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Governor

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Lieutenant Governor

DAVID R. BRINKLEY
Secretary

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Deputy Secretary

HOUSE BILL 432 Income Tax - Film Production Activity Tax Credit - Alterations (Wells)

STATEMENT OF INFORMATION

DATE: February 9, 2022

COMMITTEE: House Ways & Means

SUMMARY OF BILL: HB 432 increases the aggregate amount of film production activity tax credit certificates that the Secretary of Commerce may issue in FY 2023 to \$25 million and to \$50 million for FY 2024 and each fiscal year thereafter.

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the \$13 million loss in General Fund revenues in FY 2023 and an additional \$25 million loss in FY 2024 and in subsequent years..

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Further, economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability.

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