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**SB 536**

February 16, 2022

**TO:** Members of the Budget & Taxation Committee

**FROM:** Natasha Mehu, Director, Office of Government Relations

**RE:** Senate Bill 536 – Income Tax – Film Production Activity Tax Credit – Digital Animation Projects

**POSITION: Support**

Chair Guzzone, Vice Chair Rosapepe, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 516.

SB 516 expands eligibility for the Film Production Activity Tax Credit to include digital animation projects. The Film Production Activity Tax Credit offers a credit against State income tax for entities engaged in the production of feature films, television projects, commercials, corporate films, and music videos; the changes to the law will add digital animation projects to the list of eligible productions. A digital animation project entails the “creation, development, and production of computer-generated animation content” for public exhibition or distribution.

By making digital animation projects eligible for this program, the State will encourage the production of these projects in Maryland. This side of the film industry creates a large number of well-paying positions. The Bureau of Labor Statistics projects faster than average growth in this sector over the next decade.<sup>1</sup> Maryland residents and graduates of Maryland’s institutions of higher education can fill these jobs. By operating here, digital animation businesses will create opportunities for Marylanders while enriching the State’s communities and culture.

We respectfully request a **favorable** report on Senate Bill 536.

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<sup>1</sup> N.A. (28 Jan. 2022). “Occupational Outlook Handbook: Special Effects Artists and Animators.” *Bureau of Labor Statistics*. Accessed 3 Feb. 2022 from <https://www.bls.gov/ooh/arts-and-design/multimedia-artists-and-animators.htm>.