

ALASKA STATE LEGISLATURE

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Sponsor Statement HB 67: Alaska Film Incentive Program Extension

House Bill 67 ensures Alaska's competitiveness with other states and countries by continuing the successful Alaska Film Incentive Program. Since their inception, the film incentives have brought millions of production dollars to Alaska. They have also created jobs and business opportunities, small and large, for hundreds of Alaskans. These projects also bring millions of dollars worth of marketing and promotion for Alaskan businesses, products, and tourism. The continuation of these incentives will create the certainty required for the private sector to plan and invest in Alaska's new and growing multi-million dollar film industry.

In Alaska, we have seen the enormous benefits of a major motion picture project, "Everybody Loves Whales", an estimated \$30 million production. On any given day of production there were more than 200 Alaskans working in front and behind the camera. Nearly 1,500 Alaskans appeared in front of the camera as extras representing towns and villages across the state. Alaska businesses enjoyed a boost from over 12,100 hotel nights, 8,800 car rental days and 7,900 security man hours.

Businesses which benefit from film production include construction companies, towing companies, aerial charters, hardware stores, lumber yards, communication companies, landscaping, restoration companies, dumpster services and rentals, plumbing, heating, rental equipment companies, truck leasing, crane companies, paving companies, catering, cleaning, boat charters, diving companies, survey companies, engineering firms, printing, office supplies, motor-home rentals, shipping companies, airlines, hotels and restaurants.

The Film Incentive Program that passed in 2008 included a sunset after five years or after \$100 million in credits have been issued. The Program currently offers a transferable tax credit of 30% of qualified spending, an additional 10% for Alaska hire, 2% for shooting in rural Alaska and 2% for working in the winter months. Eligible productions can sell the credit to any company with a corporate income tax liability, offering tax relief to industries as varied as commercial fishing, mining and oil. Tax credits are issued only after the production has completed filming and an independent Alaskan-owned CPA has verified Alaska expenditures.

House Bill 67 will extend the film incentive program for 10 years. It will provide an additional \$100 million in tax credits for the first five years of the extension and \$100 million for the final five years. House Bill 67 will continue the jobs and small business opportunities created by the film incentives, as well as bring our state positive attention, substantial investment and help develop a strong and diversified economy.