HB09-1010

JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE

CONCERNING THE PROMOTION OF COLORADO AS A LOCATION FOR FILM PRODUCTION ACTIVITIES.

Prime Sponsors: Reps. Massey and McGihon
Sens. Gibbs and Spence

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Summary of Amendments Made to the Bill After the 02/26/09 Legislative Council Staff Revised Fiscal Note Was Prepared

None.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

XXX	**Concurs**		**Does Not Concur**		**Updated Analysis**

Amendments/Appropriation Status

The bill requires but does not contain an appropriation clause. Staff has prepared amendment **J.001** (attached) to add a provision appropriating $580,008 and 6.0 FTE to the Governor's Office, Economic Development Programs, Colorado Office of Film, Television, and Media, pursuant to the Legislative Council Staff revised fiscal note dated February 26, 2009. Pursuant to the fiscal note, no appropriation is made for the programming costs incurred by the Department of Revenue. The amendment also removes the Long Bill appropriation to the Film Incentives line in Economic Development to reflect the transfer of the contents of the Film Incentives Cash Fund at the end of FY 2008-09 specified by the bill.

Bill Sponsor Amendments

The sponsor has prepared **J.002**, **L.005**, and **L.006** (attached).

Amendment **J.002** makes the same appropriation and Long Bill adjustment made in amendment **J.001**, but adds a sub-paragraph appropriating $55,852 reappropriated funds to the Department of Revenue, Information Technology Division, to cover the Department of Revenue programming costs. **The Committee should adopt either J.001 or J.002, but not both.**

Amendment **L.005** delays the availability of the tax credit to calendar year 2010. This change in timing would eliminate the bill's impact on General Fund revenues in FY 2008-09, and reduce the estimated impact on General Fund revenues in FY 2009-10 to up to $5.0 million from up to $10.0 million, as the tax credit would affect revenues for only six months, rather than the full fiscal year.

The amendment has no effect on the state expenditures portion of the fiscal note. Legislative Council staff concurs with this opinion. Adoption of **L.005** does not affect the decision to be made regarding amendments **J.001** and **J.002** described above.

Amendment **L.006** adds a conditional test to the transfer from limited gaming funds to the Colorado Office of Film, Television, and Media Operational Account Cash Fund. The amendment has no effect on the state expenditures portion of the fiscal note. Adoption of **L.006** does not affect the decision to be made regarding amendments **J.001** and **J.002** described above. Amendment **L.006** can be adopted with or without **L.005**.

Points to Consider

1. The Colorado Office of Film, Television, and Media Operational Account Cash Fund (COFTMOA) essentially supercedes the existing Film Incentives Cash Fund. The transfer of limited gaming funds to the Film Incentives fund is conditional: if there is insufficient General Fund revenue in a fiscal year to support appropriations up to the 6.0 percent limit, the default action is that the gaming funds would be transferred to the General Fund at the end of the fiscal year instead of to the Film Incentives fund. In the current version of the bill, the COFTMOA is not subject to the same provision. If adopted, amendment **L.006** would impose the same conditional test on the COFTMOA transfer as is currently imposed on the Film Incentives fund transfer.

2. The general appropriations bill for FY 2009-10 has not yet been introduced. Legislative Council Staff is currently projecting that General Fund revenues will fall short of funding existing FY 2008-09 appropriations, and these appropriations will need to be reduced (or revenues increased) by another $159 million. Assuming FY 2008-09 appropriations are reduced by $159 million, revenue projections indicate that General Fund appropriations will need to be reduced by an additional $365 million for FY 2009-10. This bill would decrease General Fund revenues by as much as $5.0 million in FY 2008-09 and as much as $10.0 million in FY 2009-10, thereby increasing the magnitude of reductions required in other state programs and services.