



**To: Members of the House Committee on Commerce and Economic Development**

**From: Catherine Crawley, Communications Director, Vermont Arts Council**

**Subject: Written Testimony for Thursday, April 6, 2023**

Good Morning. My name is Catherine Crawley and I am the Communications Director at the Vermont Arts Council. I served as chair of the Vermont Film and Media Task Force convened last year as a result of S.11/Act 183. Thank you for inviting me to provide testimony today. In my testimony, I am going to summarize the findings and recommendations of the Task Force, which are also available in our report to the Legislature submitted in January.

The Task Force was comprised of a member of the House (Rep. Jerome), a member of the Senate (Sen. Brock), a designee from the Agency of Commerce and Community Development (Tourism and Marketing Commissioner Heather Pelham), and a representative of the Vermont Arts Council, who was to serve as chair and convener. Former Council Executive Director Karen Mittelman served in the role of chair until her departure from the Arts Council on Nov. 1.

The Task Force was charged with consulting with relevant stakeholders in the film and media industry to review the history of state efforts and to study financial and other support the state could provide in the future to invigorate the film and media industry in Vermont.

The Task Force met five times from September 2022 to January 2023. We held two listening sessions with film and media industry representatives. The first focused on the needs and challenges around producing films in Vermont. The second session focused on the challenges and opportunities around establishing a state film commission and the experiences of other state-supported film offices. Both sessions included invited speakers and an open discussion with attendees. Throughout the period of study, Task Force members also conducted a number of interviews with key stakeholders and accepted written testimony.

Questions driving our research were what would it take to foster a vibrant film and media ecosystem in Vermont – one that would not only support the film industry that’s already here but would also attract film production companies from out of state and around the world? We also wanted to look at what Vermont could learn from other states who have created their own thriving media industries.

What we found is that there are ways to support the film and media industry that is already here in Vermont and there are ways to grow it. Three aspects seem to be of critical importance: production incentives; a centralized database; and education and training.

First, production incentives. Vermont is among only a handful of states that do not offer incentives, which the Motion Picture Association says “play a decisive role in where companies choose to locate

future productions.” There are a variety of ways to incentive production, which can take the form of tax credits or rebates or the form of grants.

Tax credits run the gamut, from a “certified film tax credit” which requires a local CPA audit, to a “discount” when credits are sold through a broker on the open market, to a “refundable” credit which acts more like a rebate, to a “transferable credit” which can be sold or brokered to another company that has tax liability in the given state.

Tax credits or rebates can be awarded if a production company meets certain requirements, and there are as many different ways of offering credits as there are states that offer them. For example, productions can be required to hire a percentage of in-state crew, to have a minimum in-state spend, to shoot in certain areas of the state, to provide on-the-job training, to make a donation to a qualified non-profit, to use qualified production facilities, or even to hold red carpet events. In many states, television productions, which have greater longevity, are offered greater tax credits.

Another type of production incentive is to offer direct funding through grants. For example, the State of Iowa, which doesn’t have tax credits, offers the Greenlight Grant of up to \$50,000 with a 50% cash match requirement.

Whatever is offered, it has to be right-sized for Vermont’s unique situation.

Second, we found that an up-to-date centralized and searchable database directory of local businesses providing services and resources is what many filmmakers want. The database should include local talent (actors, writers, production engineers, caterers, costume, hair and make-up, carpenters, electricians); amenities, like large hotels, parking lots to park trailers, rental equipment; locations for shooting; searchable images of ideal Vermont locations; other resources like props; and venues for screenings and film distribution. Just consider the lengthy credits at the end of a production. Making a film is an inherently collaborative process—there are many different aspects that go into production.

The third aspect that is important is education and training – and the need to support Vermont’s highly trained film and media graduates. Through its career tech education centers as well as colleges and universities, Vermont already has abundant educational and training opportunities in digital media, film, and production, and the infrastructure and resources of talent are growing. A deeper connection to these educational resources could be tremendously helpful in growing our film and media industry and in helping to retain these students once they graduate.

So in order to do all of these things, a dedicated film office or entity would need to be established. Vermont is one of four states that does not have a Film Commission Office. Such an entity would connect the growing film and media industry organizations in Vermont and provide a point of contact for production companies looking to film in our state. This entity

would develop and maintain the database and would investigate and establish the best sort of production incentive program that would work for Vermont.

Although return on investment is hard to quantify, the overall economic impact of a production, including hotels, restaurants, transport, entertainment, jobs, and more creates a net profit. While an in-depth cost-benefit analysis of establishing State financial, administrative, and other supports for the industry was beyond the scope of the Task Force, we did recommend that such an analysis be undertaken. To that end, we consulted with state legislative economist Tom Kavet, who noted that if specific tax credits are being considered, his office could develop a dynamic modeling approach to study potential net fiscal impacts of various state tax credits.

Through our research, what we found is that investing in a film office needs to be a long-term enterprise. To get a film office well-established, make enough connections to attract producers, and begin to reliably track return-on-investment, five years is the time span suggested.

Like Vermont's agriculture, tourism, and tech sectors, film and media-related production could be a promising industry for our state, capable of providing high-paying jobs, a viable career path for young Vermonters, and an economic boost for local businesses and communities. Whatever the approach to supporting film production, the mechanism must be uniquely Vermont and not duplicative of other states. Vermont's strengths are its small and nimble size, its considerable creative workforce (higher than the national average), and its internationally known brand. The right-sized approach needs to be crafted thoughtfully and thoroughly – one of the first steps of a dedicated film office.

Thank you for the opportunity to provide testimony today.