

SB

23

<TARGET><BILL>SB 23</BILL><SUBJECT>SB
23</SUBJECT><COMM>SF27</COMM></TARGET>

Adopted
4.4.11

27-LS0252\S
Bullock
4/1/11

CS FOR SENATE BILL NO. 23(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS ELLIS, McGuire, French, Davis

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

1 legislature that the audit and report are available;

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

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

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

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

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

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

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

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

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

27 **(11) conduct audits of the Alaska film production incentive**
28 **program (AS 44.33.231 - 44.33.239) for the periods September 2, 2008, through**
29 **June 30, 2013; July 1, 2013, through June 30, 2018; and July 1, 2018, through**
30 **June 30, 2023.**

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

1 (a) In cooperation with the film office in the Department of Commerce,
2 Community, and Economic Development, the department shall provide a transferable
3 film production tax credit certificate to a producer, as defined in AS 44.33.239, for
4 qualified production expenditures under AS 44.33.231 - 44.33.239.

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

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

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

9 (c) A taxpayer acquiring a transferable tax credit certificate may use the
10 credit or a portion of the credit to offset taxes imposed under AS 43.20 (Alaska Net
11 Income Tax Act). Except as provided in (e) of this section, any [ANY] portion of
12 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 amount [NUMBER] of tax credits provided [IN THE AGGREGATE]
21 under this section may not exceed

22 (1) \$100,000,000 before July 1, 2018;

23 (2) \$200,000,000 in the aggregate.

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

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

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

1 represent a portion of the total tax credit available for the purpose of sale, assignment,
2 exchange, conveyance, or other transfer under this subsection, or, on request, shall
3 provide one tax credit certificate that represents the combined value of multiple tax
4 credit certificates. A tax credit certificate provided by the department under this
5 subsection must state the expiration date and the amount of each credit that is included
6 in the certificate. Combining or splitting unused amounts of credits under this
7 subsection does not change or extend the time period in which each credit that is
8 included in the combination or split must be used.

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

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

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

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

15 (3) the number of, and amount of, tax credits disbursed under
16 AS 44.33.232; **and**

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

19 **(A) businesses; and**

20 **(B) residents as wages.**

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

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

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

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

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

29 (2) film office determines that the production is not contrary to the best
30 interests of the state; and

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

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

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

4 [(1)] the effect of the production on

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

7 (2) [THE EFFECT OF THE PRODUCTION ON] the employment of
8 Alaska residents; [AND]

9 (3) [THE EFFECT OF THE PRODUCTION ON] the economy of the
10 state; **and**

11 **(4) natural resource development in the state.**

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

13 (c) Information submitted in an application under (a) of this section is
14 confidential and is not subject to inspection or copying under AS 40.25.110 -
15 40.25.125.

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

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

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

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

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

28 (c) In determining the amount of the tax credit, the **applicable** percentage
29 provided by (b) of this section shall be increased by the film office based on the
30 following criteria:

31 (1) an additional 10 percent of qualified expenditures that are wages

1 paid to Alaska residents;

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

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

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

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

13 * **Sec. 17.** AS 44.33.235 is amended by adding new subsections to read:

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

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

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

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

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

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

30 (1) costs of set construction and operation;

31 (2) costs of wardrobes, make-up, accessories, and related services;

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

27 * **Sec. 19.** AS 44.33.239(7) is amended to read:

- 28 (7) "rural area" means a community with a population of 1,500 or less
29 or a community with a population of **10,000** [5,500] or less that is not connected by
30 road or rail to Anchorage or Fairbanks.

31 * **Sec. 20.** The uncodified law of the state of Alaska enacted in sec. 5(a), ch. 63, SLA 2008,

1 is amended to read:

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

9 * **Sec. 21.** The uncodified law of the state of Alaska enacted in sec. 6, ch. 63, SLA 2008, is
10 amended to read:

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

17 * **Sec. 22.** Section 7, ch. 63, SLA 2008, is amended to read:

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

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

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

24 * **Sec. 23.** Section 8, ch. 63, SLA 2008, is amended to read:

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

26 (1) July 1, 2024 [2014]; or

27 (2) one year after the date of the commissioner of revenue's
28 notification to the legislature and to the revisor of statutes under sec. 6, ch. 63, SLA
29 2008 [OF THIS ACT].

SENATE FINANCE COMMITTEE REPORT

DATE: 2/23/11

FURTHER:

DATE TURNED IN TO OFFICE: 4.4.11

Finance Committee considered SENATE BILL NO. 23

SB 23-FILM PRODUCTION TAX CREDIT

"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."

and recommends:

- be replaced with CS SB 23 (FIN) Same Title New Title
- adopt previous CS _____ (_____) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	
ADM	LEG
CED	LAW
COR	LWF
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
REV		✓		1
CED			✓	2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	THOMAS	✓			
	EGAN	✓			
	MCGUIRE	✓			
	ELLIS	✓			
CO-CHAIR:					
CO-CHAIR:					

CS FOR SENATE BILL NO. 23(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATORS ELLIS, McGuire, French, Davis

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

1 legislature that the audit and report are available;

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

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

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

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

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

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

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

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

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

27 **(11) conduct audits of the Alaska film production incentive**
28 **program (AS 44.33.231 - 44.33.239) for the periods September 2, 2008, through**
29 **June 30, 2013; July 1, 2013, through June 30, 2018; and July 1, 2018, through**
30 **June 30, 2023.**

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

1 (a) In cooperation with the film office in the Department of Commerce,
2 Community, and Economic Development, the department shall provide a transferable
3 film production tax credit **certificate** to a producer, as defined in AS 44.33.239, for
4 qualified production expenditures under AS 44.33.231 - 44.33.239.

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

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

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

9 (c) A taxpayer acquiring a transferable **tax** credit **certificate** may use the
10 credit or a portion of the credit to offset taxes imposed under AS 43.20 (Alaska Net
11 Income Tax Act). **Except as provided in (e) of this section, any** [ANY] portion of
12 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 **amount** [NUMBER] of tax credits provided [IN THE AGGREGATE]
21 under this section may not exceed

22 **(1) \$100,000,000 before July 1, 2018;**

23 **(2) \$200,000,000 in the aggregate.**

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

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

27 (h) A person acquiring two or more film production tax credit certificates
28 provided under (a) of this section may combine the unused amounts of the credits for
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31 represents the full amount of tax credit available with multiple certificates that each

1 represent a portion of the total tax credit available for the purpose of sale, assignment,
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 3 provide one tax credit certificate that represents the combined value of multiple tax
 4 credit certificates. A tax credit certificate provided by the department under this
 5 subsection must state the expiration date and the amount of each credit that is included
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 7 subsection does not change or extend the time period in which each credit that is
 8 included in the combination or split must be used.

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

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

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

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

15 (3) the number of, and amount of, tax credits disbursed under
 16 AS 44.33.232; **and**

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

19 **(A) businesses; and**

20 **(B) residents as wages.**

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

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

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

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

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 28 consecutive **36-month** [24-MONTH] period under AS 44.33.236;

29 (2) film office determines that the production is not contrary to the best
 30 interests of the state; and

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

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

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

4 [(1)] the effect of the production on

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

7 (2) [THE EFFECT OF THE PRODUCTION ON] the employment of
8 Alaska residents; [AND]

9 (3) [THE EFFECT OF THE PRODUCTION ON] the economy of the
10 state; **and**

11 **(4) natural resource development in the state.**

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

13 (c) Information submitted in an application under (a) of this section is
14 confidential and is not subject to inspection or copying under AS 40.25.110 -
15 40.25.125.

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

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

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

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

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

28 (c) In determining the amount of the tax credit, the **applicable** percentage
29 provided by (b) of this section shall be increased by the film office based on the
30 following criteria:

31 (1) an additional 10 percent of qualified expenditures that are wages

1 paid to Alaska residents;

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

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

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

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

13 * **Sec. 17.** AS 44.33.235 is amended by adding new subsections to read:

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

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

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

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

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

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

30 (1) costs of set construction and operation;

31 (2) costs of wardrobes, make-up, accessories, and related services;

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

27 * **Sec. 19.** AS 44.33.239(7) is amended to read:

28 (7) "rural area" means a community with a population of 1,500 or less
 29 or a community with a population of **10,000** [5,500] or less that is not connected by
 30 road or rail to Anchorage or Fairbanks.

31 * **Sec. 20.** The uncodified law of the state of Alaska enacted in sec. 5(a), ch. 63, SLA 2008,

1 is amended to read:

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

9 * **Sec. 21.** The uncodified law of the state of Alaska enacted in sec. 6, ch. 63, SLA 2008, is
10 amended to read:

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

17 * **Sec. 22.** Section 7, ch. 63, SLA 2008, is amended to read:

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

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

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

24 * **Sec. 23.** Section 8, ch. 63, SLA 2008, is amended to read:

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

26 (1) July 1, 2024 [2014]; or

27 (2) one year after the date of the commissioner of revenue's
28 notification to the legislature and to the revisor of statutes under sec. 6, ch. 63, SLA
29 2008 [OF THIS ACT].

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
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES

CHANGE IN REVENUES		0.0	0.0	***	***	***	***
---------------------------	--	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

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

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
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 Dept. Affected DCCED
 Title Film Production Tax Credit Appropriation Economic Development
 Allocation Economic Development
 Sponsor Senator Ellis
 Requester Senate Labor & Commerce 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 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel							
Services							
Commodities							
Capital Outlay							
Grants							
Miscellaneous (Fund Capitalization)							
TOTAL OPERATING	0.0		0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES		0.0		0.0	0.0	0.0	0.0
---------------------------	--	-----	--	-----	-----	-----	-----

FUND SOURCE (Thousands of Dollars)

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

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.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

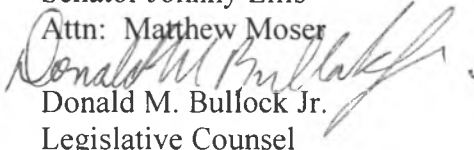
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 18, 2011

SUBJECT: Sectional summary for CSSB 23(), Draft Version "X", relating to film production tax credits (Work Order No. 27-LS0252\X)

TO: Senator Johnny Ellis
Attn: Matthew Moser

FROM: 
Donald M. Bullock Jr.
Legislative Counsel

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 advise.

