

DEPARTMENT OF TAXATION

2026 Fiscal Impact Statement

1. Patron Todd E. Pillion

3. Committee Senate Finance and Appropriations

4. Title Income: Motion Picture Production Tax Credit; Sales and Use Tax: Media-Related Exemption

2. Bill Number SB 612

House of Origin:

Introduced

Substitute

Engrossed

Second House:

In Committee

Substitute

Enrolled

5. Summary/Purpose:

This bill would extend the sunset date of the Motion Picture Production Tax Credit (“MPPTC”) from January 1, 2027 to January 1, 2032.

This bill would also extend the sunset date of the Media-Related Sales and Use Tax Exemption from July 1, 2027 to July 1, 2032.

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: No.

7. No Fiscal Impact: Preliminary. (See Line 8.)

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

Because the extension of the sunset date for the MPPTC and Media-Related Sales and Use Tax Exemption is assumed in the official General Fund revenue forecast, these provisions would have no impact on General Fund revenue.

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.

Media-Related Sales and Use Tax Exemption

Beginning July 1, 1995 and ending July 1, 2027, Virginia exempts the equipment, parts and accessories used in the production of audiovisual works, as well as

- The lease, rental, license, sale, other transfer, or use of any audio or video tape, film or audiovisual work for the purpose of using or incorporation into an audiovisual work;
- The provision of production services or fabrication in connection with an audiovisual work; or
- The transfer or use of tangible personal property incident to the performance of such services or fabrication.

Sunset Dates for Income Tax Credits and Sales Tax Exemptions

Section 3-5.12 of the Appropriation Act provides that the General Assembly may not advance the sunset date for any existing income tax credit or sales tax exemption beyond June 30, 2030. This does not apply to the Motion Picture Production Tax Credit.

Proposal

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

Similar Bills

HB 400 and **SB 828** would extend the sunset date of the MPPTC to January 1, 2031 and increase the aggregate cap on the MPPTC from \$6.5 million to \$8.5 million beginning in Fiscal Year 2026.

cc : Secretary of Finance

Date: 01/26/2026 RJ
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