

**SB**

**23**

<TARGET><BILL>SB 23</BILL><SUBJECT>SB  
23</SUBJECT><COMM>HF IN27</COMM></TARGET>

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 14, 2011

FURTHER REFERRALS:

Date of Committee Action: 4/14/12

The FINANCE Committee considered:

CSSB 23(FIN)

**CS FOR SENATE BILL NO. 23(FIN)**

"An Act relating to transferable film production tax credits and film production tax credit certificates; requiring the legislative audit division to audit the Alaska film production incentive program; and providing for an effective date by amending the effective dates of secs. 3 and 4, ch. 63, SLA 2008."

**SB 23-FILM PRODUCTION TAX CREDIT/AUDITS**

Recommends it be replaced with  HCS or  CS for CSSB 23 (FIN)  
 For Senate Bills with new title:  Technical Title  New Title: HCR  Same Title  New Title

- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent \_\_\_\_\_ Committee

List of Abbrev for Depts.:  
 ADM  
 CED  
 COR  
 CRT  
 EED  
 DEC  
 DFG  
 GOV  
 DHS  
 LWF  
 LAW  
 LEG  
 MVA  
 DNR  
 DPS  
 REV  
 DOT  
 UA

<u>NEW FISCAL NOTES</u>				
*FN# is assigned by Chief Clerk's Office				
*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	REV	✓		
	LEG			✓
	LED	✓		

<u>PREVIOUS FISCAL NOTES</u>				
FN#	List by Dept(s):	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
<i>Anna Fairclough</i>	FAIRCLOUGH			✓	
<i>Lampue Wilson</i>	T. Wilson	✓			
<i>John J. ...</i>	JOHN J. ...	✓			
<i>Joe ...</i>	JOE ...	✓			
<i>Neuman</i>	NEUMAN			✓	
<i>Castello</i>	CASTELLO			✓	
<i>Bye Edgmon</i>	Edgmon			✓	
<i>Nick Hoogan</i>	DOOGAN			✓	
Chair: <i>Bill ...</i>	Spolito			✓	
Chair: <i>Will ...</i>	Thomas			✓	

# FISCAL NOTE

**STATE OF ALASKA**  
**2012 LEGISLATIVE SESSION**

cost # codes

Bill Version

HCS CSSB23 (FIN)

Fiscal Note Number

Publish Date

Identifier (file name) SB023HCSCS(FIN)-DOR-Tax-04-13-12  
 Title Film Production Tax Credit

Dept. Affected Revenue  
 Appropriation Taxation and Treasury  
 Allocation Tax Division

Sponsor Senator Ellis  
 Requester House Finance

OMB Component Number 2476

**Expenditures/Revenues**

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>								
Personal Services			176.8	176.8	176.8	176.8	176.8	176.8
Travel			20.0	20.0	20.0	20.0	20.0	20.0
Services			9.4	9.4	9.4	9.4	9.4	9.4
Commodities			1.0	1.0	1.0	1.0	1.0	1.0
Capital Outlay			12.0					
Grants, Benefits								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>219.2</b>	<b>207.2</b>	<b>207.2</b>	<b>207.2</b>	<b>207.2</b>	<b>207.2</b>

FUND SOURCE		(Thousands of Dollars)						
		FY13	FY14	FY15	FY16	FY17	FY18	
1002	Federal Receipts							
1003	GF Match							
1004	GF		219.2	207.2	207.2	207.2	207.2	
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>219.2</b>	<b>207.2</b>	<b>207.2</b>	<b>207.2</b>	

POSITIONS							
Full-time			2	2	2	2	2
Part-time							
Temporary							

CHANGE IN REVENUES	0.0	0.0	***	***	***	***	***
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Estimated SUPPLEMENTAL (FY12) operating costs \_\_\_\_\_ (separate supplemental appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs \_\_\_\_\_ (separate capital appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Updated to reflect the reduction in positions as requested by House Finance Committee and to correct total tax credits allowed from \$200 million to \$300 million in the analysis.

Prepared by Johanna Bales, Deputy Director  
 Division Tax  
 Approved by Bruce Tangeman, Deputy Commissioner  
Department of Revenue

Phone (907) 269-6628  
 Date/Time 4/13/2012 11:45 p.m.  
 Date 4/13/2012

## FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

BILL NO. HCS CSSB23 (FIN)

### Analysis

#### Bill Language:

This bill transfers the Film Office which currently resides in the Department of Commerce, Community, and Economic Development to the Department of Revenue and creates the Alaska Film Incentive Review Commission within the Department of Revenue. This bill extends the current film production tax credit, which will expire effective July 1, 2013, to June 30, 2023. Under current law, the film production tax credit expires the earlier of July 1, 2013 or when total credits issued by the Film Office exceed \$100,000,000 in the aggregate. This bill limits the total amount of credits allowed to be awarded to \$100,000,000 before July 1, 2013 and an additional \$200,000,000 before July 1, 2023 with total aggregate credits limited to \$300,000,000. Currently, the film credit may only be claimed against the Alaska corporate income tax. This bill expands the use of the credit to the insurance premiums, title insurance, oil and gas production and property, mining license, and fisheries business and landing taxes. This bill also extends the current expiration period of a single credit from three to six years and allows several tax credits to be pooled into a single credit certificate. However, pooling of credits does not extend the six year expiration period of a single credit. This bill increases the credit percentage for local hire from 10 to 20 percent and the credit percentage of qualified expenditures made in a rural area from two to six percent and limits the credit percentage on salaries and benefits paid nonresidents to the greater of 5%, but not more than 30% if certain criteria are met. This bill also allows the state to review, audit, and bring legal proceedings to recover any amount of a tax credit from a producer that is liable for damages to the state within 6 years after the credit is awarded. Currently, the state may only recover damages within one year after the credit is awarded. The effective date of the legislation is July 1, 2013 and there is a provision which sunsets the entire program no later than June 30, 2023.

#### Revenues:

This bill increases the total film production tax credit from \$100,000,000 to \$300,000,000 and extends the current film credit program another 10 years to June 30, 2023. The current program is set to expire July 1, 2013. It is difficult to determine the total affect on state revenues as a result of this bill. Although this bill would allow the credit to be used to offset taxes in additional tax programs, the total decrease in revenue received in these programs cannot exceed \$200,000,000 between the periods of July 1, 2013 and June 30, 2023. Therefore, the total revenue affect as a result of this bill between July 1, 2013 and June 30, 2023 is estimated to be no more than \$200,000,000.

#### Expenditures:

Department of Revenue will take on all duties, except economic development and film promotion, currently performed by the Film Office which resides in the Department of Commerce, Community, and Economic Development (DCCED) and also be responsible for establishing and advising the Alaska Film Incentive Review Commission. There is a transition clause within the bill that transfers employees of the existing Film Office to the Department of Revenue. When the Film Office was originally established in 2008, 2.25 positions were funded for that office. The primary duty of those positions is economic development. The Film Office within the Department of Revenue will be responsible to analyze film applications and production expenditures and issue and track film credits which may be applied against 8 different tax programs. This bill requires the Department to provide an on-site liaison to large film productions and the department expects to incur up to \$20,000 each year in travel expenses to perform this duty. The Department believes it will need one Tax Auditor III (Range 20) and one Tax Technician II (Range 12) to conduct the audit and review activities as well as act as an on-site liaison. In addition, the Department of Commerce will transfer an Executive Director position (Range 20) to the Department of Revenue. That position is not reflected in this fiscal note. All positions will reside in Anchorage.

# FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

Bill Version HCS CSSB23(L&C)  
Fiscal Note Number \_\_\_\_\_  
( ) Publish Date \_\_\_\_\_

Identifier (file name) SB23 Leg Audit Dept. Affected Legislature  
Title Film Production Tax Credit Appropriation Budget and Audit Committee  
Allocation Legislative Audit Division  
Sponsor Senator Ellis  
Requester House Labor and Commerce Committee OMB Component Number 773

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUND SOURCE		(Thousands of Dollars)						
		FY13	FY14	FY15	FY16	FY17	FY18	
1002	Federal Receipts							
1003	GF Match							
1004	GF	0.0	0.0	0.0	0.0	0.0	0.0	
1005	#REF!							
1037	#REF!							
1178	#REF!							
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

POSITIONS							
	FY13	FY14	FY15	FY16	FY17	FY18	
Full-time	0	0	0	0	0	0	
Part-time							
Temporary							

CHANGE IN REVENUES	FY13	FY14	FY15	FY16	FY17	FY18

Estimated SUPPLEMENTAL (FY12) operating costs 0.0 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated to reflect the upcoming fiscal year.

Prepared by Kris Curtis  
Division Legislative Audit Division  
Approved by Kris Curtis  
Legislative Audit Division

Phone 465-4199  
Date/Time 2/18/12 12:00 AM  
Date 2/18/2012

FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

BILL NO. HCS CSSB23(L&C)

**Analysis**

HCS CSSB 23(L&C) would add an audit requirement for the film production tax credit. Statutorily required audits have priority over those requested by individual legislators. So the addition of this audit requirement would not increase annual audit costs however it would potentially delay individually requested audits.

# FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

Bill Version HCS CSSB23/EE  
Fiscal Note Number \_\_\_\_\_  
( ) Publish Date \_\_\_\_\_

Identifier (file name) SB023-DCCED-DED-04-13-12 Dept. Affected DCCED  
Title Film Production Tax Credits and Audits Appropriation Economic Development  
Allocation Economic Development  
Sponsor Senator Ellis  
Requester House Finance OMB Component Number 2743

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>	<b>FY13</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
Personal Services		152.5	152.5	152.5	152.5	152.5	152.5
Travel		8.0	8.0	8.0	8.0	8.0	8.0
Services		120.7	120.7	120.7	120.7	120.7	120.7
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>281.2</b>	<b>281.2</b>	<b>281.2</b>	<b>281.2</b>	<b>281.2</b>	<b>281.2</b>

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF		281.2	281.2	281.2	281.2	281.2	281.2
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
<b>TOTAL</b>		<b>0.0</b>	<b>281.2</b>	<b>281.2</b>	<b>281.2</b>	<b>281.2</b>	<b>281.2</b>	<b>281.2</b>

POSITIONS							
Full-time		2	2	2	2	2	2
Part-time							
Temporary							

CHANGE IN REVENUES							
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Estimated SUPPLEMENTAL (FY12) operating costs \_\_\_\_\_ (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs \_\_\_\_\_ (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Why this fiscal note differs from previous version (if initial version, please note as such)**

This fiscal note reflects program restructuring as specified in the HCS for CSSB23.

Prepared by Wanetta Ayers, Director  
Division Economic Development  
Approved by JoEllen Hanrahan, Director Administrative Services  
Commerce, Community and Economic Development

Phone (907) 269-4048  
Date/Time 4/13/12 5:00 PM  
Date 4/13/2012

## FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

BILL NO. HCS CSSB23/EE

### Analysis

SB 23 restructures the film development program to redirect the administration of the film production incentive to the Department of Revenue while maintaining film development, promotion, and coordination in the Department of Commerce, Community, and Economic Development. The program restructuring would become effective in FY14.

This fiscal note maintains a full-time Development Specialist II, Option A to carry out an ongoing film promotion program pursuant to AS 44.33.231(b)(1) - (4) with increased focus on promoting Alaska as a film production location, production coordination, industry outreach, and connecting resident workers to film industry training and employment opportunities. Also included is a full-time Administrative Assistant II, detailed half-time to the film promotion program to respond to program inquiries, enroll workers and businesses in industry databases, coordinate and assist with pre-production activities, and provide support for industry coordination and promotional activities.

Program promotional activities are provided for under travel (\$8.0) and services (\$120.7) which incorporates trade show participation, advertising, outreach, and other promotional strategies.

**HOUSE CS FOR CS FOR SENATE BILL NO. 23(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SEVENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): SENATORS ELLIS, McGuire, French, Davis, Wielechowski, Kookesh, Meyer, Menard, Egan, Stedman**

**REPRESENTATIVES Petersen, Herron, Tuck**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to transferable film production tax credits and film production tax**  
2 **credit certificates; relating to the taxes against which a film production tax credit may**  
3 **be applied; transferring the film office to the Department of Revenue and relating to**  
4 **that office; establishing the Alaska Film Incentive Review Commission; establishing a**  
5 **film production promotion program; relating to the amount of credit that may be**  
6 **awarded for compensation to producers, directors, writers, and actors who are not**  
7 **residents; providing for a fee to be paid at the time an application for eligibility for the**  
8 **film production tax credit is filed; providing a one-time credit for the first episodic**  
9 **scripted television production in the state; requiring the legislative audit division to**  
10 **audit the Alaska film production incentive program; providing for an effective date by**  
11 **repealing the effective dates of secs. 3 and 4, ch. 63, SLA 2008; and providing for an**  
12 **effective date."**

13 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

1 \* **Section 1.** AS 24.20.271 is amended to read:

2 **Sec. 24.20.271. Powers and duties.** The legislative audit division shall

3 (1) conduct a performance post-audit of boards and commissions  
4 designated in AS 44.66.010 and of those programs and activities of agencies subject to  
5 termination as determined in the manner set out in AS 44.66.020 and 44.66.030, and  
6 make the audit, together with a written report, available to the legislature not later than  
7 the first day of the regular session of the legislature convening in each year set out  
8 with reference to boards, commissions, or agency programs whose activities are  
9 subject to termination as prescribed in AS 44.66; the division shall notify the  
10 legislature that the audit and report are available;

11 (2) audit at least once every three years the books and accounts of all  
12 custodians of public funds and all disbursing officers of the state;

13 (3) at the direction of the Legislative Budget and Audit Committee,  
14 conduct performance post-audits on any agency of state government;

15 (4) cooperate with state agencies by offering advice and assistance as  
16 requested in establishing or improving the accounting systems used by state agencies;

17 (5) require the assistance and cooperation of all state officials and  
18 other state employees in the inspection, examination, and audit of state agency books  
19 and accounts;

20 (6) have access at all times to the books, accounts, reports, or other  
21 records, whether confidential or not, of every state agency;

22 (7) ascertain, as necessary for audit verification, the amount of agency  
23 funds on deposit in any bank as shown on the books of the bank; no bank may be held  
24 liable for making information required under this paragraph available to the legislative  
25 audit division;

26 (8) complete studies and prepare reports, memoranda, or other  
27 materials as directed by the Legislative Budget and Audit Committee;

28 (9) have direct access to any information related to the management of  
29 the University of Alaska and have the same right of access as exists with respect to  
30 every other state agency;

31 (10) conduct an audit every two years of information found in the

1 annual reports required under AS 42.05.211 and AS 42.06.220 regarding compliance  
 2 by the Regulatory Commission of Alaska with the requirements of AS 42.05.175(a) -  
 3 (e) and of the timeline extensions made by the commission under AS 42.05.175(f),  
 4 and of other performance measures adopted by the commission;

5 (11) conduct audits of the Alaska film production incentive  
 6 program (AS 44.25.100 - 44.25.190) and make the audits available to the  
 7 legislature on the first day of the regular session of the legislature in 2015, 2017,  
 8 and 2021.

9 \* Sec. 2. AS 43.75.130(f) is amended to read:

10 (f) For purposes of this section, tax revenue collected under AS 43.75.015  
 11 from a person entitled to a credit under AS 43.75.035, [OR] 43.75.036, or  
 12 AS 43.98.030 shall be calculated as if the person's tax were collected without applying  
 13 the credit; tax revenue collected does not include the amount of a tax credit recaptured  
 14 under AS 43.75.035(g) or 43.75.036(g).

15 \* Sec. 3. AS 43.77.060(e) is amended to read:

16 (e) For purposes of this section, tax revenue collected under AS 43.77.010  
 17 from a person entitled to a credit under AS 43.77.035, [OR] 43.77.045, or  
 18 AS 43.98.030 shall be calculated as if the person's tax had been collected without  
 19 applying the credits.

20 \* Sec. 4. AS 43.98.030(a) is amended to read:

21 (a) The [IN COOPERATION WITH THE FILM OFFICE IN THE  
 22 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC  
 23 DEVELOPMENT, THE] department shall provide a transferable film production tax  
 24 credit certificate to a producer, as defined in AS 44.25.190 [AS 44.33.239], for  
 25 qualified production expenditures under AS 44.25.100 - 44.25.190. The department  
 26 shall publish the name and contact information for each person provided a  
 27 transferable tax credit certificate under this subsection [AS 44.33.231 -  
 28 44.33.239].

29 \* Sec. 5. AS 43.98.030(b) is amended to read:

30 (b) A tax credit certificate provided under (a) of this section may be sold,  
 31 assigned, exchanged, conveyed, or otherwise transferred in whole or in part.

1 \* **Sec. 6.** AS 43.98.030(c) is amended to read:

2 (c) A taxpayer acquiring a transferable **tax credit certificate** may use the  
3 credit or a portion of the credit to offset taxes imposed under **AS 21.09.210,**  
4 **AS 21.66.110, AS 43.20, AS 43.55, AS 43.56, AS 43.65, AS 43.75, and AS 43.77.**  
5 **Except as provided in (e) of this section, any** [AS 43.20 (ALASKA NET INCOME  
6 TAX ACT). ANY] portion of the credit not used may be used at a later period or  
7 transferred under (b) of this section.

8 \* **Sec. 7.** AS 43.98.030(e) is amended to read:

9 (e) A **transferable film production tax credit certificate** provided under (a)  
10 of this section, whether sold, assigned, exchanged, conveyed, or otherwise transferred,  
11 in whole or in part, must be used within **six** [THREE] years after being provided by  
12 the department.

13 \* **Sec. 8.** AS 43.98.030(f) is amended to read:

14 (f) The **total amount** [NUMBER] of tax credits provided in the aggregate  
15 under this section may not exceed

16 **(1) \$100,000,000 for productions qualified under AS 44.25.120**  
17 **before July 1, 2013; and**

18 **(2) \$200,000,000 for productions qualified under AS 44.25.120**  
19 **after June 30, 2013, and before July 1, 2023.**

20 \* **Sec. 9.** AS 43.98.030 is amended by adding new subsections to read:

21 (g) A person acquiring two or more film production tax credit certificates  
22 provided under (a) of this section may combine the unused amounts of the credits for  
23 sale, assignment, exchange, conveyance, or other transfer. At the request of a person  
24 holding a film production tax credit, the department shall replace a certificate that  
25 represents the full amount of tax credit available with multiple certificates that each  
26 represent a portion of the total tax credit available for the purpose of sale, assignment,  
27 exchange, conveyance, or other transfer under this subsection, or, on request, shall  
28 provide one tax credit certificate that represents the combined value of multiple tax  
29 credit certificates. A tax credit certificate provided by the department under this  
30 subsection must state the expiration date and the amount of each credit that is included  
31 in the certificate. Combining or splitting unused amounts of credits under this

1 subsection does not change or extend the time period in which each credit that is  
2 included in the combination or split must be used.

3 (h) Subject to appropriation, the department may purchase a transferable film  
4 production tax credit certificate for 75 percent of the amount of each credit that is  
5 included in the certificate.

6 \* **Sec. 10.** AS 44.25 is amended by adding new sections to read:

7 **Article 3. Film Office.**

8 **Sec. 44.25.100. Film office.** The film office is created in the Department of  
9 Revenue. The film office shall administer the Alaska film production incentive  
10 program.

11 **Sec. 44.25.105. Duties.** (a) The film office shall make available to the  
12 legislature, within 30 days after the start of each regular session, a report of the  
13 activities conducted by the film office under AS 44.25.100 - 44.25.190. The report  
14 must include

15 (1) the number of applications received under AS 44.25.120;

16 (2) the number of applications approved by the film office;

17 (3) the number of, and amount of, tax credits disbursed under  
18 AS 44.25.110;

19 (4) the total amount of expenditures that were paid by productions  
20 qualifying for the film production tax credit that were not qualified expenditures;

21 (5) the total amount of qualified expenditures that were paid by  
22 productions qualifying for the film production tax credit to Alaska businesses;

23 (6) the total amount of qualified expenditures that were paid by  
24 productions qualifying for the film production tax credit to Alaska residents as wages;

25 (7) the total amount of qualified expenditures that were paid by  
26 productions qualifying for the film production tax credit for wages paid to individuals  
27 who were not residents;

28 (8) the total number of residents employed by productions qualifying  
29 for the film production tax credit;

30 (9) the total number of individuals employed by productions qualifying  
31 for the film production tax credit who were not residents;

1 (10) the number of productions qualifying for the film production tax  
 2 credit that used a third party to sell, assign, exchange, convey, or otherwise transfer, in  
 3 whole or in part, a tax credit certificate received by the production; in this paragraph,  
 4 "third party" means a person other than the producer or an employee of the producer  
 5 of the production qualifying for the film production tax credit; and

6 (11) the number of purchases of transferable film production tax credit  
 7 certificates purchased under AS 43.98.030(h) and the total amount of film production  
 8 tax credits shown on the certificates purchased by the Department of Revenue.

9 (b) The film office shall design a logo that represents the film office and must  
 10 be included in a film qualifying for a film production tax credit under AS 44.25.100 -  
 11 44.25.190.

12 (c) The film office shall provide an on-site liaison to a film production that is  
 13 subject to the maximum application fee under AS 44.25.120(d). The liaison shall assist  
 14 the producer in meeting the requirements of AS 44.25.100 - 44.25.190 and ensure that  
 15 the production is in the best interests of the state as described in the application filed  
 16 under AS 44.25.120 and approved under AS 44.25.150.

17 **Sec. 44.25.110. Alaska film production incentive program.** Subject to  
 18 appropriations for the purpose, the film office shall administer the Alaska film  
 19 production incentive program to provide a tax credit under AS 43.98.030 for certain  
 20 film production expenditures incurred in the state.

21 **Sec. 44.25.115. Eligibility.** (a) A film production is eligible for a tax credit  
 22 under AS 43.98.030, if the

23 (1) producer has \$75,000 or more in qualified expenditures in a  
 24 consecutive 36-month period under AS 44.25.130;

25 (2) Alaska Film Incentive Review Commission determines that the  
 26 production is not contrary to the best interests of the state; and

27 (3) production is approved by the film office.

28 (b) In determining under (a) of this section whether a production is not  
 29 contrary to the best interests of the state, the Alaska Film Incentive Review  
 30 Commission shall consider the effect of the production on

31 (1) both the immediate and long-term prospects for the film industry in

1 the state;

2 (2) both the immediate and long-term prospects for the employment of  
3 Alaska residents;

4 (3) both the immediate and long-term prospects for the economy of the  
5 state;

6 (4) the public perception of state policy on the utilization and  
7 development of the natural resources of the state; and

8 (5) the immediate and long-term prospects for the fiscal health of the  
9 state.

10 **Sec. 44.25.120. Qualification for film production tax credit.** (a) A film  
11 producer may apply for the film production tax credit under AS 43.98.030 by  
12 submitting an application to the film office on a form provided by the film office. The  
13 application must include

14 (1) a script or synopsis of the production;

15 (2) the names of the producer, director, and proposed cast;

16 (3) estimated start, completion, and filming dates; and

17 (4) other information the film office may require to determine the  
18 producer's qualification for a credit and the estimated amount of the credit.

19 (b) If the Alaska Film Incentive Review Commission approves an application  
20 submitted under (a) of this section, the film office shall issue a notice of qualification  
21 to the producer. The notice of qualification must include a determination by the film  
22 office of the estimated film production tax credit for which the production qualifies.

23 (c) Information submitted in an application under (a) of this section is  
24 confidential and is not subject to inspection or copying under AS 40.25.110 -  
25 40.25.125.

26 (d) At the time an application is submitted under (a) of this section, a film  
27 producer shall submit an application fee equal to 0.2 percent of the estimated total  
28 qualified expenditures to be incurred in the state, except that the application fee may  
29 not be less than \$200 or more than \$5,000. The application fee is not subject to refund.

30 **Sec. 44.25.125. Award of film production tax credit.** (a) Subject to  
31 AS 43.98.030(f) and to (i) of this section, the film office shall determine the amount of

1 the tax credit under AS 43.98.030 available to a producer who has obtained a notice of  
2 qualification under AS 44.25.120(b), based on the qualified expenditures of the  
3 production under AS 44.25.130. After the film office determines the amount of the tax  
4 credit, the tax credit shall be submitted to the Alaska Film Incentive Review  
5 Commission for approval.

6 (b) Except as provided in (k) of this section, the base amount of a tax credit  
7 awarded under this section is equal to 30 percent of the qualified expenditures of a  
8 production.

9 (c) In determining the amount of the tax credit and subject to approval by the  
10 Alaska Film Incentive Review Commission, the applicable percentage provided by (b)  
11 of this section shall be increased by the film office based on the following criteria:

12 (1) an additional 20 percent of qualified expenditures that are wages  
13 paid to Alaska residents;

14 (2) an additional six percent of qualified expenditures made in a rural  
15 area; and

16 (3) an additional two percent of qualified expenditures made in the  
17 state between October 1 and March 30.

18 (d) After completion of the production, the producer shall provide the film  
19 office with a production cost report detailing the qualified expenditures of the  
20 production, with verification by an independent certified public accountant, licensed in  
21 the state and approved by the film office, that the costs claimed in the report are  
22 qualified expenditures under AS 44.25.130 and that there is no outstanding balance for  
23 a qualified expenditure that is due to a person in the state. The independent certified  
24 public accountant providing verification under this subsection may not engage in the  
25 sale, assignment, exchange, conveyance, or other transfer of a tax credit certificate that  
26 includes a credit based on the qualified expenditures that are verified by that  
27 independent certified public accountant. If the independent certified public accountant  
28 providing verification under this subsection subsequently engages in the sale,  
29 assignment, exchange, conveyance, or other transfer of a credit for which a qualified  
30 expenditure was verified by that independent certified public accountant, the film  
31 office may require the producer providing the production cost report to have the

1 qualified expenditures verified by an independent certified public accountant licensed  
2 in the state that is not engaged in the sale, assignment, exchange, conveyance, or other  
3 transfer related to a credit for the qualified expenditures.

4 (e) Subject to (g) of this section, the film office, in cooperation with the  
5 Department of Revenue, shall determine the amount of the tax credit based on the  
6 information provided by the producer under (d) of this section and, after approval by  
7 the Alaska Film Incentive Review Commission, shall award a tax credit in cooperation  
8 with the Department of Revenue under AS 43.98.030 if the producer has satisfied all  
9 requirements under AS 44.25.100 - 44.25.190.

10 (f) The award of a tax credit under this section is conditioned on the  
11 producer's and the production's full compliance with all applicable state laws and  
12 regulations. At the request of the film office, a producer shall provide any information  
13 necessary for the film office to determine the producer's and production's compliance  
14 with this subsection.

15 (g) In determining the amount of a tax credit awarded under this section, the  
16 film office shall reduce the amount of the tax credit by any amount the film office  
17 considers necessary to allow the state, or a political subdivision of the state, to recover  
18 the cost of any damages caused by any act or omission of the producer or production.

19 (h) The film office may withhold the award of a tax credit under this section if  
20 the office determines that there are filed, but unresolved, legal actions in the state  
21 involving the producer or production.

22 (i) To qualify for the tax credit under AS 43.98.030, a producer shall include,

23 (1) in the end credits of each qualified film, the film office logo  
24 designed under AS 44.25.105(b) and the words, "Filmed in Alaska with the Support of  
25 the State of Alaska"; or

26 (2) on each DVD or other media produced for distribution, a short  
27 Alaska promotional video or advertisement approved by the Alaska Film Incentive  
28 Review Commission.

29 (j) The Department of Revenue may not provide a tax credit certificate under  
30 AS 43.98.030 to a producer that fails to meet the requirements in (i) of this section.

31 (k) In place of the 30 percent credit applicable to qualified expenditures under

1 (a) of this section, the tax credit for expenditures for services performed in the state,  
 2 including all salaries, wages, compensation, and related benefits, by producers,  
 3 directors, writers, and principal actors that fail to meet the eligibility requirements for  
 4 a permanent fund dividend in AS 43.23.005(a)(2) - (7), and all entities representing  
 5 producers, directors, writers, and principal actors that fail to meet the eligibility  
 6 requirements for a permanent fund dividend in AS 43.23.005(a)(2) - (7), is five  
 7 percent. The amount of the five percent credit may be increased by adding an amount  
 8 equal to 50 percent of the qualified expenditures paid to residents of the state under  
 9 AS 44.25.130(a)(10) and 50 percent of the qualified expenditures paid under  
 10 AS 44.25.130(a)(11) - (13) and (15). In this subsection, "principal actors" means the  
 11 five highest compensated actors or entities representing the five highest compensated  
 12 actors in the production.

13 **Sec. 44.25.130. Determination of qualified expenditures.** (a) Expenditures  
 14 made by a production company licensed to do business in the state in connection with  
 15 a film production approved by the film office that shall be considered qualified  
 16 expenditures must be directly related to the production and be incurred in the state.  
 17 Only expenditures that are ordinary, reasonable, and not in excess of fair market value  
 18 and that are for real or tangible property, fees, services, or state or municipal taxes  
 19 shall be considered. Expenditures may include

- 20 (1) costs of set construction and operation;
- 21 (2) costs of wardrobes, make-up, accessories, and related services;
- 22 (3) costs associated with photography and sound synchronization;
- 23 (4) costs of lighting and related services and materials;
- 24 (5) costs of editing and related services;
- 25 (6) rental of facilities and equipment;
- 26 (7) leasing of vehicles;
- 27 (8) costs of food and lodging;
- 28 (9) costs of digital or tape editing, film processing, transfer of film to  
 29 tape or digital format, transfer of digital media to film or tape, sound mixing, and  
 30 special and visual effects;
- 31 (10) the total aggregate expenditures for services performed in the

1 state, including all salaries, wages, compensation, and related benefits provided to  
2 producers, directors, writers, actors, and other personnel that are directly attributable  
3 to services performed in the state;

4 (11) the costs of the use of an Alaska business for processing qualified  
5 payroll and related expenditures;

6 (12) costs of music, if performed, composed, or recorded by an Alaska  
7 musician, or released or published by an Alaska business;

8 (13) costs of intrastate travel, if provided by an Alaska business;

9 (14) costs relating to the design, construction, improvement, or repair  
10 of a film, video, television, or digital production or postproduction facility or related  
11 property, infrastructure, or equipment, except commercial exhibition facilities, as  
12 determined by the film office;

13 (15) costs of state or municipal taxes levied in Alaska on the lease or  
14 rental of passenger or recreational vehicles or the rental of rooms or other lodging; or

15 (16) other similar production expenditures as determined by the film  
16 office in cooperation with the Department of Revenue.

17 (b) Production costs that may not be considered qualified expenditures include

18 (1) costs related to the acquisition, determination, transfer, or use of a  
19 film production tax credit under AS 43.98.030;

20 (2) postproduction expenditures for marketing and distribution;

21 (3) production financing, depreciation, and amortization costs, and  
22 other costs that are not cash or cash equivalent expenditures directly attributable to  
23 production costs incurred in the state;

24 (4) amounts that are later reimbursed or reasonably anticipated to be  
25 reimbursed, resulting in a reduction in production costs;

26 (5) amounts that are reasonably anticipated to be recovered through  
27 subsequent sale or other realization of value by disposal of an asset that has been  
28 claimed as a qualified expenditure;

29 (6) amounts that are paid to a person or entity as a result of  
30 participation in profits from the exploitation of the production;

31 (7) costs incurred in the purchase of real or tangible property for which

1 a qualified expenditure has, at any time, been claimed.

2 **Sec. 44.25.135. Recovery of film production tax credit.** (a) The film office  
3 may review, audit, and bring legal proceedings to recover any amount of a tax credit  
4 awarded under AS 44.25.125 from a producer or production to which a credit was  
5 awarded if the film office determines that the film producer or production is liable for  
6 damages to the state, or any political subdivision of the state.

7 (b) Legal proceedings may not be brought under (a) of this section more than  
8 six years after the date the tax credit was awarded under AS 44.25.125.

9 **Sec. 44.25.140. Regulations.** The film office may adopt procedures and  
10 regulations to carry out its functions under AS 44.25.100 - 44.25.190.

11 **Sec. 44.25.145. Alaska Film Incentive Review Commission.** (a) The Alaska  
12 Film Incentive Review Commission is created in the Department of Revenue.

13 (b) The membership of the commission consists of the

14 (1) commissioner of commerce, community, and economic  
15 development;

16 (2) commissioner of natural resources;

17 (3) commissioner of revenue;

18 (4) commissioner of labor and workforce development.

19 (c) A majority of the commission constitutes a quorum. Approval of an  
20 application for qualification under AS 44.25.120 and 44.25.150 and the award of film  
21 production tax credits under AS 44.25.120 and 44.25.150 require an affirmative vote  
22 by three members of the commission.

23 (d) The commission shall employ an executive director and additional staff to  
24 support the work of the commission, oversee the film office, and carry out the duties  
25 of the film office under AS 44.25.100 - 44.25.190. The commission shall provide  
26 general direction to the executive director and staff for the operation of the film office.

27 (e) The commission may consult with individuals knowledgeable about film  
28 production and accounting as necessary to perform the duties of the commission.

29 **Sec. 44.25.150. Review of qualifications and award of film production tax**  
30 **credits.** (a) The executive director shall review each application submitted to the film  
31 office under AS 44.25.120 and each production cost report submitted to the film office

1 under AS 44.25.125.

2 (b) After finding that an application submitted under AS 44.25.120 is  
3 complete, the executive director shall review the application and submit the  
4 application for approval to the commission along with a recommendation to approve  
5 or reject the application. After reviewing the application, the recommendation of the  
6 executive director, and additional information an applicant may provide or the  
7 commission may request, the commission shall make a decision as to whether the  
8 production proposed in the application and the estimated amount of the film  
9 production tax credit is in the best interest of the state. The commission may not  
10 approve an application for a film production that the commission finds is contrary to  
11 the natural resource development policy of the state. The commission shall issue a  
12 decision either approving or rejecting the application and qualification of the  
13 applicant. A decision of the commission on the qualification of an applicant is in the  
14 discretion of the commission and is not subject to appeal except on the issue of  
15 whether the decision of the commission is arbitrary or capricious. If appealed, the  
16 appeal is subject to AS 44.62 (Administrative Procedure Act).

17 (c) After reviewing the production cost report submitted by a producer under  
18 AS 44.25.125, the executive director shall review and verify the information included  
19 on the production cost report. The executive director shall determine the amount of the  
20 credit for which the producer may qualify and make a recommendation to the  
21 commission as to the amount of the credit to be awarded. The commission may  
22 approve the credit amount recommended by the executive director, adjust the amount  
23 of the credit, deny all or part of the credit, or return the production cost report to the  
24 executive director for additional review. The denial of a film production tax credit  
25 under this section is subject to appeal under AS 44.62 (Administrative Procedure Act).

26 **Sec. 44.25.190. Definitions.** In AS 44.25.100 - 44.25.190,

27 (1) "Alaska business" means

28 (A) a person who holds a current Alaska business license;

29 (B) a person who provides goods or services under the name as  
30 appearing on the person's current Alaska business license;

31 (C) a person who has maintained a place of business within the

1 state staffed by the person or an employee of the person for a period of six  
2 months immediately preceding the date the goods or services were provided;

3 (D) a person who is

4 (i) incorporated or qualified to do business under the  
5 laws of the state;

6 (ii) a sole proprietorship, and the proprietor is a resident  
7 of the state;

8 (iii) a limited liability company organized under  
9 AS 10.50, and all members are residents of the state; or

10 (iv) a partnership under former AS 32.05, AS 32.06, or  
11 AS 32.11, and all partners are residents of the state; and

12 (E) if the business is a joint venture, a joint venture composed  
13 entirely of ventures that qualify under (A) - (D) of this paragraph;

14 (2) "film" includes television, commercials, and videos;

15 (3) "film office" means the film office created under AS 44.25.100;

16 (4) "producer" means a person who arranges financing for or  
17 supervises the production of a film, video, commercial, or television production or  
18 pilot;

19 (5) "rural area" means a community in the state with a population of  
20 1,500 or less or a community with a population of 10,000 or less that is not connected  
21 by road or rail to Anchorage or Fairbanks.

22 \* **Sec. 11.** AS 44.33.231 is repealed and reenacted to read:

23 **Sec. 44.33.231. Film production promotion program.** (a) The film  
24 production promotion program is established in the Department of Commerce,  
25 Community, and Economic Development.

26 (b) The purpose of the film production promotion program is to

27 (1) work with organizations in the private sector for the expansion and  
28 development of film production industries in the state;

29 (2) promote Alaska as an appropriate location for film production;

30 (3) provide production assistance through connecting film directors,  
31 makers, and producers with Alaska location scouts and contractors, including

1 contractors providing assistance with permit applications; and

2 (4) certify Alaska film production internship training programs and  
3 promote the employment of program interns by eligible productions.

4 (c) On request, the Department of Commerce, Community, and Economic  
5 Development, through the film production promotion program, shall assist the  
6 Department of Revenue in the administration of the Alaska film production incentive  
7 program (AS 44.25.110).

8 \* **Sec. 12.** AS 44.33.232, 44.33.233, 44.33.234, 44.33.235, 44.33.236, 44.33.237, 44.33.238,  
9 and 44.33.239 are repealed.

10 \* **Sec. 13.** AS 43.98.030; AS 44.25.100, 44.25.105, 44.25.110, 44.25.115, 44.25.120,  
11 44.25.125, 44.25.130, 44.25.140, 44.25.145, 44.25.150, 44.25.190; and AS 44.33.231(c) are  
12 repealed.

13 \* **Sec. 14.** AS 44.25.135 is repealed.

14 \* **Sec. 15.** AS 24.20.271(11) is repealed.

15 \* **Sec. 16.** Sections 3, 4, 5, and 6, ch. 63, SLA 2008, are repealed.

16 \* **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to  
17 read:

18 **INCENTIVE CREDIT FOR FIRST EPISODIC SCRIPTED TELEVISION**  
19 **PRODUCTION IN THE STATE.** (a) Subject to appropriation, the first episodic scripted  
20 television production produced after the effective date of this section is entitled to an  
21 additional film production tax credit of six percent of the total qualified expenditures incurred  
22 in the state. The production is eligible for the film production tax credit in this section after 16  
23 episodes have been completed and are ready for television broadcast.

24 (b) The credit in this section shall be administered in the same manner as the film  
25 production tax credit under AS 44.25.100 - 44.25.190.

26 (c) In this section, "episodic scripted television production" means a production for  
27 television broadcast that is based on a script written before production; "episodic scripted  
28 television production" does not include what is commonly referred to as reality television, for  
29 which actors in the production do not perform using previously scripted dialogue or actions.

30 \* **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to  
31 read:

1           TRANSITION. (a) The employee or employees in the film office in the Department of  
2 Commerce, Community, and Economic Development shall be transferred to the Department  
3 of Revenue on the effective date of this section and shall be the staff authorized for the Alaska  
4 Film Incentive Review Commission established by AS 44.25.145, enacted by sec. 10 of this  
5 Act. The Alaska Film Incentive Review Commission shall designate an executive director as  
6 soon as practicable after the effective date of this section.

7           (b) Subject to AS 43.98.030(f), as amended by sec. 8 of this Act, secs. 13 and 14 of  
8 this Act do not prohibit the film office from determining a film production's qualified  
9 expenditures, awarding a tax credit, or reviewing a tax credit under the provisions repealed by  
10 secs. 13 and 14 of this Act that has received a notice of qualification under AS 44.25.120(b),  
11 enacted by sec. 10 of this Act, before July 1, 2023.

12           (c) A film production tax credit may be used to offset taxes imposed under the  
13 provisions identified in AS 43.98.030(c), as amended by sec. 6 of this Act, or sold or  
14 exchanged for a transferable tax credit certificate under AS 43.98.030(a), as amended by sec.  
15 4 of this Act, within three years after being provided by the Department of Revenue,  
16 notwithstanding the repeal of AS 43.98.030 in sec. 13 of this Act.

17           (d) A film production tax credit that is being withheld under AS 44.25.125(h), enacted  
18 by sec. 10 of this Act, may continue to be withheld by the film office, notwithstanding the  
19 repeal of AS 44.25.125 in sec. 13 of this Act.

20       \* **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to  
21 read:

22           NOTIFICATION. When the amount of tax credits provided under AS 43.98.030(f), as  
23 amended by sec. 8 of this Act, in the aggregate and the estimated amount of tax credits that  
24 could be claimed based on notices of qualification issued by the film office under  
25 AS 44.25.120(b), enacted by sec. 10 of this Act, together equal \$100,000,000 before July 1,  
26 2013, or \$200,000,000 after June 30, 2013, and before July 1, 2023, the commissioner of  
27 revenue shall notify the presiding officers of each house of the legislature and the revisor of  
28 statutes in writing.

29       \* **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31           **NONSEVERABILITY.** Notwithstanding AS 01.10.030, the provisions of this Act are

1 not severable.

2 \* **Sec. 21.** Sections 7 and 8, ch. 63, SLA 2008, are repealed.

3 \* **Sec. 22.** Section 13 of this Act takes effect on the earlier of the following:

4 (1) July 1, 2023; or

5 (2) the date the commissioner of revenue notifies the presiding officers of each  
6 house of the legislature and the revisor of statutes in writing of the \$200,000,000 amount after  
7 June 30, 2013, and before July 1, 2023, under sec. 19 of this Act.

8 \* **Sec. 23.** Section 14 of this Act takes effect on the earlier of the following:

9 (1) July 1, 2029; or

10 (2) six years after the date the commissioner of revenue notifies the presiding  
11 officers of each house of the legislature and the revisor of statutes in writing of the  
12 \$200,000,000 amount after June 30, 2013, and before July 1, 2023, under sec. 19 of this Act.

13 \* **Sec. 24.** Section 15 of this Act takes effect January 1, 2022.

14 \* **Sec. 25.** Except as provided in secs. 22 - 24 of this Act, this Act takes effect July 1, 2013.

# FISCAL NOTE

STATE OF ALASKA cost # codes  
 2012 LEGISLATIVE SESSION

Bill Version HCS CSSB23 (FIN)  
 Fiscal Note Number 3  
 Publish Date \_\_\_\_\_

Identifier (file name) SB023HCSCS(FIN)-DOR-Tax-04-13-12 Dept. Affected Revenue  
 Title Film Production Tax Credit Appropriation Taxation and Treasury  
 Allocation Tax Division  
 Sponsor Senator Ellis  
 Requester House Finance OMB Component Number 2476

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>	<b>FY13</b>	<b>FY13</b>					
Personal Services			408.6	408.6	408.6	408.6	408.6
Travel			20.0	20.0	20.0	20.0	20.0
Services			18.8	18.8	18.8	18.8	18.8
Commodities			1.0	1.0	1.0	1.0	1.0
Capital Outlay			12.0				
Grants, Benefits							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>460.4</b>	<b>448.4</b>	<b>448.4</b>	<b>448.4</b>	<b>448.4</b>

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF		460.4	448.4	448.4	448.4	448.4
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1178	temp code (UGF)						
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>460.4</b>	<b>448.4</b>	<b>448.4</b>	<b>448.4</b>

POSITIONS							
Full-time			4	4	4	4	4
Part-time							
Temporary							

<b>CHANGE IN REVENUES</b>	<b>0.0</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>
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Estimated SUPPLEMENTAL (FY12) operating costs \_\_\_\_\_ (separate supplemental appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs \_\_\_\_\_ (separate capital appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Updated to reflect transfer of the Film Office from the Department of Commerce, Community and Economic Development to the Department of Revenue and the creation of the Alaska Film Incentive Review Commission.

Prepared by Johanna Bales, Deputy Director  
 Division Tax  
 Approved by Bruce Tangeman, Deputy Commissioner  
Department of Revenue

Phone (907) 269-6628  
 Date/Time 4/13/2012 5:45 p.m.  
 Date 4/13/2012

## FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

BILL NO. HCS CSSB23 (FIN)

### Analysis

#### Bill Language:

This bill transfers the Film Office which currently resides in the Department of Commerce, Community, and Economic Development to the Department of Revenue and creates the Alaska Film Incentive Review Commission within the Department of Revenue. This bill extends the current film production tax credit, which will expire effective July 1, 2013, to June 30, 2023. Under current law, the film production tax credit expires the earlier of July 1, 2013 or when total credits issued by the Film Office exceed \$100,000,000 in the aggregate. This bill limits the total amount of credits allowed to be awarded to \$100,000,000 before July 1, 2013 and an additional \$100,000,000 before July 1, 2023 with total aggregate credits limited to \$200,000,000. Currently, the film credit may only be claimed against the Alaska corporate income tax. This bill expands the use of the credit to the insurance premiums, title insurance, oil and gas production and property, mining license, and fisheries business and landing taxes. This bill also extends the current expiration period of a single credit from three to six years and allows several tax credits to be pooled into a single credit certificate. However, pooling of credits does not extend the six year expiration period of a single credit. This bill increases the credit percentage for local hire from 10 to 20 percent and the credit percentage of qualified expenditures made in a rural area from two to six percent and limits the credit percentage on salaries and benefits paid nonresidents to the greater of 5%, but not more than 30% if certain criteria are met. This bill also allows the state to review, audit, and bring legal proceedings to recover any amount of a tax credit from a producer that is liable for damages to the state within 6 years after the credit is awarded. Currently, the state may only recover damages within one year after the credit is awarded. The effective date of the legislation is July 1, 2013 and there is a provision which sunsets the entire program no later than June 30, 2023.

#### Revenues:

This bill increases the total film production tax credit from \$100,000,000 to \$200,000,000 and extends the current film credit program another 10 years to June 30, 2023. The current program is set to expire July 1, 2013. It is difficult to determine the total affect on state revenues as a result of this bill. Although this bill would allow the credit to be used to offset taxes in additional tax programs, the total decrease in revenue received in these programs cannot exceed \$100,000,000 between the periods of July 1, 2013 and June 30, 2023. Therefore, the total revenue affect as a result of this bill between July 1, 2013 and June 30, 2023 is estimated to be no more than \$100,000,000.

#### Expenditures:

Department of Revenue will take on all duties, except economic development and film promotion, currently performed by the Film Office which resides in the Department of Commerce, Community, and Economic Development (DCCED) and also be responsible for establishing and advising the Alaska Film Incentive Review Commission. There is a transition clause within the bill that transfers all employees of the existing Film Office to the Department of Revenue and also establishes two new positions, an Executive Director to oversee the Film Office and advise the Film Incentive Review Commission and an on-site liaison to consult producers on large productions. When the Film Office was originally established in 2008, 2.25 positions were funded for that office. The primary duty of those positions is economic development. The Film Office within the Department of Revenue will be responsible to analyze film applications and production expenditures and issue and track film credits which may be applied against 8 different tax programs. This bill requires the Department to provide an on-site liaison to large film productions and expects to incur up to \$20,000 each year in travel expenses to perform this duty. The Department believes it will need two Tax Auditor III's (Range 20) and one Tax Technician II (Range 12) to conduct the audit and review activities as well as act as an on-site liaison. In addition, the Department will create an Executive Director position (Range 22) which will require accounting and auditing experience. All positions will reside in Anchorage.

# FISCAL NOTE

**STATE OF ALASKA**  
**2011 LEGISLATIVE SESSION**

Fiscal Note Number 1  
 Bill Version SB 23  
 (S) Publish Date 2/23/11

Identifier (file name) SB23-DOR-TAX-02-12-11 Dept. Affected Revenue  
 Title Film Production Tax Credit Appropriation Treasury and Taxation  
 Allocation Tax Division  
 Sponsor Senator Ellis  
 Requester Senate Labor and Commerce OMB Component Number 2476

**Expenditures/Revenues**

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
<b>TOTAL OPERATING</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>			<b>0.0</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>
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**FUND SOURCE**

(Thousands of Dollars)

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

first version of fiscal note

Prepared by Johanna Bales, Deputy Director  
 Division Tax Division  
 Approved by Ginger Blaisdell, Director Administrative Services Division  
Department of Revenue

Phone (907) 269-6628  
 Date/Time 02-05-11; 9:04am  
 Date 02-12-11; 8:42am

FISCAL NOTE #1

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. SB 23

**Analysis**

**Bill Language:**

This bill extends the current film production tax credit, which will expire effective July 1, 2013, to June 30, 2023. Under current law, the film production tax credit expires the earlier of July 1, 2013 or when total credits issued by the Film Office exceed \$100,000,000 in the aggregate. This bill limits the total amount of credits allowed to be awarded to \$100,000,000 before July 1, 2018 and an additional \$100,000,000 before July 1, 2023 with total aggregate credits limited to \$200,000,000.

**Revenues:**

This bill increases the total film production tax credit from \$100,000,000 to \$200,000,000 and extends the current film credit program another 10 years to June 30, 2023. The current program is set to expire July 1, 2013. It is difficult to determine the total affect on state revenues as a result of this bill. However, due to the limitations established in the bill, total decrease in corporate income tax revenue cannot exceed \$100,000,000 as a result of this bill.

**Expenditures:**

The department can implement the provisions of the bill with existing resources.

# FISCAL NOTE

**STATE OF ALASKA** cost # codes  
**2012 LEGISLATIVE SESSION**

Bill Version HCS CSSB23 (FIN)  
 Fiscal Note Number \_\_\_\_\_  
 Publish Date \_\_\_\_\_

Identifier (file name) SB023HCSCS(FIN)-DOR-Tax-04-13-12 Dept. Affected Revenue  
 Title Film Production Tax Credit Appropriation Taxation and Treasury  
 Allocation Tax Division  
 Sponsor Senator Ellis  
 Requester House Finance OMB Component Number 2476

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>								
Personal Services			176.8	176.8	176.8	176.8	176.8	176.8
Travel			20.0	20.0	20.0	20.0	20.0	20.0
Services			9.4	9.4	9.4	9.4	9.4	9.4
Commodities			1.0	1.0	1.0	1.0	1.0	1.0
Capital Outlay			12.0					
Grants, Benefits								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>219.2</b>	<b>207.2</b>	<b>207.2</b>	<b>207.2</b>	<b>207.2</b>	<b>207.2</b>

FUND SOURCE		(Thousands of Dollars)						
		FY13	FY14	FY15	FY16	FY17	FY18	
1002	Federal Receipts							
1003	GF Match							
1004	GF		219.2	207.2	207.2	207.2	207.2	
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>219.2</b>	<b>207.2</b>	<b>207.2</b>	<b>207.2</b>	

POSITIONS							
Full-time			2	2	2	2	2
Part-time							
Temporary							

CHANGE IN REVENUES	0.0	0.0	***	***	***	***	***
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Estimated SUPPLEMENTAL (FY12) operating costs \_\_\_\_\_ (separate supplemental appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs \_\_\_\_\_ (separate capital appropriation required)  
 (discuss reasons and fund source(s) in analysis section)

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Updated to reflect the reduction in positions as requested by House Finance Committee and to correct total tax credits allowed from \$200 million to \$300 million in the analysis.

Prepared by Johanna Bales, Deputy Director  
 Division Tax  
 Approved by Bruce Tangeman, Deputy Commissioner  
Department of Revenue

Phone (907) 269-6628  
 Date/Time 4/13/2012 11:45 p.m.  
 Date 4/13/2012

## FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

BILL NO. HCS CSSB23 (FIN)

### Analysis

**Bill Language:**

This bill transfers the Film Office which currently resides in the Department of Commerce, Community, and Economic Development to the Department of Revenue and creates the Alaska Film Incentive Review Commission within the Department of Revenue. This bill extends the current film production tax credit, which will expire effective July 1, 2013, to June 30, 2023. Under current law, the film production tax credit expires the earlier of July 1, 2013 or when total credits issued by the Film Office exceed \$100,000,000 in the aggregate. This bill limits the total amount of credits allowed to be awarded to \$100,000,000 before July 1, 2013 and an additional \$200,000,000 before July 1, 2023 with total aggregate credits limited to \$300,000,000. Currently, the film credit may only be claimed against the Alaska corporate income tax. This bill expands the use of the credit to the insurance premiums, title insurance, oil and gas production and property, mining license, and fisheries business and landing taxes. This bill also extends the current expiration period of a single credit from three to six years and allows several tax credits to be pooled into a single credit certificate. However, pooling of credits does not extend the six year expiration period of a single credit. This bill increases the credit percentage for local hire from 10 to 20 percent and the credit percentage of qualified expenditures made in a rural area from two to six percent and limits the credit percentage on salaries and benefits paid nonresidents to the greater of 5%, but not more than 30% if certain criteria are met. This bill also allows the state to review, audit, and bring legal proceedings to recover any amount of a tax credit from a producer that is liable for damages to the state within 6 years after the credit is awarded. Currently, the state may only recover damages within one year after the credit is awarded. The effective date of the legislation is July 1, 2013 and there is a provision which sunsets the entire program no later than June 30, 2023.

**Revenues:**

This bill increases the total film production tax credit from \$100,000,000 to \$300,000,000 and extends the current film credit program another 10 years to June 30, 2023. The current program is set to expire July 1, 2013. It is difficult to determine the total affect on state revenues as a result of this bill. Although this bill would allow the credit to be used to offset taxes in additional tax programs, the total decrease in revenue received in these programs cannot exceed \$200,000,000 between the periods of July 1, 2013 and June 30, 2023. Therefore, the total revenue affect as a result of this bill between July 1, 2013 and June 30, 2023 is estimated to be no more than \$200,000,000.

**Expenditures:**

Department of Revenue will take on all duties, except economic development and film promotion, currently performed by the Film Office which resides in the Department of Commerce, Community, and Economic Development (DCCED) and also be responsible for establishing and advising the Alaska Film Incentive Review Commission. There is a transition clause within the bill that transfers employees of the existing Film Office to the Department of Revenue. When the Film Office was originally established in 2008, 2.25 positions were funded for that office. The primary duty of those positions is economic development. The Film Office within the Department of Revenue will be responsible to analyze film applications and production expenditures and issue and track film credits which may be applied against 8 different tax programs. This bill requires the Department to provide an on-site liaison to large film productions and the department expects to incur up to \$20,000 each year in travel expenses to perform this duty. The Department believes it will need one Tax Auditor III (Range 20) and one Tax Technician II (Range 12) to conduct the audit and review activities as well as act as an on-site liaison. In addition, the Department of Commerce will transfer an Executive Director position (Range 20) to the Department of Revenue. That position is not reflected in this fiscal note. All positions will reside in Anchorage.

**HOUSE CONCURRENT RESOLUTION NO.**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SEVENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Introduced:**  
**Referred:**

**A RESOLUTION**

1 **Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State**  
2 **Legislature, concerning Senate Bill No. 23, relating to transferable film production tax**  
3 **credits and film production tax credit certificates; and requiring the legislative audit**  
4 **division to audit the Alaska film production incentive program.**

5 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 That under Rule 54, Uniform Rules of the Alaska State Legislature, the provisions of  
7 Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, regarding  
8 changes to the title of a bill, are suspended in consideration of Senate Bill No. 23, relating to  
9 transferable film production tax credits and film production tax credit certificates; and  
10 requiring the legislative audit division to audit the Alaska film production incentive program.

*Adopted  
4/17/12*

27-LS0252\OO  
Bullock  
4/14/12

**HOUSE CS FOR CS FOR SENATE BILL NO. 23(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SEVENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): SENATORS ELLIS, McGuire, French, Davis, Wielechowski, Kookesh, Meyer, Menard, Egan,  
Stedman**

**REPRESENTATIVES Petersen, Herron, Tuck**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to transferable film production tax credits and film production tax**  
2 **credit certificates; relating to the taxes against which a film production tax credit may**  
3 **be applied; transferring the film office to the Department of Revenue and relating to**  
4 **that office; establishing the Alaska Film Incentive Review Commission; establishing a**  
5 **film production promotion program; relating to the amount of credit that may be**  
6 **awarded for compensation to producers, directors, writers, and actors who are not**  
7 **residents; providing for a fee to be paid at the time an application for eligibility for the**  
8 **film production tax credit is filed; providing a one-time credit for the first episodic**  
9 **scripted television production in the state; requiring the legislative audit division to**  
10 **audit the Alaska film production incentive program; providing for an effective date by**  
11 **repealing the effective dates of secs. 3 and 4, ch. 63, SLA 2008; and providing for an**  
12 **effective date."**

13 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

1 \* **Section 1.** AS 24.20.271 is amended to read:

2 **Sec. 24.20.271. Powers and duties.** The legislative audit division shall

3 (1) conduct a performance post-audit of boards and commissions  
4 designated in AS 44.66.010 and of those programs and activities of agencies subject to  
5 termination as determined in the manner set out in AS 44.66.020 and 44.66.030, and  
6 make the audit, together with a written report, available to the legislature not later than  
7 the first day of the regular session of the legislature convening in each year set out  
8 with reference to boards, commissions, or agency programs whose activities are  
9 subject to termination as prescribed in AS 44.66; the division shall notify the  
10 legislature that the audit and report are available;

11 (2) audit at least once every three years the books and accounts of all  
12 custodians of public funds and all disbursing officers of the state;

13 (3) at the direction of the Legislative Budget and Audit Committee,  
14 conduct performance post-audits on any agency of state government;

15 (4) cooperate with state agencies by offering advice and assistance as  
16 requested in establishing or improving the accounting systems used by state agencies;

17 (5) require the assistance and cooperation of all state officials and  
18 other state employees in the inspection, examination, and audit of state agency books  
19 and accounts;

20 (6) have access at all times to the books, accounts, reports, or other  
21 records, whether confidential or not, of every state agency;

22 (7) ascertain, as necessary for audit verification, the amount of agency  
23 funds on deposit in any bank as shown on the books of the bank; no bank may be held  
24 liable for making information required under this paragraph available to the legislative  
25 audit division;

26 (8) complete studies and prepare reports, memoranda, or other  
27 materials as directed by the Legislative Budget and Audit Committee;

28 (9) have direct access to any information related to the management of  
29 the University of Alaska and have the same right of access as exists with respect to  
30 every other state agency;

31 (10) conduct an audit every two years of information found in the

1 annual reports required under AS 42.05.211 and AS 42.06.220 regarding compliance  
2 by the Regulatory Commission of Alaska with the requirements of AS 42.05.175(a) -  
3 (e) and of the timeline extensions made by the commission under AS 42.05.175(f),  
4 and of other performance measures adopted by the commission;

5 (11) conduct audits of the Alaska film production incentive  
6 program (AS 44.25.100 - 44.25.190) and make the audits available to the  
7 legislature on the first day of the regular session of the legislature in 2015, 2017,  
8 and 2021.

9 \* **Sec. 2.** AS 43.75.130(f) is amended to read:

10 (f) For purposes of this section, tax revenue collected under AS 43.75.015  
11 from a person entitled to a credit under AS 43.75.035, [OR] 43.75.036, or  
12 AS 43.98.030 shall be calculated as if the person's tax were collected without applying  
13 the credit; tax revenue collected does not include the amount of a tax credit recaptured  
14 under AS 43.75.035(g) or 43.75.036(g).

15 \* **Sec. 3.** AS 43.77.060(e) is amended to read:

16 (e) For purposes of this section, tax revenue collected under AS 43.77.010  
17 from a person entitled to a credit under AS 43.77.035, [OR] 43.77.045, or  
18 AS 43.98.030 shall be calculated as if the person's tax had been collected without  
19 applying the credits.

20 \* **Sec. 4.** AS 43.98.030(a) is amended to read:

21 (a) The [IN COOPERATION WITH THE FILM OFFICE IN THE  
22 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC  
23 DEVELOPMENT, THE] department shall provide a transferable film production tax  
24 credit certificate to a producer, as defined in AS 44.25.190 [AS 44.33.239], for  
25 qualified production expenditures under AS 44.25.100 - 44.25.190. The department  
26 shall publish the name and contact information for each person provided a  
27 transferable tax credit certificate under this subsection [AS 44.33.231 -  
28 44.33.239].

29 \* **Sec. 5.** AS 43.98.030(b) is amended to read:

30 (b) A tax credit certificate provided under (a) of this section may be sold,  
31 assigned, exchanged, conveyed, or otherwise transferred in whole or in part.

1 \* **Sec. 6.** AS 43.98.030(c) is amended to read:

2 (c) A taxpayer acquiring a transferable **tax credit certificate** may use the  
3 credit or a portion of the credit to offset taxes imposed under **AS 21.09.210,**  
4 **AS 21.66.110, AS 43.20, AS 43.55, AS 43.56, AS 43.65, AS 43.75, and AS 43.77.**  
5 **Except as provided in (e) of this section, any** [AS 43.20 (ALASKA NET INCOME  
6 TAX ACT). ANY] portion of the credit not used may be used at a later period or  
7 transferred under (b) of this section.

8 \* **Sec. 7.** AS 43.98.030(e) is amended to read:

9 (e) A **transferable film production tax credit certificate** provided under (a)  
10 of this section, whether sold, assigned, exchanged, conveyed, or otherwise transferred,  
11 in whole or in part, must be used within **six** [THREE] years after being provided by  
12 the department.

