



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE FINANCE, REVENUE AND BONDING COMMITTEE
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Testimony Opposing House Bill No. 6929

AN ACT CONCERNING THE FILM AND DIGITAL MEDIA PRODUCTION TAX CREDITS

Senator Fonfara, Representative Horn and distinguished members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to offer testimony on House Bill No. 6929, An Act Concerning the Film and Digital Media Production Tax Credits.

This bill proposes to increase the percentage of the Film Production Tax credits that can be claimed against the Sales and Use Tax from 78% to 92% of the value of the credit for credits issued on/after 1/1/2024. Additionally, this bill would require an eligible production company to provide the number of full- and part-time jobs created from the production firm along with the job descriptions of each position and an explanation of what the production firm considers to be job creation. DECD would also be required to include this information in their annual report.

The CREATES Report, published on March 31, 2021 by the Boston Consulting Group, states that the cost per job created under the Film Production Tax Credit program is approximately \$45,000 which is much higher than any other tax credit program offered by the state. The report estimates that the State loses approximately \$0.68 in revenue for every dollar of tax credit provided under this program.

The cost of the program goes up as more eligible activity occurs in the state and the cost is increasing, likely due to the generous 30% credit. Connecticut and Georgia have the most generous programs for digital media. OPM has actively considered capping the amount of the credits at a certain amount or reducing the 30% to some other rate in order to reduce the state's liability in the future.

Since the inception of this tax credit program, the applicability of these credits has been expanded twice in the last six years – once to the Community Antenna TV Tax in the 2017 session (sec. 626 of PA 17-2, JSS), and most recently, to the Sales Tax in the 2021 session (sec. 429 of PA 21-2, JSS).

This is already one of the most expensive tax credit programs in the state – having issued over \$1.2 billion in tax credits between FY 2008 and FY 2022. We have contributed quite a bit to this industry. Raising the credit percentage claimed against the Sales Tax as well is not advisable or desirable.

I respectfully request that the committee oppose this bill. I would like to again thank the committee for the opportunity to present this testimony.