

Governor's FY 2026 Budget: Articles

Staff Presentation to the House Finance
Committee
June 4, 2025

Introduction

- Governor has requested 27 amendments
 - All posted on Assembly and OMB websites
 - Some technical in nature
- Several related to programs covered in prior article and department hearings
 - Material revisions to those proposals
- Multiple hearings on GBAs
 - April 23: 6-10, 14 & 15
 - May 7: 11-13 & 16-18
 - May 27: 21-23
 - May 29: 26

Summary

Topic		
Motion Picture and Theatrical Production Tax Credits	GBA #27	H 5076 Article 5

Motion Picture & Theatrical Production Tax Credits

- Film tax is 30% credit for certified production costs
 - Directly attributable to activity within RI
 - Primary filming locations within RI
 - Minimum production budgets of \$100,000
 - \$7.0 million cap per production
 - Can be waived
- Sunsets on July 1, 2029

Motion Picture & Theatrical Production Tax Credits

- Current annual cap of \$20 million
 - Assembly has occasionally raised cap
 - Cap applies to year production is completed

Tax Year	Annual Credit Cap
2008 – 2019	\$15,000,000
2020 – 2021	\$20,000,000
2022	\$30,000,000
2023 – 2024	\$40,000,000
2025	\$20,000,000

Motion Picture & Theatrical Production Tax Credits

- Separate Musical and Theatrical Production Tax Credit issued under the same cap
 - Accredited theater productions eligible for tax credits up to 25% of the total production, performance, and transportation expenses up to \$5.0 million
 - Subject to the same \$100,000 production threshold

Motion Picture & Theatrical Production Tax Credits

Assembly	Changes
2005	Motion Picture Tax Credit established
2012	Minimum eligibility reduced to \$100,000; \$5M per project cap; Theatrical Production Tax Credit established
2018	30% of eligible costs made redeemable
2019	Annual cap increased from \$15M to \$20M
2021	Annual cap of \$30M for CY 2022 only
2022	Annual cap of \$40M for CY 2023 & 2024 only
2024	Reduced expense certification requirements & noncompliance penalties

Motion Picture & Theatrical Production Tax Credits

- GBA #27 changes tax credit caps for tax years 2022 and 2023
 - To align caps with actual usage
 - Did not occur as planned
 - Aggregate credits available for tax years 2022, 2023, & 2024 would not change
 - \$110 million
 - Increases tax year 2022 by \$5M to \$35M
 - Decreases tax year 2023 by \$5M to \$35M
 - Reduces FY 2026 revenue by \$3.2 million

RI Film & Television Office

- Promotes film and television productions within the state
- Reviews applications for Motion Picture & Theatrical Production tax credits
 - Issues final certification based on determination of completion date
 - “The credit shall be earned in the taxable year in which production in Rhode Island is completed, as determined by the film office....”
- Governor: \$0.5 million to support 3.0 FTE

Motion Picture & Theatrical Production Tax Credits

Production submits initial application

Film Office issues notice of initial certification to Taxation



Completed production requests a cert of good standing from Taxation

Production submits application for final certification to Film Office



Film Office reviews and issues final certification

W/in 90 days of final application, Taxation completes audit and issues a certification of approved costs



Tax credits are earned in the taxable year in which the production is completed

Motion Picture & Theatrical Production Tax Credits

- Tax credit certificates are issued as the production company requests them
 - Final application must be filed within 3 years of the completion of production activities

Projects Done in 2022	Year Step Completed				
Steps and Projects	2022	2023	2024	2025	Total
Final Docs to Taxation	3	1	3	-	7
Film Office final cert issued	2	2	3	-	7
Audit completed	3	1	3	-	7
Certificate issued	2	2	-	3	7

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