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Major Studies Show Film and TV Tax Credit Programs Create Little Payoff

New York State leaders are proposing a massive expansion of the state's film and television tax credit that would cost the state $7 billion over the next decade. But there is substantial evidence from across the country that film/TV tax credits do not create the promised economic effects on jobs, incomes, or economic growth. In fact, they harm state residents, as the massive amount of money spent on these programs could have been spent on investments that actually produce economic results.

Here are eight major studies showing how little payoff occurs from film/TV tax credits.

"Do Movie Production Incentives Generate Economic Development?"
Kennesaw State economist J.C. Bradbury in 2018: "The results indicate that neither [movie production incentives] in general, nor specific types or levels of tax credits, are associated with state economic performance." The study, which surveyed analyses of programs across the country, found that the return on investment from state film/TV tax credits programs was negative, with the average return totaling just 27 cents per dollar spent.

"Lights, Camera, but No Action? Tax and Economic Development Lessons From State Motion Picture Incentive Programs"
USC Assistant Professor Michael Thom in 2016 found that film/TV tax credits had little to no effect on wages or job creation. "We looked at job growth, wage growth, states' share of the motion picture industry, and the industry's output in each state. On average, the only benefits were short-term wage gains, mostly to people who already work in the industry. Job growth was almost non-existent. Market share and industry output didn't budge," he said.

"Do State Corporate Tax Incentives Create Jobs? Quasi-experimental Evidence from the Entertainment Industry"
In a 2019 study, Thom sought to determine whether film/TV tax credits programs "have contributed to employment growth." He concluded: "Results mostly show no statistically significant effects."

"Do Tax Incentives Affect Business Location and Economic Development? Evidence From State Film Incentives"

In a National Bureau of Economic Research working paper in 2019, Patrick Button found that incentives do influence film locations but that “there is no meaningful effect on feature films, and employment, wages, and establishments in the film industry and in related industries.”

“Evaluation of the Maryland Film Production Activity Tax Credit”
A report by the Maryland Department of Legislative Services in 2015 found that Maryland’s film/TV tax credit program results in just 10 cents per dollar spent by the state and that “the state is actually worse off in the later years as there are fewer jobs compared to if there was no credit."

“State Film Subsidies: Not Much Bang For Too Many Bucks”
The Center for Budget and Policy Priorities’ Robert Tannenwald found in 2010 that “State film subsidies are a wasteful, ineffective, and unfair instrument of economic development. While they appear to be a ‘quick fix’ that provides jobs and business to state residents with only a short lag, in reality they benefit mostly non-residents, especially well-paid non-resident film and TV professionals.”

“Motion picture production incentives and filming location decisions: a discrete choice approach”
Mark Owens and Adam Rennhoff in the Journal of Economic Geography in 2018: “We fail to find strong evidence that incentives create a more permanent movie industry in a state.”

“Policy Convergence, State Film-Production Incentives, and Employment: A Brief Case Study”
Richard Adkisson in the Journal of Economic Issues in 2014 found that “Ultimately, the evidence suggests that state efforts to attract film-production employment were largely ineffective.”