

# DEPARTMENT OF TAXATION

## 2026 Fiscal Impact Statement

1. **Patron** Charniele L. Herring

3. **Committee** House Finance

4. **Title** Income Tax: Motion Picture Production Tax Credit

2. **Bill Number** HB 400

**House of Origin:**

**Introduced**

**Substitute**

**Engrossed**

**Second House:**

**In Committee**

**Substitute**

**Enrolled**

### 5. **Summary/Purpose:**

This bill would increase the annual aggregate credit cap for the Motion Picture Production Tax Credit (“MPPTC”) by \$2 million from \$6.5 million to \$8.5 million for Fiscal Years 2026 through 2030.

This bill also extends the sunset date of the MPPTC from January 1, 2027 to January 1, 2031.

If enacted during the regular session of the 2026 General Assembly, the remaining provisions of the bill would become effective July 1, 2026.

### 6. **Budget amendment necessary:** Yes.

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### 7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

#### 7b. **Revenue Impact:**

<b>Fiscal Year</b>	<b>Dollars</b>	<b>Fund</b>
2026-27	(\$4 million)	GF
2027-28	(\$2 million)	GF
2028-29	(\$2 million)	GF
2029-30	(\$2 million)	GF
2030-31	(\$2 million)	GF
2031-32	(\$2 million)	GF

### 8. **Fiscal implications:**

Administrative Costs

The Department of Taxation (“the Department”) considers this bill as routine and does not require additional funding.

This legislation does not require significant changes to the Department's systems and is not impacted by the first phase of the Integrated Revenue Management System ("IRMS") replacement project. No resource constraints or implementation considerations are anticipated.

### Revenue Impact

This bill would have an estimated negative General Fund revenue impact as shown on Line 7b. Due to the timing of the passage of this credit, the increase in the credit cap for Fiscal Year 2026 would not have a revenue impact until Fiscal Year 2027 or later. It is assumed that the \$2 million increase in the Fiscal Year 2026 cap would be allocated by the Virginia Film Office during Fiscal Year 2027, resulting in a \$4 million negative revenue impact for Fiscal Year 2027, which would be the sum of the \$2 million Fiscal Year 2026 cap and the \$2 million Fiscal Year 2027 cap.

**9. Specific agency or political subdivisions affected:**

Department of Taxation  
Virginia Tourism Authority  
Virginia Economic Development Partnership Authority

**10. Technical amendment necessary:** No.

**11. Other comments:**

### Motion Picture Production Tax Credit

The Motion Picture Production Tax Credit consists of a series of refundable individual and corporate income tax credits for motion picture production companies that meet certain criteria. A motion picture production company with qualifying expenses of at least \$250,000 may receive a credit equal to 15 percent of qualifying expenses, or 20 percent of qualifying expenses if the production is filmed in an economically distressed area of Virginia.

A motion picture production company may receive an additional credit equal to 10 percent of the total aggregate payroll for Virginia residents employed in connection with the production of a film in Virginia when the total production costs in Virginia are at least \$250,000 but not more than \$1 million. This additional credit is equal to 20 percent of the total aggregate payroll of such residents when total production costs in Virginia exceed \$1 million.

A motion picture production company may also receive an additional credit equal to 10 percent of the total aggregate payroll for Virginia residents employed for the first time as actors or members of a production crew in connection with the production of a film in Virginia.

"Qualifying expenses" means the sum of the following amounts spent in Virginia by a production company for the production of a motion picture film or an episodic television series filmed in Virginia:

- Goods and services leased or purchased; and
- Compensation and wages of up to \$1 million per individual for personal services with respect to a single motion picture production.

The Virginia Film Office is generally responsible for administering the credit. The Department is responsible for administering the credit bank with respect to the majority of Virginia's tax credits, including the Motion Picture Production Tax Credit.

The aggregate amount of all credits that may be allocated to taxpayers is capped at \$6.5 million per fiscal year. Any allocated credits, below such amount, are carried forward and made available for allocation in future fiscal years.

The sunset date of the Motion Picture Production Tax Credit is currently January 1, 2027.

### Proposal

This bill would increase the annual aggregate credit cap for the MPPTC by \$2 million from \$6.5 million to \$8.5 million for Fiscal Years 2026 through 2030.

This bill also extends the sunset date for the MPPTC from January 1, 2027, to January 1, 2031.

If enacted during the regular session of the 2026 General Assembly, the remaining provisions of the bill would become effective July 1, 2026.

cc : Secretary of Finance

Date: 01/20/2026 RJ  
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