

200 WOODS

1 film office that shall be considered qualified expenditures include preproduction,  
2 production, and postproduction expenditures directly incurred in this state that are  
3 directly used in the production, including

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

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

2 (1) the cost of a report or examination prepared for eligibility for the  
3 film production tax credit;

4 (2) postproduction expenditures for marketing and distribution;

5 (3) expenditures not directly attributable to the production;

6 (4) amounts that are later reimbursed, resulting in a reduction in  
7 production costs;

8 (5) amounts that are paid to a person or entity as a result of  
9 participation in profits from the exploitation of the production;

10 (6) costs related to the transfer or use of a film production tax credit  
11 under AS 43.98.030.

12 **Sec. 44.33.238. Regulations.** The film office may adopt procedures and  
13 regulations to carry out its functions under AS 44.33.231 - 44.33.239.

14 **Sec. 44.33.239. Definitions.** In AS 44.33.231 - 44.33.239,

15 (1) "commissioner" means the commissioner of commerce,  
16 community, and economic development;

17 (2) "department" means the Department of Commerce, Community,  
18 and Economic Development;

19 (3) "film" includes television, commercials, and videos;

20 (4) "film office" means the film office created under AS 44.33.231;

21 (5) "producer" means a person who arranges financing for or  
22 supervises the production of a film, video, commercial, or television production or  
23 pilot;

24 (6) "rural area" means a community with a population of 1,500 or less  
25 or a community with a population of 5,500 or less that is not connected by road or rail  
26 to Anchorage or Fairbanks.

27 \* **Sec. 3.** AS 43.98.030; AS 44.33.231(a)(5), 44.33.231(b), 44.33.232, 44.33.233, 44.33.234,  
28 44.33.235, 44.33.236, and 44.33.239(6) are repealed.

29 \* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31 **TRANSITION.** (a) Notwithstanding secs. 3 and 5 of this Act, the film office shall

1 award a tax credit to a film production that has submitted a production cost report under  
2 AS 44.33.235(d), enacted by sec. 2 of this Act, before July 1, 2013.

3 (b) A film production tax credit may be used to offset taxes imposed under AS 43.20  
4 (Alaska Net Income Tax Act) or sold, assigned, exchanged, conveyed, or otherwise  
5 transferred, in whole or in part, within three years after being provided by the Department of  
6 Revenue under AS 43.98.030, enacted by sec. 1 of this Act, notwithstanding the repeal of  
7 AS 43.98.030 in sec. 3 of this Act.

8 \* Sec. 5. Section 3 of this Act takes effect July 1, 2013.

# FISCAL NOTE

**STATE OF ALASKA**  
**2008 LEGISLATIVE SESSION**

Fiscal Note Number: 3  
 Bill Version: CSSSSB 230(FIN)  
 (S) Publish Date: 2/29/08

Identifier (file name): CSSSSB230(LC)-DOR-TAX-2-19-08 Dept. Affected: Revenue 04  
 Title: Film Office / Film Production Tax Credit RDU: Taxation and Treasury  
 Sponsor: Senators Ellis, Stevens, Davis, Dyson Component: Taxation and Treasury  
 Requester: (S) Labor & Commerce Component Number: 2476

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

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

1002 Federal Receipts								
1003 GF Match								
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2008) cost: 0.0

**POSITIONS**

Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

See attached.

Prepared by: Dan Stickel, Economist  
 Division: Tax  
 Approved by: Jerry Burnett  
Department of Revenue

Phone (907) 465-3279  
 Date/Time 2/19/08 12:00 AM  
 Date 2/19/2008

## FISCAL NOTE # 3

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

BILL NO. CSSSSB 230(FIN)

### ANALYSIS CONTINUATION

#### **Bill Language:**

This bill will create a tax credit, applicable against corporate income tax liability, for certain film production activities in the state of Alaska. Features of the credit include:

- Base tax credit equal to 30% of qualified production expenditures
- An additional 10% credit for qualified wages paid to Alaska residents
- An additional 2% credit for qualified expenditures made in a rural area
- An additional 2% credit for qualified expenditures made between October 1 and March 30
- Unused credits may be transferred or carried forward for future liability

The credit is available only if certain conditions are met: the film producer must have over \$50,000 in qualified expenditures in Alaska, and the production must be approved by the Film Office of the Department of Commerce, Community and Economic Development. The credit is targeted by way of excluding several categories of film production. The following categories of film production would not be eligible for the credit: News, weather and current events programming; financial, talk or game shows; productions intended primarily for industrial, corporate, institutional or internal purposes; sports events or programs; gala presentations or awards shows; infomercials and productions that solicit funds; political advertisements; and sexually explicit productions.

Alaska will join a growing number of states that have a film production tax credit. According to an April 2007 article in "The Hollywood Reporter," there were 31 states with film production tax credits at that time, with several others considering the credits.

Film production tax credits vary between states, with the most generous as of April 2007 being Connecticut's 30% transferable credit on all production expenses over \$50,000 with no cap on the amount of the credit. Like Connecticut's credit, Alaska's proposed credit would be transferable, requires \$50,000 in eligible expenses, and has no cap. Alaska's 30% base tax credit can be augmented by the additional 10% credit for Alaska resident payroll, 2% credit for rural expenditures and 2% credit for off-season production. Alaska's credit will therefore be one of the most generous in the nation in terms of the percent of qualified production expenditures.

#### **Revenues:**

While the revenue impact of this bill is indeterminate, we believe that it is likely that the revenue impact will be negative to the state. It is not possible to estimate the amount of liability that could be generated or offset by this credit because we do not know the value of current eligible film production expenditures in the state, the amount of new eligible expenditures that might be attracted to the state, or the ownership of the companies that will be producing films in the state.

Based on our discussions with film industry groups and other states, production expenses are typically incurred by a Limited Liability Corporation (LLC) formed for the purpose of film production, with profits flowing to the owners of the LLC. Under Alaska state law, LLCs are treated as partnerships and not subject to corporate income tax. Income or loss will flow through to the LLC's owners. Owners of LLCs can include C-corporations, S-corporations, partnerships and individuals. Under Alaska law, S-corporations, partnerships and individuals are not subject to state income taxation. To the extent the eligible LLC passes income through to these non-taxable entities, Alaska will receive no compensating tax revenue. Similarly, to the extent the LLC incurs losses, Alaska would receive no compensating tax revenue. To the extent that C-corporations hold an ownership interest in the LLC, these corporations will pay Alaska tax. However, it is likely that the LLCs will be organized to minimize the overall tax liability.

Corporate income tax is paid in four quarterly installments throughout the tax year, plus a payment with return in March of the following year. We anticipate that eligible companies will adjust their payments beginning in FY 2009 to account for the impact of the new film production tax credit.

#### **Expenditures:**

We anticipate that this credit can be implemented in the Department of Revenue using existing staff and resources. Most of the work related to credit approval and determinations will be made by the Department of Commerce, Community and Economic Development.

# FISCAL NOTE

2008 LEGISLATIVE SESSION

Fiscal Note Number: 4  
 Bill Version: CSSSSB 230(FIN)  
 (S) Publish Date: 2/29/08

Identifier (file name): SB230SSCS(FIN)-CED-OED-02-28-08 Dept. Affected: DCCED  
 Title: Film Office/Film DU Comm Assist & Ec Dev (405)  
Production Tax Credit Component: Office of Economic Development  
 Sponsor: ELLIS, Stevens  
 Requester: Senate Labor & Commerce Component Number: 2743

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

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
Personal Services	150.0	25.0	175.0	175.0	175.0	175.0	175.0	175.0
Travel	20.0	3.0	23.0	23.0	23.0	23.0	23.0	23.0
Contractual	100.0	5.0	105.0	105.0	105.0	105.0	105.0	105.0
Supplies	5.0		5.0	5.0	5.0	5.0	5.0	5.0
Equipment	15.0		15.0	15.0	15.0	15.0	15.0	15.0
Land & Structures								
Grants & Claims								
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>290.0</b>	<b>33.0</b>	<b>323.0</b>	<b>323.0</b>	<b>323.0</b>	<b>323.0</b>	<b>323.0</b>	<b>323.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( 1004 )</b>	**	**	**	**	**	**	**	**
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	290.0	33.0	323.0	323.0	323.0	323.0	323.0	323.0
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</b>	<b>290.0</b>	<b>33.0</b>	<b>323.0</b>	<b>323.0</b>	<b>323.0</b>	<b>323.0</b>	<b>323.0</b>	<b>323.0</b>

Estimate of any current year (FY2008) cost: 0.0

**POSITIONS**

Full-time	2.00	0.25	2.25	2.25	2.25	2.25	2.25
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

This legislation would create a transferable tax credit to be applied to certain film production expenditures made in Alaska and establishes a film office in the Department. The base tax credit would be 30% of qualified expenditures with an additional 10% of qualified expenditures that are Alaska wages, an additional 2% for expenditures made in a rural area, and an additional 2% for expenditures made in the state between October 1 through March 30. The minimum spending amount would be set at \$100.0 within a 24 month period. There would be no maximum amount of credit that can be taken. The tax credit provisions sunset on July 1, 2013.

Prepared by: Joe Austerman, Manager  
 Division: Office of Economic Development  
 Approved by: Emil R. Notti, Commissioner  
Commerce, Community, and Economic Development

Phone: 907 269 4568  
 Date/Time: 2/28/08 5:50 PM  
 Date: 2/28/2008

STATE OF ALASKA  
2008 LEGISLATIVE SESSION

BILL NO. CSSSSB 230(FIN)

**ANALYSIS CONTINUATION**

Duties of the office would include: Cooperating with the private sector to expand the film production industry; promoting Alaska as a film location; providing production assistance through connecting filmmakers with Alaska location scouts, services and contractors; certifying and promoting a production internship training program in ; administering the incentive program; and preparing an annual report to the legislature.

To fulfill the duties established in the bill, the Department would keep the one-quarter existing position in the Office of Economic Development to supervise staff, prepare annual marketing and business plans, and help promote the incentive and intern programs. The Department would hire a Development Specialist to fulfill the duties assigned by the legislation and an Administrative Assistant to handle the administrative work associated with implementing the incentive program. As specified in the legislation, the Commissioner of the Department will consider the recommendations of the Alaska Film Group in the selection process. Travel costs are estimated to cover in-state, out-of-state, and international travel for trade shows, visits to production companies, producer familiarization tours, training, meetings with in-state film industry and communities, and to provide production assistance (connecting filmmakers to Alaska contractors). Contractual expenditures would include web site development, marketing plan development, photo purchases, development of a production guide, promotional materials, limited advertising creative and placement, printing, workshops, training, memberships, subscriptions and other film related services.

Change in Revenue: The department is not able to determine the impact the transferable tax credit would have on the general fund. Unknown are the number of productions that would apply for the transferable tax credit and the amount that qualified producers would spend in the state.

# LEGAL SERVICES

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

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## MEMORANDUM

March 10, 2008

**SUBJECT:** Sectional summary of CSSSSB 230(FIN)  
(Work Order No. 25-LS1275N)

**TO:** Senator Johnny Ellis  
Attn: Max Hensley

**FROM:** Alpheus Bullard *AB*  
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.** Adds a new section to AS 43 (Revenue and Taxation) directing the Department of Revenue, in cooperation with the Department of Commerce, Community, and Economic Development (department), to provide a transferable income tax credit that may be used or transferred in whole or in part to certain film producers.

**Section 2.** Adds new sections to AS 44.33 (Department of Commerce, Community, and Economic Development) related to the establishment of an Alaska film office and the administration of a film production incentive program in the state.

**Sec. 44.33.231.** Establishes new duties for the department relating to (1) the promotion, expansion, and development of the film production industry, (2) administration of a film production incentive program, and (3) the appointment of a director to oversee the film office.

**Sec. 44.33.232.** Directs the department, in cooperation with the Department of Revenue, to administer a film production incentive program.

**Sec. 44.33.233.** Provides criteria for a film production's eligibility for a tax credit.

**Sec. 44.33.234.** Directs how a film producer may qualify for a film production tax credit.

Senator Johnny Ellis

March 10, 2008

Page 2

Sec. 44.33.235. Establishes how the department will determine the amount of a tax credit awarded, requires a film producer to provide the film office with a production cost report at the completion of production, and further provides that the department will not seek recourse against a film producer or later holder of a tax credit awarded under the section.

Sec. 44.33.236. Provides what qualified preproduction, production, and postproduction expenditures may be used in determining the amount of the tax credit awarded to a film producer.

Sec. 44.33.238. Allows the department to adopt regulations necessary to carry out its functions under secs. 44.33.231 - 44.33.239.

Sec. 44.33.239. Adds definitions.

Section 3. Repeals all the provisions of the Act except for those elements of the Act's sec. 44.33.231 that pertain to duties of the film office other than the administration of the Alaska film production incentive program.

Section 4. Adds a section to uncodified law providing that the film office will award a tax credit to a film production that has submitted a production cost report before July 1, 2013.

Section 5. Provides that sec. 3 of the act will take effect July 1, 2013.

If you have questions, please do not hesitate to contact me.

TLAB:lmb  
08-053.lmb

# ALASKA STATE LEGISLATURE

Senate Labor and Commerce  
Committee, Chair

•  
Legislative Budget and Audit  
Committee

•  
Senate Rules Committee

•  
Committee on Committees



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SENATOR JOHNNY ELLIS  
SENATE MAJORITY LEADER

## MEMORANDUM

To: Representative Kurt Olson, Chair  
House Labor and Commerce Committee

From: Sen. Johnny Ellis

Date: March 10<sup>th</sup>, 2008

Subject: Explanation of Changes for CSSSSB230 (FIN) am – Work Order 25-LS1275\N .A

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This memo outlines the changes made to the bill by the two Committee Substitutes (Labor and Commerce, Finance) and the amendment made on the Senate Floor to the original Sponsor Substitute. All page and line references are to the Finance CS as amended.

