

**HB 2038 opponent testimony – written only**  
**Film tax credit and sales tax exemption**  
**House Taxation Committee**  
**Dave Trabert, CEO**  
**February 5, 2025**



Chairman Smith and Members of the Committee,

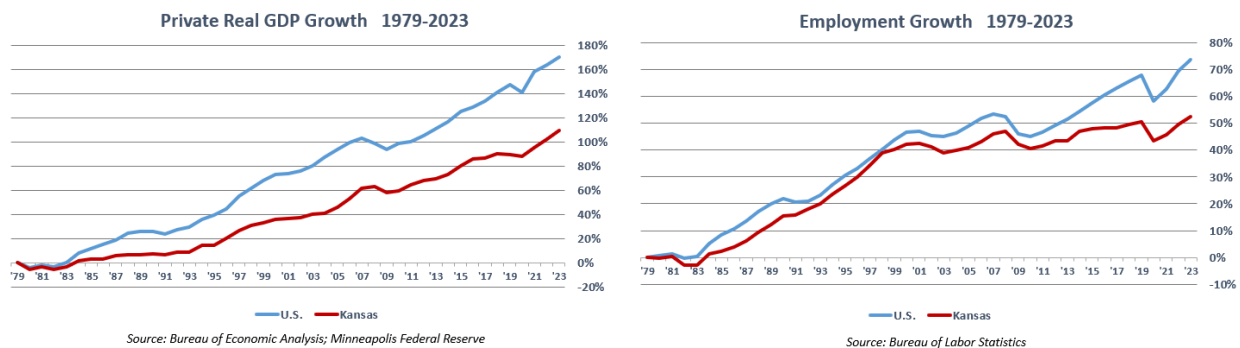
We are pleased to provide written testimony opposing HB 2038, which would create an income tax credit and sales tax exemption for film and digital media production.

A 40-state study entitled “Lights, Camera, but No Action? Tax and Economic Development Lessons From State Motion Picture Incentive Programs” by Michael Thom, an assistant professor at the University of Southern California Price School of Public Policy, reached the following conclusion:

“Results suggested that most of the incentives included under these programs had little to no sustained impact on employment or wage growth and that none of the incentives affected motion picture industry GSP or concentration.”<sup>1</sup>

The study also notes that sales tax waivers had no measurable effects; transferable tax credits had a small, sustained effect on employment but no effect on wages; and the most generous form of tax credit, refundable credits, had no employment effect and a temporary wage effect. Spending more on incentives had no lasting impact. Further, neither credit affected gross state product or motion picture industry concentration. Incentive spending also had no influence.

The state’s economic development strategy – primarily relying on subsidies – is not working. The charts below show Kansas is in its fifth straight decade of economic stagnation, falling farther behind the national average in GDP and job growth. Kansans need income and property tax relief, not more subsidies for a few businesses or industries.



We appreciate your consideration of our testimony and encourage you to reject HB 2038.

<sup>1</sup> Thom, M. (2018). Lights, Camera, but No Action? Tax and Economic Development Lessons From State Motion Picture Incentive Programs. *The American Review of Public Administration*, 48(1), 33-51. <https://doi.org/10.1177/0275074016651958>