



Technology . Commitment . Integrity

03.26.2013

RE: HB112

Ladies and Gentleman of the House Finance Committee,

As a business owner interested in building a competitive stable economy several situations came to mine when I heard about HB112. Allow me to share 4 thoughts.

Situation 1: Alaska has a three legged economy, government, energy, and all others.

Problem: The most successful leg, Energy is in a cycle of decline. The federal government revenue leg is also expected to continue in a phase of decline.

Implication: The third leg of the economy, all other businesses, will need to shoulder more of the economic responsibility.

Needs Pay Off: The current film program which ends in July, although not perfect, returned \$2.05 in business revenue for every \$1.00 in Film Incentive spent, according to the numbers reported in the recently completed legislative audit.*

Situation 2: The state is currently completing its first five year experience in the film industry The A legislative audit recently reviewed the film program.

Problem: Improvements needed to be made.

Note: The expiring test program is perceived to have put too much money into the pockets of highly compensated actors from out of state. These highly compensated out of state actors are unfortunately a fact of life for big productions, allow me to provide an example.

Let's say we were making the next block buster action movie in Alaska and we wanted the best bet at success at the box office. Would we cast Tom Randell** or perhaps a more bankable name like Tom Cruise? I think you would agree the better bet would be Tom Cruise despite Tom Randell being born raised, educated and living in Alaska; the Tom Cruise brand carries more weight than Tom Randell. So until we have some home grown star power we will have to use some out of state talent.

Implication: New ideas needed to be implemented if the program is to move forward.

Needs Pay Off: After reviewing the existing program and finding ways to make the film program better, the new film program set to become effective this year shifts a greater emphasis to hiring Alaskans throughout all levels of production and will maximize the benefit from the program to Alaskans, Alaskan businesses and the State of Alaska increasing the revenue per dollar of tax credit.



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Note: I have spoken with most of the vendors involved in film production projects on the Kenai Peninsula (a federally recognized hub zone for traditionally high unemployment) the overall experience is very positive and the industry is well received.

Situation 3: The legislature is entertaining HB112

Problem: HB112 will discontinue the Film Incentive

Implication: All investments, capital, time, to this point will have been wasted.

Needs Payoff: The bill HB112 doesn't need to happen, Kill Bill HB112. And allow the industry to grow.

Situation 4: Alaska is unequalled in raw splendor and majesty. Alaska's competitive film program is ending. New film programs, such as the one in Maryland, Mexico, and Connecticut are looking to expand.***

Problem: There are acceptable substitutes for filming Alaskan -esque scenes

Implication: As in other industries Alaska needs to be competitive in the global market to bring projects to the state.

Needs Pay Off: Working together over the last two years in the legislature the people of Alaska refined our film program to be more beneficial to the state of Alaska, providing a stable ten year structure so productions can plan long term.

Conclusion:

To repeal the film production tax credit at this time wastes two years of legislative work to produce a new more beneficial film production program and five years of industry work, investment, and training to set the foundations of the industry.

Our competitors are investing more aggressively and are seeing bigger gains. Might I suggest we move forward with the plan we worked out together in the legislature last session. Please join me in supporting business and industry in the state as we continue to diversify the economy for a stronger future. Let's do what we agreed to do, invest in Alaska by providing a stable and competitive environment for the film industry to grow in Alaska. Join me in stopping HB112 an Anti-business bill.

Thank you for your consideration,

Randy

Thomas R. Daly
HiSpeed Gear Inc., Kenai, Alaska
HiSpeed Gear Co, Anchorage, Alaska
HiSpeed Gear 2 LLC, Soldotna, Alaska
HiSpeed Gear 3, Homer, Alaska (Launching 2013)

Alaska Film Group, Board Member
Tom Randell's Daly Show**, Producer



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References:

* Alaska State legislature Legislative Budget and Audit Committee Division of Legislative Audit Audit Control Number 08-30066-12

** *see also

Examiner March 13th2013, Maryland is tripling its film tax credit program.

