



## Film tax credits defended as revenue generators

By Kyle Cheney/Statehouse News Service

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BOSTON — Fighting to defend industry tax breaks, a movie production advocate took on critics in the Legislature Thursday who are seeking to have the film tax credits reduced.

Joe Maiella, president of the Massachusetts Production Coalition, an unexpected attendee at a State House briefing held by critics of film industry tax breaks, took on the leading opponent, Rep. Steve D'Amico, challenging his facts and offering his version of "what's true" about film production credits.

The sometimes-pointed back-and-forth was a precursor to a likely legislative battle over the credits, which supporters say have helped spur economic development in Massachusetts, create jobs and could lead to the establishment of a permanent film industry presence. The Legislature's Revenue Committee is planning a hearing on a proposal by Gov. Deval Patrick to temporarily cap the film tax credits, and the Committee on Tourism, the Arts and Cultural Development is also planning an informational session on the topic.

Critics say the credits simply subsidize rich actors' salaries, are sold off to companies in other industries and end up costing taxpayers. Lawmakers who oppose the credits have characterized supporters as kowtowing to the film industry, racing to the bottom against other states who offer tax credits, even as programs for the needy take deep cuts.

Maiella estimated that the film tax credits have amounted to about \$25 million a year since their inception in 2007. D'Amico and other lawmakers at the morning briefing bristled at Maiella's commentary, and they pointed out that many of the tax credit bills don't come due until after production is complete, skewing the annual cost of the credits.

"For every dollar spent on film credits, it's a dollar less to spend somewhere else," D'Amico said. "We're just throwing money away in the dark."

The governor proposed in January limiting film tax credits to \$50 million in each of the next two fiscal years, a plan administration budget officials said must be enacted by March to ensure savings in fiscal 2011.

Patrick budget officials also emphasized that the cap on film tax credits would be temporary so as to "not interfere with long-term plans to build film studios and will ultimately keep Massachusetts among the most competitive states for this significant industry." The cap, according to administration budget documents, would save \$75 million in expected tax credits in fiscal 2011, when the Department of Revenue expects \$125 million in credits to be issued.

Maiella told the News Service that the governor's cap proposal is a "fatal" idea because it would sow uncertainty in the industry.

One Cambridge-based company has credited the film tax credits with a major expansion and hiring amid the local and national recession.

"It has played an enormous role in our getting bigger," said Tug Yourgrau, co-owner of Powderhouse Productions, a company in Davis Square that has expanded from 35 employees to 125 since the state uncapped film tax credits. "If the credit stays in place and is uncapped, we expect it to grow even larger."

Yourgrau said Massachusetts is uniquely positioned to lure film production because of the talent pool graduating from local colleges and strong union support for workers.

During Maiella's and D'Amico's back-and-forth debate, Reps. Carl Sciortino (D-Medford) and Denise Provost (D-Somerville), also critics of the tax credits, jumped in to defend their colleague, offering acerbic rebuttals and questioning why Maiella would take up so much of the briefing's time.

"I'm kind of offended at your monopolizing so much time this week," Provost said to Maiello, noting that a hearing on film tax credits is scheduled next week.

Under the tax credit program, passed in 2007, the state offers to pay 25 percent of the cost of movie production, so long as producers pay 50 percent of their costs or spend 50 percent of their shooting time in Massachusetts. The credit led to \$113 million worth of credits being doled out for 2008 productions, according to the Department of Revenue.

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