- Title (page 1 line 1 to page 1 line 3)
  - (FIN) Added effective date
- Section 1 (page 1 line 5 to page 2 line 7)
  - Sec. 43.98.030 **Film production tax credit** (page 1 line 6 to page 2 line 7)
    - (FIN) Added three-year deadline to use tax credits
- Section 2 (page 2 line 8 to page 6 line 27)
  - Sec. 44.33.231 **Duties** (page 2 line 10 to page 3 line 2)
    - (L&C) Redefined duties of the Film Office to avoid encroaching on private industry while maintaining utility to producers
    - (L&C) Allowed the Film Office to certify multiple internship programs and added the duty to promote the use of interns among qualified productions
    - (FIN) Added requirement for commissioner to consider individuals suggested by the Alaska Film Group when selecting the director of the Film Office
  - Sec. 44.33.233 **Eligibility** (page 3 line 8 to page 3 line 22)
    - (FIN) Raised minimum spending level from \$50,000 to \$100,000 and added a 24-month deadline
    - (L&C) Removed requirement that productions employ certified interns
    - (L&C) Clarified definition of obscenity to refer to federal definition
    - (FIN) Deleted exclusion of financial, talk or game shows; sports events or sports programs; and gala presentations or awards shows
    - (FLR) Excluded commercials not for national distribution

- **Sec. 44.33.234 Qualification for film production tax credit (page 3 line 23 to page 4 line 4)**
  - (L&C) Removed requirement for a distribution plan in order to maintain eligibility for independent productions which generally do not have a plan until after production
- **Sec. 44.33.235 Award of film production tax credit (page 4 line 5 to page 4 line 28)**
  - (L&C) Increased tax credit rates from 25% to 30% base rate and from 1% to 2% for rural and winter bonus rates based on conversations with production consultants that previous numbers were not high enough to attract substantial investment
  - (L&C) Changed requirement for audited production cost report to requirement for a production cost report verified by an independent CPA and specified duties for the verification of spending by an independent CPA
- **Sec. 44.33.236 Determination of qualified expenditures (page 4 line 29 to page 6 line 12)**
  - (L&C) Clarified definition of total payroll
  - (L&C) Added cost of infrastructure project to list of qualified expenditures
  - (FIN) Added cost of state or municipal vehicle and lodging taxes to list of qualified expenditures
  - (L&C) Conforming change to disallow costs of spending verifications instead of audits
  - (L&C) Clarification of reimbursed costs which are disallowed in order to maintain credit for legitimate costs
  - (FIN) Disqualified cost of payroll for anyone making over \$2,000,000 per year
  - (FLR) Clarified disqualification of high earners to qualify the first \$2,000,000 in payroll per production
- **Sec. 44.33.237 Alaska film production internship training program (deleted)**
  - (L&C) Deleted statutory link between the internship program and the University of Alaska
- **Sec. 44.33.239 Definitions (page 6 line 15 to page 6 line 27)**
  - (FIN) Defined "department" as the Department of Commerce, Community, and Economic Development and "commissioner" as the commissioner of that department
  - (L&C) Changed definition of producer to include production of television pilots
  - (L&C) Conforming change to definition of rural area to match language in other statutes
- **Sec. 3 and 4 (page 6 line 28 to page 7 line 9)**
  - (FIN) Adds a five-year sunset to the Film Incentive Program

# ALASKA STATE LEGISLATURE

Senate Labor and Commerce  
Committee, Chair

Legislative Budget and Audit  
Committee

Senate Rules Committee

Committee on Committees



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SENATOR JOHNNY ELLIS  
SENATE MAJORITY LEADER

## MEMORANDUM

To: Representative Kurt Olson, Chair  
House Labor and Commerce Committee

From: Sen. Johnny Ellis

Date: March 10<sup>th</sup>, 2008

Subject: Transferable Tax Credits

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This memo describes the process by which the transferable tax credits in SB230 provide an incentive to the film industry. This process is similar to the capital and exploration credits in the recent oil valuation legislation and the capital credits for salmon products, the renewal of which is currently in front of the legislature. 12 other states, including Louisiana, Connecticut, and Massachusetts, offer transferable tax credits for film production.

- A production company submits an application for tax credits to the Film Office
  - The application must include information about the production and their spending plans
- If approved, the Film Office issues a pre-certification letter with an estimated amount of the tax credits which will be issued upon completion of the production
  - This letter can be used as collateral for loans or other financing, which provides an important cash flow for smaller, independent productions
- The production is filmed
- Upon completion of the production, the producer submits a cost report that has been verified by an independent CPA
- The Film Office issues the credit
- The producer uses the credit against its corporate income tax liability or, through a broker, markets the credit to an Alaskan corporate taxpayer
  - Prices for credits will vary, but in other states they are generally sold for around \$.90 on the dollar

On average, about 40% of the costs of a production will be spent on location. Assume a film with a total budget of \$8 million (a smaller feature film) that spends \$3 million in Alaska, including \$1 million in local payroll. That project would receive a credit worth \$1 million: 30% of the base investment for \$900,000 as well as an additional 10% on Alaska payroll for \$100,000.

**Bill gives filmmakers incentive to shoot here**  
**HOLLYWOOD'S COLD SHOULDER**

By WESLEY LOY  
 wloy@adn.com

(02/22/08 00:10:02)

JUNEAU -- No place in the world is more photogenic than Alaska, yet the state is blowing the scene when it comes to attracting a film industry potentially worth millions to the local economy, a state lawmaker says.

That's why Sen. Johnny Ellis, D-Anchorage, is sponsoring legislation to try to lure movie producers and their dollars -- and halt what he calls an appalling trend of pictures set in Alaska being shot in places like British Columbia and Louisiana.

Senate Bill 230 would grant state corporate income tax breaks of 30 percent or more against amounts producers spend within the state making movies. The bill is scheduled for a 9 a.m. hearing today before the powerful Senate Finance Committee.

Lots of other states offer such incentives to get the cameras rolling, and Alaska is losing out on an opportunity to create jobs and sales for local vendors, said Ellis, the Senate majority leader.

"If I've heard it once I've heard it a thousand times in this Legislature: What we need to do is diversify our economy," he said.

To Ellis and supporters of his bill, it's ridiculous that movies purportedly set in Alaska such as Kevin Costner's Coast Guard rescue drama "The Guardian" and last year's Arctic vampire thriller "30 Days of Night" were filmed not in Kodiak or Barrow, where they were set, but mostly in Louisiana and New Zealand.

For filmmakers to shoot more than just scenery or "establishment" shots in Alaska, the state must match business incentives other places offer to the film industry, bill supporters say.

Alaska is one of only five states without some sort of an industry incentive program despite its picture-perfect tidewater glaciers and majestic mountains, Ellis said.

And other states such as Texas and New Mexico have film offices with up to 11 employees and million-dollar budgets, while Alaska's film office has dwindled to one employee who spends only a quarter of her time fielding questions from the industry, according to research Ellis has pulled together.

The tax breaks his bill would offer wouldn't benefit filmmakers directly. That's because producers typically set up limited liability companies for each project, and these LLCs don't pay corporate income tax in Alaska.

So the bill provides that filmmakers could sell their credits to any Alaska firm with a corporate income tax liability. Here's how it would work: Blockbuster LLC receives a \$1 million tax credit from the state for its local costs to build sets, pay actors and haul cameras to locations. The company sells its credit for 90 cents on the dollar, netting \$900,000.

Lots of other places have figured out that such incentives can effectively attract some of the billions of dollars movie and TV producers spend annually, Ellis said.

Veteran players in Alaska's small movie-support industry endorse the senator's bill. They're sure it'll work to attract movie spending.

"We think this industry is just going to rocket because of this tax incentive," said Bob Crockett, an Anchorage location scout who is part of a trade association called the Alaska Film Group.

He said studio people in Hollywood tell him it's no longer location that draws producers, it's the cost environment.

Alaska has "an allure, a mystique" that appeals to script writers and filmmakers, said Deborah Schildt, who runs an Anchorage film support company.

"But sadly, they use that mystique and shoot somewhere else," she said. "We really want Alaska to be on the map. We're like an uncut gem, you know?"

Not everyone thinks SB 230 deserves an Oscar.

"This is a film industry subsidy bill," said Sen. Con Bunde, R-Anchorage.

It vexes him that filmmakers who wouldn't owe corporate income taxes in Alaska could nevertheless receive tax credits. And he notes that state officials estimate it would cost about \$300,000 a year to run a film office with staffers to "jet

around and rub elbows with film moguls."

Plus, he said, the tax breaks would cost the state an unknown amount in lost tax revenue.

Bunde said he also believes the bill's impact might be overstated because Alaska would remain a tough sell for Hollywood filmmakers with its long and expensive plane rides and harsh weather.

As for subsidies, Ellis argues the state gives tax breaks to another rich industry, oil and gas, to try to spur more in-state investment.

Bunde and Ellis agree on one thing, however: Both believe SB 230 has broad appeal in the Legislature and stands a good chance of passage.

Find Wesley Loy online at [adn.com/contact/wloy](http://adn.com/contact/wloy) or call him in Juneau at 907-586-1531.

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## Lights, Camera, Alaska



by Bill McAllister  
Tuesday, Feb. 5, 2008

**JUNEAU, Alaska** -- The recent hit film "Into the Wild" is one of few movies in which Alaska scenes actually were shot here in the state.

Now some lawmakers want to guarantee that the state has sequels to that success.

The recent hit film "Into the Wild" is one of few movies in which Alaska scenes actually were shot here in the state. (Courtesy Paramount)

Senate Labor and Commerce Committee Chairman Johnny Ellis says tax incentives can draw more filmmakers to Alaska and have a major impact in diversifying the economy.



Bob Crockett, a board member of the AK Film Group (Dan Carpenter/KTUU-TV)

Supporters of Ellis' bill say that no place can play Alaska like Alaska.

"Into the Wild," a Sean Penn epic based on the true story of Christopher McCandless, was authentic in its Alaska settings and gave an economic shot in the arm to Cantwell and the Denali Borough.

"They left \$4 million of ground spend in that small community. If you talk to people that worked on that project, particularly during the period of time that they shot it, it was a huge impact to their bottom line," said Bob Crockett, a board member of the AK Film Group.



In another recent hit, the vampire film "30 Days of Night," New Zealand is a stand-in for Barrow. (Courtesy Columbia Pictures)

But "Into the Wild" is not typical. Hollywood has yet to really sink its teeth in here.

In another recent hit, the vampire film "30 Days of Night," New Zealand is a stand-in for Barrow.

And even when the film has Alaska in the title, it probably was shot elsewhere, in this case British Columbia.

"Our Canadian neighbors to the south often are stand-ins for Alaska backdrops for film and production. Right now, there is a production that is set in the town of Sitka, Alaska, that's being filmed in Massachusetts," said Ellis, D-Anchorage. "There will be some photography in Sitka but most of the jobs and economic impact will be the state of Massachusetts."



Sen. Johnny Ellis, D-Anchorage (Dan Carpenter/KTUU-TV)

Ellis' bill would reestablish the Alaska Film Office and provide various tax credits to film and television producers, including 25 percent of expenditure credits against the corporate income tax.

The senator says Alaska is just one of five states that isn't offering breaks to the film industry.

"There's so much conversation about diversifying the economy and not just relying on energy revenues to the state, and this is real money that can be spent here rather than in Vancouver, British Columbia," Ellis said.

Crockett said it comes down to jobs and infrastructure for the state, too.

"It creates an impact for visitors, tourism. There's just a lot of upsides to the bill," he said.

After years of being an understudy to other locations posing as Alaska, the state might finally be ready for its close-up.

"Into the Wild" isn't the only film that used real Alaska locations. So did "Limbo," shot in Juneau a decade ago, and "White Fang," shot in Haines several years before that.

There's also Steven Seagal's "On Deadly Ground."

But more common is the Al Pacino, Hillary Swank and Robin Williams film "Insomnia," set entirely in Alaska but filmed just across the border in British Columbia.

Contact Bill McAllister at [bmcallister@ktuu.com](mailto:bmcallister@ktuu.com)



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National Public Radio  
Day to Day  
November 13, 2007

## Alaskans Irked by Misrepresentation on Screen

ALEX CHADWICK, host:

Here's one thing Hollywood producers can agree on. They love Alaska - spectacular landscape, abundant wildlife, the pioneer mystique. This is a great place to base a film, but often in name only. Actually, most of the movies and TV shows about Alaska are shot somewhere cheaper and warmer.

Now there is word that for a new Disney film starring Sandra Bullock - to be set in the quaint town of Sitka - the role of Alaska will be played by Massachusetts.

Elizabeth Arnold reports from Alaska.

ELIZABETH ARNOLD: The old adage location, location, location is just that - old. It's now all about incentives, incentives, incentives. And Alaska, it seems, is one of the last states to realize this. It's been a painful realization.

Take the Kevin Costner film "The Guardian," for example.

(Soundbite of movie, "The Guardian")

Unidentified Man #1: One hundred miles off the Alaskan coast, six members of a Coast Guard search and rescue team embarked on a mission.

ARNOLD: The movie grossed \$54 million. It was filmed in Shreveport, Louisiana because the state offered the film company a rebate.

Deborah Schildt of the Alaska Film Group.

Ms. DEBORAH SCHILDT (Alaska Film Group): What's really pathetic is when you realize that it reached the point that Shreveport, Louisiana can double for Alaska.

ARNOLD: And that's just one movie Alaska lost out on. There's the Disney movie "Snow Dogs," the Al Pacino thriller "Insomnia"; even a movie called "Alaska," all filmed somewhere else. Last Friday, the film group gathered some concerned Alaskans, politicians, chambers of commerce people, filmmakers and others, to hear why the state with so much to offer is losing out.

Consultant Dama Chasle, formerly with 20th Century Fox, says it takes more than natural beauty to lure Hollywood. She told the group Alaska is one of the few states that doesn't offer some kind of rebate, tax credit, no interest loan or exemption.

Ms. DAMA CHASLE (Consultant): You're not giving any financial incentives right now. You're one of the five that are sitting on nowhere land.

ARNOLD: Canada started courting the film business in the early 1990s, and other countries and states began following suit, competing for production companies the way they used to vie for automobile plants.



Ms. CHASLE: We talked today a little bit about the fact that a vampire movie based in Barrow, Alaska was filmed in New Zealand, which has a 15 percent rebate.

(Soundbite of movie, "30 Days of Night")

ARNOLD: And it's not just movies they're trying to lure; television series can be even more lucrative. (Soundbite of "Northern Exposure" theme music)

ARNOLD: Alaskans were mildly perturbed that the television hit series "Northern Exposure" was filmed in Roslyn, Washington. That was years ago. Still today, tourists visit Roslyn to walk the streets of what's supposed to be an Alaskan town. More recently, Alaska missed out yet again on a TV series supposedly based in Alaska.

(Soundbite of TV series, "Men in Trees")

Unidentified Man #2: And now a sneak peak of the season premiere of "Men in Trees."

Unidentified Man #3: Okay, people, the latest marine weather report still shows the Arctic cyclone passing well to the west of us, but...

ARNOLD: The new "Northern Exposure," "Men in Trees," is being shot in Canada. According to Chasle, the state is missing out on about a million and a half dollars a week for every episode. Jeffrey Begun of Axiom, a film payroll company in Los Angeles, says if Alaska were to offer some kind of rebate and loan program, it could be more than competitive.

Mr. JEFFREY BEGUN (Axiom International): Immediately, a number of studios will jump in because they like to jump with something new and when they're going to get something back on it. And the independents will start coming here. I think there'd be a whole move of people.

ARNOLD: Those attending the meeting hoped to capitalize on the attention the state's received from Sean Penn's recent movie that was shot in Alaska, "Into the Wild." Penn, however, is unusual in that he had a huge budget and was committed to authenticity. The film has generated tremendous interest in the state.

Deborah Schildt with the Alaska Film Group hopes it's a start. She says she's tired of seeing what's special about Alaska being duplicated someplace else.

Ms. SCHILDT: It's like, hey, but that's our quirkiness that you're cashing in on, that's our uniqueness, that's our mystique, and why not us? And we all need to look at that and make steps so that the next "Men in Trees" should be shot here. Our men in trees, our women in trees, our dogs in trees - it's ours.

ARNOLD: Schildt and others aim to introduce incentive legislation in the coming months to lure Hollywood north to the real Alaska.

For NPR News, I'm Elizabeth Arnold in Anchorage.