<http://washingtonexaminer.com/article/2521501#.UR6neeYc37Q.email>

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>



To Members of the House Finance Committee,

I am writing on behalf of the Alaska Filmmakers organization (Also Known as AKF), The Alaska Actors Network, and the Alaska Film Forum. I am also here representing over a dozen of my fellow filmmakers who could not be here today, but have asked me to convey their opposition to House Bill 112.

We, as a community, come before you today to ask you a simple question. Why would this legislative body, which has already casted its vote to support the Alaska Film Tax Incentive over the next decade, entertain a bill aimed at cutting down a program that has already proven itself over the last five years?

A program that that has helped create jobs, helped to diversify our state's economy, helped to promoted and develop new forms of education amongst Alaska's youth, and has helped to bring together a variety of talented artists and craftsmen to tell Alaska's stories.

A repeal of the Film Tax Credit is a step in the wrong direction.

The continuation of the tax incentive program is a step in a new direction of development. A direction our community has embraced and worked vigorously to develop and maintain. Even more so after those we elected to represent our communities had given their approval, and support, to this new industry during last year's legislative session.

Millions, of dollars have already been invested in this new industry, and to turn our back on it now would be a huge mistake. If HB112 were enacted we would be turning our backs not only on a productive and on going industry, but we would be turning our backs on Alaska's talented pool of professional and aspiring storytellers.

I have provided a document to each member of the committee containing this testimony as well as personal statements from those I speak for today. These people represent a new form of pioneer here in Alaska. They represent a new generation of hard working individuals looking to use their knowledge and expertise to tell stories from the last frontier.

I hope you will listen to their stories when making your decision.

D.K. Johnston – Assistant Director/Producer/PA/UAA Adjunct Professor

The following are testimonies I have received in response to HB112 from filmmakers either currently in the field or are unable to testify in person today on this matter.

-Michael Burn & Dean Q. Mitchell – Writers/Directors/Producers

"We are the Quake Brothers; Michael Burns and Dean Q. Mitchell. Our goal is, and has been, to make feature-length films, short films and documentaries in the state of Alaska utilizing only Alaskan talent. Without the tax incentive our goal may be ripped out from under us.

When the tax incentive initially passed we were developing a proposal for a feature-length film we had written called PROPER BINGE. We were going out on a limb; it was our first time attempting to make a commercially viable film and we really didn't have a clue as to where the money was going to come from to make it. The tax incentive seemed like it had the potential to really help us in our pursuit to gather funds.

After looking over our proposal the Alaska Film Office gave us the green light. Having a state authority recognize the fact that we had a serious project opened many doors for us.

Unfortunately, we were unable to raise the amount we needed to keep the qualification for the tax credits. Still, having pre-qualified, we were able to attract many serious filmmakers and movie enthusiasts. Professionals and amateurs volunteering their time and talents to an all Alaskan feature film, something they may not have had the chance to be a part of without the push of the tax incentive.

Throughout the summer of 2012 we worked with more than one hundred cast and crewmembers and approximately twenty-five local businesses. Each of them not only excited about the project but energized. Our crew came from as far out as Fairbanks, Girdwood and Anchorage for our twelve (plus) hour long shoots in Wasilla. If funds or a vehicle or any other filmmaking emergency came up, they chipped in without thinking twice. Some of the businesses actually closed down to accommodate our schedule. The City of Wasilla also assisted us on several occasions. Many of the filmmakers we met along the way were those that have let their skills go dormant due to the lack of a film industry in Alaska. Since our project, a lot of them have decided to continue the dream they long thought would never be fulfilled.

Working on a project like this gave us new insight on, not only how giving and respectful our fellow Alaskans are, but how vivacious they become when witnessing the growth of this new industry.

Our feature film, PROPER BINGE is nearly complete. We hope to premiere it at a top tier film festival, land a distribution deal, and we have high hopes to profit from it when all is said and done. All persons involved in PROPER BINGE are Alaska residents, which means any and all profits will go back into Alaska. The success we see from our

film will propel our next project and/or other's projects involving an all-Alaskan cast and crew. Without the film incentive in place, igniting a self-sustaining industry may not be possible.

