~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

April 18, 2013

**H. 3357**

Introduced by Reps. Henderson, Merrill, Herbkersman, Harrell, Gilliard, Stavrinakis and Hodges

S. Printed 4/18/13--H.

Read the first time January 17, 2013.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (H. 3357) to amend Section 12‑62‑50, as amended, Code of Laws of South Carolina, 1976, relating to the tax rebate to a motion picture production company, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by adding an appropriately numbered SECTION to read:

/ SECTION \_\_\_. Chapter 62, Title 12 of the 1976 Code is amended by adding:

“Section 12‑62‑95. The provisions of this chapter do not apply if the motion picture or television production that is made in whole or in part in South Carolina is found to contain scenes the average person, applying contemporary state community standards would find that the work, taken as a whole, appeals to the prurient interest, whether the work depicts or describes, in a patently offensive way, sexual conduct, and whether the work, taken as a whole, lacks serious literary, artistic, political, or scientific value. The department and the South Carolina Film Commission may not award any benefit offered by this chapter to a motion picture production company producing such motion picture.” /

Renumber sections to conform.

Amend title to conform.

W. BRIAN WHITE for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**REVENUE IMPACT 1/**

This bill will have no revenue impact on the general fund or agency other funds.

**Explanation**

This bill allows additional wage and supplier rebates to motion picture production companies in addition to the rebates allowed in §§12-62-50 and 60. The maximum wage rebate would total up to 20% of aggregate South Carolina payroll and the maximum supplier rebate would total up to 30% for expenditures made in South Carolina by eligible production companies. Temporary budget provisions in Fiscal Years 2006-07 to FY 2011-12 fixed the wage and supplier rebates at the proposed 20% and 30% respectively.

The bill would have no revenue affect on general fund or agency other funds, as the amount of revenue allocated to these expenditures will not change. Statutorily, the annual amount of the wage rebate is a maximum of $10 million from the general fund. Since FY 2010-11, the Destination Specific Tourism Program receives any unexpended funds not refunded as a wage rebate, up to the $10 million maximum. Similarly, the wage rebates are funded through an allocation of 26% of general fund admissions tax. This percentage allocation would not change under the proposed legislation. We anticipate no impact on general fund or agency other fund revenue from this bill.

*Approved By:*

Frank A. Rainwater

Board of Economic Advisors

1/ This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.

**A** **BILL**

TO AMEND SECTION 12‑62‑50, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE TAX REBATE TO A MOTION PICTURE PRODUCTION COMPANY BY THE SOUTH CAROLINA FILM COMMISSION, SO AS TO PROVIDE THAT THE REBATE MAY NOT EXCEED TWENTY PERCENT OF THE TOTAL AGGREGATE PAYROLL FOR QUALIFYING PERSONS SUBJECT TO INCOME TAX WITHHOLDINGS OF SOUTH CAROLINA AND MAY NOT EXCEED TWENTY‑FIVE PERCENT FOR QUALIFYING RESIDENTS OF SOUTH CAROLINA; AND TO AMEND SECTION 12‑62‑60, AS AMENDED, RELATING TO REBATES TO MOTION PICTURE PRODUCTION COMPANIES, SO AS TO PROVIDE THAT THE DEPARTMENT MAY REBATE UP TO THIRTY PERCENT OF CERTAIN EXPENDITURES.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 12‑62‑50(A)(1) of the 1976 Code, as last amended by Act 56 of 2005, is further amended to read:

“(A)(1) The South Carolina Film Commission may rebate to a motion picture production company a portion of the South Carolina payroll of the employment of persons subject to South Carolina income tax withholdings in connection with production of a motion picture. The rebate may not exceed ~~fifteen~~ twenty percent of the total aggregate South Carolina payroll for persons subject to South Carolina income tax withholdings, and may not exceed twenty‑five percent for South Carolina residents, for persons employed in connection with the production when total production costs in South Carolina equal or exceed one million dollars during the taxable year. The rebates in total may not annually exceed ten million dollars and shall come from the state’s general fund. For purposes of this section, ‘total aggregate payroll’ does not include the salary of an employee whose salary is equal to or greater than one million dollars for each motion picture.”

SECTION 2. Section 12‑62‑60(A)(1) of the 1976 Code, as last amended by Act 56 of 2005, is further amended to read:

“(A)(1) An amount equal to twenty‑six percent of the general fund portion of admissions tax collected by the State of South Carolina for the previous fiscal year must be funded annually by September first to the department for the exclusive use of the South Carolina Film Commission. The department may rebate to a motion picture production company up to ~~fifteen~~ thirty percent of the expenditures made by the motion picture production company in the State if the motion picture production company has a minimum in‑state expenditure of one million dollars. The distribution of rebates may not exceed the amount annually funded to the department for the South Carolina Film Commission from the admissions tax collected by the State.”

SECTION 3. This act takes effect upon approval by the Governor.

‑‑‑‑XX‑‑‑‑