

MOTION PICTURE PRODUCTION TAX BENEFITS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5958

Sponsor: Rep. Bill Huizenga

House Bill 5959

Sponsor: Rep. Lorence Wenke

House Bill 5960

Sponsor: Michael C. Murphy

Committee: Tax Policy

Complete to 6-16-04

A SUMMARY OF HOUSE BILLS 5958-5960 AS INTRODUCED 6-1-04

House Bill 5958 (Single Business Tax)

The bill would amend the Single Business Tax Act (MCL 208.37g) to provide a taxpayer that is a motion picture production company with a credit against the tax for the production of a motion picture in the state, equal to a certain percentage of the payroll in the tax year for state residents employed by the taxpayer in connection with the production.

If the total production costs are between \$250,000 and \$1 million, the credit would equal 10 percent of the payroll. If the total production costs are at least \$1 million, the credit would equal 25 percent of the payroll. (The term "payroll" would refer to the total salaries and wages before deducting any personal or dependency exemptions for employees whose salary is less than \$1 million for the tax year.)

The credit would be available for tax years that begin after December 31, 2004 and before January 1, 2007. If the credit and any unused carryforward exceed the taxpayer's tax liability, the excess would not be refundable, but could be carried forward for five years or until the excess credit is exhausted, whichever occurs first.

MCL 208.37g

House Bill 5959 (Sales Tax) and House Bill 5960 (Use Tax)

The bill would amend the General Sales Tax Act (MCL 205.54bb) and Use Tax Act (205.94y), respectively, to exempt from taxation under those acts the sale of tangible personal property to a motion picture production company if the company spends at least \$250,000 in the state in the immediately preceding 12-month period for the filming or

production of a motion picture and the property is purchased by the company for purposes related to the filming or production of a motion picture.

The term “motion picture” would mean a nationally distributed feature length film, video, television series, or commercial made in Michigan in whole or in part for theatrical or television viewing or as a television pilot. The term would not include production of television coverage of news and sporting events.

FISCAL IMPACT:

The bills are currently examined for fiscal impact.

Legislative Analyst: Mark Wolf
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.