

**Testimony of the
International Union of Operating Engineers Local 478
before the
Commerce Committee on
SB 249
March 3, 2009**

The Operating Engineers Local 478 is testify in favor of SB 249, An Act Concerning the Film Production Tax Credit. We fell that the jobs provided by the film industries presence in Connecticut are vital to Connecticut residents during these times, and the jobs and property and income taxes that the industry creates provide needed stimulus to the Connecticut economy.

As a result of this tax credit more than a dozen companies are actively discussing relocating to or expanding in Connecticut, representing upwards of 9300 jobs. The industry has already created more than 500 permanent jobs in the state. Newly announced construction projects around the state will create more than one thousand new union construction jobs in Connecticut to shore up an industry devastated by the current recession. In the Hartford-Windsor area alone this construction should result in over \$100 million dollars in real property investment, over \$20 million dollars in taxable machinery and equipment, over 500 union construction jobs with pensions and health benefits and over 100 permanent studio jobs. The benefits from this investment is not a transitory one either. The facilities and equipment will keep paying property taxes for decades, and the income taxes from the people working the construction and permanent jobs will help boost the states bottom line for years to come also.

A study done by Ernst and Young shows that New Mexico receives \$1.50 in taxes for every dollar they spend on tax credits, and Massachusetts reports the cost of their program is a nickel for every dollar of new economic activity. These figures show that properly configured tax credit programs deliver real tax growth through increased economic activity.

We have witnessed the decline of the financial services industry in the state, the manufacturing sector is outsourcing jobs daily, newspapers and print media are closing and laying off workers. It seems to be a given that Connecticut must seek to diversify their job base by attracting other types of industry to the state. One of the few bright spots has been the growth of the film and digital media sector in the state. This is due in large part to the film tax credit championed by this Legislature. Since the tax credit came into being the amount of film, tv and digital media dollars flowing into the state has increased from \$700 thousand to \$600 million, according the Connecticut Film Center. . Connecticut can claim few such instances of good economic news recently.

The Operating Engineers support the tax credit because of results like we list above. The film industry creates good jobs also, jobs that pay well and have health and retirement benefits, not the McJobs that are often passed off as economic growth in these times. Local 478 understands the Film Production Tax Credit has to be reformed and that it can be made more effective to better serve the people of Connecticut. We must follow the lead of other States though, like New Mexico and New York where they modified their programs to encourage permanent bricks and mortar & job creation. They have carefully amended their laws to keep the industry in their states, and as a result have seen a positive return on public investment. We ask you to modify the Film Production Tax Credit in a manner that will positively affect the hundreds of people that are already working because of it, and the thousands of more that can be put to work if it is modified correctly. Do not be penny wise and pound foolish, amend the law, don't cap it.