



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

July 9, 2021

The Honorable Bill Ferguson
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 Ferguson 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 Reserve Fund

ANNUAL REPORT

Pursuant to Tax General Article §10-730

Submitted by:

Maryland Department of Commerce

July 2021

Maryland Film Production Tax Credit Report on Requests for Funding

OVERVIEW

Ch. 486, Acts of 2015 requires the Department of Business and Economic Development (DBED), now 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.

It should be noted, however, that Ch. 595, Acts of 2018 repealed the Reserve Fund previously associated with this program, and it is now a non-budgeted tax credit with an annual cap. This report is therefore not a request for funding, but simply a report on the entities that have contacted Commerce in order to express they are exploring the possibility of filming in the State and therefore potentially qualifying for the tax credit.

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

Production wrapped on the pilot episode of the FX series *The Spook Who Sat by the Door* on June 15, 2021. The pilot was produced by 20th Television (a Disney studio). Commerce is anticipating that a full season order for nine additional episodes will occur during the month of July, with production resuming in September 2021. The \$10 million in tax credits for season one of *The Spook Who Sat by the Door* will come out of FY 2022 funds. Per the legislation, the maximum amount a single production activity may claim is \$10 million, no matter the total of the qualified Maryland expenditures of the single production activity.

Disney is anticipating filming multiple seasons of the series. \$10 million in tax credits, as limited by statute, will be needed for season two of *The Spook Who Sat by the Door*, and each season thereafter.

NOTE: In the spring of 2021, a comedy series was seriously considering filming in Western Maryland. The creator/writer/producer of the series has ties to Allegany County and desperately wanted to base his series there. However, the FY 2022 allocation of \$12 million in tax credits is only enough to support one series filming in the State. The available tax credit balance for FY 2022 is \$800,000 after accounting for the \$10 million in tax credits for season one of *The Spook Who Sat by the Door*, and the mandated 10% (\$1.2 million) set aside of tax credits for Maryland small films. Therefore, due to the lack of available tax credits, the series will film in Pennsylvania which has \$75 million in tax credits per year for film production.

Additionally, it is very likely that a mini-series with strong historical ties to Maryland, and based on a best-selling novel, will film elsewhere due to insufficient tax credits

available in Maryland. This same situation occurred when the feature film *Harriett*, based on the life of Maryland's Harriett Tubman, filmed in Virginia which had tax credits available.

The amount of tax credits necessary to maintain current film production in the State: \$10 million for season two of the series *The Spook Who Sat by the Door* and for each additional season thereafter.

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

Film Production Activity A

Type: Television: Series

Estimated Budget: \$50M

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

Timeframe: TBD

Film Production Activity B

Type: Television Mini Series

Estimated Budget: \$60M

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

Timeframe: TBD

Film Production Activity C

Type: Television Mini-Series

Estimated Budget: \$50M

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

Timeframe: Fall 2021 / winter 2022

The amount of tax credits necessary to attract new film production to the State: \$30 million

Note: In addition to the specific productions above, the Maryland Film Office constantly receives inquiries from major studios and independent producers regarding the status of our tax credit program. While in the development stage of films and series, Maryland is regularly considered as a location, but only if sufficient tax credits are available.

The amount of tax credits necessary to retain existing and attract new film production to the State:

Tax credits to maintain: \$10 million

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

Tax credits to attract: \$30 million

Total amount of Tax Credits needed: \$40 million