<sup>4</sup> For a list of Florida film commissions, see the OFE website, available at [http://www.filminflorida.com/lr/local\\_film\\_commissions.asp](http://www.filminflorida.com/lr/local_film_commissions.asp) (last visited 4/3/2014).

## **Entertainment Industry Financial Incentive Program<sup>5</sup>**

In 2003, the Legislature created the Entertainment Industry Financial Incentive Program (incentive program).<sup>6</sup> The incentive program's dual purposes are to:

- Promote Florida as a site for filming, creating, or producing movies, television series, commercials, digital media and other types of entertainment productions; and
- Sustain and develop the state's entertainment workforce, studios, and other related infrastructure.

The incentive program is administered by the OFE, subject to the policies and oversight of the DEO. Currently the incentive program is a 6-year program, which began July 1, 2010, and sunsets June 30, 2016. The incentive program provides tax credits for qualified expenditures related to filming and production activities in Florida. These tax credits may be applied against the corporate income tax or sales and use taxes. Additionally these tax credits may be transferred or sold one time.<sup>7</sup>

Over the 6 year period, there are a total of \$296 million in available credits. Annual limitations for tax credits are set at:

- \$53.5 million in Fiscal Year 2010-11;
- \$74.5 million in Fiscal Year 2011-12; and
- \$42 million in each Fiscal Year 2012-13, 2013-14, 2014-15, and 2015-16.<sup>8</sup>

The law provides that if the total tax credits applied for in a fiscal year is greater than the amount available for that year, then the excess credits are to be treated as if they had been applied for in the next fiscal year. All of the tax credits have already been awarded for all 6 years.<sup>9</sup>

### ***Eligibility and Application***

Generally, a production company that plans to engage in a production in Florida can apply to the OFE prior to beginning production for a certification of tax credits based upon estimated qualified expenditures planned for the production. A qualified production must meet the requirements in s. 288.1254, F.S., plus two additional criteria:

- Depending on the type of production and period of time in the incentive program, most of the production cast and below-the-line production crew<sup>10</sup> are Florida residents, or are students enrolled full-time in a film- and entertainment-related course of study at a Florida university or college.
- The production does not contain obscene content, as defined in s. 847.001(10), F.S.<sup>11</sup>

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<sup>5</sup> Information about the incentive program is also available on OFE's website, available at <http://filminflorida.com/ifi/incentives.asp> (last visited 4/3/2014).

<sup>6</sup> Section 288.1254, F.S. See ch. 2003-81, L.O.F. In 2010, the incentive program was changed from a cash reimbursement type program to the current form. See ch. 2010-147, L.O.F.

<sup>7</sup> Also, tax credits may be relinquished to the DOR for 90 percent of the amount of the relinquished tax credit.

<sup>8</sup> Section 288.1254(7), F.S. In 2012, an additional year was added to the program. See s. 15, ch. 2012-32, L.O.F.

<sup>9</sup> See OFE, Fiscal Year 2012-2013 Annual Report, discussed below under The OFE Annual Report for Fiscal Year 2012-13.

<sup>10</sup> "Below-the-line production crew" excludes actors, directors, producers, and writers.

<sup>11</sup> Pursuant to this section, "'obscene' means the status of material which: (a) The average person, applying contemporary community standards, would find, taken as a whole, appeals to the prurient interest; (b) Depicts or describes, in a patently

**Queues**

Priority for tax credit certifications is made on a first-come, first-served basis within the appropriate “queue.”<sup>12</sup> There are three queues of eligible productions: general production, commercial and music video, and independent and emerging media production. As percentage of funding:

- 94 percent of the state incentive funding is dedicated to the general production queue;
- 3 percent is dedicated to the commercial and music video queue; and
- 3 percent is dedicated to the independent and emerging media production queue.

Further, under the general production queue, no more than 45 percent of the tax credits can be awarded to television series. First priority in the general production queue for tax credits not yet certified is given to high-impact television series and high-impact digital media projects, in alternating order, depending on the type of the first application received. OFE may certify a project out of order (ex: two high-impact television series productions in a row) if an application by the next appropriate type of production is not received within 5 business days.<sup>13</sup>

**Characteristics of Production Queues**

	<b>General Production</b>	<b>Commercial &amp; Music Video</b>	<b>Independent and Emerging Media Production Queue</b>
<b>Minimum amount of qualified expenditures</b>	\$625,000	\$100,000 per commercial or video <u>and</u> exceeds \$500,000 combined per FY year	At least \$100,000, but not more than \$625,000
<b>Amount of basic incentive</b>	20% of qualified expenditures, up to \$8 million	20% of qualified expenditures, up to \$500,000	20% of qualified expenditures, up to \$125,000

In addition to the amount of basic incentives, there are additional tax credits available for general production queue projects (also referred to as “bonuses”):

- 5 percent additional tax credit for feature films, independent films, or television series or pilots that are “off-season certified,” including those that are not able to complete 75 percent of their principal photography due to a hurricane or tropical storm. Off-season certified means that the production films 75 percent or more of its principal photography from June 1 to November 30.