Section 1. Amends AS 43.98.030(a) to require the Department of Revenue to provide a certificate for a film production tax credit.

Section 2. Amends AS 43.98.030(b) to refer to the certificate provided under sec. 1 of the bill.

Section 3. Amends AS 43.98.030(c) to refer to the certificate provided under sec. 1 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. Amends AS 43.98.030(e) to refer to the certificate provided under sec. 1 of the bill; expands the period in which the credit may be used from three years to six years.

Section 5. Amends AS 43.98.030(f) to increase the total amount of film production tax credits that may be authorized.

Section 6. Adds AS 43.98.030(g) 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.

Senator Johnny Ellis

March 18, 2011

Page 2

Section 7. Amends AS 44.33.231 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 8. 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 9. 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 10. Amends AS 44.33.235(a) by adding a reference to AS 44.33.235(i) that is added by sec. 11 of the bill.

Section 11. Adds AS 44.33.235(i) to AS 44.33.235 to require that the film office logo and special film office 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.

Section 12. Amends AS 44.33.236(a) by adding the cost of transferring digital media to film or tape as a qualified expenditure.

Section 13. 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 14. 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 qualification issued under AS 44.33.234(b), together equal \$200,000,000.

Section 15. 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 16. 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.

DMB:plm

11-164.plm



DIVISION OF ECONOMIC DEVELOPMENT



PROMOTING ECONOMIC OPPORTUNITIES

<http://commerce.alaska.gov/ded>



ALASKA FILM OFFICE

PROGRAM OVERVIEW

SENATE FINANCE COMMITTEE

MONDAY, MARCH 21, 2011

ALASKA FILM OFFICE

Statutory Authority:

The enabling legislation (AS 44.33.231-AS 44.33.239) instructs the Alaska Film Office to:

1. cooperate with organizations in the private sector for the expansion and development of the film production industries in the state;
2. promote Alaska as an appropriate location for film production;
3. provide production assistance through connecting film directors and makers, and producers with Alaska location scouts and contractors, including contractors providing assistance with permit applications;
4. certify Alaska film production internship training programs and promote the employment of program interns by eligible productions; and
5. in cooperation with the Department of Revenue, administer the Alaska Film Production Incentive Program.

ALASKA FILM OFFICE

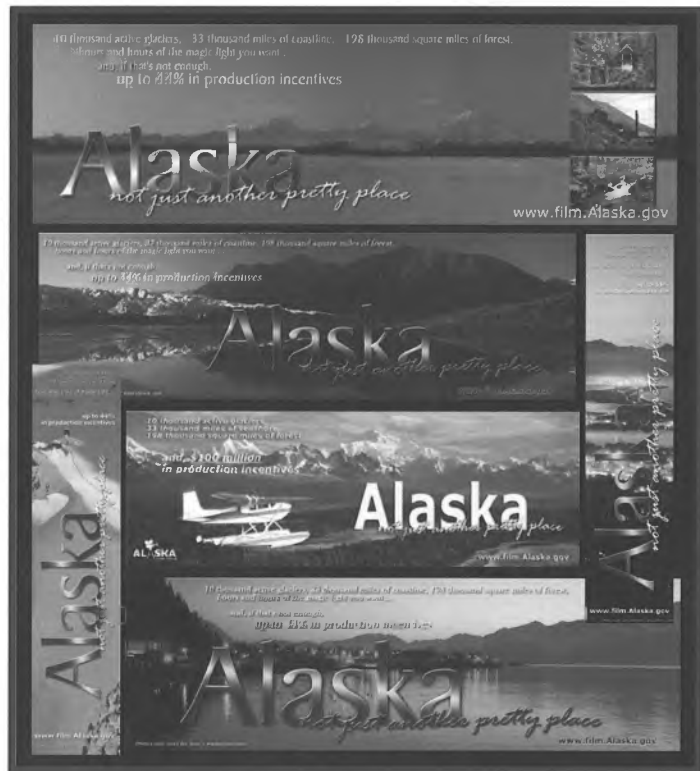
Private Sector Collaboration:

- www.film.Alaska.gov
 - Incentive program information
 - Filming in Alaska
 - Buying tax credits
 - Crew, support service provider and talent listings
 - Alaska locations
- Engagement with industry organizations, trade associations, and allied groups
- Outreach through speaking engagements, targeted contacts, and fielding daily inquiries

ALASKA FILM OFFICE

Promote Alaska:

- Print advertising in industry magazines and directories



ALASKA FILM OFFICE

Promote Alaska:

- www.film.alaska.gov
- Film Industry trade shows and events
 - AFCI Locations Trade Show
 - Incentives Symposium
 - American Film Market
 - Global Media Update

ALASKA FILM OFFICE

Promote Alaska:

- Program Brochure



ALASKA FILM OFFICE

Promote Alaska:

- Program Brochure

Here is a summary of Alaska's Tax Credits:

TAX CREDIT	VALUE	REQUIREMENTS
Base Credit	30 percent	Production expenditures must be made in Alaska.
Alaska Hire	+ 10 percent	Wages paid to Alaska residents receive an additional 10 percent credit.
Seasonal	+ 2 percent	Production expenditures made between Oct. 1 and Mar. 30 receive an added 2 percent credit.
Rural Location	+ 2 percent	Production expenditures made in a rural area also receive an added 2 percent credit.
Maximum Possible Credit	44 percent	Portions of a production with an Alaskan crew, filmed in rural Alaska between October and March.

Prepared by the Department of Commerce, Community and Economic Development



ALASKA FILM OFFICE

Provide Assistance:

AFO and DCCED Staff

- Respond to daily inquiries about filming in Alaska
- Conduct follow-up and outreach with contacts developed through advertising, trade show and other promotional activities
- Meet with producers and provide introductions to state and local contacts
- Explain the Incentive Program and assist producers with the application process
- Provide alternatives and creative solutions to production challenges
- Work with Alaskan businesses, community representatives and other stakeholders regarding prospective projects

ALASKA FILM OFFICE

Workforce Development:

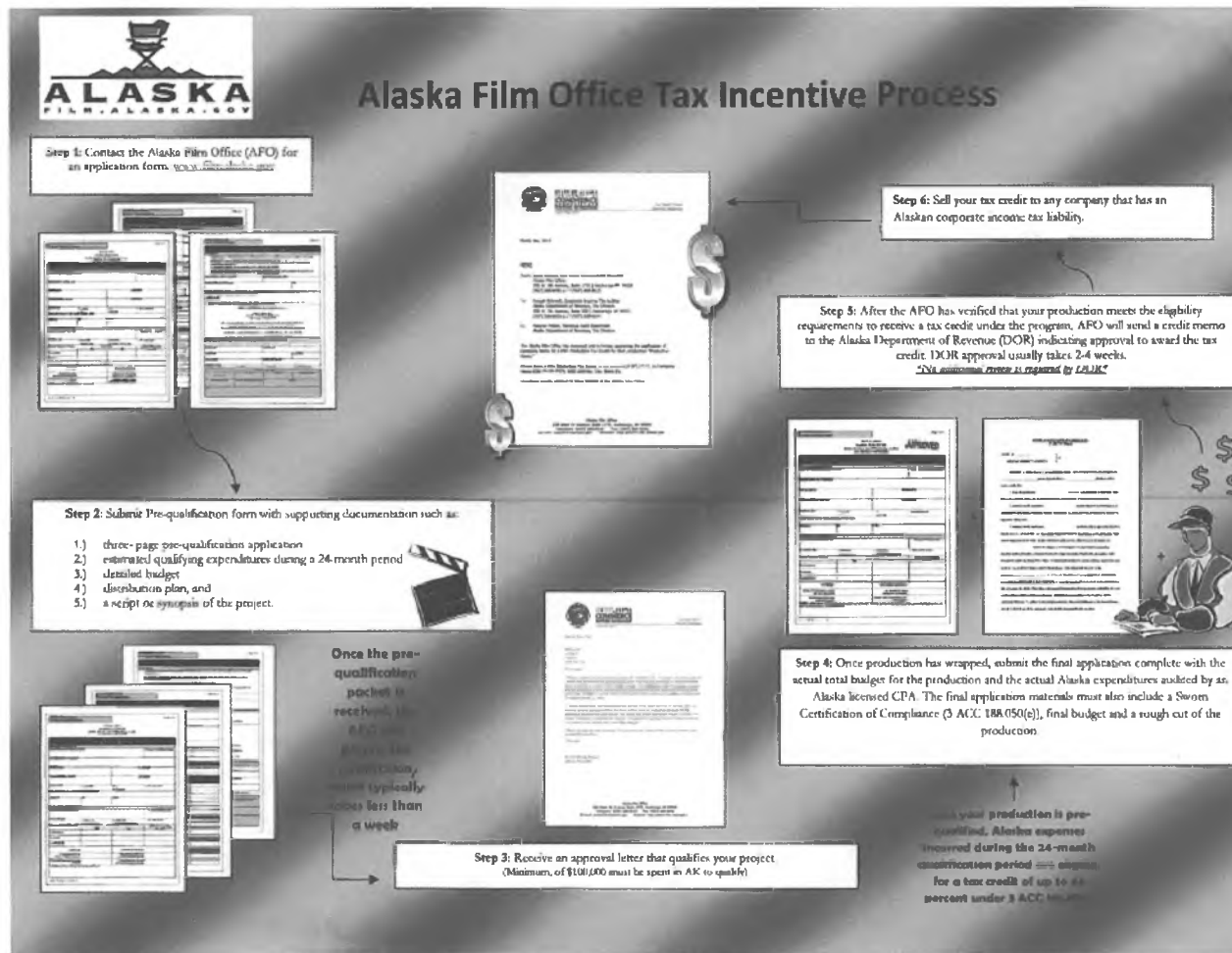
The AFO is working with a variety of organizations to develop a skilled film industry workforce in Alaska:

