



Starstruck?
Connecticut's Block-Busting Spending
on Entertainment Industry Tax Credits¹
Part 1: The Credits and Who is Claiming Them

Shelley Geballe, JD, MPH

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"It's free money."

Andrew Gernhard (Hamden, CT producer)²

I. Introduction

Until 2006, Connecticut's tax incentives for the entertainment industry were modest:³ primarily two exemptions from the sales tax related to the sale, rental, and storage of certain entertainment-related equipment;⁴ and a change in the corporation business tax apportionment formula applied to multi-state broadcasters (and their affiliated video or audio programming production entities).⁵

Beginning in the 2006 General Assembly Session, however, Connecticut's financial support for the entertainment industry sharply accelerated. In 2006, a new "film production" tax credit was enacted. In 2007, this credit was expanded, and two new credits were adopted -- a digital animation production credit and a motion picture infrastructure credit. In addition, in 2007, a new exemption to the sales tax for media payroll services was adopted. The Office of Fiscal Analysis projects that the FY 09 revenue loss from these newly enacted tax incentives will total \$117.5 million – a \$116.0 million revenue loss from the tax credits and another \$1.5 million loss from the new sales tax exemption.

As shown in Table 1 below, the projected \$116 million FY 09 revenue loss from the three new "film" tax credits is *more than one-third* the projected FY 09 revenue loss from *all* business tax credits *combined*. This raises an obvious question. Is Connecticut getting the best return on its economic development investment by putting such emphasis on this industry?

FY 09 Business Tax Credits	Projected FY 09 Revenue Loss (in millions)	% of projected FY 09 tax credits total value
Film (Production, Infrastructure, Digital Animation)	\$116.0	34.3%
Fixed capital	\$60.0	17.7%
Historic rehabilitation (homes, mixed use)	\$51.2	15.2%
Electronic data processing	\$40.0	11.8%
Job creation	\$12.0	3.5%
Research and experimentation	\$10.0	3.0%

FY 09 Business Tax Credits	Projected FY 09 Revenue Loss (in millions)	% of projected FY 09 tax credits total value
Sale of tax credits	\$7.5	2.2%
Housing program contribution	\$6.5	1.9%
Displaced worker	\$6.0	1.8%
Insurance reinvestment	\$5.5	1.6%
Research and development	\$5.0	1.5%
Machinery and equipment	\$2.5	0.7%
Human capital	\$2.5	0.7%
Neighborhood assistance	\$2.5	0.7%
Remaining 20 credits (total)	\$11.1	3.3%
TOTAL	\$338.3	100.0%

Source: Office of Fiscal Analysis, *FY 08-FY 12 General Fund and Transportation Fund Budget Projections and Fiscal Information* (November 15, 2007), pp. 27-29.

TABLE 1

This Report is in two parts. Part 1 describes the three new “film” tax credits and reports on current data about who is benefiting from the oldest of the three credits -- the film production tax credit – describing what companies are claiming the credits, for what types of productions, and in what amounts. Part II of this Report will compare Connecticut’s credits to those offered by other states, look at current evidence about the economic impact and cost-effectiveness of such credits, and raise some important questions about Connecticut’s credits, as currently constituted.

Note that this Report does *not* include any discussion of other recently-adopted initiatives to bolster Connecticut’s entertainment industry, such as a new film industry workforce training program within Connecticut’s Office of Workforce Competitiveness and new authorization for Connecticut Innovations, Inc. to provide financial help for projects to enhance the infrastructure for film and digital media.⁶

II. Connecticut’s New Entertainment-Related Tax Incentives

“Connecticut is an awesome place to shoot a film because you have every location you could possibly want. You have the shore, you have the ghetto, you have old towns, you have new towns, you have everything.”

Andrew Gernhard (producer)⁷

A. Film production tax credit

A new transferable tax credit for producing films, digital media and virtually any other type of entertainment content was enacted in 2006 and expanded in 2007.⁸ The credit, administered by the Connecticut Commission on Culture and Tourism (“CCT”), is equal to 30% of all “qualified production expenses or costs,” so long as they exceed \$50,000.

What is eligible for the 30% credit? The term “production expenses or costs” is defined very broadly as “all expenditures clearly and demonstrably incurred *in the state* [in the] development, pre-production, production or post-production costs of a qualified production”⁹ (emphasis added). The only ceiling placed on an otherwise qualifying expenditure pertains to compensation for services provided in a qualified production. On or after January 1, 2008, compensation of *more than \$15 million that is paid to any individual* (or entity representing an individual) for services provided in a qualified production cannot be claimed.

“Qualified production,” in turn, also is defined very broadly¹⁰ as “entertainment content created in whole in part within the state” including:

- a) Motion pictures;
- b) Documentaries;
- c) Long-form, specials, mini-series, series, sound-recordings,¹¹ videos, and music videos and interstitials television programming;
- d) Interactive television;
- e) Interactive games;
- f) Videogames;
- g) Commercials;
- h) Infomercials;
- i) Any format of digital media, including an interactive website,¹² created for distribution or exhibition to the general public;
- j) “Any trailer, pilot, video teaser or demo created primarily to stimulate the sale, marketing, promotion, or exploitation of future investment in either a product or qualified production via any means and media in any digital media format, film or videotape, provided such program meets all the underlying criteria of a qualified production.”¹³

A state-certified qualified production is one produced by a company that: a) the CCT has approved for a production tax credit; b) complies with regulations the CCT adopts for the tax credit program, and c) is authorized to do business in Connecticut.¹⁴

Must the production expenses and costs be incurred in Connecticut? A 2007 amendment¹⁵ to the statute authorizing this tax credit appears to allow the credit to be based, in part, on expenses or costs that are incurred *outside* the State of Connecticut, but are “used” in the state, during a specific three-year period, stating:

- a) On and after January 1, 2009, 50% of the expenses or costs can be counted toward the credit when incurred outside the state but used within the state;
- b) On and after January 1, 2012, *no* expenses or costs incurred outside Connecticut can be counted toward the credit even if used in the state.¹⁶

That is, from January 1, 2009 through December 31, 2011, it would appear that production companies could receive a credit equal to 15% of production expenses or costs that are incurred outside Connecticut if “used” here (i.e., 50% of the 30% credit).

For example, if during this time period, a \$100 million motion picture was entirely filmed in New York, but DVDs of the movie were made in Connecticut (i.e., the motion picture was “used” in Connecticut for purposes of duplication and distribution by DVD), Connecticut arguably would be obligated to provide the production company with \$15 million in transferable tax credits, even though the in-state economic activity was nominal.

This provision, however, seems to conflict with a subsequently-adopted amendment that requires that the 30% credit for qualifying production expenses apply *only* to expenses and costs that are incurred in Connecticut.¹⁷

Against what taxes can the credits be applied? What companies are eligible for the credits?