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offensive way, sexual conduct as specifically defined herein; and (c) Taken as a whole, lacks serious literary, artistic, political, or scientific value. A mother’s breastfeeding of her baby is not under any circumstance ‘obscene.’”

<sup>12</sup> Section 288.1254(4), F.S.

<sup>13</sup> This rotating schedule was created in 2012. ch. 2012-32, L.O.F.

- 5 percent additional tax credit for a production that incurs at least 65 percent of its principal photography days in an underutilized region. An “underutilized region” is one with a regional tax credit ratio for a fiscal year that is lower than its regional population ratio that year.<sup>14</sup>
- 15 percent additional tax credit for productions that employ students enrolled full-time in a film and entertainment-related or digital media-related course of study or recent graduates of such a course of study. The course of study must have occurred at an institution of higher education in Florida. This additional 15 percent may be applied to any qualified expenditures related to wages, salaries, or other compensation paid to such students or graduates.
- 5 percent additional tax credit for productions which conduct at least 50 percent of their principal photography at a qualified production facility. This additional 5 percent may be applied to any qualified expenditures related to production activity at that facility.
- 5 percent additional tax credit for qualified digital media projects or digital animation components of productions which have at least 50 percent of their qualified expenditures related to a qualified digital media production facility. This additional 5 percent may be applied to any qualified expenditures related to production activity at that facility.

Further, family-friendly certified theatrical or direct-to-video movies and video games are eligible for an additional tax credit of 5 percent of its actual qualified expenditures. The determination for “family-friendly” is made by the OFE, with the advice of the advisory council. A family friendly production is one that:

- Has cross-generational appeal;
- Is considered suitable for viewing by children aged 5 years or older;
- Is appropriate in theme, content and language for a broad family audience;
- Responsibly resolves issues raised in the film; and
- Does not include any act of smoking, sex, nudity, or vulgar or profane language.

A qualified production is limited to a total tax credit of 30 percent of its actual qualified expenditures.

Current law defines “qualified expenditures” as production expenditures incurred by a qualified production in Florida for:<sup>15</sup>

- Goods purchased or leased from, or services provided by, a vendor or supplier in Florida that is registered with the Department of State or the Department of Revenue (DOR) and is doing business in Florida. Eligible production goods and services include:
  - Sound stages, back lots, production editing, digital effects, sound recordings, sets, and set construction;
  - Entertainment-related rental equipment, including cameras and grip or electrical equipment;
  - Newly purchased computer software and hardware, up to \$300,000; and
  - Meals, travel, and accommodations.
- Salary, wages, or other compensation paid to Florida residents, up to a maximum of \$400,000 per resident.

<sup>14</sup> “Underutilized region” is defined in s. 288.1254(1)(p), F.S.

<sup>15</sup> See s. 288.1254(1)(i), F.S.

Additionally, for a qualified production involving an event, such as an awards show, the term “qualified expenditures” excludes expenditures solely associated with the event itself and not directly required by the production. The term also excludes expenditures prior to certification, with the exception of those incurred for a commercial, a music video, or the pickup of additional episodes of a television series within a single season.

### ***Award of Credits***

After production ends and all certified expenditures are made in Florida, the production company must have an independent certified public accountant licensed in Florida conduct a compliance audit. The OFE is required to review the audit and report to the DEO the final verified amount of actual qualified expenditures. The DEO then must review and approve the final tax credit award, and notify the DOR. Tax credit awards are subject to the limitations discussed above.

Additionally, after production the company must make an irrevocable election to apply the tax credits to the corporate income taxes or sales and use taxes or a stated combination of both. This decision is binding on any distributee, successor, transferee, or purchaser. Tax credits that are unused in any year may be carried forward to the next for a maximum of 5 years.

The production must also include information, such as a logo at the end of the credits, that indicates that the production occurred in Florida in order to be eligible for the tax credits.

Section 288.1254(9), F.S., provides audit authority to DOR related to the tax credits, and for the revocation or forfeiture of tax credits under certain circumstances. Fraudulent applications for tax credits may also result in penalties and other costs in addition to repayment of the tax credits.

