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**LEGISLATIVE ANALYSIS FINDS ‘STRONG ECONOMIC
RATIONALE’ FOR PA’S FILM TAX CREDIT**
‘Commonwealth Could Lose Significant Amounts of Productivity Statewide Without Credit’

HARRISBURG – An independent analysis released today by a legislative committee said Pennsylvania’s film tax credit generates a more than \$4 million profit for the commonwealth, Department of Community and Economic Development acting Secretary George Cornelius said.

“This in-depth study of the film industry in Pennsylvania proves, without hyperbole, that the commonwealth’s incentive to bring movie producers here benefits not only the thousands of talented men and women who are hired to work on these projects, but taxpayers,” said Cornelius. “Losing this important incentive would bring more bad news to a state economy that has suffered enough already.”

Pennsylvania’s \$75 million program provides a 25-cent credit for every one dollar of qualified expenditure. To receive the film tax credit, at least 60 percent of a production’s budget must be spent in the commonwealth.

The analysis, conducted by Economics Research Associates of Chicago and released by the Legislative Budget and Finance Committee, concluded that Pennsylvania made a \$4.5 million profit and created 4,000 jobs with the film tax credit in 2007-08.

“Although the state and local taxes generated by the \$524.6 million in total economic impact of the approved projects is \$17.9 million, the industry as a whole brings the state and local governments \$62.7 million in revenues from taxes, fees and permits,” the review said. “There is a net fiscal gain to the Commonwealth of \$4.5 million when considering all of the revenues generated by the entire industry.”

Should Pennsylvania eliminate the film tax credit, the analysis said there could be an adverse impact on the state’s film industry.

“In the current economics of the industry and the highly competitive landscape at state levels, the presence of a film tax credit for producers can be considered the price of admission for being considered for such activity,” the report said.

Since the inception of the film tax credit, Economics Research Associates said the number of productions in Pennsylvania has increased 33 percent annually. There were 31 films that were released in 2004 that were shot in the commonwealth. Four years later, after the General Assembly agreed to increase the film tax credit from \$10 million to \$75 million, 175 movies – including “Baby Mama” and “Marley and Me” – were released with scenes filmed in the commonwealth.

“... Tax credits have demonstrated a strong causal relationship between the credit and levels of production activity in states, and producers locally and nationally indicate that their decision process is highly sensitive to access to credits,” the study said. “For states that wish to retain the film industry the costs of redeveloping such a capacity at a future point is likely to be much more costly than supporting and building on current economic capacity.”

Besides movie producers Pennsylvania’s film tax credit is also for producers of TV talk and game shows, television commercials, and television pilots or episodes.

For more information about Pennsylvania's film tax credit and the Department of Community and Economic Development, visit www.newpa.com. For a copy of the Legislative Budget and Finance Committee analysis of the tax incentive, visit lbfc.legis.state.pa.us.

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