

The bill re-establishes the performance-based incentive program for film production in Colorado, and authorizes a production company to claim an incentive equal to 10 percent of certain expenditures including qualified payroll expenditures. The office will review applications submitted by production companies and approve incentives based on procedures and guidelines developed for the issuance of the incentives. The total amount of performance-based incentives that the office may issue in any fiscal year may not exceed the amount appropriated to the office. Incentives will be issued in the order in which the applications are received until the amount appropriated has been expended.

The bill creates the Colorado Office of Film, Television, and Media Operational Account Cash Fund (COFTMOA Cash Fund) in the State Treasury. The fund is to consist of moneys appropriated by the General Assembly; gifts, grants, and donations from private or public sources; and a transfer of the fund balance of the Film Incentives Cash Fund as of July 1, 2009. Additionally, for FY 2009-10 and each fiscal year thereafter, the bill diverts \$600,000 (adjusted for inflation) of Limited Gaming Fund moneys that would otherwise be transferred to the General Fund, to the COFTMOA Cash Fund, subject to certain fiscal conditions. At the same time, the diversion provided by current law of gaming moneys to the Film Incentives Cash Fund is eliminated.

State Revenue

The bill authorizes the Colorado Office of Film, Television, and Media to seek and accept gifts, grants, or donations from private or public sources. Potential revenue from these sources has not been identified.

State Transfers and Diversions

FY 2008-09 Transfers. SB09-217, which was signed into law by the Governor on April 2, 2009, authorizes the transfer of \$480,011 from the Limited Gaming Fund to the Film Incentives Cash Fund on June 30, 2009. These moneys are to be used by the current Colorado Film Incentive Program to provide a 10 percent cash rebate on certain film production costs. HB09-1010 requires that any moneys remaining in the Film Incentives Cash Fund on July 1, 2009, including the transfer authorized by SB09-217, be transferred to the COFTMOA Cash Fund. The year-end balance (June 30, 2009) in the Film Incentives Cash Fund, including the transfer authorized by SB09-217, is estimated to be \$1,360,610.

FY 2009-10 Transfers. Beginning with FY 2009-10 and each fiscal year thereafter, the bill replaces the current law diversion to the Film Incentives Cash Fund with a similar transfer to the COFTMOA Cash Fund. The FY 2009-10 transfer would be available to the office for expenditure in FY 2010-11. Assuming that the 6 percent appropriations growth limit is reached, the bill transfers \$600,000 to the COFTMOA Cash Fund on June 30, 2010. This amount is to be adjusted annually by the percentage change in the Denver metropolitan area consumer price index. The transfer will not occur unless the 6 percent appropriations limit is fully funded. Based on the March 2009 Legislative Council Staff revenue forecast, revenue will be insufficient to increase General Fund appropriations by the 6 percent limit during FY 2009-10, but revenue will be sufficient for future fiscal year transfers beginning in FY 2010-11.

State Expenditures

Governor's Office. As shown in Table 1, the Governor's Office will require **\$451,181 and 4.5 FTE in FY 2009-10, and \$429,156 and 4.5 FTE in FY 2010-11** to fulfill the responsibilities of the Colorado Office of Film, Television, and Media.

Table1. Expenditures Under HB09-1010		
Cost Components	FY 2009-10	FY 2010-11
Personal Services	\$268,956	\$268,956
FTE	4.5 FTE	4.5 FTE
Operating Expenses	48,200	48,200
Marketing and Education	57,000	57,000
Travel and Trade Shows	55,000	55,000
Capital Outlay	22,025	0
TOTAL	\$451,181	\$429,156

The Colorado Office of Film, Television, and Media will market Colorado as a destination for film making, provide assistance to production companies, provide permitting and coordinating assistance to production companies and state and local government agencies, and offer educational seminars to promote film in Colorado. Based on these duties, the office requires a total of 4.5 FTE, including a division director, assistant director, locations coordinator, education/marketing coordinator, administrative assistant, film incentive fund administrator, and an accounting technician. Many of these individuals currently work for the Colorado Film Commission to encourage film companies to operate in Colorado. This bill makes them state employees. As the marketing agent of the state, the office will be involved in trade shows, film festival sponsorships, production of promotional videos and brochures, and maintenance of a website that promotes Colorado as a destination for films, television shows, commercials, still photography, music videos, and emerging mass media projects.

Film Incentives. Assuming that a total of \$1,360,610 is available for expenditure in the COFTMOA Cash Fund in FY 2009-10, \$909,429 will be available to the office for incentives to qualified production companies. Historically, the current Colorado Film commission issued incentives of \$215,961 in FY 2006-07, \$46,152 in FY 2007-08, and \$0 in FY 2008-09.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under HB09-1010*		
Cost Components - Governor's Office	FY 2009-10	FY 2010-11
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$30,807	\$30,807
Supplemental Employee Retirement Payments	7,833	10,002
Leased Space	5,000	5,000
TOTAL	\$43,640	\$45,809

**More information is available at: http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2009/comsched/CommonPolicies2009.pdf*

State Appropriations

Moneys in the COFTMOA Cash Fund are continuously appropriated by the General Assembly to the Colorado Office of Film, Television, and Media. The bill contains an adjustment to the 2009 long bill which reduces the appropriation for the Department of Governor- Lieutenant Governor - State Planning and Budgeting, Division of Economic Development Programs, for film incentives, from the Film Incentives Cash Fund by \$480,011 cash funds.

Departments Contacted

Revenue

Law

Governor's Office

State Treasurer