

Movie, TV Producers Urge State Not To Cap Tax Incentives

Movie, TV Producers Urge State Not To Cap Tax Incentives

By **Ted Mann**

Published on 2/24/2009 in [Home](#) » [State](#) » [State Politics](#)

Hartford - Film and television producers implored state lawmakers Monday to preserve the current support for Connecticut's film tax incentive program, as Gov. M. Jodi Rell and some legislators seek to cap the total amount of credits that can be redeemed in a given year.

Citing plunging revenue estimates in virtually every category, Rell and her budget team have called for a limit of \$30 million per year in spending on the credits, which were created in 2006 to lure motion picture productions - and the related jobs and consumer spending - to the state.

But defenders of the credit program warned that capping the credits would scare producers away, and undercut the productions that have already been granted eligibility under the program. The state Commission on Culture and Tourism, which administers the credits, has issued preliminary eligibility notices to various productions, with a total value of more than \$114 million.

"We don't think that cutting \$90 million in tax credits is going to save the state \$90 million - nothing like that," said Kevin Segalla, the president of the Connecticut Film Center, which helps film operations apply for credits, scout locations and manage film shoots in the state.

The indirect spending associated with theatrical productions have a far larger positive effect on the state's economy, Segalla said.

"It's really important that we build new industry here," he said. "We've seen what our over-reliance on the financial services industry has done to us."

Segalla's supportive words were echoed by lawmakers and former House Speaker James A. Amann, a Democratic candidate for governor who aggressively backed the credit program while a member of the legislature, and who said Monday that the program's success in attracting film productions and digital media companies spoke for itself.

"I'll put my name on it, Mr. Chairman, for the rest of my life," Amann said.

But other groups remain deeply skeptical of the program, arguing that the credits force the state to forego revenue that could create better and more sustainable economic effects if spent differently, and also encourage a "race to the bottom" with other states also vying to attract the attention of Hollywood.

"While there is some evidence to show that tax credits such as the film production tax credit show modest return on investment, there are other areas in which the state could better invest its economic development funds to support economic growth and ongoing high quality of life," said Douglas Hall, the acting managing director of Connecticut Voices for Children, a nonprofit lobbying organization that has repeatedly argued for the capping of the existing credits, and against the state's use of tax incentives for corporations in general.

The group, in a report that drew the ire of Amann and some others one year ago, estimated that Connecticut would lose \$116 million in tax revenue through the credit program in the current fiscal year.