

**TESTIMONY OF
MICHAEL J. ALLEN, ASSOCIATE COMMISSIONER FOR TAX POLICY
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES**

Before the Joint Standing Committee on Taxation
Hearing Date: *May 13, 2025*

LD 1493 – “*An Act to Eliminate Tax and Wage Incentives for Visual Media
Production Companies*”

Senator Grohoski, Representative Cloutier, and members of the Taxation Committee – good afternoon, my name is Michael Allen, Associate Commissioner for Tax Policy in the Department of Administrative and Financial Services. I am testifying at the request of the Administration Against LD 1493, “*An Act to Eliminate Tax and Wage Incentives for Visual Media Production Companies.*”

This bill proposes to repeal the certified visual media production income tax credit and the visual media production reimbursement program.

Under current law, a certified visual media production company may receive a nonrefundable income tax credit for a portion of its qualifying nonwage production costs (36 M.R.S. § 5219-Y) and reimbursement of a portion of its qualifying wage costs (36 M.R.S., chapter 919-A). Eligible visual media companies are certified by the Maine Film Office in the Department of Economic and Community Development (“DECD”).

The Maine Film Office recently evaluated existing visual media production incentives in the State pursuant to Resolves 2023, c. 149, and released a report on December 30, 2024. The report is available at:

<https://legislature.maine.gov/doc/11434>.

The Administration supports the recommendations of the DECD Office of Tourism report.

The Administration would also like to note the following technical concerns:

- The bill does not contain an application date.
- Sec. 5 of the bill repeals the confidentiality exceptions related to the administration of the visual media benefits. It might be desirable to retain these exceptions until the statute of limitations has expired for tax years beginning prior to the effective date of the bill.
- It is recommended that the bill be amended to clarify eligibility for the visual media benefits for productions in progress that have already been certified by DECD.

The preliminary estimated fiscal impact is a revenue increase of \$200,000 to \$300,000 per year.

The preliminary estimated administrative costs are nominal and can be absorbed within current budgetary allotments.

The Administration looks forward to working with the Committee on the bill; representatives from MRS will be here for the Work Session to provide additional information and respond in detail to the Committee's questions.