The credit can be taken against the corporate business tax and the insurance premiums tax.¹⁸ The entity qualifying for the credit, however, need not be a corporation or an insurance company. Rather, the credits can be awarded to any “corporation, partnership, limited liability company, or other business entity engaged in the business of producing qualified productions on a one-time or ongoing basis, and qualified by the Secretary of the State to engage in business in the state.”¹⁹

That is, a business entity can be awarded tax credits to offset corporation business tax or insurance premium tax liability even if the company is subject to *neither* tax. Indeed, as noted below, many of the production companies that have received credits (or that have credits pending) are Limited Liability Companies (LLCs) and so are liable only for Connecticut’s \$250/year business entity tax (imposed on LLCs, S corporations, and partnerships).

For example, a production company that is an LLC is not, per se, liable for the corporation business tax or insurance premiums tax. So when it is awarded tax credits that can only be used to offset tax liability under the two taxes, it can *sell* these credits to any willing corporation or insurance company that *has* such tax liability, even if the companies have nothing at all to do with the entertainment industry. As noted later in the report, Connecticut’s film production tax credits already have been sold to a bank, department store chain, and manufacturer.

This departure from past practice was noted by Connecticut Office of Policy and Management Secretary Robert Genuario in testimony on proposed legislation to establish the credit:

One reason the proposal is so costly is that the bill appears to extend corporation tax credits to non-corporate entities. This would be a major change in state tax policy and would set the precedent to open up all our corporation credits to any business or individual. We must not forget that in 1993 Connecticut passed the Limited Liability Company law permitting the formation of such entities. One of the primary benefits of such an entity is its ability to pass through income to the partner’s individual tax return which is taxed at a lower rate. These lower taxed firms would now generate a corporation tax credit which they could sell to other parties.²⁰

Transferability of the credits. The credit may be transferred, in whole or in part, to “one or more taxpayers” and can be resold, assigned or otherwise transferred a maximum of three times.²¹ The Commission must be notified of any transfer. There are no requirements concerning the nature of the transferee’s business, although the transferee ultimately using the credits necessarily will have some Connecticut corporate tax or insurance premiums tax liability.

Claiming the credits. Credits can only be claimed for the income year in which the expenditures are made. Credits are non-refundable, but unused credits can be carried forward for three years.²² Importantly, a production company can apply for and receive credits on an annual basis while a production is in progress; it need not wait until a production is finished. State law limits the state’s authority to recapture tax credits *even if* there was “material misrepresentation or fraud” in a company’s reporting of expenditures and costs.²³

Is the credit capped? This credit is *not* capped – either by the individual production (e.g., no more than \$5 million in tax credits per production) or in total (e.g., no more than \$50 million in tax credits in a single state fiscal year).

What is the projected revenue loss from this credit? When the tax credit was adopted in the 2006 Session, the Office of Fiscal Analysis (OFA) estimated a \$10 million FY 08 loss and a \$20 FY 09 million loss from a reduction in corporate business tax revenues. Now, however, OFA estimates that there will be a \$90.5 million revenue loss in FY 09: a \$90.0 million reduction in corporation business tax revenues and \$0.5 million reduction in insurance premium tax revenues.²⁴

B. Film Infrastructure Tax Credit

Public Act 07-236, §2 established a second transferable credit for state-certified capital projects “to provide basic buildings, facilities, or installations needed for the functioning of the digital media and motion picture industry” in Connecticut. Proponents argued that because Connecticut’s only full-fledged studio facility is Sonalysts Studios in Waterford,²⁵ incentives to create additional infrastructure were needed. As Alan Greenspan (President and owner of International Arts Entertainment) testified:

Doing production, it is ideal to shoot as much of a film as possible in a single location, so you don't incur the cost and inconvenience of moving the entire cast and crew out of state, or for that matter, out of the country, after you have settled on one location.

Right now the thinking in Hollywood is that Connecticut has a very aggressive tax incentive, but it needs the infrastructure to support the production that the state could attract. This means having state-of-the-art soundstages and post-production facilities available to visiting productions. I am already interested in shooting in Connecticut, but if such an infrastructure existed, it would make an attractive situation even more desirable.²⁶

To be state-certified, the infrastructure project must be undertaken in Connecticut by an “entity” that: a) is in compliance with the regulations CCT adopts (in consultation with the Commissioner of the Department of Revenue Services (DRS)); b) is authorized to do business in Connecticut; c) has not defaulted on any Connecticut state loan or loan guarantee or had any obligation to repay public funds discharged because of bankruptcy; and d) is approved for an infrastructure credit by CCT.

What expenses are eligible for the credit? “Eligible expenditures” are defined to include:

a) *Capital expenditures.* All expenditures for a capital project to provide buildings, facilities or installations (whether leased or purchased), together with necessary equipment, for a film, video, television, digital media production facility or digital animation production facility;

b) *Project development expenses* (including design, professional consulting fees and transaction costs);

c) *Equipment*. Expenses for development, pre-production, production, and post-production and distribution equipment and system access, and for fixtures and other equipment.

How large is the credit? Credit amounts depend on the infrastructure project's costs, as shown in the Table 2, below:

Film Infrastructure Tax Credits		
Project Cost		Credit (% of Investment)
At least	But less than	
\$15,001	\$150,000	10%
\$150,000	\$1,000,000	15%
\$1,000,000 and over		20%

TABLE 2

Against what taxes can the credits be applied? Like the film production tax credit, the film infrastructure tax credit can be taken against the corporation business tax and the insurance premiums tax.

Transferability of the credits. Entities that receive the credits may sell, assign or otherwise transfer the credits in whole or in part to “one or more taxpayers.” These taxpayers, in turn, may sell, assign or otherwise transfer the credits in whole or in part (with a maximum of three transfers after the issuance of the credits). Like the film production tax credits, these tax credits are not refundable.

Taxpayers holding credits can claim them only for the income year in which the expenditures were made by the entity claiming the credits for its infrastructure project. However, excess credits can be carried forward for the following three income years. Infrastructure credit buyers and sellers must jointly notify CCT of a transfer and supply the same information to CCT as for a film production credit transfer.

Claiming of the credits. The process for applying for infrastructure credits is similar to the process for the film production credit.

The entity that undertakes the project must apply to CCT within 90 days after incurring its first expenses for the project. The credit applicant must give CCT the information it requires to determine if the project is eligible for a credit, including a detailed project description, preliminary budget, estimated completion date, and such other information as CCT may require. If CCT determines a project is eligible, it must indicate the eligible project costs and issue to the entity a tax credit certification letter for investors that shows the available credits. CCT can require an independent audit of project costs and expenses before this certification, and must give the DRS commissioner a copy of the letter if the commissioner asks for it.

