



Senator Grohoski, Representative Cloutier, and Members of the Taxation Committee -

I have spoken at length over the last 8 years about the need for increased incentives, and many of my comments and thoughts about this issue have been well documented, so I would just like to limit this testimony to two points.

The first is about the notion of film incentives themselves. Whether you fall on the side of being for or against the idea that they hold any dynamic fiscal value to the state, either via economic stimulus and/or job creation (in my experience they do), the simple fact is that they are part of the cost of doing business now. If someone wants to set a film in Maine, at a certain price point, the financier will ask “What’s the incentive?” and if it’s not competitive enough, off they will go somewhere else, as we witnessed recently with “Lost on a Mountain in Maine”, which was primarily shot in upstate New York. Or the film I just wrapped in Greece a few weeks ago, a thriller that was originally set in Maine, and meant to be filmed here, but was rewritten for Greece, in part, because of their generous rebate program. Not to mention the number of projects waiting in the wings. Maine currently has one of the least competitive incentive programs in the country, making it an outlier.

I would add that this is not a novel concept. There are many other industries in Maine who enjoy tax breaks and stimulus programs. So why pick on the film and media making business, a \$60 million and counting industry here in Maine, and a trillion-dollar industry worldwide? I imagine it is the false perception that this is about greedy Hollywood producers cheating hardworking taxpayers, as opposed to seeing a film or media making enterprise for what it is: a temporary small business that employs hundreds of people, many of whom are not actors or producers, and which has immediate revenue impact on the local community.

Likewise, the fixation on ROI, which is often calculated via the state’s direct or immediate (i.e. tax) revenue from the production, is not always readily quantifiable, and excludes many of the later downhill gains such as increased tourism, investment in the local community (i.e. quality of living increase, property purchases, etc.), boost in employment opportunities for local workers, brick and mortar development and repurposing, etc. A bill can also safeguard some of these expenditures by building in protectionisms to keep as many dollars in state as possible (as LD 1957 does with the salary and production caps). But to be clear, trying to apply a hard number to incentives is perhaps misleading, instead of reframing what the idea of “benefits” to a population actually means in the long term.



The second point is that I believe there's probably concern over how these increased incentives would be administered, were they to pass. By now, most are aware of the mismanagement and ineffective leadership that occurred in the previous iteration of the film office. Believe me, I know, I had a front row seat. I was a consultant on both the Olsberg & OPEGA reports and one of the first to sound the alarm bells. I share some many of Senator Tipping's concerns about that report. Since then, however, some significant and encouraging changes have occurred. The administration has tapped a new film office director, Steve Lyons, and a new film Commission. I have worked closely with both Steve and the Commission, over the past year. I believe Steve to be an excellent, thoughtful leader who is willing to ask questions and explore new ideas (a rarity these days) and has made it a point to engage and unify the once-fractured community here. The revamped Commission's members, meanwhile, have a wealth of experience and expertise and represent the diverse landscape of media makers that work and live in this state. Steve and the Commission meet frequently to discuss issues and ideas, as well as addressing OPEGA's concerns, and there is generous collaboration and oversight that exists between the film office, the Commission, MFA, Tourism, DECD and the community at large. Therefore, I wholeheartedly believe that any incentive program would be responsibly and consciously executed and keep the state's overall best interests in mind.

Over the years, we have had a number of similar "film and media making" bills before the legislature, many of them tabled or delayed for various reason. The last legislative vote on a bill was LD 1450, in 2017. LD 1957 is a far superior bill, and there is more support than ever for a change in the incentive program both from the administration and the public.

Therefore, in closing, I urge you to vote Ought to Pass with LD 1957 and let the legislative process play out.

Sincerely,

Erik Van Wyck
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