- Dept of Labor: working to develop apprenticeships that would lead to technical careers in the film industry
- University of Alaska to provide the academic programs leading to certificates and degrees recognized by the film industry
- Private sector efforts to provide the on-the-job training
- Youth training programs
- Rural outreach efforts
- Skilled trades: provide workers with the training necessary to work in set construction, electrical/lighting and other specialized film industry jobs



ALASKA FILM OFFICE

Co-administer the Alaska Film Production Incentive Program



Prepared by the Department of Commerce, Community and Economic Development



ALASKA FILM OFFICE

Co-administer the Alaska Film Production Incentive Program

	FY09		FY10		FY11	
	#	\$	#	\$	#	\$
Pre-qualifications Approved	6	\$602.9	25	\$28,461.7	22	\$14,459.0
Tax Credit Applications	0	\$0.0	4	\$244.5	14	\$6,025.3
Tax Credits Approved	0	\$0.0	4	244.5	14	\$6,025.3

ALASKA FILM OFFICE

Co-administer the Alaska Film Production Incentive Program

	FY09 – FY11	
	#	\$
Pre-qualifications Approved	52	\$43,523,552
Tax Credit Applications	18	\$6,269,830
Tax Credits Approved	18	\$6,269,830

ALASKA FILM OFFICE

Staffing and Budget

- Alaska Film Office Staff (1.5 FTE)
 - Dave Worrell
Development Specialist II, Op A
 - Erin Gora
Administrative Assistant II
- Additional Support
 - Curtis Thayer, DCCED Deputy Commissioner
 - Roberta Graham, Special Assistant to Commissioner Bell
 - Mark Kelsey, DCCED Communications Coordinator
 - Wanetta Ayers, DED Director

ALASKA FILM OFFICE

Staffing and Budget

- FY11 Operating Budget

	\$
Fiscal Note	\$275.0
FY11 AFO Program Budget	\$283.0
Additional Support Costs	Undetermined
Unallocated Overhead Costs	\$27.8
TOTAL	> \$310.8

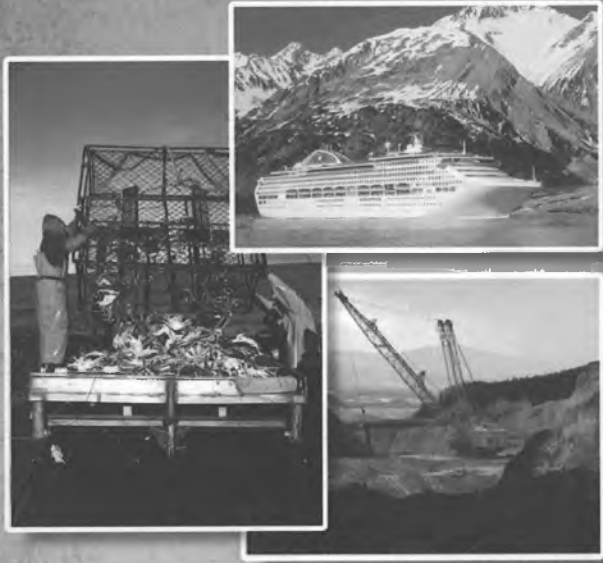
ALASKA FILM OFFICE

New Developments

- Increasing interest in production in Alaska
- Soundstage
- Workforce Training and Education

ALASKA
DEPARTMENT OF
COMMERCE,
COMMUNITY,
AND ECONOMIC
DEVELOPMENT

DIVISION OF
ECONOMIC
DEVELOPMENT



PROMOTING
ECONOMIC
OPPORTUNITIES

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ALASKA FILM OFFICE

PROGRAM OVERVIEW

SENATE FINANCE COMMITTEE

MONDAY, MARCH 21, 2011

SENATE BILL 23

Extending the Alaska Film and Television Production Tax Incentives

Senate Finance Committee

March 21, 2011

GOALS OF SB23 – BUILDING ON OUR SUCCESS

- Continue the growth and success of Alaska's burgeoning film industry
- Offer a clear signal to the film and television production industry and Alaska businesses that Alaska is open for business
- Develop our workforce and train Alaskans. Productions have an economic interest in hiring and training Alaskans.





SINCE 2008

Approved Credits

18 productions have received tax credits

These productions filmed in Alaska for
910 Days and spent nearly **\$19
Million in Alaska**

Pre-Approved Credits

28 productions are pre-qualified for
incentives

If all of these productions are completed they
will have an estimated Alaska spend of
nearly \$85 million dollars



Projected Potential Boost to Alaska's economy

\$100 Million Dollars

A recent study by Ernst and Young showed for every \$1 dollar the state spends on film incentives it generates \$6 in economic activity.

Source: February 2011 Ernst and Young Report – Economic and fiscal impacts of the Michigan film tax credit

SINCE 2008- WHO HAS BENEFITTED?

Wage earners

- Cast and crew
- Electricians
- Carpenters
- Truck Drivers
- Plumbers

Filming and production have taken place in 35
Alaska communities



SINCE 2008- WHO HAS BENEFITTED?

Businesses large and small

- Construction Companies
- Air Service Providers
- Catering Companies
- Hotels
- Retailers
- Freight Companies
- Maintenance Firms
- Rental Companies
- Security Companies
- Tourism Businesses



ECONOMIC IMPACTS – EVERYBODY LOVES WHALES

- A total of 1,300 Alaskans earned income directly related to Everybody Loves Whales
- Alaskans earned a total of \$4 million in wages during the 58 day filming effort



Source: McDowell Group Report – Initial Assessment of the Impact of Everybody Loves Whales

ECONOMIC IMPACTS – EVERYBODY LOVES WHALES

Filming of Everybody Loves Whales included spending with at least 80 different Alaska businesses

The total economic impact of filming Everybody Loves Whales was an estimated \$16.5 million



Source: McDowell Group Report – Initial Assessment of the Impact of Everybody Loves Whales

LOOKING AHEAD



- Many exciting projects on the horizon
- Train and develop an Alaska film and television workforce
- Other states are struggling

SENATE BILL 23 - OVERVIEW



- Simple extension
- Extends for 10 years the Alaska Film and Television Production Incentives
- Offers an additional \$100 million dollars in tax incentives for each 5 year period



BY EXTENDING THE INCENTIVES

- We can continue to bring new money in to our economy
- Keep our businesses busy and put Alaskans to work
- Diversify our economy and grow and develop this new and multi-million dollar business in our state

ALASKA STATE LEGISLATURE

Rules Committee
•
Senate Finance Committee
•
Health & Social Services Committee
•
Community & Regional Affairs
Committee
•
World Trade Special Committee
•
Committee on Committees



While in Session
State Capitol, Rm. 119
Juneau, AK 99801
(907) 465-3704
Fax: (907) 465-2529

While in Anchorage
716 W. 4th Ave, Rm. 500
Anchorage, AK 99501
(907) 269-0169
Fax: (907) 269-0172

SENATOR JOHNNY ELLIS
RULES COMMITTEE CHAIR

Sponsor Statement

SB 23: Alaska Film Production Incentive Program Extension

Senate Bill 23 ensures Alaska's competitiveness with other states and countries by continuing the successful Alaska Film Production Incentive Program. Since its inception, the film incentive program has brought millions of production dollars to Alaska. Productions have also 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. The program offers an incentive of 30% on all qualified spending in Alaska, with an additional 10% for Alaskan hire, 2% for shooting in rural Alaska and 2% for working in the winter months. 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 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. Alaska is fortunate that our finances are in good shape, and 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. Passage of Senate Bill 23 will continue to attract this new industry to Alaska. It will build on the jobs and business opportunities created by the existing film incentives and bring our state positive attention and substantial investment. It will continue to help in developing a strong and diversified economy that will entice our graduates to remain in Alaska instead of looking for jobs elsewhere.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 8, 2011

SUBJECT: Sectional summary (SB 23 (Work Order No. 27-LS0252\M))

TO: Senator Johnny Ellis
Attn: Matthew Moser

FROM: Alpheus Bullard *LAB*
Legislative Counsel

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 advise.

Section 1. Doubles the amount of transferable film production tax credits that the Department of Revenue, in cooperation with the film office in the Department of Commerce, Community, and Economic Development, may provide a producer for certain qualified production expenditures. Limits the amount of credits that the Department of Revenue may provide before July 1, 2018, to \$100,000,000.

Section 2. Permits a film production to be eligible for a tax credit if the producer has \$100,000 or more in qualified expenditures in a consecutive 36-month period. At present, a producer must have \$100,000 or more in qualified expenditures in a consecutive 24-month period.

Section 3. Makes certain information submitted to the film office by a producer confidential.

Section 4. Adds the cost of transferring digital media to film or tape to the list of expenditures that may qualify as a "qualified expenditure" in calculating a tax credit.

Section 5. Permits 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.

Senator Johnny Ellis
February 8, 2011
Page 2

Section 6. 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 qualification issued under AS 44.33.234(b), together equal \$200,000,000.

Section 7. Extends the sunset date for the transferable film tax credit program to July 1, 2023, if the amount of tax credits awarded under the program has not reached \$200,000,000 before that time.

Section 8. Extends the period that 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.

