

## Film, television workers decry tax credit cap

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HARTFORD -- With hundreds of movie and television workers traveling to the capitol to decry cuts to film tax credits, it's hard to believe there was any actual production work going on in Connecticut Monday.

But the show of force may have bought the tax credit program a reprieve from the budget axe.

"I think they presented themselves overall as a more solid industry than many people have considered them to be," Sen. Eileen Daily, D-Westbrook, said afterward.

Daily is co-chairman of the legislature's Finance, Revenue and Bonding Committee, which Monday received testimony on Gov. M. Jodi Rell's proposal to cap the 30 percent tax credits offered film and television productions at \$30 million annually.

Wearing yellow stickers reading "Film Tax Credits = Jobs, Jobs, Jobs" a couple hundred film and television workers milled about the capitol, with many testifying that capping the three-year-old credits would not only keep productions out but cripple efforts to build studios, soundstages and other infrastructure in Connecticut.

It was not just local businesses urging caution, including the Holiday Inn Stamford, whose senior sales manager, Tony Polito, testified has greatly benefitted from films shot in lower Fairfield County.

Brian O'Leary, vice president of NBC Universal, said a cut to the tax credit program could dissuade his company from opening a production studio somewhere in the state.

Daily afterward said she understands NBC is eyeing Fairfield County.

"We heard what sounded like very solid testimony," Daily said. "I don't think (the cap) has been carefully enough thought out in the governor's proposal."

But Rell is not the only lawmaker who wants to spend less on the credits in the face of the state's estimated \$8 billion budget deficit.

The Commerce Committee today will discuss another cap proposal submitted by co-chairman Sen. Gary LeBeau, D-East Hartford.

And while acknowledging credit proponents made a convincing argument Monday, Daily, who in the past has questioned the credits' value, could not guarantee the incentive would make it through the budget process unscathed.

"I think we're going to have to make a lot of decisions we don't like making and wouldn't normally make," she said.

State Budget Director Robert Genuario, a Norwalk resident, testified first Monday and told the Finance, Revenue and Bonding Committee there is no doubt the credits are luring movies and television shows to the state. But, he said, it is difficult to quantify whether Connecticut's economy is recouping the \$102 million worth of credits issued so far.

"There is a limit to how much of any one industry we can subsidize in any given year," Genuario said.

The last review of Connecticut's business tax

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exemptions, deductions, and credits was released in January 2008. It showed the film incentives, including tax credits for digital animation and production infrastructure, cost the most -- at the time \$90 million.

Genuario said the \$30 million annual cap, if passed, would apply to an unspecified list of productions which had preliminarily qualified for a total \$114 million in credits.

Daily afterward said she was concerned suddenly telling productions expecting the credits that the pot of available money had shrunk to \$30 million annually would send a bad signal.

"When you change like that I think other industries don't trust you as a state," she said.

Genuario also acknowledged there was no "scientific analysis" behind whether \$30 million was the most appropriate cap.

Karen Senich, executive director of the Connecticut Commission on Culture and Tourism, told lawmakers Monday her office hopes to release a new study of the economic effects of the film tax credit program in the coming weeks. Senich said it so far appears every \$1 in tax credits generates \$4 in economic activity.

Kevin Segalla, head of the Stamford-based Connecticut Film Center, helped organize Monday's turnout in favor of the credits. But even Segalla, when asked by Rep. Carlo Leone, D-Stamford, if the group was compiling its own benefit-analysis, acknowledged it is a challenge.

"We're always doing our best to collect data. It's a big process," Segalla said.

John Simone, head of Connecticut Main Street

Center, a Hartford-based group focused on revitalizing downtown areas, said lawmakers need to consider the positive effect film tax credits have had on other states.

"We can't prove it yet here in Connecticut, but we've seen it elsewhere," he said.

Genuario noted Rell is not proposing capping the tax credits for film production infrastructure. But Segalla argued "a \$30 million cap will not bring in enough productions". They're not going to build studios for an industry that's not here."

Perhaps the brightest ray of hope for the industry came from Finance Committee member Rep. Demetrio Giannaros, D-Farmington, an economics professor who questioned the cap.

"In my field, when you have an infant industry we don't try and choke it before it develops," he said.

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