Maine Center for Economic Policy

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Comments on proposed OPEGA Evaluation Parameters -- Tax Benefits for Media Production Companies

June 15, 2022

Senator Libby, Representative Stover, and members of the Committee on Government Oversight, my name is Maura Pillsbury and I am an analyst at the Maine Center for Economic Policy (MECEP). I submit these comments regarding the evaluation parameters for the full evaluation of Tax Benefits for Media Production Companies. We commend OPEGA and the GOC for undertaking this evaluation and offer the following suggestions.

Under "potential performance measures" add:

- wages and benefits of jobs supported – we should know the quality of jobs and wages being reimbursed under the program, including how much is going to employees vs. loan out companies[i]
- wages paid to Maine residents vs. non-residents, and reimbursement paid for employing Maine residents vs. non-residents – the benefit percentage is different for each of these groups; knowing how much of the incentive payments fall into each category is an important performance measure for understanding the program benefits
- length/duration and FTEs of jobs - many jobs in the film industry are short term in nature, so this is an important metric for assessing the program's job creation impacts
- cost per job – this is an important metric measured in other states' evaluations of these types of tax incentives, and shows the cost/benefit of the program as it relates to job creation
- amount of benefit claimed for each type of incentive – disaggregating the two benefits (income tax credit vs. reimbursement of wages) is important to see how the program is being utilized
- "visual media" in place of "film" – we should ensure all types of media that fall under this incentive by law are included in performance measures, not only film

We also urge the committee to make the following information publicly available as part of this report:

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- beneficiaries – the state should be transparent about who is receiving tax incentives; this should include pass through entities and/or studios if applicable
- size and location of businesses receiving incentives – we should know what types of entities are receiving tax incentives and whether they are in state or out of state
- jobs created by county – a geographic breakdown showing where jobs are created within the state can inform us about which regions benefit from the incentives

Thank you. I'm happy to answer any questions via email at maura@mecep.org.

[i] A loan out company is a business created by an individual, such as an entertainer or other short-term contractor, that allows them to reduce their tax liability.

Comments from Representative Maureen Terry
[received by OPEGA via email 6/15/22 7:27am]

Film Credits

What is it that our small incentive does to encourage the assumed goals of the credit?

Is the credit keeping with the times of other industry leaders?

What are the requirements of the production companies to report on the effectiveness of the credit?

Is there sufficient support with the MFO?
support for production companies
support for local crew/contract workers

How simple/difficult is it for film companies to take advantage of Maine's credit?

Is our credit similar in composition to that of other states?

Do film credits in other states have intentional goals? If so, what are the reporting requirements of production companies to those states?

Capital Construction Funds for Maintenance of Fishing Vessels

Does this credit need more targeted goals and reporting requirements in order to see its full potential?