TLAB.plm
11-062.plm

Initial Assessment of
The Impact of
“Everybody Loves Whales” on
Alaska’s Economy

Prepared for:
Anchorage Economic
Development Corporation

Prepared by:



Anchorage o Juneau

February 2011

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Executive Summary

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.¹

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.

¹ *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.² 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.

² 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

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 IMPLAN³, 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.

³ Minnesota IMPLAN Group, Inc.

Direct Economic Impacts of Everybody Loves Whales

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.⁴ 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.

⁴ 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

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 IMPLAN⁵ 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 2012.⁶

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 count⁷ 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.

⁵ 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.

⁶ *The Economic Impact of Michigan's Motion Picture Production Industry and the Michigan Motion Picture Credit*, February 6, 2009.

⁷ 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 output⁸ 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

⁸ 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
Feature Film						
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
Documentary						
Survive and Thrive	2011	\$109,217	-	7	7	Anchorage and Homer
Television Show						
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
Commercial						
Prilosec Commercial	2011	\$326,664	12	7	7	Anchorage, Fairbanks
Total		\$14,910,809	143	786	781	

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.⁹ An additional 112 sole proprietors (self-employed workers or companies without employees) earned \$2 million.¹⁰ 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 2008.¹¹ 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.

⁹ Alaska Department of Labor and Workforce Development

¹⁰ U.S. Census, Non-employer Statistics

¹¹ Alaska Department of Labor and Workforce Development, Occupational Database

Alaska Film Industry Infrastructure Needs

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.¹² 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

¹² 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

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.¹³

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.

¹³ *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."¹⁴ 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.

¹⁴ *Alaska Looks to Cash in on Palin, 'Deadliest Catch,'* Associated Press, December 29, 2010

U.S. Film Industry

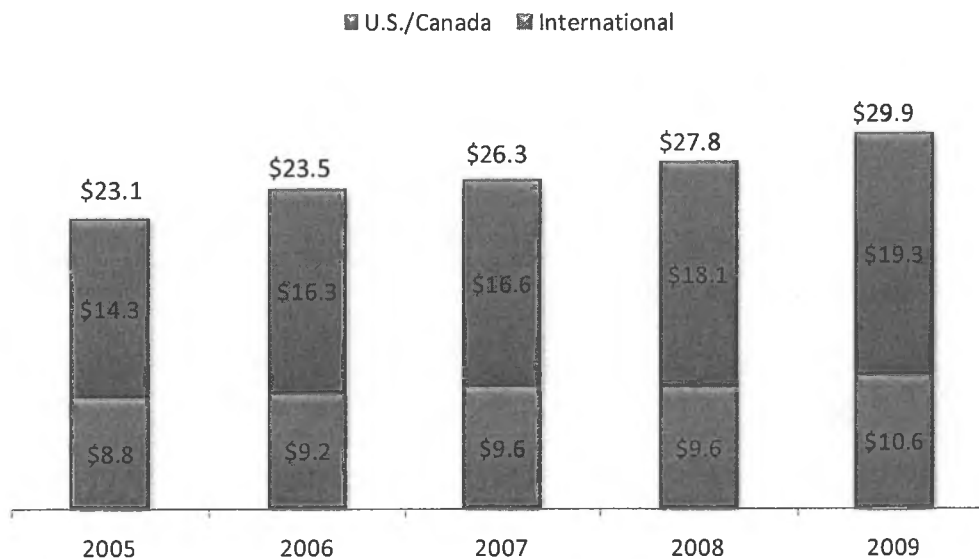
Overview of U.S. Motion Picture Production

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) study¹⁵, 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.

¹⁵ *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 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 wages¹⁶ 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*

¹⁶ One advantage Hawaii has is its supply of soundstages and studios, facilities Alaska is generally lacking.

Film Incentive Programs

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.

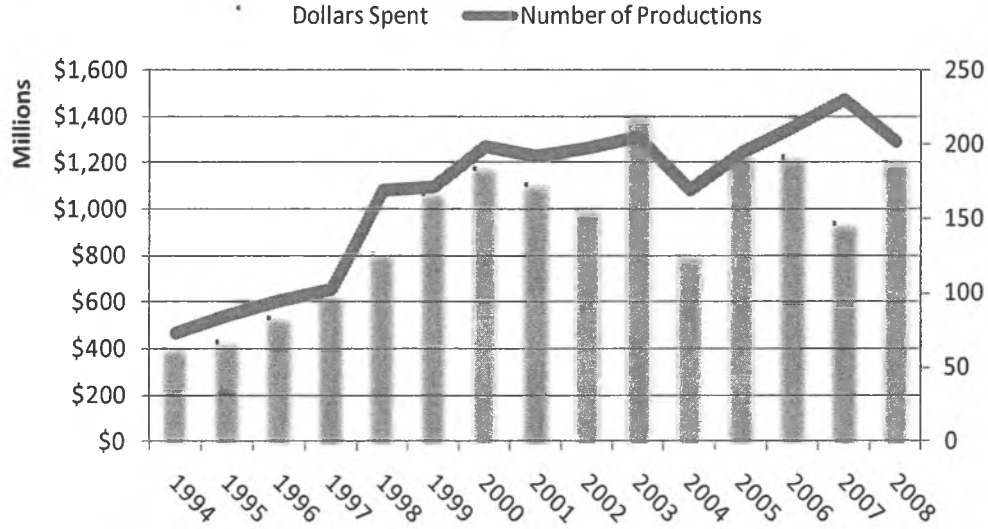
Canada

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).¹⁷

¹⁷ 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**

Fiscal Year	Tax Credits	Qualified Spending	Credit/Spend
2010	\$244,547	\$713,691	34.3%
2011 YTD	\$4,664,869	\$14,197,119	32.9%
Total	\$4,909,415	\$14,910,810	32.9%

Source: Alaska Film Office

Summary

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.

Testimony, March 21, 2011

Senate Bill 23

Senate Finance Committee

John Rense

My name is John Rense. I am the sector leader for engineering, construction and real estate for NANA Development Corporation.

Our passion is to expand our job base. We support Senate Bill 23 because it will promote investment in Alaska and create employment. Some of the jobs will be new, in a new industry in a State where diversifying the economy is important if not crucial. The bill will divert money that would otherwise be paid back in taxes, but that diversion creates an important flow back to the State's private economy.

I joined NANA in 1985. I came to help lead the Red Dog effort; at the time, the mine was still an un-permitted dream.

But by looking forward, we gained success in mining, oil and other business and today we have 2800 employees living in 70 Alaskan communities.

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

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

I have to admit; at first we took the conversations lightly, thinking this was a business for other people, not us.

But what we found, once you cut through the glitz, is a very interesting economic story.

What are some characteristics?

- like natural resources, this is a platform industry. What I mean is it produces primary products including films, TV series and other programs. A fundamental revenue generator, it is a stand-alone industry. It requires support services similar to what we do today, like construction, food, hospitality, and security. It also creates specialized job opportunities not yet widespread in Alaska.

- another characteristic we like is its ability to find every nook and cranny. This industry has wide geographic application.

- we also find this industry goes way beyond whale movies. While the big productions get attention, there are hundreds of cable channels around the world trying to fill up 24

hours each day. There are documentaries and reality shows and national ads and more. There are many niches that an entrepreneur can headquarter and do in Alaska.

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

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

This brings us to the tax credit concept. Investments in training and facilities are made at our risk, and are not tax credit eligible. But we need the credits to secure the industry we want to serve. The credits help equalize costs, encourage local film makers and attract outside productions.

We need this now, because the first film credit program expires in just two years. Like in any business, long term investment decisions require some level of certainty. The rapid increase in Alaskan film and TV productions proves the 2008 Film Production Tax Credit is working. Now we can start building for the long term.

Mr. Chairman, we are supporting Senate Bill 23 because we want to make a long-term commitment to the business. The legislation would provide credits for two, five-year periods under terms generally similar to the current law. A total of ten years, with a credit at the same \$20 million/year average as in the current program – that's a \$100 million cap for each 5 year period – this will give the industry assurance that the future is solid. This is a good proposal.

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

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.

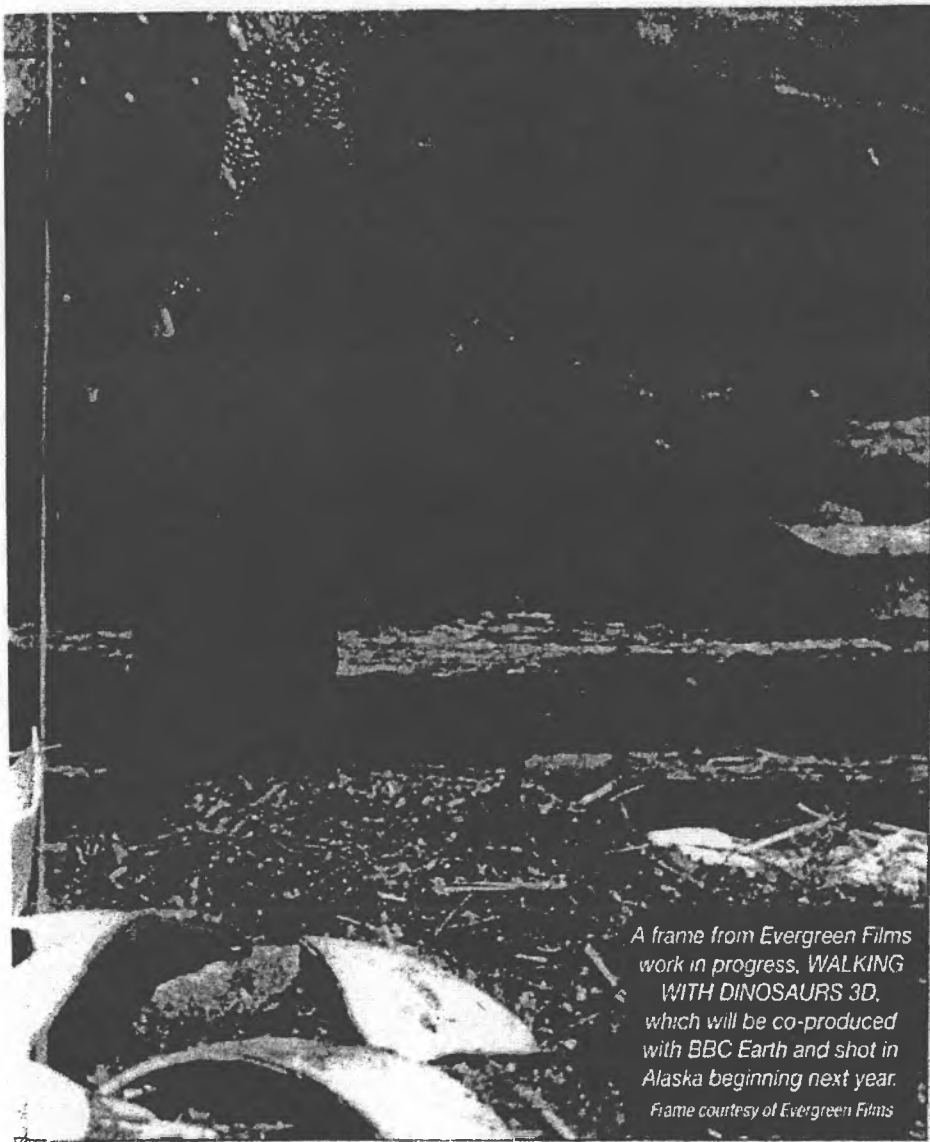
Trout says flower needs all had to be designed to reflect what was in style in the 1980s, and included centerpieces and arrangements for various scenes in the film. Some of the flower orders required working with the production person responsible for props any of the actors or actresses touched.

