

Government Oversight Committee
Senator Craig Hickman, Chair
Representative Jessica Fay, Chair
c/o Office of Program Evaluation and Government Accountability
82 State House Station
Augusta, ME 04333

Dear Senator Hickman, Representative Fay and esteemed members of the Government Oversight Committee,

I am writing to share information in response to the committee's request and in preparation for your public hearing on Friday, April 14, 2023. Also included is information on spend and usage of the visual media incentive since 2012, presented in a narrative and visual format.

Thank you for the opportunity to offer this information in advance of the public hearing.

Respectfully,

A handwritten signature in blue ink, appearing to read "Steve Lyons". The signature is written in a cursive style with a large initial "S".

Steve Lyons, Director

Maine Office of Tourism

Department of Economic and Community Development

Requests from the committee

- 1. Information about whether or not MAFI1 and MAFI2 forms are publicly available or posted online**

The blank MAFI-1 form is available online for those interested in applying for a visual media incentive: [MFO-Incentives-Application-Form.pdf \(filminmaine.com\)](#)

- 2. The most recent MFO annual report, information on whether that report is available online, and information on how the Taxation Committee has received the reports in the past**

A copy of the 2022 MFO annual report is attached as part of this information packet. Each year, the annual report, and copies, are hand delivered to the taxation committee, except during COVID when they were submitted electronically. Annual reports from 2012 through 2022 on the DECD page for the Maine Film Office ([Maine Film Office | Department of Economic and Community Development](#)), and on [FilmInMaine.com](#), which is maintained by the Director of the Maine Film Office.

- 3. Out-of-state travel expenses for MFO for 2020, 2021, and 2022 [OPEGA notes that the \$86k in out-of-state travel expenses in the report refers to the years 2016 through 2019 as available in FORTIS. We will make that clarification to the Committee];**

Out-of-state travel expenses for fiscal years 2019-2022 are listed here:

FY19: \$19,939.17

FY20: \$4,805.92

FY21: \$0

FY22: \$4,190.47

Total FY19-FY22: \$28,935.56

The total number of out-of-state trips from 2012 to 2022 was 46. Of those trips, 42 were MFO-related travel; 4 were Tourism-related travel, which is part of the MFO Director position's scope of responsibilities. More details on these responsibilities are below, and a job description is part of this information packet. The chart on the following page shows the number and type of trips by year – note that no out-of-state trips were taken in 2012, so the chart begins with 2013.

Year	Film-Related Travel	Tourism-Related Travel
2013	3	0
2014	6	1
2015	6	0
2016	7	0
2017	6	1
2018	5	1
2019	6	0
2020	1	0
2021	0	0
2022	2	1
TOTAL	42	4

This table shows the number and type of out-of-state travel by Maine Film Office staff between 2012-2022 (no out-of-state trips were taken in 2012)

4. Information regarding how temp agencies are specifically involved in Maine’s incentivized productions and in Maine’s film industry generally;

Temp agencies are not involved in Maine’s incentivized productions or in Maine’s film industry generally.

5. Any information the Department may have or can obtain from other states’ film offices about the number of users of other states’ incentives;

While the Maine Film Office does not have information about how many users there are of film incentives in other states, we would like to offer several links that may be of interest to the committee:

[Report on the Impact of Massachusetts Film Industry Tax Incentives through Calendar Year 2017](#)

[Georgia Department of Audits and Accounts Performance Audit Division](#)

[North Carolina Department of Revenue Film Production Tax Credits and Grants Credits Received/Grants for Tax Year Ending in 2021](#)

6. A description of the overall activities of MFO along with a description of office outreach activities

Please note – the MFO Director Job Description is also part of this packet.

The Maine Film Office is within the Office of Tourism at the Department of Economic and Community Development. The Film Office markets Maine as a filming location and is the official liaison between the film industry, state agencies, and production companies.

The Film Office markets Maine as a filming location for all forms of production including feature films, television, digital media, photography and catalog shoots; supports productions by assisting with finding support services and resources within Maine; offers incentives and administers incentive program (*see process narrative, below*); works with communities to prepare them for productions of all types and sizes; and maintains the website, FilmInMaine.com, as a comprehensive resource including an online production guide and a location library.

The Film Office reports to the Director of the Office of Tourism, attends weekly staff meetings with MOT and works with MOT on a project basis in addition to Film Office responsibilities. These projects with MOT sometimes include out-of-state travel. Accordingly, some Film Office out-of-state travel is film-related, and some is tourism-related.

