

Tax Incentive Evaluation: Georgia's Film Tax Credit

DOAA summary of report prepared by Georgia State University Fiscal Research Center

BACKGROUND

The Film Tax Credit (O.C.G.A. §48-7-40.26) was enacted in 2005 to promote investment in film, television, and digital media projects. Currently, the credit is available to production companies with a minimum of \$500,000 in qualified spending in Georgia. Companies can apply for and receive a credit for 20% of eligible production expenditures with an additional 10% available to companies that offer Georgia marketing opportunities.

This review was requested by the Senate Finance Committee and performed in accordance with O.C.G.A. § 28-5-41.1. Georgia State University's Fiscal Research Center (FRC) prepared the report.

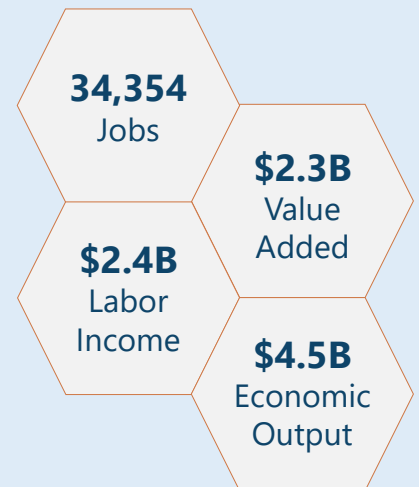
ECONOMIC ACTIVITY

FRC estimated that the film tax credit resulted in approximately 37,000 jobs in 2022 for film production, studio construction, and film tourism, as well as the jobs supported in the broader economy. FRC estimated the production companies directly employed 4,900, while another 14,600 jobs resulted from contract workers for those companies.

Most, but not all, film-related activity in the state is due to the credit. A recent film industry study suggests that 92.1% of the economic activity is attributable to the credit. As a result, initial economic activity results were reduced ($37,301 \text{ jobs} \times 92.1\% = 34,354$).

Because nonresidents' wages have no material economic impact on the state's economy, FRC's analysis excludes them from the economic activity calculations.

O.C.G.A. § 28-5-41.1 requires the analysis to include net economic activity, which includes the opportunity cost of the tax expenditure. If the income taxes had been collected and expended by the state, FRC estimated the creation of 27,679 jobs and \$1.48 billion in value added to the economy.



Note: Estimates are for 2022 and include film production, tourism, and studio construction

REVENUE

Credits generated in FY 2024 are expected to cost the state \$1.08 billion through their carryforward period. Claimed credits are estimated to increase from \$762.8 million in FY 2024 to \$1.28 billion in FY 2028.

For FY 2024, the resulting economic activity was estimated to bring in \$224.7 million in state revenue and \$65.7 million in local tax revenue.

Finally, FRC estimated that the alternate use of the revenue would have generated \$80.0 million in state revenue and \$36.5 million in local revenue in FY 2024.



Note: 2024 state estimates

COST

The credit is overseen by the Department of Revenue and the Department of Economic Development. These costs were assumed to be insignificant in relation to the credit's size.

PUBLIC BENEFIT

The film tax credit is an economic incentive that encourages expenditure in film and television productions. It also supports the creation of jobs in creative fields.