

**Testimony of Mickey Rowley, Deputy Secretary for Tourism, Economic
Development Marketing and Film
Before the House Tourism Development and Recreation Committee
Pittsburgh, PA
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Good afternoon Chairman Kirkland and Chairman Barrar and members of the Committee.

As you know, I am Mickey Rowley, Deputy Secretary for Tourism, Economic Development Marketing and Film. I am pleased to be here today to talk to you about that last part of my title i.e., Film.

As they say in Hollywood, “timing is everything” and it is particularly fitting that this hearing is happening today, just two days after the bi-partisan Legislative Budget and Finance Committee (LBFC) released a report on the economic impact of the Film Tax Credit.

The study is one of eleven studies on the efficacy of tax credit programs to be performed by the LBFC at the direction of the legislature. It is my understanding that the report on the Film Tax Credit and the report on the Educational Improvement Tax Credit Program (EITC) are among the first to be addressed by the LBFC. As you know both programs provide for \$75 Million in tax credits to businesses that support Pennsylvania industry and education through spending in the case of the Film Tax Credit and donations in the case of the EITC.

The report on the Film Tax Credit, which was conducted by ERA, one of the foremost consulting firms in the country demonstrates rather convincingly that the Film Tax Credit program is a success on many levels. It is now clear without a doubt that the Film Tax Credit creates jobs, generates economic activity, attracts investment and produces a positive fiscal impact for the Commonwealth.

You may not have had a chance to read the report, so I would like to take a moment to highlight a few of the key findings, some of which I found rather surprising:

- The film industry in Pennsylvania is a nearly \$1 billion industry.
- Incentives are the “price of admission” for attracting productions to the Commonwealth and the costs of redeveloping the industry in the future is likely to be much higher than supporting and building the industry as it exists today.
- The Film Tax Credit is like a sparkplug for an engine. That is, film production is a key driver for industry-wide activity that will add, not subtract, from the state’s coffers. For FY07-08, the film industry in Pennsylvania will generate \$4.5 Million in tax revenues for the Commonwealth that would not have been generated but for the Film Tax Credit.

- In addition to generating positive fiscal impact, the Film Tax Credit is extremely effective as an economic development tool; its benefits include the following:
 - High ratio of employment to cost of production in other words, workers receive a high proportion of industry spending as compared to other industries.
 - High paying jobs, as compared to other industries and overall.
 - The film industry is a core U.S. export with a bright future.
 - Film production promotes expansion of existing businesses and attracts new investment to Pennsylvania.
 - Film Production provides knowledge-intensive jobs and enhances potential for talent retention.
 - Entertainment is a “clean” industry.
 - The film industry promotes tourism and provides “free publicity” for the Commonwealth.

It is also fitting that we are here in Pittsburgh, home of Carnegie Mellon University and the Entertainment Technology Center, a recognized center of excellence for training in advanced computer technology for the film industry. You may have heard the name Randy Pausch or his book and video “The Last Lecture,” which won national acclaim. Sadly we lost Dr. Pausch to cancer last summer, but his vision for film industry education lives on. Dr. Pausch was one of the founders of the Carnegie Mellon University Entertainment Technology Center. As an educator, he knew that students were drawn to technology and that the entertainment industry would provide them with careers that would be exciting, at the cutting edge of technology and yes, lucrative.

As we discuss the future of the Film Tax Credit here today, I ask that you remember Dr. Pausch’s perspective on the film industry and what it means for students at CMU and 59 other institutions around the Commonwealth. Will they and the industry have a future here in Pennsylvania or will they leave Pennsylvania to pursue their careers and their dreams?

The answer to that question will depend on whether the continued growth and development of that industry in Pennsylvania is fostered or whether we jettison years of investment and abandon an enviable competitive position. It is not hyperbole to say that the future of the industry in Pennsylvania and their future depend on the continuation of the Film Tax Credit program.