Film-related travel to events is focused on relationship-building with individuals and companies in the industry, which includes speaking about and promoting the visual media incentives available in Maine. These events include scheduled and non-scheduled appointments with industry; workshops led by production executives; and networking opportunities to meet producers and location scouts. They provide an opportunity to present, showcase, and promote Maine and its locations, crews, and support services to the film industry in one place, without traveling to their respective states and countries on separate out-of-state trips.

The Film Office works with Tourism on a variety of projects including:

- Attracting film productions to Maine
- Validating receipts and confirming data for MAFI 2
- Serving on MOT grant review committees
- Featured speaker at the Governor’s Conference on Tourism annual events
- Tourism-related travel events

Tourism-related travel includes out-of-state travel in support of MOT:

- Promoting Maine Film Festivals and the historic and varied theaters in Maine at the “The Taste of Maine” travel event in NYC
- Promoting made in Maine products at the Maine-Made booth at the BIG-E in Springfield, MA – a multi-state fair/exposition event that begins on the second Friday after Labor Day and runs for 17 days.
- Promoting Maine tourism at the Office of Tourism booth at the BIG-E in Springfield, MA

Visual Media Incentive Process

The Visual Media incentive plan is administered by the Maine Film Office and Maine Revenue Services.

A media project that would like to receive incentives must first apply for a Maine Media Production Certificate. To apply for the program, the production company must fill out an application form (the MAFI1 form) and file it with the Maine Film Office. The film office will review the application, and if the production qualifies for the incentive, a Maine Media Production Certificate is issued to the production company. This certificate allows the production company to apply for a reimbursement after production is complete.

When production is complete, the production company must fill out a final production report (the MAFI2) with the Maine Film Office and submit receipts for the production expenses claimed. The Film Office will work with the production to review the receipts for legitimate production expenses and ensure the production spend threshold has been met before sending the production spend portion of the incentive claim to Maine Revenue Service. After the Film Office has reviewed the final production report, there has historically been communication between the Film Office and Maine Revenue Service for the Film Office to communicate that the Film Office has reviewed the report and based on the materials they have reviewed, the minimum spend has been met. The Film Office and Maine Revenue Services have worked closely together on visual media incentive claims over the years.

After the production company is referred to Maine Revenue Services, they may apply for the wage reimbursement benefit and the income tax credit. The production company submits the final production report, along with any additional forms or paperwork required by Maine Revenue Services, directly to Maine Revenue Services for processing.

Upon receipt of an application for the wage reimbursement or income tax credit, Maine Revenue Services will review the production company's application in full to determine if the production company is qualified for the benefits. In the case of the wage reimbursement, the production company will file a form 841-ME with Maine Revenue Services to claim the wage reimbursement. To claim the income tax credit, the production company will complete a visual media production credit worksheet (available on the MRS website) and attach it to its income tax return when it files its return.

As Maine Revenue Services conducts their review process, Revenue Services staff may reach out and work with the Film Office if questions arise to discuss or gather additional information as needed. Maine Revenue Services determines what wage reimbursement or income tax credit the production company will receive.