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.

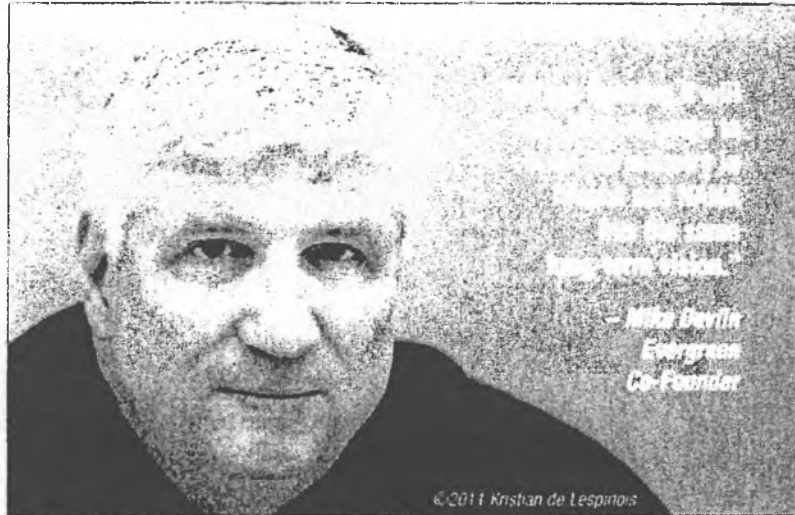
Another of Evergreen's biggest market advantages is the company's state-of-the-art digital and 3D studios, including 3D camera systems, groundbreaking LIDAR scanning technology, photo-real 3D Computer Generated Imagery (CGI), and an integrated 3D post-production workflow. The technology allows them to 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. □

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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.



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

"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

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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 tasks 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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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.

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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."

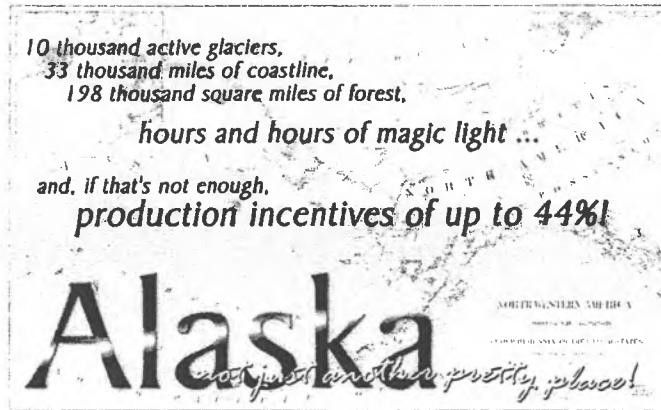
(Editing by Steve Gorman)

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Here's Looking At You Alaska



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

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

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.
Maximum Possible Credit	44%	Portions of a production with an Alaskan crew, filmed in rural Alaska between October and March.

1st Quarter, 2011

AEDCconnections

The Newsletter Of
Anchorage Economic
Development
Corporation



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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
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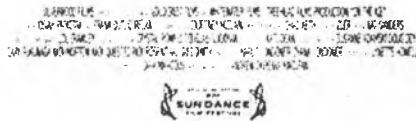


THE WALL STREET JOURNAL.

WSJ.com

JANUARY 20, 2011, 11:00 AM ET

Sundance 2011: 'On the Ice' Spotlights Alaska



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 be 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."



Poster for "On the Ice"

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 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 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.

The Cordova Times

"Everybody Loves Whales" film crew coming to Barrow

Published on October 21, 2010 9:14 am

By ALASKA NEWSPAPERS STAFF

Anchorage's Grace Orlun 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 to secure a part in the movie. Only 72 residents will be hired to be in the film, slots are filling up fast.

Grace Orlun, Casting Dept. for "Everybody Loves Whales"

Contact us about this article at editor@thecordovetimes.com

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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.

"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."

*Photo by Michael
Armstrong*

*Homer News Katherine
Brennan,
cinematographer for
"What May Be True."*

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.

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.

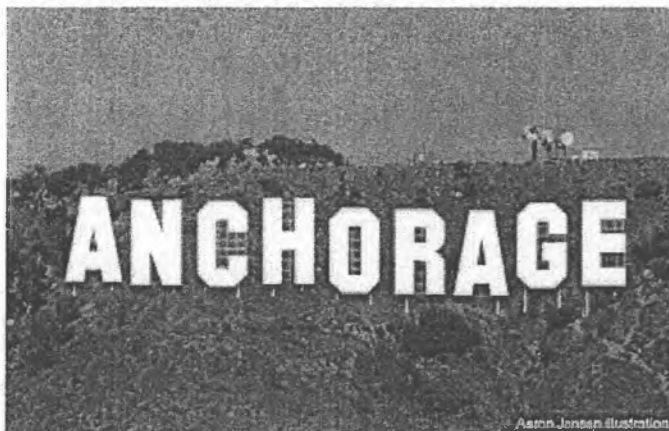
"We usually have a Department of Defense representative from our Los Angeles office providing the coordination, advice and daily assistance to the production company," said Vicente "Vince" Ogilvie, deputy director of entertainment media, office of the assistant secretary of defense for public affairs. "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\(at\)alaskadispatch.com](mailto:jsaul(at)alaskadispatch.com).

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- *Deadliest catch now safest catch?*



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 Sprocketheads 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.

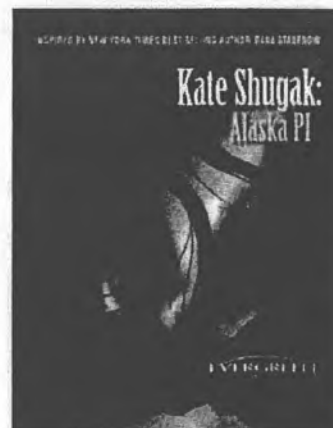
"The film executive told me flat out that they did a multi-country, multi-state comparison. And calculating in our film incentive program, the bottom line was - shoot in Alaska."

That was the same bottom line that decided the NANA board to invest, said a very un-star-struck sounding Sandvik.

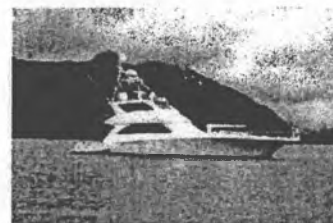
"We're very analytical in everything we do. NANA has an incredible number of opportunities that are presented to us today. This was no different than any of the rest of those," Sandvik said.

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 Fisherman 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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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 Veaser, 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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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.



**Municipality of Anchorage
2011 State Legislative Program
(State Fiscal Year 2012)**


Dan Sullivan, Mayor

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

I have lived in Girdwood for the past 32+ years. I own and operate a business that has provided support for Alaskan film, TV, and commercial photography production for 2 1/2 decades.

I'm writing to you with concerns about HB 67 & SB 23, The "film production incentives bill".

I believe the existing film production incentives regulations need to be reexamined. Perhaps it is too early to say, but it is possible the current regulations maybe having some unintended effects. Perhaps the existing regulations need to be reviewed and further study is in order before this program is extended another 10 years.

My concerns are as follows-

Since the opening of the Alaskan Film Office my business revenues has fallen off over 75%. Part of the reason for this slow down may stem from the general economic state of the country however since the office has opened the call volume has all but dried up. Former clients are now calling the Alaska Film office for guidance and incentives information. The Film Office has disrupted the natural flow of information and business contacts. I now seem to be in competition with the State of Alaska. The State now provides services free of charge that previously I was able to make a living at.

The only time I have previously experienced anything of this nature was the when the last "film office" was in operation. Since the previous office shut its doors I had a thriving production support businesses. That business took a severe nose dive since the advent of the new film office and the film production incentives.

How could this be??

The incentives and the current regulations maybe having some unintended effects.

