

2023 ANNUAL REPORT  
JANUARY 16, 2024



MAINE  FILM OFFICE

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**To:** Senator Nicole Grohoski, Chair  
Representative Joe Perry, Chair  
Members of the Joint Standing Committee on Taxation

**From:** Steve Lyons, Director, Maine Office of Tourism & Film

**Date:** January 16, 2024

**Re:** 2023 Annual Report for the Maine Attraction Film Incentive Plan.

## Overview

The Maine Film Office is a division of the Maine Office of Tourism (MOT) within the Department of Economic and Community Development. Historically, the Film Office had a General Revenue line in the budget and was moved into the Office of Tourism during budget cuts and statutorily resides within MOT today.

Comprised of one staff position and funded through an annual transfer of Other Special Revenues from the Office of Tourism, the Film Office is the official liaison between productions companies and federal, state, and local agencies, and promotes filming in communities in all four corners of the state.

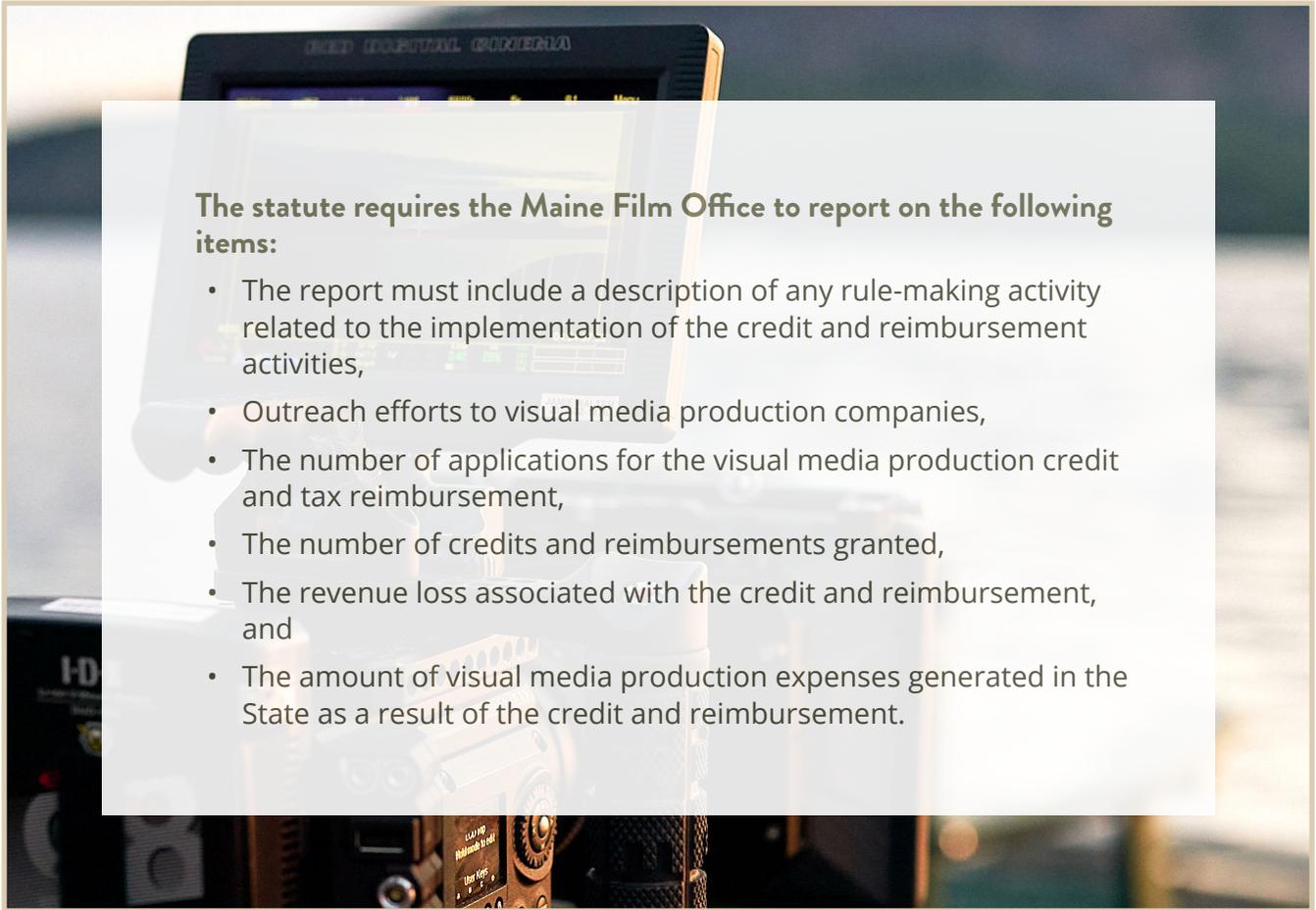
The Film Office plans and executes a marketing strategy to increase production in Maine; provides productions with essential support services and resources; and encourages the hiring of Maine residents and sourcing of goods and services from Maine businesses to deepen the industry's economic impact in Maine.

Below is a formal summary submitted annually, per statute. In accordance with Maine's statutory requirements, this report provides: a description of any rulemaking activity related to the implementation of the credit and reimbursement activities; outreach efforts to visual media production companies; the number of applications for the visual media production credit and tax reimbursement; the number of credits and reimbursements granted; the revenue loss associated with the credit and reimbursement; and the amount of visual media production expenses generated in the state as a result of the credit and reimbursement.

We look forward to working with you on issues related to film, television, and media production and particularly any potential incentive legislation that may be presented this legislative session.