Unlike the “film” production tax credit, the CCT may not issue a tax credit voucher based on the certification letter until the project is *at least 60% complete*. Before it issues the voucher, the CCT must receive a progress report from the entity building the project and an estimated completion

date. The commission can also require an independent audit of the project costs and spending before issuing a voucher. Once the CCT issues a voucher for an infrastructure credit, state law imposes the same restrictions on the state's audit and tax credit recapture authority as it imposes for the production and digital animation credits.

Is the credit capped? Like the film production tax credit, the film infrastructure tax credit is *not* capped, either by project or in total cost in lost revenues to the state.

What is the projected revenue loss from this credit? OFA estimated a General Fund revenue loss of \$5 million in FY 09 (and \$10 million in FY 10) when this credit was adopted. Now, OFA estimates a \$10 million FY 09 revenue loss.

C. Digital Animation Tax Credit

Public Act 07-236, §3 established a third transferable tax credit for digital animation production activity by a state-certified digital animation production company. Digital animation production activity is defined as the creation, development and production of “computer-generated animation content” for public exhibition and distribution. Like the “film” production credit, the digital animation tax credit is equal to 30% of eligible digital animation production expenses over \$50,000 (for any income year starting on or after January 1, 2007).

Against what taxes can the credits be applied? What companies are eligible for the credits?

The digital animation tax credit also can be taken against the corporation and insurance premium taxes. It is available to production companies that are limited liability companies (LLCs) and partnerships, as well as corporations and other business entities (assuming they are qualified by the Secretary of the State to do business in Connecticut).

However, unlike the “film” production credit, to qualify for this credit, a state-certified digital animation production company must: a) be “engaged exclusively in digital animation production activity on an ongoing basis;” b) maintain studio facilities in Connecticut in which digital animation production activities are conducted; c) employ at least 200 full-time employees in Connecticut (permanent, non-seasonal employees required to work at least 35 hours a week); and d) be certified by CCT and comply with its regulations. A company that receives a digital animation credit is not eligible to apply for or receive a film production credit.

What expenses are eligible for the credit? Eligible “production expenses or costs” are defined very broadly to include “all expenditures clearly and demonstrably incurred in the state in the development, preproduction, production or postproduction costs of a digital animation production activity.”

As with the “film” production credit, these expenses include:

- *Production and post-production costs.* Expenses for compensation or purchases for: a) production work; b) production equipment not eligible for the infrastructure tax credit; c) production software; d) post-production work, equipment, software; e) set design and construction, props, lighting, wardrobe, makeup, makeup accessories; f) special, visual, and audio effects; g) actors and voice talent; h) film processing; i) music and sound mixing; j) editing; l) location fees and

sound stages; m) all “reasonably-related expenses in connection with digital animation production activity;” and n) “any and all other costs or services directly incurred in the state in connection with a state-certified digital animation production company.” Also, unlike for the “film” production tax credit, expenses for rent, utilities, insurance, administrative and systems support are allowed explicitly.

- *Distribution costs.* Expenses for distribution including: preproduction, production and post-production costs relating to the creation of trailers, marketing videos, commercials, point-of-purchase videos and “any and all content created on film or digital media” including the duplication of films, videos, CDs, DVDs, and any and all digital files now in existence and *those yet to be created* (emphasis added) for mass consumer consumption, as well as the purchase by a company in Connecticut of equipment to duplicate or mass distribute digital media content created or produced in Connecticut.

Unlike the film production credit,²⁷ eligible expenses for the digital animation credit *also* include costs related to the purchase or optioning of intellectual property (e.g., books, scripts, music, or trademarks) so long as they are less than 35% of the production company’s expenses or costs in any given income year. Allowable expenses include not only option money, but also the agent fees and attorney fees related to the purchase or optioning of the intellectual property.

Like the film production tax credit, production expenses or costs that are *not eligible* for the credit include: a) compensation of *more than \$15 million* paid to any person or entity representing a person for services in a digital animation production activity; b) media buys, promotional events, or other activities to promote or market a digital animation production; c) deferred, leveraged, or profit participation costs relating to personnel associated with the production, including producer and director fees, talent fees and writer fees; d) costs relating to the transfer of the digital animation tax credits; and e) any amounts paid to people or businesses as a result of “their participation in profits from the exploitation of the digital animation production activity.”

Transferability of the credits. Credits can be transferred in the same manner and with the same restrictions as the “film” production and film infrastructure tax credits. Like these two other credits, the digital animation credit is non-refundable, but may be carried forward for the three following years after the year costs were incurred.

Claiming of the credits. The digital animation credit has similar application, transfer, independent expense certification, post-certification remedy, and other requirements to the “film” production credit, except that a company can apply to CCCT for credit vouchers *no more than twice* during the company's income year.

Is the credit capped? *Unlike* the “film” production and film infrastructure tax credits, the digital animation credit *is* capped. The aggregate amount of all digital animation tax credits that CCT can reserve is capped at \$15 million in any one fiscal year.

What is the projected revenue loss from this credit? When the credit was adopted, OFA noted that the total credit amount was capped at \$15 million and that the cap would be reached “as soon as FY 08.” OFA now estimates a \$15.5 million FY 09 revenue loss: \$15 million in lost corporate business tax revenues and \$0.5 million in lost insurance premiums tax revenues.

D. Sales Tax Exemption for Media Payroll Services

PA 07-236, §§7-9 exempts from Connecticut’s 6% sales tax all separately stated charges for compensation, fringe benefits, workers’ compensation, and payroll taxes or assessments paid to a “media payroll services company.” A media payroll services company is defined as “a retailer whose principal business activity is the management and payment of compensation, fringe benefits, workers’ compensation, payroll taxes or assessments to individuals providing services” to an eligible film or digital media production company.²⁸

E. Total FY 09 Revenue Impact of Entertainment Tax Expenditures

The total projected FY 09 revenue loss from these various entertainment-related tax expenditures is shown in Table 3, below:

Specially Targeted State Tax Incentives for the Entertainment Industry	Statutory Authority (Conn. Gen. Stat. §)	Projected FY 09 Revenue Loss (in millions)
Sales Tax		
-Exempt certain motion picture, video, television, and radio production and broadcast equipment	§12-412(44)	\$2.0
-Exempt lease or rental of any motion picture film for display by theater owner or operator	§12-412(50)	\$2.0
-Exempt motion picture leasing or rental	§12-407(2)(j)	\$0.5
-Exempt media payroll services provided by media payroll services company (i.e., a company whose primary business is managing and paying compensation, benefits, and payroll taxes and assessments to a film or digital media production company eligible for a film production tax credit. (PA	§12-412(116)	\$1.5
Corporation Business Tax		
-Film and digital media production credit	§12-217jj	\$90.0
-Digital animation production credit	PA 07-236	\$15.0
-Motion picture infrastructure credit	PA 07-236	\$10.0
Insurance Premiums Tax		
-Film and digital media production credit	§12-217jj	\$0.5
-Digital animation production credit	PA 07-236	\$0.5
TOTAL		\$122.0
Source: Office of Fiscal Analysis, <i>Connecticut Tax Expenditure Report</i> (January 2008), pp. 7, 9, 11.		

