



**151st GENERAL ASSEMBLY
FISCAL NOTE**

BILL:	HOUSE BILL NO. 465
SPONSOR:	Representative Longhurst
DESCRIPTION:	AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO THE DELAWARE ENTERTAINMENT JOB ACT.

Assumptions:

1. This Act is effective upon signature by the Governor. The provisions of this Act take effect January 1, 2023.
2. This Act establishes a Delaware Production Tax Credit. A qualified company is entitled to a credit equal to 30% of qualified expenditures for qualified activities where:
 - a. "Qualified activities" include the creation of media projects and the creation of digital interactive entertainment.
 - b. "Qualified company" means a company primarily engaged in or created to engage in qualified activities, which is either incorporated in Delaware or doing business in Delaware.
 - c. "Qualified expenditures" means preproduction, production, and postproduction expenditures incurred in the State that are directly used in a qualified production activity or a qualified digital entertainment activity.
3. A qualified company must demonstrate that expenditures resulting from qualified activities exceed \$500,000 during the course of a tax year to be eligible for a credit.
4. The credit established by this Act may be applied against personal income tax, corporation income tax or bank franchise tax liabilities.
5. Fiscal year costs shown reflect the maximum amount of credits that could be claimed under this Act. The credits may be transferred, sold or assigned to another entity and unused credits may be carried forward for ten years. Therefore, the revenue loss for any one year is not estimable.
6. This Act also establishes the Delaware Film, Television and Digital Entertainment Office within the Department of Finance. The Office is charged with the administration of the tax credit program.
7. The Fiscal Year 2023 costs associated with administration are estimated at \$328,461 as follows:
 - a. Recurring Costs – \$253,461
 - i. \$178,961 in Personnel Costs (various months of funding), including OECs, for 1.0 FTE, Director; 1.0 FTE, General Economic Development; and 1.0 FTE, Auditor I.
 - ii. \$74,500 in ongoing operating costs (lease, copier, travel, capital outlay, misc.).
 - b. One-Time Costs – \$75,000
 - i. \$75,000 estimated for computer and technology equipment, office furniture, and other startup costs.
 - c. All Fiscal Year 2023 personnel and operating costs have been estimated for 6-9 months of funding, with the annualization of the remaining months incorporated into subsequent year estimates.

Cost:

	Maximum Revenue Loss	Ongoing Costs
Fiscal Year 2023	\$25.0 million	\$328,461
Fiscal Year 2024	\$25.0 million	\$453,765
Fiscal Year 2025	\$25.0 million	\$453,765