

February 19, 2015

Dear Senator Costello,

I work in the Alaska film industry and am adamantly opposed to SB 39 which would repeal the Film Production Tax Credit Program!

I understand how serious our current state financial crisis is and why the governor has suspended the program but to make that next great leap to repeal the program all together would be a costly mistake. Our financial situation is exactly the reason we need to continue the Film Production Tax Credit Program.

The film industry brings much needed revenue and new monies into Alaska. I worked on the movie, Big Miracle. A smaller budget film, Big Miracle, spent \$16 million in Alaska during filming. A much bigger budget film like Hunter Killer, scheduled to film in Whittier in the spring, has the potential to bring in many more millions of dollars than that while providing Alaskan jobs and economic opportunities for Alaskan businesses.

In 2014, \$800 million dollars was added to the state economy in Louisiana from film and television production in the state. That kind of revenue would go a long way to improving the financial health of Alaska. But if the Film Production Tax Credit Program is repealed, producers will not come to Alaska to film their projects and we lose out on millions of dollars and any chance of building a viable, sustaining industry at a time when we need to diversify our economy in Alaska.

SB 39 is unnecessary and short- sighted. The Film Production and Tax Credit Program has already been sunset for review and reconsideration. Representative Steve Thompson's HB 306 "sunset bill" or "indirect expenditure" bill from last session sunsets the program in 2018. No applications are currently being pre-approved and any transferable tax credits that have been issued may be years away from being cashed in. Before each tax credit is issued, three audits and verifications are conducted. The entire program is audited! There is an audit from the Alaska Division of Legislative Audit due to the Alaska Legislature in 2017.

The Film Production Tax Credit Program was improved and further “Alaskanized” by now Senator Mia Costello and the House Finance Committee during the 27th Alaska Legislature. Her improvements included provisions for more Alaska hire and more oversight of whether each production is in the best interest of the state with the creation of the Alaska Film Incentive Review Commission.

Tax credits are prospective. The tax credits are not awarded until a production has spent the dollars in our state and the spend has been audited, verified, and voted on by the four commissioners.

As of right now, Governor Bill Walker has suspended the Alaska Film Production Tax Credit Program. The best course of action is to leave the program on the books as it has been working! To repeal the program now would kill a growing industry that brings millions of dollars of revenue into the state, diversifies our economy, and provides jobs and additional economic opportunities for Alaskan companies. Without the Film Production Tax Credit Program, I am out of work and can't support my family. Kill SB 39, don't kill the Alaska film industry!

Sincerely,

Karen Tallent