

03.24.2015

Thomas R. Daly  
President  
Alaska Film Group  
P.O. Box 92008  
Anchorage, Alaska  
99509-2008

RE: SB39 public testimony, Senate Finance Committee, ~~1-844-586-9088~~

Ladies and Gentleman of the Senate Finance Committee;

**Passing SB39 is bad** for the film industry in Alaska. For a new industry to grow in Alaska it needs stability in the economy, legal environment and tax environment.

A stable economy, requires diversification, we are living the down side of an economy that depends on one sector too heavily.

A Stable legal environment requires that laws not be constantly tinkered with...

A Stable tax environment is needed so businesses can make informed decision and have some expectation that those underlying tax rules will remain mostly constant over the course of the multi-year business transaction.

The continued annual revisions in the film industry by the legislature create doubt in investors' minds. As Senator Mike Dunleavy and his constituents have experienced with the loss of the \$80M Hunter Killer project that sank in Whittier never to resurface.

**Currently the film program is on hold** by the actions of Governor Walker, and with the removal of all state film positions there is no more money to be saved by passing SB39.

- **Passing SB39 does not save the SOA any more money.**

Recently I met with producers in Los Angeles to discuss Alaska as a film destination. We were able to get them excited about Alaska. One producer asked a bit sarcastically about winery locations in Alaska, I was able to tell them: Yes on the Kenai Peninsula we have two, one in Homer one in Soldotna. And the one in Soldotna, its biggest problem is Moose. The light bulb went off and we are currently working on a rewrite that would put a feature film in Senator Miccche's back yard... if I can provide a competitive Film Program.

Imagine what would happen to an Alaskan Manufacturer, a local winery, when it gets national attention in a feature film.

SB39 does away with future new tech jobs, and destroys a business environment that is needed for Alaskan businesses to make decisions for investment in hardware, training, and infrastructure. If you read through the testimony from the previous committee you'll find a plethora of new Alaskan businesses and positions created by Alaskan companies in the film industry.

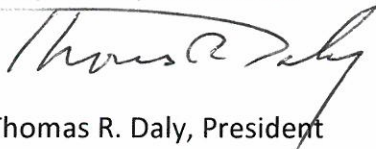
**What the industry needs** now is time to work on a Film Incentive that works for the state. I have met with Gov. Walker to design a Film Program going forward that the legislature can get behind. We also needs for the legislature to describe what it believes a fiscally responsible return on investment would look like.

The last legislative audit showed a return of \$2.10 for each \$1.00 of tax credit issued. It should also be noted that of the \$100, 000,000.00 budget only \$43,000,000.00 was issued.

- **The film industry in Alaska came in under-budget and over-performed.**

I encourage this committee to not move SB39 forward, it's bad for the film industry in Alaska, it's bad for diversifying Alaska's economy, it is bad for future Alaskan jobs.

Respectfully submitted,



Thomas R. Daly, President



**Attachments:**

The Guide, An essential Resource for Global Production Incentives, International 2014-2015

The Guide, An essential Resource for Global Production Incentives, U.S. Domestic 2014-2015