

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: SB 981

SHORT TITLE: NC FILM INDUSTRY INCENTIVE

SPONSOR(S): SEN. BALLENTINE, McDANIEL, CARPENTER

FISCAL IMPACT: **Expenditures:** **Increase ()** **Decrease ()**
 Revenues: **Increase ()** **Decrease (X)**
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: **General Fund (X)** **Highway Fund ()** **Local Govt. ()**
 Other Funds ()

BILL SUMMARY: Amends the tax law allowing a qualified investment tax credit (venture capital credit) as follows: (1) Adds a provision indicating that a forfeiture of the credit does not occur when a qualified business venture engaged primarily in motion picture film production makes a redemption as a result of the completion of the venture (i.e., sold film and liquidated) and neither the venture nor related person continues to engage in business with respect to the film produced by the venture (2) Amends the law dealing with the registration of the qualified business venture with the Secretary of State to provide that the effective date of the registration is 60 days prior to the date the application for registration is filed (under current law the application date becomes the registration date) (3) Provides that if the taxpayer's investment is initially escrowed, conditioned upon other funds' commitment, the date of investment is the date the escrowed funds are transferred to venture free of escrow.

EFFECTIVE DATE: Tax years beginning on or after January 1, 1995.

FISCAL IMPACT: It is impossible to predict the amount of investment that will be impacted by this legislation. In addition, there is a cap of \$12 million on the amount of venture capital credits that can be taken in any particular year. If credits requested exceed this amount, the total requests are prorated. It is impossible to predict how much of the credits impacted by this legislation will be eligible for use, given \$12 million cap. **ASSUMPTIONS AND METHODOLOGY:**

**FISCAL RESEARCH DIVISION
733-4910**

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APPROVED BY:

DATE: June 28, 1995

[FRD#001]



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