



**INDIVIDUAL INCOME TAX  
CORPORATE FRANCHISE TAX  
INSURANCE PREMIUMS TAX  
Film Production Credit**

March 23, 2021

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>	X	

Department of Revenue  
Analysis of H.F. 1975 (Lislegard) / S.F. 1986 (Tomassoni)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2022</u></b>	<b><u>F.Y. 2023</u></b>	<b><u>F.Y. 2024</u></b>	<b><u>F.Y. 2025</u></b>
	(000's)			
General Fund	(\$25,000)	(\$25,000)	(\$25,000)	(\$25,000)

Effective for tax years 2021 through 2030.

**EXPLANATION OF THE BILL**

This bill creates a film production credit against the individual income, corporate franchise tax or insurance gross premiums tax. The credit is nonrefundable but may be carried over for up to five years.

The credit is equal to 25 percent of eligible production costs paid in a tax year. An eligible project is a film that includes the promotion of Minnesota, for which the taxpayers expends at least \$1,000,000 in the taxable year for eligible production costs, and employs Minnesota residents to the extent practicable. Films include feature films, television or Internet pilots, programs, series, documentaries, music videos, and television commercials.

To qualify for the credit, a taxpayer must submit an application to the Commissioner of Employment and Economic Development.

Total credits are limited to \$25 million in each tax year. The credits are to be issued on a first come, first served basis. If the entire amount is not allocated, any remaining amount is available for allocation in the four following tax years until the entire allocation has been made. The credit expires after tax year 2030.

The credit is assignable to another taxpayer, who may claim the credit. The credit must be assigned for at least 75 percent of the credit amount. The assignee must notify the Commissioner of Revenue within 30 days of the assignment.

By March 15, 2023, the Commissioner of Employment and Economic Development, in consultation with the Commissioner of Revenue, must provide a report to the legislature that includes the amount of credits claimed in each year, the number of applications received and approved for the credit, the types of projects eligible, the total economic impact, and other information.

## REVENUE ANALYSIS DETAIL

- Since January 2020, the MN Film and TV Board have received more than 40 inquiries about the status and availability of the production incentive rebate program. According to the Film and TV Board, about half of those companies shared their project budget. This data was used to estimate this proposal.
- Of the projects who shared their budget, over 80 percent had proposed budgets greater than or equal to \$1,000,000. These projects would potentially qualify for this credit.
- The proposed budgets of the unfulfilled projects who shared their budget totaled over \$137 million.
- It was assumed that the maximum credits would be claimed in each taxable year.

**Number of Taxpayers:** Around 40 taxpayers would qualify for the credit.

Minnesota Department of Revenue  
Tax Research Division  
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