



Joan McDonald  
Commissioner



State of Connecticut  
Department of Economic and  
Community Development

**TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE**  
**February 25, 2010**

*Joan McDonald, Commissioner*  
*Department of Economic and Community Development*

**SB 176 AN ACT CONCERNING THE FILM TAX CREDIT**

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The Department of Economic and Community Development (DECD) offers the following concerns regarding SB 176 *An Act Concerning Film Tax Credits*.

Senate Bill 176 recommends amendments to the film production tax credit program that would unrealistically constrain eligibility to only those productions that film fifty percent of their production on a sound stage as opposed to on-location, and replaces the current incentive program that utilizes tax credits with a rebate system.

It is important for the committee to know that the majority of film productions are not filmed on a sound stage but rather on-location. Currently, Connecticut has no back lots, which automatically means that any exterior shots by definition can not be filmed on a stage. Production companies are able to reduce overhead costs by not having to actually recreate everything that is seen on camera, but rather utilize pre-existing sites and structures; (i.e. filming a bedroom as a bedroom, café as a café, a church as a church, etc.).

Discontinuing the film production tax credit program and installing a rebate in its place could potentially add an undue financial burden to the state. Currently, tax credits are issued to companies and they have three years to either utilize the credits or sell the credits, or they expire. If the state switches to a rebate system, once the State Treasurer issues a check to a company, the money is gone. The way the program's incentives are currently structured the entire value of the tax credits issued may not necessarily be transferred and ultimately claimed by an eligible Connecticut taxpaying entity, thus saving the state.

In closing, while DECD believes that this bill may have been well intentioned, its consequences could be just the opposite, costing the state millions of dollars in actual tax rebate checks. We would welcome the opportunity to assist the Commerce committee in any way possible if this bill should move forward.

Thank you for your time and consideration of the department's comments.