



News Release

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For more information: Jon P. Honeck, Ph.D., 614-224-1344 or [jhoneyck@CommunitySolutions.com](mailto:jhoneck@CommunitySolutions.com)

Sent by: Sarah Kresnye, 216-781-2944 or skresnye@CommunitySolutions.com

Ohio cannot afford the proposed movie production tax credit; Senate version could cost the state up to \$100 million per year.

In a new report issued today, **The Center for Community Solutions** analyzes a proposed film production tax credit included in Ohio House Bill 1, the state budget bill. The report is available at www.CommunitySolutions.com. The House version of the credit would allow the Department of Development to issue up to \$20 million in film tax credits over the biennium; the Senate version would permit an astonishing \$100 million in new film production tax credits each year. This is a new tax break that Ohio cannot afford while the legislative conference committee is trying to manage a \$3.2 billion budget gap.

The state should not subsidize the movie industry while cutting vital health and human services programs. **The Center for Community Solutions calls on the conference committee to remove the film tax credit from the budget.** Governor Strickland should veto the provision if it remains in the bill.

Most states have enacted some form of tax break for the film industry. These subsidies have resulted in a bidding war as states compete to lure movie productions. Economic studies looking at the experiences of other states, including Connecticut, Louisiana, Massachusetts, New Mexico, Pennsylvania, and Wisconsin, have shown that such credits do not come close to paying for themselves even when film production activity increases. For example, the estimated increase in tax revenue from film production in Louisiana and New Mexico, two states that have been very aggressive in promoting the film industry, covered less than 20 percent of the value of the tax credits.

“Ohio cannot afford to subsidize the movie industry when the state is cutting billions of dollars from health, human service, and education programs,” said Jon Honeck, Public Policy fellow at **The Center for Community Solutions**. **“The evidence from other states is very clear – subsidies to the film industry do not pay for themselves and will drain resources from the state treasury,”** he added.

The Center for Community Solutions is a private, independent, nonprofit organization focused on policy and system reform. It provides strategic leadership to improve targeted health, social, and economic conditions. Established in 1913, it is a United Way agency.