13 \* **Sec. 8.** AS 43.98.030(f) is amended to read:

14 (f) The **total amount** [NUMBER] of tax credits provided in the aggregate  
15 under this section may not exceed

16 **(1) \$100,000,000 for productions qualified under AS 44.25.120**  
17 **before July 1, 2013; and**

18 **(2) \$200,000,000 for productions qualified under AS 44.25.120**  
19 **after June 30, 2013, and before July 1, 2023.**

20 \* **Sec. 9.** AS 43.98.030 is amended by adding new subsections to read:

21 (g) A person acquiring two or more film production tax credit certificates  
22 provided under (a) of this section may combine the unused amounts of the credits for  
23 sale, assignment, exchange, conveyance, or other transfer. At the request of a person  
24 holding a film production tax credit, the department shall replace a certificate that  
25 represents the full amount of tax credit available with multiple certificates that each  
26 represent a portion of the total tax credit available for the purpose of sale, assignment,  
27 exchange, conveyance, or other transfer under this subsection, or, on request, shall  
28 provide one tax credit certificate that represents the combined value of multiple tax  
29 credit certificates. A tax credit certificate provided by the department under this  
30 subsection must state the expiration date and the amount of each credit that is included  
31 in the certificate. Combining or splitting unused amounts of credits under this

1 subsection does not change or extend the time period in which each credit that is  
2 included in the combination or split must be used.

3 (h) Subject to appropriation, the department may purchase a transferable film  
4 production tax credit certificate for 75 percent of the amount of each credit that is  
5 included in the certificate.

6 \* **Sec. 10.** AS 44.25 is amended by adding new sections to read:

7 **Article 3. Film Office.**

8 **Sec. 44.25.100. Film office.** The film office is created in the Department of  
9 Revenue. The film office shall administer the Alaska film production incentive  
10 program.

11 **Sec. 44.25.105. Duties.** (a) The film office shall make available to the  
12 legislature, within 30 days after the start of each regular session, a report of the  
13 activities conducted by the film office under AS 44.25.100 - 44.25.190. The report  
14 must include

- 15 (1) the number of applications received under AS 44.25.120;
- 16 (2) the number of applications approved by the film office;
- 17 (3) the number of, and amount of, tax credits disbursed under  
18 AS 44.25.110;
- 19 (4) the total amount of expenditures that were paid by productions  
20 qualifying for the film production tax credit that were not qualified expenditures;
- 21 (5) the total amount of qualified expenditures that were paid by  
22 productions qualifying for the film production tax credit to Alaska businesses;
- 23 (6) the total amount of qualified expenditures that were paid by  
24 productions qualifying for the film production tax credit to Alaska residents as wages;
- 25 (7) the total amount of qualified expenditures that were paid by  
26 productions qualifying for the film production tax credit for wages paid to individuals  
27 who were not residents;
- 28 (8) the total number of residents employed by productions qualifying  
29 for the film production tax credit;
- 30 (9) the total number of individuals employed by productions qualifying  
31 for the film production tax credit who were not residents;

1 (10) the number of productions qualifying for the film production tax  
 2 credit that used a third party to sell, assign, exchange, convey, or otherwise transfer, in  
 3 whole or in part, a tax credit certificate received by the production; in this paragraph,  
 4 "third party" means a person other than the producer or an employee of the producer  
 5 of the production qualifying for the film production tax credit; and

6 (11) the number of purchases of transferable film production tax credit  
 7 certificates purchased under AS 43.98.030(h) and the total amount of film production  
 8 tax credits shown on the certificates purchased by the Department of Revenue.

9 (b) The film office shall design a logo that represents the film office and must  
 10 be included in a film qualifying for a film production tax credit under AS 44.25.100 -  
 11 44.25.190.

12 (c) The film office shall provide an on-site liaison to a film production that is  
 13 subject to the maximum application fee under AS 44.25.120(d). The liaison shall assist  
 14 the producer in meeting the requirements of AS 44.25.100 - 44.25.190 and ensure that  
 15 the production is in the best interests of the state as described in the application filed  
 16 under AS 44.25.120 and approved under AS 44.25.150.

17 **Sec. 44.25.110. Alaska film production incentive program.** Subject to  
 18 appropriations for the purpose, the film office shall administer the Alaska film  
 19 production incentive program to provide a tax credit under AS 43.98.030 for certain  
 20 film production expenditures incurred in the state.

21 **Sec. 44.25.115. Eligibility.** (a) A film production is eligible for a tax credit  
 22 under AS 43.98.030, if the

23 (1) producer has \$75,000 or more in qualified expenditures in a  
 24 consecutive 36-month period under AS 44.25.130;

25 (2) Alaska Film Incentive Review Commission determines that the  
 26 production is not contrary to the best interests of the state; and

27 (3) production is approved by the film office.

28 (b) In determining under (a) of this section whether a production is not  
 29 contrary to the best interests of the state, the Alaska Film Incentive Review  
 30 Commission shall consider the effect of the production on

31 (1) both the immediate and long-term prospects for the film industry in

1 the state;

2 (2) both the immediate and long-term prospects for the employment of  
3 Alaska residents;

4 (3) both the immediate and long-term prospects for the economy of the  
5 state;

6 (4) the public perception of state policy on the utilization and  
7 development of the natural resources of the state; and

8 (5) the immediate and long-term prospects for the fiscal health of the  
9 state.

10 **Sec. 44.25.120. Qualification for film production tax credit.** (a) A film  
11 producer may apply for the film production tax credit under AS 43.98.030 by  
12 submitting an application to the film office on a form provided by the film office. The  
13 application must include

14 (1) a script or synopsis of the production;

15 (2) the names of the producer, director, and proposed cast;

16 (3) estimated start, completion, and filming dates; and

17 (4) other information the film office may require to determine the  
18 producer's qualification for a credit and the estimated amount of the credit.

19 (b) If the Alaska Film Incentive Review Commission approves an application  
20 submitted under (a) of this section, the film office shall issue a notice of qualification  
21 to the producer. The notice of qualification must include a determination by the film  
22 office of the estimated film production tax credit for which the production qualifies.

23 (c) Information submitted in an application under (a) of this section is  
24 confidential and is not subject to inspection or copying under AS 40.25.110 -  
25 40.25.125.

26 (d) At the time an application is submitted under (a) of this section, a film  
27 producer shall submit an application fee equal to 0.2 percent of the estimated total  
28 qualified expenditures to be incurred in the state, except that the application fee may  
29 not be less than \$200 or more than \$5,000. The application fee is not subject to refund.

30 **Sec. 44.25.125. Award of film production tax credit.** (a) Subject to  
31 AS 43.98.030(f) and to (i) of this section, the film office shall determine the amount of

1 the tax credit under AS 43.98.030 available to a producer who has obtained a notice of  
2 qualification under AS 44.25.120(b), based on the qualified expenditures of the  
3 production under AS 44.25.130. After the film office determines the amount of the tax  
4 credit, the tax credit shall be submitted to the Alaska Film Incentive Review  
5 Commission for approval.

6 (b) Except as provided in (k) of this section, the base amount of a tax credit  
7 awarded under this section is equal to 30 percent of the qualified expenditures of a  
8 production.

9 (c) In determining the amount of the tax credit and subject to approval by the  
10 Alaska Film Incentive Review Commission, the applicable percentage provided by (b)  
11 of this section shall be increased by the film office based on the following criteria:

12 (1) an additional 20 percent of qualified expenditures that are wages  
13 paid to Alaska residents;

14 (2) an additional six percent of qualified expenditures made in a rural  
15 area; and

16 (3) an additional two percent of qualified expenditures made in the  
17 state between October 1 and March 30.

18 (d) After completion of the production, the producer shall provide the film  
19 office with a production cost report detailing the qualified expenditures of the  
20 production, with verification by an independent certified public accountant, licensed in  
21 the state and approved by the film office, that the costs claimed in the report are  
22 qualified expenditures under AS 44.25.130 and that there is no outstanding balance for  
23 a qualified expenditure that is due to a person in the state. The independent certified  
24 public accountant providing verification under this subsection may not engage in the  
25 sale, assignment, exchange, conveyance, or other transfer of a tax credit certificate that  
26 includes a credit based on the qualified expenditures that are verified by that  
27 independent certified public accountant. If the independent certified public accountant  
28 providing verification under this subsection subsequently engages in the sale,  
29 assignment, exchange, conveyance, or other transfer of a credit for which a qualified  
30 expenditure was verified by that independent certified public accountant, the film  
31 office may require the producer providing the production cost report to have the

1 qualified expenditures verified by an independent certified public accountant licensed  
2 in the state that is not engaged in the sale, assignment, exchange, conveyance, or other  
3 transfer related to a credit for the qualified expenditures.

4 (e) Subject to (g) of this section, the film office, in cooperation with the  
5 Department of Revenue, shall determine the amount of the tax credit based on the  
6 information provided by the producer under (d) of this section and, after approval by  
7 the Alaska Film Incentive Review Commission, shall award a tax credit in cooperation  
8 with the Department of Revenue under AS 43.98.030 if the producer has satisfied all  
9 requirements under AS 44.25.100 - 44.25.190.

10 (f) The award of a tax credit under this section is conditioned on the  
11 producer's and the production's full compliance with all applicable state laws and  
12 regulations. At the request of the film office, a producer shall provide any information  
13 necessary for the film office to determine the producer's and production's compliance  
14 with this subsection.

15 (g) In determining the amount of a tax credit awarded under this section, the  
16 film office shall reduce the amount of the tax credit by any amount the film office  
17 considers necessary to allow the state, or a political subdivision of the state, to recover  
18 the cost of any damages caused by any act or omission of the producer or production.

19 (h) The film office may withhold the award of a tax credit under this section if  
20 the office determines that there are filed, but unresolved, legal actions in the state  
21 involving the producer or production.

22 (i) To qualify for the tax credit under AS 43.98.030, a producer shall include,

23 (1) in the end credits of each qualified film, the film office logo  
24 designed under AS 44.25.105(b) and the words, "Filmed in Alaska with the Support of  
25 the State of Alaska"; or

26 (2) on each DVD or other media produced for distribution, a short  
27 Alaska promotional video or advertisement approved by the Alaska Film Incentive  
28 Review Commission.

29 (j) The Department of Revenue may not provide a tax credit certificate under  
30 AS 43.98.030 to a producer that fails to meet the requirements in (i) of this section.

31 (k) In place of the 30 percent credit applicable to qualified expenditures under

1 (a) of this section, the tax credit for expenditures for services performed in the state,  
2 including all salaries, wages, compensation, and related benefits, by producers,  
3 directors, writers, and principal actors that fail to meet the eligibility requirements for  
4 a permanent fund dividend in AS 43.23.005(a)(2) - (7), and all entities representing  
5 producers, directors, writers, and principal actors that fail to meet the eligibility  
6 requirements for a permanent fund dividend in AS 43.23.005(a)(2) - (7), is five  
7 percent. The amount of the five percent credit may be increased by adding an amount  
8 equal to 50 percent of the qualified expenditures paid to residents of the state under  
9 AS 44.25.130(a)(10) and 50 percent of the qualified expenditures paid under  
10 AS 44.25.130(a)(11) - (13) and (15). In this subsection, "principal actors" means the  
11 five highest compensated actors or entities representing the five highest compensated  
12 actors in the production.

13 **Sec. 44.25.130. Determination of qualified expenditures.** (a) Expenditures  
14 made by a production company licensed to do business in the state in connection with  
15 a film production approved by the film office that shall be considered qualified  
16 expenditures must be directly related to the production and be incurred in the state.  
17 Only expenditures that are ordinary, reasonable, and not in excess of fair market value  
18 and that are for real or tangible property, fees, services, or state or municipal taxes  
19 shall be considered. Expenditures may include

- 20 (1) costs of set construction and operation;  
21 (2) costs of wardrobes, make-up, accessories, and related services;  
22 (3) costs associated with photography and sound synchronization;  
23 (4) costs of lighting and related services and materials;  
24 (5) costs of editing and related services;  
25 (6) rental of facilities and equipment;  
26 (7) leasing of vehicles;  
27 (8) costs of food and lodging;  
28 (9) costs of digital or tape editing, film processing, transfer of film to  
29 tape or digital format, transfer of digital media to film or tape, sound mixing, and  
30 special and visual effects;  
31 (10) the total aggregate expenditures for services performed in the

1 state, including all salaries, wages, compensation, and related benefits provided to  
2 producers, directors, writers, actors, and other personnel that are directly attributable  
3 to services performed in the state;

4 (11) the costs of the use of an Alaska business for processing qualified  
5 payroll and related expenditures;

6 (12) costs of music, if performed, composed, or recorded by an Alaska  
7 musician, or released or published by an Alaska business;

8 (13) costs of intrastate travel, if provided by an Alaska business;

9 (14) costs relating to the design, construction, improvement, or repair  
10 of a film, video, television, or digital production or postproduction facility or related  
11 property, infrastructure, or equipment, except commercial exhibition facilities, as  
12 determined by the film office;

13 (15) costs of state or municipal taxes levied in Alaska on the lease or  
14 rental of passenger or recreational vehicles or the rental of rooms or other lodging; or

15 (16) other similar production expenditures as determined by the film  
16 office in cooperation with the Department of Revenue.

17 (b) Production costs that may not be considered qualified expenditures include

18 (1) costs related to the acquisition, determination, transfer, or use of a  
19 film production tax credit under AS 43.98.030;

20 (2) postproduction expenditures for marketing and distribution;

21 (3) production financing, depreciation, and amortization costs, and  
22 other costs that are not cash or cash equivalent expenditures directly attributable to  
23 production costs incurred in the state;

24 (4) amounts that are later reimbursed or reasonably anticipated to be  
25 reimbursed, resulting in a reduction in production costs;

26 (5) amounts that are reasonably anticipated to be recovered through  
27 subsequent sale or other realization of value by disposal of an asset that has been  
28 claimed as a qualified expenditure;

29 (6) amounts that are paid to a person or entity as a result of  
30 participation in profits from the exploitation of the production;

31 (7) costs incurred in the purchase of real or tangible property for which

1 a qualified expenditure has, at any time, been claimed.

2 **Sec. 44.25.135. Recovery of film production tax credit.** (a) The film office  
3 may review, audit, and bring legal proceedings to recover any amount of a tax credit  
4 awarded under AS 44.25.125 from a producer or production to which a credit was  
5 awarded if the film office determines that the film producer or production is liable for  
6 damages to the state, or any political subdivision of the state.

7 (b) Legal proceedings may not be brought under (a) of this section more than  
8 six years after the date the tax credit was awarded under AS 44.25.125.

9 **Sec. 44.25.140. Regulations.** The film office may adopt procedures and  
10 regulations to carry out its functions under AS 44.25.100 - 44.25.190.

11 **Sec. 44.25.145. Alaska Film Incentive Review Commission.** (a) The Alaska  
12 Film Incentive Review Commission is created in the Department of Revenue.

13 (b) The membership of the commission consists of the

14 (1) commissioner of commerce, community, and economic  
15 development;

16 (2) commissioner of natural resources;

17 (3) commissioner of revenue;

18 (4) commissioner of labor and workforce development.

19 (c) A majority of the commission constitutes a quorum. Approval of an  
20 application for qualification under AS 44.25.120 and 44.25.150 and the award of film  
21 production tax credits under AS 44.25.120 and 44.25.150 require an affirmative vote  
22 by three members of the commission.

23 (d) The commission shall employ an executive director and additional staff to  
24 support the work of the commission, oversee the film office, and carry out the duties  
25 of the film office under AS 44.25.100 - 44.25.190. The commission shall provide  
26 general direction to the executive director and staff for the operation of the film office.

27 (e) The commission may consult with individuals knowledgeable about film  
28 production and accounting as necessary to perform the duties of the commission.

29 **Sec. 44.25.150. Review of qualifications and award of film production tax**  
30 **credits.** (a) The executive director shall review each application submitted to the film  
31 office under AS 44.25.120 and each production cost report submitted to the film office

1 under AS 44.25.125.

2 (b) After finding that an application submitted under AS 44.25.120 is  
3 complete, the executive director shall review the application and submit the  
4 application for approval to the commission along with a recommendation to approve  
5 or reject the application. After reviewing the application, the recommendation of the  
6 executive director, and additional information an applicant may provide or the  
7 commission may request, the commission shall make a decision as to whether the  
8 production proposed in the application and the estimated amount of the film  
9 production tax credit is in the best interest of the state. The commission may not  
10 approve an application for a film production that the commission finds is contrary to  
11 the natural resource development policy of the state. The commission shall issue a  
12 decision either approving or rejecting the application and qualification of the  
13 applicant. A decision of the commission on the qualification of an applicant is in the  
14 discretion of the commission and is not subject to appeal except on the issue of  
15 whether the decision of the commission is arbitrary or capricious. If appealed, the  
16 appeal is subject to AS 44.62 (Administrative Procedure Act).

17 (c) After reviewing the production cost report submitted by a producer under  
18 AS 44.25.125, the executive director shall review and verify the information included  
19 on the production cost report. The executive director shall determine the amount of the  
20 credit for which the producer may qualify and make a recommendation to the  
21 commission as to the amount of the credit to be awarded. The commission may  
22 approve the credit amount recommended by the executive director, adjust the amount  
23 of the credit, deny all or part of the credit, or return the production cost report to the  
24 executive director for additional review. The denial of a film production tax credit  
25 under this section is subject to appeal under AS 44.62 (Administrative Procedure Act).

26 **Sec. 44.25.190. Definitions.** In AS 44.25.100 - 44.25.190,

27 (1) "Alaska business" means

28 (A) a person who holds a current Alaska business license;

29 (B) a person who provides goods or services under the name as  
30 appearing on the person's current Alaska business license;

31 (C) a person who has maintained a place of business within the

1 state staffed by the person or an employee of the person for a period of six  
2 months immediately preceding the date the goods or services were provided;

3 (D) a person who is

4 (i) incorporated or qualified to do business under the  
5 laws of the state;

6 (ii) a sole proprietorship, and the proprietor is a resident  
7 of the state;

8 (iii) a limited liability company organized under  
9 AS 10.50, and all members are residents of the state; or

10 (iv) a partnership under former AS 32.05, AS 32.06, or  
11 AS 32.11, and all partners are residents of the state; and

12 (E) if the business is a joint venture, a joint venture composed  
13 entirely of ventures that qualify under (A) - (D) of this paragraph;

14 (2) "film" includes television, commercials, and videos;

15 (3) "film office" means the film office created under AS 44.25.100;

16 (4) "producer" means a person who arranges financing for or  
17 supervises the production of a film, video, commercial, or television production or  
18 pilot;

19 (5) "rural area" means a community in the state with a population of  
20 1,500 or less or a community with a population of 10,000 or less that is not connected  
21 by road or rail to Anchorage or Fairbanks.

22 \* **Sec. 11.** AS 44.33.231 is repealed and reenacted to read:

23 **Sec. 44.33.231. Film production promotion program.** (a) The film  
24 production promotion program is established in the Department of Commerce,  
25 Community, and Economic Development.

26 (b) The purpose of the film production promotion program is to

27 (1) work with organizations in the private sector for the expansion and  
28 development of film production industries in the state;

29 (2) promote Alaska as an appropriate location for film production;

30 (3) provide production assistance through connecting film directors,  
31 makers, and producers with Alaska location scouts and contractors, including

1 contractors providing assistance with permit applications; and

2 (4) certify Alaska film production internship training programs and  
3 promote the employment of program interns by eligible productions.

4 (c) On request, the Department of Commerce, Community, and Economic  
5 Development, through the film production promotion program, shall assist the  
6 Department of Revenue in the administration of the Alaska film production incentive  
7 program (AS 44.25.110).

8 \* **Sec. 12.** AS 44.33.232, 44.33.233, 44.33.234, 44.33.235, 44.33.236, 44.33.237, 44.33.238,  
9 and 44.33.239 are repealed.

10 \* **Sec. 13.** AS 43.98.030; AS 44.25.100, 44.25.105, 44.25.110, 44.25.115, 44.25.120,  
11 44.25.125, 44.25.130, 44.25.140, 44.25.145, 44.25.150, 44.25.190; and AS 44.33.231(c) are  
12 repealed.

13 \* **Sec. 14.** AS 44.25.135 is repealed.

14 \* **Sec. 15.** AS 24.20.271(11) is repealed.

15 \* **Sec. 16.** Sections 3, 4, 5, and 6, ch. 63, SLA 2008, are repealed.

16 \* **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to  
17 read:

18 INCENTIVE CREDIT FOR FIRST EPISODIC SCRIPTED TELEVISION  
19 PRODUCTION IN THE STATE. (a) Subject to appropriation, the first episodic scripted  
20 television production produced after the effective date of this section is entitled to an  
21 additional film production tax credit of six percent of the total qualified expenditures incurred  
22 in the state. The production is eligible for the film production tax credit in this section after 16  
23 episodes have been completed and are ready for television broadcast.

24 (b) The credit in this section shall be administered in the same manner as the film  
25 production tax credit under AS 44.25.100 - 44.25.190.

26 (c) In this section, "episodic scripted television production" means a production for  
27 television broadcast that is based on a script written before production; "episodic scripted  
28 television production" does not include what is commonly referred to as reality television, for  
29 which actors in the production do not perform using previously scripted dialogue or actions.

30 \* **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to  
31 read:

1           TRANSITION. (a) The employee or employees in the film office in the Department of  
2 Commerce, Community, and Economic Development shall be transferred to the Department  
3 of Revenue on the effective date of this section and shall be the staff authorized for the Alaska  
4 Film Incentive Review Commission established by AS 44.25.145, enacted by sec. 10 of this  
5 Act. The Alaska Film Incentive Review Commission shall designate an executive director as  
6 soon as practicable after the effective date of this section.

7           (b) Subject to AS 43.98.030(f), as amended by sec. 8 of this Act, secs. 13 and 14 of  
8 this Act do not prohibit the film office from determining a film production's qualified  
9 expenditures, awarding a tax credit, or reviewing a tax credit under the provisions repealed by  
10 secs. 13 and 14 of this Act that has received a notice of qualification under AS 44.25.120(b),  
11 enacted by sec. 10 of this Act, before July 1, 2023.

12           (c) A film production tax credit may be used to offset taxes imposed under the  
13 provisions identified in AS 43.98.030(c), as amended by sec. 6 of this Act, or sold or  
14 exchanged for a transferable tax credit certificate under AS 43.98.030(a), as amended by sec.  
15 4 of this Act, within three years after being provided by the Department of Revenue,  
16 notwithstanding the repeal of AS 43.98.030 in sec. 13 of this Act.

17           (d) A film production tax credit that is being withheld under AS 44.25.125(h), enacted  
18 by sec. 10 of this Act, may continue to be withheld by the film office, notwithstanding the  
19 repeal of AS 44.25.125 in sec. 13 of this Act.

20       \* **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to  
21 read:

22           NOTIFICATION. When the amount of tax credits provided under AS 43.98.030(f), as  
23 amended by sec. 8 of this Act, in the aggregate and the estimated amount of tax credits that  
24 could be claimed based on notices of qualification issued by the film office under  
25 AS 44.25.120(b), enacted by sec. 10 of this Act, together equal \$100,000,000 before July 1,  
26 2013, or \$200,000,000 after June 30, 2013, and before July 1, 2023, the commissioner of  
27 revenue shall notify the presiding officers of each house of the legislature and the revisor of  
28 statutes in writing.

29       \* **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31           NONSEVERABILITY. Notwithstanding AS 01.10.030, the provisions of this Act are

1 not severable.

2 \* **Sec. 21.** Sections 7 and 8, ch. 63, SLA 2008, are repealed.

3 \* **Sec. 22.** Section 13 of this Act takes effect on the earlier of the following:

4 (1) July 1, 2023; or

5 (2) the date the commissioner of revenue notifies the presiding officers of each  
6 house of the legislature and the revisor of statutes in writing of the \$200,000,000 amount after  
7 June 30, 2013, and before July 1, 2023, under sec. 19 of this Act.

8 \* **Sec. 23.** Section 14 of this Act takes effect on the earlier of the following:

9 (1) July 1, 2029; or

10 (2) six years after the date the commissioner of revenue notifies the presiding  
11 officers of each house of the legislature and the revisor of statutes in writing of the  
12 \$200,000,000 amount after June 30, 2013, and before July 1, 2023, under sec. 19 of this Act.

13 \* **Sec. 24.** Section 15 of this Act takes effect January 1, 2022.

14 \* **Sec. 25.** Except as provided in secs. 22 - 24 of this Act, this Act takes effect July 1, 2013.

Adopted  
4/13/12

NEUMAN  
CASTELLO

An amendment offered to 27-LS0252\XX

#1

On Page 4 line 16

Delete "a production"

Insert "productions"

On Page 4 line 18

Delete "a production"

Insert "productions"

27-LS0252\XX  
Bullock  
4/13/12

**HOUSE CS FOR CS FOR SENATE BILL NO. 23(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SEVENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): SENATORS ELLIS, McGuire, French, Davis, Wielechowski, Kookesh, Meyer, Menard, Egan, Stedman**

**REPRESENTATIVES Petersen, Herron, Tuck**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to transferable film production tax credits and film production tax**  
2 **credit certificates; relating to the taxes against which a film production tax credit may**  
3 **be applied; transferring the film office to the Department of Revenue and relating to**  
4 **that office; establishing the Alaska Film Incentive Review Commission; establishing a**  
5 **film production promotion program; relating to the amount of credit that may be**  
6 **awarded for compensation to producers, directors, writers, and actors who are not**  
7 **residents; providing for a fee to be paid at the time an application for eligibility for the**  
8 **film production tax credit is filed; providing a one-time credit for the first episodic**  
9 **scripted television production in the state; requiring the legislative audit division to**  
10 **audit the Alaska film production incentive program; providing for an effective date by**  
11 **repealing the effective dates of secs. 3 and 4, ch. 63, SLA 2008; and providing for an**  
12 **effective date."**

13 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

1 \* **Section 1.** AS 24.20.271 is amended to read:

2 **Sec. 24.20.271. Powers and duties.** The legislative audit division shall

3 (1) conduct a performance post-audit of boards and commissions  
4 designated in AS 44.66.010 and of those programs and activities of agencies subject to  
5 termination as determined in the manner set out in AS 44.66.020 and 44.66.030, and  
6 make the audit, together with a written report, available to the legislature not later than  
7 the first day of the regular session of the legislature convening in each year set out  
8 with reference to boards, commissions, or agency programs whose activities are  
9 subject to termination as prescribed in AS 44.66; the division shall notify the  
10 legislature that the audit and report are available;

11 (2) audit at least once every three years the books and accounts of all  
12 custodians of public funds and all disbursing officers of the state;

13 (3) at the direction of the Legislative Budget and Audit Committee,  
14 conduct performance post-audits on any agency of state government;

15 (4) cooperate with state agencies by offering advice and assistance as  
16 requested in establishing or improving the accounting systems used by state agencies;

17 (5) require the assistance and cooperation of all state officials and  
18 other state employees in the inspection, examination, and audit of state agency books  
19 and accounts;

20 (6) have access at all times to the books, accounts, reports, or other  
21 records, whether confidential or not, of every state agency;

22 (7) ascertain, as necessary for audit verification, the amount of agency  
23 funds on deposit in any bank as shown on the books of the bank; no bank may be held  
24 liable for making information required under this paragraph available to the legislative  
25 audit division;

26 (8) complete studies and prepare reports, memoranda, or other  
27 materials as directed by the Legislative Budget and Audit Committee;

28 (9) have direct access to any information related to the management of  
29 the University of Alaska and have the same right of access as exists with respect to  
30 every other state agency;

31 (10) conduct an audit every two years of information found in the

1 annual reports required under AS 42.05.211 and AS 42.06.220 regarding compliance  
2 by the Regulatory Commission of Alaska with the requirements of AS 42.05.175(a) -  
3 (e) and of the timeline extensions made by the commission under AS 42.05.175(f),  
4 and of other performance measures adopted by the commission;

5 (11) conduct audits of the Alaska film production incentive  
6 program (AS 44.25.100 - 44.25.190) and make the audits available to the  
7 legislature on the first day of the regular session of the legislature in 2015, 2017,  
8 and 2021.

9 \* **Sec. 2.** AS 43.75.130(f) is amended to read:

10 (f) For purposes of this section, tax revenue collected under AS 43.75.015  
11 from a person entitled to a credit under AS 43.75.035, [OR] 43.75.036, or  
12 AS 43.98.030 shall be calculated as if the person's tax were collected without applying  
13 the credit; tax revenue collected does not include the amount of a tax credit recaptured  
14 under AS 43.75.035(g) or 43.75.036(g).

15 \* **Sec. 3.** AS 43.77.060(e) is amended to read:

16 (e) For purposes of this section, tax revenue collected under AS 43.77.010  
17 from a person entitled to a credit under AS 43.77.035, [OR] 43.77.045, or  
18 AS 43.98.030 shall be calculated as if the person's tax had been collected without  
19 applying the credits.

20 \* **Sec. 4.** AS 43.98.030(a) is amended to read:

21 (a) The [IN COOPERATION WITH THE FILM OFFICE IN THE  
22 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC  
23 DEVELOPMENT, THE] department shall provide a transferable film production tax  
24 credit certificate to a producer, as defined in AS 44.25.190 [AS 44.33.239], for  
25 qualified production expenditures under AS 44.25.100 - 44.25.190. The department  
26 shall publish the name and contact information for each person provided a  
27 transferable tax credit certificate under this subsection [AS 44.33.231 -  
28 44.33.239].

29 \* **Sec. 5.** AS 43.98.030(b) is amended to read:

30 (b) A tax credit certificate provided under (a) of this section may be sold,  
31 assigned, exchanged, conveyed, or otherwise transferred in whole or in part.

1 \* **Sec. 6.** AS 43.98.030(c) is amended to read:

2 (c) A taxpayer acquiring a transferable **tax credit certificate** may use the  
3 credit or a portion of the credit to offset taxes imposed under **AS 21.09.210,**  
4 **AS 21.66.110, AS 43.20, AS 43.55, AS 43.56, AS 43.65, AS 43.75, and AS 43.77.**  
5 **Except as provided in (e) of this section, any** [AS 43.20 (ALASKA NET INCOME  
6 TAX ACT). ANY] portion of the credit not used may be used at a later period or  
7 transferred under (b) of this section.

8 \* **Sec. 7.** AS 43.98.030(e) is amended to read:

9 (e) A **transferable film production tax credit certificate** provided under (a)  
10 of this section, whether sold, assigned, exchanged, conveyed, or otherwise transferred,  
11 in whole or in part, must be used within **six** [THREE] years after being provided by  
12 the department.

13 \* **Sec. 8.** AS 43.98.030(f) is amended to read:

14 (f) The **total amount** [NUMBER] of tax credits provided in the aggregate  
15 under this section may not exceed

16 **(1) \$100,000,000 for a production qualified under AS 44.25.120**  
17 **before July 1, 2013; and**

18 **(2) \$200,000,000 for a production qualified under AS 44.25.120**  
19 **after June 30, 2013, and before July 1, 2023.**

20 \* **Sec. 9.** AS 43.98.030 is amended by adding new subsections to read:

21 (g) A person acquiring two or more film production tax credit certificates  
22 provided under (a) of this section may combine the unused amounts of the credits for  
23 sale, assignment, exchange, conveyance, or other transfer. At the request of a person  
24 holding a film production tax credit, the department shall replace a certificate that  
25 represents the full amount of tax credit available with multiple certificates that each  
26 represent a portion of the total tax credit available for the purpose of sale, assignment,  
27 exchange, conveyance, or other transfer under this subsection, or, on request, shall  
28 provide one tax credit certificate that represents the combined value of multiple tax  
29 credit certificates. A tax credit certificate provided by the department under this  
30 subsection must state the expiration date and the amount of each credit that is included  
31 in the certificate. Combining or splitting unused amounts of credits under this

1 subsection does not change or extend the time period in which each credit that is  
2 included in the combination or split must be used.

3 (h) Subject to appropriation, the department may purchase a transferable film  
4 production tax credit certificate for 75 percent of the amount of each credit that is  
5 included in the certificate.

6 \* **Sec. 10.** AS 44.25 is amended by adding new sections to read:

7 **Article 3. Film Office.**

8 **Sec. 44.25.100. Film office.** The film office is created in the Department of  
9 Revenue. The film office shall administer the Alaska film production incentive  
10 program.

11 **Sec. 44.25.105. Duties.** (a) The film office shall make available to the  
12 legislature, within 30 days after the start of each regular session, a report of the  
13 activities conducted by the film office under AS 44.25.100 - 44.25.190. The report  
14 must include

- 15 (1) the number of applications received under AS 44.25.120;
- 16 (2) the number of applications approved by the film office;
- 17 (3) the number of, and amount of, tax credits disbursed under  
18 AS 44.25.110;
- 19 (4) the total amount of expenditures that were paid by productions  
20 qualifying for the film production tax credit that were not qualified expenditures;
- 21 (5) the total amount of qualified expenditures that were paid by  
22 productions qualifying for the film production tax credit to Alaska businesses;
- 23 (6) the total amount of qualified expenditures that were paid by  
24 productions qualifying for the film production tax credit to Alaska residents as wages;
- 25 (7) the total amount of qualified expenditures that were paid by  
26 productions qualifying for the film production tax credit for wages paid to individuals  
27 who were not residents;
- 28 (8) the total number of residents employed by productions qualifying  
29 for the film production tax credit;
- 30 (9) the total number of individuals employed by productions qualifying  
31 for the film production tax credit who were not residents;

1 (10) the number of productions qualifying for the film production tax  
2 credit that used a third party to sell, assign, exchange, convey, or otherwise transfer, in  
3 whole or in part, a tax credit certificate received by the production; in this paragraph,  
4 "third party" means a person other than the producer or an employee of the producer  
5 of the production qualifying for the film production tax credit; and

6 (11) the number of purchases of transferable film production tax credit  
7 certificates purchased under AS 43.98.030(h) and the total amount of film production  
8 tax credits shown on the certificates purchased by the Department of Revenue.

9 (b) The film office shall design a logo that represents the film office and must  
10 be included in a film qualifying for a film production tax credit under AS 44.25.100 -  
11 44.25.190.

12 (c) The film office shall provide an on-site liaison to a film production that is  
13 subject to the maximum application fee under AS 44.25.120(d). The liaison shall assist  
14 the producer in meeting the requirements of AS 44.25.100 - 44.25.190 and ensure that  
15 the production is in the best interests of the state as described in the application filed  
16 under AS 44.25.120 and approved under AS 44.25.150.

17 **Sec. 44.25.110. Alaska film production incentive program.** Subject to  
18 appropriations for the purpose, the film office shall administer the Alaska film  
19 production incentive program to provide a tax credit under AS 43.98.030 for certain  
20 film production expenditures incurred in the state.

21 **Sec. 44.25.115. Eligibility.** (a) A film production is eligible for a tax credit  
22 under AS 43.98.030, if the

23 (1) producer has \$75,000 or more in qualified expenditures in a  
24 consecutive 36-month period under AS 44.25.130;

25 (2) Alaska Film Incentive Review Commission determines that the  
26 production is not contrary to the best interests of the state; and

27 (3) production is approved by the film office.

28 (b) In determining under (a) of this section whether a production is not  
29 contrary to the best interests of the state, the Alaska Film Incentive Review  
30 Commission may consider the effect of the production on

31 (1) both the immediate and long-term prospects for the film industry in

1 the state;

2 (2) both the immediate and long-term prospects for the employment of  
3 Alaska residents;

4 (3) both the immediate and long-term prospects for the economy of the  
5 state;

6 (4) the public perception of state policy on the utilization and  
7 development of the natural resources of the state; and

8 (5) the immediate and long-term prospects for the fiscal health of the  
9 state.

10 **Sec. 44.25.120. Qualification for film production tax credit.** (a) A film  
11 producer may apply for the film production tax credit under AS 43.98.030 by  
12 submitting an application to the film office on a form provided by the film office. The  
13 application must include

14 (1) a script or synopsis of the production;

15 (2) the names of the producer, director, and proposed cast;

16 (3) estimated start, completion, and filming dates; and

17 (4) other information the film office may require to determine the  
18 producer's qualification for a credit and the estimated amount of the credit.

19 (b) If the Alaska Film Incentive Review Commission approves an application  
20 submitted under (a) of this section, the film office shall issue a notice of qualification  
21 to the producer. The notice of qualification must include a determination by the film  
22 office of the estimated film production tax credit for which the production qualifies.

23 (c) Information submitted in an application under (a) of this section is  
24 confidential and is not subject to inspection or copying under AS 40.25.110 -  
25 40.25.125.

26 (d) At the time an application is submitted under (a) of this section, a film  
27 producer shall submit an application fee equal to 0.2 percent of the estimated total  
28 qualified expenditures to be incurred in the state, except that the application fee may  
29 not be less than \$200 or more than \$5,000. The application fee is not subject to refund.

30 **Sec. 44.25.125. Award of film production tax credit.** (a) Subject to  
31 AS 43.98.030(f) and to (i) of this section, the film office shall determine the amount of

1 the tax credit under AS 43.98.030 available to a producer who has obtained a notice of  
2 qualification under AS 44.25.120(b), based on the qualified expenditures of the  
3 production under AS 44.25.130. After the film office determines the amount of the tax  
4 credit, the tax credit shall be submitted to the Alaska Film Incentive Review  
5 Commission for approval.

6 (b) Except as provided in (k) of this section, the base amount of a tax credit  
7 awarded under this section is equal to 30 percent of the qualified expenditures of a  
8 production.

9 (c) In determining the amount of the tax credit and subject to approval by the  
10 Alaska Film Incentive Review Commission, the applicable percentage provided by (b)  
11 of this section shall be increased by the film office based on the following criteria:

12 (1) an additional 20 percent of qualified expenditures that are wages  
13 paid to Alaska residents;

14 (2) an additional six percent of qualified expenditures made in a rural  
15 area; and

16 (3) an additional two percent of qualified expenditures made in the  
17 state between October 1 and March 30.

18 (d) After completion of the production, the producer shall provide the film  
19 office with a production cost report detailing the qualified expenditures of the  
20 production, with verification by an independent certified public accountant, licensed in  
21 the state and approved by the film office, that the costs claimed in the report are  
22 qualified expenditures under AS 44.25.130 and that there is no outstanding balance for  
23 a qualified expenditure that is due to a person in the state. The independent certified  
24 public accountant providing verification under this subsection may not engage in the  
25 sale, assignment, exchange, conveyance, or other transfer of a tax credit certificate that  
26 includes a credit based on the qualified expenditures that are verified by that  
27 independent certified public accountant. If the independent certified public accountant  
28 providing verification under this subsection subsequently engages in the sale,  
29 assignment, exchange, conveyance, or other transfer of a credit for which a qualified  
30 expenditure was verified by that independent certified public accountant, the film  
31 office may require the producer providing the production cost report to have the

1 qualified expenditures verified by an independent certified public accountant licensed  
2 in the state that is not engaged in the sale, assignment, exchange, conveyance, or other  
3 transfer related to a credit for the qualified expenditures.

4 (e) Subject to (g) of this section, the film office, in cooperation with the  
5 Department of Revenue, shall determine the amount of the tax credit based on the  
6 information provided by the producer under (d) of this section and, after approval by  
7 the Alaska Film Incentive Review Commission, shall award a tax credit in cooperation  
8 with the Department of Revenue under AS 43.98.030 if the producer has satisfied all  
9 requirements under AS 44.25.100 - 44.25.190.

10 (f) The award of a tax credit under this section is conditioned on the  
11 producer's and the production's full compliance with all applicable state laws and  
12 regulations. At the request of the film office, a producer shall provide any information  
13 necessary for the film office to determine the producer's and production's compliance  
14 with this subsection.

15 (g) In determining the amount of a tax credit awarded under this section, the  
16 film office may reduce the amount of the tax credit by any amount the film office  
17 considers necessary to allow the state, or a political subdivision of the state, to recover  
18 the cost of any damages caused by any act or omission of the producer or production.

19 (h) The film office may withhold the award of a tax credit under this section if  
20 the office determines that there are filed, but unresolved, legal actions in the state  
21 involving the producer or production.

22 (i) To qualify for the tax credit under AS 43.98.030, a producer shall include,

23 (1) in the end credits of each qualified film, the film office logo  
24 designed under AS 44.25.105(b) and the words, "Filmed in Alaska with the Support of  
25 the State of Alaska"; or

26 (2) on each DVD or other media produced for distribution, a short  
27 Alaska promotional video or advertisement approved by the Alaska Film Incentive  
28 Review Commission.

29 (j) The Department of Revenue may not provide a tax credit certificate under  
30 AS 43.98.030 to a producer that fails to meet the requirements in (i) of this section.

31 (k) In place of the 30 percent credit applicable to qualified expenditures under

1 (a) of this section, the tax credit for expenditures for services performed in the state,  
2 including all salaries, wages, compensation, and related benefits, by producers,  
3 directors, writers, and principal actors that fail to meet the eligibility requirements for  
4 a permanent fund dividend in AS 43.23.005(a)(2) - (7), and all entities representing  
5 producers, directors, writers, and principal actors that fail to meet the eligibility  
6 requirements for a permanent fund dividend in AS 43.23.005(a)(2) - (7), is five  
7 percent. The amount of the five percent credit may be increased by adding an amount  
8 equal to 50 percent of the qualified expenditures paid to residents of the state under  
9 AS 44.25.130(a)(10) and 50 percent of the qualified expenditures paid under  
10 AS 44.25.130(a)(11) - (13) and (15). In this subsection, "principal actors" means the  
11 five highest compensated actors or entities representing the five highest compensated  
12 actors in the production.

13 **Sec. 44.25.130. Determination of qualified expenditures.** (a) Expenditures  
14 made by a production company licensed to do business in the state in connection with  
15 a film production approved by the film office that shall be considered qualified  
16 expenditures must be directly related to the production and be incurred in the state.  
17 Only expenditures that are ordinary, reasonable, and not in excess of fair market value  
18 and that are for real or tangible property, fees, services, or state or municipal taxes  
19 shall be considered. Expenditures may include

- 20 (1) costs of set construction and operation;
- 21 (2) costs of wardrobes, make-up, accessories, and related services;
- 22 (3) costs associated with photography and sound synchronization;
- 23 (4) costs of lighting and related services and materials;
- 24 (5) costs of editing and related services;
- 25 (6) rental of facilities and equipment;
- 26 (7) leasing of vehicles;
- 27 (8) costs of food and lodging;
- 28 (9) costs of digital or tape editing, film processing, transfer of film to  
29 tape or digital format, transfer of digital media to film or tape, sound mixing, and  
30 special and visual effects;
- 31 (10) the total aggregate expenditures for services performed in the

1 state, including all salaries, wages, compensation, and related benefits provided to  
2 producers, directors, writers, actors, and other personnel that are directly attributable  
3 to services performed in the state;

4 (11) the costs of the use of an Alaska business for processing qualified  
5 payroll and related expenditures;

6 (12) costs of music, if performed, composed, or recorded by an Alaska  
7 musician, or released or published by an Alaska business;

8 (13) costs of intrastate travel, if provided by an Alaska business;

9 (14) costs relating to the design, construction, improvement, or repair  
10 of a film, video, television, or digital production or postproduction facility or related  
11 property, infrastructure, or equipment, except commercial exhibition facilities, as  
12 determined by the film office;

13 (15) costs of state or municipal taxes levied in Alaska on the lease or  
14 rental of passenger or recreational vehicles or the rental of rooms or other lodging; or

15 (16) other similar production expenditures as determined by the film  
16 office in cooperation with the Department of Revenue.

17 (b) Production costs that may not be considered qualified expenditures include

18 (1) costs related to the acquisition, determination, transfer, or use of a  
19 film production tax credit under AS 43.98.030;

20 (2) postproduction expenditures for marketing and distribution;

21 (3) production financing, depreciation, and amortization costs, and  
22 other costs that are not cash or cash equivalent expenditures directly attributable to  
23 production costs incurred in the state;

24 (4) amounts that are later reimbursed or reasonably anticipated to be  
25 reimbursed, resulting in a reduction in production costs;

26 (5) amounts that are reasonably anticipated to be recovered through  
27 subsequent sale or other realization of value by disposal of an asset that has been  
28 claimed as a qualified expenditure;

29 (6) amounts that are paid to a person or entity as a result of  
30 participation in profits from the exploitation of the production;

31 (7) costs incurred in the purchase of real or tangible property for which

1 a qualified expenditure has, at any time, been claimed.

2 **Sec. 44.25.135. Recovery of film production tax credit.** (a) The film office  
3 may review, audit, and bring legal proceedings to recover any amount of a tax credit  
4 awarded under AS 44.25.125 from a producer or production to which a credit was  
5 awarded if the film office determines that the film producer or production is liable for  
6 damages to the state, or any political subdivision of the state.

7 (b) Legal proceedings may not be brought under (a) of this section more than  
8 six years after the date the tax credit was awarded under AS 44.25.125.

9 **Sec. 44.25.140. Regulations.** The film office may adopt procedures and  
10 regulations to carry out its functions under AS 44.25.100 - 44.25.190.

11 **Sec. 44.25.145. Alaska Film Incentive Review Commission.** (a) The Alaska  
12 Film Incentive Review Commission is created in the Department of Revenue.

13 (b) The membership of the commission consists of the

14 (1) commissioner of commerce, community, and economic  
15 development;

16 (2) commissioner of natural resources;

17 (3) commissioner of revenue;

18 (4) commissioner of labor and workforce development.

19 (c) A majority of the commission constitutes a quorum. Approval of an  
20 application for qualification under AS 44.25.120 and 44.25.150 and the award of film  
21 production tax credits under AS 44.25.120 and 44.25.150 require an affirmative vote  
22 by three members of the commission.

23 (d) The commission shall employ an executive director and additional staff to  
24 support the work of the commission, oversee the film office, and carry out the duties  
25 of the film office under AS 44.25.100 - 44.25.190. The commission shall provide  
26 general direction to the executive director and staff for the operation of the film office.

27 (e) The commission may consult with individuals knowledgeable about film  
28 production and accounting as necessary to perform the duties of the commission.

29 **Sec. 44.25.150. Review of qualifications and award of film production tax**  
30 **credits.** (a) The executive director shall review each application submitted to the film  
31 office under AS 44.25.120 and each production cost report submitted to the film office

1 under AS 44.25.125.

2 (b) After finding that an application submitted under AS 44.25.120 is  
3 complete, the executive director shall review the application and submit the  
4 application for approval to the commission along with a recommendation to approve  
5 or reject the application. After reviewing the application, the recommendation of the  
6 executive director, and additional information an applicant may provide or the  
7 commission may request, the commission shall make a decision as to whether the  
8 production proposed in the application and the estimated amount of the film  
9 production tax credit is in the best interest of the state. The commission may not  
10 approve an application for a film production that the commission finds is contrary to  
11 the natural resource development policy of the state. The commission shall issue a  
12 decision either approving or rejecting the application and qualification of the  
13 applicant. A decision of the commission on the qualification of an applicant is in the  
14 discretion of the commission and is not subject to appeal except on the issue of  
15 whether the decision of the commission is arbitrary or capricious. If appealed, the  
16 appeal is subject to AS 44.62 (Administrative Procedure Act).

17 (c) After reviewing the production cost report submitted by a producer under  
18 AS 44.25.125, the executive director shall review and verify the information included  
19 on the production cost report. The executive director shall determine the amount of the  
20 credit for which the producer may qualify and make a recommendation to the  
21 commission as to the amount of the credit to be awarded. The commission may  
22 approve the credit amount recommended by the executive director, adjust the amount  
23 of the credit, deny all or part of the credit, or return the production cost report to the  
24 executive director for additional review. The denial of a film production tax credit  
25 under this section is subject to appeal under AS 44.62 (Administrative Procedure Act).

26 **Sec. 44.25.190. Definitions.** In AS 44.25.100 - 44.25.190,

27 (1) "Alaska business" means

28 (A) a person who holds a current Alaska business license;

29 (B) a person who provides goods or services under the name as  
30 appearing on the person's current Alaska business license;

31 (C) a person who has maintained a place of business within the

1 state staffed by the person or an employee of the person for a period of six  
2 months immediately preceding the date the goods or services were provided;

3 (D) a person who is

4 (i) incorporated or qualified to do business under the  
5 laws of the state;

6 (ii) a sole proprietorship, and the proprietor is a resident  
7 of the state;

8 (iii) a limited liability company organized under  
9 AS 10.50, and all members are residents of the state; or

10 (iv) a partnership under former AS 32.05, AS 32.06, or  
11 AS 32.11, and all partners are residents of the state; and

12 (E) if the business is a joint venture, a joint venture composed  
13 entirely of ventures that qualify under (A) - (D) of this paragraph;

14 (2) "film" includes television, commercials, and videos;

15 (3) "film office" means the film office created under AS 44.25.100;

16 (4) "producer" means a person who arranges financing for or  
17 supervises the production of a film, video, commercial, or television production or  
18 pilot;

19 (5) "rural area" means a community in the state with a population of  
20 1,500 or less or a community with a population of 10,000 or less that is not connected  
21 by road or rail to Anchorage or Fairbanks.

22 \* **Sec. 11.** AS 44.33.231 is repealed and reenacted to read:

23 **Sec. 44.33.231. Film production promotion program.** (a) The film  
24 production promotion program is established in the Department of Commerce,  
25 Community, and Economic Development.

26 (b) The purpose of the film production promotion program is to

27 (1) work with organizations in the private sector for the expansion and  
28 development of film production industries in the state;

29 (2) promote Alaska as an appropriate location for film production;

30 (3) provide production assistance through connecting film directors,  
31 makers, and producers with Alaska location scouts and contractors, including

1 contractors providing assistance with permit applications; and

2 (4) certify Alaska film production internship training programs and  
3 promote the employment of program interns by eligible productions.

4 (c) On request, the Department of Commerce, Community, and Economic  
5 Development, through the film production promotion program, shall assist the  
6 Department of Revenue in the administration of the Alaska film production incentive  
7 program (AS 44.25.110).

8 \* **Sec. 12.** AS 44.33.232, 44.33.233, 44.33.234, 44.33.235, 44.33.236, 44.33.237, 44.33.238,  
9 and 44.33.239 are repealed.

10 \* **Sec. 13.** AS 43.98.030; AS 44.25.100, 44.25.105, 44.25.110, 44.25.115, 44.25.120,  
11 44.25.125, 44.25.130, 44.25.140, 44.25.145, 44.25.150, 44.25.190; and AS 44.33.231(c) are  
12 repealed.

13 \* **Sec. 14.** AS 44.25.135 is repealed.

14 \* **Sec. 15.** AS 24.20.271(11) is repealed.

15 \* **Sec. 16.** Sections 3, 4, 5, and 6, ch. 63, SLA 2008, are repealed.

16 \* **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to  
17 read:

18 **INCENTIVE CREDIT FOR FIRST EPISODIC SCRIPTED TELEVISION**  
19 **PRODUCTION IN THE STATE.** (a) Subject to appropriation, the first episodic scripted  
20 television production produced after the effective date of this section is entitled to an  
21 additional film production tax credit of six percent of the total qualified expenditures incurred  
22 in the state. The production is eligible for the film production tax credit in this section after 16  
23 episodes have been completed and are ready for television broadcast.

24 (b) The credit in this section shall be administered in the same manner as the film  
25 production tax credit under AS 44.25.100 - 44.25.190.

26 (c) In this section, "episodic scripted television production" means a production for  
27 television broadcast that is based on a script written before production; "episodic scripted  
28 television production" does not include what is commonly referred to as reality television, for  
29 which actors in the production do not perform using previously scripted dialogue or actions.

30 \* **Sec. 18.** The uncodified law of the State of Alaska is amended by adding a new section to  
31 read:

1           TRANSITION. (a) The employee or employees in the film office in the Department of  
2 Commerce, Community, and Economic Development shall be transferred to the Department  
3 of Revenue on the effective date of this section and shall be the staff authorized for the Alaska  
4 Film Incentive Review Commission established by AS 44.25.145, enacted by sec. 10 of this  
5 Act. The Alaska Film Incentive Review Commission shall designate an executive director as  
6 soon as practicable after the effective date of this section.

7           (b) Subject to AS 43.98.030(f), as amended by sec. 8 of this Act, secs. 13 and 14 of  
8 this Act do not prohibit the film office from determining a film production's qualified  
9 expenditures, awarding a tax credit, or reviewing a tax credit under the provisions repealed by  
10 secs. 13 and 14 of this Act that has received a notice of qualification under AS 44.25.120(b),  
11 enacted by sec. 10 of this Act, before July 1, 2023.

12           (c) A film production tax credit may be used to offset taxes imposed under the  
13 provisions identified in AS 43.98.030(c), as amended by sec. 6 of this Act, or sold or  
14 exchanged for a transferable tax credit certificate under AS 43.98.030(a), as amended by sec.  
15 4 of this Act, within three years after being provided by the Department of Revenue,  
16 notwithstanding the repeal of AS 43.98.030 in sec. 13 of this Act.

17           (d) A film production tax credit that is being withheld under AS 44.25.125(h), enacted  
18 by sec. 10 of this Act, may continue to be withheld by the film office, notwithstanding the  
19 repeal of AS 44.25.125 in sec. 13 of this Act.

20       \* **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to  
21 read:

22           NOTIFICATION. When the amount of tax credits provided under AS 43.98.030(f), as  
23 amended by sec. 8 of this Act, in the aggregate and the estimated amount of tax credits that  
24 could be claimed based on notices of qualification issued by the film office under  
25 AS 44.25.120(b), enacted by sec. 10 of this Act, together equal \$100,000,000 before July 1,  
26 2013, or \$200,000,000 after June 30, 2013, and before July 1, 2023, the commissioner of  
27 revenue shall notify the presiding officers of each house of the legislature and the revisor of  
28 statutes in writing.

29       \* **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31           **NONSEVERABILITY.** Notwithstanding AS 01.10.030, the provisions of this Act are

1 not severable.

2 \* **Sec. 21.** Sections 7 and 8, ch. 63, SLA 2008, are repealed.

3 \* **Sec. 22.** Section 13 of this Act takes effect on the earlier of the following:

4 (1) July 1, 2023; or

5 (2) the date the commissioner of revenue notifies the presiding officers of each  
6 house of the legislature and the revisor of statutes in writing of the \$200,000,000 amount after  
7 June 30, 2013, and before July 1, 2023, under sec. 19 of this Act.

8 \* **Sec. 23.** Section 14 of this Act takes effect on the earlier of the following:

9 (1) July 1, 2029; or

10 (2) six years after the date the commissioner of revenue notifies the presiding  
11 officers of each house of the legislature and the revisor of statutes in writing of the  
12 \$200,000,000 amount after June 30, 2013, and before July 1, 2023, under sec. 19 of this Act.

13 \* **Sec. 24.** Section 15 of this Act takes effect January 1, 2022.

14 \* **Sec. 25.** Except as provided in secs. 22 - 24 of this Act, this Act takes effect July 1, 2013.

# FISCAL NOTE

**STATE OF ALASKA**  
**2011 LEGISLATIVE SESSION**

Fiscal Note Number 2  
 Bill Version SB 23  
 (S) Publish Date 2/23/11

Identifier (file name) SB023-CCED-DED-02-11-11  
 Title Film Production Tax Credit  
 Sponsor Senator Ellis  
 Requester Senate Labor & Commerce  
 Dept. Affected DCCED  
 Appropriation Allocation Economic Development  
Economic Development  
 OMB Component Number 801

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required		Information				
	FY 2012	FY 2012/	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>							
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous (Fund Capitalization)							
<b>TOTAL OPERATING</b>	<b>0.0</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>							
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<b>CHANGE IN REVENUES</b>		0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
<b>TOTAL</b>	<b>0.0</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time	0.0		0	0	0	0	0
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by Wanetta Ayers, Director  
 Division Economic Development  
 Approved by Susan K. Bell, Commissioner  
Commerce, Community and Economic Development

Phone 269-4048  
 Date/Time 2/11/11 8:00 PM  
 Date 2/11/2011

FISCAL NOTE #2

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. SB 23

**Analysis**

Senate Bill 23 would extend the film incentive program for 10 years. The legislation will provide an additional \$100 million in tax credits for the first five years of the extension and \$100 million for the final five years. The department does not anticipate any additional operating costs as a result of this legislation.

# FISCAL NOTE

STATE OF ALASKA cost # codes  
2012 LEGISLATIVE SESSION

Bill Version HCS CSSB23  
Fiscal Note Number \_\_\_\_\_  
Publish Date \_\_\_\_\_

Identifier (file name) SB023HCSCS-DOR-TAX-12-14-11 Dept. Affected Revenue  
Title Film Production Tax Credit Appropriation Taxation and Treasury  
Allocation Tax Division  
Sponsor Senator Ellis  
Requester House Finance OMB Component Number 2476

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates					
			FY13	FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants, Benefits								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS**

Full-time								
Part-time								
Temporary								

<b>CHANGE IN REVENUES</b>	<b>0.0</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>
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Estimated SUPPLEMENTAL (FY12) operating costs \_\_\_\_\_ (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs \_\_\_\_\_ (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Updated to reflect the upcoming fiscal year as well as changes made by the House Labor and Commerce Committee. Changes include extending the expiration date of the credit from 3 to 6 years, allowing the credit to be taken against additional tax types, and extending the time period in which the state may start legal proceedings for damages for which the producer may be liable from one to six years from the date the credit was awarded.

Prepared by Johanna Bales, Deputy Director  
Division Tax  
Approved by Jerry Burnett, Director - Administrative Services Division  
Department of Revenue

Phone (907) 269-6628  
Date/Time 12/12/11 11:00 AM  
Date 12/14/2011

## FISCAL NOTE

STATE OF ALASKA  
2012 LEGISLATIVE SESSION

BILL NO. HCS CSSB23

### Analysis

**Bill Language:**

This bill extends the current film production tax credit, which will expire effective July 1, 2013, to June 30, 2023. Under current law, the film production tax credit expires the earlier of July 1, 2013 or when total credits issued by the Film Office exceed \$100,000,000 in the aggregate. This bill limits the total amount of credits allowed to be awarded to \$100,000,000 before July 1, 2018 and an additional \$100,000,000 before July 1, 2023 with total aggregate credits limited to \$200,000,000. Currently, the film credit may only be claimed against the Alaska corporate income tax. This bill expands the use of the credit to the insurance premiums, title insurance, oil and gas production and property, and mining license taxes. This bill also extends the current expiration period of a single credit from three to six years and also allows several tax credits to be pooled into a single credit certificate. However, pooling of credits does not extend the six year expiration period of a single credit. This bill increases the percentage of qualified expenditures made in a rural area from two to six percent and allows the state to review, audit, and bring legal proceedings to recover any amount of a tax credit from a producer that is liable for damages to the state within 6 years after the credit was awarded. Currently, the state may only recover damages within one year after the credit was awarded.