TABLE 3

III. Who Has Benefited From The Film And Digital Media Production Credit?

CCCT’s *Digital Media and Film Tax Credit Report* to the Secretary of the Office of Policy and Management provides information about the types of productions and production activities that are benefiting from the first of the three credits to be adopted -- “film” production tax credit.²⁹ This

report (attached as Appendix A)³⁰ provides the following data, reported by CCT to OPM as of February 6, 2008:

A. Total Tax Credits Awarded or Pending

Total credits and expenditures. As of February 6, 2008, about \$123.55 million in tax credits have been issued, or are pending, based on estimated Connecticut expenditures of \$411.85 million, as shown in Table 4, below:

Film and Digital Media Production Tax Credit Status of Credits Approved and Pending, February 6, 2008			
	Tax Credits Approved	Tax Credits Pending	Total
Type of Production			
-Feature film	8	21	29
-Television	3	10	13
-Television movie	1	2	3
-Documentary		2	2
-Commercial	2	1	3
-Infomercial	1	2	3
-Interactive television		1	1
-Other digital media	1	3	4
Total Productions	16	42	58
Total Est. CT Expenditures	\$87,318,242	\$324,550,993	\$411,849,174
Total Tax Credits	\$26,195,214	\$97,359,280	\$123,554,494
Source: Connecticut Commission on Culture and Tourism, <i>Digital Media and Film Tax Credit Report to the Secretary of the Office of Policy and Management</i> (February 6, 2008)			

TABLE 4

Types of productions. The credits arise from a total of 58 productions including: a) 29 feature films; b) 13 television productions; c) 3 television movies; d) 2 documentaries; e) 3 commercials; f) 3 infomercials; g) 1 interactive TV production; and h) 4 “other digital media” productions. In short, although the credit is often called the “film” tax credit, feature films represent just half of the productions claiming tax credits to date.

Timing of the credit applications. Eleven of the 58 productions (19%) pre-applied for the credits in 2006. The remaining 47 productions applied in 2007.³¹ There is no record, yet, of 2008 pre-applications, although five other productions are noted on the CCT report to OPM as having been “filmed in Connecticut, but have yet to file.” Credits associated with these five productions are not included in any totals.

Production companies benefiting from the credits. A total of 49 production companies are named as having received or applied for tax credits for the 58 productions listed.³² Of these, close to three-quarters (36 of the 49 companies) are Limited Liability Companies (LLCs). As such, they are *not* liable for Connecticut’s corporation business tax, but pay only a \$250/year “entity” tax for the privilege of doing business in Connecticut. The privilege, in this case, includes being eligible to

receive millions of dollars of tax credits against the corporate business and insurance premiums tax that they can sell to companies that actually are liable for these taxes, even if they are *not* related in any way to the entertainment industry (see Table 5, below).

The production companies that have claimed credits, or for whom credits are pending, include multiple entities named after the productions themselves (e.g., In Bloom LLC is the production company for the feature film In Bloom) and also well known companies (e.g., World Wrestling Entertainment, Inc., Anthem Blue Cross and Blue Shield, NBC Sports Ventures, Inc.).

Some of the production companies, while having different names,³³ share the same principals. For example:

- In Bloom LLC (the production company for “In Bloom”) and WJH Productions LLC (the production company for “Just What Happened”) share 2929 Productions LLC of Beverly Hills, California as their principal. Together they have claimed a total of \$7.08 million in tax credits (of which \$2 million was transferred to Kohl’s Department Stores).
- Joseph Santianiello of Burbank, California is the President of Green Scarf Productions, Inc., Double Dutch Productions, Inc., and Old Dogs Productions, Inc. These companies are the producers of Confessions of a Shopaholic, College Road Trip, and Old Dogs, respectively, with a combined total of \$102 million in estimated Connecticut expenditures, or about \$31 million in pending tax credits.

B. Total Tax Credits Awarded As Of February 6, 2008

A total of \$26.2 million in tax credits have been *awarded* -- for 16 of the 58 productions listed on the report to the OPM Secretary (i.e., 28% of total productions listed)—as shown in Table 5, below:

Production Name	Type	Credits Awarded	Credits Transferred To:
Bronx is Burning	Television	\$6,242,705	Wachovia Bank, N.A.
Sisterhood 2	Feature film	\$5,085,216	
What Just Happened?	Feature film	\$3,577,022	
In Bloom	Feature film	\$3,503,906	Kohl's Department Stores, Inc.
Reservation Road	Feature film	\$3,294,907	
The Marker (Pistol Whipped)	Feature film	\$2,745,479	
The Laws of Motion	Feature film	\$785,517	
The Accidental Husband	Feature film	\$457,480	
Wings of Madness	Television film	\$122,284	
Best Food Cures	Infomercial	\$113,280	
Hearst Digital Recipes	Other digital media	\$62,437	
Muhammad Ali Project	Television	\$55,942	
Home Movie	Feature film	\$54,631	
Soul of a Champion	Television	\$52,732	
Callaway 2007 Product Line	Commercial	\$22,352	Pilot Corp. of America
Pilot Pen "GM=Get Mini"	Commercial	\$19,326	Pilot Corp. of America
Total		\$26,195,214	
Source: Connecticut Commission on Culture and Tourism, <i>Digital Media and Film Tax Credit Report to the Secretary of the Office of Policy and Management</i> (February 6, 2008)			

TABLE 5

Types of productions awarded tax credits. Half of the productions already awarded “film” production tax credits were feature films, three were television shows, one a television film, two were commercials, one an infomercial, and one was an “other” digital media production.

Size of credits awarded. Credits granted for these sixteen productions ranged from a high of \$6,242,705 in tax credits to Bronx Productions, Inc. for the Bronx is Burning television production to a low of \$19,326 to Visual Concepts Media, Inc. for a Pilot Pen commercial (“GM-Get Mini”).

Credit transfers. Credits awarded in four of the productions were transferred in whole (or part) to some other business entity:

- \$6.24 million in credits awarded to Bronx Productions, Inc. for the Bronx is Burning television production were transferred to Wachovia Bank, N.A..
- \$2 million of the \$3.5 million in credits awarded to In Bloom LLC for the In Bloom feature film were transferred to Kohl’s Department Stores, Inc.
- The \$19,326 credit awarded to Visual Concepts Media, Inc. for a Pilot Pen commercial (“GM-Get Mini”) and the \$22,352 credit awarded to Visual Concepts Media, Inc. for a

Callaway 2007 Product Line commercial were both transferred to Pilot Corporation of America.

