



The taxpayer's watchdog for over 70 years

ARIZONA TAX RESEARCH ASSOCIATION

ATRA OPPOSES SB1242

*\$700 Million in Multimedia
Production Refundable Tax "Credits"
over the next 10 Years!*

Refundable Tax Credits are Bad Policy...For Any Industry

Background

SB1242 authorizes \$70 million annually in multimedia production income tax credits, effective through tax year 2022. Certain investment thresholds are outlined in the proposal and qualified expenses under the program include wages and other compensation, materials purchased, rental expenses for facilities and vehicles, fuel costs, hotel and lodging expenses, among many others. The tax credits are first used to offset the production company's tax liability, if any. In the event that the production company has no tax liability, the production company can request the tax credit in the form of a tax "refund."

Basis for ATRA's Opposition

Refundable tax credits become the "first draw" on state revenues. These credits appropriate state funds ahead of funding for schools, health care, and prisons and are not really credits at all. A **refundable** "credit" is not a credit against tax liability. In fact, the venture may not have even been profitable.

If state policymakers are inclined to dedicate state resources to any industry, they should do so through the appropriations process where that appropriation competes with all other state priorities.

ATRA URGES LAWMAKERS TO VOTE NO ON SB1242!