

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. House Bill 151

PRINTER NO. 1571

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

January 23, 2017

PRIME SPONSOR

Representative Cutler

DESCRIPTION AND PURPOSE OF BILL

House Bill 151, as amended, amends Title 12 (Commerce and Trade) to add the definition of “agent” in Chapters 23, 29 and 30. The legislation also amends Chapter 33 of Title 12 to establish the Entertainment Economic Enhancement Program.

House Bill 151 defines “agent” with regard to the Small Business First Program (Chapter 23), the Machinery and Equipment Loan Program (Chapter 29) and the Pennsylvania Industrial Development Program (Chapter 30) to include the Department of Community and Economic Development (DCED). This added provision will allow DCED and its employees to conduct the required inspections and monitoring programs managed by the Pennsylvania Industrial Development Authority (PIDA).

The legislation further amends the Machinery and Equipment Loan Program to allow authorized employees of PIDA or its agent (i.e. DCED) to inspect the plant, books and records of the business enterprise.

House Bill 151, as amended, establishes the Entertainment Economic Enhancement Program in Title 12. This program is essentially a recodification of the Concert Rehearsal and Tour Tax Credit Program enacted by Act 84 of 2016.

Act 84 of 2016 established the Concert Rehearsal and Tour Production Tax Credit as a sub-article of the Entertainment Production Tax Credit within the Tax Reform Code of 1971. House Bill 151 repeals subchapter C of Article XVII-D of the Tax Reform Code of 1971 and makes the following changes to the program within the newly established Entertainment Economic Enhancement Program:

- Makes technical corrections to the terms “Pennsylvania rehearsal expense”, “rehearsal expense” and “tour expense.”
- Adds the banks shares tax and insurance premiums tax to be included as a “qualified tax liability.”
- Defines “applicant”, “maintaining a place of business” and “recipient.”
- Clarifies that a tax credit may not be approved for a tour rehearsal that occurred prior to January 1, 2017.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

- Allows for the sale or assignment of the tax credit.
- Modifies the tax credit limitation (i.e. cap) from \$4 million per year to five tours per year capped at \$800,000 per tour.
- Provides for the advance award of tax credits for up to an additional two tours. Advance awards count against the succeeding year's cap.

This act shall take effect immediately.

FISCAL IMPACT:

House Bill 151 will have no adverse fiscal impact on Commonwealth funds.

The annual limitation (i.e. cap) of \$4 million provided for in the Concert Rehearsal and Tour Production Tax Credit is generally maintained in the Entertainment Economic Enhancement Program but with some modification.

House Bill 151 provides that tax credits may not be awarded for more than five tours in a fiscal year, and an applicant may not be awarded more than \$800,000 of tax credits for a single tour. However, the Department of Community and Economic Development may advance the award for a maximum of two additional tours in a fiscal year.

The advance award of tax credits shall count against the total number of tours for which tax credits may be awarded and reduce the number of tours in the next succeeding fiscal year. As a result, any limited increase to the amount of tax credits awarded in one fiscal year will be offset by a corresponding decrease in the amount of tax credits awarded in the next succeeding fiscal year.