The film production subsidies are first of all crafted to attract feature film business that would probably not come to Alaska without them. The subsidies seem to ignore the smaller productions that have always come to Alaska without incentives. If the spend limits were lowered to say 50K then it is my belief we would see more of the productions that belong up in Alaska and want to come to Alaska and that the current infrastructure can support. These smaller productions typically are inclined to hire a larger percentage of Alaskans for their support crew. They also rent their production equipment locally. They additionally are more likely to venture further a field in Alaska thus providing benefits statewide and to smaller communities. This has been the bread and butter of Alaskan film production and it is very likely, with the help of incentives, we would see more of it. Lower the spend limit to encourage more commercials and small productions. Tighten the regulations to protect Alaskan jobs and businesses.

With the help of the film incentives and the current regulations the larger, longer productions get subsidies to bring their crew personnel and equipment up from the lower 48. The out of state crews are willing to work for less and often on a flat rate with no overtime, etc. This maybe attractive to the travel and hospitality industry but it does nothing for the majority of legitimate Alaskan film support venders and businesses

The film incentives were intended to allow the Alaskan infrastructure to grow. At this point it is difficult for me to invest much in what is likely to be an artificial bubble, which is likely to deflate quickly if (when) the incentives are removed.

The Film Office needs to be prohibited from providing support information to potential productions. I do not want to be in competition with the state. They should only be facilitating and monitoring the incentives programs

The Film Office needs to be transparent. The Film Office should be required to immediately post all of the contacts that are made so that all Alaskan business has equal access to this information. Currently the film office is a black hole for all contact information. The Film Office claims that it is required to keep this contact information confidential to protect the interests of the out of state production companies. If these Production Companies are being subsidized with public funds it would seem that the public along with Alaskan business have a right to the contact information. Due to the lack of transparency and oversight no one knows how contracts are ultimately awarded.

Prior to the opening of the new film office, all film contacts that came into the state office were immediately passed on to the Alaskan film professionals. This system worked well and did not interfere or redirect the natural flow of business. It additionally provides the necessary transparency to this process. All the contacts that come into the state film office need to be passed on immediately. If the potential clients require secrecy then they should be doing their business through an Alaskan business in the first place. If a state office and public funds are being used then it needs to be a transparent process. If the production companies don't like it then they should not expect a hand out.

Going forward the current regulations need to be modified

No more subsidies for out of state workers, actors, directors, producers. Instead increase incentives for Alaskan resident hire and training and investment in infrastructure.

Eliminate incentives that allow out of state companies to ship their production equipment to Alaska. Why should public funds be used for this while existing Alaskan equipment is not being rented. Why would I invest in equipment knowing that the state is going to subsidize out of state companies to ship cheaper equipment up here.

Demand that the film office follow the directive outlined in the film incentive bill-

The Alaska Film Office was created by the 25th Legislature through SB 230. It was signed into law on June 4, 2008. The enabling legislation (AS 44.33.231-AS 44.33.239) instructs the Alaska Film Office to:

- (1) cooperate with organizations in the private sector for the expansion and development of the film production industries in the state;
- (2) promote Alaska as an appropriate location for film production;
- (3) provide production assistance through connecting film directors and makers, and producers with Alaska location scouts and contractors, including contractors providing assistance with permit applications;
- (4) certify Alaska film production internship training programs and promote the employment of program interns by eligible productions; and
- (5) in cooperation with the Department of Revenue, administer the Alaska Film Production Incentive Program.

Directive # 3 clearly states the film office is provide production assistance through the Alaskan film professionals. The film office should not be allowed to provide any production service or direction of any kind, including permit applications, otherwise they are in direct competition with Alaskan businesses.

The Film Office claims that it has fulfilled these duties by linking to an on line service called reel Scout. However this service is not designed to meet the needs of Alaskan production, it is however an easy way for the film office to appear that they are fulfilling the 3rd directive.

I do believe that with some changes to the regulations that the Alaskan Film production incentive program could be beneficial to Alaskans and the industry. However, the devil is likely to be in the details so it is very important to get the details right before committing to another 10 years of this program.

John Markel
Alaska Film Locations, LLC
Box 891
Girdwood, Alaska 99587
783-2757

Senate Bill 23:

Letters of

Support



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", with a long horizontal flourish extending to the right.

Mike Devlin, CEO

Cc: Senate Finance Committee

1120 East Huffman Road, Suite 24
PMB 595
Anchorage, AK 99515
(907) 522-6272



Voting Members

- Anand Vadapalli *Anand Vadapalli Consulting*
- Bill O'Leary *Alaska Railroad Corporation*
- Bob Heinrich *David Phillips*
- Bruce Bustamante *Pharos Tours*
- Bruce Lamoureux *Frederickson Alaska Media Institute*
- Chris Brown *AT&T Alaska*
- Chris Stephens *David Stephens & Associates*
- Clare Fitzpatrick *BP Exploration Alaska Inc.*
- Connie Carter *Alaska Express*
- Dale Pitzman *ExxonMobil Corporation*
- David Hamilton *Alaska USA Federal Credit Union*
- Dennis Mitchell *Lynden International*
- Ed Herndon *Chugach Mining Corporation*
- Greg Kessler *Rotem (Green Trailer Express)*
- Greg Pearce *DL*
- Joseph Everhart *Marine Cargo Bank USA*
- Lon Wilson *The Western Agency LLC*
- Lynn Rust Henderson *Blue Cross Blue Shield of Alaska*
- Mark Liland *Woodsen Air Cargo*
- Maria Wellington *Continental Airlines*
- Michael Martin *Rust National Bank Alaska*
- Michael Prozeralik *Agri-Partners*
- Mike Devlin *Empress Paper Inc.*
- Pat Walsh *Wulfsberg Insurance*
- Scott Hansen *Alaska Pipeline System - Alaska Corporation*
- Sophie Minich *CRJ*
- Stephanie Halthaus *Blue Air System*
- Stewart Osgood *CDW & GE*
- Suzanne Cherot *Bank of America Alaska*
- Terry Bailey *CH2M Hill*
- Tim Vig *NSA Inc.*

Ex-Officio Members – Legislators

- Rep. Craig Johnson *Alaska State Legislature*
- Rep. Lindsey Holmes *Alaska State Legislature*
- Sen. Johnny Ellis *Alaska State Legislature*
- Sen. Lesli McGuire *Alaska State Legislature*

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- Mayor Dan Sullivan *Municipality of Anchorage*
- Assemb. Bill Starr *Municipality of Anchorage*
- Assemb. Ernie Hall *Municipality of Anchorage*

Ex-Officio Members – Appointed by the Board

- Bill Evans *Anchorage Transportation Corporation*
- Brian Nerland *Alaska Airlines*
- Carol Comeau *Knowledge Service Center*
- Chris Anderson *ADEA*
- Chris Schutte *Frederickson Alaska Media Institute*
- Dr. Don Bantz *Alaska Pacific University*
- Elisha Baker *University of Alaska Anchorage*
- George Yakofis *AVRIL*
- Jim Posey *Municipal Light & Power*
- John Parratt *Sea Services International - Alaska and Beyond*
- Julie Soupe *Anchorage Convention & Visitors Bureau*
- Larry Cash *RIM Anchorage*
- Mary K. Hughes *First Coastline - First AEDC Board*
- Susie Gorski *Chugach Edge Alaska Development LLC*
- Tennis Owens *Alaska Mail*
- Wanetta Ayers *Alaska Pipeline System - Alaska Corporation*
- William Donn *Alaska State Government*

Senator Burt Stedman, Co-Chair
 Senator Lyman Hoffman, Co-Chair
 Senate Finance
 State Capitol
 Juneau, Alaska 99801

March 4, 2011

Dear Senators Stedman and Hoffman:

I write to you today in support of SB 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", which will encourage diversification of the Alaska economy through an extension of the Alaska Film Industry Tax Credit.

The mission of the Anchorage Economic Development Corporation (AEDC) is to grow and diversify the Anchorage economy and although AEDC's mission is narrowly focused on Anchorage, we know that a more robust, diversified state economy is an integral part of achieving our mission. An expanded Alaska film industry does just that.

This fact is supported by the economic impacts study of Everybody Loves Whales that AEDC recently released. The study found that an estimated \$16.5 million was spent in the state with \$11.7 million accounting for wages and the purchases of goods and services from Alaska businesses. The additional \$4.8 million represents production company spending in Alaska, coupled with local spending of new payroll dollars generated by the project.

The study also estimates that more than 1,300 Alaskans earned income directly related to the filming of "Whales." This includes 175 crew, 48 cast members with speaking parts and about 1,100 movie extras. Based on hours worked and wages earned, the production workforce translates into the equivalent of 110 full time jobs and a total of \$4 million spent on Alaska wages. And these jobs weren't just in Anchorage, but in multiple areas of the state.

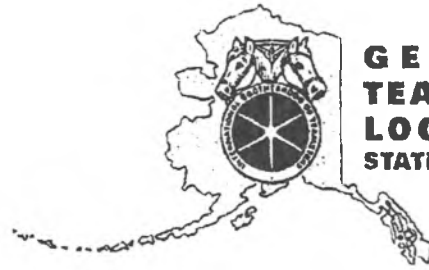
One of the things heard multiple times from producers was that they want to shoot their films in Alaska, but will go to other states or countries that offer the most competitive environment for total cost of production. With this program, Alaska is

one of those places. But, in order to grow and expand this new industry, many infrastructure needs such as a sound stage and a resident labor pool are needed. Without certainty of the program continuing past the original sunset date, the financing of such hard assets and programs are a very hard sell. By passing this legislation and extending the program, we will work to overcome those concerns and to develop a new and growing industry in Alaska, rather than a one-time flash in the pan.

Sincerely,



Bill Popp
President & CEO



**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

RECEIVED

MAR - 8 2011

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

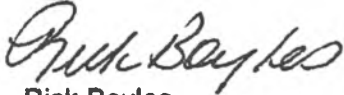
generate dollars into our economy- Alaskans working in Alaska on Alaskan jobs.