# LEGISLATIVE RESEARCH REPORT

JANUARY 24, 2008



REPORT NUMBER 08.101

## FUNDING FOR STATE FILM COMMISSIONS

PREPARED FOR SENATOR JOHNNY ELLIS

BY TIM SPENGLER, LEGISLATIVE ANALYST

You asked for information regarding state film commissions. Specifically, you wished to see budgets for film commissions from other states, as well as the Alaska Film Office's budget from the early 1990s forward, if available.

The Association of Film Commissioners International (AFCI) provided us with their 2006 membership profile survey which we include as Attachment A. While this survey does not provide a state by state look at film commission budgets, nor does it identify individual states or countries, it does include general information on budget ranges and employment figures for various film commissions.<sup>1</sup> For example, the survey shows that nearly 60% of respondents identify their budgets (not including salaries) at between \$50,000 and \$250,000. Another relevant table chronicles that more than 73% of film commissions employ between one and five full time staff. Bill Lindstrom, Chief Executive Officer of AFCI, notes that he is not aware of any source that compiles and publishes the budgets of all state film commissions.<sup>2</sup> He believes that the AFCI survey is the most comprehensive available—albeit in aggregate form. We contacted the National Conference of State Legislators, as well as conducting an internet search, and could not locate comprehensive film commission budgetary information in disaggregated form. Therefore, we conducted a telephone survey of a number of state film commissions.

Table 1 contains the information we gathered from our queries. Please note that the budget figures in this table are estimates given to us by staff from each state. Among the states we surveyed (excluding Alaska), Kansas has the smallest estimated annual film commission budget at \$100,000. This is roughly three times more than Alaska's film program budget. Staff in the Texas and New Mexico offices estimated their state's film budget at around \$1.2 million.<sup>3</sup>

<sup>1</sup> Film commissions from 34 states or countries participated in the survey. Sixty four percent of the respondents were from the United States.

<sup>2</sup> Bill Lindstrom can be reached at (307) 637-4422.

<sup>3</sup> According to Carol Pirie, Deputy Director of the Texas Film Commission, nearly half a million of the Texas budget is earmarked for a crew training program. Ms. Pirie can be reached at (512) 637-4422.

**Table I: Film Commission Information from Selected States, 2008**

State	Contact Person	Agency Location	Number of Staff	Estimated Annual Budget
Alabama	Courtney Murphy, Liaison Specialist, Alabama Film Commission, (334) 353-0221	Dept. of Economic Development	4 full time	\$253,000
Alaska	Caryl McConkie, Tourist Program Manager, (907) 465-5478	Dept. of Commerce and Economic Development	1/4 time position	\$33,000
Iowa	Tom Wheeler, Manager, Iowa Film Office, (515) 242-4726	Dept. of Economic Development	1 full time	\$125,000
Kansas	Peter Jasso, Manager, Kansas Film Office, (785) 256-8151	Dept. of Commerce	1 full time	\$100,000
Montana	John Ansoategui, Location Coordinator, Montana Film Office, (800) 553-4563	Dept. of Commerce	4 full time	\$400,000
New Mexico	Jennifer Schwalenberg, Deputy Director, New Mexico Film Office, (505) 476-5600	Dept. of Economic Development	11 full time and contract	\$1,200,000
North Carolina	Aaron Syrett, Director, North Carolina Film Office, (866) 468-2273	Dept. of Commerce	4 full time	\$700,000
Oregon	Bob Schmaling, Senior Project Manager, Oregon Film and Video, (503) 229-5832	Governor's Office	5 fulltime, 1 part time	\$480,000
Texas	Carol Pirle, Deputy Director Texas Film, (512) 463-9200	Governor's Office	9 full time, 2 contract	\$1,200,000
Vermont	Joe Bockin, Executive Director, Vermont Film Commission, (802) 828-3618	Dept. of Tourism	1 full time, 1 part time	\$200,000
Washington	Suzy Kellett, Manager, Washington Film Office, (206) 256-6151	Dept. of Economic Development	2 full time	\$240,000
West Virginia	Pam Haynes, Manager, WV Film Office, (304) 558-2200	Dept. of Commerce	3 full time	\$360,000
Wyoming	Michelle Howard, Manager, Wyoming Film Office, (800) 458-6657	Dept. of Tourism	2 full time	\$300,000

Notes: All information in this table was provided by the individuals listed in contact column. Budget figures are estimates. States were selected to represent a geographic sampling. All states in the table, except Alaska, provide some level of incentives for filming in their state.

Unfortunately, there are no historical budget data available for the Alaska Film Program (formerly the Alaska Film Office) aside from the figures for the last few fiscal years. Table 2 enumerates film program expenditures from fiscal year 2005 through fiscal year 2008. Caryl McConkle, tourist program manager in the Office of Economic Development (DCED), oversees film development activities.<sup>4</sup> Ms. McConkle explained that for many years the Film Office was located within the Division of Tourism. Because there were not separate line items for the Film Office in the Division's budget, the funding history cannot be tracked. Phil Bennett, DCED's fiscal manager who has been with the Department since the mid-1980s, confirmed that the Film Office's historical budgetary data are not available.<sup>5</sup>

**Table 2: Alaska Film Program Expenditures, Fiscal Years 2005-2008**

Program Components	FY 05	FY 06	FY 07	FY 08
Staff Salary <sup>(a)</sup>	\$ 23,000	\$12,600	\$25,000	\$25,000
Training	\$0	\$800	\$800	\$800
Travel	\$1,500	\$3,000	\$3,000	\$3,000
Trade Show	\$1,000	\$2,000	\$2,500	\$2,500
Memberships	\$500	\$500	\$500	\$750
Supplies	\$0	\$500	\$500	\$500
Printing	\$0	\$0	\$500	\$500
Equipment	\$0	\$750	\$0	\$0
<b>Total</b>	<b>\$26,000</b>	<b>\$20,150</b>	<b>\$32,800</b>	<b>\$33,050</b>

**NOTES:** Expenditures are estimates.

(a) Twenty-five percent of one full time position is dedicated to the Alaska Film Program. Salaries include benefits. In FY 06, the staff position was filled for only six months of the year.

**SOURCE:** Caryl McConkle, tourism program manager, Office of Economic Development, Alaska Department of Commerce, Community, and Economic Development, (907) 465-5478.

I hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.

<sup>4</sup> Caryl McConkle can be reached at (907) 465-5478.

<sup>5</sup> Phil Bennett is currently out of the office but can be reached in February 2008 at (907) 465-5445.

## **TV show heats up king crab market**

**'DEADLIEST CATCH': A restaurant chain will credit the Time Bandit.**

By MARGARET BAUMAN  
Alaska Journal of Commerce  
(01/22/08 00:56:47)

Greater domestic retail demand, due in large part to a popular cable television series, has led to solid markets continuing for wild Alaska red king crab in the early days of 2008.

"If you are a buyer and need king crab right now, I couldn't tell you where to go and get it," said Dave Keen, a wholesale crab marketer with the Crab Broker, a major domestic distributor of high-end seafood.

At this point, with the king crab season all but over in Alaska waters, if you don't have a business relationship with one trader or another, it's certain that you will not be able to buy No. 1 red king crab, Keen said.

The snow crab harvest, meanwhile, was under way in earnest this month, with a number of processors posting an advance price of \$1.58 a pound, compared with about \$1.50 a year ago, said Greg White, a negotiator for the Inter Cooperative Exchange, which represents the bulk of Bering Sea king and snow crab harvesters.

Since the king crab harvests began in mid-October, vessels have harvested nearly all of the allowable catch of about 20 million pounds of wild king crab, according to reports compiled by the state Department of Fish and Game.

The popularity of the domestic red king crab has been so greatly enhanced by the "Deadliest Catch" cable television series that one major restaurant chain will be adding the name of the vessel that harvested its entrees to its menu, Keen said.

After representatives of the Oceanaire chain met captains of the crab vessel Time Bandit, the Crab Broker was able to purchase for the chain crab harvested by the vessel, he said.

Oceanaire, which normally buys on a spot basis, placed a large order this year for frozen as well as fresh king crab, Keen said, citing the contract as an example of the growing retail interest in wild Alaska king crab.

"Our business is selling crab throughout the year," he said. "The season starts in mid-October. Last year we ran out of crab about a month and a half before the start of the new season. We are thinking that because of demand that we may run out again."

Wholesale prices for the wild Alaska king crab are up about \$1 a pound because of the higher demand.

This year buyers paid \$8.95 for crab delivered to the dock in Seattle, compared with about \$7.65 a pound a year ago, he said. If there had been more competition from Russian king crab from the Barent Sea, prices would have been lower for the Alaska crab.

With this year's allowable snow crab quota at about 63 million pounds, compared with about 36 million pounds a year ago, White said he expects it to be a good season, despite diminished capacity in the processing sector.

"It will all get caught, because we got off to an early start," he said.

Snow crab fisheries normally begin to pick up about Jan. 15, when the snow crab have good infill, and the fishing continues through May, White said.

Last year only about 17 percent of the harvest went to Japan, but White said he expects Japanese buyers to take a higher percentage this year.

"Sometimes the Japanese market is stronger; sometimes the U.S. is stronger," he said.

While harvesters are not happy with the current posted advance price, "It's a fair price to go fishing for," he said.

Even with the anticipated robust harvest, Alaska harvesters and processors are eager to produce as much as possible before May. The Eastern Canada snow crab fishery, which produces about 200 million pounds of snow crab, begins in April, and prices become more competitive as May approaches.

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## 'Into the Wild' likely to inspire Alaska travel, contest entries

FAIRBANKS, Alaska (AP) — The new movie *Into the Wild* tells the story of Christopher McCandless, a young adventurer who wandered across the continent and died in the Alaskan wilderness in 1992 at the age of 24.

Fans of the movie may be inspired to visit some of the locales and landscapes featured in the film. You can even enter a contest to win a trip to Fairbanks, Alaska, part of a joint promotion between the movie and the Fairbanks Convention and Visitors Bureau, at <http://www.intothewild.com/>. (Click on "Adventure" for the entry form; the contest ends Oct. 26.)

But the *Fairbanks Daily News-Miner* reports that local tourism officials are also concerned about insuring the safety of tourists who might come on their own seeking to see the abandoned bus near Denali National Park in Alaska where McCandless died. The remote site is out of cellphone range, reachable only by hiking the Stampede Trail and fording the Teklanika River.

The newspaper reported that Fairbanks tourism officials plan to include an article about the book, movie and trail in an upcoming 2008 visitors guide, but that the article will include a cautionary note about potential dangers.

Alaska is only one of many places featured in the film, directed by Sean Penn and starring Emile Hirsch as McCandless. Scenes from the movie include shots of Hirsch camping in the Gran Desierto de Altar, part of Mexico's Sonoran Desert; taking a tram to California's San Jacinto Peak; visiting a bar in Carthage, S.D.; kayaking Colorado River rapids, and crossing the raging Teklanika River. A clickable map at <http://www.intothewild.com> offers shots from the film, links, and information about McCandless' odyssey.

Meanwhile, in a press release entitled "'Into the Wild' (and back again safely)," the Alaska Travel Industry Association is promoting trip ideas that offer a taste of adventure "with the assurance of survival."

The options include staying at one of Denali Park's lodges — Camp Denali, Northface Lodge, Denali Backcountry Lodge or the Kantishna Roadhouse; a floatplane trip to a bear-viewing site in Katmai National Park; glacier-trekking in Wrangell-St. Elias National Park, and visiting Gates of the Arctic National Park, which is accessible only by air and averages fewer than 5,000 visitors a year.

Another option for an unusual Alaska adventure is a new tour from the Travcoa company, which is offering an eight-day trip, Feb. 27-March 5, built around the famed Iditarod Trail Sled Dog Race. The trip — \$5,995 a person — takes an inside look at the life of a musher and includes stops at a wilderness lodge and a race checkpoint. Details at <http://www.travcoa.com>.

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Forbes magazine

1/29/08

## How Does It End?

As the dollar falls, Hollywood falls in love again with making movies in the U.S. But spurned Canada fights back.  
By Chaniga Vorasarun

**L**AST JULY MARK CUBAN and Todd Wagner's 2929 Productions began scouting locations for "The Burning Plain," starring Charlize Theron. With its overcast skies—not to mention 18% film tax credit—Vancouver

seemed the perfect backdrop for the mother-daughter-relationship drama. But one month earlier Oregon, with its similarly rainy backdrop, doubled its tax rebate on film expenditures—such as hotel rooms and coffee for the



Border wars: actress Charlize Theron, director Guillermo Arriga.

crew—to 20%. At the same time, the U.S. dollar was falling fast against the Canadian dollar. When the loonie surpassed the greenback for the first time in 30 years in September, the

movie's producers made the call to film in Oregon. After factoring in the exchange rate, they figured it would cost \$200,000 less to shoot there. Filming started in Portland in

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## Outfront

November. "The weak dollar has taken Canada out of the mix for the most part," says Michael Upton, a senior vice president at the Los Angeles firm.

Ten years ago Canada started wooing U.S. film producers with tax incentives and a favorable exchange rate. That did the trick: Spending on film production in Canada grew from \$430 million to \$1.2 billion. But now the plotline has taken a turn, and as the U.S. dollar heads south, so, too, are

film crews. The weak dollar is the big factor, of course, but states including Massachusetts, Utah and Mississippi sweetened deals with beefed-up tax breaks last year.

The motion picture association of British Columbia—the largest film production center in Canada—estimated the province's 2007 revenues dropped by 23% to \$1 billion from the previous year.

Canadian. are not going down without a fight. In No-

vember British Columbia's motion picture association said its crews would accept the U.S. dollar at par for work on American productions if and when the Canadian dollar surges ahead of the greenback. The province also extended its 18% tax credit—due to expire this year—until 2013. More remote Canadian locales are going to even greater extremes. In September Halifax said it was increasing its tax credit to 50%, up from 35%. In rural Nova

Scotia the rate jumped to 60%.

Vancouver's Insight Films, the country's largest studio unit, "flashed with a big production company, is even willing to take a hit. At the U.S. dollar's low point in September, Chief Executive Kirk Shaw locked in an 88-cents-to-the-Canadian-dollar rate—a loss of 12 cents for every dollar spent at that time. "Everybody in Hollywood is going to be redoing the math about where to shoot," Shaw says.

# New Tax Break Spurs Film Production in State

By C.J. HUGHES

**T**HE New Haven Green, with its paths, lawns and trees, can't be a recent impression of Central Park, which is why the makers of "The Bronx Is Burning" — a cable television mini-series about the 1977 Yankees — filmed scenes there last year. New London, Norwich, Waterford and Meriden also stood in for New York. Among other places, the state's scenic beauty and diverse rolling hills and wooded hillsides have become a national premiere sky.

At its new air train — the largest of its type in the country, state officials say — the state is attracting more film production. In July 2006, moviemakers who spend \$50,000 can deduct their tax bills by 30 percent, putting Connecticut in direct competition with states like North Carolina, New Mexico and Louisiana, which have become popular alternative locations to the traditional hubs of California and New York.

