

State should lift secrecy from film subsidy statistics

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by Dermot Cole Feb 23, 2011

The producer of "Everybody Loves Whales," the forthcoming movie based on the Barrow whale "rescue" of 1988, says one reason the film company imported more than 20 construction workers to build sets in Anchorage last summer was that he didn't think there were construction workers available.

Producer Stuart Besser also tells Kyle Hopkins of the Anchorage Daily News that more than 90 percent of the \$35 million or so the movie will wind up costing, before its release in 2012, will qualify as Alaska spending.

That doesn't mean the money was all spent in Alaska, however, as the definition of allowable expenses that qualify for the state subsidy is broad.

By rough estimate, the state subsidy to the LLC will be in the \$10 million range. That would be the largest subsidy for any production since the program began in 2008.

About one-third of the costs of the 20-plus Outside construction workers will be reimbursed by the state, along with about one-third of the salaries paid to the movie stars, producers, director, screenwriters and the rest of the crew.

In some states there is a salary cap limiting the maximum subsidy paid on the income of high-paid actors and the top people behind the scenes, but not in Alaska. In Michigan the salary cap is \$2 million per person, for example.

We don't know what the top salaries were on this film. But one of the stars of "Everybody Loves Whales," actress Drew Barrymore, is listed by Forbes as the eighth highest-paid actress in the country, with an annual income estimated at \$15 million.

In his interview with the Anchorage Daily News reporter, Besser said the 'Whales' production imported construction workers because some had specialized skills, such as scene painters. In addition, "the labor not being available had a lot to do with the seasonal work in Alaska, more than the talent of people."

'We got up there in July and that's your building time, so a lot of people were doing construction work . . . that period of time in Alaska is for construction. So to walk away for an eight or 10-week job, when you've had this job for a couple years, doesn't make sense to an individual,' Besser said.

He said that as the movie business becomes more established, there will likely be more employment opportunities and the infrastructure will expand in Alaska. He also said that this movie would not have been shot in Alaska without the state subsidy.

I have no doubt that is true. I also have no doubt that there was a substantial economic impact, especially in Anchorage.

But the state program set up to attract movies and TV shows to Alaska with subsidies is woefully deficient on supplying details of how much benefit Alaska is getting in dollars and cents.

To remedy that, the Institute of Social and Economic Research at the University of Alaska Anchorage should consider the film subsidy program for a detailed economic analysis.

In the meantime, our state ought to revise its reporting requirements so that the public can find out how much each subsidized production pays in total in wages to Alaska residents and how much is paid to Alaska businesses for services such as hotels, transportation, etc.

Proponents of the film subsidy program say that the boost to Alaska businesses is one of the main reasons to expand the program, but by refusing to release any statistics the state is making it impossible for Alaskans to make an informed judgment.

The Parnell administration and Anchorage Sen. Johnny Ellis, the leading legislative backer of the program, say that because of tax privacy reasons the state can not reveal how much is being paid to Alaskans and how much to Outsiders under the subsidy. They also can not reveal how much is being paid to Alaska businesses, the state says.

The legislation pending in the Legislature would make this secrecy a permanent part of the program.

But the governor and legislators need to find a way to make the information public.

I've asked legislators, state officials and private supporters of the subsidy program about this and no one has explained why revealing this information would cause any problems for the recipients of the subsidies.

Most of the companies taking advantage of this program are not paying Alaska taxes, but they are selling the tax credits to companies that do.

Releasing the statistics on the amounts paid to Alaskans in wages and the amounts paid to Alaska companies for lodging, transportation and other services is vital information to consider as the Legislature considers doubling the \$100 million investment made so far.