



Written by [Ty Bodden](#) on July 16, 2025

State-funded Film Offices and Tax Incentives: Undermining Constitutional Principles and American Values

Across America, state governments are [increasingly enacting](#) legislation to establish taxpayer-funded film offices and offer generous tax incentives to the entertainment industry. These measures are marketed as [economic-development](#) tools to attract film production and stimulate local economies. However, beneath the surface lies a troubling expansion of government power, redistribution of wealth, and cultural subversion that undermines traditional American values.



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Kentucky's [Senate Bill 1 \(SB1\)](#), enacted in 2025, serves as a recent and alarming example of this growing trend. SB1 establishes the Kentucky Film Office within the Cabinet for Economic Development, and creates a Kentucky Film Leadership Council to oversee its operations. This bureaucratic entity is tasked with administering the state's film-incentive program, marketing Kentucky as a filming destination, supporting workforce training, and coordinating with regional film offices. The program is funded through a combination of base allocations, incentive fees, and a portion of the state's [room tax](#).

Kentucky is not alone in this troubling trend. At least [18 states](#) currently offer some form of film tax incentives, according to the [National Conference of State Legislatures](#). Since 2020, multiple states have expanded or created film tax-incentive programs, including:

- [Wisconsin](#): The 2025-2027 budget allocates \$5 million for new tax credits and establishes a film commission within the Department of Tourism.
- [Iowa](#): [House File 2662 \(HF2662\)](#), passed in 2024, creates a 30-percent rebate program for qualifying productions.
- [California](#), [Colorado](#), [Georgia](#), [Louisiana](#), [Maryland](#), [New York](#), [North Carolina](#), [Texas](#), and [Virginia](#): Each has enhanced film incentives, with programs costing taxpayers hundreds of millions of dollars annually.



Boosting Economic Growth?

While proponents argue that such initiatives boost [economic activity](#), they ignore the broader implications: These programs impose [corporate welfare](#), expand government overreach, and [subsidize](#) an industry often at odds with constitutional principles and traditional values. Subsidizing the entertainment industry through taxpayer funds [distorts the free market](#), undermines fiscal responsibility, and erodes the principle of neutrality that should guide government action. These initiatives reflect neither the principles of limited government nor constitutional restraint. Instead, they prioritize cronyism and corporate favoritism over the equal treatment of all industries, placing an unfair burden on taxpayers.

Advocates of film incentives claim they create jobs and spur economic growth. However, numerous state audits and [independent studies](#) question these claims. For example, according to [The Nevada Independent](#), film incentives are

at best, marginally positive photo ops for lawmakers and Hollywood studio heads. At worst, they are money pits that funnel tax dollars away from critical public services into the private pockets of corporations that already post [billions of dollars](#) in annual revenue.

And an article from [Governing](#) states:

An analysis from New York's Department of Taxation and Finance found that its film tax credits deliver underwhelming returns. For every dollar in tax breaks, the state receives around 15 cents in direct tax revenue. Taking into account jobs for people who don't work on productions but help feed or support them increases that number to 31 cents. The film production credit is at best a break-even proposition and more likely a net cost to the state.

That report adds, "A Georgia audit notes that film tax credits induce substantial economic activity in the state, but cost taxpayers nearly \$1 billion annually, with a return on investment of only 19 cents per dollar spent." Taxpayers should question whether that is a responsible use of their money.

Jobs created through film incentives are [often](#) temporary, low-wage, and/or filled by out-of-state workers. Promised long-term economic gains rarely materialize. In effect, these programs forcibly [transfer wealth](#) from taxpayers to politically favored industries, violating the principles of free enterprise and fiscal responsibility enshrined in the [U.S. Constitution](#).

Cultural Concerns

Beyond fiscal irresponsibility, state-funded film incentives raise profound cultural and [ideological](#) concerns. The entertainment industry has become a powerful vehicle for advancing far-left ideologies, including Marxist-inspired identity politics, moral relativism, and anti-American narratives. By offering taxpayer-funded subsidies to this industry, state governments — whether inadvertently or deliberately — finance content that [undermines traditional values, attacks the family unit, and promotes radical social agendas](#).