### **Sales Tax Exemption Certificate for a Qualified Production Company**

Entertainment industry qualified production companies are eligible for several exemptions from taxes under ch. 212, F.S. A qualified production company can obtain a certificate to avoid paying tax at the point of sale, rather than claiming a refund after paying the tax.<sup>16</sup> Qualified production companies are exempt from paying sales tax for the following:

- *Lease or rental of real property* that is used as an integral part of an activity or service performed directly in connection with the production of a qualified motion picture (the term “activity or service” includes photography, casting, location scouting, and designing sets).<sup>17</sup>
- *Fabrication labor* when a producer uses his or her own equipment and personnel to produce a qualified motion picture.<sup>18</sup>
- *Purchase or lease of motion picture and video equipment and sound recording equipment* used in Florida for motion picture or television production or for the production of master tapes or master records.<sup>19</sup>
- *Sale, lease, storage, or use of blank master tapes, records, films, and video tapes.*<sup>20</sup>

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<sup>16</sup> Section 288.1258, F.S. See also DOR, Film in Florida Sales Tax Exemption, available at [http://dor.myflorida.com/dor/taxes/film\\_in\\_florida.html](http://dor.myflorida.com/dor/taxes/film_in_florida.html) (last visited 4/3/2014).

<sup>17</sup> Section 212.031(1)(a)9., F.S.

<sup>18</sup> Section 212.06(1)(b), F.S. The term “qualified motion picture” is defined in the statute.

<sup>19</sup> Section 212.08(5)(f), F.S.

<sup>20</sup> Section 212.08(12), F.S.

The estimated cost of these exemptions is \$36.2 million for Fiscal Year 2013-14.<sup>21</sup>

### **The OFE Annual Report for Fiscal Year 2012-13<sup>22</sup>**

The OFE is directed to submit an annual report each November 1 to the Governor, the President of the Senate, and the Speaker of the House of Representatives, that outlines the incentive program's return on the state's investment and economic benefits to the state; the estimate of FTEs for each production that received tax credits; and the geographic distribution of the credits in Florida. The report is also required to include a report on the OFE's expenditures under s. 288.1253, F.S., and information describing the relationship between tax exemptions and incentives to industry growth.<sup>23</sup>

The OFE's annual report for Fiscal Year 2012-13 reviewed the incentive program for the first 3 years of the 6-year program. As of November 1, 2013:

- 617 applications were received and processed;
- Overall, 297 projects have been certified for the 6 years; outcomes for these projects include the following estimates:
  - Over \$1.5 billion in qualified expenditures in Florida;
  - 190,681 positions with over \$930 million in wages paid;<sup>24</sup> and
  - 256,244 lodging/room nights.
- Certified productions include 69 motion pictures, 51 digital media productions, 128 television productions, television series pilots, telenovelas, award shows, and 49 commercials.
- 206 certified projects completed production in Fiscal Year 2012-13; outcomes for these projects include (includes unverified data):
  - 14,623 production days;
  - Over \$604 million in qualified expenditures in Florida;
  - 84,617 positions with over \$353.8 million in wages paid;
  - 100,631 lodging/room nights; and
  - Almost \$131 million in final tax credits awarded.

Projected outcomes are based on information supplied with the applications. These outcomes are subject to change as some projects may withdraw or additional projects become certified.

The OFE's annual report states that in 2012 the Florida Office of Economic and Demographic Research conducted an analysis of the economic impact of the incentive program which found an

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<sup>21</sup> Florida Revenue Estimating Conference, 2013 Florida Tax Handbook.

<sup>22</sup> OFE, Fiscal Year 2013-2013 Annual Report (November 1, 2013), available at [http://www.filminflorida.com/ifi/PDFs/annualReports/Office%20of%20Film%20and%20Entertainment%20Annual%20Report%20FY2012-2013\\_Final%20Combined%20Draft.pdf](http://www.filminflorida.com/ifi/PDFs/annualReports/Office%20of%20Film%20and%20Entertainment%20Annual%20Report%20FY2012-2013_Final%20Combined%20Draft.pdf) (last visited 4/3/2014).

<sup>23</sup> Sections 288.1254(10), 288.1253, and 288.1258(5), F.S.

<sup>24</sup> Positions are individual positions, not FTEs. Positions may be permanent or temporary. Production cast, crew, extras, and stand-ins, etc., may work for multiple productions and fill multiple positions. The OFE was directed in the 2011 Regular Session to report positions as estimates of FTEs, but according to the annual report the OFE is still developing methodology to report the data. See ch. 2011-76, L.O.F.

increase in state gross domestic product of \$15 to \$1 of tax credit awarded and a return of state tax revenue of \$2 for every \$5 of tax credit awarded.

