153rd GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 237**
SPONSOR:	**Representative Michael Smith**
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 July 1, 2026.

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. The maximum amount of credit awarded may not exceed $25 million in any fiscal year.
5. Credits may be transferred, sold or assigned to another entity and unused credits may be carried forward for ten years. Because the credits are awarded only after qualified activities are completed and audited, it is assumed that any General Fund revenue loss due to claiming awarded tax credits would not occur until Fiscal Year 2028.
6. This Act charges the Delaware Motion Picture and Television Development Commission, in cooperation with the Department of Finance with the administration of the tax credit program. The Fiscal Year 2027 costs associated with administration are estimated at $338,514 as follows:
   a. Recurring Costs – $283,514
      i. $225,014 in Personnel Costs (various months of funding), including OECs, for 1.0 FTE, Director; 1.0 FTE, General Economic Development; and 1.0 FTE, Tax Auditor III.
      ii. $58,500 in ongoing operating costs (lease, copier, travel, capital outlay, misc.).
   b. One-Time Costs – $55,000
      i. $55,000 estimated for computer and technology equipment, office furniture, and other startup costs.
   c. All Fiscal Year 2027 personnel and operating costs have been estimated for 3-9 months of funding, with the annualization of the remaining months incorporated into subsequent year estimates.
7. The above costs assume that the required audit submitted by the awardee upon completion of the production satisfies the audit requirements of the Department of Finance per the proposed §1808A.

Cost:

	Maximum Revenue Loss	Ongoing	One-time
Fiscal Year 2027:	-	$338,514	$55,000
Fiscal Year 2028:	$25.0 million	$487,578	-
Fiscal Year 2029:	$25.0 million	$493,253	-

Prepared by Robert Scoglietti
Office of the Controller General