Although the state's incentives have been in place for seven and a half years, it already seems to be working some magic. In Bloomington, "Reservation Road," a major Hollywood production, spent \$10 million in Connecticut to shoot the tax break. In Bloomington, which stars Ving Rhames, chose sites in New Haven and Norwalk, while "Reservation Road" shot with a main production in the local spots for Stamford.

Spring approaches. Lions Gate, Warner and Disney are talking to state officials about bringing their projects to Connecticut, said Heidi Hamilton, director of the film division of the State Commission on Culture and Tourism.

"It's premature to do any name-dropping at this point, but we're getting phone calls and inquiries now from studios we've never heard from before," Ma Hamilton said. "It signals that we're doing the right thing."

Producers declined to say how much they saved by shooting in the state. Giving corporations any kind of tax breaks — especially as high as 30 percent — can often elicit fierce opposition. Yet in Connecticut, naysayers have seemed relatively quiet.

The before-and-after figures may offer an explanation.



Extras head to the state's costumed villages for the cast of "The Bronx Is Burning."

**Calls come in from studios never heard from before.**

Before last year, movie production spent \$1 million a year in Connecticut. (The pivotal showdown in the "War of the Worlds" in 2005, for example, was filmed at a former tire factory in Naugatuck, and in Friday the 13th Part 2, Jason Voorhees stalked around North Spot Lake in Kent. Still, Connecticut's on-screen legacy is conspicuously limited.)

Last year, in contrast, moviemakers spent \$52 million in the state — including hotel rooms, rental cars, offices and security guards — with everything but \$700,000 being spent after July 1, according to Ma Hamilton.

"Without the tax break, we wouldn't have gotten that money," she said.

For their part, producers said Connecticut offers benefits that are hard to quantify, like its proximity to New York City. Actors are more likely to accept a role if they can drive home at night, said Ron Semlao, a senior vice president of ESPN Original Entertainment, which is producing "The Bronx Is Burning."

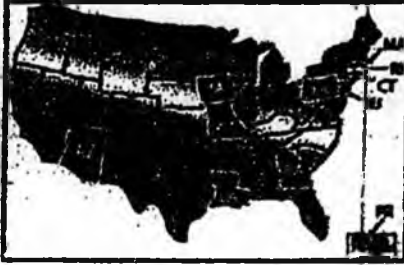
"We would seriously consider filming in the state again," Mr. Semlao said. "It was a terrific experience."



ON LOCATION: Scenes from "The Bronx Is Burning" filmed at Dodd Stadium in Norwich.

**States with Tradeable Film Tax Credits**

Arizona  
Connecticut  
Georgia  
Illinois  
Iowa  
Louisiana



Massachusetts  
Missouri  
New Jersey  
Pennsylvania  
Puerto Rico  
Rhode Island

[Click On State For Info](#)

[View Our State By State Comparison Chart](#)

**TRADEABLE TAX CREDITS: STATE-to-STATE COMPARISON (Updated 08-07-2007)**

STATE	INCENTIVE TYPE	PERCENT	PROGRAM SIZE	CARRY-FORWARD PERIOD	DEFERRED PERCENT	REQUIRE BUYER?	ELIGIBLE TAXPAYERS	FOR MORE INFORMATION VISIT THE WEBSITE
ARIZONA	FILM	10-20% <small>Additional benefit on budget</small>	\$40 MILLION <small>cap of \$70 million by 08-01-2008 (to cap of \$100 million per yr.)</small>	5 YEARS	100%	NO  <small>See NOTE 1</small>	CORPORATE, INDIVIDUAL	<a href="http://www.aztaxcredits.com/">http://www.aztaxcredits.com/</a>  Title 43, Indiv. Income Tax (Ch. 10) and Corp. Income Tax (Ch. 11)
CONNECTICUT	FILM	20%	UNLIMITED	3 YEARS	100%	NO  <small>See NOTE 1</small>	CORPORATE, INDIVIDUAL	<a href="http://www.com.ct.gov/2007/ACT/PA/2007PA-00036-00018-00000-PA.htm">http://www.com.ct.gov/2007/ACT/PA/2007PA-00036-00018-00000-PA.htm</a>  Public Act 07-236
GEORGIA	FILM	9% to 12% <small>later dependent</small>	UNLIMITED	5 YEARS	100%	YES	CORPORATE, INDIVIDUAL	<a href="http://www.taxcredits.com/GA-Law.pdf">http://www.taxcredits.com/GA-Law.pdf</a>  Corp, Individual and wh. 46-3-12 and 46-7-40.26
ILLINOIS	FILM	20% production	UNLIMITED	5 YEARS	100%	NO  <small>See NOTE 1</small>	CORPORATE, INDIVIDUAL	<a href="http://www.taxcredits.com/IL-Law/2007/2007PA-00036-00018-00000-PA.htm">http://www.taxcredits.com/IL-Law/2007/2007PA-00036-00018-00000-PA.htm</a>  Chapter 281 sections A and B
IOWA	FILM	25%	TBD	TBD	TBD	TBD	ALL TAXPAYERS	<a href="http://www.taxcredits.com/IA-Law.pdf">http://www.taxcredits.com/IA-Law.pdf</a>
LOUISIANA	FILM	20% to 25%	UNLIMITED	10 YEARS	100%	NO	CORPORATE, FIDUCIARY, FRANCHISE, INDIVIDUAL	<a href="http://www.louisiana.com/business/2007/2007PA-00036-00018-00000-PA.htm">http://www.louisiana.com/business/2007/2007PA-00036-00018-00000-PA.htm</a>
MASSACHUSETTS	FILM	20%	UNLIMITED	1 YEARS	100%	NO <small>See NOTE 1</small>	ALL TAXPAYERS	<a href="http://www.taxcredits.com/MA-Law.pdf">http://www.taxcredits.com/MA-Law.pdf</a>  Chapter 62 and 63
MISSOURI	FILM	20%	\$165 MILLION	1 YEARS	100%	NO  <small>See NOTE 1</small>	CORPORATE	<a href="http://www.missouri.gov/2007/2007PA-00036-00018-00000-PA.htm">http://www.missouri.gov/2007/2007PA-00036-00018-00000-PA.htm</a>  Chapter 142 (excluding 142.191 - 142.261) and Chapter 148
NEW JERSEY	FILM	20%	\$10 MILLION	7 YEARS	50%	NO  <small>See NOTE 2</small>	CORPORATE	<a href="http://www.nj.gov/2007/2007PA-00036-00018-00000-PA.htm">http://www.nj.gov/2007/2007PA-00036-00018-00000-PA.htm</a>  P.L. 1995, c.101 (S.10A-1) et seq Writing Governor's Response to increase cap to \$1 Billion
PENNSYLVANIA	FILM	25%	\$75 MILLION	NO	50%	NO  <small>See NOTE 1</small>	CORPORATE	<a href="http://www.taxcredits.com/PA-Law.pdf">http://www.taxcredits.com/PA-Law.pdf</a>
PURTO RICO	FILM	40%	\$15 MILLION	1 YEARS	100%	NO	CORPORATE	<a href="http://www.puertorico.com/PR-Law.pdf">http://www.puertorico.com/PR-Law.pdf</a>
RHODE ISLAND	FILM	25%	UNLIMITED	1 YEARS	100%	YES	CORPORATE, INDIVIDUAL, PREMIUM	<a href="http://www.rhodeisland.com/RI-Law.pdf">http://www.rhodeisland.com/RI-Law.pdf</a>  RI General Laws Title 44, Chapter 11, 14, 17, 30

NOTE 1: CPA certified financials must be provided by production company

NOTE 2: Proposed bill awaiting Governor's signature

From Council of State  
Governments (CSG)  
magazine Oct. 2007

# IT'S CARBON ACTION!

The Southern states, led by Louisiana, have been successful in luring Hollywood production companies through various incentives. The payoffs are not only economic, but also through increased tourism.

By Sujit M. CanagaRetna

Photo: Bill Heston  
on the set of The  
Bourne Ultimatum  
in LA

Photo: Grant A. Greenfield  
Video & Music Office

For more than a century, the motion picture industry—symbolized by Hollywood—has been recognized internationally as an American phenomenon.

Ever since 1891, when Thomas Alva Edison and his British assistant, William Kennedy Laurie Dickson, invented the Kinetograph, a device that synchronized film projection with sound from a phonograph record, America's influence in the development and advancement of this industry has been pre-eminent.

By the early 1920s, most American film production had moved from the East Coast to Hollywood, lured there by a range of incentives offered by the Los Angeles Chamber of Commerce.

That trend continues with nearly every state offering incentives to attract filmmakers to work within their borders. Thanks to a weakening U.S. dollar, technological advances and the high cost of production in California, states are getting a piece of the \$60 billion film industry pie.

## Economics Lure Filmmakers Overseas

While California, specifically Hollywood, remains the fulcrum of the U.S. motion picture industry, the state, by its own admission and the analysis of independent observers, remains a high-cost location for many businesses, including the film industry.

In the late 1980s, movie producers saw an opportunity to lower overall costs by filming in foreign locations.

Another factor that allowed producers to effectively use this option was the tech-

nological advances in film production. This allowed films to be shot outside the major production centers in California.

In an effort to take advantage of studios seeking lower production costs, foreign countries began aggressively pursuing American filmmakers by offering a range of economic incentives.

Canada ranked very high among the foreign nations that pursued these U.S. productions and was successful in recruiting a plethora of movies filmed in the Canadian provinces.

Similarly, Britain, Mexico, Australia, the Czech Republic and other Eastern European locales soon ranked high as alternate filming locations for hundreds of U.S. movies and television shows. Consequently, by the late 1980s and throughout the 1990s, the blend of financial incentives offered by these foreign countries and a strong U.S. dollar made filming outside the U.S. a sound fiscal decision.

## Declining Dollar Lures Film Industry Home

An interesting twist of events, however, turned things around for the American movie industry beginning around 2000. During the past seven years, the steady depreciation of the U.S. dollar has proved to be an unexpected boost to the domestic film industry.

During the 1980s and 1990s, American film producers took advantage of the U.S. dollar appreciating, vis-à-vis the major world currencies, and made films overseas. The steady erosion in the value of the U.S. dollar, however, made filming outside the

U.S. increasingly expensive. This development has led American movie producers to seriously consider locations at home in an effort to curtail their costs.

Alert state lawmakers deftly stepped into this fortuitous set of circumstances and quickly devised a range of incentives to further reinforce the likelihood that these movies would be made in the United States.

Led by the incentives introduced by Louisiana in 2002, a development that has resulted in the state now being referred to as Hollywood South, states in every part of the country offer a range of tax incentives and other benefits to lure filmmakers to operate within their borders. New Mexico, led by former Gov. Bill Richardson, is another state that saw the movie industry as a potential revenue generator and worked aggressively to market itself as a viable alternative to film producers.

## Six Primary Incentives

The financial incentives offered by states to attract the movie industry have centered on the following six general areas:

- **Sales and Use Taxes:** Money spent within a state on goods and services by filmmakers are subject to state and local sales taxes. These taxes may be waived as part of the incentive package provided by a state. Generally, this is accomplished by providing the production company a state-certified coupon that waives sales tax at the point of sale, or the state may refund the sales tax after filmmakers submit expense reports breaking down the qualified expenditures.

- **Hotel Taxes:** Waiving the hotel tax for qualifying stays by filmmakers. Given that all out-of-state labor—or even out-of-area labor—requires overnight stays in area hotels, this benefit is a further incentive to filmmakers contemplating bringing in out-of-area labor. While a qualifying stay generally involves at least 30 days of consecutive nights, the tax credit or rebate is applied either to the total stay, or to all nights past the required minimum. This incentive is particularly attractive to feature filmmakers working in a local area for extended periods.
- **Labor Taxes:** Subsidizing the cost of in-state labor. This incentive generally takes the form of a tax credit for a portion of the in-state labor costs. States provide this incentive so filmmakers hire local, rather than out-of-state.
- **Investment Credits:** This category includes some of the most generous incentives offered by states and enables filmmakers to recoup some of the costs of investing in the film's infrastructure.
- **Flat Rebate or Credit:** A blend of several incentives. For instance, states might provide a flat rebate or credit as a percentage of all spending that occurs in a state, such as labor, hotels, retail, investment and other qualifying expenditures.
- **Fee-Free Filming:** Many states provide state parks, municipal and state buildings, and other public property available, to filmmakers' free-of-charge. In certain settings, the state might also arrange for public employees, such as the police, to be available free of any charges.

## Revenues and Jobs

The motion picture industry represents an economic engine that creates billions of dollars in positive economic flows and hundreds of thousands of jobs in practically every corner of America.

According to the latest 2007 economic impact report released by the Motion Picture Association of America (MPAA), the trade association of the American film industry, the motion picture and television production industries

- contribute \$60.4 billion to the U.S. economy;

- create jobs for more than 1.3 million Americans; and
- generate \$10 billion in income and sales taxes that translates into an estimated \$200,000 a day pouring into the coffers of the local governments in cities and towns across the United States.

At a time when America's trade deficit has soared to unprecedented heights, the motion picture industry maintains a positive, or surplus, balance of trade with the rest of the world, estimated at \$9.5 billion.

## The Tourism Factor

Beyond the tremendous economic benefits associated with promoting the movie industry, state policymakers are also motivated by such additional benefits as the positive media attention and publicity for the state.

Then, the "tourism factor," or instances where movie locations have been transformed into major tourist attractions long after the filming of the movie, remains a motivating factor. For instance, tourists still travel to and eat pizza at Mystic Pizza because of the 1988 film by that name that starred Julia Roberts in Mystic, Conn.

In Georgia, tourists regularly travel to The Whistle Stop Cafe in Juliette, some 50 miles south of Atlanta, scene of the movie "Fried Green Tomatoes," more than 15 years after the movie was released. In North Carolina, the train wreck set from the scene of the 1993 film "The Fugitive" starring Harrison Ford is still a popular tourist attraction in Dillsboro.

Perhaps the most well-known example of a successful recent film converting its filming location to a huge tourist destination is the movie "Sideways" and Santa Barbara County, Calif.

Policymakers have also moved toward treating movie production companies as a growth industry akin to other major economic development projects with the opportunity to provide jobs for dozens of electricians, carpenters, make-up artists, camera crew and other workers who potentially make as much as \$350 a day.

And the opportunity to promote an industry that generates hundreds of millions of dollars with minimal negative environmental impacts remains another reason for promoting the industry at the state level.

## Huge Economic Impact

The economic impact numbers for states in CSG's Southern Legislative Conference are staggering. In Louisiana, the state held up as the leader in the current wave of states establishing incentive packages, the estimated total output of the film industry—direct, indirect and induced outputs—has soared from \$22.1 million in 2002, to \$390.5 million in 2003, to \$721.1 million in 2004, to \$1 billion in 2005.

Another noteworthy achievement is that Louisiana currently ranks third in the number of films produced in the country behind California and New York, a ranking achieved as a result of the incentive package now in place.

In North Carolina, over a 25-year span from 1980 to 2005, the industry has created more than \$7 billion in revenues for local economies across the state. Georgia is another SLC state where, in 2006, 291 films and videos were produced with a direct value of \$251.1 million, with a total economic impact of \$448.3 million.