Summary of Procedures

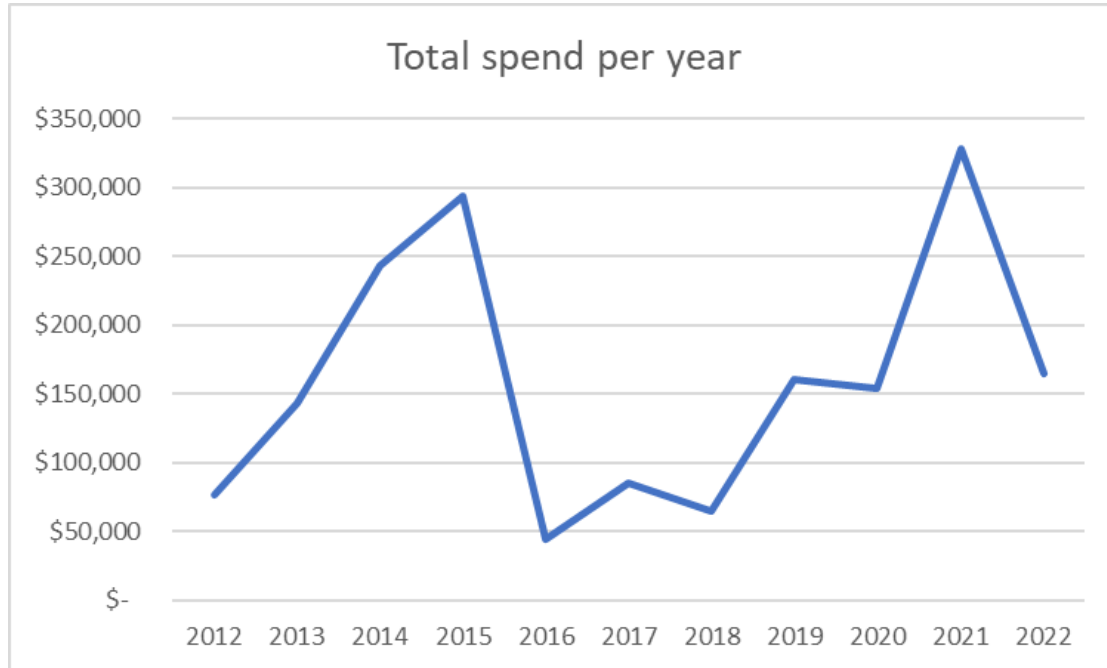
- Production company contacts MFO about incentive program
- MFO answers questions
- Production company is directed to Incentive page of MFO website to complete application.
- Production company complete application and emails to MFO
- MFO reviews application to verify:
 - Production company meets minimum spend
 - All relevant data is completed
 - Form filled out correctly
- MFO creates Certificate
- MFO sends to Commissioner's Office
- Commissioner signs off on it
- MFO emails certificate to production
- Production begins filming
- Upon completion of production, production company contacts MFO for next steps
- MFO sends blank MAFI 2. This is final production report.
- Production completes and returns to MFO
- MFO verifies that production meets minimum \$75k spend
 - If yes, refer to MRS to process wages.
 - If no, MFO notifies production they did not qualify
- MFO requests production receipts
- MFO reviews all receipts to determine if it is a qualifying expense
- MFO emails MRS to let them know the value of qualified receipts
- MFO refers production company to MRS for remainder of process
- MRS does not let MFO know if or when they provide a credit or reimbursement to a production company.

Additional Information: Total Spend of the Visual Media Incentive Program, 2012-2022

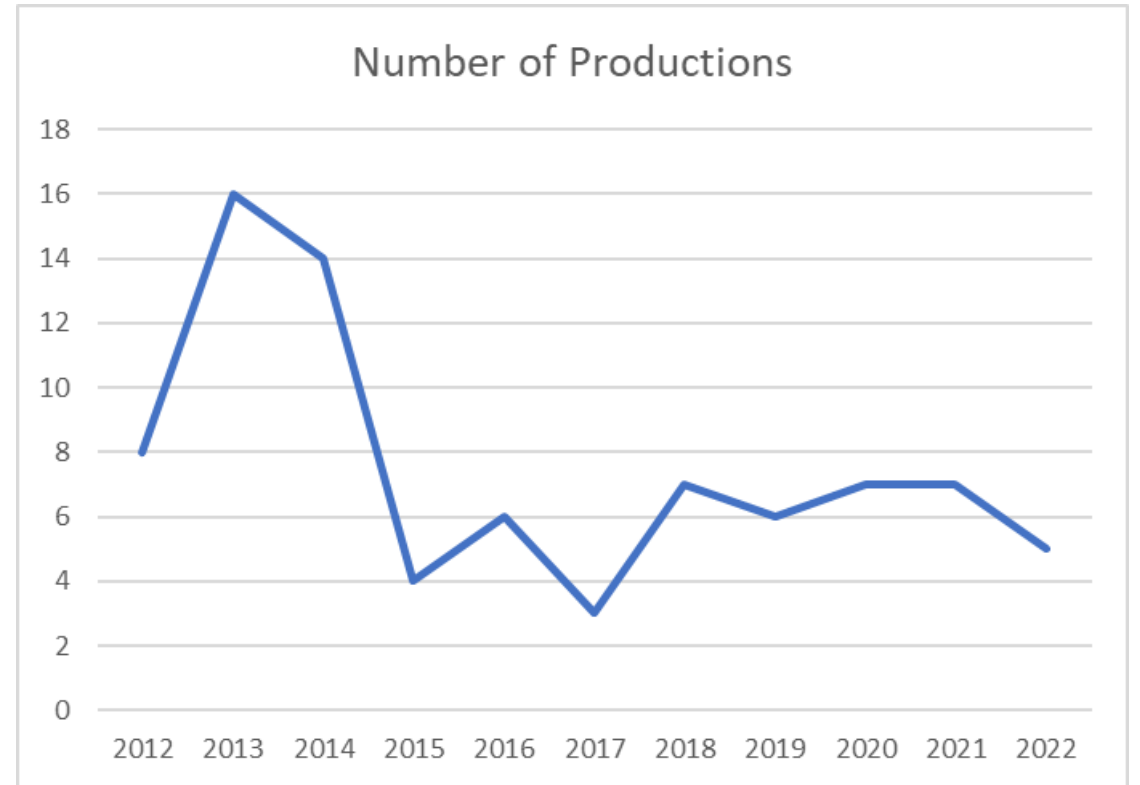
Since 2012, the average spend on visual media incentives has been \$159,515, and the total spent during this ten-year period was \$1,754,660.

