

The film tax credit farce

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Everyone loves a good movie, but with an average cost of more than \$8, most Pennsylvanians have to choose carefully what they will spend their money on. Too bad we don't have that same luxury with our tax dollars, which subsidize the film industry to the tune of \$60 million a year. If lobbyists for the "film tax credit" have their way, this will increase to \$100 million in short order.

The debate over whether to increase the credit clouds the real issue: The debate should be whether the credit should exist at all. Simply put, it should not.

The credit, we are told, is an "investment" in Pennsylvania. By offering this credit we entice out-of-state productions to the state, which creates jobs and increases the tax base. Everybody wins! But if you really want to see who wins, look at who is pushing for the benefit. Filmmakers win. Taxpayers will be left holding the empty popcorn bag.

The film industry claims that the tax credit creates 18,000 jobs and innumerable others benefit as out-of-state money filters through our economy. What is casually omitted from this rosy scenario is the money lost by businesses that are already here.

When people are taxed to subsidize one industry, they have less money to spend the way they want. Some people win, but a lot of others lose. Politicians are simply picking the winners and losers.

Proponents say that our taxes aren't really going up because the \$60 million is a credit. Out-of-state film crews don't pay taxes in Pennsylvania, so enticing them here with tax credits means only that they still won't be paying taxes in Pennsylvania. But this ignores the fact that they will be using state services: police and fire protection, public schools, roads and — notably — unemployment benefits when their movies wrap up. We taxpayers will be footing the bill for these services.

According to the nonpartisan Tax Foundation, every independent study of film tax credits has found that the credits are money-losers for the states. Arizona's Department of Commerce calculated that Arizona made back 28 cents in tax revenue for every \$1 it "invested" in film tax credits. Connecticut's Department of Economic Development estimated that the state earned 7 cents in tax revenue for every \$1 it lost. State agencies in Massachusetts, Michigan, New Mexico and even Pennsylvania's Legislative Budget and Finance Committee found that state coffers received less than 30 cents for every dollar they paid out in film tax credits.

If film production is such a great cash cow, why aren't venture capitalists lining up for a piece of the action? The problem is that the film industry wants special treatment. It wants someone else to shoulder the risk of investment while it keeps the profit for itself. No investor would agree to such a deal, and that is why the film industry has turned to our state government.

Filmmakers know the state can force taxpayers to invest in something taxpayers would never choose on their own.

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