Filmmaking in Maryland hit record levels in fiscal year 2006, generating a \$158 million economic impact and more than doubling the prior year's total of \$66.3 million. Virginia's governor, in June 2006, announced that the state's film and video industry's 1,800 projects in 2005 had a direct economic impact of \$221.1 million, the highest ever reported and a 14 percent increase over the previous year.

As states continue to enact measures that attract the film industry, it remains to be seen how effective they will be in enhancing the more value-added aspects of the production process, particularly post-production activities, within their own borders. Continually enhancing these value-added processes will be critical in ensuring that states secure high-tech, high-wage jobs, which will reinforce America's competitive advantage in this rapidly changing and global industry.

—Sujit M. CanagaRetna is senior fiscal analyst with The Council of State Governments' Southern office, the Southern Legislative Conference. This article is based on his report "Lights! Camera! Action! Southern States Efforts to Attract Filmmakers's Business" available at <http://www.slcatlanta.org/Publications/EconDev/LightsCameraAction.pdf> or e-mail [scanagaretna@csg.org](mailto:scanagaretna@csg.org).

# Feature

By John Law

Singapore boat quay historic quarters

Imagine this: you're a producer with a go project that isn't location-specific. You could shoot it anywhere in the world, but you're looking for the best tax incentives that will have an impact on your bottom line. Where do you go? Here is our list of the Top 10 destinations – both international and domestic – offering filmmakers the biggest tax breaks in the world.

## INTERNATIONAL

### UK

The year 2006 was the UK's second best year ever; with £842 million (\$1.7 billion) of production spend on 134 films, a jump of almost 50 percent from 2005. The reason why these productions come to the UK is no secret, notes Tina McFarling of the **UK Film Council**. "The UK offers a phenomenal skills and talent base working in front of and, just as importantly, behind the camera, a servicing capacity to accommodate several major films at once, a rich diversity of locations and a new, competitive film tax relief," she reports. "We also have a number of new

co-production treaties with other countries. Our new tax relief, which came into effect at the beginning of the year, is cleaner and simpler than the last and is designed especially for filmmakers, with the benefit going direct to them. It makes the UK extremely competitive. With two rates of tax relief for low budget and high budget films returning 25 percent and 20 percent (maximum) of UK spend to the filmmaker, it is a good deal."

For more information on filming in the UK, details about the new tax relief for film and UK co-production treaties with other countries see: [www.ukfilmcouncil.org.uk/filmmaking/filmingUK/taxreliefbritfilms/](http://www.ukfilmcouncil.org.uk/filmmaking/filmingUK/taxreliefbritfilms/)

### SINGAPORE

Backed by a \$10 million fund, the **Singapore Tourism Board's Film in Singapore Scheme** is aimed at encouraging leading international filmmakers and broadcasters to shoot and produce movies, television programs and music videos in Singapore. The scheme will subsidize up to 50 percent of the qualifying expenses incurred by international film companies during their produc-

tion in Singapore. The Singapore Tourism Board also assists in facilitating the on-ground logistics requirements and application for filming permits, working closely with the relevant government agencies and industry partners. Cassandra Tay, director of communications for the Media Development Authority of Singapore, reports that the MDA has made significant strides in growing Singapore's media industry. Today, Singapore is one of the very few countries in the world to have developed a concerted and comprehensive ecosystem comprising various funding schemes, co-production initiatives, assistance in location services and international marketing efforts to grow the media industry. One new scheme, the Digital Content Development Scheme, provides seed funding to animation and games projects to encourage the development of pilots for original animated TV series, trailers for animated feature films and playable game demos for original computer, console and mobile games. This scheme is open to Singapore-registered companies.

For more information on the Film in Singapore Scheme, please visit [www.stb.gov.sg](http://www.stb.gov.sg).

## REPUBLIC OF KOREA

The Seoul Film Commission's Film Production Support Program started in 2007 and the Seoul Film Commission provides grants for foreign production companies shooting on location or producing a movie in Seoul. The amount of the grants will be up to 25 percent of the portion of the production budget spent within Seoul and may not exceed \$100,000 per production. The applicant must be the producer of the film with shooting scenes in Seoul and there is no restriction on the applicant's nationality. Furthermore, production companies scouting shooting locations in Seoul are supported with free air tickets to the city and accommodations in Seoul. The Seoul Film Commission provides round-trip airline tickets for two people (economy class) and accommodations cost for Seoul location scouting for three nights (100 US\$ per day / per person) and logistical services of a domestic location coordinator to selected foreign producers. Any foreign director, assistant director, producer, director of photography, or location manager is eligible to apply.

Detailed information about the programs as well as the applications forms are available at the website; [www.seoulfc.or.kr](http://www.seoulfc.or.kr)

## TRINIDAD & TOBAGO

The **Trinidad & Tobago Film Company** has recently introduced a film rebate and incentive program. The program was implemented to increase the level of investment in the Trinidad and Tobago film industry. The rebate is designed to ensure that Trinidad and Tobago remains competitive in attracting a greater number of productions. The "Production Expenditure Rebate Program" provides cash rebates of up to 30 percent for expenditure accrued while filming on location. Located at the furthest end of the Caribbean archipelago, Trinidad & Tobago is possibly the region's best-kept secret. The two islands present unique contrasts with Trinidad's exuberant, cosmopolitan style, complemented by Tobago's quiet charm and soulful simplicity. Pristine coastlines, rainforests, mountains, savannahs, quaint fishing villages, multi-cultural sites, and a variety of architectural styles offer productions a wide scope of filming backdrops.

Email: [info@filmTNT.com](mailto:info@filmTNT.com)

## MANITOBA

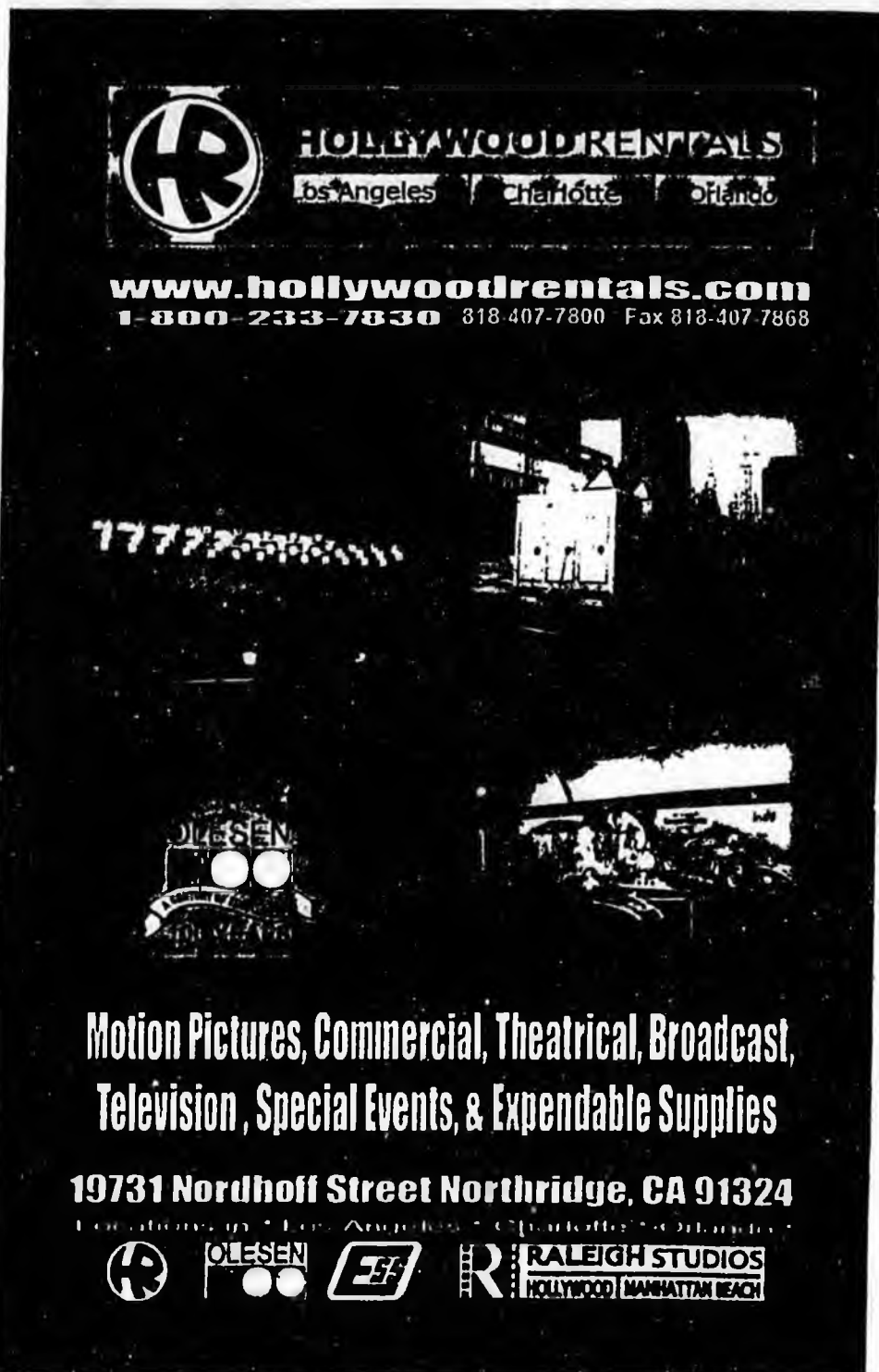
Manitoba offers a labor based tax credit of up to 55 percent on eligible Manitoba salaries and there is a base tax credit of 45 percent, plus two additional eligible bonuses, a 5 percent rural bonus and a 5 percent frequent-filmer bonus.

According to Sebastian Nasse, the tax credit analyst for **Manitoba Film & Sound**, the financial incentive is structured so that any producer can access the extra five percent bonus by routing their tax credits through a service-production company that has the frequent-filmer status or by co-venturing with a production company that has current frequent-filmer status. Other options include bundling their top tax credit of

55 percent with the 16 percent Federal Film and Video Production Services tax credit. Even better, bundle their top tax credit of 55 percent with the 25 percent Federal Canadian Film or Video Production tax credit.

Nasse notes that Manitoba is considered the leader in tax credits because there are no content requirements, copyright ownership requirements, co-production requirements, funding caps per production or per production company. Hence, the higher your Manitoba labor expenditures, the higher your tax credit will be. Finally, there

are no available caps on annual funds; Manitoba's financial incentives are a rebate, not a finite fund, meaning that you'll never have to wait for a new fiscal year to apply for the rebate. There is also no minimum or maximum budget requirement and no "first time producer" requirement. Nasse adds that Manitoba pioneered the first frequent-filmer bonus in the world to reward repeat business, and has one of Canada's longest running tax-credits which was once again renewed until 2011. If there isn't a Manitoban who is qualified, available or willing (as approved by local labor







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organizations), a deeming provision exists to bring in Non-Manitoban crew and count their salary as local for the purposes of the tax credit.

[www.mbfilmsound.mb.ca](http://www.mbfilmsound.mb.ca)

## DOMESTIC

### MISSISSIPPI

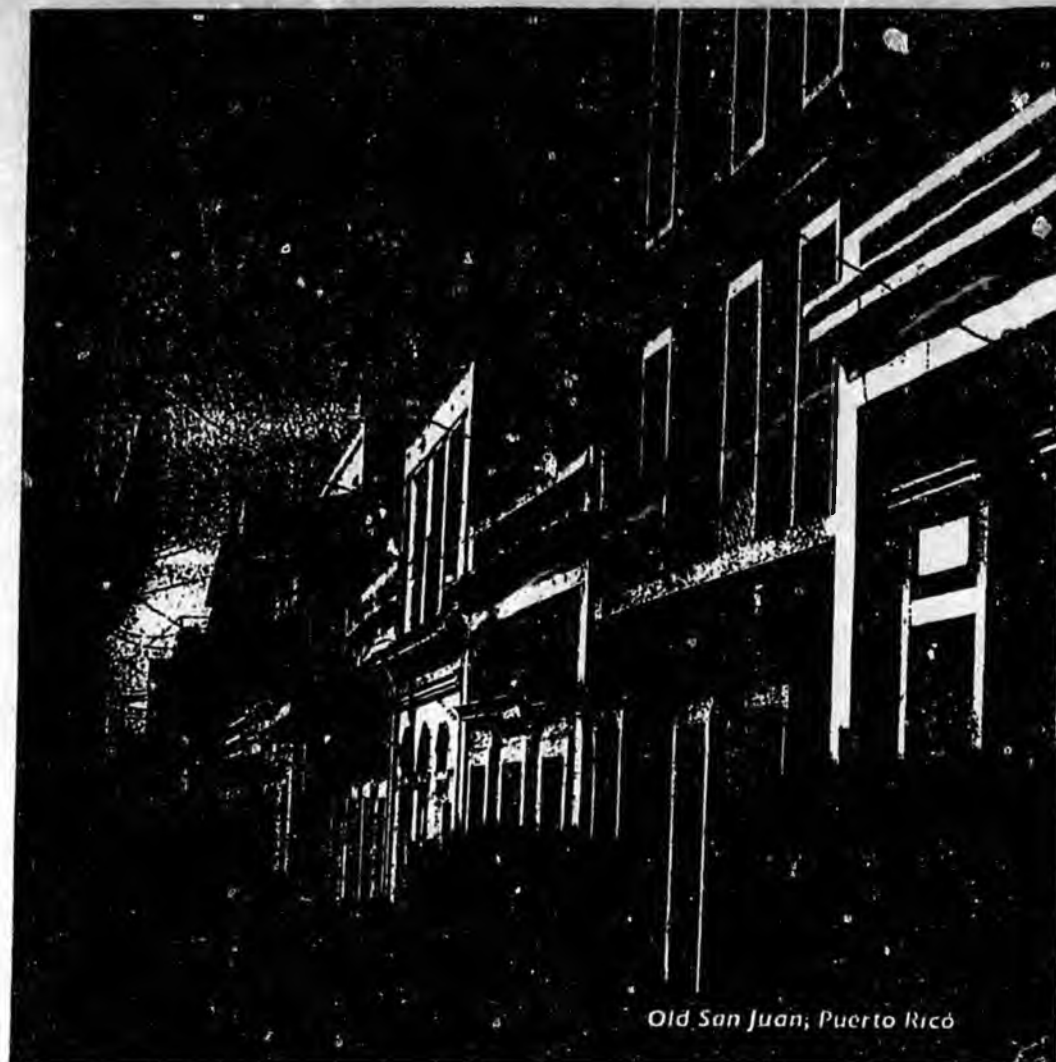
The state's new 2007 incentive program created a 20-30 percent rebate on a production's local spend, including local payroll, and a 10 percent rebate on the wages of non-resident cast and crew whose salaries are subject to Mississippi withholding taxes. There is an additional seven percent sales tax exemption on a long list of production items, and a 5½ percent tax reduction on production equipment. "There is a \$5 million per project rebate cap (approximately \$17.6 in local spend), and no annual cap, and there is no minimum spend, as we wanted to support small budget production: short films, documentaries, and commercials," reports Ward Emling of the **Mississippi Film Office**. "We have worked with the Mississippi State Tax Commission to create a clear and straightforward incentive program. The production applies to the Film Office, we validate the application through the Mississippi Development Authority, and the Tax Commission handles the audit and rebate process. From the moment of authorization by MDA, the application is active and valid. The Tax Commission will require a simple budget run: vendor information, cost or service, and expenditure. We hope to reduce the time to rebate to 30 days."

