From: Reps. Dave Armstrong, Calvin Callahan, and Karen Hurd

Sens. Julian Bradley and Patrick Testin

Re: Co-Sponsorship of LRB 2456 & LRB 2810: Film & Television Production Incentives and Creating a State Film Office

DEADLINE: Tuesday, April 22, at 4:00 PM

Wisconsin is one of only five states without a film office or commission and one of ten that do not provide production incentives. Without production incentives and a state film office to market Wisconsin, we're leaving money on the table. Please join us in sponsoring legislation to foster a welcoming environment for film and television production and bring to Wisconsin those economic benefits that most other states enjoy.

Illinois, Indiana, Ohio and Minnesota – not to mention Georgia, whose iconic Peach logo most of you have probably seen – are investing in their states' film, TV, and advertising industries and are attracting significant outside investment by offering meaningful state production incentives. LRB 2456/2810 is meant to access an important marketing opportunity to promote our state in the pursuit of generating further economic development, retaining and attracting business and skilled labor, and branding Wisconsin to the nation and the world.

State tax incentives are a lucrative strategy that allows Wisconsin to benefit from increased economic activity. Incentives attract filmmakers and their projects, which contribute to local businesses, job creation, and tourism - boosting the overall economy. Under LRB 2456/2810, no money leaves state coffers until the production's expenses are spent and justified.

The economic benefits of filmmaking extend far beyond the film set, generating a positive ripple effect throughout the communities and state. LRB 2456/2810 includes minimum spending requirements to guarantee that a certain portion of the production budget is reinvested within the state. This spending requirement stimulates various local industries such as hospitality, transportation, construction, and catering, to name a few.

By prioritizing local talent, the tax incentives also become a catalyst for training and retaining professionals in the film industry, encouraging the development of a skilled local workforce, and fostering job growth and skill enhancement within the state. This promotes a sense of community engagement and collaboration among our residents, enhancing the overall quality of the film and strengthening the state's reputation as a hub for creative excellence. The incentives will be available to productions anywhere in the state, spreading the economic benefits of the film industry to places that might not typically benefit from major productions. This approach can lead to infrastructure development, increased tourism, and heightened visibility for these regions, enriching the state as a whole.

A recent example: According to a January 2023 report assessing the *Yellowstone* television series' impact on Montana's tourism economy, the combination of film production spending and visitor spending has resulted in:

- $730.1 million in spending to Montana's economy
- $44.5 million in state tax revenues directed in whole or in part to the general fund
- 10,200-plus jobs across a wide spectrum of industries, including both tourism-related and other industries
- $376 million in income received by Montana households
- Roughly $1.1 billion in output, or gross receipts, of Montana business and nonbusiness
- 1 million visitors to Montana in 2021 whose decision to visit was the result of the show
- 3,305 more people attracted and retained to the state by the increased economic opportunity

Closer to home, Season 21 of *Top Chef* has put Wisconsin on TV and film producers' radar. According to its producers, *Top Chef* spent about $5 million filming in Wisconsin, against only $500K in state (WEDC) resources included in the incentives package. In addition to the $5 million *Top Chef* itself spent in Wisconsin, Milwaukee saw a $1.5M boost in hotel room bookings from *Top Chef* viewers in the six months after the season premiere. Both Travel Wisconsin and WEDC have capitalized on *Top Chef* to market Wisconsin nationwide. A Christmas film project currently wrapping production in Door County has spent more than $600K over three weeks in Wisconsin. Now imagine the benefits to the state and local economies if Wisconsin had a state film office dedicated to attracting productions, instead of the current ad hoc approach.

The bill authors plan to address funding and position authority for the State Film Office in a budget request.

If you are interested in co-sponsoring LRB 2456/2810, please respond to this e-mail or call Rep. Armstrong's office at 9167 or Sen. Bradley's office at 6-5400 by 4:00 PM on Tuesday, April 22. Your name will be added to the Assembly and Senate versions unless otherwise specified.

Analysis by the Legislative Reference Bureau

This bill creates income and franchise tax credits for film production companies and creates the State Film Office, attached to the Department of

Tourism, to implement the tax credit accreditations and allocations. Under the bill, a film production company may claim a credit in an amount that is equal to 30 percent of the salary or wages paid to the company's employees in the taxable year for services rendered in this state to produce a film, video, broadcast advertisement, or television production, as approved by the State Film Office, and paid to employees who were residents of this state at the time that they were paid. The total amount of the credits that may be claimed by a taxpayer may not exceed an amount that is equal to the first $250,000 of salary or wages paid to each of the taxpayer's employees in the taxable year, not including the salary or wages paid to the taxpayer's two highest-paid employees in the taxable year, for a production with budgeted expenditures of $1,000,000 or more. If the total amount of the credits claimed by a taxpayer exceeds the taxpayer's tax liability, the state will not issue a refund, but the taxpayer may carry forward any remaining credit to subsequent taxable years.

Under the bill, a film production company may claim an income and franchise tax credit in an amount that is equal to 30 percent of the production expenditures paid by the company in the taxable year to produce a film, video, broadcast advertisement, or television production. If the total amount of the credits claimed by the company exceeds the company's tax liability, the state will issue a refund.

The bill also allows a film production company to claim an income and franchise tax credit, for the first three taxable years that the company is doing

business in this state, in an amount that is equal to 30 percent of the amount that the claimant paid in the taxable year to purchase depreciable tangible personal property or to acquire, construct, rehabilitate, remodel, or repair real property.

Under the bill, a film production company may claim an income and franchise tax credit in an amount that is equal to the amount of sales and use taxes that the claimant paid for tangible personal property and taxable services that are used to produce a film, video, broadcast advertisement, or television production in this state.

The bill provides that the State Film Office may not allocate more than $10,000,000 in film production and investment tax credits in each fiscal year. The bill also requires the State Film Office to annually submit a report to the legislature that specifies the number of persons who submitted credit applications in the previous year and the amount of the credits allocated to each such applicant and to make recommendations on improving the efficiency of the program. Finally, the bill requires the Legislative Audit Bureau to biennially prepare a performance evaluation audit of the accreditation program implemented by the State Film Office.