

## OFFICE OF FISCAL AND PROGRAM REVIEW

Date: May 6, 2013  
To: Members, Joint Standing Committee on Taxation  
From: Elizabeth Cooper, Legislative Analyst

### LD 1409, An Act To Promote Tourism and Foster Economic Development

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**Summary:** This bill provides a refundable income tax credit for a major visual media production company equal to a percentage of expenses. The major visual media production company is eligible in an amount up to 25% if the overall budget is greater than \$1,000,000 but less than or equal to \$100,000,000 and up to 35% if the overall budget is greater than \$100,000,000.

#### Public Hearing:

##### Proponents

- The sponsor presented the bill and provided written testimony.
- Two co-sponsors and many representatives of the industry provided testimony in support of the bill. A copy of the sign-in sheet is attached to this memorandum. Testimony from the public hearing can be found at: <http://www.mainelegislature.org/legis/bills/testimony.html>.
- *Major points:* 25% incentive makes Maine competitive with other states; increases economic activity; attracts out-of-state investment, builds on Maine's creative and artistic economy; information on the economic impact of the industry and dynamic analysis of film credits was provided with testimony.

##### Opposed

- Those testifying in opposition to the bill included an economist from the Maine Center for Economic Policy.
- *Major points:* Maine already has tax breaks for media productions companies; unable to tell if they are working as we don't have accountability standards for tax credits; the return on investment not big enough.

##### NFNA-

- The Director of the Maine Film Office testified "neither for nor against" the bill and provided information about the Maine Film Industry and the current incentive program
- *Major points:* Provided statistics on payout from 2007-2012 and estimates of return on investment for 2012; current program offers 10% and 12% reimbursement for wages and a 5% credit for production exemptions that has never been used as it is nonrefundable, nontransferable and cannot be carried forward.

**Amendment proposed by the sponsor:** The amendment changes the bill by making the credit fully transferrable and refundable at 90% of face value. It removes the 35% credit for major visual media productions of over \$100 million, the requirements for 50% of the positions to be filled by in-state residents and requirements for the productions to include trailers and commercials. It provides that the application fee, which is 0.2% of tax credit, be no less than \$200 and no more than \$6,000.

**Additional information:** A comparison of State Film Production Incentives & Programs developed by NCSL is attached to the analysis for LD 55 and is online at: <http://www.ncsl.org/issues-research/budget/state-film-production-incentives-and-programs.aspx>.

**Fiscal Information:** The preliminary fiscal impact statement was not available at the time this analysis was finalized. The most current fiscal information on bills can be found online at: [www.mainelegislature.org/LawMakerWeb/search.asp](http://www.mainelegislature.org/LawMakerWeb/search.asp).