

## Testimony in Opposition to LD 1957, An Act to Promote Film Production in Maine

May 21, 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 opposition to LD 1957.

LD 1957 substantially increases subsidies for visual media production in Maine, including:

- **repeals** Maine's existing **nonrefundable 5% tax credit** on nonwage media production expenses over \$75,000, and **replaces it with a 25% reimbursement**
- **increases reimbursement** of certified production wages paid to Maine residents from **12% to 25%**, and from **10% to 20%** for non-residents, eliminating the current credit limit of up to \$50,000 of wages per individual
- provides an **additional 3% reimbursement** for productions in certain counties

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. **Most reviews find that states lose money with these programs and do not have a positive ROI.**

- 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.<sup>i</sup>
- 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.<sup>ii</sup>
- Georgia has successfully become a filming hub, but spends almost \$1 billion per year on its film tax credit.<sup>iii</sup>
- 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.<sup>iv</sup>
- 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.<sup>v</sup>

Tax expenditures like this further exacerbate inequality. 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. There are better ways to support visual media production in Maine than through this program. We urge you to reject expanding it.

Thank you for your time. I would be happy to answer any questions. [maura@mecep.org](mailto:maura@mecep.org)

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<sup>i</sup> 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>

<sup>ii</sup> 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>

<sup>iii</sup> 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>

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

<sup>v</sup> 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>