

State tax incentives for filmmakers has opposite desired effect

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Providing tax credit incentives to the movie industry to attract filming to non-traditional locations actually has a negative impact on state revenues, according to a study in the latest issue of the *Journal of Planning Education and Research*.

Many states offer producers tax-based subsidies to help finance film and television productions. Researchers explored the fiscal impacts of the subsidy programs, along with the methods used to calculate job creation and tourism impacts. Also studied was the potential for developing film and television industries outside Los Angeles and New York. The findings illuminate why policy makers need to carefully evaluate the methods used to rationalize public expenditures on incentives for economic development.

The researchers found that film subsidy programs:

- reduce finite state funds usually allocated for other needs
- benefit few citizens in one industry while leaving the tax burden to all taxpayers and other industries that are not subsidized
- foster a race-to-the-bottom mentality where states continually up-the-ante to "remain competitive"

"The case of the entertainment media industries demonstrates the

difficulties involved in sorting out competing claims and evaluating economic impact," write the authors Susan Christopherson and Ned Rightor. "Ultimately, close questioning of those claims may drive policy reform requiring data transparency and substantiation of economic development benefit. Meanwhile, however, the worldwide taxpayer-funded production financing 'gold rush' in entertainment media is still on."

More information: The article, "The Creative Economy as 'Big Business': Evaluating State Strategies to Lure Filmmakers," published in Journal of Planning Education and Research, is available free for a limited time at jpe.sagepub.com/cgi/reprint/29/3/336 .

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