

News

## Rell gets thumbs down on film tax credit cap

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By Ed Stannard, Register Metro Editor

HARTFORD — A horde of advocates for Connecticut's film industry poured into the Legislative Office Building Monday to stand up against Gov. M. Jodi Rell's proposal to limit the tax incentives offered by the state.

Rell has proposed capping the film production tax credit at \$30 million a year, which opponents say would be tantamount to telling the movie industry, which has been spending more time and money in Connecticut, to pack up and leave.

"We have over 400 people here today that have all been part of the explosive growth in this industry," said Kevin Segalla, president of the Connecticut Film Center in Stamford, who represented the recently formed Connecticut Production Coalition. Segalla and others testified at a public hearing of the Finance, Revenue and Bonding Committee.

The state offers tax credits to film production companies spending more than \$50 million in Connecticut equal to 30 percent of qualifying expenses. The credits can be sold or traded.

Robert L. Genuario, secretary of the Office of Policy and Management, said Rell decided to cap the tax credit because of the state's dire financial situation and because of the uncertainty of how much revenue is generated.

"Frankly, folks can come in, shoot a number of scenes in the state of Connecticut ... and then they leave," he told the committee.

Since the program began in 2006, 93 movies have been produced in Connecticut, with 43 of them being given tax credits so far, according to Karen Senich, executive director of the Connecticut Commission on Culture and Tourism.

"The state went from zero to 60 pretty fast in 2006," she said. The 43 productions spent \$341 million, created 2,174 jobs and collected \$3.8 million in payroll taxes, according to the commission's Web site.

Movies such as "Indiana Jones and the Kingdom of the Crystal Skull," which took over downtown New Haven in the summer of 2007, "Righteous Kill" and "Revolutionary Road" have been an economic stimulus for the state's work force, including location scouts, electricians, bars, restaurants, hotels, tourist spots, furniture renters and lawyers, Segalla said.

Senich said her agency is putting together a study to determine how much money the film industry brings into the state. She said her preliminary numbers show that each dollar spent by the film industry generates \$4 in business and 12 cents in tax revenue, although state Sen. Anthony Guglielmo, R-Stafford, challenged the tax figure as too low.

Pressed by committee members as to why the state should limit an incentive for a growing "infant industry," Senich

acknowledged, "Certainly this program is successful. Without the tax credit program, we wouldn't have the industry we have."

Genuario said the issue is not whether the tax credits bring in business, but whether they are the best investment the state can make. So far, he said, hard numbers are hard to come by.

"We don't have enough data to evaluate it yet," he said. "I don't know that we get a good return on it."

To Segalla and others in the coalition, the evidence is clear. Several studios are being built in the state, including a 1 million-square-foot complex in Windsor, and more than 2,600 Teamsters signed a petition in support of the credit and the union jobs it's fostered.

He also cited studies that show New Mexico brings in \$1.50 in tax revenue for every \$1 given in tax credits, while New York state brings in \$1.90.

John Ford, president of Local 52 of the Motion Picture Studio Mechanics, said he worked on only one major film in Connecticut before 2006: "Sleepers," directed by Barry Levinson, who is now a state resident.

"We had 17 or 18 big-budget features in 2007 alone," Ford said. "In the span of a couple months, everybody was working in Connecticut."

*Ed Stannard can be reached at [estannard@nhregister.com](mailto:estannard@nhregister.com) or 789-5743.*

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