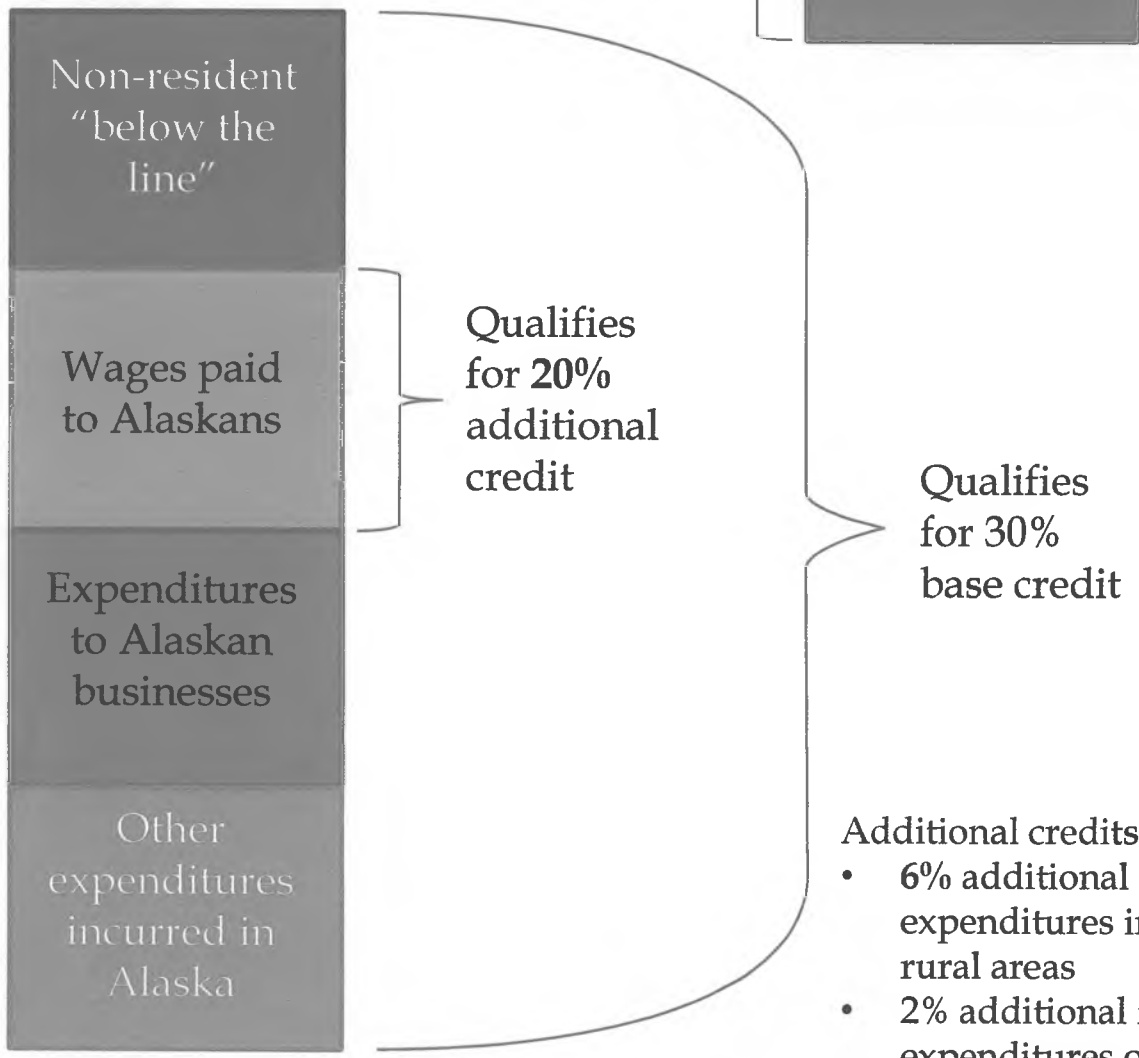
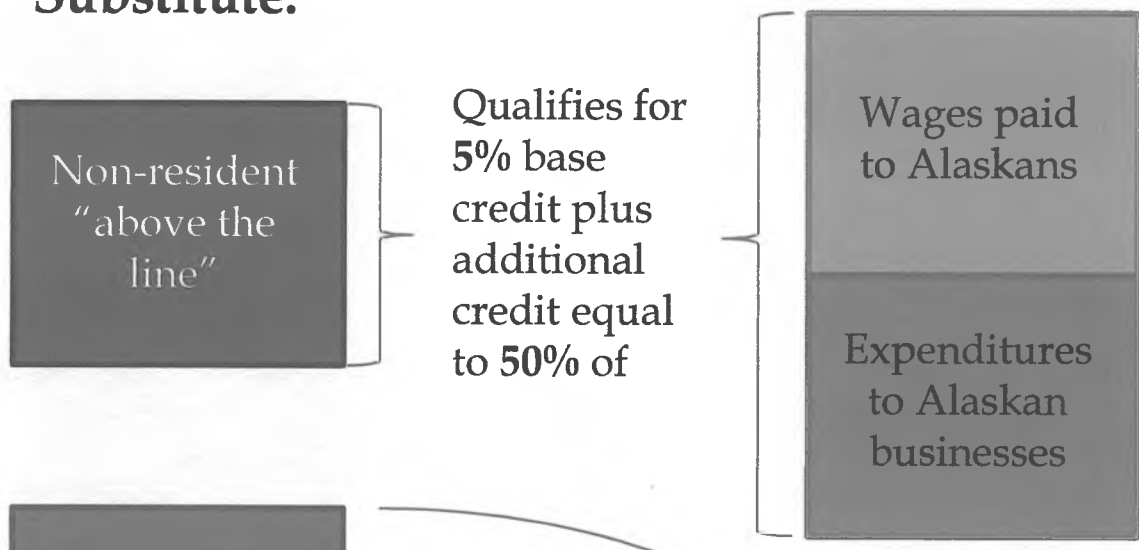
**Revenues:**

This bill increases the total film production tax credit from \$100,000,000 to \$200,000,000 and extends the current film credit program another 10 years to June 30, 2023. The current program is set to expire July 1, 2013. It is difficult to determine the total affect on state revenues as a result of this bill. Although this bill would allow the credit to be used to offset taxes in additional tax programs, the total decrease in revenue received in these programs cannot exceed \$100,000,000 between the periods of July 1, 2018 and June 30, 2023. Therefore, the total revenue affect as a result of this bill between July 1, 2018 and June 30, 2023 is estimated to be no more than \$100,000,000.

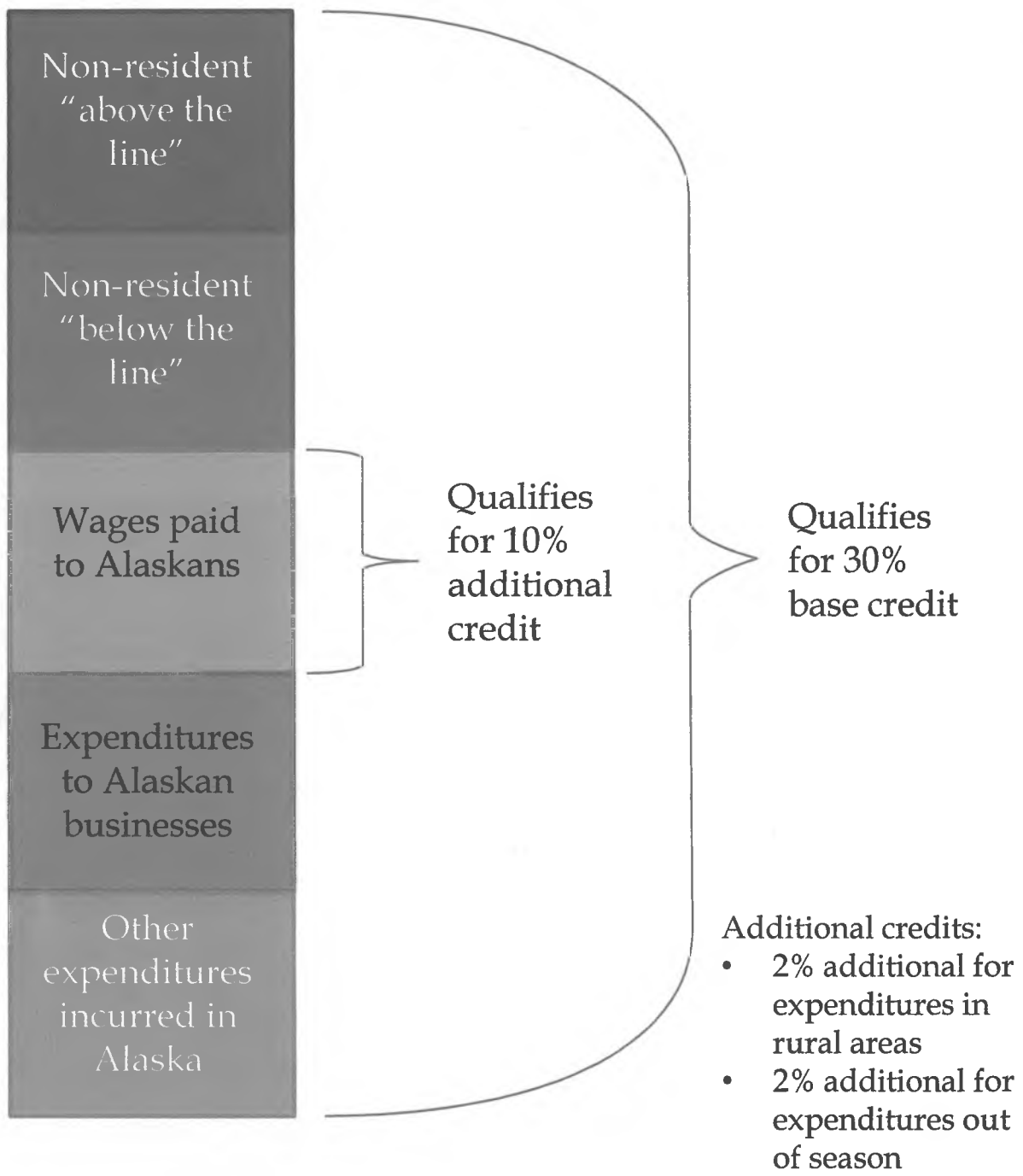
**Expenditures:**

Department of Revenue can implement and administer the provisions of this bill utilizing existing resources.

# Proposed Committee Substitute:



## Current Program:



*Adopted  
4/16/11*

27-LS0252\C  
Bullock  
4/14/11

**HOUSE CS FOR CS FOR SENATE BILL NO. 23( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SEVENTH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): SENATORS ELLIS, McGuire, French, Davis, Wielechowski, Kookesh, Meyer, Menard, Egan, Stedman**

**REPRESENTATIVES Petersen, Herron, Tuck**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to transferable film production tax credits and film production tax**  
2 **credit certificates; requiring the legislative audit division to audit the Alaska film**  
3 **production incentive program; and providing for an effective date by amending the**  
4 **effective dates of secs. 3 and 4, ch. 63, SLA 2008."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 **\* Section 1.** AS 24.20.271 is amended to read:

7 **Sec. 24.20.271. Powers and duties.** The legislative audit division shall

8 (1) conduct a performance post-audit of boards and commissions  
9 designated in AS 44.66.010 and of those programs and activities of agencies subject to  
10 termination as determined in the manner set out in AS 44.66.020 and 44.66.030, and  
11 make the audit, together with a written report, available to the legislature not later than  
12 the first day of the regular session of the legislature convening in each year set out  
13 with reference to boards, commissions, or agency programs whose activities are  
14 subject to termination as prescribed in AS 44.66; the division shall notify the  
15 legislature that the audit and report are available;

1 (2) audit at least once every three years the books and accounts of all  
2 custodians of public funds and all disbursing officers of the state;

3 (3) at the direction of the Legislative Budget and Audit Committee,  
4 conduct performance post-audits on any agency of state government;

5 (4) cooperate with state agencies by offering advice and assistance as  
6 requested in establishing or improving the accounting systems used by state agencies;

7 (5) require the assistance and cooperation of all state officials and  
8 other state employees in the inspection, examination, and audit of state agency books  
9 and accounts;

10 (6) have access at all times to the books, accounts, reports, or other  
11 records, whether confidential or not, of every state agency;

12 (7) ascertain, as necessary for audit verification, the amount of agency  
13 funds on deposit in any bank as shown on the books of the bank; no bank may be held  
14 liable for making information required under this paragraph available to the legislative  
15 audit division;

16 (8) complete studies and prepare reports, memoranda, or other  
17 materials as directed by the Legislative Budget and Audit Committee;

18 (9) have direct access to any information related to the management of  
19 the University of Alaska and have the same right of access as exists with respect to  
20 every other state agency;

21 (10) conduct an audit every two years of information found in the  
22 annual reports required under AS 42.05.211 and AS 42.06.220 regarding compliance  
23 by the Regulatory Commission of Alaska with the requirements of AS 42.05.175(a) -  
24 (e) and of the timeline extensions made by the commission under AS 42.05.175(f),  
25 and of other performance measures adopted by the commission;

26 **(11) conduct audits of the Alaska film production incentive**  
27 **program (AS 44.33.231 - 44.33.239) and make the audits available to the**  
28 **legislature on the first day of the regular session of the legislature in 2013, 2017,**  
29 **and 2021.**

30 \* Sec. 2. AS 43.98.030(a) is amended to read:

31 (a) In cooperation with the film office in the Department of Commerce,

1 Community, and Economic Development, the department shall provide a transferable  
2 film production tax credit certificate to a producer, as defined in AS 44.33.239, for  
3 qualified production expenditures under AS 44.33.231 - 44.33.239.

4 \* **Sec. 3.** AS 43.98.030(b) is amended to read:

5 (b) A tax credit certificate provided under (a) of this section may be sold,  
6 assigned, exchanged, conveyed, or otherwise transferred in whole or in part.

7 \* **Sec. 4.** AS 43.98.030(c) is amended to read:

8 (c) A taxpayer acquiring a transferable tax credit certificate may use the  
9 credit or a portion of the credit to offset taxes imposed under AS 21.09.210, AS  
10 21.66.110, AS 43.20, AS 43.55, AS 43.56, and AS 43.65. Except as provided in (e)  
11 of this section. any [AS 43.20 (ALASKA NET INCOME TAX ACT). ANY] portion  
12 of the credit not used may be used at a later period or transferred under (b) of this  
13 section.

14 \* **Sec. 5.** AS 43.98.030(e) is amended to read:

15 (e) A transferable film production tax credit certificate provided under (a)  
16 of this section, whether sold, assigned, exchanged, conveyed, or otherwise transferred,  
17 in whole or in part, must be used within six [THREE] years after being provided by  
18 the department.

19 \* **Sec. 6.** AS 43.98.030(f) is amended to read:

20 (f) The total amount [NUMBER] of tax credits provided [IN THE  
21 AGGREGATE] under this section may not exceed \$200,000,000 [\$100,000,000].

22 \* **Sec. 7.** AS 43.98.030 is amended by adding new subsections to read:

23 (g) The total amount of tax credits for a single production may not exceed 44  
24 percent of the qualified production expenditures.

25 (h) A person acquiring two or more film production tax credit certificates  
26 provided under (a) of this section may combine the unused amounts of the credits for  
27 sale, assignment, exchange, conveyance, or other transfer. At the request of a person  
28 holding a film production tax credit, the department shall replace a certificate that  
29 represents the full amount of tax credit available with multiple certificates that each  
30 represent a portion of the total tax credit available for the purpose of sale, assignment,  
31 exchange, conveyance, or other transfer under this subsection, or, on request, shall

1 provide one tax credit certificate that represents the combined value of multiple tax  
2 credit certificates. A tax credit certificate provided by the department under this  
3 subsection must state the expiration date and the amount of each credit that is included  
4 in the certificate. Combining or splitting unused amounts of credits under this  
5 subsection does not change or extend the time period in which each credit that is  
6 included in the combination or split must be used.

7 \* **Sec. 8.** AS 44.33.231(b) is amended to read:

8 (b) The film office shall make available to the legislature, within 30 days after  
9 the start of each regular session, a report of the activities conducted by the film office  
10 under AS 43.33.231 - 43.33.239. The report must include

11 (1) the number of applications received under AS 44.33.234;

12 (2) the number of applications approved by the film office; [AND]

13 (3) the number of, and amount of, tax credits disbursed under AS  
14 44.33.232;

15 **(4) the total amount of expenditures that were paid by productions**  
16 **qualifying for the film production tax credit that were not qualified expenditures;**

17 **(5) the total amount of qualified expenditures that were paid by**  
18 **productions qualifying for the film production tax credit to Alaska businesses;**

19 **and**

20 **(6) the total amount of qualified expenditures that were paid by**  
21 **productions qualifying for the film production tax credit to Alaska residents as**  
22 **wages.**

23 \* **Sec. 9.** AS 44.33.231 is amended by adding a new subsection to read:

24 (d) The film office shall design a logo that represents the film office and must  
25 be included in a film qualifying for a film production tax credit under AS 44.33.231 -  
26 44.33.239.

27 \* **Sec. 10.** AS 44.33.233(a) is amended to read:

28 (a) A film production is eligible for a tax credit under AS 43.98.030, if the

29 (1) producer has \$100,000 or more in qualified expenditures in a  
30 consecutive **36-month** [24-MONTH] period under AS 44.33.236;

31 (2) film office determines that the production is not contrary to the best

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interests of the state; and

(3) production is approved by the film office.

\* **Sec. 11.** AS 44.33.233(b) is amended to read:

(b) In determining under (a) of this section whether a production is not contrary to the best interests of the state, the film office may consider

[(1)] the effect of the production on

**(1)** both the immediate and long-term prospects for the film industry in Alaska;

**(2) both the immediate and long-term prospects for** [THE EFFECT OF THE PRODUCTION ON] the employment of Alaska residents; [AND]

**(3) both the immediate and long-term prospects for** [THE EFFECT OF THE PRODUCTION ON] the economy of the state; **and**

**(4) the public perception of state policy on the utilization and development of the natural resources of the state.**

\* **Sec. 12.** AS 44.33.234 is amended by adding a new subsection to read:

(c) Information submitted in an application under (a) of this section is confidential and is not subject to inspection or copying under AS 40.25.110 - 40.25.125.

\* **Sec. 13.** AS 44.33.235(a) is amended to read:

(a) Subject to AS 43.98.030(f) **and (i) of this section**, the film office, in cooperation with the Department of Revenue, shall determine the amount of the tax credit under AS 43.98.030 available to a producer who has obtained a notice of qualification under AS 43.33.234(b), based on the qualified expenditures of the production under AS 44.33.236.

\* **Sec. 14.** AS 44.33.235(b) is amended to read:

(b) The base amount of a tax credit awarded under this section is equal to 30 percent of the qualified expenditures of **a** [THE] production **other than a nonfiction production produced for television and 20 percent of the qualified expenditures for a nonfiction production produced for television.**

\* **Sec. 15.** AS 44.33.235(c) is amended to read:

(c) In determining the amount of the tax credit, the **applicable** percentage

1 provided by (b) of this section shall be increased by the film office based on the  
2 following criteria:

3 (1) an additional 10 percent of qualified expenditures that are wages  
4 paid to Alaska residents;

5 (2) an additional six [TWO] percent of qualified expenditures made in  
6 a rural area; and

7 (3) an additional two percent of qualified expenditures made in the  
8 state between October 1 and March 30.

9 \* **Sec. 16.** AS 44.33.235(d) is amended to read:

10 (d) After completion of the production, the producer shall provide the film  
11 office with a production cost report detailing the qualified expenditures of the  
12 production, with verification by an independent certified public accountant, licensed  
13 in the state and approved by the film office, that the costs claimed in the report are  
14 qualified expenditures under AS 44.33.236 and that there is no outstanding balance  
15 for a qualified expenditure that is due to a person in the state.

16 \* **Sec. 17.** AS 44.33.235 is amended by adding a new subsection to read:

17 (i) To qualify for the tax credit under AS 43.98.030, a producer shall include,

18 (1) in the end credits of each qualified film, the film office logo  
19 designed under AS 44.33.231(d) and the words, "Filmed in Alaska with the Support of  
20 the State of Alaska and the Film Office, Alaska Department of Commerce,  
21 Community, and Economic Development"; or

22 (2) on each DVD or other media produced for distribution, a short  
23 Alaska promotional video or advertisement approved by the film office.

24 \* **Sec. 18.** AS 44.33.236(a) is amended to read:

25 (a) Expenditures made by a production company licensed to do business in  
26 the state in connection with a film production approved by the film office that shall be  
27 considered qualified expenditures must be directly related to the production and be  
28 incurred in the state. Only expenditures that are ordinary, reasonable, and not in excess  
29 of fair market value and that are for real or tangible property, fees, services, or state or  
30 municipal taxes shall be considered. Expenditures may include

31 (1) costs of set construction and operation;

- 1 (2) costs of wardrobes, make-up, accessories, and related services;  
2 (3) costs associated with photography and sound synchronization;  
3 (4) costs of lighting and related services and materials;  
4 (5) costs of editing and related services;  
5 (6) rental of facilities and equipment;  
6 (7) leasing of vehicles;  
7 (8) costs of food and lodging;  
8 (9) costs of digital or tape editing, film processing, transfer of film to  
9 tape or digital format, transfer of digital media to film or tane. sound mixing, and  
10 special and visual effects;  
11 (10) the total aggregate expenditures [PAYROLL] for services  
12 performed in Alaska, including all salaries, wages, compensation, and related benefits  
13 provided to producers, directors, writers, actors, and other personnel that are directly  
14 attributable to services performed in Alaska;  
15 (11) the costs of the use of an Alaska business for processing qualified  
16 payroll and related expenditures;  
17 (12) costs of music, if performed, composed, or recorded by an Alaska  
18 musician, or released or published by an Alaska business;  
19 (13) costs of intrastate travel, if provided by an Alaska business;  
20 (14) costs relating to the design, construction, improvement, or repair  
21 of a film, video, television, or digital production or postproduction facility or related  
22 property, infrastructure, or equipment, except commercial exhibition facilities, as  
23 determined by the film office;  
24 (15) costs of state or municipal taxes levied in Alaska on the lease or  
25 rental of passenger or recreational vehicles or the rental of rooms or other lodging; or  
26 (16) other similar production expenditures as determined by the film  
27 office in cooperation with the Department of Revenue.

28 \* **Sec. 19.** AS 44.33.237(b) is amended to read:

29 (b) Legal proceedings may not be brought under (a) of this section more than  
30 six years [ONE YEAR] after the date the tax credit was awarded under AS 44.33.235.

31 \* **Sec. 20.** AS 44.33.239(7) is amended to read:

1 (7) "rural area" means a community in the state with a population of  
2 1,500 or less or a community with a population of 10,000 [5,500] or less that is not  
3 connected by road or rail to Anchorage or Fairbanks.

4 \* **Sec. 21.** The uncodified law of the state of Alaska enacted in sec. 5(a), ch. 63, SLA 2008,  
5 is amended to read:

6 (a) Subject to AS 43.98.030(f), enacted by sec. 1, ch. 63, SLA 2008 [OF THIS  
7 ACT], secs. 3 and 7, ch. 63, SLA 2008, [OF THIS ACT] do not prevent the film  
8 office from determining a film production's qualified expenditures, awarding a tax  
9 credit, or reviewing a tax credit under the provisions repealed by secs. 3 and 4, ch. 63,  
10 SLA 2008, [OF THIS ACT] to a film production that has received a notice of  
11 qualification under AS 44.33.234(b), enacted by sec. 2, ch. 63, SLA 2008 [OF THIS  
12 ACT], before July 1, 2023 [2013].

13 \* **Sec. 22.** The uncodified law of the state of Alaska enacted in sec. 6, ch. 63, SLA 2008, is  
14 amended to read:

15 Sec. 6. NOTIFICATION. When the amount [NUMBER] of tax credits  
16 provided under AS 43.98.030(f), enacted by sec. 1, ch. 63, SLA 2008 [OF THIS  
17 ACT], in the aggregate and the estimated amount of tax credits that could be claimed  
18 based on notices of qualification issued by the film office under AS 44.33.234(b),  
19 together equal \$200,000,000 [\$100,000,000], the commissioner shall notify the  
20 presiding officers of each house of the legislature and the revisor of statutes in writing.

21 \* **Sec. 23.** Section 7, ch. 63, SLA 2008, is amended to read:

22 Sec. 7. Section 3, ch. 63, SLA 2008, [OF THIS ACT] takes effect on the  
23 earlier of the following:

24 (1) July 1, 2023 [2013]; or

25 (2) the date of the commissioner of revenue's notification to the  
26 presiding officers of each house of the legislature and to the revisor of statutes under  
27 sec. 6, ch. 63, SLA 2008 [OF THIS ACT].

28 \* **Sec. 24.** Section 8, ch. 63, SLA 2008, is amended to read:

29 Sec. 8. Section 4 of this Act takes effect on the earlier of the following:

30 (1) July 1, 2029 [2014]; or

31 (2) six years [ONE YEAR] after the date of the commissioner of

1

revenue's notification to the legislature and to the revisor of statutes under sec. 6, ch.

2

63. SLA 2008 [OF THIS ACT].

## Film credit helping to pull in \$1B in revenue

Georgia's film program is on track to surpass the \$1 billion it brought to the state in 2010.

A Denzel Washington film will start shooting in Atlanta in October, marking the next big-budget project to come to the state.

The film is run by Paramount Pictures and directed by Robert Zemeckis, who won an Academy Award for "Forrest Gump."

It's called "Flight," about a commercial airline pilot who saves 98 lives when he safely lands a damaged plane.

Film directors are drawn to Georgia in part because of the tax credit program in place, said Peter Stathopoulos, shareholder at Atlanta accounting firm Bennett Thrasher P.C.

"It's attracted a large amount of investment in the state," he said.

The credits work like this: filmmakers who agree to do a project here register with the Department of Economic Development. Once a project has spent \$500,000 in the state, it qualifies for the credit.

The credit will cover up to 30 percent of the expenditures of making a movie, television show or commercial here.

"If you make your movie in Georgia versus a state that doesn't have an incentive, it's 30 percent cheaper," Stathopoulos said. "That's a compelling reason to make your movie here."

Before the program, the state's production economy sat at around \$30 million, and most of that came from Turner Broadcasting System Inc., he said.

In 2010, \$1 billion was spent on movie projects in the state, including the television shows "Walking Dead" and "Vampire Diaries" and the recently released feature films "Contagion" and "The Change-Up."

And there's a secondary market for the incentives.

If a film production doesn't have any tax liability, it can't use the credits to offset that tax, rendering it useless.

Instead, it can sell the credits to individuals or companies who do have income tax liability.

The market for the credits usually runs at 80 cents or 90 cents on the dollar, meaning a person owing a large amount of income tax can buy the credits at a discount, rather than paying the tax in full.

"They're really versatile," Stathopoulos said of the credits. "It's an easy way to monetize the credits and it defrays part of the capital raise for the film," he said



## **New Ernst & Young Report Shows Positive ROI from Michigan's Fast Growing Film and Television Industry**

State's Top Convention & Visitors Bureaus Commissioned the [Study](#) in Late 2010

(Detroit, February 21, 2011) A new research study conducted by respected international accounting firm Ernst & Young- commissioned by the Convention & Visitors Bureaus for metro Detroit, Grand Rapids, Ann Arbor and Traverse City- already shows a positive Return on Investment (ROI) from Michigan's film production tax credit, despite the fact that the program has been in place for less than three full years.

"When we hired Ernst & Young's Washington, DC office to look into the real financial picture behind Michigan's film production credit, we weren't sure what the report would show", said Larry Alexander, President & CEO of the Detroit Metro Convention & Visitors Bureau. "When the final report was presented to us last week, we were delighted to learn that this fast growing new industry had already created 3,860 full time equivalent jobs for Michigan residents in 2010, at an average salary of \$53,700- per year, and generated an estimated impact on statewide sales of \$503 million in 2010 alone... or \$5.94 per dollar of net credit cost."

The report looked at the net cost of the film, TV and digital gaming production credit by subtracting the estimated new taxes, fees and reduction in unemployment insurance benefits experienced by the state of Michigan from the earned credits in 2009 and 2010, producing a figure of \$52.5 million in 2009 and \$84.7 million in 2010.

"Diversifying Michigan's economy by investing \$84.7 million- and generating over a half a billion dollars of economic activity and nearly 4,000 high paying jobs- sounds like a pretty good deal to us", according to Alexander.

[Click here](#) to read the Michigan Film Incentive Study.



National Park Service  
U.S. Department of the Interior

NPS Alaska Region  
240 W. 5<sup>th</sup> Avenue  
Anchorage, AK 99501

907-644-3512 phone

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## Alaska National Parks News Release

**Release date:** Immediate  
**Contact(s):** John Quinley  
**Phone number:** 907-644-3512  
**Date:** December 28, 2011

### Alaska's National Park Visitation Up in 2011

Preliminary counts show that 2011 brought a modest increase in visitation to Alaska's national parks.

The Alaska Region saw about 2.32 million recreational visits over the past 12 months, up 50,000 (or about 2 percent) from the 2.27 million in 2010. Final numbers for this calendar year will be available in the spring.

Kenai Fjords National Park, headquartered in Seward, and Denali National Park had the largest increases for 2011. Those two parks, along with Glacier Bay, Klondike Gold Rush and Sitka national parks, account for more than 2.17 million visits, or about 90 percent of visits to all NPS units in the state. Visitation to those parks, particularly the three in Southeast Alaska, is closely tied to the number of cruise ship passengers.

Alaska's national parks are open all year, although visitation patterns at this time of year generally change to skiing, dog mushing and similar pursuits.

At Kenai Fjords NP, the Exit Glacier area is a popular destination in winter. Snowmachines may be used in certain areas and a public use cabin is available. Information on the area is available at <http://www.nps.gov/kefi/planyourvisit/winter-activities.htm>

At Denali NP, the Murie Science and Learning Center serves as the winter visitor center. Skiers and dog mushers often use the park road corridor to access the interior of the park, and snowmachine use for traditional activities is allowed in certain areas. Further information on all activities is available at <http://www.nps.gov/dena/planyourvisit/winter-activities.htm> Denali also helps host Winterfest, a three-day festival on February 24-6, 2012: <http://www.nps.gov/dena/planyourvisit/winterfest.htm>)

Visitation to Alaska's national parks over the past 10 years has ranged from a low of 2.15 million in 2002 to a high of 2.63 million in 2007. A database showing visitation to all of America's national parks is available at <http://www.nature.nps.gov/stats/index.cfm>

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**EXPERIENCE YOUR AMERICA™**

The National Park Service cares for special places saved by the American people so that all may experience our heritage.

# Chugiak•Eagle River STAR

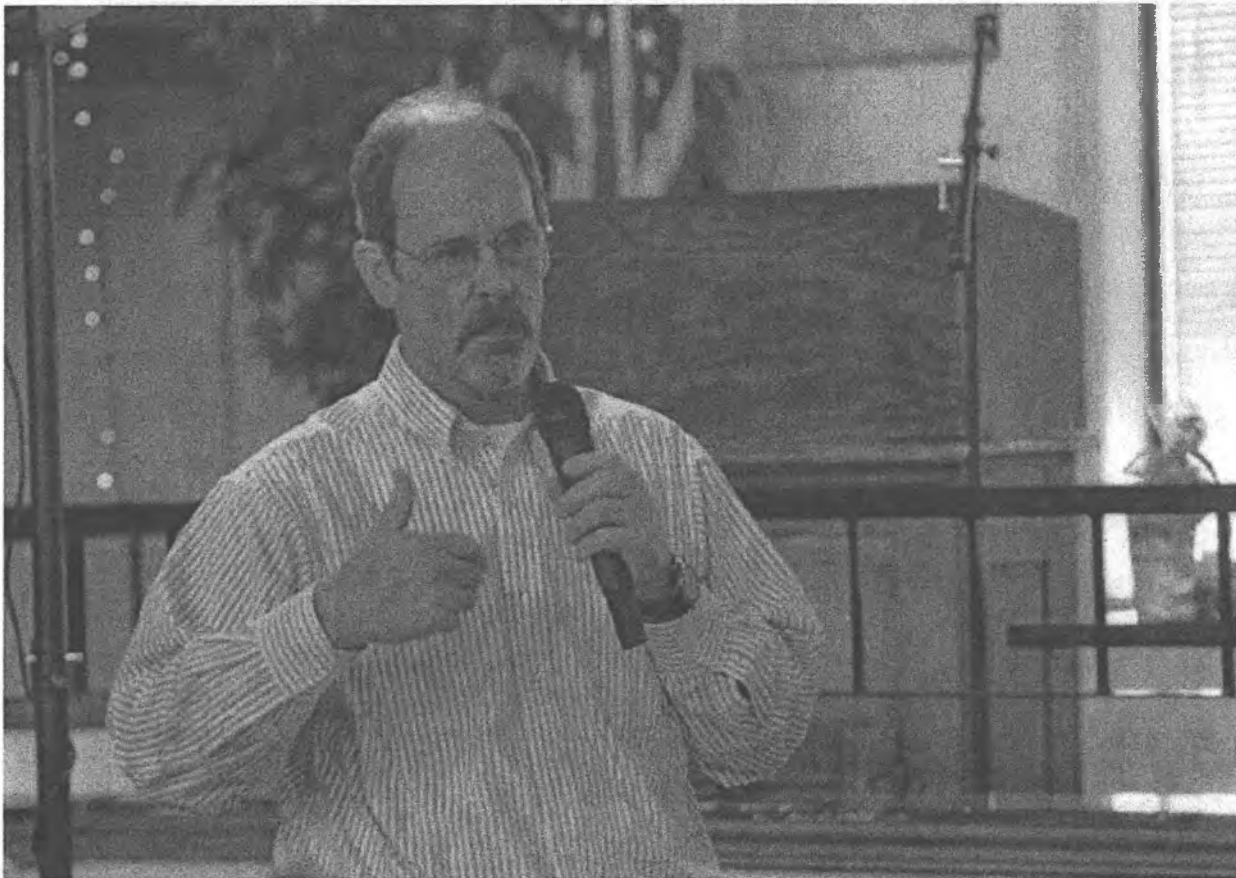
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Feb 2, 2012 - 10:47 AM AKST

## Production company favors film incentives

Duo addresses chamber about extending program

BY MIKE NESPER, CHUGIAK-EAGLE RIVER STAR



Bob Crockett, general manager of Piksik, LLC, answers questions following a presentation about Alaska film incentives to the Chugiak-Eagle River Chamber of Commerce on Jan. 18.

STAR PHOTO BY MIKE NESPER

The Alaska filming of the upcoming Hollywood film "Big Miracle" included \$7.7 million in spending on goods and services with 80 different businesses throughout the state, according to Bob Crockett and Deborah Schildt, who want to see Alaska continue to benefit from film industry revenue.

Crockett, the general manager of Anchorage-based production company Piksik LLC, and Schildt, Piksik's production manager, addressed the Chugiak-Eagle River Chamber of Commerce on Jan. 18 to promote the extension of film production incentives in Alaska.

The duo wants a 10-year extension of the tax credits offered in Senate Bill 23.

The Alaska Film Incentive Program has been in place for three years. The program offers up to 44 percent in transferable tax credits.

Those include a 30 percent base tax credit on spending in Alaska, plus an additional 10 percent for hiring Alaskans, 2 percent for shooting in rural areas and 2 percent for working during off-season months (October to March), according to a sponsor statement by Sen. Johnny Ellis. (Read Ellis' entire statement at <http://aksenate.org/index.php?bill=SB23>).

The program ends after five years or \$100 million in tax credits have been given out, according to Ellis' statement.

Since 2009, the state has issued \$13 million in film tax credits, according to Crockett and Schildt.

Locals also reaped the benefits of having "Big Miracle" filmed in Alaska.

The movie — about rescuing grey whales trapped by ice — featured more than 80 Eagle River residents as extras, Schildt said. Many more behind-the-scenes employees were hired from all around the state, she said.

"We cast on this picture from Barrow to Bethel," Schildt said.

More than 1,300 Alaskans earned paychecks related to the film, Crockett said.

Producers flock to states with the best deals, Crockett said, so it's important for Alaska to continue its incentive program.

"We cast on this picture from Barrow to Bethel," Schildt said.

More than 1,300 Alaskans earned paychecks related to the film, Crockett said.

Producers flock to states with the best deals, Crockett said, so it's important for Alaska to continue its incentive program.

Shooting movies in Alaska also boosts the local economy, Schildt said.

"Film incentives help Alaskan businesses," she said.

Those interested in purchasing film production tax credits can visit [www.film.alaska.gov](http://www.film.alaska.gov) for more information.

Crockett and Schildt concluded their presentation with a video message from Oscar-winning actor Jon Voight.

In his message, Voight praised Alaskans' worth ethic and flexibility on the job.

"These people are full of energy, not spoiled, cheerful," he said.

Voight said living through harsh winters molds Alaskans into caring individuals.

"People have to help each other out," he said. "It builds character."

Contact Mike Nesper at 694-2727 or [mike.nesper@alaskastar.com](mailto:mike.nesper@alaskastar.com)

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*This article appears in the CER Star February 2 2012 issue of Alaska Star*

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# PENINSULA CLARION

## Big Screen Debut

Kenai woman's film career begins, ends

Posted: January 16, 2012 - 9:40pm



Photo by M. Scott Moon

Maliaq Kairaiuak has a role in "Big Miracle," the movie about whales trapped in the Arctic Ocean.

ADVERTISEMENT

By Jerzy Shedlock

Peninsula Clarion

What started as a joke morphed into a small acting part in the upcoming film "Big Miracle," previously titled "Everybody Loves Whales."

Maliaq Kairaiuak and her sister, Roxy Madison, both sent pictures with half-hearted hopes of landing the role of an Anchorage waitress in the film. To the Kenai resident's surprise, the movie's executives scheduled auditions for them.

"It was an excuse to go to Anchorage for the day," she said with a laugh. "I didn't think I was actually going to get (the role)."

The waitress had a couple lines, and Kairaiuak shared the same dressing room as the film's big-name stars.

The film is based on the events surrounding three California gray whales trapped by ice in Barrow during their winter migration in 1988 and a romance that ensues between a Greenpeace International activist, played by Drew Barrymore, and small-town news reporter covering the events, played by John Krasinski.

# CLARION

PENINSULA



The movie was filmed in Anchorage with some scenes in Barrow in part because of the state's film production incentive program, which offers up to 44 percent in transferable tax credits on qualified production expenditures.

Kairaiuak said she was surprised to receive the call for an audition — it seemed like a prank.

“I thought it was one of my friends calling me,” she said.

The appointment-only auditions took place at the Dimond Center shopping mall in Anchorage. Kairaiuak recalls six other girls who were auditioning all week for the same small part. She performed three different scenes and had her picture taken, leaving the audition with little worry as to her future movie career.

But perhaps her calm demeanor toward the audition was a factor in landing the role.

“When I was working on the film (the director and crew) said I was actually pretty good, and I should audition for more roles,” she said.

As quickly as movies premier and disappear, Kairaiuak was on her way to Anchorage. The production company paid for the flight, as well as a hotel room.

Filming took three days at Mexico in Alaska, a restaurant in Anchorage.

The scenes required a lot of repetitive steps, which was taxing on Kairaiuak. She wears glasses but was barred from donning her modern frames. She said she walked around nearly blind most days.

However, bright markings directed her actions during the scenes.

“You had to be precise about everything,” she said. “You had to stop, make movements in the same place every time. It was a long process.”

Waking at 6 a.m., Kairaiuak said she worked a varying shift. One day of filming lasted 13 hours.

Her outfit consisted of little more than a t-shirt with the word “Amigos.” Being an ‘80s movie, the details were in the hair.

“I had fanned-out bangs and a scrunchy in my hair,” she said. “I looked a little ridiculous.”

# CLARION

PENINSULA



Hair and makeup was every morning. This was when Kairaiuak had a chance to strike up small talk with Barrymore, Krasinski, Ted Danson or John Michael Higgins. They were normal, nice people who shared little personal details unless asked specific questions, she said.

"I didn't really ask them personal questions or stuff about movies they've been in," Kairaiuak said. "I didn't want to seem star struck ... I asked them if they liked Alaska and they all said they did."

Her first encounter with actress Kristine Bell was memorable, but not for the usual reasons. Kairaiuak said she was exhausted, chatting with another actress on her first morning. The actress was Bell.

"We finished talking and I got up and walked away," she said. "I didn't even know it was her."

A special screening is set for "Big Miracle" on Jan 29 in Anchorage. Kairaiuak will attend with company. She said she thinks it will be weird to see herself on the big screen, mainly because she never expected to act in a Hollywood movie.

Her future plans don't include acting. She recently graduated from AVTEC and began working at Cottonwood Health Center.

"It was cool and I got to meet a lot of people," she said. "I'm not really interested in doing it again. It was a one-time thing. I did it for the experience."

A full release of the film is scheduled for Feb. 3.

*Jerzy Shedlock can be reached at [jerzy.shedlock@peninsulaclarion.com](mailto:jerzy.shedlock@peninsulaclarion.com).*

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4



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a movie star

By [northernlights](#) | 01/17/12 - 01:27 pm

Well I am happy to say we have a movie star from here. I am excited to see the movie, will be very cool, espially based on a true story and having worked in barrow for several years I will appreciate it even more. Anyway, glad she got the part, very cool.

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The film incentive program is creating jobs and stimulating new business for the long haul...

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# Alaska film industry develops

by Jonathan Huff/Fairbanks

Feb 03, 2012 | 1342 views | 3 | 2 | | |

## Community Perspective

Creating new private sector jobs, economic development and unique educational opportunities — this is exactly what the growing film industry here in Alaska is doing.

My business, Alaska Universal Productions, is an example of one that can grow because of the film tax incentive initiated in 2008. However, discussion by some industry groups and a few lawmakers could unknowingly end the success and economic opportunity we see today in the movie-making business in Alaska.

There is talk by some Alaska House members of not acting on a proposed 10-year extension of the film tax incentive, as well as discussion of replacing it with direct payments to movie producers. These are bad ideas.

Here are three important facts:

- Not passing the extension in the upcoming legislative session would create fiscal uncertainty in a business that demands it.
- Direct payment to those making movies would require a yearly appropriation by the Alaska Legislature and provide no long-term commitment or fiscal certainty to producers wanting to film movies in Alaska.
- These actions would end the growth of this industry in Alaska.

We have all heard about the “Whales” film, now called “Big Miracle,” starring Drew Barrymore. It was filmed in Alaska in fall 2010, and is set for release today. According to the McDowell Group, an Alaska research firm, the film added more than \$16 million to Alaska’s economy. More than 80 businesses and 1,300 people received checks for their work on the production. I was one of them. I also worked on the film “Christmas with a Capital C,” shot in Seward. In fact, I quit my “day job” and started my own business, in part because the film industry here is growing.

I am a lighting and sound technician who earned a degree at the University of Alaska Fairbanks after working in television news in Fairbanks and Anchorage. Today, I have a thriving business looking to expand its client list. I have grown from a one-man operation to four employees. My company has purchased close to \$20,000 in film gear for use here in Fairbanks and the Interior.

However, Alaska Universal Productions is just one of a growing number of Alaska businesses now working in the film industry. The opportunities today are just scratching the surface of what they could be tomorrow. As more movies are made and with a new University of Alaska film major, work for businesses like mine will

come to Interior Alaska. It will help me buy more equipment, hire more people and use UA interns. That is good for my business, but also good for Fairbanks.

We are starting an industry from the ground up, and are just beginning to attract attention nationally and globally as a production location. Alaska has learned developing a film takes time. It is often two to five years to get a script finalized, actors signed, locations scouted and other details completed. Without a long-term commitment, producers will not film in Alaska. Without a long-term commitment, private investors who are considering building sound stages, make up trucks or catering equipment will simply not invest.

Crew training is taking place in hopes of serving new private-sector businesses in our state. Successful workforce development programs are under way, and there is almost \$500,000 available in grants from the Department of Labor to create more of them.

Still, the best way to train a local workforce is through on-the-job-training on movie sets, and that requires movies filmed in Alaska. To meet that need, our state must show a long-term commitment to the film industry to allow for the development of a stable, well-trained, local workforce. A successful industry will then provide a promising future for Alaskans who want to work behind and in front of the camera.

The film-making industry can help diversify our economy and create economic development from movies filmed in Alaska. We just have to pass a 10-year extension of the film tax incentive and be vigilant in nurturing this emerging industry's growth.

*Jonathan Huff grew up in Alaska and graduated from UAF in 2005. He resides in Fairbanks with his wife, Amanda, and is owner of Alaska Universal Production.*

# adn.com Anchorage Daily News

January 3, 2012

## State tax credits lure movies -- and money

COMPASS: Other points of view

DEBORAH SCHILDT

Commentary

This fall, I put 672 Alaskans to work in jobs they'll talk about for the rest of their lives. I did the casting for "The Frozen Ground," the second major motion picture filmed in Alaska since the state Legislature passed the film incentive program in 2008.

While most of the Alaskans I cast worked as background talent, 32 had speaking roles, earning some their Screen Actors Guild cards. Hundreds of other Alaskans provided support and technical services for the movie, which stars John Cusack and Nicolas Cage.

Film incentives really work, which is why 39 states and Puerto Rico offer them. They bring millions of new dollars into the state, create jobs and business opportunities for thousands of Alaskans and bring relief to Alaska taxpayers. Plus, completed films attract additional visitors -- as Alaska discovered after "Into the Wild" was released.

From 2008 to 2010, Alaska played a starring role in more than 44 productions valued at \$34.5 million -- and those numbers don't include the two biggies: "The Frozen Ground" and "Big Miracle," which stars Drew Barrymore and John Krasinski.

A single movie can deliver a huge wallop. The Anchorage Economic Development Corp. contracted with the McDowell Group to assess the economic impact of "Big Miracle," which was filmed in Anchorage, Barrow and Seward last year. The study identified a direct impact of \$16.5 million on the Alaska economy, a number the research firm expects to grow once Universal Studios files the documents required to obtain the film tax credit.

"Big Miracle" added \$285,000 to the Alaska economy every day it filmed. It paid \$6.2 million in income to more than 1,300 Alaskans. It purchased \$7.7 million of goods and services from 80 Alaska businesses and organizations.

Alaska uses transferable tax credits to stimulate investment and bring new business into the marketplace, including mineral exploration, certain types of oil and gas production and value-added salmon product development. Cook Inlet is a great place to see how tax credits can revitalize an economy. The new jack-up rig was brought there thanks to transferable tax credits, as is development of a gas storage infrastructure.

For the film industry, the state offers a base tax credit of 30 percent on qualified production expenditures that spend a minimum of \$100,000 in qualified expenditures. The program provides additional incentives for Alaska hire (10 percent), off-season production (2 percent) and productions filmed in rural locations (2 percent) -- for a maximum of 44 percent.

These credits are sold to companies that pay corporate income tax in Alaska. While these transactions are confidential, Icicle Seafoods has been vocal about its use of the program, telling the state Senate that it "can attest to the benefits."

Alaska's film incentive program sunsets in 2013 if it is not extended. The state Senate unanimously passed a 10-year extension of the program last session and the House is expected to take the bill up this session.

What's magic about 10 years? It gives Alaska businesses the certainty they need to make the infrastructure investments to progress the industry to the next level, including such big-ticket items as a soundstage.

We also need time to develop the expertise to provide the specialized services the film industry needs and to grow Alaska's work force on both sides of the camera.

We have only to look to Hawaii to see how a mature film industry contributes to the economy. Hawaii divides its experience into pre-"Hawaii Five-0" and post-"Hawaii Five-0." "Hawaii 5-0" allowed the state to mature its film industry, build infrastructure and develop the technical human resources it needs to fully service the industry. In 2008, nine movies and nine television shows filmed in Hawaii, bringing nearly 3,000 jobs and \$96.2 million in wages to the state. In contrast, Alaska had one movie and three television shows that year.

Alaska has everything it needs to become as bright a star as Hawaii. What we lack is the certainty -- and certainty means a firm commitment, not an annual lottery.

*Deborah Schildt was Alaska casting director for "The Frozen Ground" and one of two Alaska casting directors for "Big Miracle."*



## Program making dreams come true

By Ben Bolea Posted: Saturday, January 21, 2012 9:50 pm

As an Alaska resident working in Hollywood, Calif., promoting a film I plan to make in Alaska this spring - quite possibly in Big Lake - the Film Tax Incentive Bill (Senate Bill 23) is a cause very close to my heart.

I graduated from South Anchorage High School in 2005 and attended New York University's Tisch School of the Arts, where I earned a degree in screenwriting in 2009. After college, I moved to Los Angeles, where I have spent the last two years working on my debut feature film, "The Lower 48," a story about going to high school and being a teenager in Alaska.

SB 23 has played an immeasurable role in my story getting to the place it is today. Growing up in Alaska, I knew someday I would have to leave the home I loved to pursue my dreams of becoming a filmmaker. Film production in Alaska was nonexistent and there simply wasn't a way for me to achieve the career I wanted.

In New York City I was overwhelmed by a feeling I had never experienced before - possibility. For the first time in my life it felt like my dreams were not simply dreams, but actual goals that if I worked hard toward, I could achieve. That is what I have been doing ever since.

A few years ago I set out to tell the story I had always dreamed of telling: the story of growing up in Alaska. I co-wrote the screenplay with my best friend, another Alaskan attending NYU, and we began to show the script to everyone who would read it. No matter how many eyes passed over our script, we always received the same response - "It's a great story, but it's far too expensive to shoot a movie in Alaska."

Things continued this way until the script won an online competition and caught the eye of an independent producer in New York who agreed to take on the film. Why would someone now agree when others always declined? What was different? The Film Tax Incentive Bill had just passed. Suddenly, the impossible became possible and a lifelong dream became reality.

Last December, my producer, co-writer and I flew to Alaska to explore the locations we will use, including my home of Big Lake, and to reach out to the local professionals whose help we would need to actually make this thing happen. To be completely honest, we were not expecting much from these meetings, but I am thrilled to say we were wrong.

We found a whole community of professionals who had been working in film in Alaska any way they could for years, and because of the Film Tax Incentive Bill, they were finally being given an opportunity to use those skills in the way they'd always dreamed; to make art, to make culture, to make movies.

The Film Tax Incentive Bill is a wonderful thing.

Filmmaking technology has evolved to a place where anyone with a camera and a computer really can make a movie, but the Legislature's support is necessary for the economics to work. This program is still in its infancy and to cut it short before it was really given the time needed to grow would be a tragedy. The potential results are as vast as the great state of Alaska itself, and the immediate results are already on display in the passion, excitement and hard work of the Alaska filmmaking community. Possibility has arrived in The Last Frontier.

SB 23 means the possibilities can continue to build into the future and film production can always have a home in the state of Alaska; a place that truly has to be seen to be believed.

*Ben Bolea won New York University's Venable Herndon Award for Excellence in Screenwriting. He has three screenplays currently optioned and in development with various Los Angeles and New York-based producers. His debut feature, "The Lower 48," co-written and directed with fellow Alaskan Joe Hardesty, is securing finance to be shot in Alaska this year.*

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Nov 5, 2009 - 12:00 AM AKST

## Opinion: Alaska must take advantage of spotlight for film, TV

BY BILL POPP

Alaska has recently taken center stage in multiple theatrical releases such as "The Proposal" and "The Fourth Kind" and in television reality shows including, "The Deadliest Catch," "The Alaska Experiment" and the recently debuted "Alaska State Troopers."

Unfortunately, the major film releases featuring Alaska had minimal impact on the state economy because they were, for the most part, filmed out-of-state with places such as Massachusetts and Canada filling in for Alaska.

And, while the reality television shows were filmed in Alaska, their budgets have a smaller impact in Alaska communities than a feature film or a scripted television series.

Fortunately, a statewide film incentive program created through legislation sponsored by Sen. Johnny Ellis has started to show promise. By encouraging filmmakers to shoot productions in Alaska, the Alaska Film Production Incentive Program promotes a diversified economy and will lead to new businesses and jobs in the state.

As shown by the recent announcement by Anchorage film company Evergreen Film, of a development deal with Alaska author Dana Stabenow for a TV series based on her Kate Shugak books, the Film Incentive Program is working as planned. It's not only supporting this new economic engine, but is actually helping it to grow.

"The Proposal" and "The Fourth kind" are only the most recent of many productions that are set in Alaska, but filmed elsewhere. "Northern Exposure" brought Alaska into the homes of millions of Americans, but the state missed out on the \$839,000 spent on the 110 episodes because the show was shot in Washington.

The popular vampire movie "30 Days of Night" was set in Barrow and produced at a cost of \$30 million, yet filmed in New Zealand. "Snow Dogs" with a \$33 million budget was lost to British Columbia.

Alaska missed out on these opportunities, in part, because until recently, Alaska was one of only a handful of states that wasn't offering incentives to the film industry. Since the creation of the Alaska program, production companies that previously showed little interest in Alaska are now starting to demonstrate a renewed interest.

Local companies and the Alaska Film Office have received multiple requests for information from producers across the nation wondering what Alaska has to offer. Enticed to Alaska by the film incentives, producers have begun to see the opportunities that Alaska's natural beauty offers and scripts are now being re-written specifically for Alaska.

All of this activity is not lost on the members of the business community who will be supplying services to the producers, cast and crews of these productions. The economic benefits from this emerging industry will filter to many sectors of the Alaska economy including professional services, transportation, hospitality and construction.

With film productions comes a boom to dry cleaning services, hotels, hardware and electrical shops, restaurants, car rentals, commercial construction and many other small businesses. And having the real Alaska portrayed on the big (and small TV) screen is sure to inspire increased tourism interest at time when it is most needed.

But our work is not done. Evergreen Films, who is also an Anchorage Economic Development Corp. investor, recently constructed a multi-million dollar post-production studio in Anchorage.

In conjunction with private investors, they are also working to identify additional property to build a sound stage, which is an important component to attracting larger film productions to our state. This is just one step towards creating infrastructure that will help make Alaska the hottest film location destination.

Alaska is again in the spotlight. Let's take advantage of it. Together we can show filmmakers from around the world our famous Alaska hospitality by welcoming them with open arms.

With the Alaska Film Production Incentive Program in place, we can further diversify our economy, continue to create high-paying private sector jobs, and attract additional investment to Alaska.

Let's make sure the next time Alaska is on the big screen, we've won the part.

Bill Popp is CEO and president of the Anchorage Economic Development Corp.

*This article appears in the November 2009 issue of Alaska Journal of Commerce*

Read more: <http://www.alaskajournal.com/Alaska-Journal-of-Commerce/November-2009/Opinion-Alaska-must-take-advantage-of-spotlight-for-film-TV/#ixzz1lp3C0l7Q>

## Lawmakers shouldn't fall asleep on film tax credit

Posted: February 3, 2012 - 9:07am

ADVERTISEMENT

Another state tax credit program is due for renewal shortly and we hope lawmakers don't lose sight of it.

The state's \$100 million tax program designed to lure TV and film producers to the area is set to expire in 2013. Already a bill emerged and passed the Senate last year to extend the credit another 10 years and \$200 million. We would encourage the House to take up the issue this year.

According to reports, the program has approved a total of about \$14.3 million in tax credits for almost three dozen productions. That includes 16 reality projects and 10 feature films that spent a total of nearly \$45 million in the state since the program began running in late 2009.

That's not to mention all the benefits that come from having Alaska at the top of vacationers', investors' and business executives' minds. That kind of marketing is priceless.

And let's face it -- we like seeing ourselves and our state on screens both large and small.

Lawmakers would be foolish to not take a long look at the extension of the film credit program -- many in the industry cite it as the reason they're here. Let's keep them.

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Oct 27, 2011 - 10:24 AM AKST

## Weather Channel series features Kodiak Coast Guard crews

BY JONATHAN GRASS, ALASKA JOURNAL OF COMMERCE



A U.S. Coast Guard HH-60 Jayhawk helicopter is the type regularly used for rescue missions in Kodiak. Such rescues were documented by film crews for the series "Coast Guard Alaska," set to air beginning Nov. 9.

Photo Courtesy of the Weather Channel

The U.S. Coast Guard has become such a staple of Alaska that even the Weather Channel has taken notice and will debut a television series about it. The new series "Coast Guard Alaska" will feature Coast Guard personnel stationed in Kodiak, showing viewers what it means to work at this unique station.

Season one will have seven hour-long episodes starting at 9 p.m. EST on Nov. 9. It will focus on showing what it's like to serve in active duty in this part of the world and show the magnitude of their jobs. The show will look at Alaska's unique Coast Guard life both on-duty and off.

The Weather Channel's inspiration was to use a long-form content of how the Coast Guard operates in an environment that is so influenced by the weather.

“We really want to show to people in this show the whole sort of spectrum of these individuals. So it’d be one thing to just do a show about their rescues, which would be great, but we want to do more than that,” said the Weather Channel’s vice president of content and development, Michael Dingley. “We want to make these people, these wonderful heroes if you will, relatable to you and me.”

The cameras will do this through a fly-on-the-wall presentation of daily Coast Guard life and work, and are even ready to tag along if an emergency calls.

Cameras follow the station’s personnel through their work and home life to capture what Dingley calls the four “buckets” of being in the Alaska Coast Guard. Those points, or “buckets,” consist of their rescues, training, their daily and family lives, and their motivations for joining the Coast Guard.

The reason behind displaying their biographical and family lives will be to show how these people are relatable to the audience rather than being makeshift superheroes.

“So now, as a viewer, I’m all the more connected to these people that do these wonderful things, and now I’m even more nervous of what they do because I can now totally relate to them and I’m in more even respect and awe than I would have been if it was simply a show about rescues.”

The film crew accompanied the Coast Guard on several missions of varying levels of danger. For example, the rescue of five passengers from the 60-foot vessel Nordic Mistress is slated to appear.

Other missions included a search and rescue for another doomed vessel that was overdue near Egegik. The film crew was not even allowed on the first search attempt but joined in the second. There were also responses to drug overdoses and a near-fatal fishing accident.

Air Station Kodiak Commanding Officer Capt. Bill Deal said a lot of the focus of the filming was on the search and rescue part. He said while this makes sense from a television perspective since it’s the most exciting part of the job, the show will go beyond the dangerous stuff.

“We have 360 people in this command so we asked them to broaden their lens’ field of view to encompass not just individuals but to look at whole picture,” said Deal.

Dingley said Alaska was an obvious location for filming such a show about the Coast Guard because of the “smorgasbord” of weather. And in this type of show, both the weather and Kodiak itself will be instrumental characters.

“Of any place else, their rescues are based on or even held hostage to the weather conditions,” he said.

The external factors there were certainly an element of attraction for the show, and they pose a very real danger to the military branch’s jobs. These are dangers that simply aren’t a factor in many other parts of the country. These men and women go deliberately into crushing storms or freezing water to save lives. Sometimes they are forced into such waters quickly without excessive protection, cutting their life expectancies to minutes in which they have to get the job done. Extreme terrain and quickly changing conditions only add to those demands.

The element of danger goes beyond immediate physical trouble. Factors like hypothermia are a very real concern for Guardsmen on the job.

“Coast Guard Alaska” will also show what life on Kodiak is like and the Coast Guardsmen will tell about their way of life in the community.

Dingley said the show has the potential to reach 90 million households, so this could definitely have an impact on Kodiak’s image.

The possibility of more Alaska locations is in the air if the show goes into a second season. Still, this prospect has yet to be determined.

Al Roker Entertainment is producing the show for the Weather Channel. However, Roker himself wasn't onsite. In fact, there will be no host or narration at all. The show is intended as a docudrama with the enlisted men and women telling the world in their own words what it means to do their jobs.

The Weather Channel could not disclose production costs, but the show has been pre-approved for the state's tax credit incentive program. The next step will be for the company to submit expense reports for those credits. This incentive was an encouragement for the production, which used local hotels, employees and rented equipment during the shoot.

"We've been spending quite a bit of money in Alaska," said Tracie Brennan, vice president of production and operations for Al Roker Entertainment.

Time will tell if Kodiak's television exposure will have any effect on its tourism.

Trevor Brown, executive director of the Kodiak Chamber of Commerce, said that the show appears to be a positive one and so has the potential to boost tourism or at least spread Kodiak's image to the rest of the country.

A representative of the Kodiak Island Convention and Visitor's Bureau was not available by press time.

Tourism may be the best option for the state to generate revenues from filming, as the Weather Channel has not licensed the show's brand for any merchandising. This has typically been the result when major networks film here. Logos for "Ice Road Truckers" and "Deadliest Catch" on shirts and merchandise are common sites in souvenir shops. Such sales may become a reality later but there are no plans at this time.

Kodiak's guardsmen still feel the show itself will have a positive impact..

"I've always thought we have one of the most fascinating jobs in the world so when we were approached by the Weather Channel and Roker to start some filming, I felt it would make sense," Deal said. "We agreed to do it because, from the Coast Guard's perspective we don't endorse any particular show but it matches out interest in letting people know what it is we do."

The last major film work featuring the Kodiak Coast Guard crew was in the 2006 movie "The Guardian," starring Kevin Costner.

*Jonathan Grass can be reached at [jonathan.grass@alaskajournal.com](mailto:jonathan.grass@alaskajournal.com).*

*This article appears in the AJOC October 30 2011 issue of Alaska Journal of Commerce*

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ALASKA JOURNAL OF COMMERCE / AJOC-JANUARY-15 2012 / 'COAST GUARD ALASKA' RENEWED FOR TWO SEASONS

Jan 12, 2012 - 01:45 PM AKST

## 'Coast Guard Alaska' renewed for two seasons

BY JONATHAN GRASS, ALASKA JOURNAL OF COMMERCE



A Coast Guard Jayhawk rescue helicopter is one of the vehicles featured on the Weather Channel's "Coast Guard Alaska," which will continue filming for two additional seasons.

Courtesy photo

The series "Coast Guard Alaska" premiered on the Weather Channel in November and has already garnered at least two more seasons on the air. The show, produced by Al Roker Entertainment, follows Guardsmen from Air Station Kodiak to show what it takes to live and work in this corner of the world where extremely hazardous weather adds to both the necessity and obstacles to their rescue missions.

The second season, debuting this April, will feature five 60-minute episodes. The third will have eight and is due out in October.

So far, the show has produced a 95 percent increase in the same time period average from one year ago for viewers ages 25 through 54, according to Nielsen ratings. Viewership has increased 91 percent since the premiere episode. Roker said this has jumped to more than 100 percent in some time periods.

The Weather Channel reports it was the fifth-highest tending show on GetGlue during the premiere episode.

Roker said he thinks the realism of the show contributes to the attraction. Guardsmen go up against some crashing elements with no scripted ending. This is why Roker refers to “Coast Guard Alaska” as a documentary series rather than a reality series.

“We’re just thrilled with the access the Coast Guard has given us,” he said.

Bob Walker, the Weather Channel’s executive vice president and general manager of networks and content, said this feedback has made it clear that audiences are responding to the show, thus encouraging the demand for additional Alaska filming.

While the first season of “Coast Guard Alaska” focused on Kodiak, the producers are exploring other areas to expand the show. Kodiak was chosen as the debut location due to its extreme weather conditions that make being a rescue pilot or swimmer there among the most dangerous jobs in the world.

Some of the season was also shot in Sitka. Roker and Walker said they are looking at other future possibilities to expand the Alaska program. For now, the focus will remain on Kodiak.

“I think we’re going to go where the rescues take us. Wherever that is in Alaska,” Roker said.

Roker said having not one but two additional seasons greenlit and airing so close together was not ordinary but not unheard of.

“We’re just thrilled with the access the Coast Guard has given us,” he said.

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Roker said having not one but two additional seasons greenlit and airing so close together was not ordinary but not unheard of.

Walker said the show continued to grow throughout the first season’s run. This contributed to its renewal. Walker said before any show is considered for renewal, the producers must be convinced there is enough interesting content that wasn’t all covered the first time and this air station has exactly that.

“This is our first show with the Coast Guard,” he said. “We think one reason it works is it shows how the elements affect people’s lives in and around this part of Alaska.”

“The great thing about this program and what makes it, I think, special is that whether we’re there or not the Coast Guard is constantly going out doing rescues so we’re just tagging along for the ride and documenting it,” Roker said.

