



# PATRICK TESTIN

## STATE SENATOR

DATE: May 21<sup>st</sup>, 2025  
RE: **Testimony on Senate Bill 204**  
TO: The Senate Committee on Agriculture and Revenue  
FROM: Senator Patrick Testin

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Thank you members of the committee for accepting my testimony on Senate Bill 204.

The video game industry is the largest entertainment entity in the United States and the world, dwarfing the movie and television industries. The worldwide video game industry is expected to grow at an annual rate of 8.76% between 2024-2027. Wisconsin currently has a small base of video game studios including PUBG, Raven/Activision/Microsoft, Lost Boys, Roundhouse, Filament and others. The University of Wisconsin-Stout and UW-Whitewater have educational programs that directly lead to job opportunities in these video game studios. UW-Stout School of Art and Design is recognized as one of the best in the Midwest and has a motion-caption studio similar to those used in the actual video game studios. Titledown Tech is an investment company that is specifically focused on the video game industry and recently invested in Midwest Games, a regionally focused video game publisher.

Many employers in the video game industry have expressed an interest in leaving California, the current hub of the industry. These companies wish to expand their base and bring in additional studios. This is quite the opportunity for Wisconsin. Respawn Entertainment opened a new studio in Madison, Wisconsin in 2023. Currently, Vancouver and Quebec as well as Austin, Texas are the primary growth regions for the video game industry based on their tax incentive programs. This proposed legislation creates a tax incentive for the video game industry that is similar. The video game industry provides high paying jobs in Wisconsin in multiple computer related areas including programmers, graphic designers, musicians, actors, stunt personnel, and project managers. These video game studios would receive a tax incentive for actual jobs located in Wisconsin.

The bill authorizes a person who owns a copyright in digital interactive media or entertainment, or their representative, to obtain a refundable income tax credit equal to 30 percent of the salary or wages paid for applicable services rendered in this state and 30 percent of other eligible expenditures made in this state directly related to qualified activities (such as software, facility leases, and equipment).

This industry has the potential to bring great economic growth to Wisconsin. I ask for your support and am happy to take any questions.



# CLINT P. MOSES

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May 21<sup>st</sup>, 2025

Senate Committee on Agriculture and Revenue

Testimony on Senate Bill 204

Thank you, Chairman Testin and members of the Senate Committee on Agriculture and Revenue, for considering Senate Bill (SB) 204.

I am excited to present this bill, SB 204, which seeks to establish a video game production tax credit to encourage growth of the interactive entertainment sector in Wisconsin. We all, and especially our younger family members, would colloquially refer to this as the video game sector. When we refer to video games in the present day, we are not just talking about games on TV screens. This extends to cell phones, virtual reality, and stadium-packing live events as well. This legislation would allow up to 30% of eligible expenditures to be fully refundable through a tax credit for a business in interactive entertainment, thus attracting and keeping talent here in Wisconsin.

Video games far outpace both the music and film industries to the point of overshadowing them combined. The industry supports nearly a million jobs in the US with family-sustaining incomes. The averaging base salary for a game developer is \$125,000 annually. In the U.S. alone, the video game industry has more than tripled in size in the last decade, growing from \$15.2 billion in 2012 to \$56.6 billion in 2022. The worldwide video game industry is expected to grow at an annual rate of 7.25% between 2025-2029. This bill will help Wisconsin be competitive for a piece of that desirable pie.

Our universities already offer amazing programs in this industry. For example, UW-Stout's School of Art and Design is recognized as one of the best in the Midwest and has a motion-capture studio similar to those used by the world's top video game creators. With video gaming being such a desirable field for entrepreneurs and employees alike, especially among our state's youth, legislation like this ensures our future generations are in the running for these careers.

We have worked with the Department of Revenue (DOR) throughout the bill drafting process. We are currently working with them on an amendment for the bill. We plan to introduce the amendment soon.