The year since 2012 which saw the greatest spend on the visual media incentive program was 2021, when a total of \$327,736 was spent. We have also included a chart on the following page that shows spend on, and usage of, the visual media incentive over time.

Visual Media Incentive Spend and Usage



Average spend per year: \$159,515



Average spend per production: \$21,140
Average qualifying productions per year: 7.5

DIRECTOR MAINE FILM OFFICE

Clerical, Fiscal & Administrative
Research, Program Evaluation & Planning
Economic & Community Development
Manager

0948
CFA7218501
Range 28
0714

DESCRIPTION: This is professional services work of a managerial nature in managing and directing all activities of the Maine Film Office. Responsibilities include developing and implementing strategies to promote Maine as a location for film and video production, developing and administering a budget, and overseeing the activities of the Maine Film Commission. Supervision is exercised over administrative support staff. Work is performed under limited supervision.

REPRESENTATIVE TASKS: *(A position may not be assigned all the duties listed, nor do the listed examples include all the duties that may be assigned).*

- ...Plans, organizes, and coordinates marketing and promotional programs in order to promote Maine as a location for film and video production.
- ...Designs and selects materials to be used for outreach, resource information, and marketing in order to ensure attainment of established goals and objectives.
- ...Writes, designs, and places advertisements and articles in trade magazines and newspapers in order to attract the film industry to Maine.
- ...Directs and oversees the establishment of site location and information files in order to ensure information regarding various locations for filming in Maine is current and available for distribution.
- ...Hires, trains, directs, supervises, and evaluates support staff in order to ensure a productive staff and attainment of goals and objectives.
- ...Prepares for and attends trade shows for the film industry in order to provide representation and information regarding Maine as a location for film and video production.
- ...Works with production companies; high-level federal, state, and local government officials; businesses; and others in order to solve problems associated with film and video production projects.
- ...Assists production companies working in Maine and acts as liaison with Maine communities, local officials, and state and federal agencies in order to provide administrative and logistical support and guidance.
- ...Interacts with the press, legislators, and members of the film industry in order to provide information and gain support for programs and activities.
- ...Oversees the activities of the Film Commission in order to ensure attainment of goals and objectives.
- ...Develops and maintains catalog of professional production services available in Maine in order to ensure information is current and readily available for production companies and others.

- ...Develops and administers annual budget, and monitors expenditures for administration of activities and programs in order to ensure required funds are allocated and expended as programmed.
- ...Reviews existing legislation, and develops new and proposed changes to existing legislation affecting filmmaking in Maine in order to enhance the climate in Maine for film and video production.

KNOWLEDGES, SKILLS, AND ABILITIES REQUIRED: *(These are required to successfully perform the work assigned).*

- ...Knowledge of the film and video production industry.
- ...Knowledge of marketing principles, practices, and techniques.
- ...Knowledge of modern management principles, practices, and techniques.
- ...Knowledge of budgetary practices and procedures.
- ...Knowledge of the legislative process.
- ...Ability to communicate effectively.
- ...Ability to write clearly and effectively.
- ...Ability to establish and maintain effective working relationships.
- ...Ability to supervise and manage the work of interns, contract workers, and volunteers.

MINIMUM QUALIFICATIONS: *(Entry level knowledges, skills, and/or abilities may be acquired through, **BUT ARE NOT LIMITED TO** the following coursework/training and/or experience).*

An eight (8) year combination of education, training, and/or experience providing a knowledge of the film and video production industry, as well as marketing principles and practices. Experience must include managerial and/or administrative responsibilities.

LICENSING/REGISTRATION/CERTIFICATION REQUIREMENTS: *(These must be met by all employees prior to attaining permanent status in this class).*

None.

EXAM PLAN: *(This must be successfully completed by all employees prior to attaining permanent status in this class).*

Direct Hire.