

Georgia Film and TV Tax Credit Jumps to a Record \$1.2 Billion

By Gene Maddaus



Gene Page/AMC

Georgia doled out a record \$1.2 billion in film and TV tax credits last year, far surpassing the incentives offered by any other state.

The figure is 40% higher than the state's previous record, \$860 million, which was set in 2019, as the generous credit continues to fuel exponential growth of the industry. It also represents a significant rebound from 2020, when credits dropped to \$649 million due to the pandemic.

The next two largest state tax incentives are in New York and California, where the programs are each capped at \$420 million a year. Both states have budgets that are about 10 times the size of Georgia's state budget.

Georgia's investment in the entertainment industry represents about 4.5% of its state budget, or roughly what the state spends every year to address mental health, substance abuse and developmental disabilities.

The \$1.2 billion figure was disclosed on Thursday by the Governor's Office of Planning and Budget. The figure reflects the 2021 fiscal year, which ended on June 30. In July, the state announced that TV and film productions had spent a record \$4 billion in the state the prior fiscal year.

Marie Gordon, a spokeswoman for the Georgia Department of Economic Development, cautioned that the total credit allocation could be reduced if audits uncover expenditures that are not qualified. However, that figure would not become public due to taxpayer privacy laws, she said.

Georgia was among the first locations to reopen for production after the pandemic shutdown, helping to spur the growth of the industry.

"Seeing our beautiful state on-screen along with our iconic Georgia peach logo is good for tourism and other marketing efforts, ultimately making an even bigger impact on our economy," said Pat Wilson, commission of the Department of Economic Development, in a release in July.

Recent productions in the state include "WandaVision," "The Underground Railroad" and "Lovecraft Country."

The credit enjoys broad bipartisan support, though a state audit in 2020 found that its economic benefits had been significantly overstated. The audit found that the credit had generated just 10,919 direct jobs in the state in 2016, or 23,209 jobs once indirect and induced spending effects were taken into account. State officials had touted figures as high as 92,000 jobs.

IATSE Local 479, the union that represents the bulk of below-the-line film and TV workers in the state, has about 5,600 members.

The audit also found that a lack of oversight created an environment that was “ideal for fraud,” and recommended placing a cap on the program. The Legislature opted not to do that, instead passing a law that mandates audits on all projects that apply for credits.

Louisiana caps its tax credit at \$150 million. In New Mexico, the cap is \$110 million; in New Jersey, \$100 million; and in Pennsylvania, \$70 million.

Critics in Georgia continue to regard the credit as a corporate giveaway.

“Georgia’s Film Tax Credit is the state’s largest special-interest tax break — costing over \$1 billion per year — with virtually no safeguards to ensure benefits to Georgians,” said Danny Kanso, a policy analyst at the Georgia Budget & Policy Institute. “Capping the credit would allow the state to manage the erosion of our state’s tax base while allowing lawmakers to better support high-return programs and services such as health care. Lawmakers should place a cap of \$100 million on the program, while ensuring the credit is targeted to companies that locate in Georgia and hire in-state workers.”

Georgia’s total for 2021 also exceeds the credits awarded by Canadian federal and provincial governments, according to the most recent report from the Canadian Media Producers Association. Those governments allocated CA\$819 million in credits in the year ending March 31, 2020, or about \$650 million in U.S. dollars.