



COMMONWEALTH of VIRGINIA

Department of Taxation

October 19, 2017

The Honorable Thomas K. Norment, Jr.
Co-Chairman, Senate Finance Committee
P.O. Box 6205
Williamsburg, Virginia 23188

The Honorable Emmett W. Hanger, Jr.
Co-Chairman, Senate Finance Committee
P.O. Box 2
Mount Solon, Virginia 22843

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. Pursuant to *Va. Code* § 58.1-439.12:03, such information is required to be published even if such information cannot be classified to prevent the identification of particular taxpayers, returns, and items.

During Calendar Year 2016, taxpayers claimed a total of \$7,790,641 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, compensation, and wages. Based upon data from the Virginia Film Office, the motion picture production companies that claimed credits during Calendar Year 2016 incurred a total of \$39,657,829 in qualifying expenses. These qualifying expenses included \$27,037,004 worth of compensation, \$3,807,598 in goods purchased or leased, and \$8,813,227 in services obtained by such motion picture production companies. The chart below shows a breakdown of tax credits claimed during Calendar Year 2016 by the type of expenses and amount of such expenses.

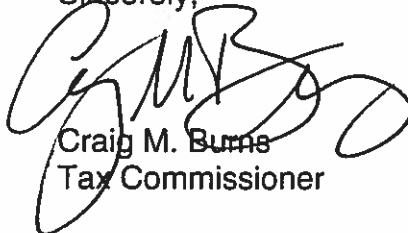
Information Related to Credits Claimed During Calendar Year 2016				
Total Credits Claimed	Total Services	Total Compensation	Total Goods	Total Qualifying Expenses
\$7,790,641	\$8,813,227	\$27,037,004	\$3,807,598	\$39,657,829

Motion picture production companies reported to the Virginia Film Office that they employed 1,939 individuals with respect to Motion Picture Production Tax Credits claimed during Calendar Year 2016. Of these individuals, approximately 68 percent (1,309 employees) were Virginia residents. Companies that claimed the Motion Picture Production Tax Credit during Calendar Year 2016 filmed in the following localities:

- The counties of Brunswick, Caroline, Charles City, Goochland, Hanover, Henrico, King William, Powhatan, and Prince George;
- The cities of Hopewell, Petersburg, Richmond, and Williamsburg;
and
- The towns of Ashland and Bowling Green.

Please contact me if you have any questions.

Sincerely,



Craig M. Burns
Tax Commissioner

CMB/jjs

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