Evaluation of Maine's Visual Media Incentives

March 24, 2023

Report to the Government Oversight Committee by the
Office of Program Evaluation and Government Accountability

Key Takeaways

- There are many more generous VM incentives nationally
- Other states have identified concerns with VM incentives
- The low use of Maine's VM incentives has kept cost lows, but also limited impacts
- Maine's VM incentives have not been adequately administered

Road Map

- Incentive descriptions
- Program costs and participation
- Performance relative to goals
- Administration
- Recommendations

What are Maine's Visual Media Incentives?

Visual Media Production Tax Credit
36 MRS §5219-Y

5% of non-wage production expenses

Non-refundable & non-transferable

Visual Media Production Wage Reimbursement
36 MRS Chapter 919-A

12% of production wages paid to Maine-resident wage earners

10% of production wages paid to non-resident wage earners

Eligible Visual Media Production Types

Includes

- television shows
- movies productions
- digital media projects
- photographic projects

Excludes

- news, current events or public programming
- weather or market reports
- talk shows
- sports events
- award shows
- adult or explicit material

Program Participation 2013 to 2022

Production Type	Total
TV Series or Episode	20
Feature Film	13
Documentary	11
Photo Shoot - Catalog	4
Commercial	3
Web Marketing Video	2
Sporting Event Filming	1
Total Completed Productions	54

Direct State Costs 2006 - 2021

- **9 tax credit claims** totaling $37,875
- **95 wage reimbursements** totaling $2,180,450
- **Annual administrative costs** approximately $5,200-$5,800

Are the VM Incentives Increasing VM Production?

- The low use of Maine’s VM incentives indicates they are not attracting substantial VM production
- The low use also limits the ability of VM incentives to drive economic impacts

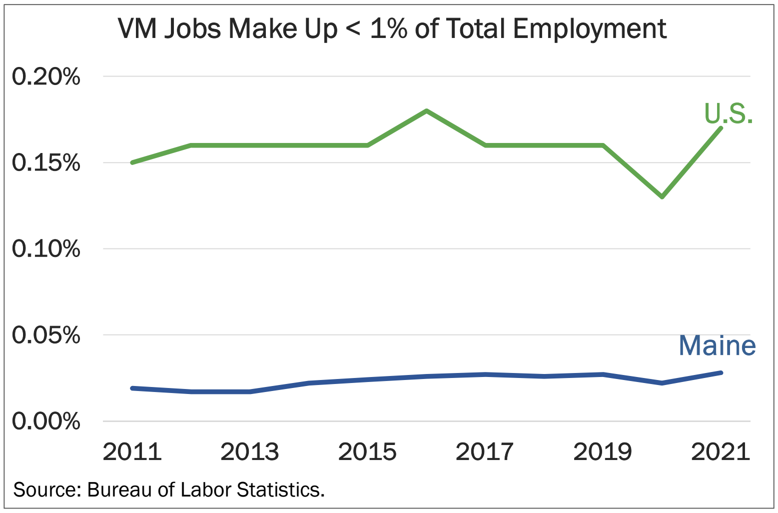
Are the VM Incentives Generating Increased Local Spending from Out of State?

- Weaknesses in MFO data make only rough production spend estimates possible
- 2013-2022, total production spend $22.8M ($2.3M/year)
  - Non-wage production spend: $9M ($900,000/year)
  - Wages: $13.8M ($1.4M/year)
- 50% of completed productions were Maine-based

Are the VM Incentives Generating Jobs?

- Level of in-state job creation from the incentives is unclear due to MFO data weaknesses
- Design could be tailored depending on specific jobs goals

Are the VM Incentives Growing Maine's VM Industry?



Are the VM Incentives Driving Increased Tourism?

- No data is collected by MFO or MOT on VM tourism impacts
- Some certified productions do not feature Maine or have no filming days in Maine
- 25% of certified productions exempted from providing on-screen credit for the State of Maine

Is Administration of the VM Incentives Effective?

- MFO has not ensured compliance with statutory requirements
- MFO has not ensured eligibility criteria are clear, transparent & consistently applied
- It is unclear which agency is responsible for two key programmatic controls

Is Administration of the VM Incentives Effective?

- MFO could not readily provide basic incentive records
- Annual reporting by MFO was not adequate to support oversight
- MFO may not be an effective promoter of the VM incentives

Overall Conclusion

- There are many more generous VM incentives nationally
- Other states have identified concerns with VM incentives
- The low use of Maine's VM incentives has kept cost low, but also limits impacts
- Maine's VM incentives have not been adequately administered

Recommendation 1

If Maine's VM incentives remain important policy tools, they should be re-visioned and modernized to effectively target a clearly identified purpose that reflects current economic and VM industry realities.

Considerations for the Legislature:

- Memorializing goals, reworking structure, and ensuring adequate data collection
- Consider forthcoming DECD SWOT analysis of Maine film industry and consulting Maine Film Commission upon its re-establishment

Recommendation 2

Regardless of whether the VM incentives are revised moving forward, MFO's administration of the incentives should be improved.

Recommendations for Management:

- MFO should clarify program requirements and processes through rule-making and guidance development
- MFO should ensure compliance with statutory requirements
- MFO should keep adequate records and make program data available for monitoring program performance

Acknowledgements and Next Steps

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- the Maine Film Office, Maine Office of Tourism, the Department of Economic and Community Development, and Maine Revenue Services
- Program stakeholders

Next steps

- Public comment
- Work session and vote
- Tax Committee consideration of report