



MOTION PICTURE ASSOCIATION OF AMERICA, INC.
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TESTIMONY OF
ANGELA MIELE
VICE PRESIDENT, STATE TAX POLICY

BEFORE THE
FINANCE, REVENUE AND BONDING COMMITTEE

SB 843 AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE
GOVERNOR'S BUDGET

MARCH 4, 2013

THANK YOU FOR THE OPPORTUNITY TO DISCUSS GOVERNOR MALLOY'S BILL 843. MY NAME IS ANGELA MIELE, AND I AM THE VICE PRESIDENT FOR STATE TAX POLICY AT THE MOTION PICTURE ASSOCIATION OF AMERICA (MPAA). AS YOU MAY KNOW, THE MPAA MEMBER COMPANIES ARE THE NATION'S LEADING PRODUCERS AND DISTRIBUTORS OF MOTION PICTURES AND TV PROGRAMS, INCLUDING CBS (AFFILIATE MEMBER), DISNEY, FOX, SONY, PARAMOUNT, NBC UNIVERSAL AND WARNER BROS.

FIRST, WE ARE THANKFUL FOR THE STATE'S SUCCESSFUL FILM AND TELEVISION PRODUCTION TAX CREDIT PROGRAM AND WE LOOK FORWARD TO WORKING WITH YOU AND THE ADMINISTRATION TO ADDRESS ANY CONCERNS AND PROPOSED CHANGES WHILE MAINTAINING THE PROGRAM'S COMPETITIVENESS. THE PRODUCTION TAX CREDIT PROGRAM HAS ATTRACTED A SIGNIFICANT NUMBER OF MAJOR MOTION PICTURE AND TELEVISION PROJECTS SINCE ITS INCEPTION LIKE THE FILMS RISING STAR, HALLOWEEN II, WE THE PEEPLES AND "THE BIG C," TBS'S SHOW "ARE WE THERE YET" AS WELL AS SEVERAL TALK SHOWS.

THE STATE SHOULD CELEBRATE AS THIS PROGRAM'S SUCCESS HAS RESULTED IN MPAA MEMBERS PAYING MORE THAN \$82 MILLION TO 1,680 CONNECTICUT VENDORS ACROSS THE STATE IN 2010, INCLUDING LODGING, REAL ESTATE, CATERING AND ENGINEERING COMPANIES. SINCE 2007, MPAA COMPANIES HAVE PAID AN AVERAGE OF \$65.8 MILLION PER YEAR TO VENDORS IN CONNECTICUT. THE STATE CREATED MORE THAN 20,000 DIRECT AND INDIRECT JOBS IN 2010. THE JOBS, NOT ONLY IN THE ENTERTAINMENT INDUSTRY DIRECTLY, BUT ALSO NON-PRODUCTION RELATED BUSINESSES...REAL ESTATE, HOTELS/RENTAL CAR AGENCIES, RESTAURANTS AND OTHER BUSINESSES

THE GREATEST FEATURE OF THE TAX CREDIT PROGRAM ALLOWS THE STATE AN IMMEDIATE OPPORTUNITY TO EXPAND LOCAL EMPLOYMENT DURING A DIFFICULT ECONOMY AND THE STATE HAS THE BENEFIT OF CURRENT TIME VALUE OF MONEY... EMPLOY NOW- PAY LATER. BASICALLY, THE STATE ISSUES THE TAX CREDITS FOR THIS PROGRAM WELL INTO THE FUTURE FOR A WEALTH OF INVESTMENT MADE TODAY. WE URGE THE STATE LEGISLATURE TO RESIST ANY AMENDMENTS, WHICH WOULD INCLUDE ANY SIGNIFICANT STRUCTURAL PROGRAMMATIC CHANGES SUCH AS CAPS OR CREDIT REDUCTIONS TO THE PROGRAM AS THESE DIMINUTIONS IN THE INCENTIVE COULD HAVE A CHILLING EFFECT CAUSING PRODUCTION COMPANIES TO BYPASS CONNECTICUT.

ONE IDEA WE SUGGEST FOR CONSIDERATION IS TO HAVE THE PRODUCTION COMPANY TAXPAYER ELECT TO APPLY ALL OR A PORTION OF THE TAX CREDITS TO OBTAIN A REFUND OF OR ASSIGN TO ANOTHER TAXPAYER QUALIFIED SALES AND USE TAXES. THIS WOULD PROVIDE ADDED BENEFIT AND SUSTAINABILITY FOR THE FILM/TV PRODUCTION TAX CREDIT PROGRAM GIVEN THE GOVERNOR'S PROPOSED CAP ON THE MONIES THE CONNECTICUT INSURANCE COMPANIES CAN UTILIZE WHEN THEY BUY THEIR CREDITS FROM MOTION PICTURE AND TELEVISION PRODUCERS.

CONNECTICUT'S FILM TAX CREDIT PROGRAM COUPLED WITH THE STATE'S VIBRANT HUMAN AND GEOGRAPHIC RESOURCES WILL CONTINUE TO BE AN IMPORTANT CATALYST FOR ECONOMIC GROWTH WELL INTO CONNECTICUT'S FUTURE.

IT IS IMPORTANT TO NOTE THE RECENT STATE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT AND OTHER ECONOMIC EVALUATIONS OF PRODUCTION TAX CREDIT PROGRAMS HAVE CONCLUDED A POSITIVE RETURN ON INVESTMENT – RESULTS UNMATCHED BY MANY OTHER ECONOMIC DEVELOPMENT PROGRAMS.

THE MPAA MEMBERS LOOK FORWARD TO THE CONTINUATION OF THE FILM TAX CREDIT PROGRAM IN CONNECTICUT AND WORK WITH YOU TO EXPAND THIS GREAT PARTNERSHIP.

THANK YOU AGAIN FOR THIS OPPORTUNITY.