All aspiring filmmakers in Alaska have had to ask themselves, at one time or another, "should I move to Los Angeles or New York to pursue my dream?" When truly, the question is, "Why can't I stay in Alaska to achieve my dream?" The right, well-written story has a good chance of becoming a great and successful movie no matter where it is filmed. The film incentive is reason enough for us, and for all local filmmakers to keep filming our stories in the state we love, Alaska.

Keep the dream alive."

-Jeff Aldrich – Actor

*"I have been following Bill Stoltze's HB112, and it is huge mistake for Alaska. As an Alaskan, born and raised, **I am discouraged to see our most talented actors and technicians faced with the decision to leave the state in search of work or to stay in Alaska with great uncertainty, condemned to scrape by working odd jobs in pursuit of their art.** If HB 112 is passed many of them must leave because there is no room for growth in an industry. This bill is working in the absolute wrong direction. What Alaska needs are more incentives for investment and stability that lets our future investors know that we are dedicated to cultivating the longevity of our industry. We need a comprehensive legislation that lays a foundation to encourage this growth, not just for the next legislative session but also for the next ten years. We need legislators with the courage and the faith in Alaskans to make that investment in our future."*

-Michael Bergstrom – Producer/Grip/Electrician & Co-Founder of Electric Igloo

*"I work full time in film, with a focus on motion pictures and television. This last year found me as a producer on the popular TV show Coast Guard Alaska, a show that is taking advantage of the tax incentive. **Almost all the work I have had the last two years have been on productions utilizing the tax credit in some way, and I have been able to become a homeowner in the Chugiak area and put down even more permanent roots as I begin my more long term growth of my small business. HB112 threatens large stable productions that benefit businesses, both film and non-film related.**"*

-Levi Taylor – Writer/Director/Producer & Founder of Crooked Pictures LLC

"My name is Levi A. Taylor, I've been a filmmaker all my life. In 2007 I left my day job to pursue my life long dream of making films in my home, Alaska. You see, I have a story to tell, forged in the homes and families that make Alaska what it is today. A land of diversity in personality and rich with the gold I mine, Stories.

The Alaska film incentive program represents the best of what you, our elected officials can do, help foster industry but providing opportunity. The State audit on the Film incentive program proved that it is bringing money to the State. Additionally as a filmmaker, I can tell you that the Alaska Crew has grown in size and professionalism in a way that can only be achieved with experience.

*There are many filmmakers, my self included, that are working hard to bring more work to Alaska. Telling stories about the Last Frontier that celebrate the human spirit in the harshest of places. Concurrently many Alaskans are gaining experience by working and businesses are making money providing support to an industry. **Now is the time to show our support, to grow economic opportunity and foster a new industry that celebrates humanity, even against all odds, in the quest to tell stories from generation to generation.***

-Cedar Cussins – Gecko Services LLC & Alaska Actors Network

"I am writing to say that my family does not support HB 112, an attempt to repeal the film tax incentives. My husband and I own Gecko Services LLC. Two years ago, we were a small snow removal company. Then, my husband was lucky enough to get a job working on Big Miracle.

Big Miracle changed everything for us. With the money he made renting equipment and contracting to that one film, my husband was able to pay cash for a mini-excavator, a dump truck, an equipment trailer, and a skid-steer. Those four pieces of equipment catapulted him into being self-employed year-round. Our business is now thriving! Last year, our gross receipts doubled and we hired our first employees! This year, we are on track to break the record we set last year!

Film tax incentives and the movies they bring up here are good for our economy. They diversify our economy and they give people, like my husband, and me opportunities that we would not have otherwise.

It seems silly to think that one movie could change a person's life. Big Miracle changed our lives. I strongly support anything that encourages more projects like Big Miracle to come to Alaska."

-Jim McLain – Screenwriter

"I want Alaskans to be able to tell Alaska Stories."