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



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



Anchorage Convention & Visitors Bureau

524 West Fourth Avenue, Anchorage, Alaska 99501-2212 | Phone: 907.276.4118 | Fax: 907.278.5559 | [Explore Anchorage.net](http://ExploreAnchorage.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 | ExploreAnchorage.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,

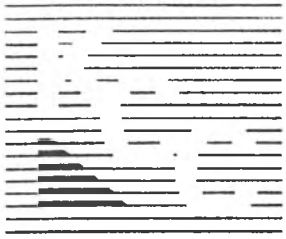
WHEREAS, SB 23 / HB 67 extends the Film Production Tax Incentive Program for 10 years, offering \$100 million in transferable tax credits in the first 5 years of the extension and \$100 million in credits for the final 5 years of the extension; and,

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



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

Dedicated to Kodiak's Economic Future

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.

Sincerely,



Dan Sullivan
Mayor

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,

Paul Landes
Senior Vice President of Consumer Services
General Communications, Inc.

cc: All House members



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.

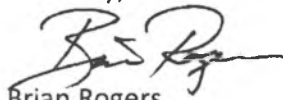
These incentives have changed the way filming decisions are made. Alaska faces aggressive and long established film incentives from Canada and 45 other states. They understand the economic benefits that this industry can bring to their businesses and communities.

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



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 along 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



3100 Channel Drive, Suite 300 • Juneau AK 99801 • (907) 463-3488 • Fax (907) 463-3489
E-mail: juneauchamber@eci.net • icc@alaska.com • Web site: <http://www.juneauchamber.com>

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AFL&P
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Capital Office Supply
Coast Alaska, Inc.
Coogan Construction
Copy Express
Elgee Rehfeld & Mertz
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First National Bank of Alaska
Hecla Greens Creek Mining
Goldbelt, Inc.
Huna Totem
Shattuck & Grummett
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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,

Gathie Roemmich, CEO

Juneau Chamber of Commerce



Maya Salganek
Asst. Professor/Director Film Studies
University of Alaska Fairbanks
PO Box 755700
Fairbanks, AK 99775-5700
(907) 474-5950
maya@alaska.edu

Senator Johnny Ellis
Chair, Senate Rules Committee
State Capitol, 119
Juneau, AK 99801

February 7, 2011

Honorable Senator Ellis,

Thank you for taking the initiative to introduce Senate Bill 23 to the current legislative session. Extending the film production tax credits for an additional ten years will allow the State to continue developing this industry in a comprehensive fashion. Establishing a workforce, infrastructure, and proving our talents is part of the long-term strategy.

The University of Alaska Fairbanks has actively been working with film industry partners since 2007 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.

UAF Film students have been funded by the National Science Foundation 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.

The Alaska State Film Tax Incentives are the first step in attracting established film companies, producers, directors, and talent to Alaska. In so doing, they are providing local Alaskans opportunities to not only work on the set, but also provide services in direct support of productions. From hotels and restaurants to transportation and equipment, ripples are cast wide when a film comes to town.

It takes several years to develop a film production from concept to screen. We have really only seen two years to prove what could be done in our state with the incentive program in place. Once the timeline is extended, more filmmakers will commit to developing their projects here and we will see a surge in productivity and revenue as a result.

The film industry is a green, renewable, and lucrative industry to attract to our state. The benefits of tax incentive programs have been proven; New Mexico, North Carolina, New Orleans, and Michigan have seen substantial revenue growth due to the film industry presence.

Fortunately for us, Alaska is ALASKA! Filmmakers want to share its beauty with the world. Let's help them do that, keep the revenue in state, give Alaskans the jobs, and share our stories with the world.

Thank you for your service to this Great State.

Sincerely,

A handwritten signature in black ink, appearing to read 'Maya Salganek', written in a cursive style.

Maya Salganek
Assistant Professor, Theatre & Director, Film Studies
University of Alaska Fairbanks

Submitted by: Chair of the Assembly
Prepared by: Municipal Clerk's Office
For reading: February 15, 2011

CLERK'S OFFICE
APPROVED

Date

275-11

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

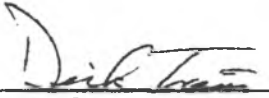
40 WHEREAS, SB 23/HB 67 extends the Film Production Tax Incentive Program for 10
41 years, offering \$100 million in transferable tax credits in the first 5 years of the
42 extension and \$100 million in credits for the final 5 years of the extension; and,
43

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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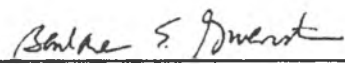
THE ANCHORAGE ASSEMBLY RESOLVES: that the Anchorage Municipal Assembly strongly supports the continuation and extension of the film incentive program via SB 23/HB 67.

PASSED AND APPROVED by the Anchorage Assembly this 15th day of February, 2011.

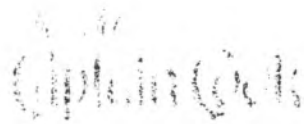


Chair of the Assembly

ATTEST:



Municipal Clerk



419 WEST 5TH AVENUE ANCHORAGE, ALASKA 99501

PHONE (907) 276-0000

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:

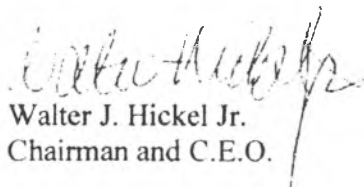
On behalf of The Hotel Captain Cook, I would like to offer our support for Senate Bill 23, the extension of the Alaska Film Production Tax Incentive Program. Since its inception in 2008 the Film Production Tax incentive program has created jobs for Alaskan and economic opportunities for Alaska businesses 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.



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,

Jim Dodson
President & CEO
Fairbanks Economic Development Corporation

Cc: FBX delegation

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.

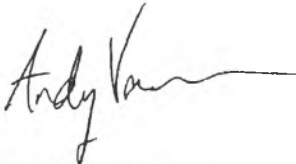
With estimates ranging from \$2-3 delivered to local economies for every dollar spent by the film industry, that represents a good return on investment for Alaskans, especially in some of the more rural and economically challenged areas of the state.

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



Andy Varner
Executive Director



We try harder.[®]

Alaska Rent A Car, Inc.

Avis System License
P.O. Box 150028
Anchorage, Alaska 99514-0028

Tel: 907.233.4100
Fax: 907.233.4211
E-mail: avis@alaskarentacar.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.

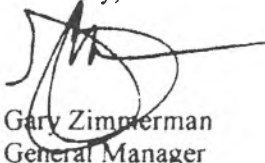
Alaska Rent A Car, Inc (Avis) and our 110 statewide employees benefit from the film production companies that bring their film/commercial shoots to Alaska. We are just a small example of the various types of businesses that benefit from the film industry.

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



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.



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



February 9, 2011

REAL ESTATE DEPARTMENT

The Honorable Johnny Ellis
Chair, Senate Rules Committee
State Capitol, 119
Juneau, Alaska 99801

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



Dear Senator Ellis,

Thank you for sponsoring Senate Bill 23/House Bill 67. We are in full support of the Film Tax Incentive legislation. We were one of the many fortunate businesses to benefit from film crews coming to Alaska this past year. Besides the obvious tourism advantage, we know that the film crews spent huge sums of money in Alaska. We had some folks come to take tours and buy merchandise. Beyond the direct spending in our state, the exposure Alaska receives is truly priceless. We have gotten messages expressing awe from all over the world with many people deciding to finally make that "Dream Trip" to Alaska.

We appreciate your being involved in perpetuating this CLEAN, RENEWABLE Resource development.

Happy Trails,
Kathy Chapoton and Martin Buser



Alaska Film Group
a non-profit trade association

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.

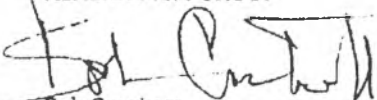
Many ALASKA FILM GROUP crewmembers worked on two recent feature films, "Everybody Loves Whales" and "Ghost Vision". They traveled from Fairbanks, Homer, Juneau, Girdwood, Kenai and Palmer to participate. Vendor members from rental car companies, hotels, shipping companies to film rental houses were contracted 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

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

February 14, 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. 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.

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 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, I fully support the Film Credit Tax Credit Bill and would like to thank the Alaska State Legislature for working towards a more prosperous Alaska.

Sincerely,

A handwritten signature in black ink that reads "Angela M. Pinsonneault". The signature is written in a cursive, flowing style.

Angela M. Pinsonneault, CPA, CSOX



Brice Habeger
www.bricehabeger.com
A Salt 'N Buttery Prods.
2225 Great Western St., Apt. A
Douglas, Ak 99824
907.321.3251

Re: Letter of Support for SB23: Alaska Film Incentive Program Extension

February 08, 2011

Dear Senator Ellis,

I'm writing in support of SB23. First off, I would again like to thank you for your support of the statewide film industry with your promotion and the passage of SB230. Over the last year, the state has seen millions of dollars pumped into the local economy as a direct result of that bill.

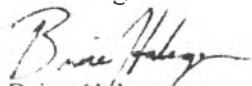
As an Alaskan and as a filmmaker, I support the extension of the tax incentive. To me, it is a way to grow the economy of Alaska by capitalizing on its natural beauty with minimal spending by the state. As the legislation currently stands, the state returns \$1 to the production for every \$3 that is brought into the economy. This is math that works in favor of Alaskans.

Since returning to Alaska in 2008 and testifying in support of SB230, I've started my own business and have taken a vested interest in the film industry here. My growth as a skilled tradesman didn't end when I graduated from Columbia College in Chicago. I've shared my knowledge with the community by teaching lighting classes to high school students and involving myself in local unpaid productions with other filmmakers, as well as projects at the church I attend. I'm an active member of the AFG, and as a member of the Digital Cinema Society, I keep current with production trends in the industry world wide.

