



Chairman Smith and Members of the Committee:

Please accept this opponent testimony on HB 2182, the Film and Digital Media Production Development Act.

While film incentives sound exciting to support filmmaking efforts in Kansas, data from similar programs across the country reveal widespread waste, transparency issues, and low returns on taxpayer investment. Across the 40 states which offer film incentives, none of them have seen more than 30 cents returned for every dollar invested – Connecticut saw only 7 cents of return from every taxpayer dollar put in.<sup>i</sup> In 2021, Louisiana sunk more money into the box office flop Green Lantern than it spent on the University of New Orleans, bringing back only about a fifth of its total investment.<sup>ii</sup>

In a study of 29 TV production subsidy programs totaling \$2.5 billion across the country incentives, 14 provided no recipient disclosure at all. Those that did usually only provided the names of recipients and some basic job data, but nothing about the nature of those jobs.<sup>iii</sup> On one hand this is appropriate as taxpayer privacy should be of primary concern. And yet, when it comes to targeted subsidies and incentives – as opposed to something like a child tax credit that is broadly applicable – transparency is important.

Georgia has some of the largest film subsidies in the country, totaling \$5 billion between 2005 and 2020 and with an estimated cost in FY 2023 of over \$1 billion. Yet, over this same time, 88% of the film tax credits went to non-Georgia companies and 53% of the labor income went to outside workers. The program was operating under a loss of 90 cents per dollar.<sup>iv,v</sup>

On all fronts, film subsidies are a box office flop. Taxpayer funds are not receiving a return on investment, with much of the money going to out-of-state production companies that will likely leave and look for the next best deal with where to film next. While we should welcome out-of-state business and the opportunities it presents, it's highly unlikely that these credits will pioneer a new business cluster for film and television in Kansas. Similarly, film subsidies have long been questioned whether they reasonably change a production team's mind about whether to shoot in a certain location or are used to "sweeten the deal" once a decision has been made.

Kansas is a beautiful state and should welcome filmmakers. But not with subsidies coming out of taxpayers' wallets that have historically low returns. Instead, looking at the costs filmmakers face with regards to permitting, access to labor, and other overhead costs could help.

Thank you for the opportunity to provide this testimony.

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<sup>i</sup> I. Harry David and Mark Robyn. "Movie Production Incentives in the Last Frontier." Tax Foundation, April 26<sup>th</sup>, 2012.

<sup>ii</sup> Ganon Evans. "Lights, camera, please no action on film subsidies." Kansas Policy Institute, January 23<sup>rd</sup>, 2023, <https://kansaspolicy.org/lights-camera-please-no-action-on-film-subsidies/>.

<sup>iii</sup> *Financial Exposure: Rating the States on Economic Development Transparency*. Good Jobs First, April 2022.

<sup>iv</sup> J.C. Bradbury. "Georgia's film tax credits are big-budget flop." Atlanta Journal-Constitution, February 24<sup>th</sup>, 2020.

<sup>v</sup> Good Jobs First. "Film Subsidies." 2023, <https://goodjobsfirst.org/film-subsidies/>