

# Visual Media Incentives



## About the Visual Media Incentives

Maine’s visual media (VM) incentives include a tax credit and a wage reimbursement provided for qualifying visual media productions in the state. The tax credit is 5% of non-wage production expenses and is non-transferable, non-refundable and may not be carried forward. The wage reimbursement is 12% of production wages for Maine resident wage earners and 10% for non-resident wage earners. The VM incentives were enacted in 2006 and are jointly administered by the Maine Film Office (MFO), located in the Maine Office of Tourism (MOT) within the Department of Economic and Community Development and Maine Revenue Services.

## The VM Incentives Have Had Limited Effect and Have Not Been Adequately Administered

OPEGA found that Maine’s VM incentives exist among many similar incentives nationally. Many states have identified concerns about the administration and effectiveness of their incentives, and we identified similar concerns in Maine. At present the low usage of Maine’s VM incentives has kept costs to the State low, but it has also limited the potential impacts. Looking forward, the issues and recommendations identified are areas that OPEGA thinks the State should address if it intends to retain or amend the VM incentives.

## Issues and Recommendations

OPEGA identified two issues, each with multiple sub-parts, and made associated recommendations.

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| <b>Issue 1 – Maine’s VM Incentives Have Had Limited Effect and Are Not Structured to Effectively Target Specific Goals</b> | A. Maine’s VM Incentives Are Infrequently Used, Limiting Potential for Impact  |
|  | B. The VM Incentives’ Purposes Have Not Been Specified in Statute nor Shared Among Stakeholders, Hindering Efforts to Improve Program Effectiveness                |
|  | C. Current Design is Not Targeted to Specific Goals  |
|  | D. Existing Data is of Limited Value in Measuring VM Incentive Impacts   |
|  | E. Given Present Design, VM Incentives Lack Organizational Alignment with MOT  |
| <b>Issue 2 – MFO Has Not Adequately Administered Maine’s VM Incentives</b>   | A. MFO Has Not Ensured Compliance with Statutory Requirements  |
|  | B. MFO Was Not Able to Readily Provide Basic Program Information to Support Oversight  |
|  | C. MFO Has Lacked Clarity About the Confidentiality of Data It Holds   |
|  | D. Current Annual Reporting Does Not Provide Adequate Information for Program Performance to Be Accurately Understood  |
|  | E. MFO Has Not Ensured that Eligibility Criteria are Clear, Transparent, and Can Be Consistently Applied; Responsibility for Two Key Program Controls is Not Clear |
|  | F. Travel Activities of MFO Do Not Correspond to Incentive Use   |
|  | G. Maine’s VM Incentives Warrant Additional Internal Oversight   |