OLR Bill Analysis
HB 6929

AN ACT CONCERNING THE FILM AND DIGITAL MEDIA PRODUCTION TAX CREDITS.

SUMMARY

Existing law allows eligible production companies and certain taxpayers to whom they transfer credits (i.e., transferees) to apply film and digital media production tax credits against the sales and use tax, but at a reduced amount of their face value. This bill increases this amount from 78% to 92% of the credits' value beginning with the 2024 income year.

As under existing law, transferees may claim film and digital media production tax credits against the sales and use tax only if there is at least 50% common ownership between the transferee and the eligible production company that sold, assigned, or otherwise transferred the credits. These credits may also be claimed against the corporation business and insurance premiums taxes at full face value and the community antenna television systems tax at a reduced value (see BACKGROUND).

Separately, the bill also requires that certain information on eligible production companies' job creation be included in tax credit voucher applications and in the Department of Economic and Community Development's (DECD) annual report to the legislature. Under existing law, within 90 days after the end of an annual period or the last production expenses are incurred, the production company must apply to DECD for a credit voucher and include with its application any information and independent certification the department requires. The bill also requires that the company include a report with the number of full- and part-time jobs it created, a description of each job, and an explanation of what it considers to be job creation for the report's purposes. DECD must then include this job creation information in the

overview of the film tax industry credit program in its annual report.

Lastly, the bill makes technical changes.

EFFECTIVE DATE: January 1, 2024

BACKGROUND

Film and Digital Media Tax Credit

The film and digital media tax credit is one of three credits under Connecticut's film industry tax credit program. The credit is available to eligible production companies that incur at least $100,000 in eligible in-state expenses for qualified productions. The credit amount is based on total eligible expenses incurred and increases with more total expenses, as follows: (1) 10% for expenses of $100,000 to $500,000; (2) 15% for expenses exceeding $500,000, up to $1 million; and (3) 30% for expenses exceeding $1 million.

An eligible production company is one that produces a qualified production in Connecticut and (1) conducts at least 50% of principal photography days within the state or (2) spends at least 50% or $1 million of postproduction costs in the state. Qualified productions include documentaries, long-form specials, series, videos and music videos, and commercials.

Credits may be (1) claimed in the year the expenses were incurred or the next five income years or (2) sold, assigned, or transferred up to three times. The credits may be claimed against the corporation business and insurance premiums taxes at full face value and the community antenna television systems tax at a reduced value (generally 92%-95% of their face value).

Related Bill

sSB 981 (§§ 9 & 10), reported favorably by the Finance, Revenue and Bonding Committee, has identical provisions on the film and digital media tax credit and DECD reporting.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea	38	Nay	13	(04/19/2023)