Roker first came up with the idea after seeing a YouTube video of local Coast Guard rescues and was impressed by the intensity of it. A phone call later and the ball started moving. He said the exciting part for him is to simultaneously show the Coast Guard’s mission and the beauty of Alaska.

“I think people are still fascinated by Alaska and we’re happy to help people get a different look at the state,” he said.

Roker said the producers will decide whether to apply for the state’s film tax incentives for these next seasons. Al Roker Entertainment pre-qualified for the incentives for the first season. No amount has been awarded yet.

“It’s clear to us that viewers are making ‘Coast Guard Alaska’ appointment viewing,” Bob Walker, executive vice president and general manager of networks and content for Weather Channel, said in a release. “Audiences have really responded to this inside look at life in Kodiak for these real-life heroes who risk their lives daily to save others. We feel privileged to offer viewers more opportunities to get to know these incredible men and women.”

*Jonathan Grass can be reached at [jonathan.grass@alaskajournal.com](mailto:jonathan.grass@alaskajournal.com).*

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*This article appears in the AJOC January 15 2012 issue of Alaska Journal of Commerce*

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Sep 22, 2011 - 11:36 AM AKST

## Avatar-class 3D comes to Alaska studio

BY ANDREW JENSEN, ALASKA JOURNAL OF COMMERCE



Anchorage-based Evergreen Films has earned the first certification for 3D production from Cameron Pace Group, which was co-founded by “Avatar” director James Cameron. In collaboration with BBC Earth and Reliance Pictures, “Walking with Dinosaurs 3D” will be shot and produced in Alaska and is set for a major worldwide release in 2013.

Image/Courtesy/Evergreen Films

The biggest movie yet filmed in Alaska has gotten a boost from the biggest director in Hollywood.

“Walking with Dinosaurs 3D” producer Evergreen Films is the first studio to win certification from Cameron Pace Group for creation of 3D content and will be using the same technology from blockbusters “Avatar,” “Transformers” and “Pirates of the Caribbean.”

CPG was co-founded by James Cameron, the director of the two highest grossing films of all time — “Avatar” (\$2.8 billion) and “Titanic” (\$1.8 billion) — and Vince Pace, who worked with Cameron on “Titanic” and “The Abyss.”

Of the 50 or so 3D films released in the last few years, CPG has contributed to about 30 that have generated some \$7.5 billion in gross box office worldwide.

Among films using CPG technology, the “Dark of the Moon” installment of the “Transformers” series grossed \$1.1 billion last summer and “On Stranger Tides” posted just more than \$1 billion for the “Pirates of the Caribbean” franchise.

Expectations for "Walking with Dinosaurs 3D," set for a so-called tentpole release in 2013, are also high. Twentieth Century Fox won the bidding war for distribution at the American Film Market last November, and according to a report from industry pub Variety, sold out within a week worldwide.

The dino epic, scripted as a dramatic offering with character arcs, is a collaboration between Anchorage-based Evergreen, BBC Earth and Reliance Pictures. Variety pegged the deal as the largest ever closed by IM Global, a film financing, sales and distribution company partially owned by Reliance.

NANA Development Corp., an Alaska Native regional corporation, acquired a minority stake in Evergreen Films last year.

"Walking with Dinosaurs 3D' offers us a fantastic opportunity to push our advances in 3D even further," Cameron said in a release from BBC Worldwide. "We're inspired by the creative ambition behind the film and the opportunity to work on a feature that brings audiences a real, visceral experience."

Evergreen Films CEO Mike Devlin, who moved to Alaska in 2005, a couple years after selling his company, Rational Software, to IBM for \$2.1 billion, said achieving "Avatar-class" 3D has long been a goal for Evergreen.

"By partnering with Jim Cameron ... we get the benefit not only of great technology, but technology developed from a filmmaker's point of view," Devlin said. "He's not just doing technology for technology's sake. He's looking at it from the point of view of what does the filmmaker need to have artistic freedom and creative freedom to tell a story, but use 3D in a tool for telling that story."

"Jim is a big advocate of shooting the films in 3D, in using 3D in the storytelling from the very conception of the film. In 'Walking with Dinosaurs,' we're very much thinking that. If it was just the dinosaurs at a distance, you wouldn't have to worry about the 3D as much."

The original "Walking with Dinosaurs" was a six-episode documentary series produced by BBC Earth in 1999 that won several Emmys and drew a worldwide audience of 700 million.

Variety reported the presales are expected to cover most, if not all, of the film's \$65 million budget. That's more than double the estimated \$30 million budget for "Big Miracle" starring Drew Barrymore filmed in Alaska that wrapped last year (originally titled "Everybody Loves Whales").

The script is by John Collee, who wrote "Happy Feet," which won the 2007 Oscar for best animated feature film of the year. Animal Logic of Sydney, Australia, was the animation studio for "Happy Feet" and is also building the cast for "Walking with Dinosaurs 3D."

Filming has already begun around Southcentral near Girdwood and on the Kenai Peninsula for the live backgrounds that will provide a prehistoric setting for "Walking with Dinosaurs 3D." Alaska isn't just providing the scenery, either.

The film will star dinosaurs that once roamed the North Slope and wintered in Denali National Park more than 70 million years ago. All of the post-production work will also take place in Evergreen's Anchorage studios.

Evergreen has post-production offices on Hillside, and is renovating the old Crowley building on Sandlewood Place in south Anchorage. The new headquarters for Evergreen will have a "smart" sound stage with a 50-foot by 50-foot green screen and a 24-seat studio for screenings and viewing dailies.

Sound stages and state-of-the-art post-production capability are essential infrastructure if Alaska wants to truly develop its film industry. The new Evergreen headquarters and technology will be available for any company producing a film in Alaska, and represents a new job opportunity for NANA shareholders.

"We'll have a chance to add more permanent jobs as the industry grows," said Robin Kornfield, vice president of communications for NANA and the president of its film services subsidiary Piksik. "We're looking forward to having special technology here in Alaska that anyone can use. NANA is known in Alaska as a support company to oil and mining. We're taking those capabilities and applying them to a brand new industry. We're looking forward to providing those same services — catering, security — and opportunities for training and jobs and advancement and education that come through the film business."

A state package of film credits passed in 2009 is up for renewal. About \$9 million of the \$100 million appropriated has been paid out, but the incentive must be approved by the state Legislature to continue after 2012.

A bill was introduced during the 2011 session and will be taken up when the Legislature convenes again next January. While none of the investments in infrastructure or technology are eligible for the credit, representatives of Evergreen including Devlin said continuing the credit is vital to the picture filming in Alaska.

The hero of the film, a pachyrhinosaurus — pronounced pak-ee-rino-sore-us, and similar to a triceratops with the frilled head but without the horned snout — is based on the latest research by Tony Fiorillo, who will release findings this fall describing a new species of the dinosaur that was unique to Alaska.

“It’s an Alaskan story about Alaska dinosaurs filmed in Alaska,” said producer John Copeland. “That’s why we’re here.”

Copeland’s best-known work is as producer of the 110-episode run of “Babylon 5” in the mid- to late-1990s. He also was a producer on the 2001 Discovery Channel documentary “When Dinosaurs Roamed America,” also an Evergreen Films project.

Tongue-twisting dino names now come easily to Copeland, who said “Walking with Dinosaurs 3D” is working with a team of paleontologists such as Fiorillo to root the film’s dramatic story in the latest advances in research.

“In the last 25 years, we’ve learned more than the previous 150,” Copeland said. “We’re learning more almost every year. It’s like digital technology. The amount of knowledge is just leaps forward. This is a counter-intuitive dinosaur story because who would have thought dinosaurs lived in Alaska, lived above the Arctic Circle?”

Copeland spoke of character development without dialogue.

“Our protagonist is the last of his clutch of eggs to hatch,” Copeland said. “He’s the runt of the litter. You wonder how he’s going to make it. Dinosaurs laid 20 or so eggs, and out of those eggs one or two would make it to adulthood. He’s curious, very cooperative ... survival of the fittest in the true sense of the word doesn’t mean the strongest or the biggest or the baddest.

“It means the most adaptable and that’s how our guy gets through the day. He’s very adaptable and we think that will appeal to the viewer no matter what their age is.”

*This article appears in the September 2011 issue of Alaska Journal of Commerce*

## Movie Filming In Alaska Creates New Jobs

4:16 p.m. AKDT, November 2, 2011



Video: Movie Filming in Alaska Creates New Jobs  
video by Carolyn Hall Jensen (KTUU-0T)  
(2:07)

Filming on movie 'The Frozen Ground' could be seen from parts of 5<sup>th</sup> Ave. on Wednesday.

The movie stars John Cusack and Nicholas Cage. The movie is about serial killer Robert Hansen.

He owned a bakery in Anchorage and was convicted in 1984 of killing 17 women and raping another 30 over a 12 year period of time. Hansen got a 461 year sentence and is in prison in Seward.

Cusack is playing Hansen and Cage is playing a cop in the movie. Filming on the movie began Oct. 17th and is expected to finish Nov. 18<sup>th</sup>.

This is another major movie production being made in Alaska after the state began its movie tax credit program about three years ago. The tax credit let's filmmakers recoup up to 44% of their spending.

With more movies being made in the state some Alaskans are starting companies that cater to the industry.

Douglas Hartmann started his company Graffiti Graphics about a year and a half ago. He creates sets and signs that are featured in films.

'Big Miracle' formally known as 'Everybody Loves Whales' was his first job. He is now working on 'The Frozen Ground' making signs along 5<sup>th</sup> Avenue.

"I'm really excited," Hartmann said, "when it comes out I'm going to be like, 'I did that.'"



## Film Production's Boost to Unlikely Businesses

**A bump in business to restaurants and hotels is typical during filming, but what about motorhome rentals?**

By Alexis Fernandez  
Bio | Email

Story Created: Nov 4, 2011 at 12:24 PM AKST  
(Story Updated: Nov 4, 2011 at 12:24 PM AKST)

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- Casting Call: Seeking Army Wives for Reality TV Show
- 'Frozen Ground' Begins Filming; Cast in Anchorage
- Casting Info for 'The Frozen Ground' Movie

The filming of another major Hollywood movie continues to benefit Anchorage businesses.

It's been several weeks since production began on "The Frozen Ground" starring John Cusack and Nicolas Cage. Since then, businesses like John Marquardt's ABC Motorhomes has enjoyed a significant boost.

It "keeps us going through the winter, which normally, you know, we wouldn't be renting anything hardly," he said.

Business has doubled for nearly two months and he has rented out an additional 20 motorhomes for the winter.

"That's been a plus. [It] pays the light bills," Marquardt said.

But ABC Motorhomes isn't the only place cashing in—so are coffee shops, like Kaladi Brothers.

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"It's very exciting to us seeing Hollywood with Kaladi Brothers products, and coffee cups and visiting our shops," said Dale Tran, chief operating officer for Kaladi Brothers.

He said it's a chance for Alaskans to show off.

"It's a reciprocating role. They support local businesses and local businesses are happy to share with outsiders what Alaskans can do when it comes to food and coffee," he said.

So whether it's a warm temporary home or a warm coffee, Anchorage business owners feel everyone is benefiting from the Hollywood lights.



## Filmmakers Want Tax Incentive Program Extended

Bill passed senate last session, now in house

By Alexis Fernandez  
Bio | Email

Story Created: Jan 23, 2012 at 10:23 AM AKST  
(Story Updated: Jan 23, 2012 at 10:23 AM AKST)

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- Casting Call: Rugged Alaskans for Reality TV Show

Some film industry officials are urging lawmakers to extend the film tax incentive program that's credited for bringing up a number of film productions to the Last Frontier.

Mike Devlin from Evergreen Films is urging the legislature to continue the tax incentive program to help keep its first 3-D production company here in Alaska.

The \$100 million program approved back in 2009 is set to expire in 2013.

Under the current senate bill, sponsored by Senator Johnny Ellis, the program would be extended another 10 years and another \$200 million.

So far the program has approved a total of about \$14.3 million in tax credits for almost three dozen productions, including 16 reality shows and 10 feature films that spent nearly \$45 million in the state since 2009.

The senate passed the bill last session but stalled in the house, which is expected to revisit the issue again this session.

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## Kulis Air Force Base A Possible Film Production Site?

Speaking at the Alaska International Air Cargo Summit, officials from the Department of Commerce said Kulis Air Force Base could become the new home of the state's burgeoning film industry.

By Kirsten Swann  
Bio | Email

Story Created: Aug 31, 2011 at 7:39 PM AKST  
(Story Updated: Sep 1, 2011 at 7:24 AM AKST)

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The military is one of the largest employers in Alaska, and it may be about to join forces with another growing industry: the movie business.

Speaking at the Alaska International Air Cargo Summit, officials from the Department of Commerce said Kulis Air Force Base could become the new home of the state's burgeoning film industry.

Local airport management said they're considering proposals to lease portions of the base to private production companies, who would develop the abandoned hangers into Alaska's first film campus.

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"I think the probability of using it on an interim basis is probably fairly high," said John Parrott, manager of Ted Stevens Anchorage International Airport. "There aren't a lot of hurdles for short term use, the FAA understands that type of situation."

The Department of Defense is scheduled to transfer the base to airport management on September 15, and Parrott said the airport could move forward on potential leases as soon as October.

Rich Wilson, a consultant working for the Department of Commerce, said there has been a flood of interest in the partially vacated base.

While private sector film companies continue to develop new facilities, Wilson said leasing the base would provide a vital boost to a fast-growing industry.

"Until the private sector develops its own campus and facilities to accommodate the larger feature films, for example, then we may be able to use this," Wilson said.



## State Money Approved To Expand Alaska's Film Industry

**Governor signs off on \$486K to train locals interested in entertainment**

By Alexis Fernandez

Bio | Email

Story Created: Jul 7, 2011 at 10:47 AM AKST

(Story Updated: Jul 7, 2011 at 10:55 AM AKST)

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- Ellis Defends Film Incentive Program

ANCHORAGE—Gov. Sean Parnell (R-AK) has approved \$486,000 in this year's capital budget to train Alaskans to prepare for projects in the film and television industry headed to the state.

The grants will help grow the local workforce so entertainment professionals can properly train those who want to join the industry.

"We have an industry here, it's a small industry," said Bob Crockett, president of Alaska Film Group. "We need to kick it up a couple notches and respond to these productions that are now coming into the state."

Film tax incentives from the state have helped bring multi-million dollar movies up here, and film industry say having additional funding to make sure locals are trained is crucial.

"We don't want Alaska's talented crew going out of state to find work," said Deborah Schildt, instructor for Alaska Crew Training. "It's an opportunity to really put Alaskans to work and keep them here."

The state Senate unanimously passed a 10-year extension of the film tax incentives. It's scheduled to be taken up by the House Finance Committee in January when legislators head back to Juneau.



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## Barrow Movie "On The Ice" Set to Open in Alaska



by Rebecca Palsha  
Channel 2 News

11:35 a.m. AKST, December 21, 2011

ANCHORAGE, Alaska -

On the Ice Trailer



A feature film shot entirely on location in Barrow, Alaska will have its first home state screenings in early 2012.

"On The Ice" is a fictional story about young teenagers from Barrow getting away with murder.

On February 17th, the movie will play at the Regal Tikahtnu Stadium in Anchorage and at the Regal Goldstream Theatre in Fairbanks.

The movie has been a festival favorite ever since it debuted at the **Sundance** film festival in January, and then went to Berlin where it won the best first feature award.

But despite its accolades, it had a hard time finding a distributor.

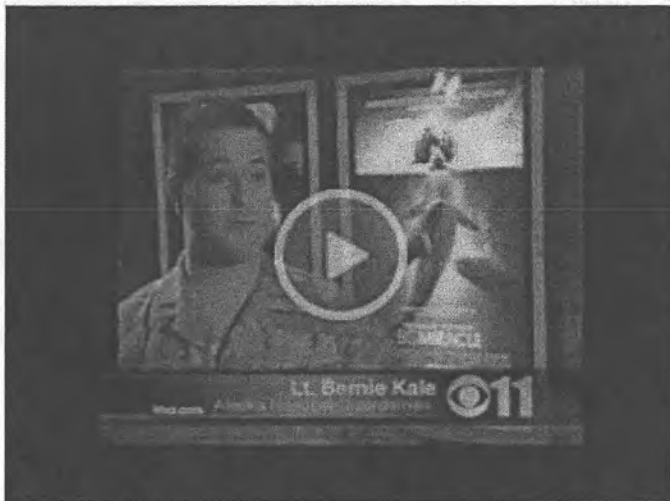
Producers of the film asked for help online and started raising funds by starting a kickstarter page.

Hundreds of people donated money and the movie reached a goal of \$80,000 for distribution costs.



# Alaska

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## Big Day for 'Big Miracle' Film

**'Big Miracle' whales movie filmed in Alaska debuts Friday**

By KTVA CBS 11 News

Story Created: Feb 3, 2012 at 8:28 PM AKST  
(Story Updated: Feb 3, 2012 at 8:41 PM AKST)

Friday was the big day for Big Miracle – the film opened up across the country on February 3.

Tons of people put in a lot of work to rescue the whales in the late '80s, and then again to bring the story to the big screen.

National Guard personnel, big oil companies, Inupiat tribes, environmentalists and Russians came together during the Cold War era in the story, now made famous on the silver screen.

In 1988, the Alaska National Guard played an important role saving a family of whales trapped beneath the ice near Barrow.

The Guard again played an important role by having a dedicated person on the set of the movie to advise the actors and directors.

All the extras who played military members in the film are current Alaska National Guardsman.

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## Alaska Tourism on the Comeback Trail

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Tourism Industry Hopeful For Rebounds  
(KTUU-DT)  
(3:18)

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By Rhonda McBride  
Channel 2 News  
9:10 p.m. AKDT, May 9, 2011

### ANCHORAGE, Alaska—

After several years of trending downward, tourism in Alaska appears to be on the rebound. That's the message the industry brought to the Anchorage Chamber of Commerce at its Monday luncheon.

"We're expecting growth this year," says Julie Saupe, president of the Alaska Convention and Visitor's Bureau.

Saupe told the chamber that tourism is off to a good start in 2011, with a 12.5 percent increase in Anchorage hotel occupancy during the first three months of the year. Overall, she expects a five to six percent increase this year, with more than a million visitors.

Those who track tourism point to some favorable signs, like the return of Korean Air to the summer flight schedule as well as new airlines, such as Jet Blue and Edelweiss Air, based in Switzerland.

Statewide, slightly less tourism growth is anticipated, somewhere between 4 and 5 percent. Though modest, it reverses a downward trend. Last summer, Alaska saw about 1.5 million tourists – down by about 200,000 from 2007.

The 2011 season is not without some big question marks. Will the disaster recovery in Japan keep tourists home? What about the tornadoes and floods in the Lower 48, not to mention rising fuel prices?

Dee Buchanon of CIRI Alaska Tourism says the state has one thing in its favor – the explosion of Alaska-themed reality shows like Ice Road Truckers and Sarah Palin's Alaska.

"No matter what you think about politics," Buchanon told the chamber, "our former governor's rise to fame really puts Alaska on everyone's mind as a visitor destination."

Julie Saupe with ACVB says there are other programs in the pipeline that will help promote Alaska. A Travel Channel show, "Burt the Conqueror," is featuring the Fur Rondy this month. Another big boost should come this fall with the premiere of a movie filmed in Alaska, "Everybody Loves Whales."

Even so, industry experts stressed the importance of continuing to spend money on TV ads in the Lower 48 to sustain the turnaround.

John Binkley, president of the Alaska Cruise Association, says worldwide, the cruise industry is growing, but competition for a share of this new market is tough.

In Alaska, the cruise ship industry anticipates a sluggish recovery, with only a slight uptick in passengers from 2010 – about 9,000 passengers, or a one percent increase.

Binkley says changes comes more slowly, because the industry makes decisions about its fleet at least 18 months in advance.

The industry is projecting about 887,000 Alaska passengers this season, compared to more than a million in 2007.

"Let's look ahead to 2012," Binkley told the chamber. "And that's where you will really start to see the impact of the Governor reaching out and the changes that were made."

Binkley credits Gov. Sean Parnell with helping to lower industry taxes and improve the regulatory climate. He says next year Princess will bring another ship to Alaska – "a grand class ship that will translate into about 50,000 more visitors to Alaska."

As the chamber watched TV ads in the new "Alaska Beyond Your Dreams" campaign at the Egan Center, a dream tourist was checking out the visitor's center just around the corner.

Sean MacLeod is here for the aerospace medical convention at the Dena'ina Center, which has brought 1,600 people to Anchorage. The convention was booked in 2005.

"And now, a mere six years later," says AVCB President Julie Saupe, "here they are in town spending their money."

Saupe says there's very little instant gratification in the tourism business, because the pay-out is often years down the road.

MacLeod will no doubt contribute to Alaska tourism's bottom line this year. He and a colleague like to try different foods, so they plan on hitting a lot of restaurants during their four days here, as well as take in some tours.

"I'm more focused in on animals, so I'm trying to find something we'll be able to see some wildlife, definitely things we wouldn't necessarily see in Houston, Texas."

And MacLeod says he's prepared to spend.

"Typically when I go on a business trip, I try to make sure I have enough money, where I won't restrict myself, where I won't have any regrets."

MacLeod says he uses business trips to scout out vacations for his family – and Alaska might be a possibility. Perhaps not this year, but someday.



# North Stars

The state of Alaska inspires TV shows and films

By Julia O'Malley

Ferno and Jim Tweto never considered their lives, spent running a small air service out of the tiny Bering Sea village of Unalakleet, to be out of the ordinary. In bush Alaska, where roads are few, everything from mail to duct tape to cases of Sunny Delight has to travel by air over miles of mountainous, uninhabited country.



FLYING WILD ALASKA COURTESY DISCOVERY CHANNEL

Weather patterns snarl flight schedules. Temperatures can drop to 40 below.

With Jim and a stable of other pilots in the cockpits, Ferno as the dispatcher and cargo runner, and adult daughters Ayla and Ariel helping out on the ground, Era Alaska (an Alaska Airlines partner airline) keeps medicine, groceries and people moving safely in and out of the Last Frontier State's remote villages, large and small.

"Ferno and me, what we do every day is normal humdrum business," Jim Tweto says.

But for the Discovery Channel, getting a window into the Twetos' world has been like striking gold. *Flying Wild Alaska*, a show about the Twetos and their family business, drew 2.6 million viewers to its premiere episode last winter—more than any other Discovery show series premiere. That's more than three times as many viewers as the population of the entire state of Alaska, an audience 3,000 times larger than the population of Unalakleet.

Over the last several years, Alaska has become a magic word in the film and television industries.

A major feature film, *Everybody Loves Whales*, based on the story of three gay whales trapped in Arctic ice near Point Barrow in 1988, brought film stars Drew Barrymore, Kristen Bell and John Krasinski to the state last summer for months of filming the story of the international effort to rescue the whales. The film is due to be released in early 2012.

Actor Jon Voight, at work on smaller films, is a regular sight in Anchorage restaurants and coffee shops.

Over the last two years, more than 20 film projects, now in different stages of completion, have been undertaken in the



JAMES G. FRANZONI, COURTESY. NOT

Television viewers are fascinated by Alaska's aviation lifestyle. At left, the Tweto family—Ayla, Ariel, Jim and Ferno—operators of *Era Alaska*, are the stars of the popular *Flying Wild Alaska* on the Discovery Channel. Above, National Geographic produced a three-part special, *Alaska Wing Men*, which included coverage of Talkeetna Air Taxi.

state, according to the Alaska State Film Office.

Helped by a new state tax credit, the Alaska-based film business continues to gain momentum, and Alaska-based reality-television production is approaching full speed. Gold miners, pilots, truck drivers, fishermen and former governors have provided the vast state with what is probably more television screen time than is enjoyed by any other state in the country.

"You turn the cable on just about any night of the week and you see a show about Alaska," says Dave Worrell, manager of the state film office.

The approximately two-year-old state film tax-credit program, which reimburses about a third of the money spent on qualifying production expenses in Alaska, has issued credits for roughly \$6.5 million so far. That means there's been about \$19 million in total spending on film and television since the program began. If all the projects the state is tracking happen, and producers spend their proposed budgets, total spending could approach \$300 million in the next several years. Among the projects tracked by the film office, "non-fiction TV" makes up the largest number of applications, followed by feature films, with the balance of projects in scripted television, documentaries and commercials.

**DISCOVERY CHANNEL**, a leader in Alaska-based reality television, learned one thing early on:

"Any time we featured Alaska, we would see a pop in the ratings," says Nancy Daniels, executive vice president of production and development.

The state is just "inherently interesting," she says. It offers a wide variety of extreme

settings, from mountains to glaciers to roaring ocean; unpredictable weather; and lots of high-stakes on-the-job situations. Put that all together, and you have on-screen scenarios that can really scare you, Daniels says.

That's thrilling. That makes good TV. There's also something about Alaska's mystique as an isolated, untouched place that appeals to the American imagination in a way that is unmatched by any other state.

"Alaska kind of signifies, in a way, the American dream," Daniels says. "There's a little bit of the Wild West there. You can go there and be anything, kind of on your own terms."

Discovery has had plenty of Alaska-based success. Launched in 2005, *Deadliest Catch*, filmed aboard commercial crab boats as they are tossed about in the brutal, icy Bering Sea, is one of the channel's most successful shows. In addition to that



COURTESY: DISCOVERY CHANNEL (2)

Above: *Deadliest Catch* is the popular leader of Alaska-based reality TV, and the crab boat *Northwestern*, shown above in Season 6, has been with the show from the start. The crew of the *Seabrooke* (inset), led by Captain Scott Campbell Jr. (center), joined the series just last season. The show follows crab boats on the Bering Sea, working out of Dutch Harbor, Alaska. Left: Wildlife trooper Ken Vanspronsen gets ready to head out on airboat patrol at Tanana Flats during filming of the National Geographic Channel show *Alaska State Troopers*.



COURTESY: RELAY - AMBISON / PIG FILMS

## ALASKA REALITY SHOWS

Following are a few of the most popular Alaska-based reality television programs.

### ALASKA STATE TROOPERS

**NATIONAL GEOGRAPHIC CHANNEL**  
Follows Alaska's force of roughly 400 troopers who patrol the vast state, often traveling hundreds of miles by air to respond to crimes and emergencies in remote locations.

### ALASKA WING MEN

**NATIONAL GEOGRAPHIC CHANNEL**  
Follows Alaska bush pilots as they ferry supplies and make rescues in treacherous conditions.

### BEFORE THE FREEZE: MOUNTAIN MEN OF ALASKA

**DISCOVERY CHANNEL**  
Follows the Kilcher family, including patriarch Atz Kilcher (father of pop/folk singer Jewel), living the off-the-grid homesteader life near Homer, Alaska.

and the Tweto family's *Flying Wild Alaska*, the channel also has *Gold Rush: Alaska*, which follows six men who move to Alaska to work a gold claim. The network has plans for another show, as well, with the working title *Before the Freeze: Mountain Men of Alaska*. The series will feature the family of pop/folk singer Jewel

Kilcher, living off the grid and off the land outside the village of Homer. Look for it in early 2012.

An exotic setting and extreme situations may be essential building blocks for reality television, but reality shows are fueled by personalities. Alaska seems to have plenty of the kind of people viewers

### DEADLIEST CATCH

**DISCOVERY CHANNEL**  
Follows fishermen in the lucrative and sometimes dangerous Bering Sea crab fishery, where the dollar rewards are high and the seas are fierce. "They all come to the realization," the show promo reads, "that the most violent storms come from within."

### FLYING WILD ALASKA

**DISCOVERY CHANNEL**  
Follows the Tweto family, who run Era Alaska, a rural airline, out of Unalakleet. In extreme weather, they haul groceries, ferry patients and make a few rescues in the vast, uninhabited wilderness.

### GOLD RUSH: ALASKA

**DISCOVERY CHANNEL**  
Follows six men, burned by the economic downturn, who go to Alaska to mine for gold. Todd Hoffman of Sandy, Oregon, leads newbie miners who try to strike it rich before winter sets in.

### ICE ROAD TRUCKERS

**HISTORY CHANNEL**  
Follows big-rig drivers on the lonely ice roads as they dodge accidents and obstacles, delivering supplies north of the Arctic Circle.

### MOUNTED IN ALASKA

**HISTORY CHANNEL**  
Follows the taxidermists at Knight's Taxidermy in Anchorage, who serve people from local Alaskans to African hunters, to create some of the world's most unique mounts.



COURTESY: DISCOVERY CHANNEL

Jimmy Dorsey of the Discovery Channel show *Gold Rush: Alaska*.

want to follow, says Bridget Walen Huncutt, senior vice president of global productions at National Geographic Channel.

"There are a lot of really strong characters you find there, people who kind of represent independence," she says.

National Geographic has done well with *Alaska State Troopers*, a show that combines the tried-and-true law-enforcement drama of the vintage reality show *Cops* with Alaska's scenery, characters and

conditions. The final episode of its second season attracted 1.2 million viewers, and across the 12 second-season episodes, the series drew audiences that were on average 47 percent larger than the channel's average. National Geographic also introduced a bush-pilot program of its own, *Alaska Wing Men*, which premiered in January 2011. The three-part special focused on the small-plane and helicopter pilots who are a lifeline to villages and work camps in the

remote, unforgiving reaches of Alaska.

In general, Alaska shows have attracted about 26 percent more viewers than the National Geographic Channel's average.

Another major player in the Alaska reality scene is the History Channel, in particular with its five-season hit *Ice Road Truckers*. Deeply character driven, it follows drivers such as barrel-chested Hugh Rowland and lip-glossed tough girl Lisa Kelly as they navigate treacherous roads

## ALASKA IN FILM

### THE GOLD RUSH (1925)

Charlie Chaplin, the Tramp, journeys solo to Alaska and the Klondike in search of gold. Filmed in California.

### ESKIMO (1933)

Stars Native Alaskan Ray Wise Mala as a hunter learning to deal with unscrupulous traders. Shot in Alaska; billed at its New York premiere as "the biggest picture ever made."

### SPAWN OF THE NORTH (1938)

George Raft, Henry Fonda and Dorothy Lamour in an Alaska salmon-fishing drama. Partially filmed in Alaska.

### ICE PALACE (1960)

A fishing industry drama set during Alaska's struggle for statehood. Stars Richard Burton and Robert Ryan. Filmed in Petersburg, Alaska.

### NORTH TO ALASKA (1960)

John Wayne strikes gold in Alaska. Film shot in California.

### NEVER CRY WOLF (1983)

Disney film dramatizing work of a researcher sent north to study the impact of wolves on caribou herds. Filmed in Alaska.

### WHITE FANG (1991)

Jack London's classic adventure about a gold-seeker and a mixed dog-wolf, starring Ethan Hawke. Filmed in Haines, Alaska.

### ON DEADLY GROUND (1994)

Oil-industry drama set in Alaska starring Steven Seagal and Michael Caine. Parts of the film shot at Worthington Glacier near Valdez.

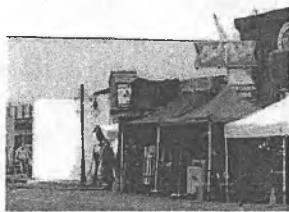


### BALTO (1995)

Animated film telling the story of the 1925 diphtheria outbreak in Nome, Alaska, and the heroic effort to deliver life-saving serum—the event commemorated by the Iditarod Trail Sled Dog Race.

### ALASKA (1996)

A young brother and sister head into the Alaska bush to find and rescue their lost father. Filmed in Alaska.



### LIMBO (1999)

A story of people trying to reinvent themselves in Southeast Alaska. Filmed in Juneau.

### MYSTERY, ALASKA (1999)

The New York Rangers travel to a small town in Alaska for a hockey game on the local pond. Stars Russell Crowe. Filmed in Alberta, Canada.

### INSOMNIA (2002)

Al Pacino, Robin Williams and Hilary Swank investigate a murder in a small Alaska town. Filmed in Alaska and British Columbia.

### SNOW DOGS (2002)

Cuba Gooding Jr. plays a Miami dentist who travels to Alaska to claim the dog-sled team he inherits. Filmed in Alberta.

### GRIZZLY MAN (2005)

The tragic story of grizzly bear activist Timothy Treadwell. Filmed partially in Katmai National Park, Alaska.

### 30 DAYS OF NIGHT (2007)

The far-north town of Barrow, Alaska, in the darkness of winter, is beset with vampires. Filmed in New Zealand.

### INTO THE WILD (2007)

The true adventures of Christopher McCandless as he hitchhikes to Alaska to live in the wilderness. Partially filmed in Alaska.

### THE FOURTH KIND (2009)

Investigations into alien abductions in remote Alaska. Filmed in British Columbia.

### THE PROPOSAL (2009)

Sandra Bullock ducking immigration investigations in Sitka, Alaska. Filmed in Massachusetts and California studios.

### EVERYBODY LOVES WHALES (2012)

A small-town reporter writes about three whales stranded in Arctic ice and the effort of Cold War-era United States and USSR to rescue them. Alaska locations include Anchorage, Barrow and the Alaska SeaLife Center in Seward.

Top: Emile Hirsch portrays Christopher McCandless as he treks into the Alaska bush in *Into the Wild*. Center: Much of the recent *Everybody Loves Whales* filming took place in downtown Anchorage. Bottom: Al Pacino and Robin Williams star in *Insomnia*, a murder mystery set in an Alaska village during the long days of summer.

north of the Arctic Circle. Last season's premiere drew more than 3 million viewers, a 29 percent gain over the year before.

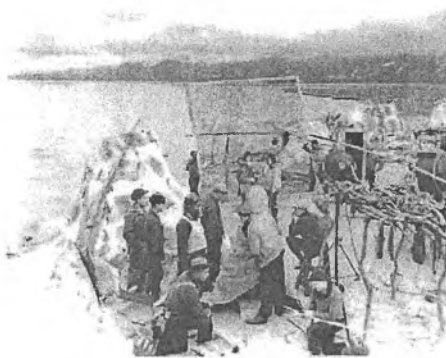
The Discovery Channel's Daniels also worked on TLC's *Sarah Palin's Alaska*, a travelogue-style show that offered glimpses into the former governor's family life.

"We knew people would be interested in her, and at the same time we knew people were interested in Alaska," Daniels says. "It seemed like a win-win."

The premiere drew 5 million viewers, the most for a premiere in TLC's history. Numbers eventually dropped off. Daniels considers the show a success even though it wasn't renewed for a second season.

Sometimes what's on television reflects the national mood. Take *Extreme Couponing* on TLC and *Design on a Dime* on HGTV. Both appeal to viewers enduring tough economic times, speaking to a national trend toward thrifty lifestyles. So, what is it about Alaska that keeps viewers coming back, especially right now?

For one, viewers seem to be craving an



COURTESY: BILLY GRAMMY COLLECTION

Much of *Eskimo* (1933) was shot near Teller on the Seward Peninsula. Here, Ray Wise Mala (at left in front of the screen) prepares for a scene with Eebrulik Rock, a Point Hope Inupiat. Of Eskimo and Russian descent, Mala was the first Native Alaskan actor to play a leading role in a Hollywood film.

escape into nature. Cable networks have seen success with nature shows in recent years, such as Discovery Channel's *Planet Earth* or NatGeo's *Great Migrations*, says Brian Lowry, TV columnist and critic for *Variety*.

Alaska programming is an extension of that trend, but that's not all that's going on.

"Mostly because of *Deadliest Catch*, there has been a lot of interest in program-

ming about manly men doing tough, dangerous jobs," Lowry says.

Reality stars work on crab boats; they fly into snowstorms; they toil in remote, bear-ridden mining camps. Call it the "gruff-guys-who-don't-shower-with-a-lot-of-bad-mustaches-who-try-to-make-money-by-nearly-killing-themselves" genre, he says.

According to Discovery, Alaska shows draw a disproportionately middle-aged,

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MILEAGE PLAN

male audience. Average age for *Deadliest Catch* viewers? 41. Sixty-one percent of them are men. The average age for those watching *Flying Wild Alaska* is 51. Seven out of 10 of those viewers are male.

These viewers' tastes might be shaped by the economy, Lowry says. Most of the shows are about making money. There's a



An Army Corps of Engineers boat approaches Hubbard Glacier on the Discovery Channel reality show *Extreme Alaska*.

lot of risk involved and a touch of desperation. Some Americans probably relate to those feelings.

Lowry admits that "Alaska reality" is not his favorite genre. Sometimes the shows can feel staged, he says. And they tend to blend together with their manly, woodsy themes.

"The guys featured in the shows—they kind of look like they are shopping at the same store," he says.

Despite the big payoffs, shooting television and film around Alaska isn't easy. Days are long in the summer, but the season is short. Weather routinely delays travel to the more rural parts of the state, and it can trap a crew in a location for days. Bears on the set are not uncommon. And, of course, where the manly men go, so too must the film crew.

"Our film crews have to become a part of that ship's crew," says Daniels about shooting *Deadliest Catch*. "I know there's a bit of 'How tough are the film-crew members? Are they going to be like greenhorns getting sick over the side of the boat?'"

For the film industry, support staff can become a major challenge. Television crews are smaller and more nimble, but a

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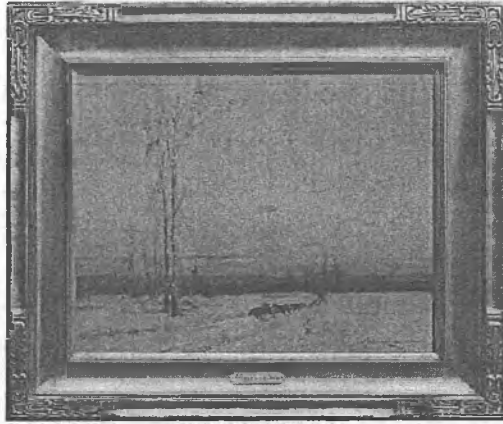
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large film requires all kinds of logistical people on the ground.

A micro-economy sprouted up in Anchorage around the filming of *Everybody Loves Whales*, pumping millions into the state economy, says Worrell of the state film office. The movie required builders, architects, caterers and even an upholsterer. Some of them had to be flown in from outside the state, but since that movie was shot, the state has created a directory of more than 250 vendors ready to support the next film. The idea is to keep more of the movie-production spending in state, with local vendors and labor, Worrell says.

Back in Unalakleet, the Twetos now field messages from all over the world. Old friends and long-lost relatives; people who want to work for them. Viewers curious about hours of daylight or "stink flipper," an Alaska Native food featured on their show that is made from bearded-seal flipper that's been fermenting in the ground for seven weeks. The couple now sees why people might want to watch a show about their life.

"We consider we have a pretty unique lifestyle," Jim Tweto says.

Alaska State Trooper Lance Ewers, a regular on *Alaska State Troopers*, says he moved to Alaska because of Alaska reality television. He was working in Montana when he happened to catch footage of troopers on the History Channel show *Tougher in Alaska*, about rough northern jobs.

"I said to myself, 'What a cool job that would be.'"

Ewers made a call and applied. A year later, he found himself riding around with a crew of reality-TV producers, on the National Geographic Channel's *Alaska State Troopers*.

Alaska, he says, is full of intriguing people. It makes sense that it's attracting so many cameras.

"I think they realized that Hollywood couldn't make these stories up." ▲

Julia O'Malley is an Anchorage-based writer and a metro columnist for the Anchorage Daily News.

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See PAGE 2, ATIA Awards  
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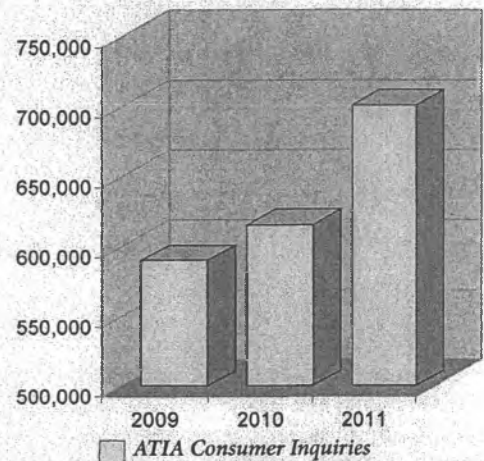
ATIA shared a booth with six member businesses at International POWWOW 2011, the U.S. Travel Association's premier marketing event, held in San Francisco, May 21-25. Meetings were conducted with 190 members of the international travel trade and stories were pitched to 46 media.

**Alaska Travel Information Requests Up 14%**

The Alaska Travel Industry Association reports 701,214 inquiries for Alaska travel information, an increase of 14 percent. ATIA attributes this improvement to increased funding for domestic marketing and strengthened consumer demand for travel.

"2011 is the first year we have received over 700,000 inquiries since 2000," said Kathy Dunn, ATIA director of marketing. "We are thrilled that our research-based advertising campaign is inspiring more travelers to visit Alaska."

ATIA forecasts that 15 percent of those who request information will travel to Alaska in 2011. This projection is a substantial increase in conversion from 12 percent measured in 2010. Look for upcoming newsletter announcements with final 2011 visitation figures and conversion results.



**Graze To Raise For Alaska**

Visitor Industry raises \$65,112 for non-profits

Alaska travel businesses and community members "grazed to raise" during the Alaska Visitor Industry Charity Walks held in Anchorage and Fairbanks, May 2011.

The Anchorage event, a collaboration between the Anchorage Convention & Visitors Center and the ATIA Anchorage Chapter, raised \$39,249 with a 5K walking course throughout downtown, May 6, 2011. Approximately 1,300 walkers were led to a variety of food stations featuring donated appetizers from local restaurants and hotels.

A similar walk was conducted through the golden heart city of Fairbanks, May 13, 2011. The Fairbanks Convention & Visitors Bureau partnered with the ATIA Fairbanks Chapter to organize the event. Fifty charities benefited from \$25,863 raised by 400 walkers.

"Organizing the Fairbanks Visitor Industry Charity Walk for the last eight years has been very rewarding," said Karen Lane, event organizer and FCVB vice president of visitor services and membership. "It is a great collaborative effort between non-profits and the Fairbanks visitor industry to raise funds for local community groups who better the lives of individuals and families throughout the Interior."



Employees with the Fairbanks Soil and Water Conservation District serve up an Alaska Grown "Taste of Alaska" sampling at the walkers' last stop at the Morris Thompson Cultural and Visitors Center during the Fairbanks Visitor Industry Charity Walk, May 13, 2011. Eighteen tourism-oriented businesses also provided complimentary food and snacks for the event.

The charity walks celebrated their 12th year with the two festive events that raised a combined total of \$65,112 for non-profits throughout the state including the Food Bank of Alaska, Anchorage School District soccer teams, Make-a-Wish Foundation, the Blood Bank of Alaska and dozens of other 501(c)(3) organizations.

# ALASKA STATE LEGISLATURE

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SENATOR JOHNNY ELLIS  
RULES COMMITTEE CHAIR

## Sponsor Statement

### **CSSB 23: Alaska Film Production Incentive Program Extension**

Senate Bill 23 ensures Alaska's continued share of new dollars in to our economy from the multi-billion dollar film and television industry by continuing the successful Alaska Film and Television Production Incentive Program. Since its inception, the film incentive program has brought millions of production dollars to Alaska. Productions have created hundreds of jobs and provided marketing and promotional opportunities for Alaskan businesses, products, and the tourism industry. The continuation of these incentives will create the economic stability required for the private sector to better plan and invest in Alaska's growing film industry infrastructure.

The law currently sunsets after five years or after \$100 million in tax credits have been issued. Eligible productions earn a transferrable tax credit certificate which they can sell to any company with an Alaska corporate income tax liability, offering tax relief to industries as varied as commercial fishing, mining and other business owners. Tax credits are issued only after the film production money has been spent in Alaska, the filming has been completed, and an independent CPA has verified all expenditures.

We have already seen the enormous benefits of "Everybody Loves Whales," a feature film project with an estimated \$30 million production budget. On any given day of production, there were more than 100 Alaskans working both in front of and behind the camera. Over 1,000 Alaskans were employed as cast and extras representing towns and villages across the state. Local businesses enjoyed a boost of more than 12,100 hotel nights, 8,800 car rental days and 7,900 security man-hours during what are typically the quietest months of the year.

Businesses that benefitted from this production included construction companies, towing companies, aerial charters, hardware stores, lumber yards, communication companies, landscaping, restoration companies, dumpster services and rentals, plumbing, heating, rental equipment companies, truck leasing, crane companies, paving companies, catering, cleaning, boat charters, diving companies, survey companies, engineering firms, printing, office supplies, motor-home rentals, shipping companies, airlines, hotels, and restaurants.

Although the legislation creating the film incentives passed in April of 2008, it took quite a while to get this new program up and running. The regulations took more than a year to write and implement, and the current film office director wasn't hired until mid-2009. The first feature film project,

“Everybody Loves Whales”, didn’t even begin filming until the fall of 2010. As has been reported recently in the press, some states with huge budget deficits have been cutting their film incentive programs, this only helps to make Alaska and our program all that more attractive to producers.

Senate Bill 23 would extend the film incentive program for 10 years. The legislation will provide an additional \$100 million in tax credits for the first five years of the extension and \$100 million for the final five years. It increases from 2% to 6% the qualified credit for expenditures in rural Alaska and also caps the total amount of tax credits for a single production at 44%.

Senate Bill 23 also seeks to make common sense improvements to the program to promote accountability, increase reporting requirements and protect Alaskans and Alaska businesses. Towards this end, the legislation requires regular comprehensive audits of the film production incentive program. It also requires additional information regarding the economic impact of the program to be reported to the legislature. Furthermore, Senate Bill 23 codifies in statute a requirement that for a tax credit to be issued it must be verified that there are no outstanding balances to Alaskans or an Alaska business.

Passage of Senate Bill 23 will continue to attract this new multi-billion dollar industry to Alaska. It will build on the jobs and business opportunities created by the existing film incentives and encourage substantial private sector capital investment in this new and growing industry.

# ALASKA STATE LEGISLATURE

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SENATOR JOHNNY ELLIS  
RULES COMMITTEE CHAIR

## MEMORANDUM

To: Representative Bill Stoltze,  
Co-Chair House Finance Committee

Representative Bill Thomas,  
Co-Chair House Finance Committee

From: Senator Johnny Ellis

Date: April 14, 2011

Re: Sectional Summary for CCSB 23 (FIN) ver C

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You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill, and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please contact Donald M. Bullock at Legislative Legal.

**Section 1.** Amends AS 24.20.271 to require Legislative Audit to conduct three audits of the Alaska film production incentive program in three periods ending June 30, 2013, June 30, 2017 and June 30, 2021.

**Section 2.** Amends AS 43.98.030(a) to require the Department of Revenue to provide a certificate for a film production tax credit.

**Section 3.** Amends AS 43.98.030(b) to refer to the certificate provided under sec. 2 of the bill.

**Section 4.** Amends AS 43.98.030(c) to refer to the certificate provided under sec. 2 of the bill; adds a reference to AS 43.98.030(e) that limits the period in which the credit may be used. Section 4 expands the applicability of the transferable film production credit beyond just corporate income tax liabilities (43.20) to include the Insurance Premium Tax (AS 21.89), Mining License Tax (AS 43.65), Oil and Gas Production and Transportation Tax (AS 43.56) and Oil and Gas Property Tax (AS 43.65).

**Section 5.** Amends AS 43.98.030(e) to refer to the certificate provided under sec. 2 of the bill; expands the period in which the credit may be used from three years to six years.

**Section 6.** Amends AS 43.98.030(f) to increase the total amount of film production tax credits that may be authorized.

**Section 7.** Adds 43.98.030(g) to cap the tax credit for any single production at 44 percent of qualified production expenditures. Adds AS 43.98.030(h) to AS 43.98.030 to authorize a person to combine film production tax credits for sale, assignment, exchange, conveyance, or other transfer. Authorizes the Department of Revenue to combine multiple tax credit certificates into a single certificate, or to divide a single tax credit certificate into multiple tax credit certificates. States that combining or splitting the tax credits does not change the period during which the credits must be used.

**Section 8.** Amends AS 44.33.231(b) to require the Alaska Film Office to include the amount of qualified expenditures that were paid to Alaska businesses and to Alaska residents as wages in its annual report to the Legislature. Also requires the film office to report the total amount of expenditures that were paid by productions that were not qualified expenditures.

**Section 9.** Amends AS 44.32.231 to require the film office to design a logo that represents the film office, which is to be included in a film qualifying for the film production tax credit.

**Section 10.** Amends AS 44.33.233(a) to allow qualified expenditures to be incurred during a 36-month period rather than the current 24-month period.

**Section 11.** Amends AS 44.33.233(b) to include in the criteria that the film office may consider in determining if a film is in the best interest of the State

- Both the immediate and long-term prospects for the employment of Alaska residents
- Both the immediate and long term prospects for the economy of the state
- The public perception of state policy on the utilization and development of the natural resources of the state.

**Section 12.** Adds AS 44.33.234(c) to AS 44.33.234 to make information on the application for a film production tax credit confidential.

**Section 13.** Amends AS 44.33.235(a) by adding a reference to AS 44.33.235(i) that is added by sec. 17 of the bill.

**Section 14.** Amends AS 44.33.235(b) to reduce the base amount of a tax credit available to a nonfiction production produced for television from 30 percent to 20 percent of qualified expenditures.

**Section 15.** Amends AS 44.33.235(c) to increase the additional credit available for qualified expenditures made in a rural area from 2 percent to 6 percent.

**Section 16.** Amends AS 44.33.235(d) to require a certified public accountant, licensed in the state, who is auditing the costs claimed to verify that there are no outstanding payments due to any entity in the State.

**Section 17.** Adds AS 44.33.235(i) to AS 44.33.235 to require that the film office logo and a special film office acknowledgment text must be included in a qualified film, or that a short Alaska promotional video or advertisement must be included in a DVD or other media produced for distribution.

**Section 18.** Adds a requirement that a production company must be licensed to do business in the state and amends AS 44.33.236(a) by adding the cost of transferring digital media to film or tape as a qualified expenditure. Changes the word “payroll” to “expenditure for services”.

**Section 19.** Updates the period under which legal proceedings may be brought to recover any amount of tax credit from a producer or production that is liable for damages to the state, or any political subdivision of the state, from 1 year to 6 years.

**Section 20.** Amends AS 44.33.239(7) to change the definition of a “rural area” by increasing the allowable population of a community not on the road system from 5,500 to 10,000.

**Section 21.** Amends uncodified law to authorize the film office to determine a film production’s qualified expenditures, award a tax credit, or review a tax credit that has been provided to a film production that has received a notice of qualification under AS 44.33.234(b) before July 1, 2023.

**Section 22.** Amends uncodified law that requires the commissioner of revenue to notify the presiding officers of each house of the legislature and the revisor of statutes in writing when the amount of tax credits provided under AS 43.98.030(f) and the estimated amount of tax credits that can be claimed, based on notices of qualifications issued under AS 44.33.234(b), together equal \$200,000,000.

**Section 23.** Amends uncodified law to extend the sunset date for the transferable film tax credit program to July 1, 2023, unless the amount of tax credits awarded under the program has reached the maximum amount of \$200,000,000 before that time.

**Section 24.** Amends uncodified law to extend the period in which the film office, in cooperation with the Department of Revenue, may review, audit, and bring legal proceedings to recover any amount of a tax credit issued under AS 44.33.235. The period is extended to July 1, 2029.

# ALASKA STATE LEGISLATURE

Rules Committee  
•  
Senate Finance Committee  
•  
Health & Social Services Committee  
•  
Community & Regional Affairs Committee  
•  
World Trade Special Committee  
•  
Committee on Committees



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SENATOR JOHNNY ELLIS  
RULES COMMITTEE CHAIR

## MEMORANDUM

To: Representative Bill Stoltze, Co-Chair, House Finance Committee  
Representative Bill Thomas, Co-Chair, House Finance Committee

From: Senator Johnny Ellis

Date: April 14, 2011

Re: Explanation of Changes

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All page and line references are to the CS.

- **Sec. 24.20.271 Powers and Duties.** (Page 2 line 26 to page 2 line 29) *First adopted in the Senate Finance Committee Substitute Ver. S – dates changed in the House Labor and Commerce Committee Ver. Q*
  - Amends AS24.20.271 to require the Legislative Audit division to conduct three audits of the Alaska film production incentive program.
    - The first audit to take place at the end of the initial five years of the program in 2013.
    - Additionally, an audit would be conducted after the first four years of the proposed ten year extension in 2017.
    - A third and final audit would be conducted two years before the close of the 10 year program in 2021.
- **Sec. 43.98.030 Film production tax credit** (Page 3 line 2) *Adopted in the Senate Finance Committee Ver. S*
  - Amends AS 43.98.030(a) to require the Department of Revenue to provide a certificate for a film production tax credit. Film tax credit certificates had been addressed by regulation not by statute. The Department of Revenue issues a film production tax certificate under 15 AAC 20.260. This legislation adds references to tax credit certificates in section 7.

- **Sec. 43.98.030 Film production tax credit** (Page 3 line 5) *Adopted in the Senate Finance Committee Ver. S*
  - Amends AS 43.98.030(b) to refer to the certificate provided in Section 2 of this bill.
- **Sec.43.98.030 Film production tax credit** (Page 3 lines 8-12) *Adopted in the Senate Finance Committee Ver. S*
  - Amends AS 43.98.030(c) to refer to the tax certificate provided in Section 2 of this bill
  - Adds a reference to AS.43.98.030(e) that limits the period in which the credit may be used.

*Adopted by the House Labor and Commerce Committee Ver. Q*

  - Expands the transferable tax credits to offset Alaska Corporate Income Tax (AS. 43.20.011), Insurance Premium Tax/ Insurance Premium Tax (AS 21.89.070), Mining License Tax (AS 43.65.010), Oil and Gas Production and Transportation Tax (AS 43.56.010) and Oil and Gas Property Tax (AS 43.65.011)
- **Sec. 43.98.030 Film production tax credit** (Page 3 lines 22-23) *Adopted in the Senate Finance Committee Ver. S*
  - Adds a subsection stating that no tax credit may exceed 44% for a single production
- **Sec 43.98.030 Film production tax credit** (Page 3 line 25 to Page 4 line 6) *Adopted in the Senate Finance Committee Ver. S*
  - Adds a subsection to authorize a person to combine film production tax credits for sale, assignment, exchange, conveyance or other transfer. Authorizes the Department of Revenue to combine multiple tax credit certificates into a single certificate, or to divide a single certificate into multiple tax credit certificates. States that combining or splitting the tax credits does not change the period during which the credits may be used.
- **Sec. 44.33.231 Duties** (Page 4 lines 14-20) *Adopted in the Senate Finance Committee Ver. S*
  - Adds to the duties of the Film Office a requirement that their report to the legislature must include
    - The total amount of qualified expenditures paid by productions qualifying for credits to Alaska businesses.
    - The total amount of qualified expenditures paid by productions qualifying for credits to Alaska residents as wages.

*Adopted in the Labor and Commerce Ver. Q*

    - The total amount of expenditures that were paid by productions qualifying for the film tax credit that were not qualified expenditures.
- **Sec. 44.33.231 Duties** (Page 4 lines 23-26) *Adopted in the Senate Finance Committee Ver. S*
  - Adds a subsection (d) to the duties of the film office requiring the film office to design a logo that represents the film office to be included in a film qualifying for the film production tax credit.
- **Sec. 44.33.233 Eligibility** (Page 5 lines 9 to 14) *Adopted in the Senate Finance Committee Ver. S amended in the House Labor and Commerce Committee Substitute Q*
  - Adds to subsection (b) of 44.33.233 a requirement that “in determining...whether a production is not contrary to the best interests of the state, the film office may consider
  - (2) **both the immediate and long-term prospects for** the employment of Alaska residents

- **(3) both the immediate and long-term prospects for** the economy of the state
  - **(4) state policy on the utilization and development of the natural resources of the state.**
- 
- **Sec. 44.33.235 Award of film production tax credit** (Page 5 line 20) *Adopted in the Senate Finance Committee Ver. S*
    - Adds a reference to AS 44.33.235(i) that is added by Section 17 of this bill, a requirement that the film office logo and special film acknowledgement text must be included in a qualified film, or that a short Alaska promotional video or advertisement must be included in a DVD or other media produced for distribution.
  
  - **Sec. 44.33.235 Award of film production tax credit** (Page 5 lines 27-29) *Adopted in the Senate Finance Committee Ver. S*
    - Reduces the base tax credit for nonfiction television programs (reality TV) to 20 percent of the qualified expenditures.
  
  - **Sec. 44.33.235 Award of the film production tax credit** (Page 6 line 5) *Adopted in the Senate Finance Committee Ver. S*
    - Increases from two to six percent the additional percent of qualified expenditures made in a rural area.
  
  - **Sec 44.33.235 Award of the film production tax credit** (Page 6 lines 12 and 13) *Adopted in the House Labor and Commerce Ver. Q*
    - Requires that verification of qualified expenditures by an independent certified public accountant, **licensed in the state** and that it includes verification that there are no outstanding balances due for a qualified expenditure due to an Alaskan or Alaska business.
  
  - **Sec. 44.33.235 Award of the film production tax credit** (Page 6 lines 16-23) *Adopted in the Senate Finance Committee Ver. S*
    - Adds subsection (i) to require that the film office logo and special film acknowledgement text be included in a qualified film, or that a short Alaska promotional video or advertisement be included in a DVD or other media produced for distribution.
  
  - **Sec. 44.33.236 Determination of qualified expenditures** (Page 6 lines 25,26) *Adopted in the Labor and Commerce Committee Ver Q.*
    - Adds a requirement that a production company must be licensed to do business in the state.
    - (Page 7 line 11) Changes the word payroll to expenditures for services in Alaska
  
  - **Sec. 44.33.237 Recovery of film production tax credit** (Page 7 line 30) *Adopted in the Labor and Commerce Committee Ver. Q*

- Changes from one year to six years the statute of limitations for legal proceedings if the film office determines that the film producer or production is liable for damages to the state, or any political subdivision of the state.
- **Sec. 44.33.239 Definitions** (Page 8 lines 1 and 2) *Adopted in the Senate Finance Committee Ver. S*
  - Changes the definition of “rural” area to mean a community with a population of 10,000 or less that is not connected by road or rail to Anchorage or Fairbanks.
  - Adds “in the state” to the definition of rural

## Film Incentives: Why 10 Years?

**Alaska's private sector needs stability to invest** in Alaska's film industry. A ten-year extension will give confidence and predictability to investors and Alaska businesses large and small; and it will attract private financing for capital investment, drive Alaska hire, encourage workforce development, and enhance Alaska's competitive climate.

**Alaska hire depends on Alaska investments.** Companies must make long term investments in order for Alaska workers and Alaska businesses to be competitive with those from outside. Alaska equipment companies have urged the indefinite extension of these incentives to continue the influx of new dollars and provide the stability required to make the investments necessary to capitalize on these new dollars coming in to our economy. Alaskan equipment will require Alaskan operators and technicians.

**Alaska's workforce is growing** in response to new demand. This extension provides a promising industry for the future of these workers. The best way to train a local workforce is through on-the-job training. This extension shows a long term commitment and provides a promising industry for the future of these workers.

**Alaska must compete** with other states and countries to attract long-term investment and high-budget production projects. Some of our main competitors, including New Mexico and British Columbia have no sunset, driving major investment.

**Alaska films need time to grow.** It can take up to 5 years from the time that a production idea is conceived to the completion of post production work. A ten-year extension means that an Alaskan production idea has time to grow into a major motion picture.

### Small to Medium Capital Investments

- Ladders, Lifts, Dollies and Jibs
- Generators ~ \$25,000 - \$125,000
- Specialty lighting and sound equipment, a single light can cost up to \$20,000 – \$45,000
- Honeywagons ~ \$100,000
- Trailer with generator ~ \$100,000
- Make-up Trailers ~ \$120,000

### Large Infrastructure needs

- 10 ton grip truck stocked with equipment ~ \$250,000 - \$300,000
- Bare bones sound stage - \$10 - \$20 million dollars

*Initial Assessment of  
The Impact of  
"Everybody Loves Whales" on  
Alaska's Economy*

*Prepared for:*  
**Anchorage Economic  
Development Corporation**



Research-Based Consulting

Juneau  
Anchorage

*February 2011*

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*Prepared for:*  
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Development Corporation**

*Prepared by:*



*Anchorage o Juneau*

*February 2011*

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# Executive Summary

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The Anchorage Economic Development Corporation contracted with McDowell Group, an Alaska research and consulting company, to assess the economic impacts of the 2010 filming in Anchorage, Barrow, and Seward of the Universal Studios motion picture *Everybody Loves Whales*. The production, which included several well-known actors and hundreds of cast and crew, had high visibility during the months of shooting, but there is likely little understanding about the full economic impact it had on the economy and the large number of vendors whose businesses were directly affected during the two-month filming effort.

## Summary of Findings

### Alaska's film Industry

- Based on data provided by the Alaska Film Office, \$14.9 million was spent in Alaska in FY2010 and FY2011 year-to-date on the production of feature films, documentaries, television programs, and commercials. It does not include *Everybody Loves Whales* or other production efforts this year that have not submitted spending data to the state for the state's film production tax credit.
- Filming or other production-related activities occurred in 35 Alaska communities over the past two years.