C. Total Tax Credits Pending As Of February 6, 2008

Tax credits pending. As of February 6, 2008, an estimated \$97.4 million in tax credits were pending for the remaining 42 productions listed on the CCT report to OPM based on estimated Connecticut expenditures of \$324.53 million. These productions are listed in Table 6, below:

Production Name	Type	Est. CT Expenditures
The Yes Man	Feature film	\$62,750,799
Righteous Kill	Feature film	\$43,102,926
Old Dogs	Feature film	\$41,414,303
College Road Trip	Feature film	\$33,182,756
Confessions of a Shopaholic	Feature film	\$27,410,439
Revolutionary Road	Feature film	\$24,257,751
For One More Day	Television film	\$12,970,964
Dancing with Shiva	Feature film	\$12,940,818
Untitled Genre Project	Feature film	\$12,803,865
Flipped	Feature film	\$10,666,600
A Woman of No Importance	Feature film	\$8,072,000
The Six Wives of Henry Lefay	Feature film	\$7,420,388
SmackDown!	Television	\$7,167,315
Camp Hope	Feature film	\$3,243,033
RAW / AM RAW	Television	\$2,145,170
Factory Girl	Feature film	\$1,919,880
Dlife TV - Episodes 166-185 ³⁴	Television	\$1,800,000
dLife TV-Block 6	Television	\$1,755,200
NBCSports.com	Other digital media	\$1,700,000
Car Talk, The Animated Series	Television film	\$1,038,701
Semi-Homemade Cooking with Sandra Lee	Television	\$1,010,900
Young American Heroes	Television	\$805,000
Plague Town	Feature film	\$645,000
Made For Each Other	Feature film	\$576,696
Ghostown	Feature film	\$540,000
Dislecksia: The Movie	Documentary	\$523,069
Appraise My Car	Television	\$362,241
Anthem BlueCare Family Plan	Commercial	\$279,300
Themospas - Hot Tubs: Past, Present and Future	Infomercial	\$257,000
The Real McCoy	Documentary	\$225,000
Rabbit Ears Library DVD	Other digital media	\$208,538

Production Name	Type	Est. CT Expenditures
ESPN: The Magazine	Television	\$201,385
Friends (with benefits)	Feature film	\$200,000
The Other Side of the Tracks	Feature film	\$180,000
Company Retreat	Feature film	\$178,370
Fog Warning	Feature film	\$150,000
Handmade TV Holiday Kitchen Video Cookbook	Other digital media	\$111,081
Geico: College Football's Ten Greatest Wide Receivers	Television	\$79,315
22nd Century Pilot - Worldwide Mind	Television	\$63,000
Kenyon Custom: Grilling in America	Infomercial	\$60,975
Marked 4 Mary	Interactive TV	\$58,000
Banshee	Feature film	\$53,155
Total Estimated CT Expenditures		\$324,530,993
Total Estimated Tax Credits Pending (@ 30% of est. CT Expenditures)		\$97,359,280
Source: Connecticut Commission on Culture and Tourism, <i>Digital Media and Film Tax Credit Report to the Secretary of the Office of Policy and Management</i> (February 6, 2008); calculation of estimated tax credits based on estimated CT expenditures by CT Voices.		

TABLE 6

Types of productions for which credits are pending. Half of the productions with credits still pending are feature films (21), 10 are television productions, 2 are television films, 2 are documentaries, 1 is a commercial, 2 are infomercials, 1 is an interactive TV production, and 3 are “other digital media” productions.

Size of tax credits still pending. Tax credits are pending for productions with some of the largest estimated Connecticut expenditures to date, as shown in the Table 6, above. They include:

- a) *The Yes Man* - \$62.75 million in estimated Connecticut expenditures (for an estimated \$18.8 million in tax credits);
- b) *Righteous Kill* - \$43.10 million in estimated Connecticut expenditures (\$12.9 million in tax credits);
- c) *Old Dogs* - \$41.41 million in estimated Connecticut expenditures (\$12.4 million in tax credits);
- d) *College Road Trip* - \$33.18 million in estimated Connecticut expenditures (\$9.54 million in tax credits);
- e) *Confessions of a Shopaholic* - \$27.41 million in Connecticut estimated expenditures (\$8.22 million in tax credits);
- f) *Revolutionary Road* - \$24.26 million in estimated Connecticut expenditures (\$7.28 million in tax credits).

IV. Conclusion

In just two years, Connecticut has emerged as “the most generous state in the country for filmmakers”³⁵ due to its 30% transferable “film” production tax credit. Since enactment of this first credit in 2006, Connecticut has created two other transferable credits – for infrastructure and for digital animation -- and has expanded the “film” production tax credit, as well.

Notably, only the digital animation tax credit is capped in any way. Eligible productions and infrastructure projects get a virtual blank check to offset their Connecticut expenditures through these two credits -- worth 30% of eligible costs for the film production credit and up to 20% of project costs for the infrastructure credit. As a result, there is *no* limit to the revenue loss Connecticut might face through these two credits.

Further, it is not necessary for the entities claiming these credits to have any Connecticut business tax liability to claim the credits. Production companies can – and do - sell the credits to companies that have corporate business tax or insurance premiums tax liabilities to offset. Indeed, three-quarters of the production companies that have claimed the credits or have credits pending are Limited Liability Companies (LLCs). As such, they pay a \$250/year business entity tax for the privilege of doing business in Connecticut and, thereby, become eligible for millions of dollars of these credits.

Already, Connecticut’s tax credit-based investment in its entertainment industry far surpasses like investment in any other Connecticut industry or business activity. The estimated FY 09 revenue loss through the three credits is \$116 million. This is equal to one-third of total corporation business tax revenues projected in FY 09 (\$722.0 million). It also is double Connecticut’s investment through tax credits in historic rehabilitation (both housing and mixed use) and more than five times greater than the state’s total investment through tax credits in research and development and research and experimentation. And it is more than ten times Connecticut’s investment in job creation tax credits.

Given the constitutional requirement that Connecticut’s budget must be balanced, the significant loss of revenue resulting from these tax credits should also be weighed against potential expenditures of the funds if the tax credits did not exist to reduce Connecticut’s state revenues. The projected \$116 million FY 09 revenue loss from these entertainment-related tax credits, for example:

- Exceeds, by \$21 million, the total FY 09 bond funding commitment to the Connecticut State University System’s 2020 infrastructure project.
- Is more than eleven times greater than the \$10 million appropriated in FY 09 for grants to eligible institutions for stem cell research.
- Is more than five times greater than the \$21.5 million FY 09 funding increase approved last Session to expand school readiness to 4,100 additional children.

Indeed, the revenue loss from the three tax credits is more than three times greater than the total FY 09 budget of the Department of Economic and Community Development (\$35.83 million, including federal contributions, bond funds, and carry-forward funds).

