



STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT



JANET T. MILLS
GOVERNOR

HEATHER JOHNSON
COMMISSIONER

March 24, 2023

To: Sen. Craig V. Hickman, Chair
Rep. Jessica L. Fay, Chair
Members Government Oversight Committee

From: Heather Johnson, Commissioner
Denise Garland, Deputy Commissioner

We would like to begin by thanking the staff in OPEGA for their work and due diligence in reviewing the Visual Media Tax Incentive program administered by the Maine Film Office within the Office of Tourism.

The Visual Media Tax Incentive program has been widely discussed over the past few years. It is a very small program that has many well-documented challenges. In addition to the challenges of the impact of the incentives, OPEGA has outlined some challenges of administering a very small, multi department program. There are a number of actions the Maine Film Office will take going forward to address these challenges; some actions were scheduled, and some are direct reactions to the discussions with OPEGA.

It is important to note that the Maine Film Office was originally funded through the State's General Fund and consisted of two positions. During budget cuts some ten years ago, the program reduced its headcount to one and shifted the expenses to the Other Special Revenue Funds in the Office of Tourism.

One of the identified deficiencies involves the electronic maintenance of records. Prior to the pandemic, the Maine Film Office was engaged in the database development and implementation of an online application portal for incentive applications. Unfortunately, shifting priorities during the pandemic resulted in this program being put on hold. The Office of Information Technology is currently working with the Film Office on the development of these programs which are expected to be completed by June 2023. The online application will help remove ambiguity from the process and will require complete applications and associated attachments before those applications can be reviewed.

We have also begun the process of identifying rules necessary for program oversight. These rules will be developed in cooperation with Maine Revenue Services and will likely take several months to complete. We will also be monitoring any legislative changes that may impact this timing.

Last fall, the Office of Tourism and the Maine Film Office embarked on an RFP to recruit the services of an entity to review the Film industry in Maine and gain perspective on how Maine is perceived by experts in the industry outside the state. Olsberg SPI is partway through that project, and we look forward to sharing their report with both OPEGA and GOC in the Summer of 2023. Olsberg SPI will provide an analysis of Maine's production capacity constraints and opportunities, including facilities, talent, and workforce. The resulting analysis will provide us with clear strategic insight into the capacity gaps as well as the degree of production upturn likely to result from improvements.



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The report did highlight the costs of travel by the Maine Film Office in the promotion of Maine as a filming destination. Similar to visitor attraction and business attraction, consistent exposure at trade shows and events is how we get Maine recognized. It is true that not all interactions result in applications to the Visual Media Incentive program, however several successful productions have come to Maine as a result of out-of-state meetings. These include the Disney TV Series "*Bug Juice*," and the movies "*Summer Someday*" and "*Bone Cold*."

A recent survey of visitors to Maine asked if film was a reason for their visit. Of the 300 responses; 5% said a TV or film inspired their trip to Maine; less than 1% said visiting a location related to a TV show or film was the main reason for their visit to Maine; and 4% said visiting a location of a TV show or film was one of the activities they engaged in while in Maine.

As OPEGA notes in the report, states across the country struggle with the accountable execution of their film bills. We would like to reassure the committee that the Maine Film Office is working to resolve the issues identified in administration of the visual media incentive program here in Maine. Funds for this program are approved and released by Maine Revenue Services. While they were not part of this review, we are confident that no misappropriation of funds has resulted from this program.

We look forward to sharing the continued administrative improvements to program oversight and welcome future discussions with both OPEGA and GOC.