

Recommendations: Film, Media, and Tourism Incentives

JLARC staff typically make recommendations to address findings during reviews. Staff also sometimes propose policy options rather than recommendations. The three most common reasons staff propose policy options rather than recommendations are: (1) the action proposed is a policy judgment best made by the General Assembly or other elected officials, (2) the evidence indicates that addressing a report finding is not necessarily required, but doing so could be beneficial, or (3) there are multiple ways in which a report finding could be addressed and there is insufficient evidence of a single best way to address the finding.

Recommendations

RECOMMENDATION 1

The General Assembly may wish to consider amending § 58.1-439.12:03 of the Code of Virginia to provide an additional 5 percent Motion Picture Production Tax Credit for the second and subsequent seasons of multi-season television productions that commit to filming in the Commonwealth.

RECOMMENDATION 2

The General Assembly may wish to consider amending § 58.1-439.12:03 of the Code of Virginia to adopt a formal allocation method for awarding Motion Picture Production Tax Credits and to target tax credits to productions that utilize Virginia's unique history and landscapes.

RECOMMENDATION 3

The Virginia Tourism Corporation (VTC), in coordination with the Department of Taxation and the Office of the Comptroller at the Department of Accounts, should review the quarterly tax remittance process of the Tourism Development Financing Program to identify potential opportunities to improve clarity, guidance, and administrative efficiency and report the findings and any recommended improvements that require legislative action to the chairs of the House Finance and Appropriations committees and Senate Finance and Appropriations Committee by November 1, 2027.

RECOMMENDATION 4

The Virginia Tourism Corporation should assess employment and capital investment goal attainment for each project five years after Tourism Development Financing Program awards are made and provide this information in a public report on its website.

RECOMMENDATION 5

The General Assembly may wish to consider amending Article 10 of Chapter 38 of Title 58.1 of the Code of Virginia to require that projects supported through the Tourism Development Financing Program demonstrate that they will meet a minimum percentage of out-of-state visitation.

RECOMMENDATION 6

The Virginia Tourism Corporation, with assistance from the Virginia Economic Development Partnership, should evaluate whether the Tourism Development Financing Program's statutory tiers established in Article 10 of Chapter 38 of Title 58.1 of the Code of Virginia should be based on factors such as return on investment rather than solely project size and report the findings and any recommended amendments to Article 10 to the House Finance and Appropriations committees and Senate Finance and Appropriations Committee by November 1, 2027.

RECOMMENDATION 7

If the General Assembly decides to maintain the Governor's New Airline Service Incentive Fund, the Department of Aviation (DOAV) should develop a streamlined approval process that aligns documentation requirements with award size and gives DOAV authority to approve smaller awards.

RECOMMENDATION 8

If the General Assembly decides to maintain the Governor's New Airline Service Incentive Fund, the Department of Aviation should (i) coordinate with the secretaries of transportation, commerce and trade, and finance, to revise the criteria for awarding grants from the Governor's New Airline Service Incentive Fund to emphasize measurable and meaningful criteria, such as demonstrated passenger leakage to other airports, quantified demand forecasts, alignment with state economic development priorities, and anticipated economic impacts, and (ii) clarify the specific documentary evidence that must be submitted through the application process.

RECOMMENDATION 9

The Joint Subcommittee to Evaluate Tax Preferences may wish to consider conducting a comprehensive review of the media provider equipment exemption to (i) assess whether the exemption advances state policy goals and (ii) evaluate potential changes to the broadband equipment portion of the exemption, including whether it should be separated from the traditional communication portion, targeted to underserved areas, and changed to a tax credit.

RECOMMENDATION 10

The Virginia Department of Taxation should develop a more accurate and updated estimate of business tax savings from the media provider equipment exemption.

RECOMMENDATION 11

The General Assembly may wish to consider amending § 58.1-609.6(2) of the Code of Virginia to establish an expiration date for the media provider equipment sales and use tax exemption.

Policy Options to Consider

POLICY OPTION 1

The General Assembly could consider eliminating the Governor's New Airline Service Incentive Fund.

POLICY OPTION 2

If the General Assembly decides to maintain the Governor's New Airline Service Incentive Fund, the General Assembly could consider amending § 2.2-2320.1 of the Code of Virginia to allow the Governor's New Airline Service Incentive Fund to be used to support, in addition to new routes, service retention, increased route frequency, higher capacity aircraft, and the transition from seasonal to year-round service, when justified by market analysis and subject to measurable performance benchmarks.