### NEW MEXICO

With a 25 percent tax rebate, Film Investment Loan and Film Crew Advancement Program, New Mexico offers the most comprehensive incentive package in the country. The 25 percent tax rebate is simple, has no minimum spend requirement, no cap per project per year and no sunset clause. Video games and stand-alone post also qualify. The unique loan program offers zero percent loans from \$2 to \$15 million dollars with backend participation. New Mexico also offers a 50 percent wage reimbursement for on-the-job training of residents who are moved up into advanced BTL positions. In addition to incentives, New Mexico has an exceptional and extensive crew base, dozens of dedicated industry vendors, over 300 days of sunshine, four temperate seasons, awe-inspiring locations, a green filmmaking program, over 50,000 photos on their searchable location database, infrastructure including stages from 2,000 to 48,000 square feet, film friendly communities and liaisons throughout the state, 22 Native American tribes, and a film office willing to jump through rings of fire.

### PUERTO RICO

Cristina Caraballo of the Puerto Rico Film Commission reports that, "Our incentives for the production of series, miniseries, films and Latin soap operas are the highest anywhere in the world



Old San Juan; Puerto Rico

and unique in the Latin production market. These incentives, combined with our first class infrastructure, same US commercial and banking laws, and no trade barriers with the US, same currency, labor subsidies, local talent, and fiscal autonomy (no federal taxes) make Puerto Rico an ideal destination for many productions."

The 40 percent is an incentive calculated on expenditures (40 percent on the in-spend) given in the form of a transferable tax credit. It has, as a base, the Puerto Rico spend: equipment, crew, actors, travel (if through a local travel agency), hotels, stage ground rental, etc. Above and below the line, development, pre-production, produc-

tion and post production are included. The only requirements are that the payment has to be made to either a PR Company or a PR resident and at least 50 percent of principal photography has to be shot in Puerto Rico. "This program does not have a nationality requirement," adds Caraballo. "Through the law you can advance 50 percent of the estimated rebate before shooting. Our experience is that the rebate will net, after transaction costs, about 35 percent of the in-spend."

#### **Puerto Rico Film Commission**

Cristina Caraballo

[ccaraballo@puertoricofilm.com](mailto:ccaraballo@puertoricofilm.com)

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[www.FilmNewMilfordCT.org](http://www.FilmNewMilfordCT.org)

**CONNECTICUT**

George Norfleet of the **Connecticut Commission on Culture and Tourism** reports that, "There is a \$50,000 threshold for spending. If you have a firm production company, you're in this state and you spend a minimum of \$50,000 on eligible expenses – and those would be things that generate a tax in Connecticut – then you qualify for our 30 percent tax credit program. Ninety days after your first spend in the state, you need to file for an eligibility certificate, and ninety days after your last spend in Connecticut you need to apply for your tax credit. You'll have to supply information about your spending and with what vendors, and then we will vet that and determine your tax credit." The state's current tax breaks went into force last year and Norfleet says that they have been "a huge success, with lots of large production companies coming here and spending money that is unprecedented in the state."

For more tax break details visit [www.culture-andtourism.org](http://www.culture-andtourism.org) and the film division section.

**LOUISIANA**

Louisiana now offers a 25 percent tax credit, which is earned on in-state expenditures and an additional 10 percent on Louisiana payroll. "We also offer a 40 percent tax credit on expenditures for qualifying infrastructure projects," says

Chris Stely, director of film and television for the **Office of Entertainment Development of Louisiana Economic Development**. "As a result of our incentive program, we have seen approximately \$610 million in total production budgets for calendar year 2005 and so far for 2006 nearly \$610 million in total production. The 2006 numbers are still coming in as productions are finalizing their audits and we expect that number to increase. Also, it should be noted that our program changed a bit on January 1, 2006, which explains the decrease in production numbers. For calendar year 2007, we have \$502 million in total anticipated budgets that have applied for certification with approximately \$374 million being spent in Louisiana."

There were only 10 spots to fill for both domestic and international rankings. Although Massachusetts ranked number four in July's *Top 10 U.S. locations* and offers filmmakers who either shoot at least half their film or spend at least half their production budget, and Rhode Island ranked number three and offers a transferable income tax credit equal to 25 percent of any spend in the state, the 10 that made it on this list slightly overshadowed these two by offering higher amounts or rebates rather than credits. However, we felt that it was important to note what these two states have to offer. ☺

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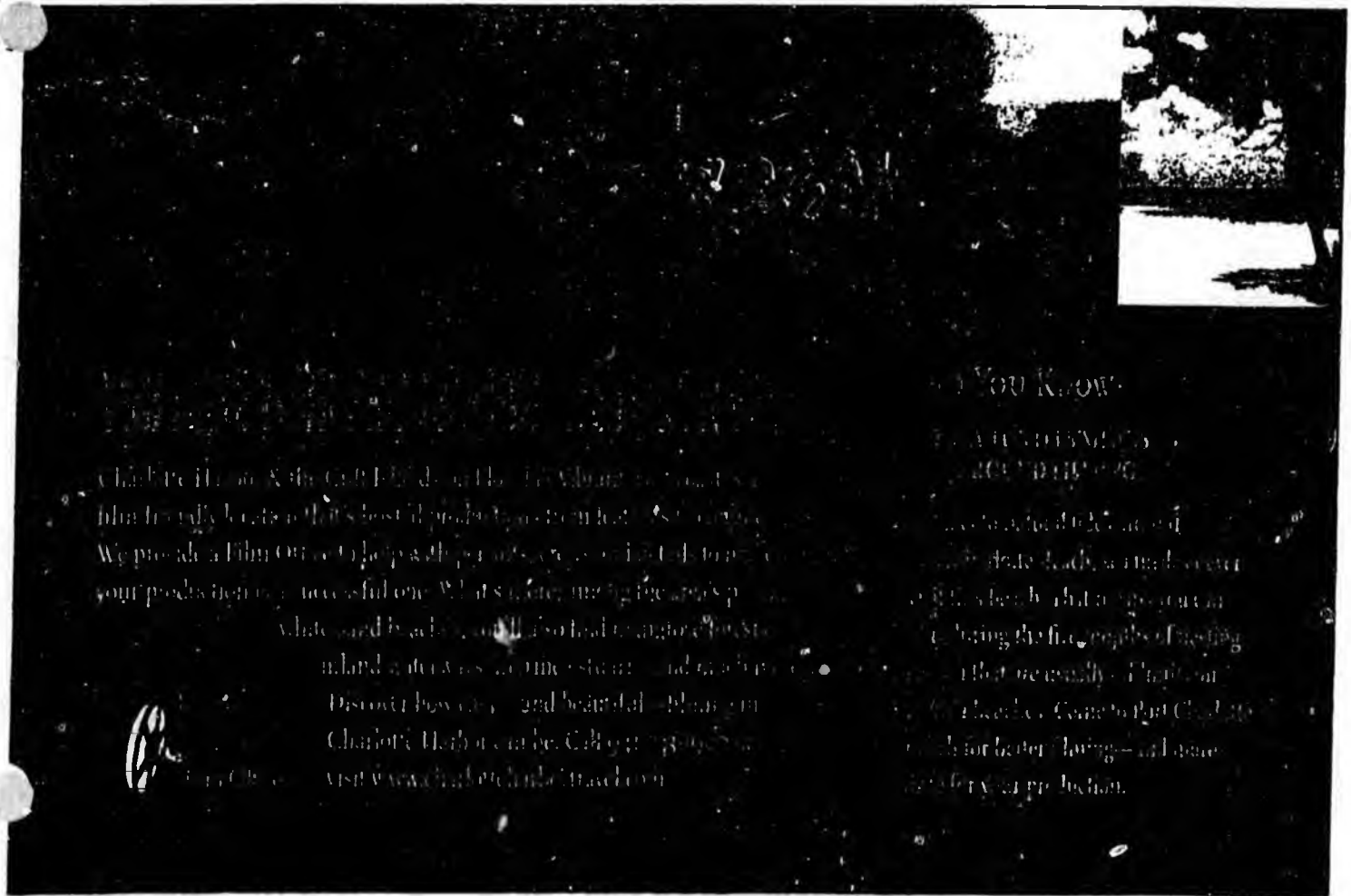
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# ALASKA STATE LEGISLATURE

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## SENATOR JOHNNY ELLIS SENATE MAJORITY LEADER

My office has received many letters of support for SB230, the Alaska Film Office and Alaska Film Incentive Program. I have included a selection of these in this bill packet, but am happy to provide copies of any or all of them to you if you are interested. A list of the writers with their affiliations and hometowns appears below.

- William and Viola Amberg, Amberg Enterprises, Fairbanks
- Greta Artman, Affinity Films, Anchorage
- Stanley Austin, Anchorage
- Murray Bartholomew, Fishhook Sporting Goods, Anchorage
- Geo Beach, Tempest Studios, Homer
- Mayor Mark Begich, Municipality of Anchorage, Anchorage
- Joel Bennett, Joel Bennett Productions, Juneau
- Kathleen Brady, Scout/Alaska, Anchorage
- Gordon and Rachel Carlson, CLI Construction, Cantwell
- E.M. Casey, Anchorage
- Mike Catsi, Southwest Alaska Municipal Conference, Anchorage
- Dama Chasle, The Incentives Office, Los Angeles, CA
- Paul and Donna Claus, Ultima Thule Outfitters, Eagle River
- Sue Cogswell, Prince William Sound Economic Development District, Whittier
- Bob Crockett, Alaska Film Group and Alaska Locations Inc., Anchorage
- Laura Dagon, Laura Model and Talent Agency, Anchorage
- Eric D'Amario, Redtree Productions, Boston, MA
- Don Fell, Maritime Helicopters, Inc., Homer
- Frank Flavin, Flavin Photography, Anchorage
- Evan Franulovich, Palmer
- Laura Ganis, independent film producer, Anchorage
- Nara Garber, Topiary Productions, Inc., Brooklyn, NY
- Laurence Goldin, Aurora Films, Anchorage
- George Guthridge, University of Alaska Fairbanks Bristol Bay Campus, Dillingham
- Brice Habberger, Juneau
- Meg Halsey, Moore Huntley Productions, Anchorage
- Marilyn and Pete Heddell, Honey Charters, Whittier
- Christopher Ho, First Catch Films, Bethel
- Bill Holden, Bill Holden Productions, Anchorage
- Bob Hudgins, Texas Film Commission, Austin, TX
- Barbara Huff-Tuckness, Teamsters Local 959, Anchorage
- Dave Hunsaker, screen writer, Juneau
- Ken Johns, Ahtna Corporation, Glenallen
- Mayor Tim Joyce, City of Cordova, Cordova
- Toni Kahklen-Jones, Anchorage
- Mary Katzke, Affinity Films, Anchorage

- Yael Kaufman, The Alaska Channel, Anchorage
- Greg Kern, Alaska Grip and Lighting, Anchorage
- Deborah King, Kodiak Chamber of Commerce, Kodiak
- Dave Lambdin, Quest Alaska Lodges, Sitka
- Ken Landfield, Homer
- Paul Andrew Lawrence, P.A. Lawrence, LLC., Anchorage
- Robert Leshner, Anchorage
- Sandy Lorrigan, Pat Fager, David Malone, Ron Hauck, Lavonne Grun, and John Litka  
Sitka Convention and Visitors Bureau, Sitka
- Heidi Lubke, Anchorage
- Andrew MacLean, filmmaker, Barrow
- Patti Mackey, Ketchikan Visitor's Bureau, Ketchikan
- John Markel, Alaska Film Locations, LLC, Girdwood
- Chris Maynard, Alaska Snow Safaris, Inc., and Glacier Jet Alaska, LLC, Anchorage
- Tim McGhan, McGhan Construction Co. Inc., Big Lake
- Michele Miller, Alaska Moving Image Preservation Association, Anchorage
- Mike Miller, Alaska Wildlife Conservation Center, Portage
- Carolyn Muegge-Vaughan, Alaska Film Group, Anchorage
- Grace P. Olrun, Cup'ik Warrior Productions, Anchorage
- Chris Osowski, Glacier Jet Alaska LLC, Anchorage, Portage, and Palmer
- Lorene Palmer, Juneau Convention and Visitors Bureau, Juneau
- Karen Pearson, Sprocketheads, Inc., Anchorage
- Bili Popp, Anchorage Economic Development Corporation, Anchorage
- Jackie Reed, Jumping Goat Coffee Co., Wrangell
- Carolyn Robinson, Alaska Film Group and Sprocketheads LLC, Anchorage
- Paul Roderick, Talkeetna Air Taxi, Talkeetna
- Steve Rychetnik, Sprocketheads LLC and International Cinematographers Guild Local 600, Anchorage
- Maya Salganek, University of Alaska Fairbanks, Fairbanks
- Chris Scarafile, freelance cinematographer, New York, NY
- Deborah Schildt, Alaska Film Services and Alaska Film Group, Anchorage
- Mayor Fred Shields, Haines Borough, Haines
- George Sikat III, CoCo Media, Inc., Wasilla
- Richard Hamilton Smith, Blue Lake Studios, LLC, Park Rapids, MN
- Dana Stabenow, author, Homer
- Colleen Stephens, Stan Stephens Cruises, Inc., Valdez
- Kelly Stevenson, Glacier Park, Sutton
- Josie Stiles, Nome Convention and Visitors Bureau, Nome
- Joel Summers, ASRC Energy Corp., Anchorage
- Brad J. Swenson, Swenson Media Group, Anchorage
- Matt and Heather Szundy, The Ascending Path, LLC, Anchorage
- Kate Troll, Alaska Conservation Alliance, Anchorage and Juneau
- Mike and Sheryl Uher, North Country Custom Services, Trapper Creek
- John Wedin, Eye-Cue Productions, Anchorage
- Mayor Bob Weinstein, City of Ketchikan, Ketchikan
- Stephanie White, Anchorage
- Brian Williams, 6<sup>th</sup> Avenue Outfitters, Anchorage
- Stephanie Wilson, The Wilson Agency and Anchorage Economic Development Corporation, Anchorage
- Jennifer Wolf, Anchorage
- John Woodbury, Alaska Adventure Media, Anchorage
- Pamela Wrede, Weine Studios, Anchorage
- Shelly Wright, Southeast Conference, Juneau
- Hap Wurlitzer, Hatcher Pass Lodge, Palmer
- Suzi Yoonessi, independent filmmaker, New York City, NY



# Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-6650 • Telephone: (907) 343-4431 • Fax: (907) 343-4499 <http://www.muni.org>

Mayor Mark Begich

Office of the Mayor

February 1, 2008

Senator Johnny Ellis, Chairman  
Senate Labor and Commerce Committee  
State Capitol  
Juneau, AK 99801-1182

Re: SB 230-film production incentive

Dear Senator Ellis:

The City of Anchorage would like to commend you for your introduction of SB 230 which creates transferable tax credits as incentives to bring film productions to Alaska.