### The U.S. Film Industry

- The motion picture industry's global box office revenue in 2009 totaled \$29.9 billion (U.S. dollars), an increase of 7.6 percent from 2008. Approximately one-third of that amount came from the U.S. and Canada (\$10.6 billion, up ten percent from 2008 and 20 percent from 2003).
- The U.S. film industry supported 2.4 million jobs and over \$140 billion in total wages in 2008. This included 296,000 jobs in the core business of producing, marketing, manufacturing, and distributing motion pictures and television shows, and 453,000 jobs in related businesses including theaters, rental stores, television broadcast companies, cable companies, and online ventures.
- In 2008, there were over 95,000 businesses in total related to the film industry, which made more than \$40 billion in purchases of goods and services. The industry paid an estimated \$15.7 billion in federal taxes.<sup>1</sup>

### Film-Based Tourism

Alaska tourism marketers are attempting to capitalize on movie and television program-generated publicity by running ads during the programs featuring Alaska wildlife, scenery, and activities including fishing, kayaking, and rafting. While it is difficult to quantify the effect on visitor travel of this type of exposure, experience elsewhere in the country suggests there is potential for it to help stimulate tourism growth.

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<sup>1</sup> *The Economic Contributions of the Motion Picture and Television Industry to the U.S. Economy, 2009*

## Economic impact of Everybody Loves Whales

The total economic impact of the filming of *Everybody Loves Whales* on the Alaska economy was an estimated \$16.5 million.<sup>2</sup> Of that amount, \$6.2 million consisted of labor income (payroll and benefits). In other words, Alaska workers earned an extra \$6.2 million because *Everybody Loves Whales* was filmed in the state, and the state as a whole generated \$16.5 million more in output than otherwise would have been the case. Specific economic impacts include:

- A total of over 1,300 Alaskans earned income directly related to filming of *Everybody Loves Whales*. This includes 175 crew, 48 Alaska resident cast members (with speaking parts), and 1,100 extras. Based on hours worked and wages earned, the *Everybody Loves Whales* workforce translates into the annual equivalent of 110 jobs.
- Alaskans (actors, extras, and crew) earned a total of \$4 million in wages during the 58-day filming effort, the equivalent of about \$70,000 for each day of production in Alaska.
- Filming of *Everybody Loves Whales* included spending with at least 80 different Alaska businesses and organizations. This spending on goods and services totaled \$7.7 million.
- A wide variety of businesses provided goods and services to the film production project, including hotels, rental car companies, restaurants, security firms, construction and engineering companies, realtors, boat charters, diving companies, sled dog operations, hardware stores, clothing stores, dumpster rental companies, plumbing and heating companies, caterers, grocery stores, seafood processing companies (ice), and dozens of other businesses.
- Including payroll earned by Alaska residents and purchases of goods and services from Alaska businesses, filming of *Everybody Loves Whales* directly accounted for \$11.7 million in Alaska spending.
- Most of the economic impact of filming was in Anchorage, but Barrow also benefitted from the week of filming that was done there. Impacts also extended specifically to the Kenai Peninsula, as well, as a result of brief filming in Seward and the significant purchases of ice from area seafood processing companies.
- Production company spending in Alaska on goods and services, coupled with local spending of new payroll dollars generated by the film project, supported additional jobs and income throughout the Alaska economy. Including indirect and induced effects (the multiplier effect), the economic impact of filming *Everybody Loves Whales* equaled the annual-equivalent of 180 jobs and \$6.2 million in labor income.

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<sup>2</sup> These estimates are based on a preliminary analysis conducted prior to the filing of detailed financial documents required to obtain the film tax credit.

- Both the labor income and total output estimates are conservative to the extent they do not capture all of the spending by non-Alaskan cast and crew members. Spending on accommodations, transportation, and meals was captured, but incidental spending by non-resident cast and crew members while in Alaska was not. Anecdotally, at least some of the visiting cast and crew spent freely on visitor activities, entertainment, and cold-weather clothing while in Alaska.

**Estimated Economic Impact of *Everybody Loves Whales***

	Direct	Indirect and Induced	Total
Employment	110	70	180
Labor Income	\$4,000,000	\$2,200,000	\$6,200,000
Spending on Goods and Services	\$7,700,000	\$2,600,000	\$10,300,000
Output	\$11,700,000	\$4,800,000	\$16,500,000

- Including direct and indirect labor income, filming of *Everybody Loves Whales* generated approximately \$107,000 in income for Alaskan workers for each day of filming.
- Total direct and indirect output (the sum of all direct and indirect payroll and non-payroll spending) related to filming *Everybody Loves Whales* in Alaska was approximately \$16.5 million.
- Filming of *Everybody Loves Whales* created approximately \$285,000 in economic activity for each day of filming in Alaska.

# Methodology

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Compared to other economic impact studies of this type, this study is unusual in its timing and, consequently, the amount of primary research required to gather the necessary information on direct spending related to filming of *Everybody Loves Whales*. Typically, studies are conducted after all of the accounting has been finalized and that information is available, either from the studio or production company itself or from state agencies that administer film tax credit or other incentive programs.

Eventually that detailed information regarding *Everybody Loves Whales* will be available from the Alaska Film Office, the state government entity that manages Alaska's tax film tax incentive programs, but in the interim, most of the information gathered for this study was collected from the various Alaska production services companies involved, and from direct contact with a large number of actual vendors. Most of the data used was collected directly from a vendor or production company, but in some cases the numbers were estimated based on conversations with industry professionals.

To calculate the multiplier effect of the direct spending – which included both wages and benefits to people hired to work on the film and direct vendor spending on everything from hotel rooms to security – the study team used IMPLAN<sup>3</sup>, a well-known input/output modeling program. Both direct spending and multiplier spending is calculated for Alaska as a whole, although the vast majority of the spending and economic impact was in Anchorage.

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<sup>3</sup> Minnesota IMPLAN Group, Inc.

# Direct Economic Impacts of Everybody Loves Whales

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## Overview of the Movie

*Everybody Loves Whales* is set in 1988 and tells the story of a non-profit activist and a government employee working together to free three California gray whales trapped below the sea ice near Barrow, Alaska.<sup>4</sup> The movie is directed by Ken Kwapis, and the cast includes Drew Barrymore as the nonprofit aid worker, John Krasinski as a local reporter, Stephen Root as the Alaska governor, and Kristen Bell, Ted Danson, and Dermot Mulroney in supporting roles. Distributed by Universal Pictures, a division of NBC Universal and subsidiary of the conglomerate General Electric/Vivendi SA, the film is slated for a 2012 release.

Filming began in Alaska on September 16, 2010 and concluded in November 2010. The film was shot in 58 days, had 48 speaking parts, and about 1,100 extras. The first unit location was in Anchorage, where a replication of parts of Barrow was built in the Ship Creek area. The second unit filmed in and around Barrow. Additional re-shoots are set to film in late February or early March with a small contingent of cast and crew.

## Preparation and Shooting

The casting company began searching for the 48 speaking part actors and 1,000-1,200 non-speaking extras in Barrow in May 2010. They subsequently traveled around the state, holding casting calls in Kotzebue, Nome, Fairbanks, Juneau, Sitka, Homer, Seldovia, and Bethel. A total of twenty casting sessions were also held in Anchorage and the Mat-Su Valley.

The roles of the extras equated to 2,600 "man days" for those hired (approximately 2,500 in Anchorage). The term "man days" is an industry term used to track the demand and use of extras; "man days" are not necessarily eight hour days and are often longer because of the compressed timelines of movie making. All extras were paid union wages.

Actors cast in speaking parts were paid Screen Actors Guild (SAG) union rates. About half the actors with speaking parts were from Anchorage and the other half came from other parts of the state. The majority of the speaking parts cast worked an average of one day. One of Alaska's Native corporations provided assistance to the production company by providing a database of shareholders who were interested in being cast in Alaska Native roles in the movie and artists who could create authentic Native artwork, clothing, and other elements of set design.

Crew members working with the actors and extras included hairdressers, makeup artists, and wardrobe experts, among a variety of other trade professionals. Supervisors for the various departments came from Los Angeles, but extra hairstylists and makeup people were hired locally. The specially outfitted hair, makeup, and wardrobe trailers were brought from California by barge.

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<sup>4</sup> Internet Movie Database (IMDb)

The cast, extras, and crew were all fed by catering and craft services companies. Warm meals prepared by the catering chefs included two or three entrees, salads, rolls, desserts, etc. The catering company fed an average of 225 people a day (cast and crew). Separate from catering services, craft services provided snacks such as coffee, soups, cheese and crackers, juice, and nuts – snacks that could be eaten while working – throughout the work day.

The production company sent staff to shop locally for 1980's wardrobe items, furniture, and accessories. What they could not find in town, construction crews built from scratch. For example, they hired Inupiat seamstresses to fabricate native costumes and artwork. Local laundry and dry cleaning businesses were frequented to clean wardrobe as well as the crew's own clothing items.

## **Alaska Vendors**

*Everybody Loves Whales* directly generated business for hundreds of Alaska vendors of goods and services. In total, at least \$7.7 million was spent with Alaska businesses as part of the effort to film the movie. The major categories of vendor spending are detailed below.

### **Transportation**

The small army involved in the filming of *Everybody Loves Whales* spent at least \$1.2 million on Alaska transportation companies including more than \$500,000 on car and motor home rentals (including rental car taxes), \$160,000 on fuel, and at least \$300,000 in transporting equipment and supplies.

### **Accommodations**

One of the most obvious economic impacts of *Everybody Loves Whales* was the large demand it created for accommodations. An Anchorage hotel provided rooms to the cast and crew that totaled 12,100 room nights. Two Anchorage homes were also rented for six months each. During the production team's shooting in Seward and Barrow, local hotels provided rooms. Total spending on accommodations equaled \$1.1 million.

### **Construction**

Another large beneficiary of big-budget movie making is the construction industry. Local vendors that participated in construction efforts related to *Everybody Loves Whales* included engineering firms, crane rental companies, fence builders, pavers, and renovating and restoration construction companies. An estimated \$850,000 was spent in Alaska on construction-related services.

### **Location Fees**

At least 20 locations in Anchorage, Barrow, and Seward were leased or paid location fees during filming. Beneficiaries included the Municipality of Anchorage, Anchorage School District, Alaska Railroad, Merrill Field, the Alaska Sealife Center in Seward, the Anchorage Daily News, and several other private building owners. In all, at least \$730,000 was paid for locations used in filming.

## **Security/Safety**

Over \$300,000 was spent on security and safety considerations, including over \$200,000 for security on the sets and at the Port of Anchorage, and an estimated \$100,000 for diving support and emergency services for scenes in and around the water (such as shooting at the Jewel Lake location). The production also paid about \$13,000 for police and fire department support (off-duty personnel signed up for the overtime).

## **Wardrobe and Props**

An estimated \$200,000 was spent in the state, primarily in Anchorage, on wardrobe and costumes used in the movie. Alaska purchases for props and other items used on the various sets are estimated to have produced well over \$400,000 in Alaska spending.

## **Production Services**

The producers of *Everybody Loves Whales* used several Alaska-based film production companies to assist in the filming of the movie. These companies earned an estimated combined total of \$350,000.

## **Ice and Miscellaneous**

To produce the desired Barrow-like background in Anchorage, the production company spent an estimated \$500,000 on ice purchased from several seafood processing companies – which extended their season by a few months for some workers. The ability to produce ice in such large quantities was reportedly a surprise for the movie makers who were not aware of Alaska's well-developed seafood processing industry and its industrial strength ice-making capacity. The production at first thought they would have to transport ice from a much farther distance at greater expense.

Other miscellaneous expenses to make *Everybody Loves Whales* included portable toilet rentals, electricity and other city utilities. Additionally, although much of the specialized equipment used to make movies was brought from outside Alaska, equipment rentals from Anchorage and other Alaska companies still totaled an estimated \$1 million.

## **Alaska Resident Participation**

Aside from all of the Alaska vendors that sold goods or services to the production, an estimated 1,300 Alaskans participated directly as either cast or crew. The Alaska-based crew averaged about 175 people per day over the two months of shooting – typically 12 hours or more per day – which is considered normal when filming a movie or television program. The hundreds of Alaskans hired to be in the film as extras or for brief speaking roles generally worked only a few days each. In total, Alaskans earned an estimated \$4 million in wages and benefits.

# Multiplier Effects of Everybody Loves Whales

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Any infusion of new money into an economy, such as the wages and wide variety of vendor purchases associated with filming *Everybody Loves Whales*, circulates throughout the economy in additional rounds of spending and supports additional jobs and wages in the process. The total amount of this subsequent spending, hiring, and payment of wages is described as the multiplier effect.

One of the most frequently used methods for determining multiplier effects is the IMPLAN<sup>5</sup> input/output model, which uses historical relationships between industries to assess the effects changes within one industry will have on the overall local economy. Typically, more developed industries have larger multipliers because supply chains tend to deepen and expand over time. Alaska's film industry multipliers are considerably smaller than they would be in Los Angeles or Vancouver, for instance, because those cities have well developed supply chains to provide much of what is required to make movies and television shows.

To the extent the film industry was to grow and expand in Anchorage and Alaska, the multiplier effects of the industry could also be expected to grow. To illustrate this point, a Michigan study of the economic impacts of the film industry found a 2008 employment multiplier of 1.66 could grow to 1.90 by 2012.<sup>6</sup>

There are two types of multiplier effects:

**Indirect impacts** are those generated by the businesses and individuals in the local economy that provided goods or services to *Everybody Loves Whales*. For example, the jobs and payroll created at the hotel where the non-resident cast and crew stayed are part of the indirect impacts.

**Induced impacts** are those created as a result of the subsequent spending by people who earned wages working directly on *Everybody Loves Whales*. An example of this would be the groceries purchased by someone hired to build sets for the movie.

## Total Employment

Although an estimated 1,300 Alaskans worked and earned money during the filming of *Everybody Loves Whales*, the annualized job count<sup>7</sup> is much smaller, since the 1,100 Alaskan cast members involved worked for very brief periods, on average, and had modest earnings. Direct employment was estimated to be 110 annualized jobs, which in turn generated 70 additional jobs for a total employment impact of 180 jobs.

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<sup>5</sup> Minnesota IMPLAN Group, Inc. produces the IMPLAN data and software. IMPLAN was developed in the 1970s as part of an effort by the U.S. Forest Service to assess the potential impacts of various resource management plans on local communities.

<sup>6</sup> *The Economic Impact of Michigan's Motion Picture Production Industry and the Michigan Motion Picture Credit*, February 6, 2009.

<sup>7</sup> IMPLAN uses annualized job numbers from federal and state labor statistics. An annualized job is one that is held for twelve months of the year. To convert the brief periods of work into annual equivalent employment, total payroll for the two different categories – cast and crew – was divided by typical annual earnings in Alaska for those types of jobs. That calculation produced an annualized job count of 20 cast jobs and 90 crew jobs. The employment multiplier was then added to that direct job count to produce the final estimated employment impact of 180 jobs.

## Total Labor Income

Total labor income (payroll and benefits) generated by *Everybody Loves Whales* was \$6.2 million, including the \$4 million spent by the production directly, and an additional \$2.2 million generated as portions of the direct vendor spending and labor income was spent and re-spent in the Alaska and Anchorage economies.

## Total Output

The filming of *Everybody Loves Whales* including total direct spending of \$11.7 million, including wages and purchases of goods and services. When the multiplier effects are added to these direct expenditures, the total economic impact of *Everybody Loves Whales* in terms of total output<sup>8</sup> equaled \$16.5 million.

Both the labor income and total output estimates are conservative to the extent they do not capture all of the spending by non-Alaskan cast and crew members. Spending on accommodations, transportation, and meals was captured, but incidental spending they may have done while in Alaska was not.

While not possible to measure this type of spending within the scope of this project, anecdotally, visiting cast and crew spent a significant amount on some of Alaska's unique visitor-industry experiences, including dog sled rides, fishing trips, and flight seeing. Cast and crew from outside Alaska also were reported to have spent freely on coats, boots, gloves and other cold-weather clothing. Although catered meals were provided for cast and crew, downtown restaurants reported a noticeable boost in sales that they attributed to the filming of *Everybody Loves Whales*. The timing of the increased business was also a benefit in that the summer visitor season was winding down in September when filming began.

Estimated Economic Impact of *Everybody Loves Whales*

	Direct	Indirect and Induced	Total
Employment	110	70	180
Labor Income	\$4,000,000	\$2,200,000	\$6,200,000
Spending on Goods and Services	\$7,700,000	\$2,600,000	\$10,300,000
Output	\$11,700,000	\$4,800,000	\$16,500,000

<sup>8</sup> Output is defined in IMPLAN as the value of industry production. For service providers, this equates to sales, for retailers, their gross margin (rather than their gross sales), and for manufacturers, their sales plus or minus changes to their inventories.

# Profile of Alaska's Film Industry

Based on data provided by the Alaska Film Office, \$14.9 million was spent in Alaska in FY2010 and FY2011 year-to-date on the production of feature films, documentaries, television programs, and commercials. This tally includes productions that have submitted detailed accounting to the state for the state's film production tax credit. It does not include *Everybody Loves Whales* or other production efforts this year that have not submitted spending data. Filming or other production-related activities occurred in 35 Alaska communities.

## Alaska Film Productions, FY 2010 and FY 2011 to Date\*

Type	Fiscal Year	Qualified Spending	# Alaska Jobs Created	Total # Days Filming	Total # AK Filming Days	AK Communities Involved
<b>Feature Film</b>						
Beyond	2011	\$6,602,752	38	20	20	Anchorage and surrounding areas
On the Ice	2011	\$524,628	8	25	25	Anchorage, Barrow
The Proposal	2010	\$179,407	15	52	2	Sitka
<b>Documentary</b>						
Survive and Thrive	2011	\$109,217	-	7	7	Anchorage and Homer
<b>Television Show</b>						
Top Gear	2011	\$260,798	12	52	6	Anchorage, Fairbanks, Healy, and various wilderness areas
Ice Road Truckers	2011	\$2,692,293	9	65	65	Fairbanks, Anchorage, Coldfoot, Bettles, Eagle, Nuiqsut, Prudhoe Bay
Alaska State Troopers	2011	\$100,676	0	88	88	Sitka, Nome, Gambell, Savoogna, Paxon, Fairbanks, Delta Junction, Soldotna, St. Marys, Bethel, Palmer, Wasilla, Cantell
Deadliest Catch	2011	\$1,747,965	4	122	122	Anchorage, Dutch Harbor, Kodiak, Cold Bay, St. Paul, King Cove
R5Sons	2011	\$421,049	5	129	123	-
Man vs. Wild	2011	\$223,143	3	6	6	Anchorage, Seward
Ice Road Truckers	2010	\$1,187,933	5	84	84	Fairbanks, Anchorage, Deadhorse, Coldfoot, Prudhoe Bay
Disaster on K2	2010	\$122,153	17	7	7	Anchorage, Girdwood, Chugach Mountains
Grizzly Land	2010	\$178,394	3	72	72	Homer, Katmai National Park, Hallo Bay
Alaska's Most Extreme	2010	\$233,737	12	50	47	Anchorage, Bettles, Girdwood, Bethel, Glenallen, Haines, Homer, Juneau, Kaktovik, Palmer, Portage, Seward, Sitka, Soldotna, Talkeetna, Valdez, Wasilla, Willow
<b>Commercial</b>						
Prilosec Commercial	2011	\$326,664	12	7	7	Anchorage, Fairbanks
<b>Total</b>		<b>\$14,910,809</b>	<b>143</b>	<b>786</b>	<b>781</b>	

Source: Alaska Film Office

\* Table does not include *Everybody Loves Whales* because spending data has not yet been submitted.

In 2009, Alaska had 34 companies with employees operating in the motion picture and sound recording business. Combined, these companies provided 367 jobs and paid \$4.7 million in salaries.<sup>9</sup> An additional 112 sole proprietors (self-employed workers or companies without employees) earned \$2 million.<sup>10</sup> The numbers have not changed significantly either up or down for the last five years.

By occupational classification, 52 Alaskans worked as camera operators in television, video, or motion picture productions in 2008.<sup>11</sup> An additional 26 worked as film and video editors, and 11 worked as sound engineering technicians. Many of the employees of motion picture and sound recording businesses are classified occupationally under more general categories such as administrative support workers, which explains why the number of people working in film-related occupations is significantly smaller than the number of jobs in the industry.

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<sup>9</sup> Alaska Department of Labor and Workforce Development

<sup>10</sup> U.S. Census, Non-employer Statistics

<sup>11</sup> Alaska Department of Labor and Workforce Development, Occupational Database

# Alaska Film Industry Infrastructure Needs

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To the extent Alaska can deepen its supply chain in the film industry and develop a trained and experienced workforce, it can increase the impact the industry has on the state's economy. In other words, it can create bigger multiplier effects from the initial round of direct spending.

Hawaii's film office, for example, divides its history of film making into two parts: the first 70 years, then everything since 1968 when the television show "Hawaii Five-O" filmed its first of 12 seasons.<sup>12</sup> During the pre-Hawaii Five-O years, Hawaii provided beautiful locations and memorable settings, but little else. After Hawaii Five-O, the state had a production infrastructure that both helped attract additional films and helped increase the economic impact that movies and television shows had on the state's economy. The production facilities and experienced workforce created a legacy that includes television programs such as Magnum P-I and a modern version of Hawaii 5-O, but also a whole host of movies and a mature movie-making industry as an important part of the state's economy.

In Alaska, the most obvious enhancements to the state's movie-making infrastructure would include a sound stage, customized film-making equipment for lighting, filming, and support of cast and crew (specialized trailers for makeup, wardrobe, and catering, for example), and a trained and experienced workforce.

## Sound Stage

A sound stage is a sound-proof building, ranging in size from a room or small building to 50,000 square feet. Soundstages are multi-purpose buildings that provide a customizable location for indoor filming in addition to offices, dressing and make-up rooms, mill shops (carpentry and set design), and various rooms to store props and other equipment. Soundstages allow sets to be built to exact specifications, sometimes negating the need for multiple physical filming locations. Production costs can be cut significantly by reducing the number of locations where filming is done.

Due to the extensive soundproofing required for a soundstage, and the fact that older buildings sometimes cannot bear the extra load, it is sometimes cheaper to build a new building designed to take the weight of soundproof walls and ceilings. The building must be able to take massive amounts of stress on its power, as it will be providing electricity to the cameras, lights, and sound equipment.

The primary benefit of sound stages is the increased flexibility they provide in a shooting schedule. Especially in a state like Alaska, where weather is often inclement and unpredictable, and with varying hours of daylight, the lack of sound stages can be a significant impediment to large productions. In the absence of sound stages, the *Everybody Loves Whales* production team used a variety of small sets and warehouses scattered throughout the city, which added to production costs and took extra time.

## Light, Sound, and Other Customized Equipment

Research interviews for this study revealed that much of the customized equipment needed to film *Everybody Loves Whales* was barged to Alaska because it was not available locally. Specialized film-making equipment

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<sup>12</sup> *Hawaii's Film & Television Legacy*, Hawaii Film Office

includes a vast array of grip (electrical) equipment and a variety of cranes and dollies (moving camera platforms). In addition, film making on this scale requires a fleet of specialized trailers for wardrobe, makeup, and catering, among other things.

### **Trained and Experienced Industry Professionals**

A skilled, experienced workforce is a key element in attracting companies to an economy for any industry, including the film industry. A film-making workforce includes technical crew and specialized support service companies as well as the actual cast members and extras that appear on camera.

### **COLLEGE AND UNIVERSITY PROGRAMS**

Currently, Alaska does not have a dedicated film school or program, although efforts are underway at University of Alaska Fairbanks (UAF) to start a film degree program that will focus on providing students with the skills necessary to start a career in cinema and other media. The Journalism and Communications Department at the University of Alaska Anchorage (UAA) is also in discussions with a local film studio regarding the placement of interns on an upcoming production.

### **CREW TRAINING**

Having trained professionals in lighting, sound, and film production in place means a production does not have to transport and house the necessary professionals while in production. Among Alaska's current efforts to address the shortfall of trained crew members is a series of educational workshops provided by a nonprofit film advocacy group. Training is available at both the introductory and more advanced levels and a film degree or other specialized training is not required to participate in the workshops. So far, over 100 Alaskans have participated.

Obviously, the best way to get and keep a trained and experienced film crew workforce is to generate a regular stream of work in the industry and offer on-the-job training. As noted above, much of Hawaii's success in attracting both movie and television productions is traced back to the trained crew and infrastructure that was the legacy of Hawaii 5-O's successful 12-year run. Similarly, a major benefit to New Zealand from the filming of three *Lord of the Rings* movies there was the large supply of trained crew members that it generated.

# Potential for Film-Induced Tourism

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## The Film Industry's Connection to Tourism

Research on "film tourism" is one of the newer areas of study in the tourism industry and falls into several broad categories, including:

1. How does a movie or television program impact decisions to travel?
2. What are the profiles of movie or television program tourists?
3. How can a state or region market destinations through their connections to movies and television?

In some cases, the link between a movie or television program and a destination's success as a tourist destination is obvious. For example, it is safe to assume the 1995 movie *Braveheart* was largely responsible for a 300 percent increase in visitors to the William Wallace Monument in Scotland in the years immediately following its release (William Wallace's stylized history was the subject of the movie). Similarly, the baseball field built in the middle of Iowa cornfields for the 1988 baseball movie *Field of Dreams* can safely trace the source of its more than one million tourist visits to the successful movie for which it was constructed.

Often the link is less obvious, but plausible. Tourism visits to Fort Hayes, Kansas increased by 25 percent after the 1990 movie *Dances with Wolves* was partly filmed there. Another example of this type is the 1991 movie *Thelma and Louise*, which featured Utah's Arches National Park prominently in its climactic scenes. The movie was released in the spring and that same year the park saw a 19 percent increase in visitors.<sup>13</sup>

Two movies among many that highlight Alaska's wilderness and natural beauty and raise awareness for the state are the 1991 film *White Fang*, and the 2007 film *Into the Wild*. More recently, *On the Ice*, one of 16 feature-length films selected to compete in the 2011 Sundance Film Festival, is set in and around Barrow and joins *Everybody Loves Whales* as a film that could generate tourism interest in Alaska's far north.

Another example is the 2009 film *The Proposal* starring Sandra Bullock. The film was set in Sitka, but was actually filmed in Massachusetts. The fact that the movie was set in an actual Alaska location generated name recognition for Sitka and likely some tourism interest (unlike the fictional town of Cicely, Alaska where the successful television program *Northern Exposure* was set though filmed in Washington.)

Alaska's spectacular natural scenery and iconic status as The Last Frontier create significant opportunity for film-induced tourism. People who visit the state because of a connection to movies or television may come to see a specific featured location or because they are more broadly attracted by mountain ranges, glaciers, wildlife, or expanses of wilderness of the type that first captured their imagination on the big or small screen.

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<sup>13</sup> Promoting Destinations via Film Tourism: An Empirical Identification of Supporting Marketing Initiatives, Journal of Travel Research, May 2006.

## Television Programs in Alaska

The last several years have brought growing interest in reality television series based in Alaska. "Deadliest Catch" and "Ice Road Truckers" tap into the Alaska mystique of extreme weather conditions and work environments and "Sarah Palin's Alaska" showcases the state's wildlife and rugged beauty as Alaska's former governor and 2008 vice presidential candidate travels around the state with her family.

"Gold Rush Alaska" documents a group of men from Oregon who prospect for gold in Southeast Alaska after they lose their jobs and businesses during the recession. "Out of the Wild: The Alaska Experiment" follows small groups of people with urban backgrounds as they try to live in back-country Alaska locations during fall and winter months.

Alaska tourism marketers are attempting to capitalize on the publicity by running ads during the programs featuring Alaska wildlife, scenery, and activities including fishing, kayaking, and rafting. Kathy Dunn, the Alaska Travel Industry Association's marketing director, has been quoted as saying, "Obviously, any time you put Alaska in front of people, no matter the context, it's a good thing."<sup>14</sup> As with movie-based tourism, it will be difficult to quantify the effect of this type of exposure with precision, but there is significant potential for it to help stimulate tourism growth.

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<sup>14</sup> *Alaska Looks to Cash in on Palin, 'Deadliest Catch,'* Associated Press, December 29, 2010

# U.S. Film Industry

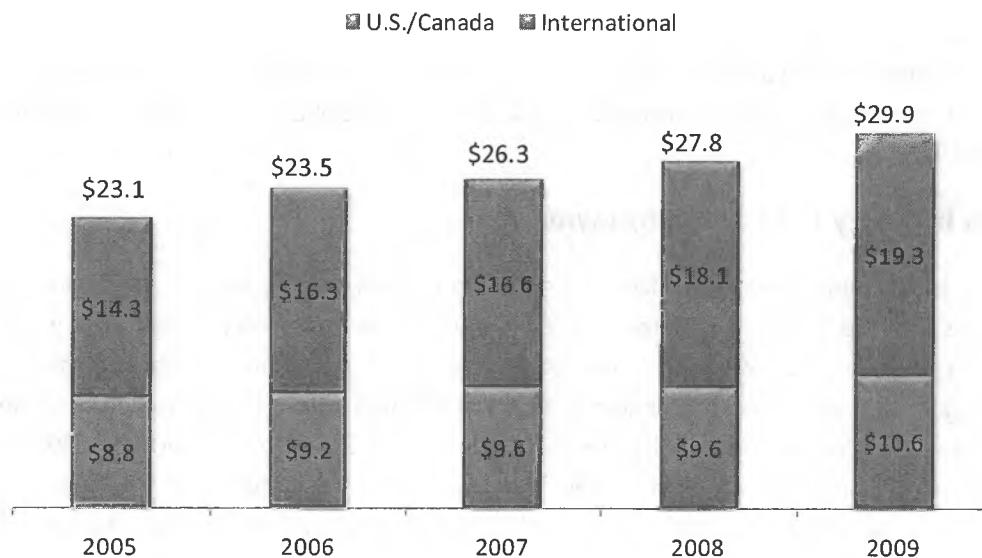
## Overview of U.S. Motion Picture Production

According to the Motion Picture Association of American (MPAA), the motion picture industry's global box office revenue in 2009 was estimated to be \$29.9 billion (U.S. dollars), an increase of 7.6 percent from 2008. Approximately one-third of that amount came from the U.S. and Canada (\$10.6 billion, up ten percent from 2008 and 20 percent from 2003).

A total of 217.1 million different people bought movie tickets in the U.S. and Canada in 2009. On average, they bought 6.5 tickets during the year and purchased a total of 1.4 billion tickets. The arrival of 3D movies in 2008 is responsible for much of 2009's U.S./Canada growth (of the \$1 billion increase, ninety percent came from 3D box office).

The movie industry was more resistant than most to the deep national recession. Domestic growth was minimal in 2008, but then resumed again in 2009, and international growth slowed in 2007 before quickly picking up again in 2008. The movie industry is also an important exporter for the U.S. economy, with a large positive balance of trade (exports minus imports).

### Worldwide Box Office (U.S. \$ Billions)



Source: Motion Picture Association of America

Substantial additional growth for the industry appears almost certain, given that the U.S. accounts for about 6 percent of the world's population, but approximately 50 percent of consumer dollars spent on movies and television. International growth is expected to be strong for the foreseeable future, likely far outpacing domestic growth.

## **Hollywood's Beginnings**

The first full-length feature film was actually made in Australia. *The Story of the Kelly Gang*, was an 80-minute silent film made in 1906. It was not until 1911, after 16 films had already been made in Australia, that other countries began film production.

The first American film companies were established in New Jersey and New York. However, at the time, productions were shot in glass studios using natural sunlight, something that could not be guaranteed in the New Jersey-New York area. Los Angeles, on the other hand, had clear days, dry weather, a variety of natural landscapes – oceans, deserts, mountains, forests, and hills – and no enforcement of motion picture patents, making it the perfect place to develop the industry.

## **Present Day Film Industry**

The United States has the oldest and largest film industry in the world, in terms of revenue, but other major film-making locations include India, Hong Kong, Egypt, and Nigeria. India's multi-lingual film industry is the world's largest, measured by ticket sales and number of films produced. Hong Kong is the film hub for the Chinese-speaking world and is unique for having little to no direct government support. Egypt has been called the "Hollywood of the East," and has recently branched out from restrictive religious taboos, allowing it to grow substantially. Nigeria is home to Africa's largest film industry and is second only to India in number of films produced.

While Los Angeles is often thought of as the center of the US film business industry, only one of the six major film studios, the Walt Disney Company, is fully based there. Sony Pictures Entertainment is also headquartered in California, but its parent company, Sony Corporation, is located in Tokyo. The other four film studios, Time Warner, News Corporation, Viacom, and General Electric/Vivendi SA, are all headquartered on the East Coast.

## **US Film Industry Jobs and Employment**

According to a Motion Picture Association of American (MPAA) study<sup>15</sup>, the U.S. film industry supported 2.4 million jobs and over \$140 billion in total wages in 2008. The average salary in the industry was \$55,600. The job counts include 296,000 jobs in the core business of producing, marketing, manufacturing, and distributing motion pictures and television shows, and 453,000 jobs in related businesses including theaters, rental stores, television broadcast companies, cable companies, and online ventures. In 2008, there were over 95,000 businesses in total related to the film industry, which made more than \$40 billion in payments to more than 144,000 businesses. The industry paid an estimated \$15.7 billion in federal taxes alone.

## **Domestic Competition for Filming Locations**

While 60 percent of all movies and television shows are filmed in California or New York, filming occurs in all 50 states and Washington, D.C. In 2008, film industry employment grew by 8 percent in New Jersey, 31 percent in Georgia, 33 percent in Pennsylvania, and 45 percent in Massachusetts.

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<sup>15</sup> *The Economic Contributions of the Motion Picture and Television Industry to the U.S. Economy, 2009*

In 2008, 208 movies were filmed in New York and 160 were filmed in California. More television shows were filmed in California, however (320 compared to 143 for New York). California's direct film industry employment was nearly 210,000 in 2008, and wages totaled \$16.7 billion. New York's film industry job count was 87,000, with \$7.6 billion in wages.

Obviously, Alaska's film industry is very small by comparison. In 2008, there was only one movie and three television shows filmed in the state. This resulted in 806 direct jobs and \$11.1 million in estimated wages, according to the MPAA study.

Hawaii, with the similar logistical challenge as Alaska of being remote from North America population centers, had nine movies and nine television shows filmed in 2008, bringing nearly 3,000 jobs and \$96.2 million in wages<sup>16</sup> to the state. The growing number of television shows being filmed in and about Alaska holds promise for Alaska's film industry to become more like Hawaii's, with its long and steady history of television programs.

**The Film Industry in Select States, 2008**

State	Movies Filming	TV Shows Filming	Direct Jobs	Est. Wages
Alaska	1*	3	806	\$11.1 million
California	160	320	209,946	\$16,700 million
Hawaii	9	9	2,998	\$96.2 million
New York	208	143	86,637	\$7,600 million
Massachusetts	13	14	11,524	\$584.4 million
Michigan	35	8	15,161	\$510 million
New Mexico	35	12	4,055	\$146.8 million
Washington	11	2	11,290	\$347.8 million

Source: Motion Picture Association of America

\* *Into the Wild*

<sup>16</sup> One advantage Hawaii has is its supply of soundstages and studios, facilities Alaska is generally lacking.

# Film Incentive Programs

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It is outside the scope of this report to examine the costs and benefits of film incentive programs or to evaluate their role in drawing film production to Alaska. However, because these incentive programs are very much part of the national and international film-making landscape, they are briefly described here.

## International Competition for Filming Locations of U.S. Productions

As of 2010, according to the MPAA, 39 states, Washington, D.C., and Puerto Rico have some type of film industry tax incentives program. Still, cheaper production costs have resulted in the filming of many U.S. movies in Canada, the United Kingdom, Australia, New Zealand, and Eastern European countries. Much of the time, the movies are actually set in the U.S., but filmed in these countries on sets designed to look like U.S. locations.

### Canada

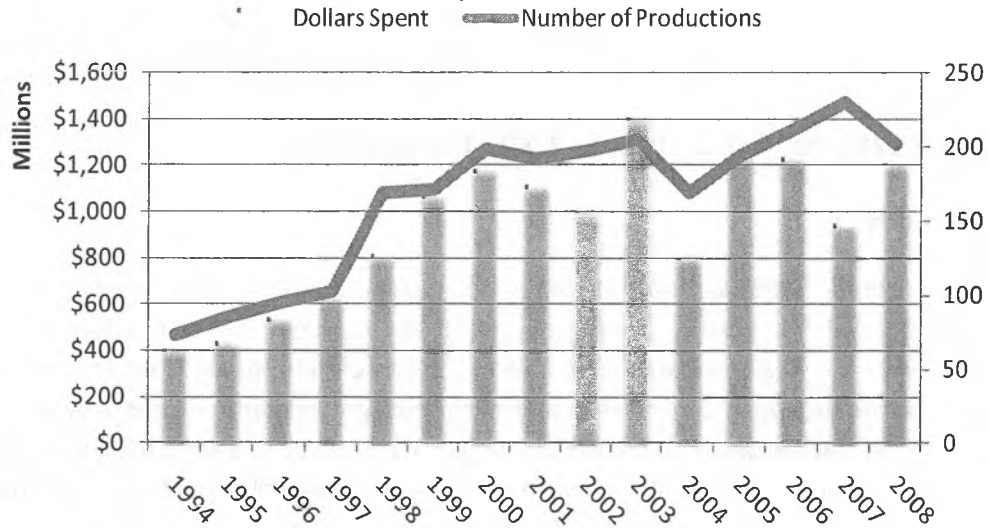
Canada's largest film studio centers are located in Vancouver, Toronto, and Montreal. Lower costs and tax breaks have helped create strong growth for Canada's film industry. Movie production incentives were first implemented in Canada in the late 1990s and include combinations of tax credits, cash rebates, grants, sales tax exemptions, lodging exemptions, free locations, and other miscellaneous perks. British Columbia and Vancouver in particular have seen dramatic growth in film production spending since implementing incentive programs. That success is of special relevance to Alaska since many of the films that are set in Alaska are filmed in British Columbia because of its similar geography.

Productions in British Columbia rose from less than 100 in 1996 to over 200 by 2003 (*refer to table on the next page*). Total dollars spent increased from around \$500 million in 1996 to \$1.4 billion in 2003. Dollars spent fell significantly in 2004 and have stayed below 2003 levels since, although the 2008 totals are impressive by any measure: \$1.2 billion in production spending (which was estimated to have generated 20,000 direct jobs and 15,000 indirect jobs).<sup>17</sup>

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<sup>17</sup> British Columbia Film Commission Production Statistics, 2008

### Productions and Dollars Spent in British Columbia, 1994-2008



Source: British Columbia Film Commission

Canada's success in using incentives to generate film industry growth was a contributing factor to similar efforts by Australia, New Zealand, and individual US states.

#### **Australia**

Australia's umbrella film-promotion organization, "Screen Australia," coordinates the Australian government's generous film subsidies and incentive programs. Some Australian states also offer additional incentives. Victoria, for example, has a grant system that provides cash rebates at the end of film production for a portion of filming costs. Cities sometimes provide incentives as well. Melbourne, which is part of the state of Victoria, offers city incentives in conjunction with federal incentives, but will not provide additional subsidization if Victoria has already done so.

According to Australia's Department of Foreign Affairs and Trade, "government funding represented 17 percent of the total funding for Australian produced and co-produced feature films in production." Most productions are filmed in and around Australia's two major cities, Sydney and Melbourne. Other cities could also handle the productions, but suffer from not having direct flights to and from Los Angeles.

#### **New Zealand**

New Zealand film production began in the 1920s, but stayed small until the 1970s. With the rise in prominence of feature films, directors, and actors connected to New Zealand, and the building of soundstages and studios, more productions were filmed here in the 1990s.

Tax incentives and subsidies were an important part of attracting major feature films in recent years including the *Lord of the Rings* trilogy, *Whale Rider*, the *Chronicles of Narnia* series, and *King Kong*. Due especially to the large production demands of the *Lord of the Rings*, and the hiring of many locals for crew and support, New Zealand now has a large film industry workforce of well-trained and skilled workers.

## **Alaska Efforts to Attract U.S. Film Production**

### **Alaska Film Office**

After being active in the 1980s and early 1990s, and then cut in the mid-1990s, the Alaska Film Office was reinstated in 2008 with the passage of the new incentives legislation. Part of the Alaska Department of Community, Commerce, and Economic Development, the film office's mission is to: 1) cooperate with the private sector for the expansion and development of the film production industries in Alaska; 2) promote Alaska as a film production location; 3) provide production assistance by furthering the relationships between film makers and producers with Alaska contractors; 4) certify Alaska film production internship training programs and promote the employment of program interns by eligible productions; and 5) administer the Alaska Film Production Incentive Program, in cooperation with the Alaska Department of Revenue.

As a relatively small organization, staffed by only a manager and administrative assistant, the film office is seeking ways to leverage its promotional and marketing efforts. These efforts include networking more closely with sister organizations such as the Alaska Seafood Marketing Institute and the Alaska Travel Industry Association to use their established connections and media infrastructures. The film office also intends to create additional promotional and marketing material, retool its website, and broaden its participation in future film location and industry conventions and trade shows.

### **Alaska Film Incentives Program**

The Alaska Film Incentives is based on legislation passed in 2008 as part of an economic development initiative. The program is due to sunset in 2013. The film production incentive consists of transferable tax credit for qualifying production expenditures made in Alaska during a consecutive 24-month period. Projects that are eligible include films, documentaries, commercials and video promotion.

Interested productions must apply to the program. During pre-production, producers must submit an application that includes an estimated budget, a distribution plan, and a script or treatment of the project. Applicants who apply are eligible for up to 44 percent in transferable tax credit, including a base credit of 30 percent with 10 percent added for Alaskan hire, 2 percent added if filmed between October 1 and May 30, and another 2 percent added for filming in rural locations. In order to qualify, there must be a minimum of \$100,000 spent in Alaska.

Upon completion of the production, and after an audit and review by the Alaska Film Office, the Alaska Department of Revenue issues a tax credit. The production can then sell its tax credit to any company that has corporate income tax liability in Alaska.

There are currently about 30 productions that have pre-qualified for the tax incentives. They include everything from the feature film, "Beyond," with a large Alaska spending impact, and the high-profile television programs "Deadliest Catch" and "Ice Road Truckers," to feature films with a much smaller impact in Alaska such as "The Proposal." Communities from throughout the state are represented and filming days range from two for "The Proposal" to over one hundred for the television programs "Deadliest Catch" and "R5Sons."

### **Tax Credits Issued in 2010-2011**

In the last two fiscal years, Alaska film production spending has reached nearly \$15 million and generated tax credits of nearly \$5 million.

**Alaskan Productions Tax Credits, Spending,  
and Credit/Spend by Fiscal Year**

<b>Fiscal Year</b>	<b>Tax Credits</b>	<b>Qualified Spending</b>	<b>Credit/Spend</b>
2010	\$244,547	\$713,691	34.3%
2011 YTD	\$4,664,869	\$14,197,119	32.9%
<b>Total</b>	<b>\$4,909,415</b>	<b>\$14,910,810</b>	<b>32.9%</b>

Source: Alaska Film Office

## Summary

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By all measures, *Everybody Loves Whales* had a significant economic impact on Anchorage and a lesser, though noteworthy impact, on Barrow and other parts of the state. The production spent \$7.7 million on goods and services with Alaska companies and an additional \$4 million on payroll and benefits to Alaska residents who worked on the film as either cast or crew. Adding the indirect and induced effects to the direct spending generated an estimated total economic impact of \$16.5 million.

The production generated an average of \$285,000 for each of the 58 days of filming and included more than 1,300 Alaskans as either cast or crew. The timing of filming was also a benefit, considering that Alaska's strongly seasonal economy was just winding down from its summer peak when filming began in September.

With nearly \$30 billion in global box office revenue, and substantially more growth expected, the industry has attracted the interest of most U.S. states and many countries eager for these types of economic benefits. It is outside the scope of this report to assess the effectiveness of the various incentive programs that have been created to attract film production, but there can be no question that the economic impact of the industry on an economy are substantial.

*Initial Assessment of*  
**The Impact of**  
*"Everybody Loves Whales" on*  
**Alaska's Economy**

*Prepared for:*  
**Anchorage Economic**  
**Development Corporation**



Research-Based Consulting

Juneau  
Anchorage

*February 2011*

Bush Pilot

 Print

# Alaska National Guard helps out with "Whales" shoot

Joshua Saul | Oct 12, 2010



An Alaska Army National Guardsman acting as a stand-in for the upcoming movie "Everybody Loves Whales" is seen climbing the ladder of a CH-54 Skycrane helicopter during filming at Bryant Army Airfield, October 4. Stand-ins are used as temporary replacements for stars providing the production crew a chance to rehearse before filming. Photo by Pfc. Karina Paraoan, Alaska National Guard Public Affairs Office

Barrow.

The stranded whales were discovered Oct. 7, 1988 by an Alaska Inupiat hunter after changing weather conditions and shifting ice trapped them in shallow water before they began their journey south to warmer waters.



Alaska Army National Guard State Command Sgt. Maj. Gordon Choate prepares a pair of Army cold weather gloves to be worn by an Alaska National Guardsman as an extra in the upcoming movie "Everybody Loves Whales." A team of Alaska National Guardsmen work daily to assist the production team with the military scenes to ensure the accuracy, attention to detail and correct portrayal of the

Here's the presser, and here's a story I wrote about the movie yesterday.

## Alaska National Guard assists Hollywood in major movie production

CAMP DENALI, Alaska - The Alaska National Guard is working closely with production crews here in Alaska in the filming of a Universal Studios movie based on a whale rescue that captured the world's attention near the end of the Cold War.

The movie "Everybody Loves Whales," starring well known actors Drew Barrymore, Kristen Bell, Ted Danson, John Krasinski, Dermott Mulroney and Vinessa Shaw, brings together a Hollywood storyline with the true story of how people from around the globe came together in 1988 to free three gray whales trapped in arctic sea ice 18 miles northeast of

At the forefront of this international incident, the Alaska National Guard was pivotal in its role to help free the whales utilizing a CH-54 Skycrane helicopter, while working closely with members of President Ronald Reagan's administration and with the former Soviet Union.

Twenty-two years later, Hollywood has come to Alaska and has asked the Alaska National Guard to assist them in the filming of the movie.

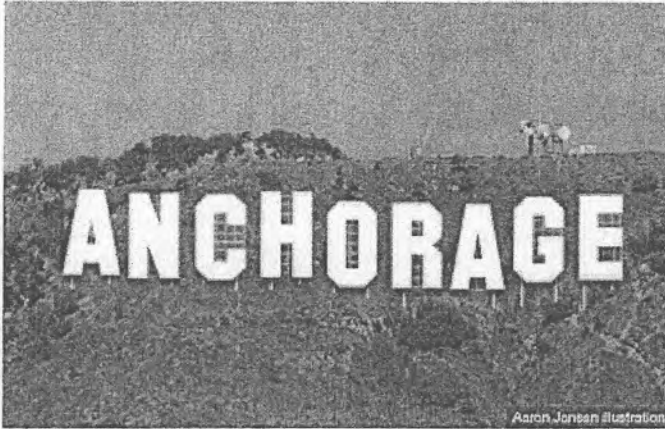
"We usually have a Department of Defense representative from our Los Angeles office providing the coordination, advice and daily assistance to the production company," said Vicente "Vince" Ogilvie, deputy director of entertainment media, office of the assistant secretary of defense for public affairs. "However, for "Everybody Loves Whales," that role is being provided by the Alaska National Guard."

## Features

Print

# Behind the scenes as Hollywood meets Alaska

Joshua Saul | Oct 11, 2010



Early on a Saturday morning in early October, inside an Anchorage middle school dressed up to play Barrow's high school, 140 extras sweated in bunny boots, parkas, and kuspuks. Extras playing Alaska Native villagers sat facing the front of the room, where a half-dozen somber whaling captains sat with two huge Panavision cameras behind them. I stood among the virtually all-white press corps clustered in behind the villagers: an Alaska reporter dressed up to play an out-of-state photographer.

When Drew Barrymore breezed onto the set, the extras burst into applause. Barrymore hid her face in her hands, feigning embarrassment, then told the Alaska Native extras they wouldn't like her after we heard her character arguing against the head whaling captain.

She was right. The scene being filmed -- a pivotal plot twist in "Everybody Loves Whales," a \$30 million movie that recreates a real 1988 event -- portrayed a community meeting in Barrow held to decide whether three whales trapped in the ice should be killed and eaten or freed. Barrymore played a Greenpeace activist fighting for the whales' release while the Alaska Native extras professed to like the taste of whale and said they hate being told what to do by white environmentalists from the Lower 48.

When filming began, Barrymore argued with a handsome young whaling captain in a red bandanna and Sorel boots. The press corps pretended to jot notes and take photographs of the confrontation. The extras playing villagers followed the director's instructions to "be a little impolite." When Barrymore's character said it would be wrong to kill the whale and its "babies," the villagers shouted her down. They cheered on the whaling captain as he replied that whales are what he feeds his family, what his whole village feeds its babies.

"What you're saying is ridiculous. You're a white girl. Go back to California. This is Inupiat country," the captain said, drawing the loudest cheers of the scene. But Barrymore's character wasn't finished. You don't need to hunt, she said, not when you all get big stipends from the oil companies and have enough money to buy all the food you need.

"Those stipends last just a few months," the young captain shot back. "We have to hunt. One day that oil's going to run out. And when that happens, who will feed our children? Will you?"

## Real Alaska conflict comes to the silver screen

The scene reflected a real conflict between the subsistence lifestyle practiced by some Alaska Natives and the sometimes condescending environmentalism of urban and Outside interests.

Subsistence is a touchy issue in Alaska. Urban sport hunters and rural subsistence hunters clash over hunting quotas, the wanton waste of caribou on the tundra near Point Hope resulted in criminal cases that were covered by the Alaska media, and the decision of an Alaska Native state legislator to overfish his subsistence permit

became a high-profile court case.

Usually that conflict is misunderstood or ignored by the outside media and entertainment industries, so a mainstream Hollywood movie that appreciates the complexities of the conflict is something new. The film's directors did show at least some awareness of the divisions that sometime define Alaska. At one point, the first assistant director walked back to two white extras playing Barrow villagers. You don't have to be as angry as everyone else when Barrymore makes her points, he told them, adding that as white villagers, they wouldn't necessarily be agreeing with the Natives.

At the risk of drawing too broad a conclusion from one scene, "Everybody Loves Whales" does seem to have a clearer take on Alaska issues than most Lower 48 films and news reports. And it nailed the scene right down to the coffee urn and Sailor Boy Pilot Bread set up as props.



The movie's realism is only enhanced by its extras, many of whom brought their own kuspuks and fur-lined parkas instead of waiting to be outfitted by the wardrobe department. One of the extras playing a whaling captain is even part of a real whaling crew way out on Little Diomedede, just two miles from Russian soil. Sylvester Ayek, a well-known Alaska Native artist who hunts walrus from his home in Nome, was scheduled to play another of the whaling captains but was "demoted," as he laughingly put it, when he showed up late for the shoot on Saturday.

### **A day in the life of an extra**

Being an extra is harder than it looks; not like digging ditches in permafrost, sure, but tiring and monotonous all the same. During my stint on set the first weekend in October I was assigned, coincidentally, to play a press photographer. I was handed a dated Nikon with a big Speedlight SB-16 flash. To round things out, I was outfitted with black snowpants, black boots, a green pullover and a green down vest. It was easy to look the part, but more difficult to keep from sweating like a polar bear in a sauna. My press pass read "Dean Wilson, U.P.I." Positioned between a Wasilla medical biller playing a news reporter and an Arctic Slope Regional Corp. communications manager playing a cameraman, I had a good view of the room.

Actor John Krasinski, who plays Jim Halpert on the popular television show "The Office," was the tallest man on set, standing about 6 feet 3 inches with an impressive pompadour adding to his height and enormous brown boots on his feet that looked to be about a size 14. Between takes, he checked NFL scores on his iPhone and argued about "the best football movie ever" with co-star Tim Blake Nelson, who in 2000 put on a brilliant performance as the simplest-minded of the crooks in the movie "O Brother Where Art Thou." Actress Kristen Bell -- gorgeous, blonde, and the size of a middle schooler -- fanned herself with a reporter's notebook and laughed with Krasinski even while makeup artists were sponging foundation onto their faces.

There were local notables on hand to play reporters, too. Channel 2 weekend anchor Rebecca Palsha and Channel 13 anchor Natasha Sweatte were in the crowd, along with former Channel 2 reporter Julie Hasquet, now the spokeswoman for U.S. Sen. Mark Begich. Accepting high-fives from Krasinski before almost every take was Ahmaogak Sweeney, the 10-year-old son of Kevin Sweeney, campaign manager for U.S. Sen. Lisa Murkowski. Dressed in a blue track jacket and carrying a tape recorder slung over his shoulder, Sweeney appears to hold the substantial kid role in the movie.

After the morning filming broke for lunch -- which included chicken masala and orange roughy -- but before the

extras returned to the set, two men beat on traditional drums while four women in bright kuspuks danced a Yupik blessing for the people in the middle-school cafeteria. Many of the extras were Yupik or Cupik instead of the northern Inupiat they were playing in the movie, but it makes sense when you consider the realities of geography: Barrow is 725 miles north of Anchorage, while Bethel, the air hub of the Yupik regions, is just 400 miles west.

### **Elders among the extras treated with respect**

The film crew seemed aware of the great respect with which Alaska Natives treat their elders. When the herd of extras was held up in the school's halls, elders were asked multiple times if they would like a chair so they could sit down for the few minutes it would take to get the group moving. And elders were shuttled to the front of every line, whether they were at lunch waiting to serve themselves or in wardrobe waiting to return their parkas and boots.

The elders, like most everyone else, seemed to be enjoying the shoot. As much as the extras shouted down Barrymore's character, it's impossible to stay mad at perky Drew. Sunday morning, on the second day of shooting the scene, an elderly Alaska Native woman sitting in the front row hollered for everyone's attention so she could organize a greeting for Barrymore. When the actress walked onto the set, carrying a copy of Jonathan Safran Foer's non-fiction book "Eating Animals," the crowd of extras boomed out "Good morning, Drew!"

Drew blushed again, then answered "That's the nicest good morning I've ever had in my life."

Then it was back to the filming. The director coached the extras on how he wanted them to react to the arguments made by the young whaling captain and Barrymore's character, telling them "It shouldn't feel choreographed" and "Try not to know where the scene's going."

While the extras playing villagers feign anger and the extras playing press snap their flashbulbs, the rest of Alaska waits to see whether the finished movie turns out to a realistic portrait of a complicated state and the people who live there or a shallow vehicle for a cheesy romance that sidesteps the pressing issues that bubble up in the 49th state.

Contact Joshua Saul at [jsaul@alaskadispatch.com](mailto:jsaul@alaskadispatch.com).

### **Read more of the Dispatch**

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- *After Michigan spill, familiar concerns about pipeline regulators*
- *At Yale Law School, Joe Miller discovers Federalist Society*
- *Deadliest catch now safest catch?*

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November 17, 2010

## STATE FILM SUBSIDIES: NOT MUCH BANG FOR TOO MANY BUCKS

by Robert Tannenwald

Like a Hollywood fantasy, claims that tax subsidies for film and TV productions — which nearly every state has adopted in recent years — are cost-effective tools of job and income creation are more fiction than fact. In the harsh light of reality, film subsidies offer little bang for the buck.

- **State film subsidies are costly to states and generous to movie producers.** Today, 43 states offer them, compared to only a handful in 2002. Over the course of state fiscal year 2010 (FY2010), states committed about \$1.5 billion to subsidizing film and TV production (see Appendix Table 1) — money that they otherwise could have spent on public services like education, health care, public safety, and infrastructure.

The median state gives producers a subsidy worth 25 cents for every dollar of subsidized production expense. The most lucrative tax subsidies are Alaska's and Michigan's, 44 cents and 42 cents on the dollar, respectively. Moreover, special rules allow film companies to claim a very large credit even if they lose money— as many do.

- **Subsidies reward companies for production that they might have done anyway.** Some makers of movie and TV shows have close, long-standing relationships with particular states. Had those states not introduced or expanded film subsidies, most such producers would have continued to work in the state anyway. But there is no practical way for a state to limit subsidies only to productions that otherwise would not have happened.
- **The best jobs go to non-residents.** The work force at most sites outside of Los Angeles and New York City lacks the specialized skills producers need to shoot a film. Consequently, producers import scarce, highly paid talent from other states. Jobs for in-state residents tend to be spotty, part-time, and relatively low-paying work — hair dressing, security, carpentry, sanitation, moving, storage, and catering — that is unlikely to build the foundations of strong economic development in the long term.
- **Subsidies don't pay for themselves.** The revenue generated by economic activity induced by film subsidies falls far short of the subsidies' direct costs to the state. To balance its budget, the state must therefore cut spending or raise revenues elsewhere, dampening the subsidies' positive economic impact.

- **No state can “win” the film subsidy war.** Film subsidies are sometimes described as an “investment” that will pay off by creating a long-lasting industry. This strategy is dubious at best. Even Louisiana and New Mexico — the two states most often cited as exemplars of successful industry-building strategies — are finding it hard to hold on to the production that they have lured. The film industry is inherently risky and therefore dependent on subsidies. Consequently, the competition from other states is fierce, which suggests that states might better spend their money in other ways.
- **Supporters of subsidies rely on flawed studies.** The film industry and some state film offices have undertaken or commissioned biased studies concluding that film subsidies are highly cost-effective drivers of economic activity. The most careful, objective studies find just the opposite.

Given these problems, states would be better served by eliminating, or at least shrinking, film subsidies and using the freed-up revenue to maintain vital public services and pursue more cost-effective development strategies, such as investment in education, job training, and infrastructure. Effective public support of economic development may not be glamorous. However, at its best, it creates lasting benefits for residents from all walks of life.

State governments cannot afford to fritter away scarce public funds on film subsidies, or, for that matter, any other wasteful tax break. On the contrary, policymakers should broaden the base of their taxes to create a fairer and more neutral tax system.

## Film Subsidies Are Costly and Have Spread Rapidly

Film tax credits have become one of the most widespread ways that states subsidize private industry. Forty-three states offer tax subsidies to producers that shoot films within their borders.<sup>1</sup> Most of these subsidies take the form of credits against business taxes, especially taxes on corporate profits.

In the 2010 state fiscal year, states spent about \$1.5 billion on film tax subsidies (Appendix Table 1). In 2009, that money would have paid for the salaries of 23,500 middle school teachers, 26,600 firefighters, and 22,800 police patrol officers.<sup>2</sup> In some states, such as Connecticut, Louisiana,

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<sup>1</sup> These are subsidies that offset corporate or individual income taxes that producers would otherwise have to pay. The seven states without such film subsidies are Delaware, Nebraska, Nevada, New Hampshire, North Dakota, South Dakota, and Vermont. Kansas', Iowa's, and New Jersey's film tax credits have been suspended; they could be reinstated in the future. In August of this year, Iowa permitted taxpayers to claim film tax credits earned before the credit had been suspended. See <http://www.njfilm.org/incentives.htm>; Rod Boshart, “Film tax credits resume in Iowa,” *Lee-Gazette Des Moines Bureau*, August 27, 2010, [http://wcfcourier.com/news/local/govt-and-politics/article\\_f7621b60-b228-11df-b9ea-001cc4c002e0.html](http://wcfcourier.com/news/local/govt-and-politics/article_f7621b60-b228-11df-b9ea-001cc4c002e0.html); “Entertainment, Media and Communications Tax Newsletter,” PricewaterhouseCoopers, March 2010, <http://www.publications.pwc.com/DisplayFile.aspx?Attachmentid=3166&Mailinstanceid=15588>. Some other states offer film producers less lucrative subsidies, consisting of exemptions from sales taxes and/or taxes on lodging.

<sup>2</sup> Based on salaries reported in the U.S. Bureau of Labor Statistics' *May 2009 National Occupational Employment and Wage Estimates*, [http://www.bls.gov/oes/current/oes\\_nat.htm#33-0000](http://www.bls.gov/oes/current/oes_nat.htm#33-0000). The mean annual salary for each of these occupations was divided into \$1.26 billion, which is 84 percent of \$1.5 billion, on the assumption that states offering film

# SPECIAL REPORT

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No. 173

## Movie Production Incentives: Blockbuster Support for Lackluster Policy

By  
William Luther  
Adjunct Scholar  
Tax Foundation

### Introduction

In the last decade, state governments have “gone Hollywood,” or tried to, by enacting dozens of movie production incentives (MPIs), including tax credits for film production. Hollywood might be expected to wield influence in the California state legislature, but it is more surprising to see movie and TV executives throwing their weight around in Louisiana, Massachusetts, Michigan, New Mexico, and South Carolina. All these states and most others have enacted MPIs. Those who were

quickest and most generous have landed productions. Other states are left empty-handed despite having offered embarrassingly generous tax abatements to attract filmmakers.

