

# CONNECTICUT

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## PRODUCTION COALITION

### FILM & DIGITAL MEDIA INDUSTRY - *Talking Points....*

*With the state's current budget crisis, I understand why lawmakers are actively considering a cut to the film and digital media tax credit program. However, eliminating or cutting the program would end one of the only economic stimulus programs actually working. It would shut the industry down overnight and the lost revenues would offset any savings gained.*

1. **JOBS, JOBS, JOBS** This incentive program is about jobs, jobs, jobs – not just within the production industry, where over 2000 jobs have been created, but within all the support businesses such as construction, hotels and restaurants.
  - a. Proposed changes would have immediate impact: It would be to dry up productions; cease development of studios; and scare away companies that are right now actively considering locating here – **All of this will cost the state jobs and revenue.**
2. **Tax Revenues From New and Growing Industry.** This Program is bringing in significant tax revenues. While it seems logical that cutting a program that costs \$90M would save the state that \$90M, this is far from the reality. Offsetting tax revenues are generated through direct expenditures and payroll taxes and substantial indirect tax revenues are created by the increased economic activity.
  - a. Over the past two years, we went from **\$750,000 to over \$600M** in production.
  - b. This increased production brought estimated **\$1.5B in economic activity** to the state.
  - c. For every dollar of incentive paid, over \$16 of economic activity was generated – translating into **significant tax revenues.**
  - d. **New York:** Tax credit generates 19,500 jobs -- 7,000 direct production jobs and 12,500 from directly related economic activity. State yields \$404 million in tax revenue, at a cost of \$215 million in credits. [Source: *Ernst & Young; January 2009*]
  - e. **New Mexico:** Tax credit created total employment of 9,210 jobs. State receives \$1.50 in tax revenue for every dollar invested in production tax credits. [Source: *Ernst & Young; Prepared for the New Mexico State Investment Council; January 2009*]
  - f. **Massachusetts:** \$545 million spent on film production yields economic impact of \$1.36 billion. Cost to state is five cents for every new dollar of economic activity. [Source: *Massachusetts Film Office; www.mafilm.org; January 2009*]
3. **We Need a Diverse Economy:** With the current economic crisis hitting the financial industry disproportionately, it is clearer than ever that we must build new industries and end the state's over-reliance on a single business.
  - a. As **one of the state's few growing industries**, the film & digital media sector is already beginning to provide that diversification.
  - b. This industry is attractive to young people and a future source of employment for our children.
  - c. This industry bolsters many other industries in the state. Most importantly, it builds on the state's **\$10B tourism industry.**
4. **Other Key Points: CPC over 1500 Strong -- Unions such as Teamsters, Construction support this program because it creates jobs -- bad public policy to cut a program that so much has been invested in -- we are finally beginning to attract permanent businesses.**