

**Full Evaluation of Tax Expenditures:
Tax Benefits for Media Production Companies**

**Evaluation Parameters Worksheet
Presented to the Government Oversight Committee on June 15, 2022**

Statutory Guidance

Pursuant to Maine Revised Statutes, Title 3, section 999, prior to the beginning of a full tax expenditure evaluation, the GOC is required to approve:

- (1) the purpose, intents or goals of the tax expenditure, as informed by original legislative intent as well as subsequent legislative and policy developments,
- (2) the intended beneficiaries of the tax expenditure,
- (3) the evaluations objectives, and
- (4) performance measures appropriate for analyzing the evaluation objectives.

Evaluation Parameters Subject to Committee Approval

Based on a review of the enabling statute and subsequent legislative developments, OPEGA did not identify a clear statement of legislative intent for the Tax Benefits for Media Production Companies. OPEGA conducted additional research to identify goals that might be appropriate to consider in evaluating this tax credit. For this research, we reviewed: state statute associated Maine State Film Commission, Maine State Film Office, and the certification process for visual media production companies; reports produced by state agencies in other states on film incentives; and public testimony from related bills. From that research, OPEGA identified some possible goals for the GOC to consider as a starting point in worksheet form.

OPEGA notes that at this time it is not clear which data held by the Maine Film Office is considered confidential taxpayer information, which data is held to a different but lesser level of confidentiality, and which data is publicly available. The answer to this question will impact the timeline of OPEGA's review as well as how much information and detail the final report is able to provide in answer to the evaluation questions and metrics the GOC might assign.

Tax Benefits for Media Production Companies – Possible Evaluation Parameters	
Options Identified	GOC Discussion/Decision
<p>Potential Purposes Sources: statute associated with the Maine State Film Commission, Maine State Film Office, and the certification process for visual media production companies; reports produced by state agencies in other states and economists on film incentives; 2014 report on Maine’s incentives by ICA; and public testimony from related bills.</p>	
<p>(1) To increase filming of visual media productions in Maine; (2) To strengthen the State economy; (3) To increase tourism; (4) To increase local spending by out-of-state film crews; (5) To increase State tax revenue; (6) To establish/grow Maine film industry; and (7) To grow jobs in Maine.</p>	
<p>Potential Beneficiaries Source: Derived from the purpose and design</p>	
<p>(1) Directly: film production companies; and (2) Indirectly: a) local Maine businesses b) job seekers c) Maine film industry</p>	
<p>Potential Evaluation Objectives Source: 3 MRSA §999(1)(A)(3) Each objective will be addressed to the degree possible based on its relevance, the level of resources required and the availability of necessary data.</p>	
<p>(a) The fiscal impact of the tax expenditure, including past and estimated future impacts; (b) The extent to which the design of the tax expenditure is effective in accomplishing the tax expenditure's purposes, intent or goals and consistent with best practices;</p>	

<p>(c) The extent to which the tax expenditure is achieving its purposes, intent or goals, taking into consideration the economic context, market conditions and indirect benefits;</p> <p>(d) The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;</p> <p>(e) The extent to which it is likely that the desired behavior might have occurred without the tax expenditure, taking into consideration similar tax expenditures offered by other states;</p> <p>(f) The extent to which the State's administration of the tax expenditure, including enforcement efforts, is efficient and effective;</p> <p>(g) The extent to which there are other state or federal tax expenditures, direct expenditures or other programs that have similar purposes, intent or goals as the tax expenditure, and the extent to which such similar initiatives are coordinated, complementary or duplicative;</p> <p>(h) The extent to which the tax expenditure is a cost-effective use of resources compared to other options for using the same resources or addressing the same purposes, intent or goals; and</p> <p>(i) Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goal.</p>	
<p>Potential Performance Measures Source: Consideration of possible program goals and evaluation objectives.</p>	
<p>(1) \$ Amount of tax credits claimed (in past and future estimates)</p> <p>(2) \$ Impact on State budget (revenue loss and net impact)</p> <p>(3) # Film productions supported by the incentives in Maine over time</p> <p>(4) \$ Film production spend in Maine over time</p> <p>(5) \$ Film production spend in Maine from productions supported by Maine's incentives over time</p> <p>(6) # Film industry jobs in Maine over time (normalized and compared to other states)</p> <p>(7) # Jobs supported by film productions receiving state incentives over time</p> <p>(8) #, location, and types of projects supported by the incentives</p>	