



Senator George S. LeMieux
Chairman of the Board of Trustees

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Comments to the Honorable Ed Hooper, Chair, and Members of the Senate Committee on Commerce and Tourism Regarding SB 946 --- Entertainment Industry

My name is Dominic M. Calabro and I am President and CEO of Florida TaxWatch, an independent, nonpartisan, nonprofit taxpayer research institute & government watchdog which, for more than 40 years, has worked hard to improve the productivity and accountability of Florida government and promote a fair and equitable system of taxation.

One of the key provisions of SB 946 is the establishment of criteria that, if met, would make film, television, and digital media projects being produced in Florida eligible to receive tax credits. TaxWatch believes that state-level incentives like this to stimulate Florida's film and entertainment industry are both necessary and important.

A November 2018 TaxWatch report entitled "*Is the Sun Setting on Film in Florida*" highlights the critical need to consider incentives for the film and television industry as part of the state's overall economic development strategy. The Association of Film Commissioners International estimates that high-budget feature film productions can be expected to spend as much as \$260,000 a day in a community. A weekly television series can be expected to spend as much as \$300,000 a day.

In 2016, Florida's film and television industry was responsible for more than 150,000 jobs and \$2.0 billion in wages. That same year, Florida's Film Tax Credit Incentive program was discontinued after a report by the Office of Economic and Demographic Research showed low returns on the state's investment (ROIs). These ROIs were the result of a fundamental flaw in the Film Tax Credit Incentive program --- that tax credits to producers of motion pictures, digital media, television shows, and commercials be awarded on a "first-come, first-served" basis.

This precluded the state from giving preference to projects that would produce the greatest economic benefit or created the greatest number of jobs. As a result, the majority of tax credits awarded went to projects that generated low percentages of both qualified expenditures and jobs created. Given the choice between fixing the film tax incentive program (as recommended by TaxWatch) and scrapping the program, the Legislature chose to scrap it.

If the tax credit program created by SB 946 ensures the state makes back its investment, creates jobs for Florida residents, promotes Florida tourism, and pumps additional revenue into local businesses, then TaxWatch believes it would be in the best interest of the state for the Legislature to consider such a program. We look forward to working with you and your colleagues as the conversation regarding incentives for Florida's film and television industry progresses.