

Konrad Jackson

From: alaskafilmgroupp@gmail.com on behalf of Alaska Film Group <afg@alaskafilmgroupp.org>
Sent: Thursday, March 14, 2013 5:38 PM
Subject: Film Industry News Blast: Incentives grow in New Mexico and Connecticut

Dear Legislature,

The New Mexico Legislature approved an increase to their film incentive program.

"Under the legislation, the incentive would increase to 30 percent for a TV show producing at least six episodes in New Mexico."

<http://www.seattlepi.com/news/article/NM-Senate-approves-film-incentive-sweetener-4345932.php>

Connecticut grew its digital media business in fiscal year '12.

<http://www.hartfordbusiness.com/apps/pbcs.dll/article?AID=/20130311/PRINTEDITION/303089975>

Nationwide, states are seeing incentives as a way to diversify their economies.

Best,

The Alaska Film Group

NM Senate approves film incentive sweetener

Updated 2:48 pm, Monday, March 11, 2013

SANTA FE, N.M. (AP) — A proposal to sweeten New Mexico's incentives for television and film projects is close to clearing the Legislature.

The Senate approved the House-passed proposal on a 32-8 vote Monday.

New Mexico offers a 25 percent tax refund for certain film and TV production expenses.

Under the legislation, the incentive would increase to 30 percent for a TV show producing at least six episodes in New Mexico. The extra 5 percent would be offered for film and TV projects spending an extended time in New Mexico doing their main photography at one of the state's film studios

The state caps incentives at \$50 million annually.

The legislation would go to the governor if the House accepts the Senate version, which limits unused subsidies that can be carried over to another year.

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Film tax credits spike in FY '12

BY **GREG BORDONARO**

3/11/2013



PHOTO | PABLO ROBLES

Bristol sports media giant ESPN has been one of the biggest beneficiaries of the state's film tax credit program, collecting \$33.5 million in fiscal year 2012.

Connecticut's film and digital media industry had a blockbuster year in fiscal 2012, raking in \$118 million in state tax credits, as production companies added jobs, increased spending and grew their infrastructure in the Nutmeg State, records show.

Film tax credits issued by the state rose 69 percent from a year earlier, and several of Connecticut's flagship companies were the biggest beneficiaries.

Bristol sports broadcaster ESPN earned the most, collecting \$33.5 million in state film tax credits last year, while Stamford's World Wrestling Entertainment banked \$7.3 million.

Other big winners included Greenwich's Blue Sky Studios, maker of the popular "Rio" movie, which took home \$16.6 million.

NBCUniversal and its Stamford Media Center, a studio that plays host to popular talk shows like "Maury" and "The Jerry Springer Show," received \$18.4 million in film tax credits, records show

Officials say the significant increase in film tax credit spending is a signal that Connecticut's fledgling film industry is beginning to mature into a key economic driver.

As many other Connecticut sectors have struggled to keep or add jobs the last few years, Connecticut's film and digital media industry has been a bright spot in what has largely been a stagnant economy, officials say.

Since its 2006 inception, the state's film program has issued \$302 million in tax credits, which has leveraged about \$1 billion in production expenditures and created 15,000 jobs, state records show.

"I absolutely believe the film tax credits are working," said George Norfleet, director of the state's Office of Film, Television & Digital Media. "The industry, as a whole, is expanding and creating jobs, and that is exactly what the tax credits are meant to do."

The \$118 million in tax credits received by the industry in fiscal 2012 were based on \$426 million in total spending by production companies, Norfleet said. But not all that money was actually spent last fiscal year.

Many states offer some type of film tax credit program making it a competitive environment to recruit business, but Connecticut has established itself as a major player in the television and digital media space.

That is where the future of the industry lies in Connecticut, Norfleet said, adding that the main purpose is to attract new jobs to the state.

Some are even calling Connecticut the sports media capital of the world with ESPN, NBC Sports, Yes Network and Hartford's fledgling golf lifestyle channel Back9Network, now calling the Nutmeg State home.

"As jobs grow, production expenditures grow," Norfleet said.

The state offers three tax credit programs for production, infrastructure and digital animation, which were originally established in 2006. The film and digital media tax credit is the most popular and is tiered to reward productions that make higher expenditures. Companies can receive as much as a 30 percent tax credit if they spend over \$1 million on production costs.

Companies can also sell film credits if their total value exceeds their state tax bill.

The state's film tax credit program hasn't been without controversy. With the state continuing to battle tax hikes and spending cuts tied to its budget deficits, some groups have argued that the state is spending too much money on the film program and there have been several efforts in recent years to cap the tax credits.

Connecticut Voices for Children has previously attacked the state's subsidies for the entertainment industry as a "money-losing proposition."

Wade Gibson, a policy analyst with Connecticut Voices, said the biggest issue with the film tax credits is gauging their overall economic impact.

It's not enough, he said, to say how many jobs were created as a result of the program, he said. More information is needed on the pay and benefits from those jobs.