This is not speculative. States such as [Georgia](#) and [North Carolina](#), which have aggressively pursued film production through expansive incentive programs, have undergone significant [demographic](#) and political shifts. Once conservative strongholds, both states have become politically competitive,



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increasingly aligning with leftist social agendas.

The entertainment industry's influence — through its cultural output, [workforce migration](#), and ideological messaging — has measurably contributed to these transformations. These programs often subsidize content that directly opposes the values of the taxpayers funding them. The entertainment industry frequently produces media that degrades morality, [mocks traditional family structures](#), and promotes globalist or [collectivist](#) ideologies. For example, films receiving tax credits in states such as California and Georgia have included narratives that glorify abortion, normalize gender ideology, or [vilify American history](#).

By funding such content, states indirectly compel citizens to support messages that conflict with their beliefs — violating the spirit of individual liberty and free conscience. Of the 29,791 films rated by the [Motion Picture Association \(MPA\)](#) in the past 50 years, a significant majority (more than 17,000 films, or [57 percent](#)) have received an R rating. In contrast, fewer than 5,000 films have been rated PG-13 since the rating's introduction in 1984.

Controversy and Corruption

Film incentives come with their fair share of controversy. In 2013, the filming of Netflix's *House of Cards* in Maryland highlighted the contentious nature of film-production tax credits, as [producers pressured state leaders](#) for increased incentives, threatening to relocate if their demands weren't met. Despite a lack of legislative support for boosting these credits, the state ultimately provided \$7.5 million in other grants, leading to debate about the economic impact of such incentives. (A 2023 [study](#) by the [Fiscal Research Center](#) out of Georgia indicated that for every dollar spent, only 18 cents were returned.) The show's cancellation in 2017 amid sexual-misconduct allegations against star Kevin Spacey left many questioning whether the financial risks taken by Maryland taxpayers were justified.

Additionally, Colorado's [2017 audit](#) of its film tax credits uncovered improper payments to film-production companies that did not qualify for the incentives. Specifically, the audit identified \$129,000 in payments to ineligible projects and another \$1.8 million for which the state lacked sufficient documentation to verify eligibility. These incidents highlight the complex interplay between economic development and the potential for corruption, forcing states to reevaluate the true costs of rolling out the red carpet for Hollywood — and this is just one program within state governments.

Constitutional Analysis

From a constitutional perspective, state-funded film offices and tax incentives violate the principles of limited government. They may also conflict with [Article IV, Section 4](#) of the U.S. Constitution, which guarantees each state a republican form of government. When states use taxpayer dollars to favor select industries or cultural agendas, they undermine the rule of law and representative self-government by allowing bureaucrats or special-interest coalitions to wield power not delegated to them. This underscores the need for citizens to hold their state governments accountable to [America's founding principles](#).

A truly conservative, constitutional approach to economic policy demands fiscal responsibility, neutrality, and a commitment to moral and cultural integrity. State governments should not be in the business of subsidizing filmmakers or favoring one industry over another through bureaucratic largesse. Instead, they should focus on reducing taxes across the board, eliminating burdensome regulations, and fostering an environment in which all businesses can thrive — not just those with



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political clout. (For example, the music, television, and movie industries spent [\\$54.4 million](#) in lobbying in 2024.)

The New American and [The John Birch Society](#), steadfast advocates of constitutional government, urge state legislatures to reject film-incentive programs and dismantle existing film offices. These initiatives represent a dangerous convergence of fiscal irresponsibility, cultural manipulation, and constitutional neglect. Rather than expanding government power and subsidizing harmful ideologies, lawmakers must fulfill their duty to protect liberty, promote virtue, and uphold the U.S. Constitution.

To learn more about how your state and federal legislators vote on issues of constitutional importance, visit The New American's [Freedom Index](#) and state [Legislative Scorecards](#).



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