

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 Enrolled - Revised

Senate Bill 440

(Senator Guzzone, *et al.*)

Budget and Taxation

Ways and Means

Income Tax - Theatrical Production Tax Credit - Alterations and Sunset
 Extension

This bill extends the theatrical production tax credit for an additional five years, through tax year 2031, and caps the aggregate amount of unissued credit that may be carried forward and issued in a subsequent year to \$20.0 million. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: No effect in FY 2027. Based on recent program activity, general fund revenues may decrease by about \$0.5 million annually in FY 2028 through 2032 due to credits claimed against the personal income tax. To the extent credits are claimed against the corporate income tax, Higher Education Investment Fund (HEIF) revenues and Transportation Trust Fund (TTF) revenues and expenditures also decrease (not shown below). Expenditures are otherwise not affected.

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF Revenue	\$0	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)
Expenditure	0	0	0	0	0
Net Effect	\$0.0	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local highway user revenues decrease to the extent credits are claimed against the corporate income tax. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Current Law: Chapters 258 and 259 of 2022 established a refundable State income tax credit for up to 25% of qualifying direct costs incurred by a qualified theatrical production entity for theatrical production activities in the State. “Theatrical production” means a for-profit, national touring or pre-Broadway live stage theatrical production. The credit is available for tax years 2022 through 2026 only. The Department of Commerce administers the tax credit application, approval, and certification process and may approve up to \$5.0 million in credits per fiscal year. Any unused amount may be issued in a subsequent year. Commerce may not approve credits totaling more than \$2.0 million in aggregate for a single theatrical production.

State Revenues: As discussed above, the bill extends the theatrical production tax credit through tax year 2031 and caps the aggregate amount of unissued credit that may be carried forward. Absent the bill, the program terminates after tax year 2026. To date, Commerce has awarded a little over \$1.0 million in theatrical production tax credits in total for fiscal 2024 and 2025. No credits were awarded for fiscal 2023.

Based on recent program history, general fund revenues may decrease by about \$0.5 million annually in fiscal 2028 through 2032 due to credits claimed against the personal income tax. To the extent credits are claimed against the corporate income tax, HEIF and TTF revenues are also affected. Actual State revenue losses under the bill may exceed this estimate to the extent demand for the tax credit increases above historic levels, subject to the existing limitations on aggregate tax credit awards as modified by the bill.

State Expenditures: TTF expenditures for local highway user revenue grants may decrease in any of fiscal 2028 through 2032 to the extent credits are claimed against the corporate income tax.

Local Revenues: Local highway user revenues may decrease in any of fiscal 2028 through 2032 to the extent credits are claimed against the corporate income tax.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 472 (Delegate Feldmark, *et al.*) - Ways and Means.

Information Source(s): Department of Commerce; Comptroller’s Office; Department of Legislative Services

Fiscal Note History:
jg/jrb

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Third Reader - March 17, 2026

Revised - Clarification - March 17, 2026

Enrolled - April 9, 2026

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