

**DEPARTMENT OF TAXATION
2004 Fiscal Impact Statement**

1. Patron William R. Janis

2. Bill Number HB 1262

3. Committee House Finance

House of Origin:

 X **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

 Enrolled

5. Summary/Purpose:

This bill would extend the sunset date for the retail sales and use tax exemption allowed for certain tangible personal property used in the production of audiovisual works. The exemption is scheduled to expire July 1, 2004, and would be extended by this bill until July 1, 2009.

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

7. Budget amendment necessary: No.

8. Fiscal implications:

There is no revenue impact associated with extending the exemption as provided in this bill because the General Fund revenue forecast assumes the extension of all expiring exemptions.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

The audiovisual works exemption was originally enacted by the 1995 General Assembly. The exemption was enacted to encourage the production of films and other audiovisual works in Virginia, and to also encourage national programmers and producers to establish operations in Virginia. The prior law provided a limited exemption for leases or rentals of copyrighted audio and video tapes for public exhibition by movie theaters and licensed radio and television stations.

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 in 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 effect, 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 exemption was previously extended from June 30, 1997 to June 30, 2002 by the 1997 General Assembly, and from June 30, 2002 to July 1, 2004 by the 2002 General Assembly.

Similar Legislation

Senate Bill 571 is identical to this bill.

cc : Secretary of Finance

Date: 1/20/2004 LDF