What has *not* been determined to date is whether these credits truly pay for themselves through increased income, sales and other tax revenues. If not, because Connecticut’s budget must be

balanced, “state spending must be reduced or other taxes must be increased to keep the books in balance.”³⁶ A relatively-recent Policy Brief from the New England Policy Center at the Federal Reserve Bank of Boston, *Hollywood East: Film Tax Credits in New England*, finds that “film production stimulates little additional economic activity in other industries. Consequently, film tax credits do not ‘pay for themselves’ by indirectly generating additional corporate income, sales, and property tax revenues.”³⁷

Neither has it been determined through an independent evaluation whether an investment of this scale in the entertainment industry provides the best return on Connecticut’s investment. Might \$116 million in tax credits in some *other* industry or industries (e.g., nanotechnology, biotechnology, “green” technologies) result in more permanent, full-time, and higher quality jobs, and also greater direct, indirect, and induced economic activity?

Although Part II of this Report will explore these two questions (and others) in some detail, the credits – on their face – raise some doubts.

For example, though popularly known as the “film” tax credits, the credits also pay 30% of the costs of other types of “productions” – such as commercials and infomercials – that may have far less economic benefit to the state.

Further, although enacted to attract new business activity to Connecticut, the credits also appear to be subsidizing some Connecticut businesses for existing activities. For example, World Wrestling Entertainment, Inc., a Connecticut-based company, is claiming \$9.3 million in 2007 Connecticut expenses (or more than \$3 million in tax credits) for its SmackDown! and RAW television shows, though both shows have been on the air since 2005.³⁸ Similarly, Anthem Blue Cross and Blue Shield is claiming \$279,300 in expenses for making an Anthem BlueCare Family Plan commercial.

In addition, because Connecticut’s entertainment-related workforce and infrastructure are not well developed (according to proponents of tax credit expansion), it not clear how much of the money “spent” in Connecticut on productions that are eligible for the tax credits actually remains in Connecticut. A New York-based catering company that brings a truckload of food and food preparation equipment to Connecticut to feed a film crew may be generating “Connecticut” expenses that qualify for the credit, but much of the money paid to the company will leave the state with the truck. Similarly, crews imported from New York to staff productions take their earnings back with them when the production ends. As Kevin Segalla, President of the Connecticut Film Center, LLC, testified in 2007:³⁹

The film industry has really specialized positions in it. Being that Connecticut has not had the industry here, we haven't developed the workforce. Up to now we've really been bringing in a large majority of our crews from New York City, where they are living now.

With Connecticut’s economy weakening, our state’s policymakers cannot afford to be “star-struck.”

Connecticut’s current open-ended “spending” through these transferable tax credits to encourage growth in Connecticut’s entertainment industry should not evade the review that would be given an expenditure of this magnitude if, for example, the production companies instead received grants from the Connecticut Department of Economic and Community Development.

Such a review should include, among other things, an analysis of the extent to which the tax credits actually are “paying for themselves,” ways in which the credits could be better targeted (e.g., to avoid subsidizing activity not originally targeted and providing more incentive than is needed to induce the desired response),⁴⁰ the most strategic ways to limit in *some* way the state’s current financial exposure, and a candid assessment of the opportunity cost of the three tax credits.

¹ This report follows a report released earlier this month that examined Connecticut’s business tax credits collectively. See, S. Geballe, *Business Tax Credits: The Blank Check in Connecticut’s Economic Development Portfolio?* (Connecticut Voices for Children, February 10, 2008). Because the “film” tax credits emerged in this general report as the largest of all business tax credits in foregone revenues, this analysis was undertaken to better understand these three credits.

² Andrew Gernhard, producer with Synthetic Cinema and Tripeg Studios, Hamden, CT, quoted in J. Cooper, *Excitement Grows as Hollywood Sets up Camp Across the State*, *New Haven Arts and Entertainment Weekly* (May 22, 2007).

³ For an overview of government incentives to the entertainment production industry, see S. Christopherson et al, *New York’s Big Picture: Assessing New York’s Position in Film, Television and Commercial Production* (Report to the New York Film, Television and Commercial Initiative by the Department of City and Regional Planning at Cornell University and the Fiscal Policy Institute in New York), pp. 59-68. This overview documents the transition in state incentives from free government services (e.g., identifying appropriate shoot locations, police protection), to sales tax exemptions for rental or purchase of equipment and/or long-stay hotel accommodations, to tax credits that provided after-the-fact cost reimbursements to producers through their tax filings, to transferable tax credits. *Transferable* tax credits enable producers to secure eligibility for a tax credit of a specified amount *in advance of* production, and immediately sell that credit to any party that needs it to reduce their tax liability in the state. In this manner, it provides a vehicle for “up front” financing of production costs.

⁴ Conn. Gen. Stat. §12-412(44) exempted the sale, storage, lease, rental, use or other consumption of certain motion picture, video, television, and radio production and broadcast equipment. Conn. Gen. Stat. §12-412(50) and 12-407(2)(j) exempted the lease or rental of any motion picture by the owner or operator of a motion picture theatre for the purposes of showing that film.

⁵ PA 00-170 amended the corporation business tax to require multi-state broadcasters (and manufacturers) to use a single factor formula to apportion income for purposes of calculating their liability under Connecticut’s corporation business tax. Specifically, broadcasters now use their gross receipts from sales *in Connecticut* as compared to total gross receipts to apportion income. Previously, the apportionment formula also included factors related to the company’s share of its total property and employees within Connecticut. This change in apportionment formula (to one based only on gross receipts) results in broadcasters with lots of property and employees in the state paying less in corporation business tax if most of their sales are outside Connecticut. (Conversely, companies whose share of sales in Connecticut exceeds their share of property and payroll in Connecticut would pay more under this single sales factor formula). “Broadcasters” is defined to include television and radio broadcasters, cable television systems and network, and – of particular note here-- affiliated video and audio programming production companies.

⁶ PA 07-236, §4 (Connecticut Innovations), §6 (OWC workforce training program). OWC’s film industry training program – funded with a \$1 million in each of FY 08 and FY 09 - is directed to develop a trained film industry workforce in Connecticut, including by providing an unpaid internship program for high school and college students, a production assistant training program for state residents, and an apprenticeship workforce training program that includes classroom and on-set training and mentoring. According to OFA’s fiscal note, most of the cost of the training program is for the apprenticeship program, which would be 50% subsidized by a stipend of about \$500. OFA estimated that funding of \$1 million could train about 200 residents each year in a 10-week apprenticeship program. In addition, OWC received \$750,000 for FY 08 in carry-forward funds: \$500,000 for film industry equipment and \$250,000 for a film industry study. OWC was required to submit a status report by January 1, 2008 to the Connecticut Employment and Training Commission and the Commerce and Higher Education Committees of the General Assembly.