Also, it is difficult to gauge whether companies would make the promised investments even without the tax credits, Gibson added.

"We don't think there is enough information provided about the dollars we are spending on these tax credits to know if the \$118 million is being spent in the best possible way," Gibson said. "To some extent it's impossible to know."

What can't be disputed, however, is that the digital film industry has found a strong foothold in the state.

ESPN has been a big part of that growth. Since 2009 the Bristol sports media giant has created or relocated 700 jobs to Connecticut. It also invested in significant infrastructure projects like the build out a few years ago of its 139,000 square foot transmission and research and development unit — known as "Building 13" — on its Bristol campus, said ESPN spokesman Mike Soltys.

Soltys said the state's tax credit program has led ESPN to focus on growing its digital media business, which includes ESPN.com, ESPN Mobile and other segments, in Connecticut at a time when many other states are trying to woo it.

Besides Connecticut, ESPN has also been growing in Los Angeles, Charlotte, Orlando, Fla., and Brazil, Soltys said.

"The tax credits are an important component when making decisions on where we are going to be expanding," Soltys said. "We have facilities in many other places and have the ability to grow in many other places. But our preference is to grow in Connecticut."

ESPN's \$33 million in tax credits were based on \$123 million worth of investments, records show. But Soltys said some of those investments were actually made prior to 2012, but the tax credits didn't get cleared until last year.

Additionally, the payout total didn't include the up to \$25 million in incentives ESPN is eligible for under Gov. Dannel P. Malloy's "First Five" program.

ESPN was a "First Five" recipient in 2011, and will receive a mix of loans and tax breaks from the state for adding at least 200 jobs within five years. ESPN is also investing more than \$100 million on a new 193,000-square foot digital center on its Bristol campus that will house four studios, six production control rooms, 26 edit rooms, and serve as the new home of ESPN's flagship program, "SportsCenter."

Kevin Segalla, president of the Connecticut Film Center and one of the leading proponents of the state's film tax credits, said the state has reached a critical mass that is leading to a snowball effect of activity for the industry.

Despite budget pressures, Segalla said policymakers will continue to support the program because without it, the film industry wouldn't have emerged in the state.

"The tax credits have been the impetus to get the ball rolling," Segalla said.

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Konrad Jackson

From: Bruce Oskolkoff <bruceo@alaska.net>
Sent: Thursday, March 14, 2013 11:52 AM
To: Rep. Kurt Olson; Konrad Jackson; Rep. Mike Chenault; Tyra Smith-MacKinnon; Rep. Bob Herron; Rob Earl; Rep. Charisse Millett; Jeff Turner; Rep. Lora Reinbold; Robin Sahnov; Rep. Dan Saddler; Kim Skipper; Rep. Andy Josephson
Cc: 'Bob Crockett'; Bruce Oskolkoff
Subject: HB-112

Dear Honored Representatives,

I am usually not one to get over excited or concerned about most proposed legislation brought before or introduced to our Legislative Body for Alaska, however HB-112 is the type of proposed legislation that I feel very strongly about and feel I must loudly speak against.

As you are aware, HB-112 would eliminate or negatively impact the current Film Industry incentives in the great State of Alaska. This would be devastating. Both, from a short-term – immediate perspective, but more importantly, from a long-term industry development and growth perspective that may affect generations of Alaskans down the line. HB-112, if enacted, would certainly be a most devastating and detrimental reaction and oversight in the haste to address other legitimate economic conditions in Alaska. Enactment of HB-112 is no solution that is meaningful long-term, and will have a large adverse effect for the current Alaska based businesses, contractors, support facilities, film industry infrastructure, and all Alaska residents and individuals whom are already presently participating in the many and varied aspects of Film Development. Just some of these include; Film Production, Location Leasing and Rentals, Production Offices and Facilities, the countless aspects of Support and Logistics, Food Service, Transportation and Shipping, to say nothing of the endless opportunities for individuals to participate and even garner employment as actors, cast, crew or in some cases, starring roles as we have seen in a number of film industry productions completed within the State of Alaska to date.

HB-112, if given consideration, has the underlying potential to simply and quickly turn-off this industry development in Alaska. I know this opinion may seem bold or even overstated, but I have been a Life-Long resident of Alaska, born in Homer Alaska and raised with my family in Ninilchik much of my 55 years, and I have witnessed the very destruction or halting of industry growth or potential in so many economy growing opportunities for the state from just such seemingly innocuous legislation in our past. I have for over thirty years participated directly in both the Film and Recording industries here in Alaska, and I, like many other Alaskans currently, have benefitted greatly as these industries have taken hold in Alaska and now show signs of even greater potential for growth and enhancement.

