

**DEPARTMENT OF TAXATION
2002 Fiscal Impact Statement**

1. Patron Janis

2. Bill Number HB 1118

3. Committee Passed House and Senate

House of Origin:

 Introduced

 Substitute

 Engrossed

4. Title Retail Sales and Use Tax: Extends the
Sunset Date of the Exemption for
Audiovisual Works

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would extend the sunset date of the retail sales and use tax exemption for tapes and other audiovisual works for broadcasting or commercial exhibition, production services in connection with such audiovisual works, the transfer of certain tangible property related to such production services, and equipment and parts used in the production of audiovisual works. The exemption is scheduled to expire June 30, 2002.

The sunset date for the audiovisual works exemption would be extended from June 30, 2002, to July 1, 2004.

6. No Fiscal Impact. (See Line 8.)

7. Budget amendment necessary: No.

8. Fiscal implications:

There would be no revenue impact associated with this legislation. The official budget estimates assume the extension of all expiring sales and use tax exemptions.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Th audiovisual works exemption was enacted by the 1995 General Assembly. The exemption applies to the lease, rental, license, sale, other transfer, or use of any audio

or video tape, film or other audiovisual work when acquired for the purpose of licensing, distributing, broadcasting, commercially exhibiting or reproducing the work or using or incorporating the work into another such work. The exemption also

applies to the provision of production services or fabrication related to the production of any portion of a qualifying audiovisual work. The exempt production services include scriptwriting, photography, sound, musical composition, special effects, animation, adaptation, dubbing, mixing, editing, cutting and provision of production facilities or equipment. The transfer of certain tangible personal property related to production services is exempt, as is equipment and related parts and accessories for use in the production of exempt audiovisual works.

The sunset date of the audiovisual works exemption was previously extended from June 30, 1997, to June 30, 2002 by the 1997 General Assembly.

cc : Secretary of Finance

Date: 03/06/02/GRM

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