



# COMMONWEALTH of VIRGINIA

## Department of Taxation

October 31, 2014

The Honorable Walter A. Stosch  
Co-Chairman, Senate Finance Committee  
4551 Cox Road, Suite 110  
Glen Allen, Virginia 23060

The Honorable Charles J. Colgan  
Co-Chairman, Senate Finance Committee  
10660 Aviation Lane  
Manassas, Virginia 20110

The Honorable S. Chris Jones  
Chairman, House Appropriations Committee  
P.O. Box 5059  
Suffolk, Virginia 23435

The Honorable R. Lee Ware  
Chairman, House Finance Committee  
P.O. Box 689  
Powhatan, Virginia 23139

Dear Chairmen:

*Virginia Code* § 58.1-439.12:03 requires the Department of Taxation ("the Department"), in consultation with the Virginia Film Office, to publish an annual report by November 1 of each year regarding Motion Picture Production Tax Credits that were claimed during the preceding calendar year. Such report must include information regarding the location of sites used in a production for which a credit was claimed; qualifying expenses for which a credit was claimed, classified by whether the expenses were for goods, services, or compensation paid by the production company; the number of people employed in the Commonwealth with respect to credits claimed; and the total cost to the General Fund.

### Application of Confidentiality Requirements to this Report

In order to protect the confidentiality of taxpayer information, the Department generally does not publish statistics if fewer than four taxpayers claimed a particular preference during a specific time period. For this reason, the Department was unable to provide the required information in its annual report on Motion Picture Production Tax Credits claimed during the 2012 calendar year. During the 2014 General Assembly session, House Bill 460 (Chapter 730, 2014 Acts of Assembly) amended *Va. Code* § 58.1-439.12:03 to require the Department to publish the specified information, regardless of whether the information is classified to prevent the identification of particular taxpayers, reports, returns, or items. For this reason, the Department is now able to provide the information in this report regardless of the number of taxpayers.

Information Regarding Credits Claimed During Calendar Year 2013

During the 2013 calendar year, taxpayers claimed a total amount of \$1,152,884 in Motion Picture Production Tax Credits. The Motion Picture Production Tax Credit can be claimed for qualifying expenses, which include goods and services leased or purchased and compensation and wages. The motion picture production companies that claimed credits during the 2013 calendar year incurred a total of \$4,645,868 in qualifying expenses. These qualifying expenses included \$3,269,336 worth of compensation paid by motion picture production companies, \$626,880 in goods purchased or leased by motion picture production companies, and \$749,652 in services obtained by motion picture production companies. The below chart shows a breakdown of tax credits claimed during the 2013 calendar year by type of expense and amount.

Expenses Related to Credits Claimed During Calendar Year 2013				
Total Credits Claimed	Total Qualifying Expenses	Total Compensation	Total Goods	Total Services
\$1,152,884	\$4,645,868	\$3,269,336	\$626,880	\$749,652

Motion picture production companies reported employing 419 Virginia residents with respect to Motion Picture Production Tax Credits claimed during the 2013 calendar year. Companies that claimed the Motion Picture Production Tax Credit during the 2013 calendar year filmed in the cities of Richmond and Petersburg and the counties of Charles City, Giles, Goochland, Henrico and Powhatan.

Please let me know if you have any questions.

Sincerely,



Craig M. Burns  
Tax Commissioner

CMB/cwm

c: The Honorable Richard D. Brown, Secretary of Finance  
Mr. Andy Edmunds, Virginia Film Office