



January 21, 2021

Tax Expenditure Review Commission
c/o Massachusetts Department of Revenue
100 Cambridge Street, 2nd Floor
Boston, MA 02114

Dear Commission Members:

We write on behalf of the hundreds of businesses and thousands of employees that are now part of the film, television, and streaming production ecosystem in Massachusetts. Most of these businesses that support the industry and these jobs did not exist just a few short years ago. If the film tax incentive ends, the investment and jobs it creates will leave Massachusetts.

Watching and monitoring the work of the Commission over the past number of months, we write to offer some clarifying information regarding the film tax credit. Like all credits, incentives and tax expenditure programs, there is unique background on each and therefore we felt it imperative to share the following:

The incentive program is working exactly as it was intended

The film incentive program has accomplished to date exactly what it was intended to do. The film and television incentive program was passed in 2006 in order to attract productions to Massachusetts, to build an industry, and to generate the economic activity that comes with it. It has succeeded:

- Over 270 films and television and episodic series have been produced
- Filming has occurred in over 225 cities and towns
- Productions have spent more than \$2.8 billion in Massachusetts
- It has created many thousands of new good middle class jobs
 - This is a highly unionized industry – meaning its jobs provide family-sustaining wages, health benefits, and pension benefits
 - Over 80% of the value of the credits are issued to companies with collective bargaining agreements, again ensuring family-sustaining jobs with good wages and benefits
- Goods and services have been bought from local small businesses in over 270 cities and towns
- There are now more than 50 high tech post-production and visual effects companies across Massachusetts employing more than 550 highly skilled workers.
- There are now more than 2-dozen Massachusetts colleges and universities that have academic programs in film, television, and media production. There are over 4,000 film and media students who now have a career path in Massachusetts. These students no longer have to look out of state for jobs.

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This incentive program has done much more than simply encourage businesses to be in Massachusetts, it has literally contributed to the birth and continued growth of an industry. It is an industry that has seen a skilled workforce grow considerably and have careers in the Commonwealth instead of moving elsewhere. Local vendors, suppliers, and services that support the industry, which didn't exist when the program went into effect, have popped up across Massachusetts; post-production and special and visual effects work that had to be shipped out of state in the past is now done here by Massachusetts-based companies; and our ever-growing infrastructure supplying the industry with sound-stages, lighting and rigging equipment, trucks and trailers, and set decoration and props continues to grow exponentially.

The program generates a wide economic footprint

This past fall a first-of-its-kind study analyzing the economic impact of film/TV/streaming production in Massachusetts was released.

The study, conducted by Industrial Economics Inc, (IEC) [analyzed the production of Hulu's Castle Rock, Season 1](#). The study found that in just one season of the production *Castle Rock*:

- Created 1,026 FTE jobs
- Generated \$69 million in economic activity
- Spent monies in 210 cities and towns across the state
- 72% of expenditures directly impacted the state economy
- Generated \$4.73 of economic activity for each dollar spent by the state in anticipated tax credit

If the credit ends, the investment and jobs will leave Massachusetts

Massachusetts competes with dozens of states that have film and television production incentive programs. A state without a program simply is not considered for film and television production investment of any kind. The Massachusetts program has grown an industry here that makes content producers like Hulu, Netflix, Apple, Disney, and Warner Brothers keep coming back, creating significant economic impact that continues to build the industry that supports so many businesses and family-sustaining jobs. Without the program, the state will lose that investment and those jobs to other states.

There is no benefit to individual actors with this incentive

Individual actors receive NO benefit from this program. They must pay the exact same Massachusetts state tax withholding on their earnings as everyone else. There is still a common misconception that big name actors benefit from this program – that is wrong and inaccurate.

The demand to produce new content is strong and we are poised to capture it

While production halted over 2020 due to COVID-19, consumers devoured content from their homes like never before, streaming films and television series across an expanding landscape

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of subscription services. As a result, there is now an intense pent-up demand for quality streaming content and a highlighted need for even more of it.

Because we have successfully created a real industry here and have safely reopened our economy, we are well poised to satisfy that demand and to capture the industry growth that will bring even more investment and good-paying jobs to Massachusetts for years to come. But without the elimination of the impending sunset now, continued investment in Massachusetts by Netflix, Apple TV, Amazon, Hulu and others will cease and go elsewhere and the thousands of current and future jobs will follow.

The sunset is a barrier to capital investment right now

There is significant demand for more local studio and soundstage spaces. Many of our local businesses are ready to make major investments in new infrastructure, equipment, and capacity to grow the local film and television industry. But the scheduled end of the production incentive puts those substantial investments at risk. Businesses won't invest in an industry that's scheduled to disappear. At a time when Massachusetts needs economic stimulus the most, the uncertainty created by the rapidly approaching sunset of the production incentive is preventing job-creating investments now.

Create jobs and establish careers when we need it most

The local film and television industry creates thousands of good-paying jobs for working-class people. Much like the construction industry, many of these jobs are project-based that provide long term careers in a growing industry. And the thousands of film and media students who graduate from Massachusetts colleges and universities can now establish those careers right here in the Commonwealth. These are the kinds of jobs the state needs to grow our economy and recover from the COVID-19 economic crisis.

If the roadblock of the impending sunset date is removed, the film industry can help lead Massachusetts' economic recovery, creating thousands of good-paying jobs and supporting local businesses when they need it the most. But if action isn't taken soon, the Film & Television Production Incentive will end and the local film and television industry, along with its jobs, businesses, and contributions to our economy, will disappear.

Sincerely,

A handwritten signature in black ink, appearing to read "David Hartman", with a stylized flourish at the end.

David Hartman
Executive Director

Cc: Members, Tax Expenditure Review Commission

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