

COMMITTEE ON THE JUDICIARY

COMMITTEE ON APPROPRIATIONS
EX-OFFICIO MEMBER



ADAM B. SCHIFF

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Dr. Erika McEntarfer
Commissioner
U.S. Bureau of Labor Statistics
2 Massachusetts Avenue NE
Washington, DC 20212

Dr. Vipin Arora
Director
U.S. Bureau of Economic Analysis
4600 Silver Hill Road
Washington, DC 20233

Dear Commissioner McEntarfer and Director Arora:

The Bureau of Labor Statistics (BLS) and Bureau of Economic Analysis (BEA) both provide critical economic data that bolster the United States' standing in the global economy. Specifically, both departments' employment data in the screen production industry could illuminate what my constituents in Hollywood and across California have experienced firsthand: employment in film and television production has grown abroad over the past several decades, threatening job growth at home as more foreign countries provide meaningful production incentives.

Film and television production is a proven catalyst for economic development, regional tourism, and job creation and has reached unprecedented levels globally. Furthermore, regional production brings high-value inward investments in local industries as productions hire large local crew bases and utilize hundreds of local vendors with each project, spanning from vocational union jobs to highly creative technology-forward jobs. In 2022, the film and television production industry supported nearly 2.75 million jobs and generated \$242 billion in wages.¹

As you know, the COVID-19 pandemic led to a sudden and dramatic drop in industry production that has had lasting impacts on employment levels across all industries, including this one. In addition, film and television production in the United States has been severely impacted by competitive subsidies offered abroad that incentivize production overseas. This growing trend of filming productions intended for initial release in the U.S. outside of the U.S., due to attractive foreign subsidies, highlights the opportunity to make U.S. domestic production more competitive through labor-based incentives.

Over 100 national, state, or provincial production incentives are currently offered in the global market.² These incentives include tax credits, tax shelters, and rebates – all of which play a decisive role in where productions are sited. The highest of these tax incentives are offered in India, Saudi Arabia, and Colombia – each of which offer a 40% tax credit or cash rebate on production costs. Ireland, Romania, and France also offer competitive rebates and are subsequently seeing an increase in production in their countries. Additionally, novel CGI and generative AI technologies have dramatically reduced the need to shoot on

¹ <https://www.motionpictures.org/research-docs/the-american-motion-picture-and-television-industry-creating-jobs-trading-around-the-world-5/>

² <https://static1.squarespace.com/static/5f7708077cf66e15c7de89ee/t/654130170abe1b628af5427c/1698770968536/Global+Incentives+Index+October+2023+Summary.pdf>

location, encouraging companies to move their productions overseas to take advantage of more competitive tax incentives.

The U.S. has taken several steps to incentivize American film and television production but has yet to offer a federal tax credit comparable to those offered by other countries that are enjoying an economically beneficial increase in production. In lieu of a federal incentive, several states have implemented their own state-level incentives. California's tax incentive system contributed almost \$21.9 billion in economic output from 2015-2020, supporting more than 110,000 total jobs in California.³ Georgia offers a similar tax credit on production expenditures which brought 59,700 jobs and \$8.55 billion in economic output to the state in 2022 alone.⁴ Other states have followed suit with their own competitive incentives, including Louisiana, New Jersey, New York, Illinois, and New Mexico.

In some countries, federal and state- or provisional-level incentives can be stacked to further encourage production. Canada and Australia both employ this strategy, offering up to 30% and 40% federal tax credits, respectively, that can be combined with provincial tax credits ranging from 8% to 45%. As a result of these incentives, major blockbuster productions have chosen to shoot in these countries rather than in the U.S., bringing with them all the employment opportunities and investment in local economies that productions bring.⁵ In 2023, foreign productions in Canada spent more than \$6.8 billion and supported nearly 140,000 direct and related jobs, from catering to construction supplies, accommodations, local rentals, transportation and more.⁶ Such economic benefits are more likely to be realized in the U.S. with a similarly competitive domestic incentive structure.

This is not a new problem, as shown by a report issued jointly by the Screen Actors Guild and the Directors Guild of America showing that the total economic impact of foreign incentive-based film and television production was \$10.3 billion in 1998, up more than fivefold since the beginning of the decade.⁷

In order for the U.S. to maintain its standing as a leader in the film and television production industry and spur more American jobs, we must create competitive labor-based incentives for U.S. production.

BLS and BEA both have made data publicly available on U.S. employment by industry, including for the Motion Picture and Sound Recording industry, with BLS data drilling down into more detailed numbers. To better assess U.S. film production employment trends and the impact of competitive production subsidies offered in other countries and at the state level, I am requesting additional statistical data from BLS and BEA that may provide insight into the effect that tax incentives and globalization have had on film production in the United States over the past several decades.

Specifically, I am requesting statistics from BLS that:

1. Show monthly and annual U.S. employment data for the Motion Picture and Video Production industry at the national level as far back as available; and

³ https://laedc.org/wp-content/uploads/2022/03/LAEDC-Report_CA-Film-TV-Tax-Credit-Program-2.0_FINAL_2022.03.14.pdf

⁴ <https://www.gsecoalition.com/eis>

⁵ <https://www.hollywoodreporter.com/business/business-news/australia-hollywood-filming-incentives-location-tax-credit-1235939162/>

⁶ <https://cmpa.ca/wp-content/uploads/2024/05/Profile-2023-English.pdf>

⁷ https://archive.ph/20070928083532/http://www.directorsguild.com/news/pr_expand.php3#selection-357.103-357.293

2. Show monthly and annual U.S. employment data for the Motion Picture and Video Production industry at the state level as far back as available.

Furthermore, I am requesting statistics from BEA that:

1. Show employment over time of U.S. parent companies of multinational enterprises based in the United States primarily engaged in the Motion Picture and Sound Recording industry;
2. Show employment over time of foreign affiliates of U.S. multinational enterprises that primarily engaged in the Motion Picture and Sound Recording industry;
3. Show employment over time of U.S. affiliates of foreign multinational enterprises primarily engaged in the Motion Picture and Sound Recording industry;
4. Show the value of imports into and exports from the United States of movies and television programming; and
5. Describe the value of services supplied to U.S. persons by foreign multinational enterprises through their affiliates in the United States.

I am also requesting any other statistics both Bureaus possess that could provide insight into the effect that foreign tax incentives and globalization have had on film production in the United States. In addition, my office would appreciate individual briefings with BLS and BEA to present these statistics, including explanations of any definitions, classifications, source data, or methods used in the compilation of such statistics.

We look forward to your responses and the opportunity to work with your teams on this important issue for California and nationally. Please contact Dahvi Cohen (Dahvi.Cohen@mail.house.gov) on my staff with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam B. Schiff". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Adam B. Schiff
Member of Congress