



Larry Hogan | Governor  
Boyd Rutherford | Lt. Governor  
R. Michael Gill | Secretary of Commerce  
Benjamin H. Wu | Deputy Secretary of Commerce

June 29, 2018

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

The Honorable Michael E. Busch  
Speaker, Maryland House of Delegates  
State House, H-101  
Annapolis, Maryland 21401-1991

**RE: Maryland Film Production Tax Credit Reserve Fund – Annual Report**

Dear President Miller and Speaker Busch:

Pursuant to Tax General Article § 10-730, I am pleased to submit the Department of Commerce's Film Production Tax Credit Reserve Fund Annual Report.

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,

R. Michael Gill  
Secretary

Enclosure



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## **MEMORANDUM**

**TO:** The Honorable Larry Hogan  
Governor

**FROM:** R. Michael Gill  
Secretary

**THRU:** Sean Powell  
Deputy Chief of Staff, Governor's Office

**DATE:** June 29, 2018

**SUBJECT:** Maryland Film Production Tax Credit Reserve Fund - Annual Report

Pursuant to Tax General Article § 10-730, I am pleased to submit the Department of Commerce's Film Production Tax Credit Reserve Fund Annual Report.

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.

Attachment

# **Maryland Film Production Tax Credit Reserve Fund**

## **ANNUAL REPORT**

Pursuant to Tax General Article §10-730

Submitted by:

Maryland Department of Commerce

July 1, 2018

## **Maryland Film Production Tax Credit Reserve Fund**

### **OVERVIEW**

Ch. 486, Acts of 2015 requires the 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.

Ch. 595, Acts of 2018 repealed the Maryland Film Production Activity Reserve Fund and altered the program in such a way that an annual appropriation by the Governor was not necessary but instead placed a statutory cap on the amount of tax credit certificates that can be issued in a given fiscal year. For FY 2019 the program is capped at \$8M with 10% of that total reserved for “Maryland small or independent film entities” as defined in the statute.

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

The sixth and final season of *House of Cards* completed filming on May 25, 2018. The initial season six application submitted by *House of Cards* estimated that they would qualify for \$18.6M in tax credits. Based on this initial application, subject to final review and certification, *House of Cards* will qualify for the entirety of the \$7.2M that becomes available on July 1, 2018 (\$8M minus the 10% reserved for Maryland small or independent film entities).

**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 STATE<sup>1</sup>**

#### **Film Production Activity A**

Type: Feature Film

Estimated Budget: \$15M

Estimated Tax Credit: \$3.7M

Timeframe: Fall 2018

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<sup>1</sup> In 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: Feature Film  
Estimated Budget: \$10M  
Estimated Tax Credit: \$2.5M  
Timeframe: Fall 2018

**Film Production Activity C**

Type: Television Series  
Estimated Budget: \$20M  
Estimated Tax Credit: \$5.4M  
Timeframe: Fall 2018

**Film Production Activity D**

Type: Television Series  
Estimated Budget: \$15M  
Estimated Tax Credit: \$4M  
Timeframe: Fall 2018

**Film Production Activity E**

Type: Film  
Estimated Budget: \$50M  
Estimated Tax Credit: \$12.5 M  
Timeframe: Fall 2018

**Film Production Activity F**

Type: Television Series  
Estimated Budget: \$60M  
Estimated Tax Credit: \$16M  
Timeframe: Fall 2018/Winter 2019

**Film Production Activity G**

Type: Television Series  
Estimated Budget: \$50  
Estimated Tax Credit: \$13.5M  
Timeframe: Winter 2019

**Film Production Activity H**

Type: feature Film  
Estimated Budget: \$12M  
Estimated Tax Credit: \$3M  
Timeframe: Spring 2019

**Film Production Activity G**

Type: Feature Film

Estimated Budget: \$25M

Estimated Tax Credit: \$6.25M

Timeframe: Spring/Summer 2019

**Film Production Activity I**

Type: Film

Estimated Budget: \$20M

Estimated Tax Credit: \$5M

Timeframe: Spring / Summer 2019

**Film Production Activity J**

Type: Film

Estimated Budget: \$4M

Estimated Tax Credit: \$1M

Timeframe: Spring / Summer 2019

**Film Production Activity K**

Type: Film

Estimated Budget: \$5M

Estimated Tax Credit: \$1.25M

Timeframe: Winter / Spring 2019

**Note:** In addition to the specific productions above, the Maryland Film Office receives inquiries on a constant (up to three times a week) basis from major studios and independent producers regarding the status of our incentive programs as programs and studios are in the development stage of films and series that would consider Maryland if sufficient incentives were available. Additionally, there is still \$800,000 of FY 2019 funding available for any Maryland small or independent film entity which applies and is qualified to receive the credit.

**The amount of tax credits necessary to attract new film production to the State:  
\$74.1 million**

**Tax credits to maintain: N/A**

**Tax credits to attract: \$74.1 million**

**Total amount of tax credits necessary: \$74.1 million**