⁷ Andrew Gernhard, producer with Synthetic Cinema and Tripeg Studios, Hamden, CT, quoted in J. Cooper, *Excitement Grows as Hollywood Sets up Camp Across the State*, *New Haven Arts and Entertainment Weekly* (May 22, 2007).

⁸ Conn. Gen. Stat. §12-217jj. PA 06-83, §20, as amended by PA 06-186, §83; PA 07-236, §1; and PA 07-4 (June Special Session), §§69-71. Note: PA 06-106 enumerated the powers and duties of the CT Commission on Culture and Tourism (CCT) with respect to digital media, motion pictures, and other media related products, including specifically “implementation of the tax credits provided for in section 20 of public act 06-83.” PA 06-172 expanded the charge of the CCT to include promoting film and digital media production and post-production in the state (rather than just film)

and expanded its “film” responsibilities to include all types of digital media. It also added six new members to CCT (appointed by legislative leaders) all of whom must have digital media or film production experience, and also requires that one of the Governor’s appointees have direct experience in digital media or film production. It required, also, that the CCT report to the General Assembly every two years (starting January 15, 2008) on its digital media and film production promotion activities, the “estimated direct and indirect economic impact” of all digital media, motion pictures and related production activity in the state, and the impact of each state-assisted production. PA 06-172 also exempted CCT’s director for digital media and motion picture activities from the state classified service.

⁹ “Production expenses or costs” also are broadly defined to include: a) expenditures incurred *in the state* (emphasis added) in the form of either “compensation or purchases” related to: i) production and post production work, equipment, and software; ii) expenses related to set and construction; iii) props, lighting, wardrobe, makeup, and makeup accessories; iv) special, video, and audio effects; v) film processing; vi) music, sound mixing, and editing; vii) location fees; viii) soundstages; and ix) “any and all other costs or services directly incurred in connection with state-certified qualified production; and b) expenditures for distribution (including preproduction, production, and postproduction costs of trailers, commercials, and duplication of films, videos, CDs, DVDs) and the purchase of equipment by a Connecticut company related to duplication or mass market distribution of content created or produced in Connecticut. *Excluded* from allowable expenses or costs are: a) on or after January 1, 2008, compensation of more than \$15 million that is paid to any individual (or entity representing an individual) for services provided in a qualified production; b) media buys, promotional events or gifts or public relations associated with promoting or marketing a qualified production; c) certain other deferred, leveraged or profit participation costs for people associated with a production such as producer, director, and writer fees; d) costs related to the transfer of the credit to another company; and e) amounts paid to persons or businesses “as a result of their participation in profits from the exploitation of the qualified production.” Conn. Gen. Stat. §12-217jj(a)(5). Also, the credit for 30% of production equipment expenses is available only if these expenses are not eligible for the film infrastructure credit.

¹⁰ Conn. Gen. Stat. §12-217jj(a)(3)(A).

¹¹ “Sound recording” is defined to include “a recording of music, poetry or spoken-word performance,” but does *not* include “the audio portions of dialogue or words spoken and recorded as part of a motion picture, video, theatrical production, television news coverage or athletic event.” Conn. Gen. Stat. §12-217jj(a)(7).

¹² “Interactive websites” eligible for the credit must have production costs of more than \$500,000/income year and be “primarily:” a) interactive games or end-user applications; or b) animation, simulation, sound, graphics, story lines or video created or repurposed for distribution over the internet. Websites “primarily used for institutional, private, industrial, retail or wholesale marketing or promotional purposes,” or which contain obscene content, are *not* eligible for the credit. Conn. Gen. Stat. §12-217jj(a)(8).

¹³ “Qualified production” is defined to *exclude* from the credit any “ongoing television program created primarily as news, weather or financial market reports, a production featuring current events, sporting events, an awards show or other gala event, a production whose sole purpose is fundraising, a long-form production that primarily markets a product or service, a production used for corporate training or in-house corporate advertising or other similar productions” as well as certain productions with “sexually explicit content.” Conn. Gen. Stat. §12-217jj(a)(3)(B).

¹⁴ Lohman, *Film and Digital Media Production Tax Credit* (Office of Legislative Research, 2006-R-0364, June 2, 2006).

¹⁵ PA 07-236, §1.

¹⁶ Conn. Gen. Stat. §12-217jj(b)(1).

¹⁷ PA 07-4 (June Special Session), §69, amended the definition of “production expenses or costs” to clarify that they must be incurred “in the state” [Conn. Gen. Stat. §12-217jj(a)(5)] and also clarified that expenditures in the form of either compensation or purchases in connection with a qualified production must be incurred “in the state.” Conn. Gen. Stat. §12-217jj(a)(5)(A). The OLR summary of PA 07-4 (JSS) noted that these provisions “appeared to conflict” with the earlier amendment that allowed some out-of-state expenses to be eligible for the credit.

¹⁸ Conn. Gen. Stat. §12-217jj(b)(1).

¹⁹ Conn. Gen. Stat. §12-217jj(a)(4).

²⁰ Testimony of OPM Secretary Robert Genuario to the Commerce Committee regarding HB 5797 (March 14, 2006).

²¹ Conn. Gen. Stat. §12-217jj(b)(2).

²² Conn. Gen. Stat. §12-217jj(b)(3).

²³ Once CCCT issues a “tax credit voucher,” none of the tax credits stated on it are subject to a “post-certification remedy,” defined as “the recapture, disallowance, recovery, reduction, repayment, forfeiture, decertification or any other remedy that would have the effect of reducing or otherwise limiting the use” of the tax credits. Conn. Gen. Stat. §12-217jj(a)(9), (f). If the production company’s expense report was fraudulent or materially misrepresented its expenses and costs and, as a result, the specific amount of tax credits awarded would not have been awarded *and* the credits would “otherwise be subject to a post-certification remedy,” CCT can only seek collection of the credits from the production

company that committed the fraud or misrepresentation and not from any “transferee” of the tax credits. Conn. Gen. Stat. §12-217jj(f). Further, a submission of information to CCT that is willfully fraudulent or false only subjects the company to a penalty “equal to the amount of such company’s credit entered on the production tax credit certificate” (unless some other penalty applies under other law). Conn. Gen. Stat. §12-217jj(e). CCT *may* require the company applying for a tax credit voucher to provide “independent certification...pertaining to the amount of such company’s production expenses or costs to date.” Conn. Gen. Stat. §12-217jj(c)(2).

²⁴ CT Office of Fiscal Analysis, *Connecticut Tax Expenditure Report* (January 2008).

²⁵ L. Prevost, Movie Makers Take Note, *New York Times* (October 28, 2007).