I am well aware of the impacts that large film productions can have on a local economy. In November, the Anchorage Convention and Visitors Bureau and the Anchorage Economic Development Corporation joined with AIDEA and the Alaska Film Group to sponsor a one-day workshop regarding the opportunities that could be developed in Alaska by the film industry. It was discovered that what was needed were incentives to put us on a level playing field with other states who have already benefited from the millions of dollars spent in their states by production companies, and SB 230 does just that.

With the release of recent films about Alaska, and the change in the exchange rates in Canada and Europe, some in the film industry are looking North to partake of the wonders that our state has to offer. This will be a welcome break from most films about Alaska which are filmed elsewhere. SB 230 will support the creation of a new industry and new jobs for Alaskans. It could bring millions of dollars into the economies of our communities. And this is new money circulating in the state with very little state support. The multiplier effects of these productions could be long term, creating new businesses, such as tourism-related venues which are operating across the country in the wake of film productions.

Please let me know if there is anything I can do help in this worthwhile endeavor. I look forward to welcoming film productions and the money and jobs they create to Anchorage and to Alaska.

Sincerely,

Mark Begich  
Mayor

*Community, Security, Prosperity*



# AEDC

Anchorage Economic  
Development Corporation

Senator Johnny Ellis, Chairman  
Senate Labor and Commerce Committee  
State Capitol  
Juneau, AK 99801-1182

Re: SB 230-film production incentive


Dear Senator:

The Anchorage Economic Development Corporation (AEDC) supports SB 230 and your efforts to create new jobs and diversify the economy by creating incentives to bring the film industry into Alaska. The Anchorage Economic Development Corporation is a private nonprofit corporation (IRS code 501 (c)(6)), operating since 1987. It exists to encourage growth and diversity in the Anchorage and Alaska economies, promote a favorable business climate and improve the standard of living of Anchorage and Alaska residents.

We think this is a win-win situation for everyone involved. New jobs will be created and money from film productions will flow into our communities presenting new business opportunities.

AEDC wholeheartedly supports SB 230 and its goal of bringing the film industry to Alaska through this incentive program. Thank you for taking this step to draw a new industry to the state.

Sincerely,



Bill Popp  
President & CEO



February 13, 2008

2 page fax

Johnny Ellis  
Senator  
State of Alaska  
State Capitol, Room 9  
Juneau, AK 99801-1182

**Re: SB 230 Film Production Incentive**

Dear Senator Ellis,

The Anchorage Convention & Visitors Bureau (ACVB) Board of Directors unanimously passed the enclosed resolution in support of the Alaska Film Incentive Program.

The language in this legislation, which creates transferable tax credits for corporate taxpayers in Alaska, is of great interest to many of our members. It would help foster the growth of a new, multi-million dollar business in the state that would have many direct and indirect benefits to businesses in all sectors of our economy.

ACVB is the destination management organization for the Municipality of Anchorage and represents more than 1,200 business members throughout Southcentral Alaska. The ACVB Board of Directors endorses the Alaska Film Incentive Program because it will create new jobs for Alaskans. Money from film productions will flow into our Alaskan communities presenting new business opportunities resulting in a positive impact on our economy.

ACVB wholeheartedly supports SB 230 and its goal of bringing the film industry to Alaska through this incentive program. Thank you for consideration in creating a new industry for Alaska.

Sincerely,

  
Julie Sauppe  
President & CEO

**ANCHORAGE CONVENTION & VISITORS BUREAU  
BOARD OF DIRECTORS**

**RESOLUTION 2008-02**

**A Resolution in support of the SB 230 Alaska Film Incentive Program**

WHEREAS, Alaskan communities could benefit greatly from large production companies filming in their town with positive financial impacts from the film production felt across the community; and,

WHEREAS, SB 230 will help diversify business opportunities for our state with a very small percentage of capital investment by government and represents a new responsible economic effort to revitalize our economy by employing residents and creating new jobs and businesses in our Alaskan communities; and,

WHEREAS, as the exchange rate for the U.S. dollar slumps and competing states become more creative in luring productions into their communities, film productions are moving from international locations in Canada and Europe back into the U.S.; and,

WHEREAS, all but five other states offer incentives, rebates or low interest rate loans to attract this business because they understand the positive, statewide economic impact the film industry provides to their residents, local businesses and to the visibility of their state by potential visitors. While Alaska unquestionably has unparalleled scenery, due to Alaska's lack of incentive programs, the state is missing out on the multi-million dollar business that other states are enjoying; and,

WHEREAS, SB 230 seeks to even the playing field between the majority of other states and Alaska by establishing a film incentive program to draw film productions to our state; and,

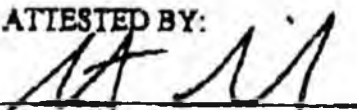
WHEREAS, as a benchmark, prior to passing film incentives, other states, such as Louisiana, had a "ground spend" of \$20 million annually from film production and that amount soared to \$350 million two years after incentive programs were introduced, and is now at a record \$500 million in annual film production spending; and,

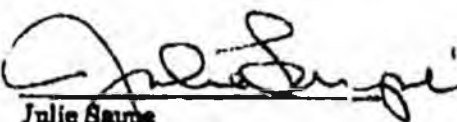
WHEREAS, tax credits will be issued after the production has completed filming in Alaska and only after a thorough audit of those expenses by an independent auditor.

NOW THEREFORE be it resolved that the Board of Directors of the Anchorage Convention & Visitors Bureau strongly supports the development of a film incentive program via SB 230.

Approved on this, the 8<sup>th</sup> day of February, 2008.

ATTESTED BY:

  
Steve Silverstein  
Chair

  
Julie Saube  
President & CEO

# SOUTHEAST CONFERENCE



P.O. Box 21989 Juneau, AK 99802-1989 Phone (907) 523-2327 FAX 463-5670

[www.seconference.org](http://www.seconference.org)

February 25, 2008

The Honorable Senator Johnny Ellis  
State Capitol  
Juneau, AK 99811-1182

Re: SB 230-creating film incentives for Alaska

Dear Senator Ellis:

Southeast Conference, whose mission is to undertake and support activities that promote strong economies, healthy communities, and a quality environment in Southeast Alaska, would like to thank you for your support for SB 230 which creates transferable tax credits as incentives to bring film productions to our state.

The time is right for Alaska to begin the process of drawing film makers into our state. In the past few years, many television series and feature films about Alaska have been released to critical acclaim. Unfortunately, the large majority of these productions were filmed in other locations-primarily Canada-instead of in Alaska. With the change in the exchange rates, film productions are now looking to the US for locations for features formerly shot in Europe and other countries.

Over 40 states currently have an incentive program of some type on their books, as they understand the economic benefit that this multi-million dollar industry brings to their states. Alaskan communities could benefit economically from film production companies filming in their towns. The positive financial impacts from these productions are felt in many business sectors. This includes the restaurants, caterers and hotels, car and equipment rental companies, airlines and freight expeditors, as well as locals who are hired as crew and extras. However, because of the aggressive rebate incentive programs and marketing by other states, and the lack of a film incentive program in Alaska, we are seeing only a small fraction of these potential production benefits.

I'm sure you have seen the recent data suggesting that SE Alaska will experience a large downward shift in population over the next decade. This is primarily due to the lack of high paying jobs. SB 230 will support the creation of a new industry and good paying jobs for our residents. We can employ the people who already live here and entice our children to remain in Alaska instead of heading to the Lower 48 in search of fulfilling careers.

Thank you again for your sponsorship of SB 230. With passage of this legislation, Alaskans can benefit from new jobs and the business opportunities that come with welcoming this multi-million industry to our state.

Sincerely,

Shelly Wright  
Executive Director

Cc: SE Legislators



**Southwest Alaska Municipal Conference**

3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p: 907.562.7380 f: 907.562.0438  
www.swamc.org

Alaska Peninsula  
Aleutian Chain  
Bristol Bay  
Kodiak Island  
Pribilof Islands

Senator Johnny Ellis, Chairman  
Senate Labor and Commerce Committee  
State Capitol  
Juneau, AK 99801-1182

Re: SB 230 - Film Production Incentive

Dear Senator Ellis:

The Southwest Alaska Municipal Conference supports SB 230 and your efforts to create new jobs and diversify the economy by creating incentives to bring the film industry into Alaska. SWAMC is an ARDOR and an Economic Development District for southwest Alaska and an advocate for the sustainable and responsible development of the region with the goal of creating wealth and raising the quality of life for our residents.

The language in this legislation which creates transferable tax credits for corporate tax payers in Alaska is of great interest to us. This legislation will allow Alaska to compete with other states for our share of film, television, and advertising industry. By authorizing a 25% transferable tax credit this bill gives additional incentives for productions that use local hire, are filmed in rural areas of the state or produced during the shoulder seasons, October-April.

By establishing a film production internship training program within the University, our young Alaskans can become skilled in well-paying film production jobs to keep them living and working in our state. SWAMC also supports increasing the duties for the film office as the State of AK promotes our state and communities as film production sites.

We think this is a win-win situation for everyone involved. New jobs will be created and money from film productions will flow into our communities presenting new business opportunities. SWAMC supports SB 230 and its goal of bringing the film industry to Alaska through this incentive program. Thank you for taking this step to draw a new industry to the state.

Sincerely,  
SOUTHWEST ALASKA MUNICIPAL CONFERENCE

Michael Catsi  
Executive Director



February 22, 2008

Senator Johnny Ellis, Chairman  
Senate Labor and Commerce Committee  
State Capitol  
Juneau, AK 99801-1182

Re: SB 230-film production incentive

Dear Senator Ellis:

The Juneau Convention & Visitors Bureau (JCVB) supports SB 230 and your efforts to create new jobs and diversify the economy by creating incentives to bring the film industry into Alaska. The Juneau Convention & Visitors Bureau is a destination marketing organization with 290 business members. Our organization mission is to promote Juneau as a visitor destination. While a great film may inspire travelers to visit movie locations, it has more direct and measurable benefits for the local businesses that provide support services during the filming process.

The language in this legislation, which creates transferable tax credits for corporate tax payers in Alaska, would be of great interest to local businesses. And it would help to foster the growth of a new, multi-million dollar business in the state that would have many direct and indirect benefits to the visitor industry and other sectors of Alaska's economy.

SB 230 will help make Alaska more competitive in attracting film production business and create new jobs and business opportunities.

The JCVB supports SB 230 and its goal of bringing the film industry to Alaska through this incentive program. Thank you for taking this step to draw a new industry to the state.

Sincerely,

Lorene Palmer  
President/CEO

Chenega Bay

Cordova

Tatitlek

Valdez

Whittier



prince william sound  
**ECONOMIC  
DEVELOPMENT  
DISTRICT**

February 10, 2008

Senator Johnny Ellis, Chairman  
Senate Labor and Commerce Committee  
State Capitol  
Juneau, Alaska 99801-1182


RE: SB 230-Film Production Incentive

Dear Senator Ellis:

Prince William Sound Economic Development District support SB 230 and your efforts to create new jobs and diversity in the Alaska economy by creating incentives to bring the film industry into our state. PWSEDD is one of four federal Economic Development Districts in Alaska, and a member of ARDOR. Our mandate is to increase economic development, workforce development, educational opportunities for those living in our region, and in general, improve quality of life for those in the five communities of Prince William Sound.

Encouraging the film industry to work in Alaska will be a great benefit to the State. New job opportunities, support for existing economies, and promoting the phenomenal scenic beauty in Alaska will certainly increase tourism, as well. Thank you for your leadership in this important matter.

Sincerely,



Sue Cogswell  
Executive Director

ALASKA REGIONAL DEVELOPMENT ORGANIZATION

2207 Spenard Rd., Suite 207 • Anchorage, Alaska 99503 Phone (907) 222-2440 • FAX (907) 222-2411 • Cell (907) 223-7672 • Email: pwsedd@pci.net



February 20, 2008

Senator Johnny Ellis, Chairman  
Senate Labor and Commerce Committee  
State Capitol  
Juneau, AK 99801-1182

Re: SB 230-Film Production Incentive

Dear Senator Ellis:

The City of Nome, Nome Convention and Visitors Bureau supports SB 230 and your efforts to create new jobs and diversify the economy by creating incentives to bring the film industry into Alaska. The Nome CVB helps promote Nome and Alaska as a visitor destination and operates the Nome Visitors Center year-round. We do all we can to make everyone's visit quality and successful.

The language in this legislation which creates transferable tax credits for corporate tax payers in Alaska is of great interest to our community. We also know that doing business in Alaska is costly. And it would help to foster the growth of a new, multi-million dollar business in the state that would have many indirect benefits to tourism and to our community.

We think this is a win-win situation for everyone involved. New jobs will be created and money from film productions will flow into our communities presenting new business opportunities for tourism. Most importantly, television programs, commercials and feature films about Alaska will be the real Alaska.

The Nome Convention & Visitors Bureau totally supports SB 230 and its goal of bringing the film industry to Alaska through this incentive program. Thank you for taking this step to draw a new industry to the state.

"There's No Place Like Nome!"

Respectfully,

Josie Stiles  
Director



# 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

February 21, 2008

Senator Johnny Ellis, Chairman  
Senate Labor and Commerce Committee  
State Capitol  
Juneau, AK 99801-1182

Re: SB 230-film production incentive

Dear Senator:

The Kodiak Chamber of Commerce supports SB 230 and your efforts to create new jobs and diversify the economy by creating incentives to bring the film industry into Alaska. Kodiak has attracted the interest of many film groups over the years, ranging from television documentaries to major motion pictures. Unfortunately, without support from the state in the form of tax credits and a statewide film office, the community has missed opportunities with film companies that could bring new dollars to the economy.

The film *The Guardian* is a good example of how, in spite of efforts of the local visitor bureau and many in the film industry in Alaska, there just wasn't enough incentive to bring the main filming to Alaska. Some scenic footage was shot in Kodiak over a period of a few days, a small drop in the economic bucket when compared to the millions pumped into the Shreveport, LA economy.

The passing of this legislation would create transferable tax credits for corporate tax payers in Alaska which would be of great interest to some of our members. It would also foster the growth of a new, multi-million dollar business in the state that would have many indirect benefits to tourism and to our local business community.

We think this is a win-win situation for everyone involved. New jobs would be created and money from film productions would flow into our communities resulting in new business opportunities.

The Kodiak Chamber of Commerce wholeheartedly supports SB 230 and its goal of bringing the film industry to Alaska through this incentive program. Thank you for taking this step to draw a new industry to the state.

Sincerely

Debora King  
Executive Director

Cc: Senator Gary Stevens

**Dedicated to Kodiak's Economic Future**



## KETCHIKAN

Our lifestyle, your reward

March 9, 2008

The Honorable Kyle Johansen  
House of Representatives  
Alaska State Capitol  
Juneau, Alaska 99801-1182

Dear Representative Johansen,

I am writing to ask for your vote in support of Senate Bill 230. Since becoming the director of the Ketchikan Visitors Bureau over 12 years ago, I have had many contacts with location managers and production staff for film and television, and have hosted scouting trips for these companies. Examples of some of the major films we have been in contact with include:

Insomnia- asked for brochures to make it look like an Alaskan visitor center but filmed primarily in Stewart BC and other Canadian locations.