The annual report also includes a calculation by the OFE on the return on investment for the sales tax exemptions to be “75.6:1”; the OFE also calculated a “combined” return on investment for both the sales tax exemptions and the incentive programs, which resulted in \$1.32 in expenditures by qualified productions for every \$1 of investment from the state from both programs.

### **III. Effect of Proposed Changes:**

SPB 7128 restructures Florida’s approach to the entertainment industry in the state.

#### **Division of Film and Entertainment**

The bill transfers and renames the Office of Film and Entertainment as the Division of Film and Entertainment (division) of Enterprise Florida, Inc. The entertainment industry economic development programs administered by the DEO will function similar to the other economic development programs administered by the DEO. Generally, Enterprise Florida, Inc., markets the state to businesses, including working with regional offices to provide assistance and information on location decisions, workforce needs, and economic development programs. The DEO is responsible for administering the economic development programs. (**Section 2**, transferring and renumbering s. 288.1251, F.S., as s. 288.924, F.S., and amending that statute; **Section 8**, amending s. 288.92, F.S.)

The division will maintain the OFE’s current responsibilities, except with respect to administration of the entertainment industry economic development programs. The Florida Film and Entertainment Advisory Council is also transferred to EFI and will maintain an advisory role to the division. (**Section 2**, transferring and renumbering s. 288.1251, F.S., as s. 288.924, F.S., and amending that statute; and **Section 3**, transferring and renumbering s. 288.1252, F.S., as s. 288.9242, F.S., and amending that statute.)

**Sections 1, 4, and 7**, amend ss. 288.125, 288.1253, and 288.1258, F.S., to reflect the transfer of the OFE to Enterprise Florida, Inc. **Section 4** also transfers and renumbers s. 288.1253, F.S., as s. 288.9241, F.S. (dealing with allowable travel, entertainment, and incidental expenditures and reimbursement of the division).

#### **Entertainment Industry Financial Incentive Program**

**Section 5** amends s. 288.1254, F.S., related to the Entertainment Industry Financial Incentive Program.

#### ***Eligibility and Application***

The bill increases the requirements for a qualified production related to the amount of state residents that make up a production’s cast and crew. For a production, the cast and crew must be at least 70 percent state residents (current law is 60 percent); for a digital media production, the cast and crew must be at least 80 percent state residents (current law is 75 percent).



The bill amends the definition of “high-impact television series” to include telenovelas that have qualified expenditures of more than \$4.5 million, at least 45 principal photography days in the state, cast and crews that are at least 90 percent state residents, and have at least 90 percent of production occurring in the state.

The bill requires a production to include in its application documentation related to the planned aggregate nonqualifying expenditures the production will make in the state and proof of financing for the production. Under current law, a production has 90 days from the date it submits the application to provide proof of financing. The bill requires such proof to be submitted at the same time as the application. Additionally, an applicant applying to the independent and emerging media queue will now be required to submit proof of financing.

An applicant must also include in its application documentation related to proof of local financial commitment. An applicant must submit proof that each county in which the applicant will engage in principal photography or project production has made a commitment of a cash match equal to 10 percent of the total amount of tax credits applied for by the applicant. If at least 70 percent of the production occurs in an underutilized county, then the cash match must only be 5 percent. An “underutilized county” is one in which less than \$500,000 in qualified expenditures occurred in the last 2 fiscal years.

Applications received by the DEO after all tax credits allocated for the fiscal year have been certified may be accepted until the DEO receives the application that causes the amount of tax credit eligibility requested to exceed 125 percent of the tax credits allocated for the fiscal year. Applications received requesting tax credit eligibility over the fiscal year allocation shall be assigned a queue number. Any applications in the queue on June 30<sup>th</sup> each year will be deemed denied. The DEO may deny an application if there are no additional tax credits available for certification.

If the DEO determines that an application meets the requirements of the incentive program, then it will certify the application for tax credits in an amount reduced by either 10 or 5 percent, depending on the amount of local financial commitment required. The bill specifies that the DEO may only certify the amount of tax credits allocated in a fiscal year. However, the bill provides an exception for applications by high-impact television series that have an executed contract or order for season renewal. The DEO is permitted to certify such a qualified production for one additional ordered season per future fiscal year in which the production would occur.

Upon certification, the production is required to provide the DEO and the division with information related to the production’s needs for cast, crew, contractors, and vendors. The production must also provide a single point of contact. The division will publish this information online and include relevant information such as the starting date of the production and its location. The DEO and division may adopt procedures for a production to post such information itself within a week of certification.

