



# *The Commonwealth of Massachusetts*

HOUSE OF REPRESENTATIVES

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## **Film Tax Credits Are Creating Jobs and Stoking Our Economic Engine**

By Representative John D. Keenan and Representative Sarah Peake

As we begin the FY 2011 budget debate, **it is** imperative that we identify our successful and growing economic engines that create and provide jobs in the Commonwealth during the worst economic recession since the Great Depression. We need to stoke these engines because their success means putting people to work and growing our lagging economy. People's lives and livelihoods depend on this.

The film and television industry has become an incredibly successful economic engine, creating and growing jobs in just the few short years since the film tax credit program was instituted by the Legislature. The film industry in Massachusetts is energetically outperforming the overall economy, creating jobs, and is growing. It has generated more than \$1 billion in new direct spending in just its first four years!

The bi-partisan film tax credit law was signed by Governor Mitt Romney in 2005 and upgraded by Governor Deval Patrick in 2007. As a result of this incentive, new local spending on film and television production has increased from barely \$6 million in 2005 to nearly \$400 million last year, according to the Department of Revenue.

DOR's figures also indicate that, during the first four years of the program, the actual cost to taxpayers has been roughly a dime for every new dollar of spending generated in the Massachusetts economy. That is a very good return on investment by anyone's standards.

At a time when cities and towns in Massachusetts have seen local aid slashed to the bone, this economic growth and jobs creation has benefited locations throughout the state: Andover, Burlington, Chatham, Gloucester, Haverhill, Hull, Lawrence, Plymouth, Rockport, Salem, Taunton, Woburn, and Worcester, to cite a few.

We have both received many calls from our constituents recounting their stories of being out of work for years. Now, because of jobs in the film industry, they are once again able to work and bring home a paycheck to their families.

Unfortunately, there are those detractors who either out of ignorance of the facts or because of some other agenda, want to end this successful program, shut down this humming economic engine and needlessly cause the thousands of people who work in this growing industry to lose their jobs.

One myth is that rich Hollywood actors are being subsidized. This is not true. Big stars don't get any tax break under this law; in fact, they pay a lot of income tax to the Commonwealth. Leonardo DiCaprio, for example, will pay more Massachusetts income taxes for his work on SHUTTER ISLAND than most of us will pay in an entire working lifetime! In addition to this revenue, the ripple effect in our economy is estimated by a recent independent UMass study to be 95 cents in additional indirect spending for every dollar that film producers spend. This means that the total economic benefit to the state to date is close to \$2 billion over the past four years. Restaurants, hotels, paint stores, lumber yards, coffee shops, fitness centers, even antique stores have felt the benefit of the film tax credits.

The budget just released by the Governor proposes to cap the film credit in FY 2011. We ask, why cut one of the most successful economic incentive programs we have? People are working, new jobs are being created and existing industries are being bolstered by this program.

We must stand by this investment. People's livelihoods depend on it. We are fighting hard to keep this engine running smoothly!

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