

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: SB703

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Lucas

3. Committee: Finance

4. Title: Virginia Tourism Authority; Virginia Motion Picture Incentive Performance Grant

- 5. Summary:** The bill would create an incentive grant program to encourage the production of motion picture films in Virginia. Under the proposed legislation, any qualified company that films a production (motion picture or an entire season of episodes) in Virginia would be entitled to receive a grant from the Virginia Motion Picture Incentive Performance Grant Fund equal to 15 percent of the qualifying expenses, not to exceed \$3 million or 10 percent of the amount appropriated to the fund in the year in which the qualifying production is completed. The grants would also be limited to \$30 million in any year and \$60 million in the aggregate.

The Virginia Tourism Authority is required to develop an application process for the grant program.

6. Fiscal Impact Estimates: Indeterminate. See item 8, below.

7. Budget Amendment Necessary: Yes. See item 8, below.

- 8. Fiscal Implications:** The fiscal impact of the bill is indeterminate. The bill does not address a payment schedule. However, the bill caps the amount of any payments that may be paid from the fund in any fiscal year at \$30 million. According to the Virginia Tourism Authority, it can take a year or more to complete a major production. It is not possible to predict when a production may be completed and payment due to the production company. In calendar year 2007, the state had 56 active projects, of which 46 were produced in the state and 10 located elsewhere. Had the proposed legislation been in effect during 2007 six of these companies would have qualified for a performance grant, and these companies would have been entitled to \$26 million under the provisions of the proposed legislation (assuming the \$30 million maximum annual appropriation provided for in the bill).

Any costs incurred by the Virginia Tourism Authority in the development of guidelines for the administration of this grant program could be absorbed within existing resources.

9. Specific Agency or Political Subdivisions Affected: Virginia Tourism Authority.

10. Technical Amendment Necessary: Yes. Line 31, after “section.” insert “The Authority shall certify to the Comptroller the amount of grant an eligible production company shall receive.” Line 32, after “Comptroller” strike “upon written request signed by the Executive Director of the Authority”.

11. Other Comments: The Governor’s Motion Picture Opportunity Fund is the state’s primary vehicle for enticing film production companies and producers to the Commonwealth. The most recent infusion of funds into the Governor’s Motion Picture Opportunity Fund was \$1.25 million in FY 2006. Only \$15,000 of this funding remains uncommitted.

Date: 1/29/2008 dpbtmw

Document: G:\2008 Session\Fiscal Impact Statements\Sb703.Doc

cc: Secretary of Commerce and Trade