Policy Matters Ohio

**Press release**

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# Policy Matters Ohio questions state film tax credit bill

House Bill 475 would more than triple the $20 million tax break for the motion picture industry and allow movie producers to "transfer" or sell to tax break to raise money for production according to prepared testimony by Wendy Patton, senior project director at Policy Matters Ohio.

Ohio's budget for tax breaks will be nearly $9 billion in 2017, one of the largest uses of state taxpayer resources, yet legislators have failed to provide for regular review of tax breaks for accountability and effectiveness. The transferrable tax credit is a problematic form of tax break. "Transferable tax credits enable complicated deals that give special tax breaks to financial interests and companies who do nothing to bring movies to Ohio," Patton said in a statement.

With transferability, the state subsidy "leaks" out to unintended beneficiaries: investors with Ohio tax liability but no relation to the film industry who buy the credits; brokers who match buyers with sellers; and the attorneys and insurers who service the transaction. Transferable tax credits may change hands many times, making accurate tax administration expensive, according to Patton's testimony to lawmakers today.

"It's a costly and cumbersome approach to economic development," Patton said. "Legislators interested in boosting aid to the film industry should consider a more efficient mechanism, like a grant program, and debate the size and merits of the new program in the next budget bill – side by side with the funding needs of education, health and human services, parks, local government and all the public services we depend on."

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