



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-3780 • RFA.SC.GOV/IMPACTS

This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: H. 4020 Amended by House Ways and Means on March 30, 2023
Author: W. Newton
Subject: Film Incentives
Requestor: House Ways and Means
RFA Analyst(s): Jolliff
Impact Date: April 4, 2023

Fiscal Impact Summary

This bill as amended makes changes to the amounts and funding available to the South Carolina Film Commission for motion picture film incentives. The bill changes the funding by increasing the annual rebates the South Carolina Film Commission may issue from \$10,000,000 to \$30,000,000 annually and repealing the current code section that allocates 26 percent of the prior year's General Fund admissions tax revenue to the Film Commission to provide non-payroll expenditure rebates. Further, if the full \$30,000,000 is not issued, then any unused rebates may be carried forward for the next three tax years, increasing the limit in those subsequent years. Additionally, the South Carolina Department of Parks, Recreation and Tourism (PRT) may use a portion of the rebate allotment to fund the operations of the Film Commission and for promotion of collaborative production and educational efforts between institutions of higher learning and motion-picture related entities. Any funds used by the department reduce the annual rebate limit.

The Commission intends to implement the changes with existing staff and resources. Expenditures for operating and personnel of the Film Commission have averaged \$406,000 in recent years. However, depending on how the production fund or workforce development efforts are implemented in the future, the Commission may require an additional FTE to handle these responsibilities. The expenses for this position would depend on availability of funds from rebates.

The bill will repeal the transfer of 26 percent of the prior year's General Fund admissions tax and increase allowable General Fund rebates by \$20,000,000. The net impact will be to reduce available General Fund revenue by \$9,343,120 in FY 2023-24.

Explanation of Fiscal Impact

Amended by House Ways and Means on March 30, 2023

State Expenditure

This bill as amended makes changes to the funding to the Film Commission for motion picture film incentives. Additionally, PRT may use a portion of the rebate allotment to fund the operations of the Film Commission and for promotion of collaborative production and educational efforts between institutions of higher learning and motion-picture related entities. Any funds used by the department reduce the annual rebate limit.

The Film Commission intends to implement the changes with existing staff and resources. Expenditures for operating and personnel of the Film Commission have averaged \$406,000 in recent years. However, depending on how the production fund or workforce development efforts are implemented, the Commission may require an additional FTE to handle these responsibilities. The expenses for this position would depend on availability of funds from rebates.

State Revenue

This bill as amended makes changes to the funds available to the South Carolina Film Commission for motion picture film incentives. The bill changes the funding by increasing the annual rebates the South Carolina Film Commission may issue for motion picture payroll and non-payroll expenses from \$10,000,000 to \$30,000,000 annually and repealing the current code section that allocates 26 percent of the prior year's General Fund admissions tax revenue to the Film Commission to provide non-payroll expenditure rebates. Further, if the full \$30,000,000 is not issued, then any unused rebates may be carried forward for the next three tax years, increasing the limit in those subsequent years. Additionally, PRT may use a portion of the rebate allotment to fund the operations of the Film Commission and for promotion of collaborative production and educational efforts between institutions of higher learning and motion-picture related entities. Any funds used by the department reduce the annual limit of rebates.

Currently, the Film Commission is authorized to rebate to a motion picture company a portion of the South Carolina payroll of the employment of persons subject to income tax withholdings for the motion picture production. The rebate may not exceed 20 percent of the aggregate payroll expenses for persons subject to South Carolina income tax and 25 percent for South Carolina residents. The production must have total costs in South Carolina of \$1,000,000 during the taxable year.

Additionally, the Commission receives 26 percent of the prior fiscal year's General Fund admissions tax revenue. These funds may be used to rebate up to 30 percent of the expenditures made by the company for non-payroll expenditures. Up to 7 percent may be used for marketing and special events, and 1 percent may be used for the promotion of collaborative production and education efforts.

While the code sections currently separate the funding sources for payroll and non-payroll expenditures, the agency has been allowed to pool these funds by proviso, most recently Proviso 49.14 in the FY 2022-23 Appropriations Act. Further, the Commission has also been authorized to carry forward funds committed to projects from a prior fiscal year, most recently by Proviso 49.8.

The Commission reports that they anticipate there will be sufficient motion picture production projects to rebate the full \$30,000,000 allowed under the bill. Based on the forecast by the Board of Economic Advisors on February 15, 2023, General Fund admission tax is projected to total \$40,988,000 in FY 2022-23. Under current law, the Film Commission would receive 26 percent of this amount, or \$10,656,880, in FY 2023-24. This bill would repeal this transfer, increasing


available General Fund admission tax revenue by \$10,656,880. The bill will increase General Fund rebates from \$10,000,000 to \$30,000,000, for a \$20,000,000 reduction in available General Fund revenue due to rebates beginning in FY 2023-24. The net General Fund revenue impact of these changes will be a reduction of \$9,343,120 in FY 2023-24.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director