Based on fanciful estimates of economic activity and tax revenue, states are investing in movie production projects with small returns and taking unnecessary risks with taxpayer dollars. In return, they attract mostly temporary jobs that are often transplanted from other states. States claim to boost job training

### Key Findings

- *Forty-four states now offer significant movie production incentives (MPIs), up from five states in 2002, and twenty-eight states offer film tax credits.*
- *In the face of state budget pressures and preposterously generous incentives in Louisiana and Michigan, states may curtail or even terminate their MPI programs. Kansas and Iowa have suspended theirs, Kansas for two years to save revenue and Iowa briefly to investigate corruption.*
- *MPIs have often escaped routine oversight about benefits, costs and activities.*
- *Spurious research is common in campaigns for film tax credits, often featuring dramatic job creation claims. A recent study concluded that Pennsylvania's film tax credit produces net benefits of \$4.5 million by assuming that any business interacting with the film industry would not exist but for the credit. MPIs create mostly temporary positions with limited options for upward mobility.*
- *The MPI experience demonstrates that a politically connected industry can grow if the state greatly reduces its taxes, but states should have a tax system that operates as a welcome mat to all industries, not just those politicians have picked.*

with MPIs, but these tax incentives often encourage individuals to gain skills that are only employable as long as politicians enact ever-larger subsidies for the film industry. Furthermore, the competition among states transfers a large portion of potential gains to the movie industry, not to local businesses or state coffers. It is unlikely that movie production incentives generate wealth in the long run. Most fail even in the short run. Yet they remain popular.

Florida Governor Charlie Crist (R), Michigan Governor Jennifer Granholm (D), New Mexico Governor Bill Richardson (D), Oregon Governor Ted Kulongoski (D), Ohio Governor Ted Strickland (D), and Texas Governor Rick Perry (R) in particular have strongly pushed for MPIs to encourage film production in their states. In California, a state that avoided offering credits until very recently, Governor Arnold Schwarzenegger hopes that they will lure back productions now moving to other states. In the rare case when the executive branch rejects the use of MPIs, as Indiana Governor Mitch Daniels (R) did in 2008, or strongly questions them as Iowa Governor Chet Culver (D) and Rhode Island Governor Don Carcieri (R) have done recently, their concerns are overridden with resounding support from the state legislature and incentive beneficiaries.<sup>1</sup>

Politicians are not alone. While the occasional letter to the editor warns otherwise, most citizens view state-funded film production in a positive light, a win-win for everyone. This report describes the various incentives that states have enacted, explains their undeserved popularity, and makes an argument for their immediate discontinuance.

### How State Legislatures Try to Lure the Big Stars

Louisiana was the first state to adopt an MPI. In 1992, it enacted a tax credit for "investment losses in films with substantial Louisiana content."<sup>2</sup> By 2009, 44 states, the District of

Columbia, and Puerto Rico offer movie production incentives. (See Maps 1 and 2.) Every state has at least a government film office dedicated to helping productions navigate red tape, many with snazzy websites and elaborate presentations.

Of the six states without movie production incentives, three lack at least one of the major taxes that the credits would be taken against: Nevada does not tax corporate or individual income, Delaware levies no sales tax, and New Hampshire has no tax on wages or general sales. Among the other three states with no MPIs—Nebraska, North Dakota, and Vermont—legislation has been considered to implement credits. Nebraska's LB 282, introduced in January 2009 for instance, would provide tax credits of up to 25 percent of qualifying expenditures. Alabama, Arkansas, California, Ohio, and Texas enacted film tax credit or rebate legislation for the first time in 2009.

Not all the legislative action during the next few years will be in states with no MPIs. States with MPIs are in a heated competition to match other states' increasingly generous incentive packages, and in some states, existing incentives are set to expire. Given that so many states are considering (or reconsidering) movie production incentives, it is important for legislators and taxpayers to know the different types of incentives, their relative strengths and weaknesses, and which states have adopted various versions of this counterproductive tax policy. (See Table 1 for a listing.)

#### Tax Credits

Twenty-eight states offer movie production incentives in the form of a tax credit that removes a portion of the companies' income tax. To qualify for a tax credit, a production company typically has to spend a certain amount of money in the state, employ a minimum number of local workers, or invest in local infrastructure. The value of the tax credit they get is often a percentage of those local expenditures, local wages or local investments.

1 Schneider, Mary Beth. "House votes to override veto of tax-incentive bill for films." *Indianapolis Star*, January 9, 2008; Crumb, Michael J. "Iowa AG: State lifting film tax credit suspension." *Associated Press*, November 25, 2009; Gregg, Katherine. "State tax officials want to limit film tax credits." *Providence Journal*, March 11, 2008.

2 Louisiana Act 894 (H.B. 252) (1992).



**Table 1**  
*States Offering Movie Production Incentives by Type as of December 2009*

	MPIs	Tax Credit	Cash Rebate	Grant	Sales Tax Exemption	Lodging Exemption	Fee-Free Locations
Alabama	X	X			X	X	
Alaska	X	X			[No Tax]		
Arizona	X	X			X		
Arkansas	X		X				
California	X	X			X	X	X
Colorado	X		X			X	
Connecticut	X	X			X	X	
Delaware					[No Tax]		
Florida	X		X		X		
Georgia	X	X			X		
Hawaii	X	X					
Idaho	X		X		X	X	
Illinois	X	X				X	
Indiana	X	X				X	
Iowa *	X	X				X	X
Kansas	X	X				X	
Kentucky	X	X			X	X	
Louisiana	X	X					
Maine**	X		X		X	X	X
Maryland	X		X		X		
Massachusetts	X	X			X		
Michigan	X	X	X			X	
Minnesota	X		X		X	X	
Mississippi	X		X		X		
Missouri	X	X					
Montana	X	X			[No Tax]		
Nebraska						X	
Nevada		[No Tax]				X	
New Hampshire		[No Tax]			[No Tax]		
New Jersey	X	X			X	X	
New Mexico	X	X			X	X	
New York	X	X			X		
North Carolina	X	X			X	X	
North Dakota						X	
Ohio	X	X				X	
Oklahoma	X		X		X		
Oregon	X		X		[No Tax]	X	
Pennsylvania	X	X				X	X
Rhode Island	X	X					
South Carolina	X		X		X	X	X
South Dakota	X	[No Tax]	X		X	X	
Tennessee	X	X		X	X	X	
Texas	X	[No Tax]	X	X	X	X	
Utah	X	X	X		X	X	
Vermont					X	X	
Virginia	X			X	X	X	
Washington	X	[No Tax]	X		X	X	
West Virginia	X	X			X	X	X
Wisconsin	X	X			X		
Wyoming	X	[No Tax]	X			X	
District of Columbia	X			X			
Puerto Rico	X	X				X	X
TOTAL States	44	28	17	3	28	33	6

\*As of November 24, 2009, Iowa has suspended new registration for incentives pending a criminal investigation into the handling of past film tax credits.

\*\*Maine's wage rebate is effectively a cash rebate and is considered as such in this table.

Source: Tax Foundation, Entertainment Partners

## SB 23-FILM PRODUCTION TAX CREDIT/AUDITS

The Documents; Center on Budget and Policy Priorities and the Tax Foundation Special Report can be found in their entirety posted on BASIS by clicking on the Documents Box under the bill page.

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Sunday, January 09, 2011

## State Film Subsidy Program Needs Careful Investigation

By Rep. Dennis Kintigh  
*Republican, Roswell*

At this time New Mexico remains stuck in recession and the state is facing extremely hard decisions about the upcoming budget. Everything must be intensely examined, including the film subsidy. In the debate about the film subsidy many claims are thrown around about the supposed economic benefit.

After two years of falling revenue the state of New Mexico is still facing a \$400 million shortfall in the budget. We have cut take-home pay for teachers, squandered our reserves, postponed needed repairs to our roads and highways, and we have even raised gross receipt taxes on all purchases.

Meanwhile, the film subsidy remains untouched and has cost New Mexico taxpayers over \$135 million in the past two years.

The New Mexico film subsidy pays film makers \$25 for every \$100 they spend. An independent analysis by New Mexico State University shows the state recovers less than 15 cents for every taxpayer dollar given away. Supporters of the subsidy point to a competing study by the accounting firm Ernst & Young that purportedly shows the subsidy program produces \$1.50 in revenue for the public treasury for every \$1 paid out by the taxpayers.

Interestingly, on Dec. 20 the Wall Street Journal carried a news report that the New York state attorney general is planning a lawsuit against Ernst & Young for lying about the condition of a Wall Street financial firm that later collapsed.

This is not the first time Ernst & Young has been accused of falsifying data.

In 2008, the New Mexico Film Office and the New Mexico State Investment Council jointly contracted with Ernst & Young for an evaluation of the New

Mexico film program. The SIC is responsible for protecting and growing the state's Permanent Fund.

At the very same time the SIC contracted with Ernst & Young to "study" the film industry, SIC was suing Ernst & Young for lying in a different matter. SIC was part of a class action lawsuit filed in federal court in the Northern District of Alabama. Ernst & Young was accused of falsifying reports to inflate the value of Healthsouth stock to deceive institutional investors.

Ernst & Young denies any wrongdoing, but in June 2009 agreed to pay the plaintiffs \$109 million.

In another matter, on Oct. 26 the auditor for the state of Iowa released a 277-page report detailing his examination of that state's film subsidy program. The Iowa program is very similar to what we have here in New Mexico.

The Iowa auditor found that 80 percent of the money paid out was done inappropriately.

Among the items discovered by the auditor was the use of "shell companies" by out-of-state filmmakers. This was done to make payments appear to be going to Iowa companies.

Additionally Iowa discovered many film makers submitting inflated deferred payment invoices. In this scheme two different salaries are set for workers. The higher payment only applies if the film sells for a very high price, which rarely, if ever, happens. However, the higher salary, not the one actually paid, is the one submitted to the state for a 25 percent tax credit.

In New Mexico, these invoices are considered taxpayer records and cannot be examined even by a member of the Legislature.

The previous administration assures us that all was just fine. Somehow I find it difficult to believe an industry so corrupt in Iowa is "pure as the driven snow" here in New Mexico.

These are just a few of the facts about this incredibly expensive program that need to be examined.

More and more states have reviewed these subsidies and have concluded they are not good use of the taxpayers' money.

Kansas has suspended its program. Iowa and New Jersey have also suspended theirs. Rhode Island has imposed a cap, and Arizona has let the program expire.

As legislators we are facing difficult and demanding decisions about how to serve the citizens of this state. There have been suggestions we close some college campuses and raid the Permanent Fund. We need to look at the actual facts and not be controlled by the political posturing of Hollywood special interests.

We cannot ask taxpayers of New Mexico to sacrifice more and more to subsidize one privileged industry no matter how glamorous.

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## Albuquerque Studios Files Bankruptcy Documents

Albuquerque film studio says in bankruptcy documents it owes nearly \$105 million

ALBUQUERQUE, N.M. July 22, 2010 (AP)

More than 30 New Mexico businesses and some prominent Hollywood companies are owed tens of thousands of dollars by Albuquerque Studios, according to Chapter 11 bankruptcy documents filed this week by the studios' owners.

According to a copyright story Thursday in the Albuquerque Journal, the company claims debts of nearly \$105 million on the studios, which cost about \$90 million to build.

The debts range from \$16 owed to a sign-design company to \$30,000 for a catering company. It owes Bernalillo County more than \$300,000 and the state more than \$11,000. From Hollywood, DreamWorks SKG is owed \$75,000.

Pacifica Mesa, which owns and operates Albuquerque Studios, filed for the business reorganization Tuesday in Los Angeles, days before a scheduled foreclosure auction Friday in Albuquerque.

"This is a combination of the recessionary time that we are in and a construction loan that came due," Pacifica Mesa CEO Hal Katersky said. "It's very difficult to find permanent financing in this economy."

Films have not flocked to Albuquerque Studios recently, as they did a few years ago when "Terminator Salvation," "The Spirit" and "Book of Eli" were shot there. The complex has 168,000 square feet of studios on Albuquerque's southern boundary.

Katersky said business will continue with no interruptions. A remake of the 1980s horror movie "Fright Night" is filming now, and Katersky said the company is hoping to see more films move into the empty studios soon.

Chapter 11 bankruptcy protection allows the company to operate as usual but freezes collection attempts while a firm figures a way out of debt.

The largest debts are Pacifica Mesa's two loans on the property: an \$80 million loan by Amalgamated Bank of New York and a second for more than \$23 million from Workers Realty Trust.

Albuquerque attorney Louis Puccini Jr., who represents Workers Realty, said with penalties and interest, Pacifica owes nearly \$24 million.

Katersky said Pacifica is seeking additional financing from Almagamated Bank.

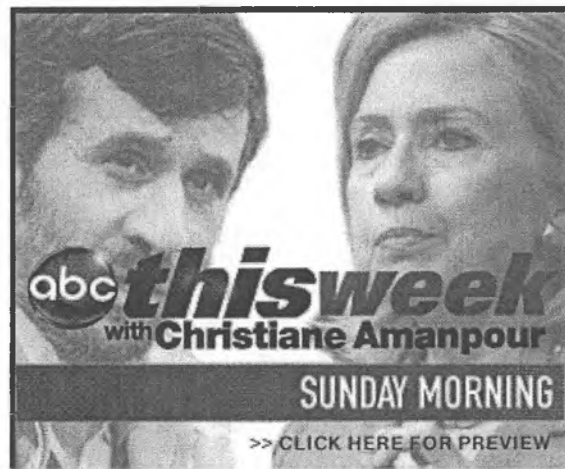
"We're working very closely with Almagamated," Katersky said. "Workers (Realty) has not collaborated with this process. If they had, we wouldn't have had to do the filings."

Eric Witt, the governor's director of Media Arts and Industries, said it's important that Albuquerque Studios doesn't interrupt its production schedule.

"That's our main concern," he said. "Obviously, we hope they get their finances in order right away."

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Information from: Albuquerque Journal, <http://www.abqjournal.com>



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Jan, 21, 2011

## Misconduct probe batters Iowa film-subsidy program

By RICHARD VERRIER / Los Angeles Times

Call it Iowa's field of nightmares.

The state famously depicted in Kevin Costner's 1989 baseball classic "Field of Dreams" has become mired in an ever-widening scandal over alleged abuses of its film tax credit program.

Last week, Iowa prosecutors bolstered their criminal case against Tom Wheeler, the state's former film chief, charging him with various felonies, including official misconduct over his handling of state film tax credits.

The corruption scandal, the largest of its kind in the country, is drawing nationwide attention as a prime example of how some state tax credit programs - especially those that lack financial controls - are vulnerable to abuse.

It comes as several cash-strapped states are scaling back their film incentive programs, which have been instrumental in luring production away from California.

New Mexico's newly elected Republican governor, Susana Martinez, has called for slashing the state's tax credit as much as 40 percent, citing the state's budget priorities. Nick Paleologos, head of the Massachusetts Film Office, resigned last month in a cost-cutting move. Wisconsin stripped most of the funding for its film program in 2009 after a report by a state agency raised questions about money the state paid for "Public Enemies," the Universal Pictures gangster movie starring Johnny Depp.

"If you don't have the checks and balances, film programs can get in trouble, and that's what happened in Iowa," said Peter Dekom, an entertainment industry attorney who helped craft New Mexico's program.

Wheeler was among six officials in Iowa fired or forced to quit over allegations they mismanaged the film tax credit program, which was suspended in 2009. Wheeler was arraigned Tuesday and pleaded not guilty to the charges.

In addition, state prosecutors have charged five independent filmmakers and a tax credit broker with fraudulently obtaining state tax credits.

Two have pleaded guilty to felony theft and are cooperating with authorities in the case against a former partner, producer Wendy Weiner Runge, whose criminal trial is expected to begin next month.

The Iowa debacle goes well beyond that of a bribery scandal in Louisiana in which a former top film office official was given a two-year prison sentence in 2009 for steering tax credits to a local producer.

Iowa rapidly expanded its film credit program in 2007, developing one of the most aggressive tax incentives in the country, one that was touted by the local film office as "half-priced" filmmaking. Producers of more than 150 projects applied for funding.

But former Iowa Gov. Chet Culver suspended the film program in 2009 after an audit found irregularities, including filmmakers using tax credit funds to purchase a Land Rover and other luxury vehicles for themselves.

The criminal charges followed a special audit the state conducted in October of 22 films that were awarded tax credits before the program was suspended. The audit found that \$26 million of nearly \$32 million in tax credits were awarded improperly, either because the productions did not qualify or producers did not submit required documentation.

Much of the audit focused on Wheeler, who was fired in September 2009, saying he "did not verify expenditures or ensure the expenditures claimed by the production companies met the requirements of the Code of Iowa."

Wheeler, charged with seven counts last week, has denied any wrongdoing. "I haven't seen any evidence to support these charges," said Iowa attorney Angela Campbell, who is representing Wheeler, in an interview.

The audit said the film office allowed filmmakers to rely on estimates of production costs, rather than actual expenses, and to count out-of-state salaries toward the tax credits.

The investigation also said producers set up shell companies with local addresses that actually purchased goods and services from out of state.

Among the examples cited in the report: Cornfield Productions, producers of the mystery movie "Peacock," starring Ellen Page and Susan Sarandon, received \$3.2 million in tax credits for a film that had a \$9.5 million budget. The audit found that about \$4.6 million in expenditures from the 2010 release should not have qualified.

A producer of a Public Broadcasting Service horse training series applied \$2.18 million in expenditures that were paid to companies outside of Iowa, the audit said.

In another example, auditors said producers of a science fiction movie called "The Scientist" provided no proof of payment for nearly \$500,000 in expenses. The state attorney general has sued the producers for damages, including Runge, who faces various theft and fraud charges over tax credits.

"We're trying to secure assets that we believe were wrongfully obtained," said Iowa Deputy Attorney General Jeffrey Thompson.

Runge's attorney, Matthew Whitaker of Des Moines, said the state is blaming filmmakers for the mismanagement of its film office.

"We maintain she did nothing wrong and was acting according to the guidelines," Whitaker said. "Everything she did was approved by the film commissioner."

# Tax incentive program improves economy

BY HEIDI BOHI

Shortly after the movie "Everyone Loves Whales" began filming in September, Uptown Blossoms, a popular flower shop in midtown Anchorage, had its own brush with fame when the set decorator called to talk about flower needs for various scenes in the movie.

"When we first met him we were sort of nervous, but really he's just a person like you and me," shop owner Carol Trout says, adding that her business was recommended to the studio coordinators. "Wherever there was a need for flowers, we supplied them."

Set in Cold War era 1988, the film tells the true story of a small-town news reporter and a Greenpeace volunteer, played by Drew Barrymore, who enlist

the help of rival superpowers to save three gray whales trapped under the ice of the Arctic Circle as they made their way to Mexico for the winter. The national media, environmental activists, and the United States and Soviet Union – then in the middle of the Cold War – quickly descended on Barrow in an effort to escort the whales into open water.

Trout says flower needs all had to be designed to reflect what was in style in the 1980s, and included centerpieces and arrangements for various scenes in the film. Some of the flower orders required working with the production person responsible for props any of the actors or actresses touched.

What it meant for Uptown Blossoms

was about \$4,000 in orders. Although Trout says her business is fortunate to have a steady stream of customers year-round, it was nice to have the extra bump.

## ALASKA'S NEWEST INDUSTRY

Since beginning to offer financial incentives to studios that decide to film their movies in Alaska, as is the case with "Everybody Loves Whales," the State's resurrected Film Office is optimistically watching what is being dubbed as Alaska's newest industry. The hope is the economic development initiative will attract projects that mean millions of dollars in economic impact resulting from increased receipts for small and large businesses and local hire.



A frame from Evergreen Films work in progress, *WALKING WITH DINOSAURS 3D*, which will be co-produced with BBC Earth and shot in Alaska beginning next year. Frame courtesy of Evergreen Films

which in the case of "Everyone Loves Whales," meant hiring 3,000 Alaskans statewide, though most were hired in the Anchorage area. Other businesses that stand to measurably benefit are airlines, hotels, freight handling and air cargo, along with smaller enterprises that include everything from courier businesses to seamstresses.

About 30 productions have been prequalified by the State Film Office, meaning studios have submitted applications, estimated budgets, distribution plans and script treatments for the projects. With \$100 million available and a minimum spending requirement of \$100,000, most projects qualify, including films, documentaries, commercials and video productions.

According to the legislation behind the Alaska Film Production Incentive Program, up to a 44 percent transferable tax credit is awarded within weeks once a rough-cut of the production is submitted and an Alaska-licensed CPA has audited the project. In addition to the 30 percent base rate, additional percentages are awarded for local hire, off-season production and filming in rural areas.

Although final numbers are still being tabulated to determine how much Alaska benefited from the recent production's use of local crew and services, after 10 weeks of watching those associated with the project frequent local restaurants, shops and hotels, Alaskans are seeing the potential contributions

of the industry, especially during the off-season months. "Everybody Loves Whales" filmed for 12 hours a day, five days a week for almost three months. (It takes about one day to shoot two to four minutes of film.)

As the preferred hotel for 200 cast and crew, the Captain Cook cannot discuss its agreement with Universal Pictures, though it has been estimated the property had 12,100 bed nights booked from September to December, which is historically a slow time after the peak visitor season. Add meals and incidental expenses, along with side trips that crew took on their days off, and it is easy to see how a film project can quickly contribute to the state's economic development.

#### EVERGREEN FILMS

"It's been a long time since there was a new industry in Alaska trying to build from the ground up," said Kate Tesar, business development director for Evergreen Films.

Evergreen, though not associated with "Everyone Loves Whales," is one of the industry's most watched developments. The Anchorage-based production company continues to make substantial investments in Alaska and is positioning itself to take advantage of the growing industry.

It has several productions in the works, one which will likely be the Kate Shugak television series based on Alaska author Dana Stabenow's mystery novels, including "A Cold Day for Murder," which won the Mystery Writers of America's Edgar Award. Other titles that will be made into the series are "Whisper to the Blood," which made the New York Times bestseller list, and "A Night Too Dark," which is the 17th in the series.

Based in Anchorage with offices in Los Angeles, Calif., Evergreen was founded by Mike Devlin and Pierre De Lespinois. Devlin has a computer engineering background and Lespinois is an award-winning television and film director. Devlin fell in love with Alaska and decided to build his Anchorage Hillside film editing studio after selling his software company. The team also has a yacht in Seward with adaptations that can accommodate filming both on and under water.

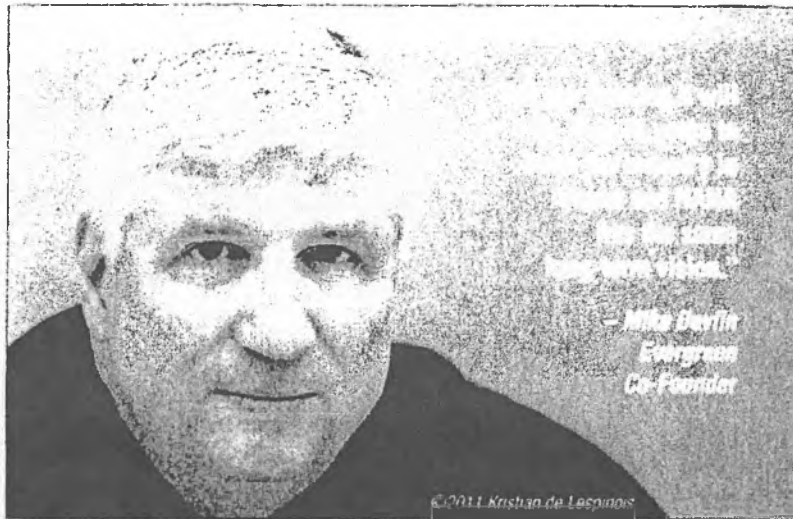
Another of Evergreen's biggest market advantages is the company's state-of-the-art digital and 3D studios, including 3D camera systems, ground-breaking LIDAR scanning technology, photo-real 3D Computer Generated Imagery (CGI), and an integrated 3D post-production workflow. The technology allows them to create a realistic portrayal of any location. This technology will also be used in "Walking With Dinosaurs," the Alaska-scripted and -produced, live-action dinosaur feature. That production will highlight photo-realistic 3D dinosaurs immersed in real, live-action 3D environments. This will launch in 2013 with 20th Century Fox securing the distribution rights. Evergreen is partnering with BBC Earth to produce the \$65 million feature film. Devlin says most of the live action for "Walking with Dinosaurs" will be filmed in Alaska to take advantage of the beautiful exteriors and the State's film incentives. The franchise model of the film means a new movie will be produced every two to three years. Evergreen and BBC are also partnering on the production of the \$25 million feature film "Africa 3D."

#### NANA PARTNERING

Responsible for helping create the incentive legislation, Tesar says Evergreen is committed to developing the industry statewide so that many communities benefit from the economic boost. To that end, it recently partnered with NANA Development Corp., an Alaska Native corporation based in Anchorage, which offers infrastructure and services that will help grow the industry and employ more Alaskans, including NANA shareholders.

"We are thinking it will take 10 to 15 years to build the industry in Alaska and NANA has the same long-term vision," Devlin says. "Together, the two of us are making a mutual investment to build the industry - we focus on film, they focus on building the service industry, and we will involve them in every production we're doing."

By making a financial investment, NANA is about a one-third owner and the company's partner in films that are shot in the Arctic environment, meaning it is the preferred vendor for those services it offers. The partnership is



Mike Devlin co-founder of Evergreen Films, with offices in Anchorage and Los Angeles.

expected to create a lot of opportunity for shareholders - whether they are hired to work on a film project, or they simply benefit from dividends resulting from this newest investment.

When Evergreen approached NANA in 2009, it was looking for corporate involvement in specific high-budget films. NANA was less interested in being involved in specific films and more likely to invest in the company as a whole, says Robin Kornfield, vice president of communication and marketing for NANA Development Corporation. Although being involved in the film industry is not an area NANA has experience in, as it researched the opportunity it quickly became apparent that many of the services it had built up over the past 38 years are the same ones required in film production, including remote camp services, food service, security, transportation and staffing services.

"We already provide many of the back-of-the-house things that make it possible for those in the front to get their work done," Kornfield says. "We realized it was a better fit than we thought when we first went in - with just one phone call the industry can access all the film support services it needs."

Although the idea of partnering with Evergreen may seem like a big stretch to the business community, Kornfield says that, in fact, the board of directors was not completely unfamiliar with the benefits of the film industry. The group

travels to Vancouver, British Columbia, Canada, regularly for business associated with Red Dog Mine and is used to seeing film crews shooting in the middle of the street. "The prospect of doing something in Anchorage was not foreign to them at all," Kornfield says.

One big draw for NANA was that the film industry offers more opportunities in areas younger shareholders will be interested in such as computer graphics.

Although acting is an obvious opportunity for shareholders, Kornfield says, the greater opportunity is for them to be involved in the service industries, which is the backbone of the corporation's success. Although the partnership will evolve over time, Kornfield says NANA will do whatever it takes to make film support services available, and at the same time will offer these same services to other film production companies that come to Alaska.

"Every time a shareholder gets a paycheck - that's part of what we do," Kornfield says, adding that part of NANA's plan is to eventually develop a line of services specific to the film industry that shareholders can be trained in.

Partnerships like the NANA-Evergreen one embody the intent of the original incentive legislation, which was designed to develop new business opportunities in Alaska by pairing the supply with the demand. From there, Tesar says, the jobs and on-the-job training for Alaskans will follow. □

1st Quarter, 2011

# AEDCconnections

The Newsletter Of  
Anchorage Economic  
Development  
Corporation



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Anchorage

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AEDC Elects Officers  
For 2011 Board  
Of Directors

## Diamond Investor Spotlight

# GCI Goes Hollywood

Peerless cell phone coverage has its advantages. Ask the cast and production crew from the movie *Everybody Loves Whales* starring Drew Barrymore, John Krasinski, Dermot Mulroney and Ted Danson. GCI was the exclusive Alaska telecommunications company for the production providing cell phones, Internet, and office phones for the cast and crew of this major motion picture. The movie is based on an attempt to rescue three gray whales trapped by sea ice near Barrow in 1988.

Because of GCI's coverage across Alaska, they were a perfect fit, as the crew worked throughout the state. Actor Dermot Mulroney said in an online interview, "It's a huge cast with tons of scheduling. It's a real producers' movie, in a lot of ways, 'cause there's so many elements." The relationship provided GCI with daily challenges but also had its benefits.

GCI was given permission to shoot commercials on the set of the film in Anchorage. The commercials demonstrated a GCI cell phone helping a harried production assistant to navigate through the myriad challenges to be conquered during a shoot of a major motion picture.

An opportunity which led to a unique and humorous challenge for GCI.

While GCI's crew was shooting their spots, the movie production was taking place simultaneously at the same location. Complications arose when the film crew ate the snacks that were set out as a prop for one of the GCI commercials. The GCI crew didn't want to appear rude, when the movie production company was generously allowing them to film on the set, but they also needed the food for the shoot. In the end, the crew managed to save the food table without ruffling any feathers. Only in Hollywood, and now Alaska.

Rochelle Marshall, GCI director, commercial marketing, said the crew enjoyed the wonderful service from GCI. "I hope in some way, that we contributed to the success of the movie. We're proud to be a part of that."



AEDC  
Anchorage Economic





## Anchorage Convention & Visitors Bureau

524 West Fourth Avenue, Anchorage, Alaska 99501-2212 | Phone: 907.276.4118 | Fax: 907.278.5559 | Explore [Anchorage.net](http://Anchorage.net)

February 17, 2011

Senator Johnny Ellis  
Chair, Senate Rules Committee  
Alaska State Senate  
State Capitol, Room 119  
Juneau, AK 99801-1182

Dear Senator Ellis:

It is with pleasure I present you with the enclosed Anchorage Convention & Visitors Bureau (ACVB) Resolution 2011-01 in support of SB 23/HB 67, Extension of Alaska Film Production Incentive Program. Our Board of Directors unanimously approved the film efforts in Alaska and go on record supporting the incentive program, providing a written resolution. As you know, the economic impact resulting from film productions will flow into our Alaska communities, presenting new business opportunities resulting in a positive impact on our economy.

We appreciate the groundbreaking efforts you began in 2007, resulting in the current program in place, and look forward to our state reaping these benefits for years to come. Thank you for your continued support of this program and your commitment to bring new industry to Alaska.

ACVB wholeheartedly supports SB 23/HB 67 and the opportunity to bring the film industry to Alaska through this incentive program.

Sincerely,

Julie Saupe  
President & CEO



## Anchorage Convention & Visitors Bureau

524 West Fourth Avenue, Anchorage, Alaska 99501-2212 | Phone: 907.276.4118 | Fax: 907.278.5559 | Explore Anchorage.net

### ANCHORAGE CONVENTION & VISITORS BUREAU BOARD OF DIRECTORS

#### RESOLUTION 2011-01

#### A Resolution in support of SB 23/HB 67 - Extension of Alaska Film Production Incentive Program

**WHEREAS**, since its inception in 2008 Alaskan communities have benefitted greatly from the Alaska Film Production Incentive program as a result of productions large and small filming in Alaska with the positive financial impacts from the film production felt across the community; and,

**WHEREAS**, film and television projects also offer millions of dollars worth of marketing and promotion for Alaska businesses, products and Alaska tourist destinations; and,

**WHEREAS**, SB 23/ HB 67 seeks to continue the success of the Alaska Film Production Incentive Program by extending the opportunities created in Alaska for economic development and diversification; and,


**WHEREAS**, as some other states are struggling with budget deficits and have been cutting their film incentives, Alaska is in a uniquely strong fiscal position to capitalize on this opportunity in the short and medium term by signaling our commitment to keep Alaska open for the film and television business; and,

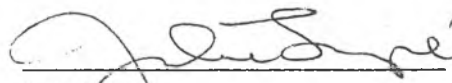
**WHEREAS**, SB 23/ HB 67 seeks to continue the positive economic development of the Alaska Film Production Incentive Program by creating a climate that fosters the growth of the television and film production industry and encourages the incremental capital investments necessary to support this multi-million dollar industry; and,

**WHEREAS**, SB 23 / HB 67 extends the Film Production Tax Incentive Program for 10 years, offering \$100 million in transferable tax credits in the first 5 years of the extension and \$100 million in credits for the final 5 years of the extension; and,

**WHEREAS**, tax credits will be issued after the production has completed filming in Alaska and only after a thorough audit of those Alaska expenses by an independent auditor.

**NOW THEREFORE** be it resolved that the Board of Directors of the Anchorage Convention & Visitors Bureau strongly supports the continuation and extension of the film incentive program via SB 23/ HB 67.

  
\_\_\_\_\_  
Maggie Kelly  
Chairman for the Board of Directors

  
\_\_\_\_\_  
Julie Saupe  
President & CEO

Submitted by: Chair of the Assembly  
Prepared by: Municipal Clerk's Office  
For reading: February 15, 2011

CLERK'S OFFICE

APPROVED

Date: 2-15-11

ANCHORAGE, ALASKA

AR No. 2011-54

1 **A RESOLUTION IN SUPPORT OF THE SB 23/HB 67 - AN EXTENSION OF**  
2 **ALASKA FILM PRODUCTION INCENTIVE PROGRAM.**  
3  
4

5 WHEREAS, since its inception in 2008 Anchorage has benefitted greatly from the  
6 Alaska Film Production Incentive program as a result of productions large and small  
7 filming in Anchorage with the positive financial impacts from productions felt across  
8 the community and state; and,  
9

10 WHEREAS, the film and television industry offers an opportunity to diversify our  
11 economy and creates jobs and opportunities for business large and small; and  
12

13 WHEREAS, local businesses that have benefited from recent film and television  
14 productions have included construction companies, towing companies, hardware  
15 stores, lumber yards, communication companies, landscaping, restoration  
16 companies, dumpster services and rentals, plumbing, heating, rental equipment  
17 companies, truck leasing, crane companies, paving companies, catering, cleaning,  
18 boat charters, diving companies, survey companies, engineering firms, printing, office  
19 supplies, motor-home rentals, shipping companies, airlines, hotels, and restaurants;  
20 and  
21

22 WHEREAS, film and television projects also offer millions of dollars worth of  
23 marketing and promotion for Alaska businesses, products and Alaska tourist  
24 destinations; and,  
25

26 WHEREAS, SB 23/HB 67 seeks to continue the success of the Alaska Film  
27 Production Incentive Program by extending the opportunities created in Alaska for  
28 economic development and diversification; and,  
29

30 WHEREAS, as some other states are struggling with budget deficits and have been  
31 cutting their film incentives, Alaska is in a uniquely strong fiscal position to capitalize  
32 on this opportunity in the short and medium term by signaling our commitment to  
33 keep Alaska open for the film and television business; and,  
34

35 WHEREAS, SB 23/HB 67 seeks to continue the positive economic development of  
36 the Alaska Film Production Incentive Program by creating a climate that fosters the  
37 growth of the television and film production industry and encourages the incremental  
38 capital investments necessary to support this multi-million dollar industry; and,  
39


40 WHEREAS, SB 23/HB 67 extends the Film Production Tax Incentive Program for 10  
41 years, offering \$100 million in transferable tax credits in the first 5 years of the  
42 extension and \$100 million in credits for the final 5 years of the extension; and,  
43

44 WHEREAS, tax credits will be issued after the production has completed filming in  
45 Alaska and only after a thorough audit of those Alaska expenses by an independent  
46 Alaska auditor now, therefore,

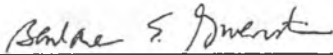
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THE ANCHORAGE ASSEMBLY RESOLVES: that the Anchorage Municipal Assembly strongly supports the continuation and extension of the film incentive program via SB 23/HB 67.

PASSED AND APPROVED by the Anchorage Assembly this 15<sup>th</sup> day of February, 2011.

  
\_\_\_\_\_  
Chair of the Assembly

ATTEST:

  
\_\_\_\_\_  
Municipal Clerk



**Municipality of Anchorage  
2011 State Legislative Program  
(State Fiscal Year 2012)**

**Dan Sullivan, Mayor**

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who may have no way to supplement current income or cut costs. Current law provides sufficient fiscal protection without legislative repeal of the program: Cash assistance provided under the Alaska Senior Benefits Payment Program is explicitly subject to appropriation under AS 47.45.302(c). The program should not be made subject to sunset June 30, 2011. The sunset should be extended or repealed.

## Energy

- ✓ **Natural Gas:** Support legislation that promotes natural gas development in the Cook Inlet, and modernizes aging Railbelt electrical transmission facilities.
- ✓ **Oil Production:** The MOA strongly supports all efforts to maximize oil production to maintain Trans Alaska Pipeline Service (TAPS) viability; and encourages a competitive analysis be performed to address the existing regulatory and fiscal framework to identify whether Alaska is globally positioned to attract maximum development.

## Private Sector Development

- 
- ✓ **Film Credits:** Because of the proven economic benefits that film production is providing Alaskan communities, MOA supports extension of the Alaska Film Production Incentive Program and full funding of the transferable film production tax credits for Alaska corporations.
  - ✓ **Little Davis Bacon:** Consistent with the Alaska Municipal League priority, the MOA supports raising the limit from \$2,000 to \$50,000 on Little Davis Bacon projects.

## Public Safety

- ✓ **Drug Legislation:** The MOA has identified the need for strong legislation that criminalizes the use of Tetrahydrocannabinol (THC) mimicking drugs or synthetic marijuana products, to include the incense commonly sold as "Spike", "Spice" or "K2."
- ✓ **Involuntary Commitment:** Amend AS 47.27.190 on Involuntary Commitment, Section (a) by adding language to make the statute more consistent with AS 47.37.180 on Emergency Commitment.
- ✓ **Prosecution Surcharge:** Under the philosophy that cost-causers should be cost-payers, add a surcharge for prosecution similar to that for law enforcement to allow law departments to capture at least a portion of the funds expended in the interest of public safety. Under AS 12.55.039, a surcharge is assessed to defendants in the amount of \$75, \$50, or \$10, depending on the type of offense.
- ✓ **Indigent Defense Fee:** Make the indigent defense fee assessed to defendants post-conviction or plea a mandatory, not discretionary, fee to allow local jurisdictions to capture at least a portion of the funds expended.



415 E. Railroad Avenue\* Wasilla, Alaska 99654

Email: [contact@wasillachamber.org](mailto:contact@wasillachamber.org)

Telephone (907)376-1299 \* Fax: (907)373-2560

Home Page: [www.wasillachamber.org](http://www.wasillachamber.org)

Voted "Alaska's Outstanding Chamber of Commerce of the Year ~ 1998 & 2006"

A RESOLUTION OF THE GREATER WASILLA CHAMBER OF COMMERCE  
(GWCC) – 2011-02  
*IN SUPPORT OF SB23*  
*ALASKA FILM PRODUCTION TAX INCENTIVE PROGRAM*

WHEREAS, the Greater Wasilla Chamber of Commerce represents a community of more than 88,000 residents in the Mat-Su Borough and nearly 300 member businesses and organizations by building partnerships, advocating for a healthy economic environment and promoting the greater Wasilla area as an attractive place for business and community; and

WHEREAS, the Film Production Tax Incentive Program has created jobs for Alaskans and economic opportunities for Alaska businesses both large and small since its inception in 2008, through film and television projects that have provided invaluable marketing and promotional opportunities for Alaska tourism and business; and

WHEREAS, forty-five states currently have film production incentive programs of some type in place, providing those states with the economic benefit the film production industry offers its labor force, area businesses and communities; and

WHEREAS, extension of Senate Bill 23 will continue the successful economic diversification and development it has already provided while making available Alaska business opportunities that capitalize on Alaska's newest multi-million dollar industry;

THEREFORE BE IT RESOLVED, that the Board of Directors of the Greater Wasilla Chamber of Commerce, supports the extension of Senate Bill 23, the Alaska Film Production Tax Incentive Program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years.



415 E. Railroad Avenue\* Wasilla, Alaska 99654

Telephone (907)376-1299 \* Fax: (907)373-2560

Email: [contact@wasillachamber.org](mailto:contact@wasillachamber.org)

Home Page: [www.wasillachamber.org](http://www.wasillachamber.org)

Voted "Alaska's Outstanding Chamber of Commerce of the Year ~ 1998 & 2006"

THEREFORE BE IT FURTHER RESOLVED, the Board of Directors of the GWCC would like to formally thank the Alaska State Legislature for working towards a more prosperous Alaska film industry to the benefit of all of its residents.

BE IT FURTHER RESOLVED that this resolution is distributed to:

Governor Sean Parnell, State of Alaska  
Lieutenant Governor Mead Treadwell, State of Alaska  
Mike Nizich, Chief of Staff, Governor Parnell  
Randy Ruaro, Deputy Chief of Staff, Governor Parnell  
Alaska State Legislature  
U.S. Senator Lisa Murkowski  
U.S. Senator Mark Begich  
U.S. Representative Don Young  
Mayor Vern Ruperight, City of Wasilla  
Mayor DeLena Johnson, City of Palmer  
Mayor Larry DeVilbiss, Mat-Su Borough  
City of Wasilla Council Members  
Mat-Su Borough Assembly Members

David Johnston, President

Dated: 3/29/11

Lyn Carden, Executive Director

Dated: 3/29/2011

RE: SB 23 & HB67- Film Production Tax Credit

Dear Senator Ellis,

I would like to offer my support for Senate Bill 23 and companion House Bill 67 - the extension of the Alaska Film Production Tax Incentive Program.

Since its inception in 2008, the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business.

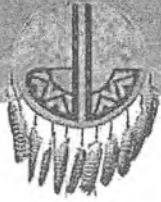
The fact is, financial incentives have changed the way filming decisions are made. Across the U.S. forty-five states currently have incentive programs of some type in place; demonstrating recognition by those states of the economic benefit this industry offers its labor force, area businesses and communities. Internationally, Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada and around the globe. In order to stay competitive in this global industry Alaska needs to send a clear message.

I support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the successful economic diversification and development it has already shown while providing Alaska businesses opportunities to properly plan for and capitalize on Alaska's newest multi-million dollar industry.

For all of these reasons I fully support the Film Credit Tax Credit Bill and thank the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,

Ted Mala, Jr.  
Business Development Manager  
NANA Management Services  
Direct: 907.729.5566  
Mobile: 907.748.5110  
[www.nmsusa.com](http://www.nmsusa.com)



1 Doyon Place, Suite 300  
Fairbanks, Alaska 99701

Toll free: (888) 478-4755  
In Fairbanks: (907) 459-2000

# DOYON

Limited®

April 6, 2011

Honorable Johnny Ellis  
Alaska State Senate  
State Capitol, Room 119  
Juneau, AK 99801

Sear Senator Ellis:

I am writing in support of Senate Bill 23, which continues the successful Alaska Film Production Incentive Program. Since its inception, this program has brought millions of production dollars to Alaska, created hundreds of jobs, and provided a host of opportunities for Alaskan businesses. The continuation of these incentives will help the private sector plan and invest in Alaska's growing film industry.

A wide variety of businesses already have benefitted from this important program. We support Senate Bill 23 because it would extend the film incentive program for 10 years and provide an additional \$100 million in tax credits for the first five years of the extension and \$100 million for the final five years. We believe passage of Senate Bill 23 will encourage this new industry to continue growing here in Alaska. It will continue to help in developing a strong and diversified economy that will entice our workforce to remain in Alaska instead of looking for jobs elsewhere.

While our company is not now in the film production business, we are pleased to express our support for this bill on behalf of those Alaskan businesses that already have benefitted from this incentive and need the extension of the program in order to continue growing their businesses in the future.

Thank you for the opportunity to support this important incentive for economic development in Alaska.

Yours truly,

James R. Johnsen  
Senior Vice President of Administration

LEADER in All We Do

[www.doyon.com](http://www.doyon.com)



April 4, 2011

Honorable Johnny Ellis  
Alaska State Senate  
State Capitol, Room 119  
Juneau, AK 99801

Re: SB 23 - Film Incentive Credits

Dear Senator Ellis:

I am writing in support of Senate Bill 23 which extends Alaska's film incentive credit program. Few programs have proven to be so immediately effective and beneficial to our economy.

Several ASRC shareholders, including my son, and other Alaska Natives were hired to work and participate in the recent filming of the movie "Everybody Loves Whales". Likewise, many other Alaskan businesses and individuals shared in the economic prosperity brought to Alaska from Hollywood. We spent nearly two months on set, and it was rewarding to see so many Alaskans at work on the set as cast and crew members, including as service providers to the cast and crew.

I recognize the importance of the oil and gas industry to Alaska's economy. Further, I recognize the importance of a diverse economy, and I trust the legislature will also recognize the many and obvious benefits of this program. It is important to pass Senate Bill 23 this session.

I applaud your leadership on this issue and add my support to this important matter.

Sincerely,  
ARCTIC SLOPE REGIONAL CORPORATION

A handwritten signature in dark ink, appearing to read "Tara M. Sweeney". The signature is fluid and cursive, with a large initial 'T' and 'S'.

Tara M. Sweeney  
Senior Vice President External Affairs & Communications

Cc: file

RE: SB 23 & HB67- Film Production Tax Credit

Dear Senator Ellis,

I would like to offer my support for Senate Bill 23 and companion House Bill 67 - the extension of the Alaska Film Production Tax Incentive Program.

Since its inception in 2008, the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business.

The fact is, financial incentives have changed the way filming decisions are made. Across the U.S. forty-five states currently have incentive programs of some type in place; demonstrating recognition by those states of the economic benefit this industry offers its labor force, area businesses and communities. Internationally, Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada and around the globe. In order to stay competitive in this global industry Alaska needs to send a clear message.

I support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the successful economic diversification and development it has already shown while providing Alaska businesses opportunities to properly plan for and capitalize on Alaska's newest multi-million dollar industry.

For all of these reasons I fully support the Film Credit Tax Credit Bill and thank the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,

Ted Mala, Jr.  
Business Development Manager  
NANA Management Services  
Direct: 907.729.5566  
Mobile: 907.748.5110  
[www.nmsusa.com](http://www.nmsusa.com)

**From:** Hammes, Brianna (Anchorage) [mailto:Brianna.Hammes@nanaworleyparsons.com]

**Sent:** Friday, March 18, 2011 12:11 PM

**Subject:** SB 23 & HB67- Film Production Tax Credit

*I would like to offer support for Senate Bill 23 and companion House Bill 67 - the extension of the Alaska Film Production Tax Incentive Program.*

*Since its inception in 2008, the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business*

*The fact is, financial incentives have changed the way filming decisions are made. Across the U.S. forty-five states currently have incentive programs of some type in place; demonstrating recognition by those states of the economic benefit this industry offers its labor force, area businesses and communities. Internationally, Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada and around the globe. In order to stay competitive in this global industry Alaska needs to send a clear message.*

*We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the successful economic diversification and development it has already shown while providing Alaska businesses opportunities to properly plan for and capitalize on Alaska's newest multi-million dollar industry.*

*For all of these reasons, I fully support the Film Credit Tax Credit Bill and thank the Alaska State Legislature for working towards a more prosperous Alaska.*

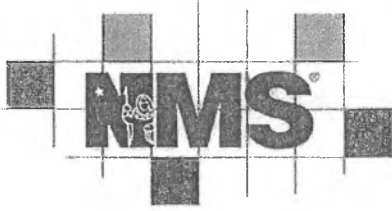
*Sincerely,*

*Brianna Hammes*

**NANA WorleyParsons, LLC**

(907) 375-2535

brianna.hammes@nanaworleyparsons.com



Outsource.  
Outshine.

February 11, 2011

Representative Bob Herron  
Representative Chris Tuck  
Senator Johnny Ellis  
State Capitol  
Juneau, AK 99801-1182

Re: HB 67/SB 23-Extension of Alaska Film Production Tax Incentive Program

Dear Representatives and Senator,

NMS whole-heartedly supports House Bill 67 and Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program. Since its inception in 2008, the Film Production Tax Incentive Program has created jobs for Alaskans through economic opportunities for small and large Alaska businesses. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion-dollar film and television industry that Alaska is open for business.

For NMS it means an opportunity to expand our businesses in food service, hotel management and remote camp service. We see a growing film industry in Alaska as beneficial for the state as it will help create diversified business opportunities.

The fact is, financial incentives have changed the way filming decisions are made. Alaska faces aggressive, long-established film incentives from Canada. Forty-five other states currently have a program of some type. Those states understand the economic benefits that this industry can bring to businesses and communities. We need to do the same.

We support the extension of the Alaska Film Production Tax Incentive Program. House Bill 67 and Senate Bill 23 provide a clear signal that Alaska is open and ready for business when it comes to film and television industry.

For all of these reasons, NMS fully supports the Alaska Film Production Incentive Tax Program and thanks the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,

President



101 Dunkel Street, Suite 111 • Fairbanks, AK 99701-4806  
(907) 457-3282 • (907) 459-3787 Fax  
[www.explorefairbanks.com](http://www.explorefairbanks.com)

April 4, 2011

To Whom It May Concern:

On behalf of the Fairbanks Convention & Visitors Bureau (FCVB), we would like to state our support for extending the Alaska Film Production Tax Incentive Program as proposed in HB 67 and SB 23.

FCVB contributes to the economic well-being of the Fairbanks area by executing an effective tourism marketing program. While fulfilling this role, we believe that FCVB has a unique viewpoint to share on this bill.

As an economic development program, FCVB believes the extension of the Film Production Tax Credit creates jobs for Alaskans and diversifies the economy. While films are in production in Alaska, there are measurable benefits to hotels, airlines, restaurants and others in the travel & hospitality industry. The high-profile production "Everybody Loves Whales" demonstrates the immediate impact brought by this fairly new industry to our communities and businesses.

FCVB also believes that the Film Production Tax Credit and film projects that portray images of Alaska do not replace the need to market Alaska as an attractive tourism destination. By definition, this tax credit promotes the new production of film projects within Alaska. It does not require such projects to promote Alaska as a destination, portray Alaska in a positive light, create a direct response mechanism for possible visitors, provide tools to facilitate planning a vacation to Alaska or connect viewers to Alaskan businesses. For these goals, a well-funded Alaska tourism marketing program is required.

Therefore, we wish to convey our strong support of the extension of the Film Production Tax Credits as an economic development program for an emerging industry. Feel free to contact me at (907) 459-3770 or [dhickok@explorefairbanks.com](mailto:dhickok@explorefairbanks.com).

Warm Regards,

Deb Hickok  
President and CEO



## City of Seward

P.O. Box 167  
Seward, Alaska 99664-0167

Main Office (907) 224-4050  
Facsimile (907) 224-4038

City of Seward, Alaska  
1963 1965 2005



March 17, 2011

The Honorable Johnny Ellis  
Alaska Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Senator Ellis,

The City of Seward supports Senate Bill 23 extending the Alaska Film Tax Incentive program for 10 years.

This legislation provides incentives for lower 48 film industry productions to look at Alaska as a filming location. It also provides exposure and incentives to use Alaskan film crews, production and logistical support teams and local screenwriters. The incentives to provide Alaskan jobs stimulate the local economy and facilitate free tourism marketing opportunities.

Recently, the City of Seward directly benefited from the tax incentive program as the location for the filming of the television movie, "Christmas with a Capital C". This movie brought needed income into our local economy. Seward is hopeful other film productions will look to Seward as a filming location in the future. We will continue to work with the Alaska Film Office to bring more exposure to Seward.

Sincerely,

A handwritten signature in cursive script, which appears to read "Willard E. Dunham".

Willard E. Dunham, Mayor  
City of Seward



301 Cushman St., Suite 301, Fairbanks, AK 99701

February 9, 2011

Re: Support for SB 23/HB 67

Representative Bob Herron  
Representative Chris Tuck  
Senator Johnny Ellis  
State Capitol  
Juneau, AK 99801-1182

Re: HB 67/SB 23-Extension of AK Film Production Incentive Program

The Fairbanks Economic Development Corporation supports SB 23/HB67 and your efforts to continue to diversify the economy by extending the AK Film Production Incentive Program. Fairbanks has attracted the interest of producers over the years, with projects ranging from INTO THE WILD to documentaries and commercials. It is our hope that by extending current film incentives, we will have the opportunity to enjoy the positive economic impacts experienced in other areas of the state that secured locations for studio productions.

We understand that this is still a fledgling industry for Alaska. The Dept. of Commerce, Community and Economic Development are currently developing a full-scale marketing plan and strategy in under discussion for possible public-private marketing opportunities at film-related venues in the future.

Our members come from all areas of the business sector in Fairbanks and can provide many of the services needed to support a film production. In addition, the impact on tourism-related businesses as an area serves as a location for a film production is well documented.

We support the economic development brought about by the current film incentive program. By extending and expanding the program, Alaskans can continue to benefit from new jobs and the business opportunities that come with welcoming this multi-million dollar industry to our state.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Dodson", is written over a horizontal line.

Jim Dodson  
President & CEO  
Fairbanks Economic Development Corporation

Cc: FBX delegation



3100 Channel Drive, Suite 300 • Juneau AK 99801 • (907) 463-3488 • Fax (907) 463-3489  
E-mail: iuneauchamber@gci.net • icc@alaska.com • Web site: <http://www.iuneauchamber.com>

#### Board Members

Tim McLeod, *President*  
AEL&P  
Bob Martin, *Past Pres.*  
Goldbelt  
Sheldon Winters, *Pres. Elect*  
Lossmeier & Winters  
Chuck Collins  
*Key Bank*  
Neil MacKinnon, *Treasurer*  
*Alaska Laundry*  
Sharon Burns, *Secretary*  
*ABC Stations*  
Jeremy Hansen  
*Hansen Gress*  
Dick Knapp  
*Petro Marine*  
Max Mertz  
*Elgee Rehfeld Mertz*  
Lance Stevens  
*Alaska USA F.C.U.*  
Nathan McCowan  
*Sealaska*  
Karen Hansen  
*Wings of Alaska*  
Murray Walsh  
*Walsh Consulting*  
Kelly Shattuck  
*Shattuck & Grummett*  
Wade Bryson  
*Subway of Juneau*

#### Benefactor Members

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Allen Marine  
Juneau Empire  
GCI Communications  
Juneau Radio Center  
Sealaska

#### Platinum Members

AEL&P  
Alaska Litho  
Alaska Marine Lines  
Alaska Pacific Bank  
Alaska USA FCU  
Alaskan Brewing Company  
Bartlett Regional Hospital  
BP Alaska  
CBJ (Manager's Office)  
Capital Office Supply  
Coeur Alaska, Inc.  
Coogan Construction  
Copy Express  
Elgee Rehfeld & Mertz  
Exxon Mobil  
First National Bank of Alaska  
Hecla Greens Creek Mining  
Goldbelt, Inc.  
Huna Toiem  
Shattuck & Grummett  
Taku Oil  
True North FCU  
UAS  
Wells Fargo Bank of Alaska  
Wostmann and Associates

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801-1182

RE: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

On behalf of the Juneau Chamber of Commerce, we would like to offer our support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program.


Since its inception in 2008, the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business

The fact is, financial incentives have changed the way filming decisions are made. Across the U.S. forty-five states currently have incentive programs of some type in place; demonstrating recognition by those states of the economic benefit this industry offers its labor force, area businesses and communities. Internationally, Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada and around the globe. In order to stay competitive in this global industry Alaska needs to send a clear message.

We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the successful economic diversification and development it has already shown while providing Alaska businesses opportunities to properly plan for and capitalize on Alaska's newest multi-million dollar industry.

For all of these reasons, the Juneau Chamber of Commerce fully supports the Film Credit Tax Credit Bill and thanks the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,



Cathie Roemmich, CEO

Juneau Chamber of Commerce



February 11, 2011

Senator Johnny Ellis  
Chair, Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801

Re: Film Incentive Credit SB23/HB67

Dear Senator Ellis:

The Juneau Convention & Visitors Bureau (JCVB) supports SB23/HB67. We understand the importance of creating jobs and diversifying the economy for Alaska and for Alaskans.

As a destination marketing organization with over 275 business members, we appreciate the economic impact that the visitor industry (both leisure and business) brings to our community. As has been demonstrated with "Everybody Loves Whales," the film industry is an economic stimulator that relies heavily on the hospitality industry and brings much-needed business to hotels, restaurants, catering, and transportation services.

As stated in the bill, the film incentive program creates transferable tax credits for eligible corporate tax payers. The subsequent tax relief this brings to a variety of industries is another form of economic stimulus for our state.

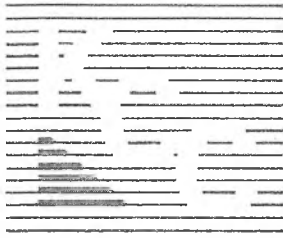
We support the objective of SB23/HB67 to make Alaska more competitive in attracting film production business, to create new jobs and generate business opportunities.

Sincerely,

*Lorene Palmer*

Lorene Palmer  
President/CEO

Juneau Convention & Visitors Bureau  
One Sealaska Plaza, Ste. 305  
Juneau, AK 99801  
(907) 586-1737



**KODIAK  
CHAMBER  
OF COMMERCE**

100 E. Marine Way, Suite 300, Kodiak Alaska 99615 • (907) 486-5557 • FAX: (907) 486-7605  
www.kodiak.org • Email: chamber@kodiak.org

28 February 2011

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801-1182

RE: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

On behalf of the Kodiak Chamber of Commerce, I would like to offer our support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program. Since its inception in 2008 the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business.

Financial incentives have changed the way filming decisions are made. Alaska faces aggressive and long established film incentives from provincial governments in Canada and 45 other states. These regions understand the economic benefits that this industry can bring to our businesses and communities.

We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the economic diversification and economic development success of the film tax incentives while also providing a clear signal that offers Alaska businesses the opportunity to better plan for and capitalize on Alaska's newest multi-million dollar industry.

For all of these reasons, the Kodiak Chamber of Commerce fully supports the Film Credit Tax Credit Bill and thanks the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,

Trevor Brown  
Executive Director  
Kodiak Chamber of Commerce

# MUNICIPALITY OF ANCHORAGE



Office of the Mayor

Phone: 907-343-7100

FAX: 907-343-7180

Mayor Dan Sullivan

March 15, 2011

The Honorable Johnny Ellis  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

Re: Senate Bill 23

Dear Senator Ellis,

Thank you for introducing Senate Bill 23, *"An Act relating to transferable film production tax credits; and providing for an effective date by amending the effective dates of secs. 3 and 4, ch. 63, SLA 2008."*

I fully support the passage of SB 23 that would extend the Alaska Film Tax Incentive program for 10 years. The early success of the incentive program created jobs and stimulated our local economies, and it should be continued. With other countries and states competing for opportunities, it is important to show the film industry that Alaska is a stable place to do business.

Please contact Sara Gill, Intergovernmental Affairs Director, if you have questions. She can be reached at 343-7117 or [GillSN@muni.org](mailto:GillSN@muni.org).

Sincerely,

A handwritten signature in cursive script that reads "Dan Sullivan".

Dan Sullivan  
Mayor



March 1, 2011

Senator Johnny Ellis  
 Chair Senate Rules Committee  
 State Capitol, 119  
 Juneau, AK 99801-1182

RE: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

On behalf of the Nome Chamber of Commerce and the Nome Convention & Visitors Bureau, I would like to offer our support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program.

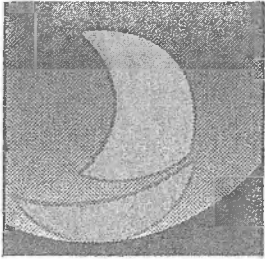
With the recent increase in Alaska related movies and television shows, the Nome Convention & Visitors Bureau has seen a marked increase in the number of phone calls and e-mails from people inquiring about Nome as a potential destination place. Our observations lead us to believe that by promoting film productions in Alaska, that this will have a very positive impact on tourism for Nome.

The Nome Chamber of Commerce and the Nome Convention & Visitors Bureau fully supports the Film Credit Tax Credit Bill.

Sincerely,

Mitch Erickson, Director, Nome Chamber of Commerce

Mike Cavin, Director, Nome Convention & Visitors Bureau



prince william sound  
**ECONOMIC  
DEVELOPMENT  
DISTRICT**

Chenega Bay

Cordova

Tatitlek

Valdez

Whittier

February 4, 2011

Senator Johnny Ellis  
Chair, Senate Rules Committee  
State Capitol Building, Room 119  
Juneau, Alaska 99801

Dear Senator Ellis:

On behalf of Prince William Sound Economic Development District, I would like to offer our support for Senate Bill 23, the Alaska Film Tax Incentive legislation. Since these incentives were created in 2008, millions of film production dollars have been spent in Alaska, creating many jobs and business opportunities across our beautiful state.

We support the extension of Alaska Film Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million for the following five years. These incentives will establish a positive statement to the film and television industry that Alaska is a welcoming environment for production, marketing and promotion.

Sincerely,

Sue Cogswell  
Executive Director



ALASKA REGIONAL DEVELOPMENT ORGANIZATION

February 18<sup>th</sup>, 2011

Senator Johnny Ellis  
Chair, Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801

Re: SB23 - Alaska Film Incentive Continuation

Dear Senator Ellis:

On behalf of the board of the Sitka Convention & Visitors Bureau (SCVB), we strongly support SB23 to extend the Alaska Film Incentive Program.

The recently established Film Incentive Program has finally allowed Alaska to be a contender in the lucrative film industry and has enabled our state to compete with other states and countries as a feasible filming locale. The effectiveness of the program has gained notoriety through many recent film projects, including the first major motion picture to ever be fully filmed in the State of Alaska. A film of this magnitude contributes significantly to jobs, goods and services, housing, air and marine transportation, and will continue to market Alaska for decades after being produced.

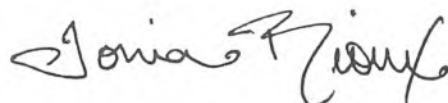
We believe there is potential for increased economic growth in this sector, even for smaller rural communities such as Sitka. City economies reap direct benefits from the many local taxes are levied on the industry. Encouraging these incentives through 2018 will continue our ability to enjoy the positive economic impacts from the film industry.