I am familiar with the HB-112 Bill and its intent. Further, I have even listened to a lot of discussions on its introduction justification, and the weighing-in of differing views, but always arrive at the same conclusion – I DO NOT SUPPORT IT. I do not support it and in fact am quite appalled that just as the state is beginning to see some of the more long-term benefits brought to the state and its people through employment and contract opportunities, logistics and travel benefits, and a whole host of other advantages, that the state legislature would even consider such an unjustified reaction. They forget, that even the states oil industry started out as only a small individual endeavor with little support in its initial stages of introduction into the state's economy. It also required, and frankly still requires, structured

incentives to keep it a viable part of our economy, a resource for employment, and an industry that supports greatly, many other facets of our states capacities including much of our educational and college systems. In turn, it is now imperative that we offer our States support and incentives to another growing industry which I believe, has the same prospects to grow and give great opportunity to the people of our State. Short-sighted reactions at this most opportune moment, would certainly strike a unquestionably negative blow to this otherwise very strongly supported industry here in Alaska. I have been personally involved in varying aspects of the just developing Film Production Industry over more than thirty years here in Alaska. I have personally appeared in documentaries such as the Wolf Productions documentaries on the Alaska Natives Claims Settlement Act funded in part by the State of Alaska, had support opportunities in set locations and logistics support coordination in large-scale feature film productions shot largely here in Alaska. And have even participated through location identification and leasing services that have even benefitted my own Alaska Native Village Corporation and many others in our region and across this State. I have become acutely aware of the previously unknown and unrecognized large scale potential the Film Industry has waiting in store for Alaska. For these reasons I believe this is a particular industry we should not only begin to actively participate in, but should strongly support and encourage through incentive and other means available by way of Alaska Legislative body. Support that can come by way of Alaska legislative incentive, and through Alaska industry encouragement in this State, our Nation, and even on a global basis. The Film Industry is today a large part of the technological world we live in and support. It seems only fitting that we posture this state to become a major player in this form of Industry. A type of industry that we know well, will be a future potential legacy for Alaska if we take a positive and supportive role today.

Many in this great State, I believe, are not fully aware of the already existing magnitude and breadth of involvement of the developing Film and Arts industries here. An industry that has begun to take seed and flourish in Alaska statewide. An industry that may likely grow to be competitive with even similar production capacity, and employment and support aspects of its kind found in many other states in our nation. I would hate to see that we might shut-off the life-giving light and incentives that are needed to grow this profoundly significant industry potential here in Alaska. We are better than that. As Alaskans we know and have learned well, that Reward comes from Risk in so many cases and ways. Our most significant economic driving industries, the Oil & Gas Development and Production Industries, were also just such a risk. It too required incentives, it too paid rewards, rewards that are now known to be one of the greatest economic legacies of our State, and even of our Nation. Try to imagine would could have been the other potential outcome if we would have enacted similar legislation that simply shut-off the life giving blood through incentives for that industry as well. Our states forefathers and representatives did one thing well, they recognized clearly the fine line between risk and reward, and they further recognized the absolute fact that one comes only at the expense of the other.

I urge you to vote to take HB-112 off the State's legislative table. For the benefit of ALL ALASKANS, let us move confidently ahead with our continued support to grow and strengthen such a very important and future contributor to our overall economic base here in Alaska. Please vote your continued support for one of our most promising and strongly developing economic opportunities.

Bruce Oskolkoff

Bruce Oskolkoff

President/Chief Engineer

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Konrad Jackson

From: Gonzo Gonzales <rpgonzales@alaska.edu>
Sent: Friday, March 15, 2013 5:55 AM
To: Rep. Kurt Olson; Konrad Jackson; Rep. Mike Chenault; Tyra Smith-MacKinnon; Rep. Bob Herron; Rob Earl; Rep. Charisse Millett; Jeff Turner; Rep. Lora Reinbold; Robin Sahnaw; Rep. Dan Saddler; Kim Skipper; Rep. Andy Josephson
Subject: Film Tax Incentive
Follow Up Flag: Follow up
Flag Status: Completed

Sir/Ma'am,

Getting rid of the Film tax incentive program through house bill 112 is a huge mistake. My name is Robert Gonzales but I go by Gonzo. I am a Husband of 10 years and a father of two. In July of 2012 I decided to make a career change that would affect my whole family for the sake of doing something that I take great passion in doing. I found out that UAF had a film program and I decided to enter the program and pursue a career in the film industry.

Before the big change my background was a construction worker, supply manager, and mobile audio technician. I had no background in film or television. My expectations was to go to school and to hope that after graduation I would be able to find an entry level production job and work for free for the first few jobs as I make a name for myself. As of right now that is not the case. Because of the film tax incentive program UAF developed the Film Major and I chose to take the leap and also because of the film tax incentive program, production companies have kept me employed. In fact, I am so busy with working on productions I am finding it hard to make time for class. I am not available to make it to the hearing because I will be working on a production during the time of the legislature. The money spent for school has almost already been made back. I now have credits as Production Assistant, Assistant editor, Camera Operator, and a Grip.

If it wasn't for the Film tax incentive I would not have the experience that I have now nor the valuable contacts that I have made in the past 4 months. Do not do away with the film tax incentive program it will end all the hard work I have put in during the past 4 months. Thank you for your time and consideration.

Robert "Gonzo" Gonzales