-Shane Reeves – Production Assistant/Coordinator/Assistant Director

"My wife and I are born and raised Alaskans. We love this state, and plan on living here for the rest of our lives. I attended college in California, but came back because this is where I want to be. I have worked in film production for the last 10 years, and

*because of the film incentive, I have been able to make a living on film and television productions made in Alaska. Over the years, I have gotten to know businesses and organizations around the state. I have become a point of contact for outside and international film companies around the state. I have had great opportunity here in my home state to learn and work with the best in the field. An opportunity that I thought would have been virtually impossible if I moved back home. I have also been able to connect small companies throughout the state with a significant amount of work needed by outside productions. These productions are filming in Alaska because of the film tax incentive program. **The work I have had due to the film incentive has allowed me to buy a starter home, obtain my business license, and my wife and I are able to stay in the place we love without having to relocate for production opportunities.** At this point in my career, I am not rich, but I am gaining the experience and training I need to continue growing. I would not be where I am today without the incentive. I am very proud to be part of an industry that seeks to capture why I love Alaska. The Film industry in Alaska supports all other industries in Alaska both big and small, telling the rest of the world how special this place is, especially to those of us who call it home. Tourism, fishing and hunting are huge industries here and the film incentive helps keep those industries alive."*

-Tom Trainor – Production Assistant/Grip/Electrician/Writer/Director

"As a businessman born and raised in this state who works exclusively in media production, I believe that repealing the film production tax credit while the production infrastructure is in the developmental (but measurably growing) stages is a very counterproductive idea. Many local businesspeople have made huge investments to help this industry move in the right direction, and to shut it down now would be a huge step in the wrong direction - one that would diminish the opportunities for many great Alaskans to support themselves working in the challenging field that they love. Myself included."

-Michael Collier – Cinematographer/Producer & Owner Random Acronym

"I wish I could rise to testify in person about the harmful effects HB112 would have on a burgeoning industry, thousands of residents, and the State itself. If it should pass I will follow my trade wherever it takes me - even if that means out of the State I love and have called home for two-thirds of my life. Today I work to diversify our state's economy. It is working for thousands of regular Alaskans right now, and it will work for All Alaskans as the industry grows."

-Daniel Lee – Camera/Steady Cam Operator/Production & Art Assistant

"I'm a lifelong Alaskan, 3rd generation.

In 2009 I became a freelance cameraman and production person and I done pretty well. Since the film incentive bill passing I've been able to work consistently going from

job to job, freelance, i.e. on my own. I own my car outright, I bought a house my job: freelance.

In 2012 I was hired as a Camera op on Coast Guard Alaska and worked on it for 9 solid months; a production made possible by the film incentive. This production's crew with the exception of 3 positions is all Alaskan.

I had a chance to be interviewed by the 1st Assistant Director for Big Miracle and he told me "It makes no sense to film this movie in Alaska, except for the incentive." We need Alaska to keep making sense. I worry that shutting down the incentive will force me out of state or out of work.

It seems to me we're calling something with a few rough spots that works: broken. Being a homeowner I run into these sorts of 'broken' things all the time and when I do, I fix them. Simply put: I want to work, and the incentive makes that possible to do so in Alaska."

-Christine Pomilla – Production Assistant/Coordinator/Assistant Director

*"Being able to work locally is important to me and the incentive program allows me to do that. **Working locally means I don't have to search out of state for work and potentially be away from my family for extended periods of time.** I can come home to my husband every night and not have to sleep in a strange place for days on end. I may not work often as a freelancer here in Alaska, but when I do, I love it. It's rare to be able to find a job doing what you are truly passionate about and actually enjoy going to work. For me, the film industry is that job and by taking away the incentive program, you would be taking away my opportunity to pursue what I am most passionate about. It's not about the money. It's about being able to work as much as possible in an industry that satisfies a passion of mine. I love what I do and don't want to be forced to stop doing it or to go somewhere else to find work. This industry not only brings jobs to filmmakers, but to many different local industries as well. I am proud to be a part of an industry that not only brings jobs to those who work in it, but also brings jobs to an entire community. The benefits of the incentive program are for more than just filmmakers. Let's keep it going. "*

-Simon Keelan – Grip/Electrician & Member of IATSE Local 918

"The film industry is my life. My father helped to pioneer the industry here in Alaska and I want to some day pass that on to my children. The film industry enabled me to get a great house for my family, no longer relying on unpredictable apartment managers.