²⁶ Testimony of Alan Greenspan to the Commerce Committee on HB 6500, An Act Expanding Connecticut’s Film Industry (March 7, 2007). Note also, the CCT film division director noted that Connecticut “loses productions because of [its] seasons,” so interior studio space is essential, particularly in Fairfield County “to help New York-based directors and their crew who need to film projects in December through March.” Such space also could lead to more television production. S. Haigh, Conn. Lawmakers Build On Success Of Tax Credit For Film Industry. *Associated Press* (June 17, 2007), on www.boston.com. Kevin Segalla, President of the Connecticut Film Center, LLC, noted that “There’s a distinct lack of infrastructure here in the state right now, so these movies coming in are struggling to find all things they need. When we put an infrastructure here, it will put us that much closer to building a permanent industry.” However, once the infrastructure is in place, Segalla says he would not worry about competition from other states “because of Connecticut’s proximity to New York and its crew base, as well as the many talent (sic) who live in both states.” S. Haigh, Conn. Lawmakers Build On Success Of Tax Credit For Film Industry. *Associated Press* (June 17, 2007), on www.boston.com.

²⁷ PA 07-236, §1 excluded from the list of expenses eligible for the film production credit all expenses for purchasing intellectual property rights. Intellectual property expenses were previously eligible if: a) the intellectual property was produced primarily in Connecticut; b) 75% of the qualified production based on it was produced in Connecticut; and c) the cost of optioning or buying it was less than 35% of the production’s Connecticut costs and expenses.

²⁸ PA 07-236, §7

²⁹ Not included in this report is any summary of infrastructure or digital animation tax credits awarded or pending. According to newspaper accounts, The Connecticut Film Center, LLC’s purchase (with Spinnaker Real Estate Partners) of a warehouse that once housed a belt-making operation is the first to take advantage of the film infrastructure tax credit. About half the building will be rented to filmmakers as short-term studio space. Note that The Connecticut Film Center LLC also acts as a broker for the film tax credits (buying them from production companies that want upfront money and selling them at less than full value to companies seeking to reduce their Connecticut tax liability), and provides financial and travel services and consulting about movie locations, vendors, and other resources to the industry.

²⁹ L. Prevost, Movie Makers Take Note, *New York Times* (October 28, 2007).

³⁰ The author requested this information from the CT Office of Policy and Management. The spreadsheet attached as Appendix A was sent by OPM. In the e-mail transmitting the spreadsheet to the author, it was represented by OPM to be “the most recent report” OPM had received “from the CCT on the status of projects requesting film tax credits.” (Note: the footer on the spreadsheet attached as Appendix A automatically updates the date whenever opened. The spreadsheet as sent by OPM to the author noted a 2/6/08 date for the report from CCT to OPM.)

³¹ Twenty-three (23) of the 58 productions are bolded in the Secretary’s report. A notation on the report states: “bold indicates P.A. 07-236.”

³² Seven production companies are claiming credits for more than one production. Televersemedia, LLC has four productions. The other six companies have two productions each: DWNY Productions, Inc.; Orange Lion Productions, LLC, Synthetic Cinema International LLC; Triple Threat Connecticut LLC; Visual Concepts Media, Inc., and World Wrestling Entertainment, Inc.

³³ The Secretary of the State’s Concord system appears to have no record of a few of the production companies named, including “East of Doheny” (\$10.7 million in estimated Connecticut expenditures for the feature film, Flipped) and “Righteous Kill Productions, Inc.” (\$43.1 million in estimated Connecticut expenditures for the feature film, Righteous Kill). It may be that the spellings differ between the Secretary of the State’s registry and the CCT report to OPM.

³⁴ dLife TV is described as the first national weekly television show created exclusively for people with diabetes and those who care for them. See www.dlife.com.

³⁵ J. Alterio, Lights, Camera, Action: Filmmakers Favor Connecticut, States with Generous Tax Incentives, *The (Westchester, N.Y.) Journal News* (December 10, 2007), available at www.hartfordbusiness.com/news3930.html.

³⁶ Saas, *Hollywood East? Film Tax Credits in New England* (New England Public Policy Center at the Federal Reserve Bank of Boston, October 2006), p. 3.

³⁷ Saas, *Hollywood East? Film Tax Credits in New England* (New England Public Policy Center at the Federal Reserve Bank of Boston, October 2006), p. 1.

³⁸ See www.wwe.com/shows/smackdown/archive and www.wwe.com/shows/raw/archive.

³⁹ Testimony of Kevin Segalla to the Commerce Committee on HB 6500, An Act Expanding Connecticut's Film Industry (March 7, 2007).

⁴⁰ Saas, *Hollywood East? Film Tax Credits in New England* (New England Public Policy Center at the Federal Reserve Bank of Boston, October 2006), p.4.

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Documentary							
The Real McCoy	Telemark Films, LLC	11/27/2006	\$225,000.00	No			
Dislecksia: The Movie	Captured Time Productions, LLC	12/14/2006	\$523,069.00	No			
Commercials							
*Pilot Pen "GM=Get Mini"	Visual Concepts Media, Inc.	8/24/2007	\$64,419.00	Yes	\$19,325.70	Yes	Pilot Corp. of America
*Callaway 2007 Product Line	Visual Concepts Media, Inc.	8/9/2007	\$74,508.00	Yes	\$22,352.40	Yes	Pilot Corp. of America
Anthem BlueCare Family Plan	Anthem Blue Cross and Blue Shield	2/21/2007	\$279,300.00	No			
Infomercials							
*Best Food Cures	Boardroom, Inc.	1/17/2007	\$377,598.00	Yes	\$113,279.40	No	
Kenyon Custom: Grilling in America	Synthetic Cinema International, LLC	5/31/2007	\$60,975.00	No			
Themospas - Hot Tubs: Past, Present and Future	Firstimage, LLC	6/11/2007	\$257,000.00	No			
Interactive TV							
Marked 4 Mary	Melting Pot Entertainment Corp.	11/27/2006	\$58,000.00	No			
Other Digital Media							
*Hearst Digital Recipes	Televersemedia LLC	3/30/2007	\$208,437.30	Yes	\$62,437.30	No	
Rabbit Ears Library DVD	Rabbit Ears Entertainment, LLC	11/16/2007	\$208,538.00	No			
Handmade TV Holiday Kitchen Video Cookbook	Televersemedia LLC	1/4/2008	\$111,081.00	No			
NBCSports.com	NBC Sports Ventures Inc.	11/13/2007	\$1,700,000.00	No			
TOTALS			\$411,849,174.32		\$26,195,213.90		

Addendum

The following productions filmed in Connecticut, but have yet to file:

- National Lampoon's Dirty Movie
- Clash of the Choirs
- The Tyra Banks Show
- Extreme Makeover Home Addition
- Fat March

* Expenditures are ACTUALS

** \$2M transferred to Kohls. In Bloom still holds \$1,503,906 tax credit