



ALERTS

Georgia Gov. Kemp Introduces Changes To The State's Film Tax Credit

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Highlights

Georgia Gov. Brian Kemp signed House Bill 1037, which requires mandatory audits of film tax credits

These audits can be conducted by third-party CPAs who meet certain criteria, the bill says

The bill removes the right of recapture by the state of any tax credits that undertake the new audit process and clarifies many related rules

On Aug. 4, 2020, Georgia Gov. Brian Kemp signed [House Bill 1037](#), alongside its sponsors, Georgia Rep. Matt Dollar and Sen. Chuck Hufstetler.

As a hub for entertainment production activities, Georgia was recently ranked as the No. 1 location for film production by Business Facilities Magazine. Thus, HB 1037 introduces welcome changes to improve the integrity of the film tax credits under the Georgia Entertainment Investment Incentive Act.

HB 1037 provides for these and other changes:

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1. Requires, starting Jan. 1, 2021, audits of film tax credits with graduated phases for projects earning greater than \$2.5 million credits 1; in 2022, the per project tax credit threshold drops to \$1.25 million; and starting in 2023, all projects regardless of the amount of credits must be audited
2. Allows these audits to be conducted by third-party certified public accountants (CPAs) who meet certain criteria, including being licensed in the state of Georgia and undergoing training by the state's Department of Revenue
3. Removes the right of recapture by the state for any tax credits that undertake the new audit process
4. Modifies the tax credit eligibility to start from the date that the audit is completed and extends the lifetime of the tax credit for three years after the audit is complete
5. Clarifies many rules related to qualified expenditures

In attendance at this invitation-only, bill signing event were partner and chair of the firm's Georgia Government Affairs department, Stephen Weizenecker, who is vice chair of the Governor's Advisory Commission on Film, Television, Music and Videogames and a member of the Georgia Department of Revenue's Film Tax Credit Advisory Commission; and one of the firm's directors of state government affairs, Misty Holcomb, who is executive director of the Georgia Studio & Infrastructure Alliance and serves as a leading advocate for the Georgia film, television and videogame industries.

To obtain more information, please contact the Barnes & Thornburg attorney with whom you work, or Steve Weizenecker at 404-264-4038 or sweizenecker@btlaw.com or Misty Holcomb at 404-264-4043 or misty.holcomb@btlaw.com.

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