Will we ever be Hollywood? No. And thank goodness for that. We don't need to be Hollywood for this incentive to work. As a fellow Alaskan I'm sure you understand how unique and beautiful our home is. What better way to show it off than through film?

I worked on Everybody Loves Whales and saw first-hand how the tax incentive

benefited the state. Do you have any idea how much cold-weather gear was purchased here at local shops during that movie? It was like a fashion show with these guys buying the next great piece of gear and showing it off on set the next day. Then there is all the food that was purchased for crew, transportation and housing. The tax incentive was what helped to bring it all here.

There were other projects that I worked on that all share similar stories, but the basic sentiment remains. The incentive works. Every out-of-town crew had the same thing to say, that the film follows the incentives. The decisions on where to shoot a project often land on the least expensive location.

I have focused my education and experience on this industry. I have traveled the state helping with classes to teach people interested in the industry. I am PROUD to be in this industry. If the tax incentive gets killed with HB 112, I will be forced to find other work and perhaps even go back to school for a different career. At 38 years of age, I'm not exactly a spring chicken anymore.

This isn't just about me. This is about family and friends. This is about the hard-working talent living here in Alaska. We all deserve a chance to make the state proud of what we can do. Please give us that chance."

-Tess Weaver – Production Hair-Makeup-Wardrobe/Production Assistant

"As someone who has established a successful career and business through the Alaska Film Incentive, I am in full support of our state's incentive program. A program that would suffer severe repercussions if HB 112 passes.

HB 112 would kill a new and developing sector of Alaska's economy that I have personally put my heart and soul into along with many other Alaskan film industry professionals. Not only are we living our dreams every day, we have also dedicated our time and skill sets to mentor and teach a handful of eager Alaskans wanting to be a part of and create a career through the film industry.

*As a costumer, I have the honor of creating amazing partnerships with local retail businesses. **Just the other day while shopping for a national commercial with a local production services company, I got to reminisce with the 6th Ave Outfitters team about the business brought to the store with productions like Big Miracle, Frozen Ground, and Wildlike.***

With film and commercial jobs booked all over our state, I myself have purchased thousands of dollars of outdoor gear, something I most likely would never have done when I was working retail at Nordstrom before the film incentive passed. I have also been able to pay off quite a bit of my college loan debt thanks to my credentials and paychecks from the film incentive! These stories are small examples of the millions of dollars invested in our state and local businesses through the film incentive.

The film incentive has given me such a great pride in being from and working in the state of Alaska! As a true networker and social butterfly, I am constantly connecting with new producers and directors as well as re-connecting with past producers, promoting our state and inviting them to check out the Film Office's website! When re-connecting with producers and talents I have had the honor of working with, they all say the same thing about our state: there is no place in the World like Alaska, and the amazing crew talent Alaska has to offer surpasses that of other states!

We have a truly wonderful and beneficial program going with the film incentive, let's keep it going and continue to build our state's economy and work force."

-Dan Redfield – Editor/Motion Graphics Designer

*"The film tax incentive has had a huge impact on not only a statewide level but also a personal level. I personally have been employed for many months because of out of state production companies coming to Alaska. It has helped me both professionally and financially. The experience I, and my colleges, have gained from past productions has helped make us more attractive to new potential productions, and helped pave the way for more work here in Alaska. The incentive has also had a huge trickle effect. **When production companies come to Alaska they spend money not only on crew but food, supplies, housing and more. Those expenses put money in the pockets of Alaskans, which in turn gets cycled through our local economy. That's why the tax incentive is not only good for me and my colleagues but good for Alaskans."***

-Joe Tapangco – Production Assistant/Assistant Director

"The Alaska Film Tax Incentive is the glue that keeps me working in, the State where I was born and raised, Alaska. Upon graduating from high school, there was no film program at the University of Alaska so I went out of State to gather an education. I was excited to come back to my home state to develop my career. Now I am disappointed to see that my dream of continuing to work here in Alaska is in jeopardy. Part of the industry is starting from the bottom. Working your way up is not a luxurious path. If the Alaska Film Tax Incentive dies, so does my future in the State where I grew up. Canada will not only steal Alaska's movies, but it's crew as well."