As a business owner and a freelancer, I've worked on various projects that come to Juneau, example: worked on an ACS commercial; as well as work with local clients, example: currently working with University of Alaska Southeast. In addition, I did scouting work locally for *Everybody Loves Whales* and traveled to Anchorage to work as a grip on *Ghostvision*.

The extension of the tax incentive would create an environment for myself and others to continue increasing the size our skill sets as well as our tool belts, but not because of eating well, rather it would be a result of working on many top level productions and building up our tools to match the level of any professional working in Hollywood. With the passage of this extension, I believe that we can continue the growth of a well trained and highly skilled Alaskan work force, as well as encourage the private sector to construct necessary infrastructure, such as a sound stage.

Thank you for your time.

Regards,

Brice Habeger

Josh McIntyre
4301 MacAlister Drive
Anchorage, AK 99502
jmcintyre@mcc-cpa.com

February 10, 2011

The Honorable Senator Johnny Ellis
State Capitol, 119
Juneau, AK 99801

Dear Senator Ellis:

I live in District 28-N, in Anchorage. I am Certified Public Accountant in Alaska, and a graduate of the University of Alaska, Anchorage. I am writing to you in support of Senate Bill Number 23.

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 and federal governments in Canada. 45 other states currently have programs of some type as they understand the economic benefits that this industry can bring to our businesses and communities.

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 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.

Sincerely,



Josh McIntyre

Matthew Moser

From: Ron Hedge [hronbo@acsalaska.net]
Sent: Friday, February 11, 2011 10:31 AM
To: Sen. Johnny Ellis
Subject: sb23

Senator Ellis,

I'm writing to support you and your efforts with SB 23. For a little over 3 months I worked as a " propmaker" for Icebreaker Films in Anchorage for the movie "Everybody Loves Whales" I normally work as a cabinetmaker/woodworker and as a consultant on a variety of residential and commercial construction projects. I delayed scheduled projects in order to work on "the show" and I'm glad I did.

The first thing I was told when I got hired was that the reason why this particular movie was being filmed in Alaska was that the production company was saving \$11 million in permits and fees . That's not chump change, and it definitely made an impression on the movie's makers. Towards the end of production I asked if the logistical problems and weather conditions would effect their decision in the future and I was told "we would come back in a heartbeat if it made us money", and was told that they only have good things to say.

I worked side by side with workers that were imported from North Carolina, which I soon learned was #3 in movie and television production and known as Hollywood East. They also claimed to be the advance crew here to "train Alaskans" to work in the movie industry. The Alaskan artists and craftspersons I worked with more than answered that challenge and I dare say taught the crewmembers from outside a few things as well.

Good luck with your endeavors,
Ron Hedge

From: Mark Sabel [<mailto:mark.sabel@gmail.com>]
Sent: Thursday, February 10, 2011 2:50 PM
To: Sen. Johnny Ellis
Subject: SB23

Dear Senator Ellis:

In the 1990s to early 2000s I was a fixture in the Capitol. I worked shooting TV news for all three Anchorage stations and later shot video for the Governor's Office. Being so familiar with you, I spotted you as soon as you walked over to visit the "Everybody Loves Whales" filming. I was a crew member on the movie from before the first day of shooting until after it wrapped. I worked very long hours, but my paychecks were big.

The movie would never have come to Alaska if not for the Film Incentive. Talk about an 'economic engine'! The production brought a lot of money from Outside to Alaska and provided people like me great employment. Alaska needs much more of the same. I strongly support Senate Bill 23.

Sincerely,

MARK SABEL



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



PRINCE WILLIAM SOUND
**ECONOMIC
DEVELOPMENT
DISTRICT**

01/31/2011

11:00 AM

11:00 AM

11:00 AM

11:00 AM

January 31, 2011

Senator Johnny Ellis
Chair, Senate Rules Committee
State Capitol, 119
Juneau, AK 99801

RE: Senate Bill 23

Dear Senator Ellis:

On behalf of Prince William Sound Economic Development District, I would like to offer our support of 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 and unique state. (It's very annoying to see a film about the Alaska experience that was filmed in British Columbia or Wyoming!)

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



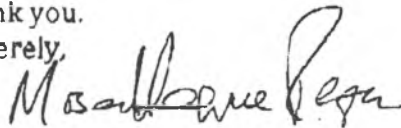
To
Senator Johnny Ellis
Chair, Senate Rules Committee
State Capital, 119
Juneau, AK 99684

Dear Senator Ellis,

I am an adjunct instructor of physics live here at Unalakleet and teach online physics class for IIAF-NW Campus, Nome. I am writing you because I want to share my thoughts on Alaska's new emerging film industries with you. The film industries should make films about Alaska those shot here in Alaska, not somewhere else. It would promote our Alaskan image around the world. It is good for our local business and tourism industries. As you know many of our jobs depend on the tourism business.

So, I am humbly letting you know I am in favor of **SB23** bill. This bill extent tax incentives for the film industries to make film about Alaska not in BC, Canada or Washington or elsewhere but in Alaska.

Thank you.
Sincerely,



Mosaddeque Reza
(House District 39)
P.O. Box 347
Unalakleet, AK 99684
Phone: (907) 624- 3158

Dated: Unalakleet, AK
02/07/2011

Hello,

I wanted to take time out of my day to write my very first letter to my State legislature.

I am a life-long Alaskan, invested in my community - my great-grandparents immigrated in 1917, landing in Douglas, then relocating to Spenard in 1954; my daughter currently goes to O'Malley elementary, and my wife works for the Anchorage School District.

I have been active in the arts community for over 25 years, and have seen, and felt, the ups and downs of the economy's impact on the arts.

Recently, I have been given the opportunity to take part in two major motion pictures that were filmed here in Anchorage: Everybody Loves Whales, and Ghost Visions (aka Beyond)

While my contribution to the film was small, the economic and social impact to the community was tremendous - and very positive.

I am encouraging you to extend your support for Senate Bill 23 and House Bill 67, which will extend the Alaska Film Tax Incentive program.

Oregon is a wonderful example of how tax incentives can bring the film and TV industry into a community, and help drive the economy by offsetting failing-industry income dollars.

Our state needs to be known for more than just oil, seafood, and gold: we need an image and income that will last through the ups-and-downs of non-renewable resources.

I believe that the Film Tax Incentive can play a part in Alaska's future, and I ask that you, too, play a part.

Leif Sawyer
6251 East 112th Ave
Anchorage, AK 99516

<http://imdb.me/LeifSawyer>

From: Donald Schwall [<mailto:buzzschwall@buzzoplex.net>]

Sent: Monday, February 07, 2011 10:54 AM

To: Sen. Johnny Ellis

Subject: film work

Sir,

I must tell you what a great experience the film "Everybody Loves Whales" was. I have been a stage hand in Anchorage for fifteen years and have worked on a number of commercial and film projects. But this level of work has not come my way and the training and experience is still appreciated.

Thank you and your associates for that opportunity. I sincerely hope this initiative will continue.

Thanks

Buzz

Buzz Schwall

[buzschwall@buzzoplex.net](mailto:buzzschwall@buzzoplex.net)

www.buzzoplex.net

-----Original Message-----

From: Daryl Hoflich [<mailto:darylh@gci.net>]

Sent: Saturday, January 29, 2011 4:48 PM

To: Sen. Johnny Ellis

Subject: In support of state film incentives

Please keep the film incentive program going to support this new and renewable sector of our economy.

Sincerely - Daryl Hoflich



Maya Salganek
Asst. Professor/Director Film Studies
University of Alaska Fairbanks
PO Box 755700
Fairbanks, AK 99775-5700
(907) 474-5950
maya@alaska.edu

Senator Johnny Ellis
Chair, Senate Rules Committee
State Capitol, 119
Juneau, AK 99801

February 7, 2011

Honorable Senator Ellis,

Thank you for taking the initiative to introduce Senate Bill 23 to the current legislative session. Extending the film production tax credits for an additional ten years will allow the State to continue developing this industry in a comprehensive fashion. Establishing a workforce, infrastructure, and proving our talents is part of the long-term strategy.

The University of Alaska Fairbanks has actively been working with film industry partners since 2007 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.

UAF Film students have been funded by the National Science Foundation 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.

The Alaska State Film Tax Incentives are the first step in attracting established film companies, producers, directors, and talent to Alaska. In so doing, they are providing local Alaskans opportunities to not only work on the set, but also provide services in direct support of productions. From hotels and restaurants to transportation and equipment, ripples are cast wide when a film comes to town.

It takes several years to develop a film production from concept to screen. We have really only seen two years to prove what could be done in our state with the incentive program in place. Once the timeline is extended, more filmmakers will commit to developing their projects here and we will see a surge in productivity and revenue as a result.

The film industry is a green, renewable, and lucrative industry to attract to our state. The benefits of tax incentive programs have been proven; New Mexico, North Carolina, New Orleans, and Michigan have seen substantial revenue growth due to the film industry presence.

Fortunately for us, Alaska is ALASKA! Filmmakers want to share its beauty with the world. Let's help them do that, keep the revenue in state, give Alaskans the jobs, and share our stories with the world.

Thank you for your service to this Great State.

Sincerely,

A handwritten signature in black ink, appearing to read 'Maya Salganek', written in a cursive style.

Maya Salganek
Assistant Professor, Theatre & Director, Film Studies
University of Alaska Fairbanks

Matthew Moser

From: Corrie Young [corrieyoung@me.com]
Sent: Tuesday, February 08, 2011 3:51 PM
To: Sen. Johnny Ellis
Subject: Support SB 23 (HB 67) - Alaska Film Industry Incentives

Dear Senator Ellis:

I support Alaska's growing film industry and acknowledge the positive economic impact it has in our state. Therefore, I wholeheartedly support SB 23 and HB67.

Sincerely,

a 4th generation Alaskan,
Corrie Young
Anchorage, Alaska