With widespread support from stakeholders across the employer and employee spectrums, I again thank the committee for holding this hearing on SB 204 and urge timely action on this legislation to keep Wisconsin graduates in Wisconsin.

DATE: May 21, 2025  
TO: Senate Committee on Agriculture and Revenue  
FROM: The Entertainment Software Association  
RE: Senate Bill 204 - Creating a Video Game Production Tax Credit

Dear Chair Testin, Vice Chair Tomczyk, and Members of the Committee:

Thank you for the opportunity to come before you today and submit testimony on Senate Bill 204. I also want to thank our respective sponsors, Senator Patrick Testin and Representative Clint Moses, for their enthusiastic support of this bill and the video game industry of Wisconsin. Additionally, I would like to thank the Department of Revenue for their feedback and work on this to ensure this works for Wisconsin. The bill before you is the culmination of months of hard work between Sen Testin, Rep. Moses, and the Department.

The Entertainment Software Association (ESA), the trade association representing video game publishers and console makers, asks for the Committee's support of SB 204 – the Wisconsin Video Game Industry Incentive. As the association that represents the innovators, creators, publishers, and business leaders that are transforming the global video game industry and providing thousands of high-paying jobs to Americans, ESA knows that the video game industry is a key economic sector that drives global competition, develops innovative technology, and has a footprint that creates jobs in nearly every state.

Video games are a growing form of entertainment globally, and through e-sports, the industry can also claim ownership of one of the fastest growing sports in the world. For example, in the U.S. alone, the video game industry has more than tripled in size over the last decade, growing from \$15.2 billion in 2012 to \$56.6 billion in 2022. The overall industry, while having a presence in all 50 states, Washington D.C. and Puerto Rico, is highly concentrated in a handful of states. More than 42% (over 44,000 jobs) are located across the state of California. Washington, Texas, New York and Florida round out the top five states, with these five states accounting for approximately 72% of the industry's employment<sup>1</sup>. Companies are looking for new places to expand and Wisconsin provides a uniquely attractive option for companies, with its already existing footprint and its strong university system.

The benefits of this growing form of entertainment has significant downstream effects. Specifically, unlike other entertainment industries, the video game industry offers long-term, full-time, and high paying employment for professionals who work across multiple projects throughout the year or on the same project over multiple years. Improvements in technology

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<sup>1</sup> ESA, *Video Games in the 21<sup>st</sup> Century, The 2024 Economic Impact Report* [https://www.theesa.com/wp-content/uploads/2024/02/EIR\\_ESA\\_2024.pdf](https://www.theesa.com/wp-content/uploads/2024/02/EIR_ESA_2024.pdf)





have allowed teams at multiple studios to work together across state and country lines to develop different aspects of a single game.

Therefore, as this industry grows, it is only natural that many jurisdictions will use tax incentives to attract video game companies to build and/or grow their business in their state. For example, to attract high paying tech sector jobs some Canadian provinces, and states like Georgia, New York and Texas, have introduced video game tax incentive programs. SB 204, as written, would allow Wisconsin to not only effectively allow states to compete against each other, but also against jurisdictions around the world.

SB 204 is a Digital Interactive Media Credit, designed to encourage growth of the interactive entertainment sector in Wisconsin. The credit is a 30% fully refundable tax credit on 30% of salary and wages paid to Wisconsin residents in a taxable year. **Employees eligible for the credit must be based in Wisconsin and only new jobs are eligible for the credit.** To put it plainly, companies can only receive credit when they bring jobs to and spend money Wisconsin – this is not a carte blanche for out-of-state companies with no strings attached or audit requirements.

We appreciate the Committee's consideration of this bill, and we ask for your support of this incentive. Wisconsin has an opportunity to become a global leader in this industry by approving this credit which will bring economic growth, fostering high-tech skilled workforces with high-quality, high-paying jobs to Wisconsin. I am happy to answer any questions, and we look forward to working with you throughout this process.

Sincerely,

Andrew O'Connor

Director, State Government Affairs  
Entertainment Software Association