



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

January 13, 2026

Honorable Yasmin Neal
State Representative
511-F Coverdell Legislative Office Building
Atlanta, GA 30334

SUBJECT: Fiscal Note
House Bill (LC 59 0187)

Dear Representative Neal:

The bill would modify O.C.G.A § 48-7-40.26 to add productions by independent filmmakers to those that qualify for tax credits under the Georgia Entertainment Industry Investment Act. Under this bill, an independent filmmaker is defined as a production company with less than \$1 million in gross income in the previous taxable year. The bill would become effective January 1, 2027, and would be applicable to all taxable years beginning on or after that date.

Impact on Revenue

Georgia State University's Fiscal Research Center reported a reliable estimate of the fiscal impact of bill was not possible due to data limitations. It concluded that the bill would cause a small marginal increase in film tax credits and a small negative impact on state revenues. The appendix details the data limitations and potential scope of the bill's impact.

Impact on Expenditures

The Department of Revenue would be able to implement the bill's provisions with existing resources.

Respectfully,

Greg S. Griffin
State Auditor

Richard Dunn, Director
Office of Planning and Budget

GSG/RD/mt

Analysis by the Fiscal Research Center

Under current law, a production qualifies for credits if, among other requirements, its state qualified spending is greater than \$500,000. The subject bill proposes to exempt small independent filmmakers from this minimum spending requirement and thus enable them to qualify for tax credits under the Georgia Entertainment Industry Investment Act (GEIAA). The bill defines independent filmmaker as a production company with less than \$1 million in gross income in the preceding tax year.

The Georgia Department of Economic Development (GDED) processes applications for projects attempting to qualify for film tax credits, and many productions with budgets below \$500,000 do submit applications. If a company has multiple small projects and gains approval from GDED, their projects can aggregate and qualify together for credits. Under this process, some productions with budgets below \$500,000 qualify for credits under current law and will not be impacted by this bill.

Credit application data from GDED indicate that projects with budgets below \$500,000 hoping to gain approval for credits through aggregation totaled \$12.8 million in FY 2025. The total state project spending included in applications was \$2.3 billion, so these projects represented 0.6 percent of film activity in the state in FY 2025. Small projects that do not expect to gain credit approval through aggregation are not included in these data, so the amount of activity that would newly qualify under the subject bill is unknown. However, if the number of productions of this size not planning to aggregate are similar to the number hoping to aggregate, the impact of this bill would be small relative to total film tax credit activity.

To qualify under the subject bill, an application must be submitted by an independent filmmaker, defined as having less than \$1 million in gross income in the previous taxable year. This is assumed to be based on business income less business expenses, as filed on the previous tax year's return. The implementation of this process is unclear, and \$1 million in business profits would qualify production companies of significant size. More complexity exists because in some cases productions are a standard-alone, new legal entity formed for the production itself. They are, generally speaking, funded by equity investment and debt, and the production company gains revenues and income later through distribution. In these cases, no previous-year tax return would exist. This requirement is not assumed to limit access or be binding.

New tax credit activity is assumed to occur under this proposal, but there is further evidence supporting the assumption that it would be very limited in size. According to Film Impact Georgia, which provides grants to early-career filmmakers in Georgia, a short film typically costs between \$750 and \$1,500 per minute of screen time. This represents the absolute minimum threshold for creating television and films. Additionally, according to the industry website NoFilmSchool, a \$500,000 budget is required before a film can provide full-time compensation to the filmmaker, hire Screen Actors Guild actors, and film for more than two weeks. Thus, due to the high financial threshold for film and television production, it is unlikely that a large number of productions occur that are below the threshold and unable to aggregate productions.

Finally, credit-related audit requirements could be a limiting factor for smaller projects when considering applying for credits. Small productions under this proposed legislation would need to weigh the resources associated with the auditing process against potential credit amounts.