-Dave Fedorski – Production Sound Mixer/Owner of Artika Productions

"I've been employed on projects by a number of video/film production companies who's principal shooting was done in Alaska. One of these companies was shooting in Alaska simply because of the tax incentive while others hired me because I was an Alaskan resident who's employment offered them the benefits of the state tax incentive. These opportunities of employment have not only kept me in the State of Alaska but have brought me back a number of times after attempting to find employment else where. In my mind this has legitimized the opportunities Alaska can provide for me as a business owner and employee working in the video production industry.

*Employment on productions encouraged by the tax incentive offers Alaskan's not only the chance to earn money but to receive a video/film education most likely exceeding the ones offered by local universities. **The excitement sparked by more video and film productions being shot in Alaska has begun to, and will continue to, encourage aspiring video and film makers to reside and work in this state as opposed to searching elsewhere for education and employment.** The most obvious but also valuable result of this enthusiasm has been a dramatic increase in independently and locally produced video projects. These collaborative and ambitious efforts by talented locals represent the groundwork for a legitimate video and film industry in the state of Alaska. Repealing the tax incentive at such an early stage in the growth of such a promising industry would be short sighted when considering the long-term losses for the Alaskan economy. I would be disappointed for the state of Alaska to see some of it's more passionate, ambitious and talented individuals leaving in search of locations which offered them better opportunities."*

-Bradford Jackson – Actor/SAG Member & Founder of Rukus Productions

"I am a proud member of the Screen Actors Guild. Ever since I was young boy I had dreams of becoming an actor and making movies. Growing up in a poor family with little money, and my father serving his country away from home quite often, sometimes that dream seemed more than distant. I was unable to attend acting classes due to money needs for our family until I was 18, when I entered college. It was there I learned everything about acting on stage and most importantly to me, in front of a camera! I was seeking out everything I could for more Film, for this was my calling, my dream, and my passion. But living here in Alaska I wasn't sure I would find much. To my ultimate surprise, I found not one, not a few people, not a dozen, but well over a hundred people in Anchorage, Alaska alone who all had the same dream and passion as I did! To make Films!!! Since then I have had the honor to be in such films as 'Christmas with a Capitol C', 'The Frozen Ground' (with Nicolas Cage), and 'Wildlike', I received my Screen Actors Guild card and my dream seems to be getting closer and closer everyday. I have the production companies and crews that came up to Alaska to film their movies to thank, but most importantly I have the Alaskan Film Industry and all of it's independent hard working, passionate, loving, kind-caring, talented, rockstar filmmakers to truly thank! They made me who I am today, and they have set in stone my dreams in my heart that will never die. You have more than a dozen Alaskan independent production companies, over two hundred independent actors and growing, you have writers, producers, editors, special F/X teams, and directors all willing to bend over backwards to make movies here in Alaska. This city is being run by filmmakers who are working a 9-5 job so they can have money to make movies in the evening...don't take that away from them. Long live the Film Industry in Alaska!"

-Erin Lindsay King – Actor/Production Assistant/Production Coordinator

“I was born and raised in Anchorage, left for college, then moved to New York City. When I moved back to Anchorage in 2010 I had no idea the opportunities that were in store for me in the film industry in Alaska. With the Alaska Film Tax Incentive I have been able to work production on 3 feature films, star as an actor and extra in various film productions, and acquire my Screen Actors Guild membership, something that actors in Los Angeles struggle towards for years. Without the tax incentive, none of this would have been possible. To kill this bill not only kills thousands of jobs and substantial economic growth, it kills the way of life for a community of incredibly talented artists. Lets continue to build what we started, and support our local art community... we have so many reasons to believe in them.”