Senator Ellis, we encourage your sponsorship of SB23 for the State of Alaska to continue our ability to compete in the film industry and continue building economic strength through this market.

Respectfully Submitted:

Mary Stensfold (Chair), Pat Fager (Vice Chair), Ron Hauck,  
John Dunlap, and Evy Kinnear.

By:



Tonia Rioux, Executive Director  
Sitka Convention and Visitors Bureau

P.O. Box 1226  
Sitka, Alaska 99835  
Ph:(907)747-5940  
Fax:(907)747-3739  
scvb@sitka.org  
www.sitka.org



**SITKA**  
CONVENTION AND  
VISITORS BUREAU



March 7, 2011

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801-1182

RE: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

On behalf of Southeast Conference, I would like to offer our support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program. Since its inception in 2008 the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business

The fact is financial incentives have changed the way filming decisions are made. Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada and 45 other states in the United States.

We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the economic diversification and economic development success of the film tax incentives while also providing a clear signal that offers Alaska businesses the opportunity to better plan for and capitalize on Alaska's newest multi-million dollar industry.

For all of these reasons, Southeast Conference fully supports the Film Credit Tax Credit Bill and thanks the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,

Jan Hill  
President

P.O. Box 21989 612 W. Willoughby Avenue, Suite B, Juneau Alaska 99802

(907) 523-4350 (907) 463-5670 Fax [info@seconference.org](mailto:info@seconference.org)

[www.seconference.org](http://www.seconference.org)



Southwest Alaska Municipal Conference

3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p: 907.562.7380 www.swamc.org

Alaska Peninsula  
Aleutian Chain  
Bristol Bay  
Kodiak Island  
Pribilof Islands

February 14, 2011

Senator Johnny Ellis  
State Capitol, Rm. 119  
Juneau, AK 99801

SUPPORT OF SB 23: Alaska Film Incentive Program Extension

Dear Senator Ellis,

At its recent monthly meeting, the Board of Directors of the Southwest Alaska Municipal Conference (SWAMC) voted its support in favor of SB 23 to extend the Alaska Film Incentive Program. The Board feels that this program has offered many economic benefits to the residents of Alaska, and it has the potential to do more.

With estimates ranging from \$2-3 delivered to local economies for every dollar spent by the film industry, that represents a good return on investment for Alaskans, especially in some of the more rural and economically challenged areas of the state.

We hope to see the level of film activity increase in Alaska, and SWAMC is heartened that a portion of the tax credit program is geared toward spurring more economic development in our rural areas. We hope the bill sponsors and those within the Alaska Film Office will continue to encourage more filming and production in rural Alaska, where our scenery is unmatched.

SWAMC's Board of Directors feel that an extension of the program may develop the certainty and help spur the necessary infrastructure for the film industry to continue to prosper in the state. We must remember, however, that this program is about more than films, and several types of productions qualify for the incentive that could bring more dollars into all areas of Alaska.

Thank you for the opportunity to comment, and thank you for introducing this legislation.

Sincerely,  
SOUTHWEST ALASKA MUNICIPAL CONFERENCE

A handwritten signature in black ink that reads "Andy Varner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Andy Varner  
Executive Director

# North Slope Borough

## OFFICE OF THE MAYOR

P.O. Box 69  
Barrow, Alaska 99723  
Phone: 907 852-2611 or 0200  
Fax: 907 852-0337 or 2595  
Email: [edward.itta@north-slope.org](mailto:edward.itta@north-slope.org)



*Edward S. Itta, Mayor*

March 30, 2011

Senator Johnny Ellis  
Alaska State Senate  
State Capitol, Room  
Juneau, Alaska 99801

Dear Senator Ellis:

I support SB 23, the extension of the Alaska Film Incentive Program. The Film Production Incentive Program was instituted only a couple of years ago and seems to be quite a success story, both in terms of job creation and diversification of our economy.

It was pretty exciting for me to see the set for "Everybody Loves Whales" because it looked like downtown Barrow. I found I knew some of the actors and extras and got a chance to appreciate the extra business generated for many companies in Anchorage area. We noticed quite a bit of activity on the North Slope too. There were a couple of dozen people involved in several days of filming and they stayed at our hotels, had their meals at our restaurants and rented vehicles for ground transportation. In short, the existing program created lots of enthusiasm and opportunities for a number of people and businesses.

I believe there are lots of good Alaska stories out there, apparent interest from the industry in telling those stories and also in creating those films here. Filming in Alaska is expensive and to be truly successful in the longer term more infrastructure will need to be developed. I support the program and wish you the best of luck in extending the program for another ten years.

Sincerely,

A handwritten signature in black ink that reads "Edward S. Itta". The signature is written in a cursive style with a long, sweeping underline.

Edward S. Itta  
Mayor



**Brian Rogers**, Chancellor  
(907) 474-7112  
(907) 474-6725 fax  
uaf.chancellor@alaska.edu  
www.uaf.edu

**Bob Shefchik**, Executive Officer  
(907) 474-7489  
(907) 474-7475 fax  
rrshefchik@alaska.edu

### Office of the Chancellor

320 Signers' Hall, P.O. Box 757500, Fairbanks, Alaska 99775-7500

March 16, 2011

Representative Bob Herron  
Representative Chris Tuck  
Senator Johnny Ellis  
Members of the Interior Delegation  
Alaska State Capitol  
Juneau, AK 99801-1182

Delivered via electronically

Dear Senators and Representatives,

Preparing Alaskans for Alaska jobs; that is a big part of what we do at the University of Alaska Fairbanks (UAF) and why we support expanding the Alaska Film Production Tax Incentive Program. UAF has just added a film major to our list of bachelor degrees and we are committed to preparing our students for a growing film industry in Alaska. Senate Bill 23 and House Bill 67 will help diversify Alaska's economy and UAF is excited to be a part of training the people who help make that happen.

The University of Alaska Fairbanks has actively been working with film industry partners long before the tax-incentive program was established to broaden the skills of our students and provide opportunities for on-the-job training. We have supplied talent, crew, logistical support, and even equipment for Discovery Channel, Sundance Institute, Universal Pictures, CNN, the History Channel, BBC, and dozens of smaller film production companies from all over the world.

Our students have worked with industry from television commercials to feature films. Since the establishment of the Alaska Film Production Tax Incentive Program, the number of these opportunities has dramatically risen. One of the impetuses for the new film major is to help prepare homegrown talent for an industry that is expanding here.

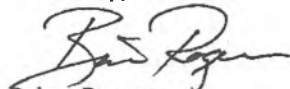
These incentives have changed the way filming decisions are made. Alaska faces aggressive and long established film incentives from Canada and 45 other states. They understand the economic benefits that this industry can bring to their businesses and communities.

The National Science Foundation has funded UAF Film students for work with the International Polar Year, recognized by the Legislature for their broadcasts from Iraq as embedded journalists, and have been cast in roles as actors from Barrow to Anchorage. We have been proud partners and associates in two films screened at Sundance, and others that have been seen in International Film Festivals the world over. Enrollment in UAF Film Courses has grown 60% in the past four years, and continues to grow.

We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 and House Bill 67 will provide a clear signal that offers Alaska businesses the opportunity to better plan for and capitalize on Alaska's newest multi-million dollar industry.

For all of these reasons, UAF fully supports the Film Credit Tax Credit Bill and thanks the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,



Brian Rogers



*The Hotel*  
**Captain Cook**

939 WEST 5TH AVENUE, ANCHORAGE, ALASKA 99501  
PHONE (907) 276-6000

SALES	FAX (907) 343-2207
CATERING	FAX (907) 343-2211
RESERVATIONS	FAX (907) 343-2298
ACCOUNTING OFFICE	FAX (907) 343-2262

February 9, 2011

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801-1182

Re: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

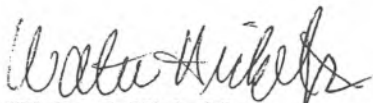
On behalf of The Hotel Captain Cook, I would like to offer our support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program. Since its inception in 2008 the Film Production Tax incentive program has created jobs for Alaskan and economic opportunities for Alaska businesses small and large. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business.

The fact is financial incentives have changed the way filming decisions are made. Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada. 45 other states currently have a program of some type, as they understand the economic benefits that this industry can bring to our businesses and communities.

We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the economic diversification and economic development success of the film tax incentives while also providing a clear signal that offers Alaska businesses the opportunity to better plan for and capitalize on Alaska's newest multi-million dollar industry.

For all of these reasons, The Hotel Captain Cook fully supports the Film Credit Tax Credit Bill and thanks the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,

  
Walter J. Hickel Jr.  
Chairman and C.E.O.

March 11, 2011

Senator Johnny Ellis  
State Capitol Rm. 119  
Juneau, AK 99801-1182



Re: SB 23 – Extension of film production tax credits

Dear Senator Ellis:

On behalf of General Communication, Inc. (GCI), I add the company's support for SB 23 which extends the film production incentive program and film tax credits in Alaska.

GCI was involved in the recent production of EVERYBODY LOVES WHALES. As a major sponsor of this film we observed first-hand the impact this small studio production had on the economies of Anchorage and Barrow.

Some economic impacts can be easily measured – such as those in the recently released report by the Anchorage Economic Development Corporation (AEDC) – but it's more difficult to quantify the effect on a business such as ours. From a corporate perspective, our association with the film engendered good will with Alaskans, who recognize the need to build economic opportunities within the State.

It's our goal to repeat the positive experience we had working with the producers on EVERYBODY LOVES WHALES. In fact, we will be partnering with the producers of THE PEAK, a major motion picture with a much higher budget, and look forward to working with other producers throughout the years as they bring their film business to Alaska.

The cache of working with a feature film in Alaska provides GCI an excellent marketing tool, and just as a high tide lifts all ships, we expect that any Alaskan business that provides goods and services would likewise see a financial boost.

GCI wholeheartedly supports SB 23 and the continuation of the film production incentive program and tax credits.

Sincerely,

A handwritten signature in cursive script that reads "Paul E Landes".

Paul Landes  
Senior Vice President of Consumer Services  
General Communications, Inc.

cc: All House members



**GENERAL  
TEAMSTERS  
LOCAL 959  
STATE OF ALASKA**

*Affiliated with the International Brotherhood of Teamsters*  
Rick Boyles, Secretary-Treasurer  
520 E. 34th Ave., Suite 102, Anchorage, Alaska 99503  
Phone (907) 565-8122 • Fax (907) 565-8199

March 8, 2011

Senator Burt Stedman  
Co-Chair, Senate Finance Committee  
State Capitol Room 516  
Juneau, AK 99801

Re: SB 23 Alaska Film Incentive Program Extension

Dear Senator Stedman:

On behalf of our approximately 6000 Teamster members, I would like to thank you for your proactive approach to incentivizing the Alaska Film Industry. Your legislation, which was passed overwhelmingly by the legislature in 2008, has been a success from the onset.

In March 2008, prior to the passage and implementation of SB 230, Paramount Studios-DreamWorks produced some background shots for a Star Trek movie. The shoot lasted approximately one week and employed five of our members, who worked approximately 190 man-hours.

Since the passage of the tax incentive, we have seen a substantial increase in the number of jobs in the film industry. One of the larger productions, "Everybody Loves Whales", employed at peak approximately forty Teamster members who worked approximately 20,000 man-hours. Many of these workers earned nearly \$35,000 each for their work over a three to four month period. We continue to have Teamsters employed on other shoots as well.

I would also like to note that the film incentive program has not just increased jobs for union members, but non-union workers as well. We have found that some of the smaller productions have not been signatory to a labor agreement, but they also

Senator Burt Stedman  
March 8, 2011  
Page 2

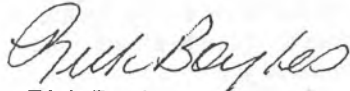
generate dollars into our economy- Alaskans working in Alaska on Alaskan jobs.

We would note, however, that training workers in this field of industry would assist in assuring that more of the technical jobs are done by Alaskans. For example, in addition to van drivers, cast drivers, steak beds, and generator trucks, there are also set dressers, grips, set electricians, production crews, construction crews, and special effects teams, to name a few. I am currently working with our Training Trust director and industry representatives to focus our program specifically toward some of the film industry needs, and I am sure others are as well. Working together to assure a well-rounded training program will go far in assuring that Alaskan workers with new skills will be working in this new and exciting industry in our state.

In summary, we will assist where necessary in support SB 23. This legislation is an excellent example of an incentive program that has increased the number of Alaskan jobs and improved our overall economy in a very brief period of time. Your approval of the continuation can only further improve those numbers and the ongoing economic growth of our state.

Sincerely,

GENERAL TEAMSTERS LOCAL 959



Rick Boyles  
Secretary-Treasurer

c: Senator Lyman Hoffman, via facsimile to 907-465-4523  
Senator Danny Olson, via facsimile to 907-465-4821  
Senator Dennis Egan, via facsimile to 907-465-2108  
Senator Joe Thomas, via facsimile to 907-465-5241  
Senator Johnny Ellis, via facsimile to 907-465-2529  
Senator Lesil McGuire, via facsimile to 907-465-6592  
Barbara Huff Tuckness, President, Teamsters Local 959

via facsimile to 907-465-3922

Sen Stedman SB23.030811



March 16, 2011

The Honorable Johnny Ellis  
Alaska State Senate

Dear Senator Ellis -

I am writing in support of SB 23, the film incentive bill, and want to add my voice to the many who favor extending the program for 10 years as well as increasing the amount available to tax credits by an additional \$100 million.

My company, Kaladi Brothers Coffee Co., had a front row seat to the making of *Everybody Loves Whales*. Whether it was all-Alaskan coffee, lattes, cappuccinos or chai tea, we had the privilege of serving our products to the cast and crew for nearly four months. Our coffee cups and our baristas were on the set every day, and our home roasted coffee kept the production rolling. We donated our time and our product 24 hours a day / 7 days a week not because we wanted the recognition, but because we believed in doing everything we could to encourage productions like *Whales* to choose Alaska as a film location. We knew that good word of mouth back in Hollywood about Alaska's hospitality [and good coffee] would go a long way toward convincing other productions that Alaska could host their needs. By encouraging more feature films, we believed it would be good for the long-term economic development of the state.

As was recently reported in a study done for the Anchorage Economic Development Corporation, because of *Everybody Loves Whales*, the state as a whole saw \$16.5 million more in output between August and November 2010 than otherwise would have been the case. That's just the economic impact of this one movie! I can imagine a time when Alaska will host three or four or five movies a year.

Of course, as you so well understand, no feature film or television show would film here if not for the tax credit incentives. Alaska must be competitive with other states and do whatever it can to attract more feature films, television shows and documentaries to the state. And so I applaud your vision and your effort to extend the tax credits with hope that it will be supported and passed by the legislature this session.

Sincerely,

Dale Tran  
Chief Operating Officer  
Kaladi Brothers Coffee



**We try harder.**

Alaska Rent A Car, Inc.

Avis System Licensee  
P.O. Box 190028  
Anchorage, Alaska 99519-0028

Tel: (907) 243-4300  
Fax: (907) 249-8247  
E-mail: [avis@avisalaska.com](mailto:avis@avisalaska.com)

February 11, 2011

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capital, 119  
Juneau, Alaska 99801

Re: SB 23 Film Production Tax Credit

Dear Senator Ellis:

We are writing to express our support for Senate Bill 23, the extension of the Film Production Tax Credit. We applaud your efforts for not only this current effort but also for the groundbreaking work you accomplished to get the original legislation in place.

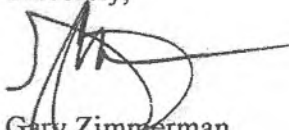
Alaska Rent A Car, Inc (Avis) and our 110 statewide employees benefit from the film production companies that bring their film/commercial shoots to Alaska. We are just a small example of the various types of businesses that benefit from the film industry.

One point not to be overlooked is the additional revenues that come into the state and various municipalities from similar organizations as Avis. The revenue generated by the 10% State Vehicle Rental Tax is collected by all car rental companies and passed along to the State of Alaska. Various municipal vehicle rental taxes/hotel bed tax/general sales taxes are also collected by Avis and others and used to support local governments and their citizens. We can all grasp the idea that productions coming to the state spend money in the state, and businesses enjoy this influx of new business...but we must also remind others that taxes collected are an economic boon to various governmental bodies.

Alaska has always strived to diversify its base economy. The long-term commitment to the film industry is one such tool the state can use. A long-term commitment will drive further needed investment by the private sector, create employment, create new or strengthen existing businesses, and lead to further interest in Alaska (business and tourism); all which means great things for this state.

Again, we applaud your efforts to bring a new industry to Alaska. The employee owners of Alaska Rent A Car, Inc. are fully behind the efforts of the Alaska State Legislature to pass SB 23.

Sincerely,



Gary Zimmerman  
General Manager



February 9, 2011

The Honorable Johnny Ellis  
Chair, Senate Rules Committee  
State Capitol, 119  
Juneau, Alaska 99801

**REAL ESTATE DEPARTMENT**

TEL 907.265.2670  
FAX 907.265.2450

**Re: Senate Bill 23 – Alaska Film Production Incentive Program Extension**

Dear Senator Ellis:

The Alaska Railroad Corporation (ARRC) supports Senate Bill 23, which extends the Alaska Film Production Tax Incentive Program. During 2010, ARRC worked with the Alaska Film Office by offering ARRC property on very short notice because the initial filming site for the film "Everybody Loves Whales" fell through. Unless a new site was found, the filming would have been moved to Canada.

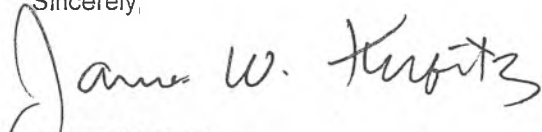
The film company not only used ARRC property for the primary "Barrow" scene, which involved extensive development and construction, it also used our newly renovated Historic Freight Shed for several film sets, feeding the crew, make-up and wardrobe. ARRC's property provided a perfect venue for this film. Numerous Alaskans were put to work in the construction activity in addition to the actors. Local workers were involved in building sets, providing equipment rentals, transportation and meals. Local businesses benefited from the increased level of dollars spent in the community. It was a group effort and everyone worked hard to welcome the film industry. I believe this effort helped to put Alaska on the map as a state that has the ability to support the film industry.

During the same period, the filming of "Ghost Visions" used ARRC property for a portion of a feature film. This film also used the property of an ARRC tenant, where several segments of the movie were filmed.

Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business.

For all of these reasons, ARRC fully supports the Film Credit Tax Credit Bill and thanks the Alaska State Legislature for working to develop a new industry in Alaska.

Sincerely,

  
James W. Kubitz  
Vice President, Real Estate and Facilities

To: Alaska State House,

Regarding SB-23

From : Russell Knight,  
Owner of Knight's Taxidermy and Star of the new History Channel Program  
" Mounted in Alaska"

Support for SB-23

Dear Representatives,

I am writing you today in support of SB-23. This legislation is crucial to the film and television industry's decision to make a series or a movie in Alaska. I can personally attest that this is true through my own personal experience as the new star of the hit new show "Mounted in Alaska".

When negotiations began to bring up a new television series to Alaska over a year ago, these incentives were a major factor in considering Alaska as the location for a new History Channel series. It is a very expensive endeavor and this tax break has given momentum to shows like mine and movies as well.

New shows like mine start off with a very small budget and this tax incentive definitely helps in the decision making process. To lose this tax advantage now will stop all the progress that has been made so far with the image that "Alaska" is open for business to the film industry.

This bill will help bring in new dollars into Alaska and will employ people in this film industry locally. Our show has hired 4 local people to assist in production.

I urge all to pass this SB-23 and let's keep the ball rolling with all the positive work that's been done so far, I would like a second season to my show and I'm afraid if this bill does not pass will have a negative effect on my show and this new multi-million dollar industry.

Thank you for listening

Russell Knight

Knight's Taxidermy Inc.

7329 Arctic Blvd

Anchorage, Alaska 99518

907 344-5501



NICHOLAS I. BAJWA  
PETER B. BRAUTIGAM  
COLE M. LINDEMANN  
ROBERT L. MANLEY  
JANE E. SAUER  
CHARLES F. SCHUETZE  
OF COUNSEL  
F. STEVEN MAHONEY

E-Mail: cole@mb.law.pro

March 24, 2011

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol, 119  
Juneau, Alaska, 99801-1182

Re: Senate Bill 23, Alaska Film Production Tax Credit

Dear Senator Ellis:

I would like to offer my support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program.

I have personally seen new and existing clients, as well as third parties, benefit directly and indirectly from the current version of the credit. New and existing businesses in Alaska of small, medium, and large scale and their employees are finding new economic opportunities and developing new trades and skill sets.

The continuing benefits to my clients result in interesting and new work for my firm and me. Without question, the introduction of the credit has had a direct impact on my practice and resulted in unique opportunities for me to use skills I have developed in the past, and learn new areas of the law. The benefits and opportunities that my clients, business throughout Alaska, and I have realized may cease to exist without the extension of the Alaska Film Production Tax Incentive Program.

In order to maintain the existing benefits provided by the Alaska Film Production Tax Credit, attract more business opportunities to Alaska, and compete with other states and countries with similar incentives, I offer my support to Senate Bill 23. Extending the credit will show a clear commitment to businesses in other states and

March 24, 2011  
Page 2

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countries that Alaska is committed to developing an entertainment industry and attracting their business.

Sincerely,

MANLEY & BRAUTIGAM, P.C.

By:



Cole M. Lindemann

February 13, 2011

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801-1182

RE: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

I would like to offer my support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program. Since its inception in 2008, the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large.

I have been directly impacted by this program by working on the film, *Everybody Loves Whales*, in the Locations Department assisting with logistics for 26 sites in Anchorage. I believe this program is the just the beginning of blossoming business endeavors and I feel very fortunate to be a part of the growth and future success.

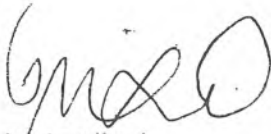
Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business.

Financial incentives have changed the way filming decisions are made. Across forty-five U.S. states that currently have incentive programs of some type in place; demonstrating recognition by those states of the economic benefit this industry offers its labor force, area businesses and communities. Internationally, Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada and around the globe. In order to stay competitive in this global industry Alaska needs to send a clear message.

I support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the successful economic diversification and development it has already shown while providing Alaska businesses opportunities to properly plan for and capitalize on Alaska's newest multi-million dollar industry.

For all of these reasons, I support the Film Credit Tax Credit Bill and thank the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,



Trina Landlord  
Miisaaq Consulting



RSM McGladrey Network  
An Independently Owned Member

Offices in Anchorage & Kenai

February 15, 2011

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801-1182

RE: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

Mikunda Cottrell would like to offer our support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program. Since its inception in 2008 the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products, and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business.

The fact is, financial incentives have changed the way filming decisions are made. Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada. 45 other states currently have a program of some type as they understand the economic benefits that this industry can bring to our businesses and communities.

Mikunda Cottrell supports the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the economic diversification and economic development success of the film tax incentives while also providing a clear signal that offers Alaska businesses the opportunity to better plan for and capitalize on Alaska's newest multi-million dollar industry.

For all of these reasons, Mikunda Cottrell fully supports the Film Credit Tax Credit Bill and would like to thank the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,

Jim Hasle, CPA, President and Managing Shareholder  
Mikunda, Cottrell & Co.

**From:** Bryan Davis [<mailto:bryand@northstarak.com>]  
**Sent:** Friday, March 18, 2011 4:14 PM  
**To:** Sen. Johnny Ellis  
**Subject:** SB 23 & HB67- Film Production Tax Credit

*RE: SB 23 & HB67- Film Production Tax Credit*

*On behalf of North Star Terminal & Stevedore Co., LLC dba North Star Equipment services, I would like to offer our support for Senate Bill 23 and companion House Bill 67 - the extension of the Alaska Film Production Tax Incentive Program.*

*Since its inception in 2008, the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business*

*The fact is, financial incentives have changed the way filming decisions are made. Across the U.S. forty-five states currently have incentive programs of some type in place; demonstrating recognition by those states of the economic benefit this industry offers its labor force, area businesses and communities. Internationally, Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada and around the globe. In order to stay competitive in this global industry Alaska needs to send a clear message.*

*We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the successful economic diversification and development it has already shown while providing Alaska businesses opportunities to properly plan for and capitalize on Alaska's newest multi-million dollar industry.*

*For all of these reasons, North Star Terminal & Stevedore Co., LLC fully supports the Film Credit Tax Credit Bill and thanks the Alaska State Legislature for working towards a more prosperous Alaska.*

*Sincerely,*

***Bryan Davis***  
Director of Business Development  
**North Star Equipment Services**  
907 263-0120 office  
907 382-6737 cell

[www.northstarak.com](http://www.northstarak.com)  
a division of North Star Terminal & Stevedore Co. LLC

April 9, 2011

The Honorable Bill Stoltze & Bill Thomas  
Co-Chairs, House Finance Committee  
State Capitol Rm 515  
Juneau, AK 99801

Representatives Stoltze & Thomas:

I encourage you to support Senate Bill 23 to extend Alaska's Film Production Incentives for 10 years. These credits have brought millions of dollars of new spending into the state, and small local businesses like mine are one of the primary beneficiaries. I share the fruits of that new spending with my employees, and those employees spend their wages at other local businesses. Millions of dollars new to our economy trickle down directly to working families in Alaska, and those dollars get further recycled and reinvested in my community. Film production is an infinitely renewable resource, and if these incentives are continued, film productions could still be a significant part of Alaska's economy a hundred years from now.

While I sincerely believe that the program should be permanent, the ten-year horizon is a reasonable compromise and the minimum required for me to have confidence in my capital investments. Without a ten-year horizon, I don't know how long productions will still be filming in Alaska. If can't make big investments in production equipment unless I have some guarantee know that there will be users for that equipment well into the future. And if producers aren't able to rent equipment from Alaska businesses like mine, they bring it up here at high cost from Los Angeles and they usually bring outside crews along to operate it. Competition for film production is steep in the United States. If Alaska isn't competitive on the national stage, production companies will simply film their "Alaska shots" in British Columbia or even Maine. A ten-year extension will also spur the private development of film studio infrastructure like sound stages, and those large corporate investments are good for all of us little guys too.

Please support Senate Bill 23 and please maintain the 10-year horizon. Alaska small businesses and workers deserve a chance to see this industry continue to grow in a stable investment climate.

Sincerely,

Jonathan Huff, Owner  
Alaska Universal Productions  
Fairbanks, AK

Cc: Representative Mike Chenault, Speaker of the House  
Representative Craig Johnson, Chair, House Rules Committee  
Representative Alan Austerman, House Majority Leader  
Representative Kurt Olson, Co-Chair, House Labor & Commerce Committee  
Senator Johnny Ellis



March 21, 2011

Sent via electronic mail:

**Sen. Johnny Ellis**

**Rep. Bob Herron**

**Rep. Chris Tuck**

RE: Senate Bill 23/House Bill 67 – Extension of Film Production Tax Credit

Dear Senator and Representatives:

I am a life-long Alaskan and have made a living as a cinematographer in this state since 1977. I am the co-owner of Alaska's high-end film production, production services and postproduction company, SprocketHeads, LLC.

Three years ago I was faced with the prospect of shutting down SprocketHeads and moving my family to L.A. in order to shoot feature films. **Thankfully**, Alaska's film tax incentive program changed that.

I was a cinematographer on *Everybody Loves Whales* and *Ghost Vision* and have been contacted to shoot several upcoming feature films.

Please add my name to the long list of Alaskans who support Senate Bill 23 and House Bill 67.

The ten-year extension of this amazing program will give this dynamic industry needed time to take hold, to grow roots, and to flourish. And I, along with my family and my company, will remain in Alaska.

With the passage of SB 23/HB 67 I see a brighter economic future coming into *focus*.

Respectfully,

**Steven L. Rychetnik**

Cinematographer, SprocketHeads, LLC

Member, International Cinematographers Guild (Local 600)



Thomas R. Daly

108 Deepwood Court  
Kenai, Alaska 99611

02.22.2011

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801-1182

RE: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

On behalf of Alaskan small business owners negatively affected by a shrinking energy industry , and dissuaded from the SOA purchasing process, I would like to offer our support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program.

With the continued closures of energy companies on the Kenai Peninsula, the most devastating being the Agrium closure and most recently Conoco Phillips LNG plant it is necessary for businesses like mine to look for other industries to support.

Since its inception in 2008, the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business.

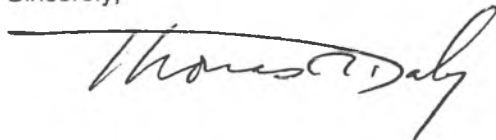
The fact is, in fiscal year 2010 revenue from participation the movie industry offset the loss in revenue from the shrinking energy sector and the loss of revenue from State of Alaska business brought on by the state not allowing Alaskan companies to bid contracts like the SOA WSCA copier contract.

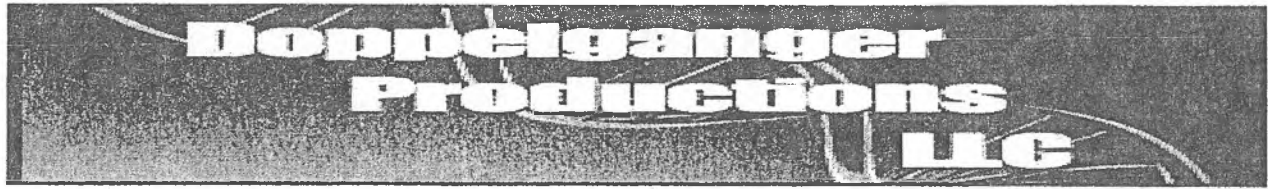
Additionally financial incentives have changed the way filming decisions are made. Across the U.S. forty-five states currently have incentive programs of some type in place; demonstrating recognition by those states of the economic benefit this industry offers its labor force, area businesses and communities. Internationally, Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada and around the globe. In order to stay competitive in this global industry Alaska needs to send a clear message.

We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the successful economic diversification and development it has already shown while providing Alaska businesses opportunities to properly plan for and capitalize on Alaska's newest multi-million dollar industry.

Speaking on behalf of area small business owners and for all of the reasons listed, we fully support the Film Credit Tax Credit Bill and thanks the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,





Senator Johnny Ellis  
Chair, Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801

Dear Senator Ellis,

I am writing to show my support for Senate Bill 23.

Without this important incentive program it would have been much more difficult to raise funding for our feature film, 'The Doppelganger Principle.' With the exception of our star, Ed Asner, all cast and crew will be pulled from the talent we have here in Alaska. Further, since our investors are local, as well, all revenues from our film go right back into our local economy.

The tax incentive program has kick-started a long undeveloped industry here. Not only are we seeing big-budget feature films coming in with many jobs for Alaskans, but some of our own young film makers are now encouraged to try to ply their craft here, rather than make the usual pilgrimage Outside. I was recently invited to take part in a new web-series, 'Alaska Film Makers,' a continuing web-accessed program reporting on what is happening in our local film community. This is all quite heartening.

As the first-ever elected Alaska representative of the Screen Actors Guild, I have recently been able to help add several new members to our ranks. I fully expect that our membership in Alaska will double before the end of this year. Perhaps even more rewarding, as I now sit on the SAGIndie National Committee, we have been able to show local film makers how to develop their work as a SAG signatory project..

Good things are happening here as a direct result of this program. Extending it should be a no-brainer.

Let's not blow it!

Ron Holmstrom, Director  
Doppelganger Productions, LLC  
645 G St. Ste 100-616  
Anchorage, Alaska 99501  
907-748-5729



March 16, 2011

Senator Johnny Ellis  
Chairman, Senate Rules Committee  
State Capitol, Rm. 119  
Juneau, AK 99801-1182

Re: SB 23 relating to the extension of the film production tax credits and transferrable tax credits

Dear Senator:

On behalf of Evergreen Films, I would like to add our support for passage of SB 23. Evergreen Films is an Alaska-based film company with state-of-the art 3D production studios in both Anchorage and Los Angeles. We are focused on producing content that combines AVATAR-quality technological innovation with Pixar-quality storytelling. Evergreen is currently in pre-production on the feature film *WALKING WITH DINOSAURS 3-D*, a co-production with BBC Earth. We are shooting exteriors in Alaska this summer, with the film slated for worldwide release in 2013 by Twentieth Century Fox, a global leader in film marketing and distribution.

The extension of the current film incentives will be a primary factor as Evergreen Films and our Alaska business partners decide whether to proceed with further private infrastructure investments in the film industry. This legislation will also continue to attract other producers, and sends a strong message to local businesses and investors that a huge opportunity exists for growth in Alaska, as this new film industry is successfully developed for the long-term.

The economic impact and jobs experienced in Alaska with the small studio production, *EVERYBODY LOVES WHALES* (direct, indirect and induced spending was estimated at \$16.5 million), is just the beginning of what could be a successful new business platform for Alaska. Signs of this are already appearing throughout the state. The Board of Regents recently approved a Bachelor of Arts Degree program in film at the University of Alaska, Fairbanks. Financial institutions in Alaska are exploring how to become involved in supporting the film industry. Alaska corporations, such as NANA Development Corporation, are developing film services companies. This June, high school students from the Lower Kuskokwim School District will be participating in a work-study program revolving around filmmaking. And most importantly, producers are currently scouting locations in Alaska for a number of future projects.

The positive message of stability created by the long-term extension and funding for the film incentive and tax credits, cannot be overstated in an industry where development, finance packaging, production and distribution of a film project can often take many years. Alaska is finally on film producer's radar and we are successfully competing with other film-friendly states. Passage of this pro-business legislation, which supports and fosters the new, non-resource based film industry, sends the message that our state is in this for the long haul.

Most sincerely,

A handwritten signature in black ink, appearing to read "Mike Devlin", written over a horizontal line.

Mike Devlin, CEO

Cc: Senate Finance Committee

1120 East Huffman Road, Suite 24  
PMB 595  
Anchorage, AK 99515  
(907) 522-6272

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801-1182

15 February 2011

RE: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

On behalf of **Ascending Path and Glacier Productions LLC**, I would like to offer our support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program.

As a board member of the Alaska Film Group and the owner of a company which received a lucrative contract with Icebreaker Films/"Everybody Loves Whales", I personally experienced the benefit of this valuable incentive program. In 2010 my wife and I put 3 Alaskan employees on salary to run our small tourism business while she and I dedicated our time to *Whales*.

Because of the Film Incentive Program, my small Alaskan company was able to negotiate a licensing agreement with a LA based entertainment services company so Alaska can provide the accounting and payroll services that Hollywood producers are accustomed. Alaska has some growing pains in order to become a financially sustainable location for feature films, but I have confidence in the private sectors ability to accommodate, if the State commits to this Incentive.

Since its inception in 2008, the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business

The fact is, financial incentives have changed the way filming decisions are made. Across the U.S. forty-five states currently have incentive programs of some type in place; demonstrating recognition by those states of the economic benefit this industry offers its labor force, area businesses and communities. Internationally, Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada and around the globe. In order to stay competitive in this global industry Alaska needs to send a clear message.

We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the successful economic diversification and development it has already shown while providing Alaska businesses opportunities to properly plan for and capitalize on Alaska's newest multi-million dollar industry.

For all of these reasons, **Ascending Path and Glacier Productions LLC** fully supports the Film Credit Tax Credit Bill and thanks the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,

Matt Szundy

Owner

**Ascending Path and Glacier Productions LLC**



2010 – 2011

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**Scott Reiland**

Denali Grizzly Bear Resort

**Catherine Schultz**

Sophie Station

**Ethan Tyler**

Alaska Tourism Solutions

Senator Johnny Ellis  
Senator Lyman Hoffman  
Senator Bert Stedman  
State Capitol  
Juneau AK, 99801

RE: SB 23 – Film Production Tax Credit

Dear Senators Ellis, Hoffman, and Stedman,

On behalf of the Alaska Travel Industry Association (ATIA), we would like to state our support for extending the Alaska Film Production Tax Incentive Program as proposed in HB 67 and SB 23.

ATIA operates with two distinct functions: 1) We advocate on behalf of 1,100 business members and 2) We are charged with executing an effective tourism marketing program. While fulfilling these dual roles, we believe that ATIA has a unique viewpoint to share on this bill.

As an economic development program, ATIA believes the extension of the Film Production Tax Credit creates jobs for Alaskans and diversifies the economy. While films are in production in Alaska, there are measurable benefits to hotels, airlines, restaurants and others in the travel & hospitality industry. The high-profile production “Everybody Loves Whales” demonstrates the immediate impact brought by this fairly new industry to our communities and businesses.

ATIA also believes that the Film Production Tax Credit and film projects that portray images of Alaska do not replace the need to market Alaska as an attractive tourism destination. By definition, this tax credit promotes the new production of film projects within Alaska. It does not require such projects to promote Alaska as a destination, portray Alaska in a positive light, create a direct response mechanism for possible visitors, provide tools to facilitate planning a vacation to Alaska or connect viewers to Alaskan businesses. For these goals, a well-funded Alaska tourism marketing program is required.

Therefore, we wish to convey our strong support of the extension of the Film Production Tax Credits as an economic development program for an emerging industry.

Regards,

Ron Peck  
President  
ATIA

Deb Hickok  
Chair, Board of Directors  
ATIA

From: ALASKA CHARR

907 274 8640

03/29/2011 08:53 #015 P.001/001

*Alaska Cabaret, Hotel,  
Restaurant & Retailers Association*



1503 W. 31st Ave., Suite 202 • Anchorage, Alaska 99503  
(907) 274-8133 • Fax: (907) 274-8640  
Toll Free In Alaska (800) 478-2427

The Honorable Johnny Ellis  
Alaska State Senate  
State Capitol, 119  
Juneau, AK 99801-1182

March 28, 2011

Dear Senator Ellis:

On behalf of the Alaska Cabaret, Hotel, Restaurant and Retailer's Association, representing Alaska's hospitality industry and over 1,800 licensed establishments, we would like to offer our support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program.

Since its inception in 2008, the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large. Projects resulting from this tax incentive programs offer invaluable marketing and promotion for Alaska tourism and a welcome economic boost to Alaskan businesses. Continuing and extending this program will encourage the multi-billion dollar film and television industry to continue business in our great State.

We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the successful economic diversification and development it has already shown while providing Alaska businesses opportunities to properly plan for and capitalize on Alaska's newest multi-million dollar industry.

For all of these reasons, Alaska CHARR fully supports the Film Credit Tax Credit Bill and thanks the Alaska State Legislature for diversifying and supporting Alaska's economy.

Sincerely,

A handwritten signature in cursive script that reads 'Dale Fox'.

Dale G. Fox, CAE  
President & CEO, Alaska CHARR

Feb. 11<sup>th</sup>, 2011

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801-1182

RE: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

On behalf of Alaska Crew Training Inc.; we want to thank you for sponsoring this extension of the Alaska Film Production Tax Incentive Program, Senate Bill 23 and offer our support.

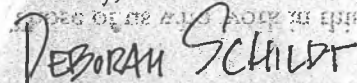
Since its inception in 2008, Alaska's Film Production Tax Incentive program has created jobs and economic opportunities for Alaskans and for Alaskan businesses small and large. Our training program, Alaska Crew Training Inc. exists *because* of these incentives. In addition to building Alaska's labor force, film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing this program offers a clear signal to the multi-billion dollar film and television industry that Alaska understands the value of this industry and welcomes productions into our state.

Those of us who work in this industry today know first hand that financial incentives have changed the way filming decisions are made. Across the U.S. forty-five states have incentive programs in place. This demonstrates an understanding by those states of the economic benefits this industry offers. Internationally Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada and around the globe. To stay competitive in this global marketplace Alaska needs to send a clear message.

We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. We hope that Senate Bill 23 will continue the successful economic diversification and development it has already shown while providing Alaska businesses opportunities to properly plan for and capitalize on Alaska's newest multi-million dollar industry. Thank you for promoting and keeping Alaska in the movie business!

For all of these reasons, Alaska Crew Training, Inc. fully supports the Film Credit Tax Credit Bill and thanks the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,



Deborah Schildt - Program Administrator  
Alaska Crew Training, Inc.

P.O. Box 110163  
Anchorage, AK 99511  
c 907/223-3740  
c 907/230-6870  
f 907/783-2625

[www.alaskacrewtraining.org](http://www.alaskacrewtraining.org)  
[akcrewtraining@gmail.com](mailto:akcrewtraining@gmail.com)



February 15, 2011

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801

RE: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

On behalf of the ALASKA FILM GROUP and our statewide membership, I would like to offer our support for Senate Bill 23, extending the Alaska Film Tax Credit Incentive Program for ten years.

Since its inception in 2008, Alaskan jobs in the film industry have increased and Alaska businesses have seen their bottom lines improve. In addition, film and television projects to our state offer invaluable marketing and promotion for Alaska tourism.....all contributing factors to the diversification of Alaska's economy.

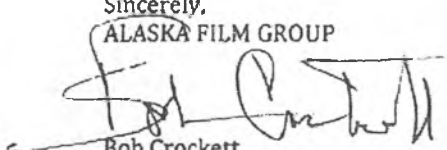
Many ALASKA FILM GROUP crewmembers worked on two recent feature films, "Everybody Loves Whales" and "Ghost Vision". They traveled from Fairbanks, Homer, Juneau, Girdwood, Kenai and Palmer to participate. Vendor members from rental car companies, hotels, shipping companies to film rental houses were contracted to provide services. Seeing this unfold from our efforts leading up to passage of SB230 in 2008 to where we are now has been truly amazing. Our membership has grown nearly 40% from enactment in 2008 to present day.

Forty-five other states currently have incentive programs of some type in place; demonstrating recognition by those states of the economic benefit this industry offers its labor force, area businesses and communities. Internationally, we face stiff competition from provincial and Federal Governments in Canada and around the globe. In order to remain competitive in this global industry Alaska needs to send a clear message.

We support the extension of the Alaska Film Production Tax Credit program for 10 years with \$100 million available in incentives during the first five years and \$100 million available in the final five years. This allows Producers to plan with expectations the program will still be in place; and for local business investors interested in building infrastructure to be assured they can amortize their investment over a period of time.

The ALASKA FILM GROUP fully supports the Film Tax Credit Bill and sincerely thanks the Alaska State Legislature for creating a program that benefits all Alaskans.

Sincerely,  
ALASKA FILM GROUP



Bob Crockett  
President

---

# Alpine Air Alaska

---

*Professional Helicopter Services*

Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol 119  
Juneau, AK 99801-1182

21 February 2011

RE: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

Alpine Air Alaska, Inc., would like to offer our support for the extension of the Alaska Film Production Tax Incentive Program, Senate Bill 23.

This bill has directly helped our helicopter operation receive work for two major productions, "Disaster on K2" in 2009, and "Sarah Palin's Alaska" in 2010. The revenue generated from these productions benefits both Alaskans involved with filming, and Alaskan tourism companies. As a small Alaskan-owned tourism company, we have witnessed the tourism boost from these productions, which in turn, boosted our ability to operate year-round, and to employ other Alaskans.

In a perfect world, there would be no need for tax incentives, however to remain competitive in worldwide bidding for film production... these incentives are imperative. We support development and a diversified economy in Alaska. We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years, and \$100 million in incentives for the final five years.

We would like to continue to support more film work and believe that this bill, Senate Bill 23, is pivotal to finding more work in the Film Industry for Alaskans. We would like to thank the Alaska State Legislation for helping to work towards a more prosperous Alaska.

Regards,



Amanda Adams  
Office Manager  
Alpine Air Alaska, Inc.



Senator Johnny Ellis  
Chair Senate Rules Committee  
State Capitol, 119  
Juneau, AK 99801-1182

15 February 2011

RE: Senate Bill 23 Film Production Tax Credit

Dear Senator Ellis:

On behalf of **Ascending Path and Glacier Productions LLC**, I would like to offer our support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program.

As a board member of the Alaska Film Group and the owner of a company which received a lucrative contract with Icebreaker Films/"Everybody Loves Whales", I personally experienced the benefit of this valuable incentive program. In 2010 my wife and I put 3 Alaskan employees on salary to run our small tourism business while she and I dedicated our time to *Whales*.

Because of the Film Incentive Program, my small Alaskan company was able to negotiate a licensing agreement with a LA based entertainment services company so Alaska can provide the accounting and payroll services that Hollywood producers are accustomed. Alaska has some growing pains in order to become a financially sustainable location for feature films, but I have confidence in the private sectors ability to accommodate, if the State commits to this Incentive.

Since its inception in 2008, the Film Production Tax Incentive program has created jobs for Alaskans and economic opportunities for Alaska businesses small and large. Film and television projects offer invaluable marketing and promotion for Alaska tourism, products and businesses. Continuing and extending this program offers a clear signal to the multi-billion dollar film and television industry that Alaska is open for business

The fact is, financial incentives have changed the way filming decisions are made. Across the U.S. forty-five states currently have incentive programs of some type in place; demonstrating recognition by those states of the economic benefit this industry offers its labor force, area businesses and communities. Internationally, Alaska faces aggressive and long established film incentives from provincial and federal governments in Canada and around the globe. In order to stay competitive in this global industry Alaska needs to send a clear message.

We support the extension of the Alaska Film Production Tax Incentive program for ten years with \$100 million available in incentives during the first five years and \$100 million in incentives for the final five years. Senate Bill 23 will continue the successful economic diversification and development it has already shown while providing Alaska businesses opportunities to properly plan for and capitalize on Alaska's newest multi-million dollar industry.

For all of these reasons, **Ascending Path and Glacier Productions LLC** fully supports the Film Credit Tax Credit Bill and thanks the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,

Matt Szundy

Owner

**Ascending Path and Glacier Productions LLC**

**adn.com**

Anchorage Daily News

Print Page

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**We're ready for our close-up, Mr. DeMille****COMPASS: Other points of view**

By SUSAN BELL

(01/05/11 19:08:04)

Alaska's film industry has received much notice lately thanks to two feature films that have recently finished production here. Alaskans love watching as Hollywood discovers our state. We love the economic impact, too -- including jobs, spending on hotel rooms, rental cars and other goods and services - that comes when hundreds of people become our neighbors, if only for a short time.

Through the leadership of Sen. Johnny Ellis, the concurrence of the Alaska Legislature, and the support of Gov. Parnell, the state's recently implemented film industry tax credit has been instrumental in spurring the growth of this new economic sector. The film industry has the potential to provide diversity and meaningful contributions to the state's economy. When the film tax incentive bill was passed in 2008, the law provided a base credit of 30 percent to companies that film in Alaska and spend at least \$100,000 during a 24-month period. Additional credit could be earned for wages paid to Alaskans, as well as for productions made in rural areas or shot between Oct. 1 and March 30.

Tax credits have been a standard part of economic development strategy for years, as they stimulate additional investment and bring new businesses into the marketplace. Alaska offers similar incentives for mineral exploration, certain types of oil and gas production, and value-added salmon product development.

In the case of the film industry, attracting Hollywood north will help the state accomplish several outcomes:

- Encouraging and protecting a new industry in Alaska;
- Enhancing the economic viability of film projects attracted to Alaska;
- Boosting Alaska businesses and creating jobs for Alaskans; and
- Increasing interest in Alaska tourism from Outside audiences who are inspired to visit after watching movies filmed here.

From a competitive standpoint, it is important that we continue to build the physical infrastructure and human capital necessary to host major motion pictures and television programming. Growing this industry to the point that it is self-sustaining may take years to come to full fruition. But look what has already happened in the 30 months since the tax incentive was implemented:

- Two Alaska children are lead actors in two major feature films that will be released in 2012;
- Dozens of other Alaskans have earned speaking roles;
- Hundreds have signed on as extras, crew members, or both;

- Private industry is planning for a soundstage, a fundamental piece of infrastructure that will make Alaska more attractive to production companies;
- Films made by Alaskans are being screened at the prestigious Sundance Film Festival;
- Alaska's own film festival is growing rapidly;
- Film production management companies are starting to develop;
- Alaska cinematographers are working side by side with Hollywood's best directors of photography; and
- Alaska producers are busy working on films large and small.

What's next? We need to work hard to attract more productions and create paths of opportunity for Alaskans. The Department of Commerce, Community and Economic Development, which houses the Alaska Film Office, needs to ensure that a trained workforce is ready for action. We are working to develop job-training programs for as many Alaskans as possible, in conjunction with the private sector, other state agencies and the university system.

These aren't going to be overnight, "just add water" accomplishments. We're nurturing this industry with plans for it to develop and contribute to Gov. Parnell's vision for a legacy economy that provides opportunity for this generation and beyond. It is time. For years we have watched as other locations, pretending to be Alaska, stood in our spotlight and reaped the benefits of jobs, spending and invaluable promotional exposure. No more. Alaska is ready for its close-up.

---

Susan Bell is the commissioner of the state Department of Commerce, Community and Economic Development. Information about the state's film industry tax credits can be found at [www.film.alaska.gov/incentive-program.htm](http://www.film.alaska.gov/incentive-program.htm).

Print Page

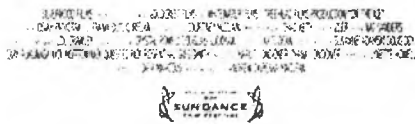
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**THE WALL STREET JOURNAL**  
WSJ.com

JANUARY 20, 2011, 11:00 AM ET

## Sundance 2011: 'On the Ice' Spotlights Alaska



Poster for "On the Ice"

Plenty of independent films that play the Sundance Film Festival can boast of being shot in remote and exotic locations, but Andrew Okpeaha MacLean's coming-of-age drama "On the Ice" is probably the only film this year that required an AK47-wielding guard to monitor the set for wild animals.

Having grown up in Barrow, Alaska, the setting of "On the Ice," MacLean knew that bears were going to around and had his production coordinator on polar bear watch. "I wasn't overly concerned about it because we were such a big group of people and normally they'd stay clear of us," he said. "But if you get a juvenile or one that's especially hungry, they can get a lot more aggressive."

Based on MacLean's award-winning short "Sikumi," "On the Ice" follows the story of Iñupiaq teenagers Qalli and Aivaaq, who accidentally kill their friend James during a seal hunt. Scared and worried, the boys decide to ditch their friend's body and pretend he died in an accident. Qalli, the college-bound friend who actually pulled the knife, must deal with his guilt as Aivaaq beats himself up, his father gets suspicious, and he decides what kind of man he wants to become.

We recently spoke to MacLean about his debut narrative film,

premiering this week at Sundance.

**The Wall Street Journal: Did you write your short with the idea of turning it into a feature film?**

**Andrew Okpeaha MacLean:** My short was first written as writing exercise. I had a pretty bad case of writer's block when I was working on a different script, so I took those characters and put them in a weird situation and wondered what would happen if they stumbled on a murder. As I started working on the short and started showing first the script, and then edited cuts to people, a lot of them had the response of wanting to know what happens next, or if this could be part of a larger story. So, by at the time the short was done, I was aware of the possibility of continuing the story.

**Tell me about your background.**

I was born in Fort Wainwright, an army base [in Alaska] and I grew up in Barrow and Fairbanks, the town near Fort Wainwright. It's a university town; my parents were both university professors.

**When did you know you wanted to be a filmmaker?**

About 10 years ago, I decided to apply to film school. I'd been living in Seattle for a few years after getting my undergrad degree at the University of Washington in theater. I was more in the theater world when I decided to move back home to Barrow. I moved for a number of different reasons, but part of it was that I wanted to reconnect and learn to speak Iñupiaq better because a lot my generation is losing the language skill.

When I was growing up there, there was no real system for teaching it — my generation is the first generation not to take it as our first language; we were the first generation to grow up with television and that might have been part of it. In fact, there was a pretty strong sentiment at the time that it was bad to teach kids anything other than English; my parent's generation was punished for speaking Iñupiaq at school.

So, I wanted to try to correct that and came home. While living at home, a cousin of mine who's very active in the community said to me, 'You've been doing theater, I did a play once in school — let's do plays together and let's do them in Iñupiaq. So we started adapting old stories and coming up with our own, and getting them translated with the help of our elders. Performing them was great — I felt really connected to my culture but we would put a lot of work into these shows and only four or five hundred people would come and then it would die. So I started thinking about film as something that has a lot more permanence and potential to reach people. I decided to apply to film school and looked for ones that didn't require film experience. I barely knew the front end of a camera from the back, and NYU is one of those schools and they accepted me and offered me a scholarship. Next thing you know, I was moving from Barrow to New York City.

**Shooting in Alaska can be tricky given the absence and abundance of light, given the season. Did you have to shoot within a very specific time frame?**

We shot in April and little bit of May... the timing was vital — that was one of the things that both caused us a lot of stress, but also propelled us into making it happen because we could only shoot during one season: spring. It was partly because of the temperature, but also for the combination of sea ice and light. In the summertime, the sea ice melts and the script called for a lot of ice — I mean, it's called 'On the Ice' — so we needed it. By the time the sea ice forms in the winter, it's completely dark all day long and remains dark out for several months. It's not until March that you start getting the 12 hours of sunlight, then darkness, so it shifts very rapidly from there. By the time we finished, we were in 24 hours in daylight, which was a lot of fun for the film crew.

**Your cast consisted primarily of first-time actors — was it a challenge to find the right combination of players?**

We did a fairly long casting process. My producer Cara [Marcous] and I flew all over arctic Canada and all around Alaska looking for potential actors, including Anchorage and Fairbanks and Nome and Point Hope and finished in Barrow — we went to at least 10 to 12 cities.

**The actor who plays Qalli's dad is quite good.**

We didn't even see him in the first round of auditions. Someone had told him about the auditions and we had casting information on our website. He sent us an email and I sent him a copy of the script — more specifically, the sides we were working from — and then called him and I directed him from the phone. He then taped himself and uploaded it to YouTube. I really liked what he did and I liked his look, and based on that, we flew him along with the top contenders from the casting process to Anchorage. We did a week-long intensive casting process that doubled as a basic acting workshop, so we were able to really put them through a lot of work and see how they would respond to different ways of working. At the same time, we were able to start working on the characters with them. Everything really paid off later. That whole casting experience was key to getting the film done — we did casting before we had the money to shoot the film. Afterward, we got a grant from Princess Grace USA Foundation that allowed us to go and make the film.

**There's a lot of original music in the film. Were the featured songs written prior to filming, or were they improvised?**

No, that was written out. The dances at the very beginning of the film were traditional dances that are kind of in the public domain. There are a lot of those dances that are personal and owned by specific people and we would have needed permission to use those, but the two we used are fun dances for anybody to do. The Singspiration — a hymn that translated into Iñupiaq — was a song by the actual church choir up there, and the rap [the one of the characters performs at a party] was written pretty much by the actor and it's meant to be a moment of just freestyle improv — he's not supposed to be coming off as Lil Wayne. I just thought that that's an interesting aspect of the youth culture up there and was interested in how people express the culture through music. It's three very different ways of performing music and it's coming from three different sources — but they're all being kind of appropriated, being taken into the culture.

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## Boosters hope Alaska will be "Hollywood Far North"

Sat, Oct 2 2010

By Yereth Rosen

ANCHORAGE, Alaska (Reuters) - On a crisp autumn day, as office workers went about their business, one of Anchorage's major hotels became the temporary hub of what state leaders consider a promising new Alaska industry.

The lower level of the Hotel Captain Cook was occupied by a Hollywood film crew that converted rooms into movie sets, makeup and dressing areas and equipment-packed work sites.

In progress was filming for Universal Features' "Everybody Loves Whales," a movie starring Drew Barrymore and recounting a 1988 rescue mounted for three gray whales trapped in Arctic ice.

In a departure from past history, this Alaska-based movie is being filmed on location, rather than in a make-believe Alaska set constructed in British Columbia or elsewhere.

Alaska officials hope this and other projects will help diversify the state's economy from its precarious dependence on dwindling oil production.

"We wouldn't be 'Hollywood North.' Vancouver claims that. We'd be 'Hollywood Far North,'" said state Senator Johnny Ellis, an Anchorage Democrat and self-professed movie buff who authored 2008 legislation that established a special tax credit for big film projects and revived a state film office that had been eliminated during a past austerity push.

Ellis' measure entitles film companies spending \$100,000 or more in Alaska to transferable credits of 30 percent of those costs, plus 10 percent of money spent hiring Alaskans. Extra credits are given for expenditures in rural areas or outside of the summer tourist season.

Film companies in the past have largely avoided Alaska, citing the state's high costs, remoteness and overall inconvenience.

But the tax incentive has made a difference, said David Linck, unit publicist for "Everybody Loves Whales," a project Ellis refers to as "Northern Exposure Meets Free Willy."

"It's dollars and cents," Linck said.

Filming will run through November, he said. It has been an economic boon to Alaska, with several key roles filled by Alaska Natives selected after casting calls in remote rural sites, he said.

Among those sharing in the bounty is Su Gamble, owner of a hair salon in an Anchorage strip mall the producers selected for three days of filming because of its retro-1980s look. Gamble herself was cast as an extra, an experience that still thrills her.

"It's such a blast that they chose my place, and they chose me," she said.

### OSCAR HEADED NORTH?

She recounted the two hours crew members spent creating her 1980s big-hair look, proclaimed the film producer and crew "so sweet" and "so patient," and predicted an Academy Award for the project.

"Drew Barrymore's going to be the best actress for the year 2012," she said.

It will be several years before Alaska is able to develop its own industry support system, with skilled workers and specialized contractors, anywhere on par with what exists in British Columbia, said Mike Devlin, chief executive of Los Angeles-based Evergreen Films.

Still, each new project moves the state incrementally toward that standard, he said.

"Every film means some Alaskans are in on the production," he said.

Evergreen Films is so bullish on Alaska it has located a studio in Anchorage. The studio occupies a vast and elegant house perched in the mountains overlooking the city, glacier-fed Cook Inlet and a panorama of snowy mountains, including active volcanoes and Mount McKinley.

The studio doubles as Devlin's residence.

"I'd rather get up in the morning here than in L.A.," he quipped, taking in the view from a bank of windows.

Evergreen Films has produced nature documentaries, among other projects, and is working on a television series based on mystery novels by Alaska author Dana Stabenow.

Last month, NANA Corp., owned by Inupiat Eskimos from the state's northwestern region, announced it was investing in a joint venture with Evergreen. The project will "create jobs and economic growth," a NANA statement said.

Alaska already is experiencing a boomlet in reality-TV productions such as "The Deadliest Catch," the fishing series produced by the Discovery Channel, and former Gov. Sarah Palin's controversial series being produced by TLC.

"Alaska is the talk of the nation, in many ways, good and bad. But most of it good," Ellis said.

For some Alaskans, the desire to lure film projects goes beyond money.

Hollywood's habit of using non-Alaska sites to film Alaska stories -- even the iconic television series "Northern Exposure," which was filmed in Washington state -- has long been an irritant.

Some on-screen results made Alaskans cringe. Pine forests and wooded hillsides stood in for what was supposed to be open Arctic tundra. Asian actors portrayed Alaska Natives. And there were improbable story lines, like running gags about snake problems in the reptile-free far north.

The final insult, said Ellis, was learning that a major romantic comedy starring Sandra Bullock was being filmed in Massachusetts even though the story was set in Sitka, Alaska.

"That aggravated me, and it aggravated others," the senator said, referring to "the Proposal," released in 2009. "There's a long, sad history of Alaska losing out. But I hope we're starting to change that."

(Editing by Steve Gorman)

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## Student filmmaker brings project home

BY MICHAEL ARMSTRONG  
STAFF WRITER



New filmmakers making films on a tight budget often get creative. Some max out their credit cards, hoping the film will win awards at Sundance or other film festivals. Others get arts grants. Almost all recruit family and friends to help out. Katherine Brennan, a 2005 Homer High School graduate in her senior year at the Academy of Art University, San Francisco, has come up with a new twist.

Pay your own way to Alaska and help me with my film, she told friends from San Francisco, and I'll get you room and board for 10 days.

"I've been so lucky and so blessed to work with so many talented people," she said of the students and teachers she's met in San Francisco.

Brennan, 25, graduates this spring with a bachelor of fine arts in cinematography. She's the director of photography — the woman behind the camera — of "What May Be True," a 7 to 10 minute short film about "how people cope with betrayal," Brennan said.

Born and raised in Homer, Brennan, 25, is the daughter of Patricia Brennan and the late Hugh Brennan. In December and January she has been visiting family and friends in Homer and scouting locations for "What May Be True," to be filmed this June. One scene will be shot at the Homer Harbor and another in a forest. She also needs an office or room that can pass as a therapist's office.

*Photo by Michael  
Armstrong*

*Homer News Katherine  
Brennan,  
cinematographer for  
"What May Be True."*

"What May Be True" has about five or six acting roles, including the main character, Gabriella, a girl about 16, and a woman therapist about 40 to 50. On her film's website, Brennan describes the project as "a powerful story about a woman who goes through emotional and physical trauma and the journey that she goes through to overcome the after effects."

A small-town woman starting a career in film is just part of a growing film industry in Alaska. Under the Alaska Film Production Incentive Program, Alaska offers generous tax credits to motion picture companies filming in the state. Last week, Sen. Johnny Ellis, D-Anchorage, and Representatives Bob Herron, D-Bethel, and Chris Tuck, D-Anchorage, prefiled legislation to extend those tax credits past its sunset date of 2013 (see Business, p. 6).

