



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce
Benjamin H. Wu | Deputy Secretary of Commerce

June 25, 2019

The Honorable Thomas V. Mike Miller, Jr.
President, Maryland Senate
State House, H-107
Annapolis, Maryland 21401-1991

The Honorable Adrienne A. Jones
Speaker, Maryland House of Delegates
State House, H-101
Annapolis, Maryland 21401-1991

RE: Maryland Film Production Tax Credit Report on Requests for Funding

Dear President Miller and Speaker Jones:

Pursuant to Tax General Article § 10-730, I am pleased to submit the Department of Commerce's Film Production Tax Credit Report on Requests for Funding.

I look forward to your review of this report and will be available to furnish any additional information that is needed. If my staff or I can be of further assistance, or if you have any questions regarding this report, please contact me at 410-767-6301.

Sincerely,

Kelly M. Schulz
Secretary

Enclosure

cc: Sarah Albert, Maryland General Assembly Library

Maryland Film Production Tax Credit Report on Requests for Funding

ANNUAL REPORT

Pursuant to Tax General Article §10-730(e)(2)

Submitted by:

Maryland Department of Commerce

July 1, 2019

Maryland Film Production Tax Credit Report on Requests for Funding

OVERVIEW

Ch. 486, Acts of 2015 requires the Maryland Department of Commerce (Commerce), to report on:

- The amount of tax credits necessary to maintain the current level of film production activity in the State; and
- The amount of tax credits necessary to attract new film production activity to the State.

THE AMOUNT OF TAX CREDITS NECESSARY TO MAINTAIN THE CURRENT LEVEL OF FILM PRODUCTION ACTIVITY IN THE STATE:

Currently, there are no productions filming in the State. Commerce began accepting applications for Fiscal Year 2020 tax credits on April 15, 2019 and subsequently received an application at 9:00 am that day for an episodic series for a major cable network. The application was approved, and a letter of qualification encumbering all FY 2020 tax credits (\$11M minus a 10% carve out for Small Maryland Productions) was sent to the production company and network.

This hour long drama is estimated to spend approximately \$90,000,000 in Maryland in its first season. The network plans for a five year run of the series. A production of a similar budget (*House of Cards*) hired over 2,000 Maryland residents per season and purchased or rented goods from over 2,000 Maryland businesses per season. Production of this series is scheduled to begin in late summer 2019.

The amount of tax credits necessary to maintain current film production in the State: N/A

THE AMOUNT OF TAX CREDITS NECESSARY TO ATTRACT NEW FILM PRODUCTION ACTIVITY TO THE STATE¹:

The productions described below have been in contact with the Maryland Film Office to express an interest in potentially filming in Maryland pending the availability of tax incentives.

Film Production Activity A

Type: Television Series

Estimated Budget: \$80M

Estimated Tax Credit: \$10.0M (maximum amount of credits that one production can receive)

Timeframe: Summer 2019

¹In order to protect confidential business information in the listing of new film prospects, details of production title and production team have been omitted.

Film Production Activity B

Type: Television Series

Estimated Budget: \$80M

Estimated Tax Credit: \$10M (maximum amount of credits that one production can receive)

Timeframe: Fall/Winter 2019

Film Production Activity C

Type: Television Series

Estimated Budget: \$50M

Estimated Tax Credit: \$10M (maximum amount of credits that one production can receive)

Timeframe: Summer/Fall 2019

Film Production Activity D

Type: Television Series

Estimated Budget: \$45M

Estimated Tax Credit: \$10 M (maximum amount of credits that one production can receive)

Timeframe: Summer/Fall 2020

Film Production Activity E

Type: Television Series

Estimated Budget: \$30M

Estimated Tax Credit: \$8M

Timeframe: Spring 2020

Film Production Activity F

Type: Television Series

Estimated Budget: \$16M

Estimated Tax Credit: \$4M

Timeframe: Fall 2019

Film Production Activity G

Type: Mini-Series

Estimated Budget: \$30M

Estimated Tax Credit: \$8M

Timeframe: Fall 2019

Film Production Activity H

Type: Feature Film

Estimated Budget: \$20M

Estimated Tax Credit: \$5M

Timeframe: Spring 2020

Film Production Activity I

Type: Feature Film

Estimated Budget: \$17M

Estimated Tax Credit: \$4.25M

Timeframe: Fall 2019

Film Production Activity J

Type: Feature Film

Estimated Budget: \$10M

Estimated Tax Credit: \$2.5M

Timeframe: Spring 2020

Film Production Activity K

Type: Feature Film

Estimated Budget: \$8M

Estimated Tax Credit: \$2M

Timeframe: Fall 2019

Film Production Activity L

Type: Feature Film

Estimated Budget: \$2M

Estimated Tax Credit: \$500,000

Timeframe: Spring 2020

Film Production Activity M

Type: Feature Film

Estimated Budget: \$2M

Estimated Tax Credit: \$500,000

Timeframe: Summer 2020

Note: In addition to the specific productions listed above, the Maryland Film Office receives regular inquiries from major studios and independent producers regarding the status of Maryland's incentive program. During the development stage of films and series is the time when companies would consider Maryland as a location for filming if sufficient incentives were available.

Tax credits to maintain:	N/A
Tax credits to attract:	\$74.75 million
<u>Total amount of tax credits necessary:</u>	<u>\$74.75 million</u>