If you have any questions relating to this report, please contact Steve Lyons at 207-624-9815.

**We respectfully submit this 2023 Annual Report as required by MRS Title 5, §13090-L, providing a detailed review of the incentive programs activities and status.**



**The statute requires the Maine Film Office to report on the following items:**

- The report must include a description of any rule-making activity related to the implementation of the credit and reimbursement activities,
- Outreach efforts to visual media production companies,
- The number of applications for the visual media production credit and tax reimbursement,
- The number of credits and reimbursements granted,
- The revenue loss associated with the credit and reimbursement, and
- The amount of visual media production expenses generated in the State as a result of the credit and reimbursement.

### **Rule-making**

In 2023, no rule-making was implemented related to the implementation of the credit and reimbursement activities. When a new Director of the Maine Film Office is hired, we will review recommendations from OPEGA and conduct rule-making accordingly.

### **Outreach**

Throughout 2023, the Film Office connected with and provided production support for productions; and worked with the local film community, Maine businesses, communities and organizations. The Director attended the South by Southwest Conference (SXSW) in March 2023, a key industry event at which she networked with film industry professionals.

### **Number of Applications**

In 2023, fewer than 10 applications for visual media production credit and tax reimbursement were submitted and all of them were approved. No application was denied in 2023.

## **Number of Credits and Reimbursements and Revenue Loss**

According to Maine Revenue Service, fewer than 10 claims were paid during 2023 for the Maine Attraction Film Incentive Plan (combined film production wage reimbursement and income tax credit). Those claims totaled \$219,201.

## **Visual Media Production Expenses Generated**

Fewer than 10 productions received a Maine Media Production Certificate through the Maine Attraction Film Incentive Plan, and their anticipated amount of spending was \$2,222,200.91.

## **Data in the Annual Report**

Information in the report is based on the calendar year. Information from the program applications (MAFI-1) is included in the report in the year the application was filed and is based on the production's anticipated spend. Information from the final production report (MAFI-2) is included in the report in the year it was filed and is based on the production's actual spend. Since production can span more than one calendar year, some final production reports (MAFI-2) are filed the year after the application (MAFI-1) is filed.

The cost of the program included in the report is based on actual costs and MRS provides the Film Office with information about the cost of the program for the annual report filed by the Film Office.

### **Production Tax Credit Program**

Productions are required to spend money first before receiving any reimbursements or tax credits through the program. Productions file an application (MAFI-1) for the program based on their anticipated spend and file a final production report (MAFI-2) with actual production costs after production is completed.

The Maine Film Office processes the applications for the Film Tax Incentive. The Department of Revenue Services (MRS) oversees the payment of the reimbursements and tax credits claims.

The program offers a 10-12% wage reimbursement and a 5% production spend tax credit. The wage reimbursement is 12% for Maine employees and 10% for out-of-state employees. The tax credit is non-refundable, non-transferable and doesn't carry forward. There is no annual program cap or per-production cap, but the wage reimbursement is capped at \$50k per employee, which serves as a cap for the program.

## Production Spending Beyond the Incentives

Production spending in Maine is not limited to companies that apply for the incentives. In addition to the productions that were accepted in the program in 2023, more than two dozen companies registered their productions with the Film Office and spent more than \$3.5 million in Maine.

## Maine Production Analysis

In 2023, the Maine Film Office commissioned an independent analysis of the production industry in the state. The RFP sought proposals for the services of a professional organization to provide a detailed analysis of production capacity strengths, weaknesses, and constraints, Maine's ability to attract and service specific types and levels of production, and opportunities for sector growth. The RFP was awarded to Olsberg SPI, an international creative industries consultancy that specializes in the global screen sector.

One element of the RFP was an evaluation of the Visual Media Incentive Program. The final report with recommendations from Olsberg may be found on the Maine Film Office website.





## Visual Media Incentive Public Input

The current Visual Media Incentive program was enacted in 2006. During the 131st Maine legislative session, LD1075, **An Act to Promote Economic Growth Through Increased Film Incentives**, was introduced. The bill was held over and is expected to surface again in this session.

In an effort to provide recommendations to the bill's sponsors, the Maine Film Office developed a survey and conducted public sessions to gather film industry feedback about the visual media incentive program.

The Maine Film Office distributed survey materials in November to stakeholder lists that included over 400 industry listings on the FilmInMaine.com website; 27 stakeholders interviewed by Olsberg SPI; and the over 200 members of the Maine Film Association.

To complement the survey, three input sessions were conducted in November and December. Steve Lyons, Director of the Maine Office of Tourism and Maine Film Office moderated an in-person listening session on November 14 attended by 32 film industry stakeholders; and more than 40 stakeholders attended two virtual sessions held November 28 and December 14. Feedback from all of these sessions will be consolidated and presented to the sponsors of LD1075.

## Production Registration and Incentive Applications

A new web portal was developed for companies that wish to register their productions with the Maine Film Office and apply for visual media incentives. The portal went live in July and is designed to make the application process more efficient. Production companies may apply for a free account by going to FilmInMaine.com, clicking on the Register Your Production link on the home page and clicking the "Apply Online" link. If the company does not already have an account, they simply click on "Not a Member?" to sign up.

## Impact:

The Maine Attraction Film Incentive Plan is an essential program for the development of this industry in Maine. The film industry supplies value-added benefits and is inextricably linked to Maine art, business, tourism, and other industries. The value-added resources offered by the industry help get the Maine message out there and can be a valuable resource for the State's recovery efforts and economic development strategy.

Thank you for your support.

