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STATEMENT BY THE MOTION PICTURE ASSOCIATION OF AMERICA ON BIASED STUDY ABOUT FILM AND TELEVISION CREDITS

WASHINGTON – The following is a statement by Vans Stevenson, Senior Vice President of State Government Affairs at the Motion Picture Association of America, Inc. (MPAA) on a study by the Center on Budget and Policy Priorities that discounted the importance of the film and television industry and its millions of workers to the American economy and reached prejudged conclusions about the value of tax credits in bolstering jobs and local economic development.

“This politically motivated, slipshod report by a think tank in Washington, DC, demonstrates no understanding of the film and television industry, nor the importance of the jobs and economic development produced by these tax credits in states all across our nation,” Stevenson said. “Bottom line, this is a report produced by an organization that has already proclaimed itself antagonistic to tax cuts and incentives and it found a way to examine the data to back up its own prejudiced point of view.

The film and television industry contributes in a very real way to the economies of all 50 states and the District of Columbia through on-location production and infrastructure development. The industry is actually made up of more than 115,000 businesses in total, 81 percent of which employ fewer than 10 people. The industry supports more than 2.4 million jobs and generates about \$13 billion in taxes and \$40 billion in payments to vendors, suppliers and others nationwide.

These jobs provide an immediate opportunity to expand local employment during a difficult economy and the state has the benefit of current time value of money: employ now- pay later.

Even as many states’ economies face dire budget situations, new and expanded production tax credits emerge: most recently in Florida, where the government signed a jobs bill, the centerpiece of which was a \$242 million transferable film and digital media tax credit program.

New York recently adopted a budget bill, which included an additional \$2.1 billion in funding to the New York production tax credit for 5 years.

Connecticut enhanced their 30% film and digital media tax credit that will make it even more attractive to bring more production activity to that state.

And North Carolina just bolstered their film tax credit (which is uncapped) and created a new digital media tax credit program as well.

The states, which recently terminated their legislative programs, were not competitive. Kansas' suspended film incentive program only applied to in-state companies and was not designed to attract out-of-state filmmakers.

The film production program funding in Wisconsin was cut, but it was not a competitive program, and Iowa's film credit program was suspended due to corruption and inadequate program oversight. Iowa is looking to revive the production tax credit program and the Governor-Elect is supportive of a vibrant film production tax credit program in Wisconsin.

There were several proposed legislative eliminations and cut backs of state film production tax credit programs in 2010, which were all defeated. These include initiatives in Massachusetts, Michigan, New Mexico, Pennsylvania, Rhode Island and South Carolina.

In locations with uninterrupted film tax credit programs there have been continuing investment and job growth. In Massachusetts for example, only 10 films were produced over seven years with \$67 million of direct investment and once the credit was enacted the Commonwealth had 26 films in three years with a startling \$676 million of direct investment to the state.

The film and television incentive programs can do wonders and are a robust economic stimulus. New investment in film and digital media production is, on balance, revenue positive. In the short term, it generates substantial tax revenues with credit claims paid eighteen to twenty four months after production has wrapped."

About the MPAA

The Motion Picture Association of America, Inc. (MPAA) serves as the voice and advocate of the American motion picture, home video and television industries from its offices in Los Angeles and Washington, D.C. Its members include: Walt Disney Studios Motion Pictures; Paramount Pictures Corporation; Sony Pictures Entertainment Inc.; Twentieth Century Fox Film Corporation; Universal City Studios LLLP; and Warner Bros. Entertainment Inc.

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