

City Of Arnold

Treasurer's Office

JOSEPH G. PUET
CITY TREASURER

INCORPORATED 1939

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November 15, 2010

Ms. Dawn Keezer
The Century Building
130 7th Street, Suite 202
Pittsburgh, PA 15222

Dear Ms. Keezer;

Since the State Legislature is considering reducing or eliminating the Pennsylvania film tax credit, I would like to present the following information for your consideration.

Offering tax credits to movie production companies is a "no loose" situation for the Commonwealth. The companies producing these movies are, for the most part, located outside Pennsylvania. They bring millions of dollars of new "fresh" money into the Commonwealth's economy.

This infusion of revenue into the system creates Pennsylvania Sales Tax, Pennsylvania Gasoline Tax, as well as Pennsylvania Corporate Income Tax on the profit of Pennsylvania Corporations doing business with the production companies. Local Government (an instrumentality of the Commonwealth) receives Wage Tax, Local Services Tax, Merchantile Tax, and Business Privilege Tax from the jobs created and money spent in production.

This does not begin to measure the trickle down economic effects of bringing "out of state" money into the Commonwealth for spending. That effect, I am sure, is substantial!

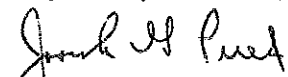
Economic Development is a priority goal of the State Legislature, Democrat or Republican. Pennsylvania has proven to be an attractive place for movie production companies to do business because of the tax credits. However, since the film industry is driven by the "profit motive" concept of economics tax credits are a priority item for potential prospects.

The neighboring States of Ohio, West Virginia, and New York are all actively competing with Pennsylvania for their "piece of the pie". They would be happy to draw Pennsylvania business into their respective States. We were not reluctant to take gambling revenues away from West Virginia when we legalized slot machines and built casinos.

The focus of my argument is that the Commonwealth would not lose anything by the maintenance of, or the expansion of the present level of funding for the film tax credit program. Without the program, movie production companies would move their production operations to other States with a film tax credit program. If that happens, the Commonwealth and its Instrumentalities get nothing; no sales tax, no gasoline tax, no Corporate Income Tax, no Wage Tax.....

As the Treasurer of the City of Arnold for 29 years, I am fully aware of the budgetary demands placed on government in these economically challenging times. Supporting the Pennsylvania film tax credit program is not only a way to build up Pennsylvania now and for the future, it makes "good sense".

Respectfully submitted,


Joseph G. Puet
City Treasurer