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FROM	NAME & TITLE	Robert Cename, Chief	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410) 396-4774		
	SUBJECT	City Council Bill 19-0168R—Growing the Film Industry in Baltimore		

TO

DATE:

The Honorable President and
Members of the City Council
City Hall, Room 400

December 4, 2019

Position: Does Not Oppose

The Department of Finance is herein reporting on City Council Bill 19-0168R, Growing the Film Industry in Baltimore, the purpose of which is to discuss the film industry in Baltimore City and the pursuit of increasing the Film Production Activity Tax Credit to maintain and grow the film industry in Baltimore City.

Background

The State of Maryland currently offers the Film Production Activity Tax Credit for entities completing production activities in Maryland, which is funded by the state corporate income tax. Qualified entities may receive a refundable income tax credit of up to 25% and 27% for direct costs for film and television production activities, respectively, with a maximum credit of \$10,000,000 per project. In Fiscal 2018, *House of Cards* received a tax credit for the fifth season of approximately \$7 million and had an estimated economic impact of over \$129 million for the State.

Fiscal Impact

Since the Film Production Activity Tax Credit is funded by the state corporate income tax, it does not have a direct impact on City funds. However, television and film productions within the City can generate minimal revenue through hotel tax, permitting fees, and engagement in the local business economy. The Department of Finance is unable to provide exact revenue impacts for the City, but the Regional Economic Studies Institute of Towson University released a report in 2014 stating that “for every dollar claimed in film tax credits, Maryland gains \$1.03 in total tax revenues and \$3.69 in economic output”.

Conclusion

The Film Production Activity Tax Credit provides qualified entities a refundable income tax credit for direct costs of film and television production activities completed in Maryland. Film and television production activity in the State, and Baltimore City specifically, generates tax revenue and increased economic outputs that benefits residents through increased business and employment opportunities, as well as other state and local taxes and fees.

For the reasons stated above, the Department of Finance does not oppose City Council Bill 19-0168R.

cc: Henry Raymond
Matthew Stegman
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