



To: Members of the Appropriations, Commerce and Finance, Revenue and Bonding Committee  
Re: Department of Economic and Community Development (DECD) 2022 Annual Report  
Date: May 4, 2023

On behalf of the Motion Picture Association (MPA)<sup>1</sup>, I am writing to support the recommendations in DECD's 2022 annual report to maintain the state's Film & Digital Media Production Tax Credit Program, which has served as a catalyst for economic growth in the state by yielding significant investment in infrastructure, and long-term production commitments.

Connecticut's production tax credit program has undergone several critical refinements since its initial adoption, evolving beyond solely project-specific opportunities to attracting long-term investments in jobs, programming, and infrastructure, with dramatic results. For example, the program provides a novel 'relocated production' provision that encourages production companies to bring investment and jobs to Connecticut from outside the state. Connecticut was also early to attract the production of web-based content, including interactive websites and the recurring, good paying jobs created by the digital media industry.

Further, the infrastructure tax credit is directly credited with driving at least \$500MM in media and entertainment sector capital investment that has been the cornerstone of stable, ongoing digital and television production and job creation. The 'relocated production,' 'digital media' and 'production infrastructure' features are widely emulated around the country as tools that foster long-term and recurring industry investment. Finally, the tax credit program also prioritizes the use of Connecticut vendors, which facilitates the establishment of enduring and long-term relationships between production companies and local suppliers. The in-state supplier requirement has not only expanded the operations of existing Connecticut businesses, but led to the opening of new local suppliers, all of which serve to support a thriving digital and television production sector in the state. It is also noteworthy that 92% of the film industry's suppliers are small businesses employing ten or fewer employees<sup>2</sup>, which are an essential element of any state economy.

As outlined in DECD's annual report, a state-commissioned study of the tax credit program by Olsberg SPI concluded that between 2012-2020, the tax credit helped to attract \$2.72 billion of production expenditure into Connecticut. The analysis further found that the return on

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<sup>1</sup> The MPA is the trade association for the leading producers and distributors of motion pictures, television programs, and streaming productions for exhibition in theaters, on broadcast, pay, cable and satellite television, and on the internet. MPA's members are Netflix Studios, LLC, Sony Pictures Entertainment Inc., Paramount Pictures Corporation, Universal City Studios LLC, Walt Disney Studios Motion Pictures, and Warner Bros. Entertainment Inc.

<sup>2</sup> [Driving Economic Growth - Motion Picture Association \(motionpictures.org\)](https://www.motionpictures.org/driving-economic-growth)

investment during this same time period was 4.8; in other words, for every dollar of tax credit, \$4.80 in economic value was created. This includes economic activity created directly by the productions receiving the tax credit and additional value created by those living in the state spending in the local economy.

DECD's economic impact estimation of the tax credit program included in its annual report for 2022 aligned with the conclusion of the Olsberg study showing \$4 of new economic activity per \$1 of tax credit awarded in FY 2022. DECD's analysis further concluded that, when taking indirect and induced new state spending into account, approximately 50% of industry employment, which is approximately **4,700 jobs**, in the motion picture and broadcasting industries were necessary for the tax credit to "break even" in FY 2022. Notably, the data from the Bureau of Labor Statistics showed a total of 9,524 industry jobs in the state, which underscores that the tax credit program is generating a positive fiscal impact on the state.

For all of these reasons, the MPA is pleased to support DECD's recommendation to maintain the state's film tax credit program and continue the industry's success story in Connecticut. Thank you for the opportunity to provide these comments.

Sincerely,

Kathy Bañuelos  
Senior Vice President  
State Government Affairs

M (818) 325-9467

E [Kathy\\_Bañuelos@motionpictures.org](mailto:Kathy_Bañuelos@motionpictures.org)