"The recent film industry boom in Alaska has benefited Alaskans and local businesses across the state, and it could grow much more," Ellis said. "Extending these incentives shows film producers Alaska is serious about building this industry for the long run."

Brennan wants Homer to be part of that boom, particularly for its scenic setting. For "What May Be True," she wants to use the landscape as a strong part of the film.

"I think Homer has a lot of potential and doesn't get the attention it deserves beyond 'Deadliest Catch' and 'Sarah Palin's Alaska,'" she said.

As a cinematographer, Brennan would like to see more Alaskans — and more women — behind the lens. Alaska only has about 25 professional camera operators that she knows of, Brennan said. It's also hard to rent professional quality cameras. Brennan plans to shoot her film using a Canon 5D high-definition, single-lens reflex video camera, one of the more common high-end cameras used in the industry. She's been lucky that the Academy of Arts has so many cameras for students to use, she said.

"I feel like a gear head nerd with cameras and not cars," Brennan said.

After graduation and making "What May Be True," Brennan said she plans to work for a while here to get ahead on bills. Eventually she'd like to get an entry-level job in the film industry — which could mean moving to Los Angeles. Although the Academy of the Arts is an art school, she said her education feels more like going to trade school. It's a lot of hands-on, learn-the-craft work.

"Every day I am doing something with film or video production," Brennan said about the school.

It's an art where the education continues.

"You're going to be learning, no matter what profession you're in," she said.

Brennan has a website set up through IndieGoGo, a web service that allows filmmakers, writers, musicians and other artists to make a pitch for support. Artists describe their projects, what they need in cash and other support, and how contributors will be acknowledged. While Brennan's new San Francisco friends will be helping her out, she's also looking for some hometown help. Anything locals can do in providing meals, lodging and other support would be appreciated.

She also has a site on vimeo.com showing some of the films she photographed or was involved in.

Michael Armstrong can be reached at [michael.armstrong@homernews.com](mailto:michael.armstrong@homernews.com).

## The Cordova Times

# "Everybody Loves Whales" film crew coming to Barrow

BY ALASKA NEWSPAPERS STAFF

By ALASKA NEWSPAPERS STAFF

Anchorage's Grace Olrun of the Casting Department is calling for Barrow Inupiat and non-Inupiat residents to register with her this weekend to portray the many rescuers and reporters who went out to the ice to help free the whales or report on the story. Filming will occur on Oct. 29, 30 and 31.

Registration will take about five minutes, no audition is required - some paperwork and a photo. Grace will be at the Tuzzy Library Friday, Oct. 22, from 1:30 to 5 pm and Saturday, Oct. 23, from noon to 5 p.m. to sign up adult residents. Filming on Saturday October 30 will last approximately 10 to 12 hours with a hot catered lunch with fellow cast and crew at mid-day.

Come be part of the largest feature film to ever come to Alaska. Help us Alaskans show how robust and giving Barrow is. Please contact Grace by email at [cupikwarriorproductions@gmail.com](mailto:cupikwarriorproductions@gmail.com) to secure a part in the movie. Only 72 residents will be hired to be in the film, slots are filling up fast.

*Grace Olrun, Casting Dept. for "Everybody Loves Whales"*

Contact us about this article at [editor@thecordovetimes.com](mailto:editor@thecordovetimes.com)

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# NANA gets into showbiz

By **Victoria Barber**  
 Sep 20th, 2010

Published in *the Arctic Sounder*

Alaska is jumping on the movie business bandwagon, and Native corporation NANA is hoping to help lead the charge.

The company announced that it's invested "several million" to purchase 33 percent ownership of Evergreen Films, a high-tech Alaska production house with studios in Anchorage and Hollywood.

"Frankly this is a pretty exciting field," said Helvi Sandvik, president of NANA Development of NANA Regional Corp.

Sandvik said Evergreen approached NANA Development about a year ago with a proposal and business model. NANA has several subsidiaries that look likely to benefit from the partnership, including those that supply catering, construction and remote camp services. However, NANA doesn't have exclusive rights to those contracts.

Sandvik said that she also hopes NANA Development's stake in the film industry will open up an exciting new career field for shareholders.

"Really the sky is the limit. Sometimes it's a matter of helping people visualize what those opportunities may hold," Sandvik said.

## Building a movie pipeline

NANA's announcement came just days before filming in Anchorage began on "Everybody Loves Whales," a movie starring Drew Barrymore and John Krasinski (star of "License to Wed" and the TV show "The Office"). The film is based on the true story of three grey whales stranded in the sea ice off Point Barrow in 1988.

"Loves Whales" is the first high-profile movie to come out of the tax incentive program introduced by Sen. Johnny Ellis in 2008. Senate bill 230 rebuilt the Alaska Film Office and created a program that offers tax credit to movies, documentaries, commercials, and video projects that spend at least \$100,000 in Alaska.

Stories about Alaska have long attracted filmmakers and movie-goers, in large part because of the state's spectacular and risk-filled landscapes. But before the incentive program, the vast majority of movies about Alaska were filmed far away.

Recent thrillers "30 days of Night" and "The Fourth Kind," were set in Barrow and Nome but filmed in New Zealand and Bulgaria, respectively. The 2009 blockbuster "The Proposal," starring Sandra Bullock, was set in Sitka but filmed in Massachusetts.

That means the state is losing out on a lot of money that could be going to Alaskans, said Carolyne Robinson, owner and executive producer at Sprocketheds LLC, an Anchorage-based film company.

A major production like "The Proposal" spends, on average, about \$100,000 a day, Robinson said. Not only does that pump money into local businesses - from hair salons to construction companies - it also creates jobs for young professionals who would otherwise have to leave state to work in that industry.

"Think of this can of movie film as a barrel of oil," Robinson said, waving a reel at a recent meeting of Anchorage businesses. "We can build a new kind of pipeline."

Robinson said we'll be seeing more movies - and moolah - coming down the pipeline soon. An movie executive and an "international team" were scouting locations for another big film earlier this year. The trip included a dog sled ride at Iditarod champion Martin Buser's kennel. Details are still under wraps, Robinson said, but discussions are underway with leading men Viggo Mortensen, Liam Neeson and Jeff Bridges.

Pre-production might begin as early as this fall, and filming in early 2011. But that's not because of the scenery or any dog sled ride, Robinson said. In the end it's all due to the incentive program.

"The film executive told me flat out that they did a multi-country, multi-state comparison. And calculating in our film incentive program, the bottom line was - shoot in Alaska."

That was the same bottom line that decided the NANA board to invest, said a very un-star-struck sounding Sandvik.

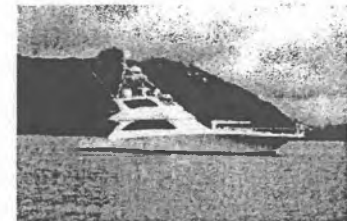
"We're very analytical in everything we do. NANA has an incredible number of opportunities that are presented to us today. This was no different than any of the rest of those," Sandvik said.

## New Hollywood North

Anchorage will never be Hollywood - and most Alaskans would agree, that's a good thing. But Mike Devlin, one of the founders of Evergreen Films, said Alaska might look instead to Vancouver as a portent of what's to come if all goes well.



NANA Development has invested "several million" into minority ownership of Evergreen Films, an Alaska production house that is creating a TV series based on Dana Stabenow's popular series about a Native woman detective. (Courtesy Photo, Evergreen Films)



Evergreen is a production house seeking to rival high-tech production houses. Part of its outfit is the Strider, a Viking 74 Sport Fisher with mounted and underwater cameras. (Courtesy Photo, Evergreen Films)

Since "The X-Files" began filming in Vancouver in the early '90s, the Canadian city has built up the infrastructure to pull in over a billion dollars a year (British Columbia has sometimes been the stand-in for Alaska in the movies). The number of productions taking place there has earned it the nickname "Hollywood North."

Alaska still has a long way to go until it can rival that kind of success. It still lacks the things that are critical to the film industry, such as a CGI shop, trained personnel and sound stages (Robinson said Anchorage needs at least four).

Also, Alaskans would have to get used to how Hollywood works - fast. And with "a high level of customer service," Robinson said.

NANA's investment in Evergreen Films means they'll participate in building up that capacity. Evergreen is a high-tech studio that specializes in digital 3-D technology. The company is partnering with BBC Earth to produce "Dinosaurs 3-D" and released a few 3-D concert videos for bands including Phish and Dave Matthews.

"We can do Avatar class films, and we can do them for a much lower budget and we can do them here in Alaska, which is very different than the way the world was 10 years ago," Devlin said.

Evergreen also films for television. The company has optioned Dana Stabenow's best-selling Kate Shugak mystery novels. The books' heroine is an Aleut woman who solves crimes on the last frontier with help from her Mutt, her half-wolf, half-dog partner.

But whether it's for big or small screen, Devlin said that the more Alaska can encourage high-quality, scripted shows, the more the state will reap the benefit of its inherent charisma for movie-goers.

"This will not be a short job. It'll be a 10-year job to build this industry. But it'll be a lot of fun," Devlin said.

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# ALASKA Journal of Commerce

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HOME NEWS FEATURES MONEY CONTACT JOBS

Web posted Friday, January 28, 2011

## Lights, camera, Alaska! Tax credit could draw \$100M

By Andrew Jensen  
*Alaska Journal of Commerce*

Reality television struck gold in Alaska long ago, but a package of film tax credits passed in 2008 has the state ready to take its act to the big screen.

Two Hollywood films — "Beyond" starring Jon Voigt and "Everybody Loves Whales" starring Drew Barrymore — wrapped in 2010. An independent film shot in Barrow — "On the Ice" — by local director Andrew MacLean competed at the prestigious Sundance Film Festival this January.

"Everybody Loves Whales" has not yet submitted its final application for the tax credit, which will reveal how much the production spent in Alaska while shooting in Seward, Anchorage, Barrow and Fort Richardson. The movie had a reported \$30 million budget and the production was one of the first to apply for the Alaska film credit in May 2009.

Completed projects (\$14.9 million) and pre-approved projects (\$88 million) push the potential spending in Alaska to more than \$100 million.

"Beyond," which had a reported budget of \$10 million, spent \$6.6 million filming in Anchorage last fall and received a tax credit of \$2.14 million, the largest to date. The tax credits, which have averaged about 32 percent of total Alaska spending, are issued based on how and where companies work.

The base credit is 30 percent of Alaska expenditures, with a total incentive of 44 percent available with a 10 percent Alaska hire credit, 2 percent seasonal credit for shooting between October and March, and another 2 percent for shooting in rural Alaska. The credits are transferrable, which means production companies can sell the credits to Alaska companies for reductions in their state corporate income taxes.

Alaska has no state sales or income tax, so the credits will exceed a company's tax liabilities. According to the state Film Office website, the credits can fetch 80 percent to 90 percent of their value and provide an additional cash stream for production companies.

The largest credit by percentage issued to date was 37.67 percent to the production of "Disaster on K2" completed in 2009. The documentary, which did some shooting in Nepal, took advantage of Alaska's scenery to recreate the 2008 expedition that left 11 of 15 climbers dead.

Since the introduction of the credits, 15 productions have wrapped after spending \$14.9 million in Alaska. Tax credits have totaled \$4.9 million to date.

There are now 29 active projects pre-approved for the credit, including "Everybody Loves Whales," with total proposed Alaska spending of about \$88 million and \$29.4 million in potential tax credits.

Alaska Film Office director Dave Worrell cautioned that it is unlikely all \$88 million actually will be spent, but it indicates the growing interest in Alaska's film incentive program.

"As we see some productions happening, particularly feature films, it kind of feeds off of that," Worrell said. "People are a little hesitant to be the first on the block. Now



The Tweto family (from left), Ayla, Ariel, Jim and Ferno are featured in the reality TV show, "Flying Wild Alaska," a series on the Discovery Channel about Bush pilots. It is one of dozens of productions filmed in Alaska, many of which are taking advantage of the state's tax incentive. AP Photo/Discovery Channel



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we've seen a couple feature films come in and be successful here, I think the word will get out that, yes you can make a movie in Alaska."

Worrell was particularly excited about "On the Ice," which was shot on a budget of \$524,628 and earned a credit of \$171,145. MacLean is a native of Barrow who attended film school in New York and shot his senior project "short" in his hometown.

The short also qualified for Sundance, and MacLean was encouraged to shoot it as a full-length feature.

"That's exactly what we want to see," Worrell said. "We want to see Alaskans telling Alaskans' story."

With 43 states (including Alaska) and every Canadian province having some kind of film incentives, Worrell said it was "critical" for the Legislature to pass the credits.

"With the global economy the way it is right now, films are having a hard time getting a green light," he said. "It's an indispensable part of the business now. If Alaska is going to be competitive, we have to have some kind of incentive."

Alaska has work to do, though, in having sufficient numbers of qualified crew and movie infrastructure if it wants to attract additional big budget studio films. A variety of tacks are being pursued from the Department of Labor and Workforce Development, to the University of Alaska system, the nonprofit Alaska Crew Training Inc. and the recent partnership between NANA Corp. and Evergreen Films.

Being able to shoot indoors is another need, Worrell said.

"Right now we have to rely on what Alaska has always relied on, our amazing locations," he said. "That right now is the huge draw for us. But filmmakers need something to keep their crew busy on rainy days. Having sound stages where they can do interiors will be a big help for the industry. We recognize this is something that has to pencil in, so it's a little bit of building slowly. We think there's interest and a market for Alaska, but a business case has to be made to build the infrastructure."

The incentive has benefitted the wide array of reality shows that were already home in Alaska such as "Deadliest Catch" and "Ice Road Truckers."

In its sixth season, "Deadliest Catch" spent \$1.75 million in Alaska and received a \$584,562 credit. The third and fourth seasons of "Ice Road Truckers" wrapped in 2010 with a total Alaska spend of \$3.9 million and a credit of \$1.3 million.

A slew of new reality programs also hit the air in 2010 and 2011, including "Alaska State Troopers," "Gold Rush: Alaska," "Flying Alaska Wild" and "Sarah Palin's Alaska." Other shows such as "Ax Men," "Man vs. Wild" and "Top Gear" dropped in to film episodes.

Deadliest Catch, now filming its seventh season, has been a ratings giant for Discovery Channel. It ranked No. 1 in the coveted 25-54 demographic for 14 straight weeks on cable last season, drawing a record average of 5.4 million viewers and 8.5 million for the final episode that recounted the untimely death of Cornelia Marie Capt. Phil Harris.

Ice Road Truckers has steadily drawn more than 3 million viewers; Gold Rush: Alaska attracted 3.7 million viewers for its Jan. 7 premier episode; Alaska State Troopers pulled 6.2 million total viewers for the debut of its second season.

The state tourism office is trying to capitalize on the Alaska fascination with new promos running during the shows, and Worrell noted the boom to New Zealand tourism after the "Lord of the Rings" was filmed there.

"Having Alaska visible on the big screen and small screen, it reminds people, 'that's someplace I've always wanted to go,'" Worrell said. "Maybe the constant presence of Alaska will spur that little extra and 'OK, this is the year I'm going to go.'"

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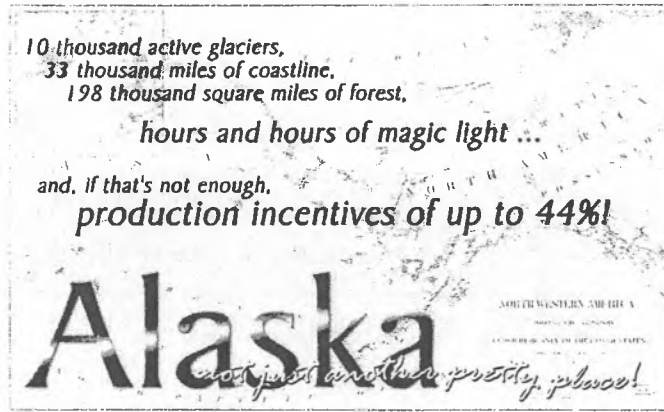
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# Here's Looking At You Alaska



credits to Alaska businesses at a discount (usually 80 to 90 cents on the dollar). Those businesses receive full "face value" for those credits, thus saving 10% to 20% on their Alaska Corporate Income Taxes. The film office is building a list of interested companies, with more asking to be added regularly.

As of January 1, 2011, fourteen film industry tax credits have been approved for \$2.14 million based on qualified Alaska spending of \$6.6 million, and that is

Alaska's film and television industry has received a lot of attention lately due to the recently wrapped filming of "Everybody Loves Whales" and "Ghost Visions" along with several Alaska-specific television shows.

In addition to the pioneer of Alaska reality television, "Deadliest Catch", Alaska has been featured in "The Alaska Experiment", "Gold Rush Alaska", "Flying Wild Alaska", "Alaska State Troopers", "Ax Men", the recently debuted "Flying Wild Alaska" and many others.

Thanks to the Alaska Film Production Incentive Program, what may have been a small one time occurrence has started to take hold in Alaska and is on its way to becoming a full formed industry. The Alaska Film Production Incentive Program was created by legislation sponsored by Senator Johnny Ellis and supported by the legislature and the governor's office. Implemented by the state Department of Commerce, Community and Economic Development through the Alaska Film Office, the program offers eligible television and film productions tax credits from 30-44% depending on several factors including the time of the year the production is filmed, where in Alaska it is filmed and Alaska hire.

Alaska Film Industry Tax Credits are also helping Alaska businesses with their tax liabilities. Because film and television productions are unlikely to owe Alaska Corporate Income Taxes, producers sell their tax

only the tip of the iceberg. Currently there are 30 productions pre-qualified for estimated tax credits of \$29.5 million based on over \$88.5 million of in-state spending if all projects complete production within their estimated budgets. That represents a large amount of money spent in state that in the past would have gone to other places like British Columbia, Maine or other states that have often stood in as Alaska.

The current program has a credit cap of \$100 million and is set to expire July 1, 2013, but Senator Ellis has introduced legislation to extend the program by ten years and continue the \$100 million incentive funding for each five year period.

TAX CREDIT	VALUE	REQUIREMENTS
Base Credit	30%	Production expenditures must be made in Alaska.
Alaska Hire	+10%	Wages paid to Alaska residents receive an additional 10% credit.
Seasonal	+2%	Production expenditures made between Oct. 1 and Mar. 30 receive an added 2% credit.
Rural Location	+2%	Production expenditures made in a rural area also receive an added 2% credit.
<b>Maximum Possible Credit</b>	<b>44%</b>	Portions of a production with an Alaskan crew, filmed in rural Alaska between October and March.

## Film added \$16.5 million to state's economy

The Associated Press

(02/26/11 20:43:32)

A new report says the filming in Alaska of the Drew Barrymore-Ted Danson movie "Everybody Loves Whales" brought an estimated \$16.5 million to the state economy. The report released Thursday by the Anchorage Economic Development Corp. said the film employed more than 1,300 Alaskans over the 58-day shoot last year. That number includes 48 cast members with speaking parts and about 1,100 extras.

The estimate also includes production company spending in Alaska.

The movie has applied for the state's film production tax credit.

The pending movie is a fictional retelling of a 1988 attempt to rescue California gray whales trapped under the ice near Barrow.

## **Producers scout Alaska for action film with big budget**

**'THE PEAK': Production of film, with climber rescuing family, hinges on economics, tax break.**

By KYLE HOPKINS  
khopkins@adn.com

(02/25/11 14:29:25)

Alaska movie-watchers: This one could be bigger than "Whales."

A team of action-movie producers is in Anchorage this week researching a feature film about mountain climbing that they hope to film in Alaska as early as next year.

The movie is tentatively titled "The Peak," and it would tell the fictional story of a girl and her woefully unprepared parents who crash in the mountains wearing tennis shoes and jeans. A skookum rescue climber attempts to save the family.

"We set it here because we want to make it here," producer David Greathouse said Thursday as the group prepared to scout potential production buildings in Anchorage.

It's unclear how much the film would cost. Another producer, Lucas Foster, estimated the budget in the "many tens of millions."

The price tag would far exceed the more than \$30 million spent on "Everybody Loves Whales," said Foster, whose producer credits include "Bad Boys," "Law Abiding Citizen" and the Brad Pitt, Angelina Jolie shoot-'em-up "Mr. & Mrs. Smith."

The producers arrived in Alaska on Tuesday. They spent Wednesday flying by helicopter to Matanuska Glacier, Lake George and other locations as they prepare to tweak a long-simmering script about a dangerous mountain rescue.

"It's not like you've got to go to some place and try to help them imagine what it might be like with enough special effects and whatnot," said Colby Coombs, a founder of the Alaska Mountaineering School who traveled with the group. "The mountains do the talking."

Simon Crane, stunt coordinator on "Mr. & Mrs. Smith," "Salt" and the upcoming "Men in Black III," is set to direct, Foster said.

As the state Legislature considers extending or tweaking a generous tax subsidy that allows filmmakers to recover as much as 44 percent of their in-state spending, Alaska film-boosters are courting producers like Foster in hopes of landing another major production.

Like all big-budget films, there's no guarantee the mountain-climbing movie will be made -- or made in Alaska.

"As long as it makes economic sense to shoot it here, we'll shoot it here," Foster said over a pancake breakfast at the Hotel Captain Cook.

Alaska's tax incentive is a major factor in the decision, he said. The producer, a blunt-spoken man in a faded Yankees cap and black North Face jacket, literally gave the finger to the state of Michigan at the breakfast table to show what he thought of Michigan Gov. Rick Snyder's move to slash that state's film incentives.

When producers find a place to film that works, they come back, he said. If filming "The Peak" goes well in Alaska, the producer said, he'd consider shooting more movies here in the future.

"I can make an action movie that I was going to shoot in Louisiana in Alaska, if I want to," Foster said.

### **A RESCUE STORY**

"The Peak," which also has been called "The Tooth" and may end up with another title altogether, is an action thriller. Filming could take 13 or 14 weeks, with pre-production beginning months earlier.

Filming is at least a year away and would likely take place in the summer, Foster said.

In the script, a journalist takes his wife and 11-year-old daughter into the mountains to write a feature or lifestyle story. Kind of a family vacation on the boss's dime, the producers said.

"He's a little bit of a jerk in the sense that he brings his family to a place that he really shouldn't have brought them," Foster said. "They're really sort of ill-equipped to be here."

An experienced mountain climber serves as the family's guide and becomes protective of the girl. "It's not her fault she has (idiot) parents," Foster said.

While flying home in a Bush plane, the journalist pushes for his pilot to fly higher and higher for photos. Disaster follows.

"(The plane) drills itself into the mountain; the fuselage breaks up," Foster said.

The mountain climber -- who the producers said would likely be played by a male movie star in his 30s or early 40s -- must lead a rescue team to the crash site.

"We're deciding whether we want to make those climbers PJs (parajumpers) or not. Park rangers. We're not sure yet, as we adjust the script to the reality that we're learning about," Foster said.

The climber tries to keep the isolated girl's spirits up, possibly in a series of a satellite phone conversations, and the story revolves around her connection with the rescue climber, the producers said.

The film has not been cast, they said.

### **SCOUTING TRIP**

A recent draft of the script was set in the Himalayas. Foster and Greathouse, with line producer Bill Wilson and development executive Gregory Veesser, are researching Alaska in an effort to set the story here.

The producers are scouting locations similar to those in the story, talking with Alaskan mountain climbers and rescue experts and looking for potential soundstages in Anchorage.

"We really liked Talkeetna. That is a cool little town," Greathouse said.

Coombs, co-founder of the Talkeetna-based mountaineering school, flew with the group in a pair of R44 helicopters from Girdwood to visit glaciers, icebergs and Hatcher Pass, he said.

"What's different in Alaska compared to other places is you don't have to improvise," Coombs said. Want mountains and glaciers? They're right out the back door, he said.

The producers expect the action movie to appeal to international audiences.

"Our movies get seen by 80 million people around the world or more," said Foster, whose producer credits also include "Jumper," "Walking Tall" and "Crimson Tide."

"Our point of view is there hasn't really been a climbing movie that had an authenticity to it," he said. "The last climbing movie that was made, that was a major theatrical release in North America, was 20 years ago."

That film, "Vertical Limit," was well cast but unrealistic, the producers said.

"It had a guy jumping across a crevasse with two ice axes and slamming into the side of the mountain and saving himself," Greathouse said.

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# Interior Alaska – The “Place” To Do Business

100 Cushman St., Suite 102 | Fairbanks, Alaska 99701-4665  
ph (907) 452-1105 | fax (907) 456-6968 | www.FairbanksChamber.org

March 26, 2012

Representative Mia Costello  
Representative Anna Fairclough  
Representative David Guttenberg  
Alaska House of Representatives  
Alaska State Capitol  
Juneau, Alaska 99801

RE: Letter of Support for Senate Bill 23 – Film Production Tax Credits

Dear Honorable Representatives:

The Greater Fairbanks Chamber of Commerce represents our members by advocating for a healthy economic environment and by building partnerships that promote the greater Fairbanks area as an attractive place for both business and community. Currently the Chamber represents over 700 businesses and organization throughout the Interior.

The Chamber supports Senate Bill 23 which extends the Film Production Tax Incentive Program. The film industry in Alaska supports the local development of jobs, encourages economic development and diversity, promotes high level educational program opportunities and impacts the tourism industry. The Chamber values the economic impact of the Arts and has worked to promote a thriving community by building beneficial Business-Arts relationships through the Chamber’s Business and the Arts committee.

Several dozen Chamber member companies have benefited directly and indirectly from current and past film projects set in Alaska, from food and beverage to hair and make-up, from lighting, sound and production to lodging and from clothing to equipment rental. With rising energy costs already causing financial hardships for many businesses throughout Interior and rural Alaska, discouraging film investors from committing to projects within the State will only further burden the business community. Senate Bill 23 will encourage private sector investment throughout all of Alaska.

The Business and the Arts Committee also seeks to provide and support educational opportunities for the Arts. The University of Alaska Fairbanks (UAF) is experiencing benefits from the original film incentive program passed in 2008 and within the past few years, UAF has continued to develop their Department of Film Studies and currently enrolls over 40 students. Students in the program are recruited for internships and employment on professional film projects.

Film production is expensive and investors rely on confidence to amortize their investments. The industry has a market that is competitive, global and relies on revenue forecasting in their business decisions. Tax incentives, such as those proposed in Senate Bill 23, have changed the way producers select their project locations. In the

## INVESTORS

### DIAMOND

- BP Exploration
- ConocoPhillips
- ExxonMobil
- Fairbanks Daily News-Miner
- Fairbanks Memorial Hospital & Denali Center
- Flint Hills Resources Alaska
- Mt. McKinley Bank
- Santina’s Flowers & Gifts

### PLATINUM

- Alyeska Pipeline Service Co.
- Carlson Center
- Doyon, Limited
- Fred Meyer Stores
- Golden Heart Utilities
- Wells Fargo Bank Alaska

### GOLD

- Birchwood Homes
- Denali State Bank
- Design Alaska
- Doyon Utilities LLC
- First National Bank Alaska
- GCI
- Kinross-Fort Knox Mine
- Lynden
- MAC Federal Credit Union
- Northrim Bank
- Sumitomo Metal Mining Pogo LLC
- Usibelli Coal Mine

### SILVER

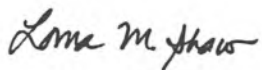
- ACS
- Alaska Airlines
- Alaska Railroad
- Alaska USA
- AT&T
- Dr. Christopher Henry – Henry Orthodontics
- Everts Air Cargo, Everts Air AK
- Exclusive Paving/Univ. Redi-Mix
- Fairbanks Natural Gas
- Flowline Alaska
- Fountainhead Hotels
- General Teamsters Local 959
- GVEA
- Hale & Associates, Inc.
- JL Properties, Inc.
- Key Bank
- Personnel Plus
- Shell Exploration & Production Co.
- Spirit of Alaska FCU
- Tanana Valley Clinic
- TDL Staffing
- TOTE
- Tower Hill Mines-Livengood Gold Project
- UAF
- WAL-MART Stores, Inc.
- Yukon Title Company

past, producers have simulated filming in Alaska in other regions, such as British Columbia, because tax incentives encouraged industry investment and in turn benefited their local economies. Alaska must remain competitive with successful tax incentive programs implemented by other states and countries if the State wants to attract the film industry.

We urge the Alaska State Legislature to pass Senate Bill 23 to support economic growth and development to not only the Interior, but to the entire State of Alaska.

Sincerely,

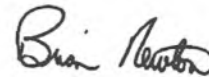
**GREATER FAIRBANKS CHAMBER OF COMMERCE**



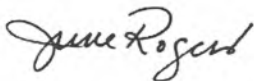
Lorna Shaw  
Board of Directors, Chair



Lisa Herbert  
Executive Director



Brian Newton  
Government Relations, Chair



June Rogers  
Business and the Arts, Chair

cc: Governor Sean Parnell  
House Finance Committee  
Senator Johnny Ellis  
Speaker Mike Chenault  
Representative Mike Hawker  
Representative Craig Johnson  
Fairbanks North Star Borough Assembly  
Fairbanks City Council  
North Pole City Council  
Alaska State Chamber of Commerce  
Greater Fairbanks Chamber of Commerce Membership  
University of Alaska Fairbanks Department of Film Studies





**A RESOLUTION OF THE ALASKA PARTNERSHIP FOR ECONOMIC DEVELOPMENT  
BOARD OF DIRECTORS SUPPORTING SENATE BILL NUMBER 23;  
AN ACT RELATING TO TRANSFERABLE FILM PRODUCTIONS TAX CREDITS AND FILM  
PRODUCTION TAX CERTIFICATES...; AND PROVIDING FOR AN EFFECTIVE DATE.”**

**Resolution # 12-01**

Whereas; the Alaska Regional Development Organizations (ARDOR) was established by the Alaska Legislature in 1988; and

Whereas; the ARDOR's statutory mandate is to encourage the formation of regions development organizations to prepare and implement regional development strategies; and

Whereas; the ARDOR's represent a diverse network of public, private and economic development groups that drive local initiatives and advance economic diversification through partnerships with state and local governments; and

Whereas; the ARDOR's established the Alaska Partnership for Economic Development, (APED), in 2009, to advance economic development and address initiatives affecting development and to help develop a state-wide comprehensive strategic plan; and

Whereas; the ARDOR/APED programs have established partnerships with more than 300 local, regional, private, municipal and public organizations to pool resources, decrease duplication and foster new businesses; and

Whereas; the APED now comes in support of the following legislation being considered by the Alaska State Legislature:

**NOW THEREFORE BE IT RESOLVED;** the Alaska Partnership for Economic Development supports *Senate Bill Number 23; AN ACT RELATING TO TRANSFERABLE FILM PRODUCTION TAX CREDITS AND FILM PRODUCTION TAX CREDIT CERTIFICATES...;AND PROVIDING FOR AN EFFECTIVE DATE.*

**BE IT FURTHER RESOLVED** that a copy of this resolution be sent SENATOR ELLIS, the prime sponsor of SB23.

APPROVED THIS 24<sup>th</sup> DAY of FEBRUARY 2012.

2/24/2012  
President Date

ATTEST:

Kathryn B. Orvik

2/24/2012

Secretary Date

Andy Van

February 22, 2012

The Honorable Johnny Ellis  
Alaska State Senate  
Capitol Room 119  
Juneau, AK 99801

Re: Senate Bill 23

Dear Senator Ellis,

The Alaska State Chamber of Commerce (Alaska Chamber) is an organization dedicated to improving the business climate in Alaska. The Alaska Chamber represents hundreds of statewide businesses from Ketchikan to Barrow that share a common goal: to make Alaska a viable and competitive place to do business. Today, I am writing in regard to Senate Bill (SB) 23.

Last fall, Alaska Chamber members adopted twenty-six positions they believe will positively impact the business environment in Alaska. One of the positions is: "Support Film Tax and Television Production." Alaska Chamber members agree that the film industry can help diversify the Alaska economy by bringing private sector jobs and new investment to Alaska. Extending the tax credit incentive program for ten years is a positive signal to the business community in that it signifies stability and predictability to those wanting to invest in growing this sector in Alaska.

As business owners who pay corporate taxes in Alaska, Alaska Chamber members support production incentives which have a profit sharing feature. Essentially, if a film produced in Alaska is successful, the Alaska Chamber would like the State of Alaska to recoup some or all of the value of the credits over time. Such a feature could aide the long-term sustainability of the program. The official adopted position of the Alaska Chamber states:

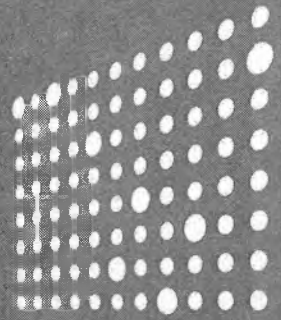
"The Alaska State Chamber of Commerce supports film and television production incentives that have a profit sharing feature such that successful productions return some of their credit back to the state."

In sum, the Alaska Chamber supports the concept of SB 23 but would like to see a mechanism in the bill which would return the value of the credits back to the State over the long term. The Alaska Chamber supports the diversification of Alaska's economy and appreciates the partnership approach SB 23 takes in regard to attracting a new industry to Alaska.

Sincerely,



Rachael A. Petro  
President/CEO



ALASKA STATE  
CHAMBER  
OF COMMERCE

**Headquarters**

217 2nd Street  
Suite 201  
Juneau  
Alaska 99801  
(907) 586-2323  
FAX 463-5515

**Regional Office**

630 E. Fifth Ave.  
Suite 102  
Anchorage  
Alaska 99501  
(907) 278-2722  
FAX 278-6643

[www.alaskachamber.com](http://www.alaskachamber.com)



PO Box 80907  
Fairbanks, AK 99708  
452-2787

Re: SB23

I am the owner of Gallery 49, a fine arts gallery in Fairbanks. Alaska is full of very talented visual artists, only a small handful of whom are making significant money through their arts. Most either need a full time day job, or have financial support from other sources. Experience in New Mexico with their film incentive program shows that the film industry can employ visual artists doing art as their day job. This is just one of the many collateral benefits from having full production companies in Alaska. Artists doing art in their day job often results in more art output from their free time – thus benefiting the galleries and the buying public. The latter includes tourists, as well as locals. Benefits from the incentive trickle down and spread out across many aspects of Alaskan life and commerce.

I strongly support the ten year extension of the incentive program for the film industry.

Kenneth J Kokjer  
Owner/Manager – Gallery 49

# AMBER ENTERTAINMENT

Production Office:

6030 Wilshire Blvd, Suite 300  
Los Angeles, CA 90036

Phone: (310) 242-6445

Email:

mark.ordesky@amberentertainment.com

Oct 27<sup>th</sup> 2011

Senator Johnny Ellis  
716 W 4th Suite 500  
Anchorage, AK 99501-2133

Dear Senator Ellis,

As Executive Vice President of Production at New Line Cinema, I was fortunate to spend five years in New Zealand executive producing "The Lord Of The Rings" trilogy beginning in 1998--when the New Zealand entertainment industry was small, distant and mostly local--so I can speak from experience about the transformational effect of sustained feature film production on an economy.

I cite New Zealand--rather than Louisiana, Michigan, or New Mexico--because in 1998 there was a perception that New Zealand's remote location, its distance from established sources of migratory skilled labor, and a lack of its own skilled labor pool--were substantial obstacles to a thriving, sustainable entertainment industry.

Ironically, it was these barriers--coupled with the forward thinking of the New Zealand government in its adoption and application of subsidies and tax rebates for filmed entertainment--that helped build and solidify what is now a multi-billion dollar New Zealand industry.

Prior to "The Lord Of The Rings," the largest production by far ever filmed in New Zealand was Universal's "Frighteners," starring Michael J Fox, at a budget of \$20 million. Cut to ten years later, after "The Lord Of The Rings," and New Zealand has established an infrastructure and skill base that means that each year the country consistently attracts major studios and production companies, to make films with budgets that regularly reach the \$100-\$200 million range--including "King Kong," "The Chronicles Of Narnia," "The Last Samurai," "30 Days Of Night," and episodic television hits like "Spartacus," "Hercules," & "Xena."

Having now spent time here in Alaska for "The Frozen Ground," I see parallels between Alaska 2011 and New Zealand 1998, that lead me to believe that similar benefits to those which have occurred in New Zealand--not to mention several U.S. states--are possible for Alaska also. There is also the opportunity for leverage, and to capitalize on, Alaska's unique and epic landscape and shooting locations, to win production business away from Canada's stronghold as a market leader.

The benefits for Alaska's support of dependable subsidies and tax breaks for filmed entertainment:

1. The creation and growth of diverse, high-quality, skilled entertainment jobs.
2. The development of a pipeline of independent production--leading to predictable and ongoing employment opportunities.
3. Ensure valuable local training opportunities to provide young Alaskans with skills in new industries.
4. Jobs for those building out infrastructure to support a growing entertainment industry.
5. The attraction of third-party investment to pay for infrastructure.
6. A platform for private sector innovation.
7. A cycle of booms to local economies where Film and Television productions host crew who spend money in cafes, cabs, clothing stores and supermarkets.

With media attention on Alaska due to back-to-back productions of "Everybody Loves Whales" and "The Frozen Ground," Alaska has a timely opportunity to increase the potential of its entertainment industry.

We want to create content in Alaska because doing so is smart business for ourselves, and it's smart for Alaska. More movies shooting in Alaska increases the likelihood and frequency of success, by generating a significant number of projects at varied budget levels over an extended period of time. This will in turn contribute to a long-term, stable, and growing entertainment services industry, attract third-party investment, and create good prospects for an increasing number of Alaskan workers.

It's a "rich get richer" proposition. The more films that are made in Alaska, the more films will be made--and the more likely production companies and financiers will invest in infrastructure creation and basing key equipment here. These are issues that are among the big costs in making films here currently: at present, much must be shipped in.

I welcome the opportunity to speak with you more about this...

Best regards,

Mark Ordesky  
Producer



16515 Centerfield Drive, Suite 201  
Eagle River, AK 99577  
P: 907.696.2828  
F: 907.696.2845  
www.eklutnainc.com

February 22, 2012

Senator Johnny Ellis  
State Capitol  
Juneau, AK 99801-1182

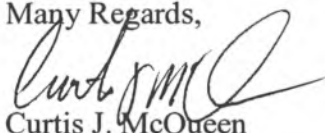
Dear Senator Ellis,

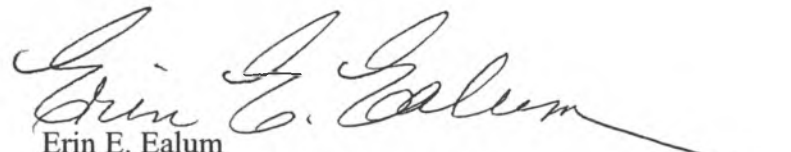
We are writing to express our support for the efforts you have spearheaded to building the film industry in Alaska. Eklutna, Inc. has directly benefited from the expansion of the film industry in Alaska through film location scouting on our lands to initial interest in exploring partnering to build a sound stage for film production. Although, these have not culminated in Eklutna lands being selected for a film location or a sound stage making economical sense at this time, we are encouraged about the activity and are convinced that the film industry has potential for having a strong economic impact for Alaska.

Eklutna, Inc. continues to look for economic opportunities that not only benefit its shareholders, but preserves our native culture and supports the Alaskan economy as a whole. We believe the legislation providing incentives to the film industry is necessary to provide the needed incentives to entice production companies to consider Alaska as a film location despite the high costs of logistics.

Alaska is a natural fit for this industry and we support and encourage your continued pursuit to enable this industry to grow and potentially import significant revenue to our economy. If there is anything Eklutna, Inc. can do specifically to support your efforts, please contact us.

Many Regards,

  
Curtis J. McQueen  
CEO

  
Erin E. Ealum  
Corporate Lands Project Assistant

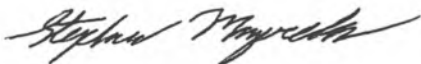
Senator Johnny Ellis,

I moved back to Alaska in the fall of 2008. A year prior I had graduated from Full Sail University with a Bachelors of Science in Film. With no film industry to speak of in Alaska my move back was with a heavy heart. Soon after arriving in Anchorage I began work in broadcast television. Film being an art that encompasses all arts I found myself far beyond the learning curve. With an understanding of modern day film making and video production, I have since become the chief photographer of KTBY/KYUR.

Today, the motion picture industry is much more than learning how to expose film. Every new blockbuster is a technological feat. With such a skilled workforce other industries also reap the benefits. Colleagues of mine involved in set design are now carpenters. Others in production sound have become audio technicians for concert halls and other large venues. A best boy electric, in charge of distributing power on a film set, have since become electricians.

It is these experiences that make me so optimistic for Alaska's future involvement in the motion picture industry. The benefits are more than dollars spent in the state, but the educated, agile workforce that it will root here.

Sincerely,  
Stephen Mazurek

A handwritten signature in black ink, appearing to read "Stephen Mazurek", written in a cursive style.

hello mr. thomas, co-chair of the house finance.....since the senate bill 23 had passed in the senate and now goes to the house....it's hb 67.....it's about the movie productions.....i would ,as well the deaf population ,....suggest your finance committe insert including "closed captioning" in all movie productions when made in alaska unjfortunately, right now "big miracle" does not include the closed captioning.....i already contacted matt at the senator ellis' office of our concerns.....i hope matt will contact you after he talks with senator ellis.....

by the way, i tried to contact your office and left a message re: closed captioning to be inserted in both the senate 23 and the house 67.....

i would appreciate it very much if you acknowlege the above message.....

thanking you very much in advance, i am

sincerely yours,

albert berke

9131 centennial circle 107a

anchorage, alaska 99504-1482

[aberke2@juno.com](mailto:aberke2@juno.com)

Carol Jensen  
10821 Baronik Street  
Anchorage, AK 99516  
Phone: 907-562-3200 Ext 111  
Cell: 907-244-1979  
Email: vegas.girl@yahoo.com

**FAX MESSAGE**

March 27, 2012

**To:** House Finance Committee Members, Fax #907-465-6813

**RE:** CSSB 23 Film Contract Credits

**Total number of pages including this cover sheet: 1**

Dear Members:

I am opposed to the continuation of this large credit. My reasons include:

1. The \$200 million could be better used to directly benefit residents in-state.
2. \$200 million is double what was previously allotted. What justification is there for doubling the amount?
3. I do not believe the direct benefit to Alaskans when a film crew is working in the state comes close to the \$200 million or even \$100 million credit amount.
4. The bill calls for auditing the books and accounts for this program only once every 3 years. That leaves a lot of time for unrecognized errors and possible fraud.
5. The section that lists costs incurred in state that are eligible for the credit is far too broad. The following numbered items have absolutely no benefit to the state or any of our citizens, since those jobs, services, activities, etc. would not require or utilize local companies or citizens: #1-5, #9, #10, #14, #15, #16. I am particularly opposed to the credit being extended for salaries and taxes on vehicle rentals or lodging #10 and #15).
6. Allowing the time to use the certificates for up to six years is also unnecessary and not beneficial to the state.

If film companies want to film in our state, they should be welcome to do so; however, not at the expense of the public. This \$200 million could be put to much better use, or better yet, **SAVED** for our future, which is not looking too bright from a fiscal standpoint.

This bill is yet another example of a flagrant waste of public money. Please do not move this bill.

Thank you.



Carol Jensen



KEEP FILM  
INCENTIVES  
WORKING FOR ALASKA.

Alaska residents and businesses support SB 23 and encourage you to not only vote yes on this important piece of legislation but to do what you can to expedite this bill.  
Thank you.

YES, I support and encourage the Film Incentive in Alaska.

NAME Tobias Dawson EMAIL tobias.dawson@gmail.com

ADDRESS PO Box 2868 CITY & ZIP Palmer AK 99645

COMMENTS please pass the extension! It will keep me working in state!

Paid for by The Alaska Film Group, P.O. Box 92008, Anchorage, Alaska 99509



KEEP FILM  
INCENTIVES  
WORKING FOR ALASKA.

Alaska residents and businesses support SB 23 and encourage you to not only vote yes on this important piece of legislation but to do what you can to expedite this bill.  
Thank you.

YES, I support and encourage the Film Incentive in Alaska.

NAME Tobias Dawson EMAIL tobias.dawson@gmail.com

ADDRESS PO Box 2868, Palmer CITY & ZIP 99645

COMMENTS If the incentive fails, I will be forced to leave the state.

Paid for by The Alaska Film Group, P.O. Box 92008, Anchorage, Alaska 99509

KEEP FILM  
INCENTIVES  
WORKING FOR ALASKA.



Alaska residents and businesses support SB 23 and encourage you to not only vote yes on this important piece of legislation but to do what you can to expedite this bill.  
Thank you.

YES, I support and encourage the Film Incentive in Alaska.

NAME Audrey Lucero EMAIL audrey.lucero@gmail.com

ADDRESS P.O. Box 2868 CITY & ZIP Palmer, 99645  
916 W South St

COMMENTS Please keep our film incentive!

Paid for by The Alaska Film Group, P.O. Box 92008, Anchorage, Alaska 99509

KEEP FILM  
INCENTIVES  
WORKING FOR ALASKA.



Alaska residents and businesses support SB 23 and encourage you to not only vote yes on this important piece of legislation but to do what you can to expedite this bill.  
Thank you.

YES, I support and encourage the Film Incentive in Alaska.

NAME Audrey Lucero EMAIL audrey.lucero@gmail.com

ADDRESS PO Box 2868 CITY & ZIP Palmer, 99645

COMMENTS Save our film incentive!!

Paid for by The Alaska Film Group, P.O. Box 92008, Anchorage, Alaska 99509

KEEP FILM  
INCENTIVES  
WORKING FOR ALASKA.



Alaska residents and businesses support SB 23 and encourage you to not only vote yes on this important piece of legislation but to do what you can to expedite this bill.  
Thank you.

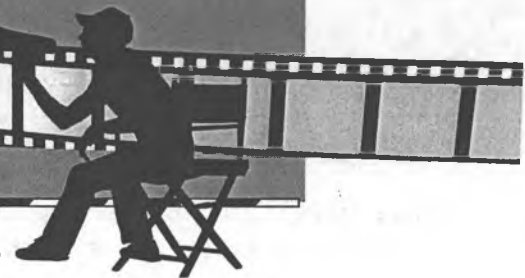
YES, I support and encourage the Film Incentive in Alaska.

NAME Vernon Grant EMAIL waikiki.vern@Yahoo.com  
ADDRESS 1830 E Park Hwy CITY & ZIP Wasilla AK 99678  
A 113-705

COMMENTS please pass SB 23 because it brings  
reall work to me and others.

Paid for by The Alaska Film Group, P.O. Box 92008, Anchorage, Alaska 99509

KEEP FILM  
INCENTIVES  
WORKING FOR ALASKA.



Alaska residents and businesses support SB 23 and encourage you to not only vote yes on this important piece of legislation but to do what you can to expedite this bill.  
Thank you.

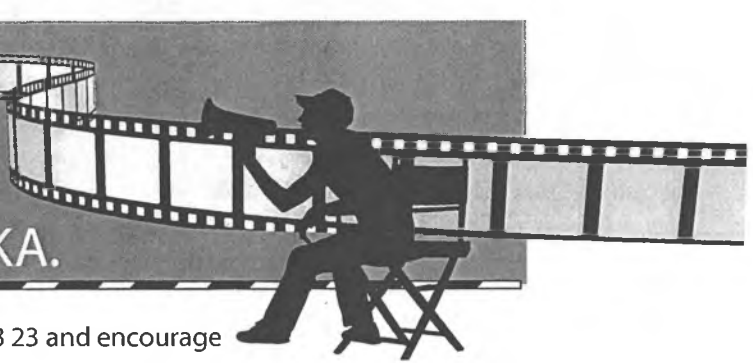
YES, I support and encourage the Film Incentive in Alaska.

NAME Vernon Grant EMAIL waikiki.vern@Yahoo.com  
ADDRESS 183 E Parks Hwy CITY & ZIP Wasilla 99678  
A 113-705

COMMENTS please pass SB 23 because it bring  
reall work to me and others

Paid for by The Alaska Film Group, P.O. Box 92008, Anchorage, Alaska 99509

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WORKING FOR ALASKA.



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Thank you.

YES, I support and encourage the Film Incentive in Alaska.

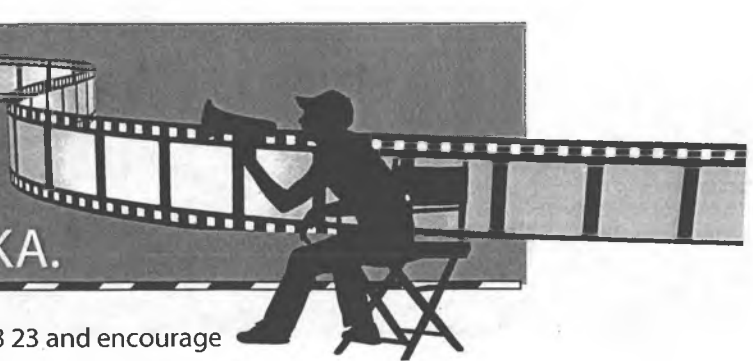
NAME THOMAS EATON EMAIL \_\_\_\_\_

ADDRESS 3403 LOIS DR. CITY & ZIP ANCHORAGE 99517

COMMENTS \_\_\_\_\_

Paid for by The Alaska Film Group, P.O. Box 92008, Anchorage, Alaska 99509

KEEP FILM  
INCENTIVES  
WORKING FOR ALASKA.



Alaska residents and businesses support SB 23 and encourage you to not only vote yes on this important piece of legislation but to do what you can to expedite this bill.  
Thank you.

YES, I support and encourage the Film Incentive in Alaska.

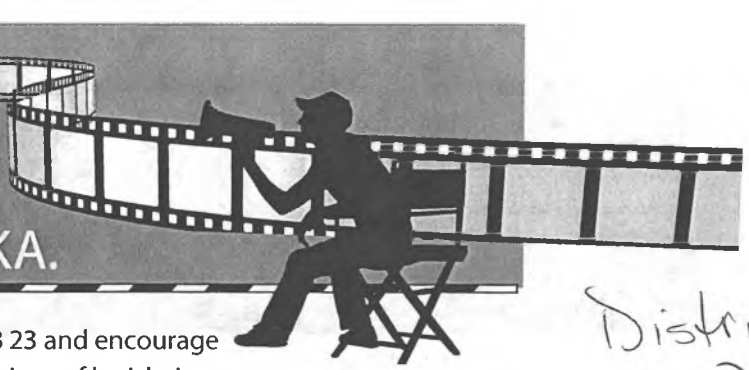
NAME THOMAS EATON EMAIL \_\_\_\_\_

ADDRESS 3403 LOIS DR. CITY & ZIP ANCHORAGE 99517

COMMENTS \_\_\_\_\_

Paid for by The Alaska Film Group, P.O. Box 92008, Anchorage, Alaska 99509

KEEP FILM  
INCENTIVES  
WORKING FOR ALASKA.



Alaska residents and businesses support SB 23 and encourage you to not only vote yes on this important piece of legislation but to do what you can to expedite this bill.  
Thank you.

District  
26

Sen. Hollis  
Rep. Holmes

YES, I support and encourage the Film Incentive in Alaska.

NAME Diane Sheridan EMAIL leathertrails@sei.net

ADDRESS PO Box 92423 CITY & ZIP Anch AK 99509

COMMENTS Please Vote to keep this industry going!

Paid for by The Alaska Film Group, P.O. Box 92008, Anchorage, Alaska 99509

KEEP FILM  
INCENTIVES  
WORKING FOR ALASKA.



Alaska residents and businesses support SB 23 and encourage you to not only vote yes on this important piece of legislation but to do what you can to expedite this bill.  
Thank you.

YES, I support and encourage the Film Incentive in Alaska.

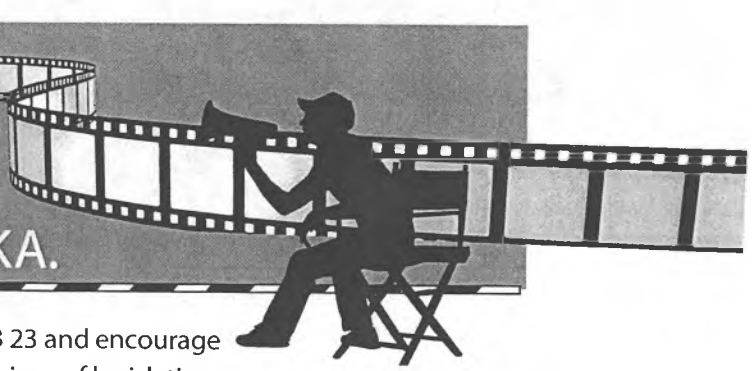
NAME Diane Sheridan EMAIL leathertrails@sei.net

ADDRESS PO Box 92423 CITY & ZIP Anchorage, AK 99509

COMMENTS Let's keep this great thing going!

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KEEP FILM  
INCENTIVES  
WORKING FOR ALASKA.



Alaska residents and businesses support SB 23 and encourage you to not only vote yes on this important piece of legislation but to do what you can to expedite this bill.  
Thank you.

YES, I support and encourage the Film Incentive in Alaska.

NAME

RANDALL KNIGHT EMAIL SIRRANDA2@GMAIL.COM

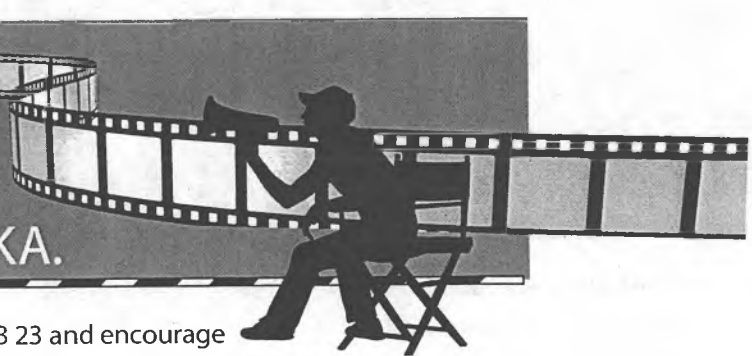
ADDRESS

932 E 12TH #2 CITY & ZIP ANCH 99501

COMMENTS

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Thank you.

YES, I support and encourage the Film Incentive in Alaska.

NAME

RANDALL KNIGHT EMAIL SIRRANDA2@GMAIL.COM

ADDRESS

932 E 12TH APT 2 CITY & ZIP ANCH AK 99501

COMMENTS

FILMS DRAW TOURISTS

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Thank you.

YES, I support and encourage the Film Incentive in Alaska.

NAME Kirsten Olson EMAIL Kirsten@wildak.net

ADDRESS 1931 E 72nd Ave CITY & ZIP Anchorage, AK 99507

COMMENTS Please support this bill; I believe the film incentive helps to diversify the Alaskan economy.

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KEEP FILM  
INCENTIVES  
WORKING FOR ALASKA.

Alaska residents and businesses support SB 23 and encourage you to not only vote yes on this important piece of legislation but to do what you can to expedite this bill.  
Thank you.

YES, I support and encourage the Film Incentive in Alaska.

NAME Kirsten Olson EMAIL Kirsten@wildak.net

ADDRESS 1931 E 72nd Ave CITY & ZIP Anchorage, AK 99507

COMMENTS I believe that the film incentive helps to provide income to the Alaska economy

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INCENTIVES  
WORKING FOR ALASKA.

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Thank you.

YES, I support and encourage the Film Incentive in Alaska.

NAME Sandra Suthren EMAIL Sandra\_S@yahoo.com

ADDRESS 1311 W. 46<sup>th</sup> Ave CITY & ZIP Anchorage, AK 99503

COMMENTS \_\_\_\_\_

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INCENTIVES  
WORKING FOR ALASKA.

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Thank you.

YES, I support and encourage the Film Incentive in Alaska.

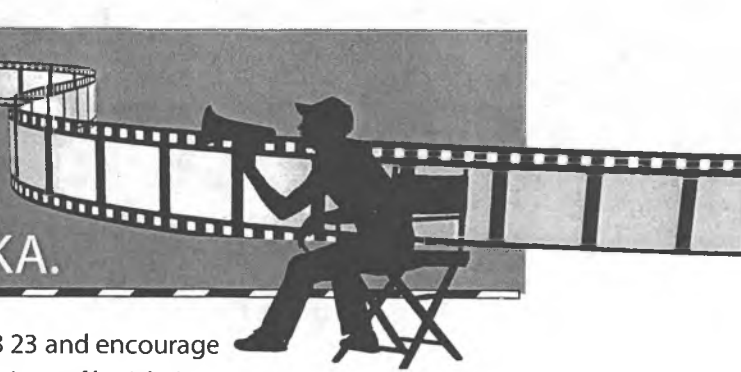
NAME Sandra Suthren EMAIL Sandra\_S@yahoo.com

ADDRESS 1311 W. 46<sup>th</sup> Ave CITY & ZIP Anchorage, AK 99503

COMMENTS \_\_\_\_\_

Paid for by The Alaska Film Group, P.O. Box 92008, Anchorage, Alaska 99509

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INCENTIVES  
WORKING FOR ALASKA.



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YES, I support and encourage the Film Incentive in Alaska.

NAME JANET SHAFSKY EMAIL jshafsky@aoh.com

ADDRESS 3920 O'Malley Rd. CITY & ZIP 99507

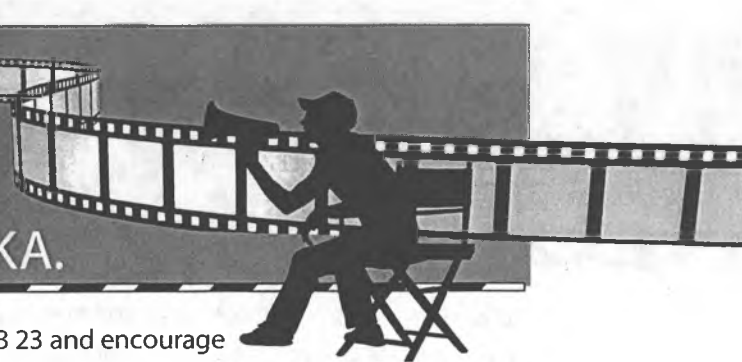
COMMENTS this bill would help Alaskan hairdressers and Estheticians to expand beyond a salon. It would

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Also give students at the career center options for future careers.

This bill has helped me family personally.

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INCENTIVES  
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YES, I support and encourage the Film Incentive in Alaska.

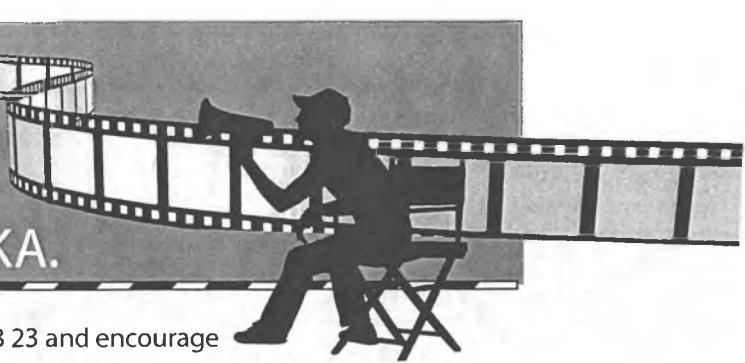
NAME Jillian Shafsky EMAIL jshafsky@hotmail.com

ADDRESS 3920 O'Malley Rd. CITY & ZIP Anchorage, AK

COMMENTS \_\_\_\_\_

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INCENTIVES  
WORKING FOR ALASKA.



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Thank you.

YES, I support and encourage the Film Incentive in Alaska.

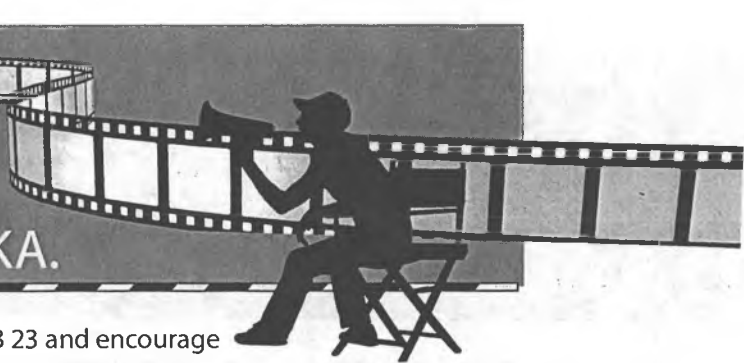
NAME DENICE JEWELL EMAIL djewell@hotmail.com  
ADDRESS 828 W. 57th CITY & ZIP Anchorage AK 99518

COMMENTS \_\_\_\_\_

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*Hollis French  
Doogan*

KEEP FILM  
INCENTIVES  
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Thank you.

YES, I support and encourage the Film Incentive in Alaska.

NAME Jillian Shafsky EMAIL jshafsky@hotmail.com  
ADDRESS 3920 O'Malley Rd. CITY & ZIP Anchorage, AK

COMMENTS \_\_\_\_\_

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Thank you.

YES, I support and encourage the Film Incentive in Alaska.

NAME Lynn Murphy EMAIL akavistn@aol.com  
ADDRESS 9085 Whitehall CITY & ZIP Anch AK 99502

COMMENTS \_\_\_\_\_

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Thank you.

YES, I support and encourage the Film Incentive in Alaska.

NAME Charlene Schmidt Kunz EMAIL \_\_\_\_\_  
ADDRESS P.O. Box 26 CITY & ZIP Sutton, Alaska 99674

COMMENTS This will be good for all of Alaska.

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