

NANA Development Corporation  
Testimony before the House Labor and Commerce Committee  
April 8, 2011

Good afternoon Mr. Chairman and committee members. My name is Robin Kornfield and I am Vice President of Communications and Marketing for NANA Development Corporation, the Native corporation owned by the Iñupiaq people from Northwest Alaska.

NANA supports Senate Bill 23 because this legislation is about helping to create something new in Alaska—a developing industry that is a renewable resource—making movies.

We support the film tax credit because it will lead to private sector jobs for a wide array of Alaska businesses. Some of the jobs will be new, at a time when diversifying the economy is important if not crucial. The bill will divert money that would otherwise be paid in taxes, but that diversion creates a flow back to the State's private economy.

As you know, NANA has been involved in new economies in the past—we developed Red Dog Mine and in doing so created opportunity for thousands of Alaskans.

But we have learned that we cannot rest. We need to keep looking for that next opportunity. Economies are built on decade-long cycles and resource extraction can't do it all. We have to keep our eyes on the future.

We started looking at the film business two years ago when we were introduced to Mike Devlin of Evergreen Films, who had just opened a studio in Anchorage. Evergreen's move to Alaska was driven by our State's special social and physical presence.

At first, we took these conversations lightly, thinking this was a business for other people, not us. But we found, once we looked more closely, that this business is a very interesting economic story.

What are some characteristics?

--like natural resources, this is a platform industry. It produces primary products including films, TV series and other programs. It requires support services similar to what NANA does today, like construction, food, hospitality and security. It also creates specialized job opportunities that are not yet widespread in Alaska.

--another characteristic is that the whole state of Alaska can get involved from urban Alaska, to remote locations.

--we also find this industry goes far beyond whale movies. While the big productions get attention, there are hundreds of cable channels around the world trying to fill up 24 hours of programming each day. There are documentaries, reality shows, national ads, and more. We can do this work in Alaska.

--we found an industry going through a fundamental change, with traditional film moving to digital formats and technological solutions. It is the way of the future, and it brings Alaska in the game in part because digital travels over the Internet. Perhaps we can stop sending our university grads to California, and do more of this business here.

We started as skeptics, and ended up investing in Evergreen Films. And we are willing to invest in other ways. NANA wants to invest in people via training, and in necessary infrastructure such as sound stages and specialized equipment.

This brings us to the tax credit concept. Investments in training and facilities are made at NANA's own risk, and are not tax credit eligible. But we need the credits to bring the business to Alaska. And we need the 10 year timeframe to insure that we have enough business coming in to make our investment worthwhile.

We need this now, because the first film credit program expires in just two years. As is true in any business, long term investment decisions require some level of certainty. The rapid increase in Alaskan film and TV productions proves the current Film Production Tax Credit is working. Now we can start building for the long term.

Mr. Chairman, NANA is supporting Senate Bill 23 because we want to make a long-term commitment to the business. The ten year extension will give the industry assurance that the future is solid. This is a good proposal.

In conclusion, I will say NANA is a conservative company. We spent a long time researching the film industry before we invested. What we see goes beyond the Hollywood stereotype. Films about Alaska should be made in Alaska. Unlike most states, Alaska is a wonderful global brand and with the right catalyst we can be a longtime industry participant.

Thank you very much for this opportunity to comment.