

Testimony in Support of LD 1493 An Act to Eliminate Tax and Wage Incentives for Visual Media Production Companies*May 13, 2025*

Sen. Grohoski, Rep. Cloutier, and members of the Taxation Committee, my name is Maura Pillsbury and I am a tax policy analyst at Maine Center for Economic Policy. We are testifying in support of LD 1493. We are supportive of the original bill, which would eliminate credits and reimbursements for visual media productions. We also support the sponsor's amendment, which would exclude commercials and other promotional productions, as well as productions for internal use, from qualifying for the credit and reimbursement.

Maine's visual media subsidies provide:

- reimbursement of 12% of certified production wages paid to Maine residents, and 10% for non-residents for up to \$50,000 of wages per individual
- tax credits of 5% of nonwage media production expenses over \$75,000

The sponsor's amendment addresses some of the concerns that have arisen about this program by disqualifying commercials and promotional productions from receiving subsidies. A review of the subsidies by the Office of Program Evaluation and Government Accountability in 2023 found that in some cases Maine's visual media subsidies weren't used to fund the arts.ⁱ L.L.Bean, for example, was able to claim subsidies for producing its catalog. In other cases, productions were subsidized that included little or no filming in Maine, or that did not identify or acknowledge Maine as the filming location. Subsidies were also provided for commercials. Only half of the productions receiving subsidies were actually based in Maine.

While the sponsor's proposed amendment would be a positive step, we believe visual media subsidies continue to be an inefficient use of taxpayer money and urge the Committee to consider fully repealing the program.

Time and again evaluations of state programs with much larger film incentives than Maine's have conclusively shown they are a bad investment that siphon millions of dollars in public funds from other priorities and give public money to big Hollywood studios and production companies. Maine is too small to compete with these massive giveaways in other states, and we shouldn't try.

- The Massachusetts credit costs the state an estimated \$56 million to \$80 million per year. Researchers found the cost of the program amounted to over \$100,000 per job created in the state.ⁱⁱ
- Louisiana, which has one of the largest film tax credits in the country, found a return of less than 40 cents for every dollar invested in its Motion Picture Investor Tax Credit, which costs the state almost \$200 million each year.ⁱⁱⁱ
- Georgia has successfully become a filming hub, but spends almost \$1 billion per year on its film tax credit.^{iv}

- Despite an estimated \$25 billion in tax breaks offered by US states, increasingly production companies are moving work overseas where costs of labor are lower and other countries offer even greater tax breaks.^v
- Research shows that jobs created by film incentives are usually short term, and often production companies bring their staff with specialized skills from out of state rather than hiring locally.^{vi}

In addition, Maine's subsidies exclude small productions by limiting required spending to over \$75,000. Many recipients of the credit are large production studios that can afford to pay the costs up front and reap the benefits later. This subsidy structure doesn't prioritize Maine production companies, or projects that are struggling to get off the ground and otherwise may not occur.

Instead of continuing this program, Maine should seek to reimagine what support for visual media could like, for example through a grant program that provides targeted incentives to projects with social and cultural value that benefit the public. Many of the visual media productions that currently receive subsidies in Maine do not provide a significant public good to the taxpayers of Maine in return for their investment.

Thank you for your time. I would be happy to answer any questions. maura@mecep.org

ⁱ Office of Program Evaluation and Government Accountability. *Visual Media Incentives – Maine's Visual Media Incentives Have Had Limited Effect and Have Not Been Adequately Administered*, March 2023. <https://legislature.maine.gov/doc/9940>

ⁱⁱ Department of Revenue, Commonwealth of Massachusetts. Report on the Impact of Massachusetts Film Industry Tax Incentives through Calendar Year 2016. 20 Feb 2020. <https://www.mass.gov/doc/dor-report-on-the-impact-of-massachusetts-film-industry-tax-incentives-through-calendar-year-7/download>

ⁱⁱⁱ Louisiana Department of Revenue, Return on Investment Analysis: for Selected Louisiana Tax Incentive Programs, March 2022. <https://revenue.louisiana.gov/Publications/Return%20on%20Investment%20Report%202016%20-%202021%20WEB.pdf>

^{iv} Georgia Department of Accounts and Audits, Georgia Tax Expenditure Report for FY 2024. Dec 2022. <https://opb.georgia.gov/budget-information/budget-documents/tax-expenditure-reports>

^v Stevens, Matt and Nicole Sperling. "There's a Feeling We're Not in Hollywood Anymore." Ne York Times. 9 April 2025. <https://www.nytimes.com/2025/04/19/movies/hollywood-filming-overseas.html>

^{vi} Tannenwald, Robert. "State Film Subsidies: Not Much Bang For Too Many Bucks." Center on Budget and Policy Priorities. 9 Dec 2010. <https://www.cbpp.org/research/state-film-subsidies-not-much-bang-for-too-many-bucks>