

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection

Minutes of the 5th Meeting of the 2019 Interim

November 19, 2019

Call to Order and Roll Call

The fifth meeting of the Budget Review Subcommittee on Economic Development, Tourism, and Environmental Protection of the Interim Joint Committee on Appropriations and Revenue was held on Tuesday, November 19, 2019, at 9:00 AM, in Room 154 of the Capitol Annex. Representative Lynn Bechler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Lynn Bechler, Co-Chair; Senators Perry B. Clark, Morgan McGarvey; Representatives Terri Branham Clark, David Hale, Savannah Maddox, Bart Rowland, and Les Yates.

Guests: Jay T. Hall, Acting Commissioner, Department of Tourism, Tourism, Arts and Heritage Cabinet.

LRC Staff: Sara Rome and Amie Elam.

Tourism, Arts and Heritage Cabinet

Jay T. Hall, Acting Commissioner, Department of Tourism spoke to the committee about film industry tax credits. His presentation focused on historical data, job creation, and the potential benefits of film tax credits.

In response to a question from Representative Rowland, Mr. Hall said the cap on the incentive is not the issue. He went on to say that to be impactful the credit must be refundable or transferable.

In response to a question from Chair Bechler, Mr. Hall said that for a company to monetize on an incentive it must have tax liability in the state of Kentucky. He added that Kentucky is the only state that has a non-transferable and non-refundable tax credit.

In response to a question from Representative Branham Clark, Mr. Hall said that the impact study should be completed by January. He said that once the impact study is completed, it will be sent to all legislators.

In response to a question from Representative Yates, Mr. Hall said the change to the film tax credit in 2018 was a statutory change made by the General Assembly.

In response to a question from Representative Bechler, Mr. Hall said that Kentucky has two film studios. One of the studios is in Springfield and one is in Horse Cave. He added that there are soundstages in both Louisville and Lexington. Mr. Hall said that Kentucky did not lose any film studios. He added that the impact study report will make it possible to see the potential net effect of having a stable tax incentive program.

In response to a question from Senator Clark, Mr. Hall said that students are leaving to take jobs in other states where the film industry is doing well.

In response to a question from Chair Bechler, Mr. Hall said that he would share the map depicting the types of film incentives by state with committee members.

In response to a question from Chair Bechler, Mr. Hall said that Indiana and West Virginia are the only two surrounding states that do not have film incentives.

There being no further business to come before the subcommittee, the meeting was adjourned at 9:58 a.m.