Current law permits the DEO to withdraw the eligibility of a production for tax credits if the production does not continue on a reasonable basis or if the production does not provide proof of financing. The bill clarifies when the DEO may deny a certified production. The DEO may deny

a certified production upon finding any circumstance that affects the reasonable schedule or timely completion of the production, including a break in production or loss of financing. The certified production must notify the DEO within 5 days after any circumstance affecting the timely completion of the production. However, a certified production that has lost financing may avoid denial by the DEO if it provides the DEO with proof of replacement financing within 10 days of the original loss.

The DEO is required to verify that a certified production received the required local financial commitment before the DEO can approve the final tax credit award. If the certified production did not meet the requirement, then the DEO must deny the total tax credit award amount.

### ***General Production Queue***

The bill substantially amends several of the additional tax credits (bonuses) for the queue:

- The bill repeals the tax credit bonus for underutilized regions. Instead, the bill creates a set aside of 20 percent of the tax credits in the general production queue for underutilized counties. An “underutilized county” is one in which less than \$500,000 in qualified expenditures occurred in the last 2 fiscal years. Any funds not certified after 10 months into the fiscal year become available for certification for other applications in the queue.
- The bill amends the tax credit bonus for productions that employ students and recent graduates to include wages paid to state residents that are participating in the Road to Independence Program, have developmental disabilities, or are veterans.
- The bill creates a tax credit bonus of 5 percent for productions that complete a permanent capital investment of at least \$2 million before the completion of the qualified production. This additional 5 percent may be applied to any qualified expenditures.
- The bill repeals the tax credit bonus for “off-season” certified productions.
- The bill repeals the tax credit bonus for productions that conduct principal photography at a qualified production facility or a qualified digital media production facility.
- The bill repeals the tax credit bonus for family-friendly certified theatrical or direct-to-video movies and video games.

The bill also repeals the limitation on tax credits awarded to television series. The bill clarifies that first priority in the general production queue for tax credits not yet certified is given to high-impact television series and high-impact digital media projects, and thereafter is determined on a first-come, first-served basis.

Due to these changes, a qualified production is limited to a total tax credit of 25 percent of its actual qualified expenditures.

### ***Allocation of Tax Credits***

The bill provides for the availability of additional tax credits in Fiscal Years 2014-15 and 2015-16 and extends the incentive program an additional 4 years. The bill provides for an additional \$50 million in tax credits in each Fiscal Year 2014-15 and 2015-16, and for \$50 million in tax credits in each Fiscal Year 2016-17, 2017-18, 2018-19, and 2019-20.

The bill provides an additional \$300 million in tax credits, for a total of \$596 million in credits for the 10 year incentive program. The bill again specifies that the additional credits provided are not available for certification prior to the fiscal year in which they are allocated.

The incentive program expires July 1, 2020.

**Sections 9, 10, and 11** amend ss. 288.212.08(5)(q), 220.1899(3), and 477.0135(5), F.S., to correct cross-references and make conforming changes.

**Section 12** provides an effective date of July 1, 2014.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

The bill provides a total of \$300 million in additional tax credits for the incentive program. The bill provides for an additional \$50 million in tax credits for each Fiscal Year 2014-15 and 2015-16, and for \$50 million in tax credits for each Fiscal Year 2016-17, 2017-18, 2018-19, and 2019-20. The credits are not permitted to be certified prior to the fiscal year in which they are allocated, except for applications for additional ordered season renewals for high-impact television series.

The Revenue Estimating Conference has not yet adopted a fiscal impact for this bill.

B. Private Sector Impact:

Indeterminate, but expected to be positive.

C. Government Sector Impact:

For Fiscal Year 2013-14, the OFE has an operating budget of approximately \$673,000 and five full-time-equivalent (FTE) positions (two of which are vacant).<sup>25</sup> Of the five FTE positions in the OFE, three of those positions and one OPS position are dedicated to

<sup>25</sup> The five FTEs include the Commissioner and a position at a field office in Los Angeles.

administration of the incentive program.<sup>26</sup> The DEO states that the current three FTEs dedicated to administration of the incentive program is sufficient to implement the bill, but the department would need an additional OPS position at a cost of \$30,000 annually.

The DEO estimates that EFI would require \$265,000 annually to implement the bill.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill amends the following sections of the Florida Statutes: 212.08, 220.1899, 288.125, 288.1254, 288.1258, 288.92, and 477.0135.

This bill amends, transfers, and renumbers the following sections of the Florida Statutes: 288.1251, 288.1252, and 288.1253.

**IX. Additional Information:**

**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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<sup>26</sup> DEO, 2014 Legislative Bill Analysis: SB 1640 (3/12/2014).