

## CREDITS

## FILM TAX INCENTIVE EXPERTS AND PLACEMENT SPECIALISTS

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November 8, 2010

Andrew Tanzer, Assistant Counsel  
Office of Chief Counsel, Department of Community and Economic Development  
Commonwealth Keystone Building, 4th Floor  
400 North Street  
Harrisburg, PA 17120

Jane Saul, Executive Director  
Pennsylvania Film Office  
Commonwealth Keystone Building, 4th Floor  
400 North Street  
Harrisburg, PA 17120

Via Facsimile: (717) 787-0687

Re: Proposed Rulemaking 12 PA.CODE CH. 36, Film Tax Credit, 40 Pa.B. 5816 (Saturday, October 9, 2010)

Dear Andrew and Jane,

We have reviewed the proposed rulemaking regarding addition of chapter 36, and offer the following comments regarding use and transfer of the film tax credits:

1. Section 36.8 Use and Transfer of Credits.

- (a) "...The tax credit cannot be applied against the liability until the return for the year has been filed." We suggest that the production company be current on its filings and have no outstanding liability to the state prior to selling its credit. To require the production company to file a return for the year in which the credit is awarded puts an unnecessary burden on the taxpayer, and subjects the sale of their credit to unnecessary delay. For example, if the production company is on a calendar year, and receives an award in January, it must then wait until it files a return for that year, presumably 20 months later, before it can sell a credit.

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Andrew Tanzer and Jane Saul  
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2. (b) 1. **Carryforward.** We suggest that the purchaser of the tax credits be given the same rights as the production company and also be allowed to carry unused credits forward for three years, or in the alternative, at least one year.
3. (c) **Tax returns.** For the reasons set forth above, we suggest that the taxpayer/production company be current on its filing and have no outstanding liability to the state prior to selling its credits.
4. (f) **Limits.** In the interest of fairness and parity among the various credits offered by the Commonwealth, the limitation on the use of the film tax credit should be increased to 75%. (like the Research and Development tax credits) Further, banks and insurance companies should be able to offset bank shares and premiums taxes, respectively, with Film Tax Credits, again in parity with KIZ, KOZ and REAP credits. These suggestions are "revenue neutral".

We are available at any time to discuss. Thank you for the opportunity to comment.

Very Truly Yours,



Christine Peluso  
Principal



**COMMONWEALTH OF PENNSYLVANIA  
GOVERNOR'S OFFICE OF GENERAL COUNSEL**

November 9, 2010

Honorable Chris Ross, Minority Chair  
Urban Affairs Committee  
Pennsylvania House of Representatives  
110 Ryan Office Building  
Harrisburg, PA 17120

Dear Representative Ross:

Pursuant to Section 745.5(c) of the Regulatory Review Act, enclosed for your review are comments received from Tax Credits, LLC on proposed regulation #4-92, the Film Production Tax Credit regulation, which would amend Chapter 36 of Title 12 of the Pennsylvania Code.

Concurrently with delivery of the comments to you, the comments have also been submitted to the Independent Regulatory Review Commission for its review in accordance with the Regulatory Review Act.

Sincerely,

A handwritten signature in black ink that reads "Andrew Tanzer".

Andrew Tanzer  
Assistant Counsel

Enclosures

cc: Bryce Maretzki, Legislative Liaison  
✓ Arthur Coccodrilli, IRRC





**COMMONWEALTH OF PENNSYLVANIA  
GOVERNOR'S OFFICE OF GENERAL COUNSEL**

November 9, 2010

Honorable Thomas W. Curtis, Chair  
Urban Affairs Committee  
Pennsylvania House of Representatives  
301 Irvis Office Building  
Harrisburg, PA 17120

Dear Representative Curtis:

Pursuant to Section 745.5(c) of the Regulatory Review Act, enclosed for your review are comments received from Tax Credits, LLC on proposed regulation #4-92, the Film Production Tax Credit regulation, which would amend Chapter 36 of Title 12 of the Pennsylvania Code.

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Sincerely,

Andrew Tanzer  
Assistant Counsel

Enclosures

cc: Bryce Maretzki, Legislative Liaison  
✓ Arthur Coccodrilli, IRRC





**COMMONWEALTH OF PENNSYLVANIA  
GOVERNOR'S OFFICE OF GENERAL COUNSEL**

November 9, 2010

Honorable Wayne D. Fontana, Minority Chair  
Community, Economic and Recreational Development Committee  
Senate of Pennsylvania  
Room 15 East Wing  
Harrisburg, PA 17120

Dear Senator Fontana:

Pursuant to Section 745.5(c) of the Regulatory Review Act, enclosed for your review are comments received from Tax Credits, LLC on proposed regulation #4-92, the Film Production Tax Credit regulation, which would amend Chapter 36 of Title 12 of the Pennsylvania Code.

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Andrew Tanzer  
Assistant Counsel

Enclosures

cc: Bryce Maretzki, Legislative Liaison  
✓ Arthur Coccodrilli, IRRC





**COMMONWEALTH OF PENNSYLVANIA  
GOVERNOR'S OFFICE OF GENERAL COUNSEL**

November 9, 2010

Honorable Jane M. Earll, Chair  
Community, Economic and Recreational Development Committee  
Senate of Pennsylvania  
Room 177 Main Capitol Building  
Harrisburg, PA 17120

Dear Senator Earll:

Pursuant to Section 745.5(c) of the Regulatory Review Act, enclosed for your review are comments received from Tax Credits, LLC on proposed regulation #4-92, the Film Production Tax Credit regulation, which would amend Chapter 36 of Title 12 of the Pennsylvania Code.

Concurrently with delivery of the comments to you, the comments have also been submitted to the Independent Regulatory Review Commission for its review in accordance with the Regulatory Review Act.

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Andrew Tanzer  
Assistant Counsel

Enclosures

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✓ Arthur Coccodrilli, IRRC

