

Georgia



Key points:

- Georgia is **trailing** other states because it has not adopted a plan for regular evaluation of tax incentives.
- The state has provided hundreds of millions of dollars in film tax credits but has not rigorously studied the results of the program.
- Lawmakers could give Georgia State University's Fiscal Research Center responsibility for evaluating incentives.

In recent years, a number of blockbuster movies have been filmed in Georgia, from “Captain America: Civil War” to “Anchorman 2: The Legend Continues.”^a These productions, however, have come at a price. From 2009 through 2014, film tax credits cost the state more than \$900 million.^b The costs have been increasing: In fiscal year 2017, the program is expected to cost \$376 million.^c While many states have used incentives to try to attract movie productions over the last 15 years, Georgia’s program offers some of the most favorable terms in the country.^d

Despite the significance of the program, Georgia lacks a process for evaluating the film tax credit and other incentives. Lawmakers have made a series of major decisions on incentive policy in recent years, including expanding the historic preservation tax credit, creating a sales tax exemption designed to lure the Super Bowl to Atlanta, and ending a tax credit for the purchase of low-emission vehicles.^e Evaluations could help lawmakers determine how well these policies are working for the state’s budget and economy, and for businesses too.

Making the film tax credit work as well as possible for businesses has been an area of concern. Filmmakers have complained about a lack of local workers to staff their productions—which state officials have attempted to address through expanded workforce training programs.^f An evaluation could provide independent information on whether those efforts are succeeding.

The Fiscal Research Center, a think tank at Georgia State University that regularly provides policy analysis to state officials, offers detailed descriptive information on incentives but does not measure their effectiveness. Experts at the center compile the state’s annual tax expenditure report, which includes estimates of the fiscal cost of each tax credit, exemption, and deduction in Georgia.^g They also published a 2016 report that described the film tax credit and placed it in a national context.^h

Other states have been able to take advantage of valuable institutions similar to the Fiscal Research Center as part of their evaluation processes. For example, under a 2014 Mississippi law, a university-based research center evaluates incentives every four years.ⁱ Georgia’s center, however, lacks a similar mandate from the state to regularly assess the economic impacts of incentives and to draw conclusions about their results.

References

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