



OFFICE OF MANAGEMENT & BUDGET


State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300

MEMORANDUM

To: The Honorable Marvin L. Abney, Chairman, House Finance Committee
The Honorable Louis P. DiPalma, Chairman, Senate Finance Committee

From: Joseph Codega Jr., Budget Officer 

Date: May 28, 2025

Subject: Amendments to the FY 2026 Appropriations Act (25-H-5076)

Governor's Budget Amendment #27

The Governor requests amendments to the FY 2026 Appropriations Act within Article 5, Relating to Taxes and Fees. The provisions and policy goals underlying these amendments are set forth below, with associated legislative changes and/or additions detailed in the subsequent technical section.

- **Motion Picture Tax Credit Adjustment.** This amendment alters the tax credit caps for tax years 2022 and 2023, aligning the tax credit caps with actual usage. While the aggregate available Motion Picture Tax Credits across tax years 2022, 2023, and 2024 remain unchanged from current law at \$110.0 million, adjusting the tax credit cap for 2022 is estimated to result in a \$3.2 million reduction in general revenue relative to the May 2025 Revenue Estimating Conference.

If you have any questions regarding these amendments, please feel free to call me or my staff at 222-6300.

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor
Brian Daniels, Director, Office of Management and Budget
Jonathan Womer, Director of Administration

25-H-5076: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2026

Article 5 – Relating to Taxes and Fees

New Section 12. Insert new Section 12 on page 147, after line 15, and renumber all subsequent sections accordingly.

SECTION 12. Section 44-31.2-5 of the General Laws in Chapter 44-31.2 entitled “Motion Picture Production Tax Credits” is hereby amended to read as follows:

44-31.2-5. Motion picture production company tax credit.

(a) A motion picture production company shall be allowed a credit to be computed as provided in this chapter against a tax imposed by chapters 11, 14, 17, and 30 of this title. The amount of the credit shall be thirty percent (30%) of the state-certified production costs incurred directly attributable to activity within the state, provided:

(1) That the primary locations are within the state of Rhode Island and the total production budget as defined herein is a minimum of one hundred thousand dollars (\$100,000); or

(2) The motion picture production incurs and pays a minimum of ten million dollars (\$10,000,000) in state-certified production costs within a twelve-month (12) period.

The credit shall be earned in the taxable year in which production in Rhode Island is completed, as determined by the film office in final certification pursuant to § 44-31.2-6(c).

(b) For the purposes of this section: “total production budget” means and includes the motion picture production company’s pre-production, production, and post-production costs incurred for the production activities of the motion picture production company in Rhode Island in connection with the production of a state-certified production. The budget shall not include costs associated with the promotion or marketing of the film, video, or television product.

(c) Notwithstanding subsection (a) of this section, the credit shall not exceed seven million dollars (\$7,000,000) and shall be allowed against the tax for the taxable period in which the credit is earned and can be carried forward for not more than three (3) succeeding tax years. Pursuant to rules promulgated by the tax administrator, the administrator may issue a waiver of the seven million dollars (\$7,000,000) tax

credit cap for any feature-length film or television series up to the remaining funds available pursuant to section (e) of this section.

(d) Credits allowed to a motion picture production company, which is a subchapter S corporation, partnership, or a limited liability company that is taxed as a partnership, shall be passed through respectively to persons designated as partners, members, or owners on a pro rata basis or pursuant to an executed agreement among such persons designated as subchapter S corporation shareholders, partners, or members documenting an alternate distribution method without regard to their sharing of other tax or economic attributes of such entity.

(e) No more than fifteen million dollars (\$15,000,000) in total may be issued for any tax year beginning after December 31, 2007, for motion picture tax credits pursuant to this chapter and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title. After December 31, 2019, no more than twenty million dollars (\$20,000,000) in total may be issued for any tax year for motion picture tax credits pursuant to this chapter and/or musical and theater production tax credits pursuant to chapter 31.3 of this title. Said credits shall be equally available to motion picture productions and musical and theatrical productions. No specific amount shall be set aside for either type of production.

(f) Exclusively for tax year 2022 and tax year 2023, the total amount of motion picture tax credits issued pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title shall not exceed ~~thirty million dollars (\$30,000,000)~~ thirty-five million dollars (\$35,000,000).

(g) Exclusively for ~~tax year 2023 and~~ tax year 2024, the total amount of motion picture tax credits issued pursuant to this section and/or musical and theatrical production tax credits pursuant to chapter 31.3 of this title shall not exceed forty million dollars (\$40,000,000).