Limbo- scouting trip, did film some scenes near Juneau.

Snow Falling on Cedars- 3 scout trips, producers and community meeting to discuss project. The producers eventually determined to use a site in Washington instead of Ketchikan. The movie was filmed predominantly in British Columbia.

Additionally we have worked with film crews from television shows like Wheel of Fortune, Baywatch and the International Lumberjack sports series as well as a variety of U.S. and internationally produced documentaries that have been filmed in and around Ketchikan.

Film offices are traditionally linked with tourism offices in other states, and up until about seven years ago, Alaska had a film office. Unfortunately it dwindled down to nothing due to a lack of funding. Tourism benefits greatly from the interest generated by film productions when shot on location and Alaska most certainly has the visual appeal that not only interests producers but will resonate with potential travelers.

I look forward to your support of this bill. Thank you.

Sincerely,

Patti Mackey  
Executive Director

C: Senator Johnny Ellis

# CITY OF CORDOVA



March 6, 2008

Representative Bill Thomas  
State Capitol Room 434  
Juneau, AK 99811-1182

Re: SB 230-creating film incentives for Alaska

Dear Representative Thomas:

As Mayor of the City of Cordova, I would like to ask for your support for SB 230 which creates transferable tax credits as incentives to bring film productions to Alaska.

The time is right for Alaska to begin the process of drawing film makers into our state. In the past few years, many television series and feature films about Alaska have been released to critical acclaim. Unfortunately, the large majority of these productions were filmed in other locations-primarily Canada-instead of in Alaska. With the change in the exchange rates, film productions are now looking to the US for locations for features formerly shot in Europe and other countries.

Over 40 states currently have an incentive program of some type on their books, as they understand the economic benefit that this multi-million dollar industry brings to their states. Alaskan communities could benefit economically from a large production company filming in their towns. The positive financial impacts from film productions are felt across the community. This includes the restaurants, caterers and hotels, car and equipment rental companies, airlines and freight expeditors, as well as locals who are hired as crew and extras. However, because of the aggressive rebate incentive programs, marketing by other states and the lack of a film incentive program in Alaska, we are seeing only a small fraction of these potential production benefits.

Please support SB 230 so that Alaskans can also benefit from new jobs and the business opportunities that come with welcoming this multi-million industry to our state.

Sincerely,

Timothy L. Joyce, Mayor

Cc: Senator Johnny Ellis  
Senator Albert Kookesh

January 29, 2008

Senator Johnny Ellis, Chairman  
Senate Labor & Commerce Committee  
State Capitol  
Juneau, AK 99811-1182

Re: SB 230 - Alaska Film Incentive Program

Dear Senator Ellis:

On behalf of the board of the Sitka Convention & Visitors Bureau (SCVB), we strongly support SB 230 to establish an Alaska Film Incentive Program.

Our city recently lost the opportunity to film a major motion picture that featured Sitka as part of its storyline. Another state, Massachusetts, was chosen because of existing film incentives. The pre-production team considered filming in Sitka, but chose the State of Massachusetts instead because they were offered a film incentive. The absence of Alaskan film incentives resulted in a significant loss to our community. A film of this magnitude would have contributed significantly to jobs, goods and services, housing, air and marine transportation, as well as marketed Sitka for decades after being produced.

The State of Alaska is one of a few states that does not have a state film office or film incentive program. We are losing opportunities to pursue and influence interested film companies to choose Alaska. Instead, surrounding regions or other states with incentive programs are selected by the lucrative film industry. A state film office could provide information on our state's needed film incentives, permitting process, familiarization trips, education and other necessary coordination with agencies, contractors and businesses.

Senator Ellis we encourage your sponsorship of SB230 for the State of Alaska to compete in the film industry market and bring diversity to our economic strength.

Respectfully Submitted:

Pat Fager (Chair), David Malone (Vice Chair), Ron Hauck,  
Lavonne Grun, and John Litten

By:



Sandy Lorrigan, Executive Director  
Sitka Convention and Visitors Bureau



**SITKA**  
CONVENTION AND  
VISITORS BUREAU

P.O. Box 1226  
Sitka, Alaska 99835  
Ph:(907)747-5940  
Fax:(907)747-3739  
scvb@sitka.org  
www.sitka.org



## **HAINES BOROUGH, ALASKA**

**P.O. BOX 1209 • HAINES, ALASKA 99827**  
**Administration 907.766.2231 • (fax) 907.766.2716**

Tourism 907.766.2234 • (fax) 907.766.3155  
Police Dept. 907.766.2121 • (fax) 907.766.2128  
Fire Dept. 907.766.2155 • (fax) 907.766.3373

February 1, 2008

Senator Johnny Ellis, Chairman  
Senate Labor and Commerce Committee  
State Capitol  
Juneau, AK 99801-1182

Re: SB 230 - film production incentive

Dear Senator Ellis:


The Haines Borough appreciates your sponsorship of SB 230 which creates transferable tax credits as incentives to bring film productions to Alaska.

Film productions can positively affect a community. In the early 1990's, Disney filmed *White Fang* within the Haines Borough, and our local economy experienced a significant boost. Additionally, we have benefited from documentary projects that have occasionally been filmed here. We still get inquiries from large film companies because of the scenery and wildlife we have to offer, but the reality of the high costs of filming in Alaska undoubtedly contributes to alternate location decisions. I believe the proposed tax credit incentives in SB 230 would help to put us on a level playing field with other states that already benefit from the millions of dollars spent by production companies.

With the release of recent films about Alaska and the more favorable exchange rates, perhaps even the international film industry will become more interested in Alaska productions. How refreshing it would be to have a film about Alaska actually filmed here! SB 230 will support the creation of a new industry and new jobs for Alaskans. It could bring millions of new dollars into the economies of our communities with very little state support.

Please let me know if there is anything I can do to help in this worthwhile endeavor. I look forward to welcoming more film productions to Haines and Alaska, along with the money and jobs they will create.

Sincerely,

  
Fred Shields  
Mayor



STATE OF TEXAS  
OFFICE OF THE GOVERNOR  
TEXAS FILM COMMISSION

RICK PERRY  
GOVERNOR

February 12, 2008

Senator Johnny Ellis, Chairman  
Senate Labor and Commerce Committee  
State Capitol  
Juneau, AK 99810-1182

Dear Senator Ellis:

I understand from Dama Chasle that the State of Alaska is considering a financial incentive program for motion picture production. Dama has asked for my input, and as I'm sure that Alaska and Texas will not be vying for the same film projects, I'm happy to share our experiences in the incentive area.

The hard fact is, financial incentives have changed the way that filming decisions are made. States without incentives face overwhelming competition from incentivized locations. Even Texas, with its diversity of locations, resident film workforce, specialized film vendors and long filmmaking history, has already lost the lion's share of our business to New Mexico and Louisiana. Back when we had to tell producers that Texas had no incentive program at all, believe me, it was very hard to even keep the conversation going. Texas' cash-back program began only last year, but it's already clear that 5% is not enough; our neighboring states offer five times that amount. We will approach our own legislature in the upcoming session with the message that Texas won't be able to effectively compete without putting a more generous program in place.

As you know, Alaska already faces aggressive and long-established film financial incentives from provincial and federal governments in Canada. As long as Alaska has no incentive program, a producer looking for an "Alaska" location will do their best to find it in Canada instead. I do think that the proposed 30% incentive would have an immediate, demonstrable and positive effect on film dollars coming into Alaska. On-location filming brings numerous benefits without impacting the environment or requiring infrastructure, but the best benefits of all are in the local jobs created and the support of small businesses.

I wish Alaska much success.

Sincerely,

A handwritten signature in black ink that reads "Bob Hudgins".

Bob Hudgins  
Director

cc: Governor Sarah Palin



February 1, 2008

Senator Johnny Ellis, Chairman  
Senate Labor and Commerce Committee  
State Capitol  
Juneau, AK 99801-1182

Re: SB 230-film production incentive

Dear Senator:

Ahtna Incorporated supports SB 230 and your efforts to create new jobs and diversify the economy by creating incentives to bring the film industry into Alaska. Ahtna Incorporated is an Alaska Native Regional Corporation formed under ANCSA. The Ahtna region includes eight (8) Federally Recognized Tribes all located in rural Alaska.

The language in this legislation which creates transferable tax credits for corporate tax payers in Alaska is of great interest to us. Our corporation can receive tax benefits while helping to foster growth of new, multi-million dollar business in the state.

We think this is a win-win situation for everyone involved. New jobs will be created and money from film productions will flow into our communities presenting new business opportunities. In addition, Ahtna has experience working with the film industry. A large part of the production of the film "Into the Wild" was filmed on Ahtna lands in the Cantwell area. This production provided jobs for many of our shareholders and the community at large for several months including during the winter season which also boosted the economy for the community's local businesses. As you know, employment in rural Alaska is very limited at any time of year and any opportunity to provide employment for the local residents is worthwhile in pursuing.

Ahtna Incorporated wholeheartedly supports SB 230 and its goal of bringing the film industry to Alaska through this incentive program. Thank you for taking this step to draw a new industry to the state

Sincerely,

Ken Johns, President/CEO

P.O. Box 649 • Glennallen, Alaska 99588  
Phone: (907) 822-3476 • Fax: (907) 822-3495

January 24, 2008

Senator Johnny Elis, Chairman  
Senate Labor and Commerce Committee  
State Capitol of Alaska  
Juneau, Alaska 99801-1182

Re: SB 230- film production incentive

Dear Senator Ellis,

I work for ASRC Energy and support SB 230 and your efforts to stimulate the economy and in the process create valuable jobs for the State of Alaska. ASRC Energy is a diversified Native Corporation dealing mainly with oil and gas issues here in the state. We currently employ over six thousand workers around the state and the lower forty eight.

The language in this piece of legislation which creates transferable tax credits for corporate tax payers in Alaska can be a very valuable tool for the company to use in the future. Under this legislation, the corporation can receive tax benefits while helping to foster the growth of a new, multi million dollar business. I really believe it can help rural areas and provide much needed income in the future.

This can definitely prove to be a win-win situation for everyone involved. The film production companies can create new jobs, international exposure for Alaska and a stimulus to both urban and rural areas of the state in the form of new business opportunities.

Again your support on this valuable piece of legislation and the goal of bringing the film industry to Alaska is commendable. I'm sure I can speak for every person here at ASRC Energy in wanting to see this legislation pass. Thank you for taking the initiative to draw a new and innovative industry to the state. This is long overdue.

Sincerely,

Joel L. Summers  
CRP Manager



January 30, 2008

Senator Johnny Ellis  
716 W. 4<sup>th</sup> Ave. Suite 440  
Anchorage, Alaska 99501-2133

Re: Alaska Film Incentive Program

Dear Senator Ellis,

The Alaska Film Group (AFG), a nonprofit trade association, wholeheartedly supports SB 230 establishing a film incentive program to draw feature film and TV productions to Alaska. This legislation allows us to compete with other states for our share of this multi-million dollar, green, international industry.

AFG was formed to:

- Create economic opportunities in the film business for our membership;
- Provide educational forums for the improvement of our craft;
- Be a voice for the film and video industry of Alaska.

Although our members provide support services for film crews who come to Alaska to shoot, we are missing out on major production work that could come to Alaska if we had an incentive program to draw productions to our state. Simply put, without a film incentive, Alaska is not even a consideration.

In addition to our AFG crew-members, Alaskan communities could benefit greatly from a large production company filming in their town. The positive financial impacts from film production are felt across all communities. This includes restaurants, caterers, hotels, car and equipment rental companies, airlines and freight expeditors, as well as locals who are hired as crew and extras. However, because of the aggressive rebate incentive programs and marketing by other states and the lack of a film incentive program in Alaska, we are seeing only a small fraction of these potential production benefits.

While Alaska unquestionably has unparalleled scenery, due to our lack of incentive programs, we are missing out on the multi-million dollar business that other states are enjoying. Alaska is currently one of only five states not offering rebates or incentives. As the exchange rate for the U.S. dollar slumps and competing states become more aggressive in luring productions to their communities, film productions are moving from international locations in Canada (our biggest competitor) and Europe back into the U.S. Other states offer incentives, rebates, or low interest loans to attract this business because they understand the positive, statewide economic impact the film industry provides to their residents, local businesses and to the visibility of their state by potential visitors.

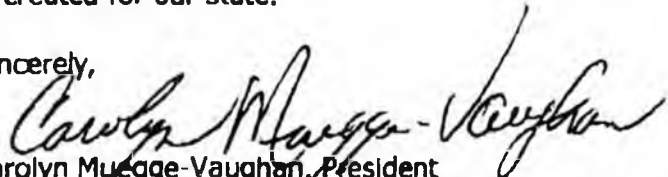
Alaska is missing out on this economic windfall. Television programs, commercials and feature films that are made about Alaska - or made to look like Alaska - are being filmed elsewhere. As a benchmark, prior to passing film incentives, other states, such as Louisiana, had a "ground spend" of \$20 million annually from film production. That amount soared to \$350 million two years after incentive programs were introduced, and is now at a record \$500 million in annual film production spending.

Because AFG is motivated to bring Alaska into the 21<sup>st</sup> century in terms of competing in this multi-million dollar market, on November 9th we held a technical and financial workshop on creating a film incentive program for Alaska. The workshop featured leaders in the film production accounting business and recognized as specialists in tax incentive development. The workshop was well attended by a diverse group of Alaskans including elected officials, directors of chambers of commerce and convention and visitor bureaus, the Governor's office and administration officials, legislative aides and representatives from the film and tourism industries.

The workshop was co-sponsored by the Alaska Industrial Development and Export Authority (AIDEA), Anchorage Economic Development Council (ADEC) and the Anchorage Convention and Visitors Bureau (ACVB). We have had additional meetings since November with these groups and other individuals, and know that we have a strong core group of interested Alaskans who see the value to the state and its businesses of creating a film incentive program to lure more filming here.

Thank you, Senator, for your interest in creating an Alaska Film Incentive Program. Our group stands ready to assist you in any way as a new, green multi-million dollar business opportunity is created for our state.

Sincerely,

  
Carolyn Muegge-Vaughan, President  
Alaska Film Group

**Alaska**  
**Locations, Inc.**  
SCOUTING ▲ MANAGEMENT ▲ LOGISTICS

1-800-770-8502  
Voice: 907-783-2143  
Fax: 907-783-2625  
Mobile: 907-223-3740  
film@alaska.net

Senator Johnny Ellis, Chairman  
Senate Labor & Commerce Committee  
State Capitol  
Juneau, AK 99811-1182

PRODUCTION  
MANAGEMENT

Re: SB 230 - Alaska Film incentive Program

LOCATION  
MANAGEMENT

Dear Senator Ellis.

LOCATION  
SCOUTING

LINE  
PRODUCER

Alaska Locations, Inc. is a Film Production Service based in Anchorage whose livelihood depends greatly on the health of our industry in state as well as around the globe. I work primarily on those productions originating from cities outside of Alaska looking for unique film locations, crew, vendors and logistical support.

CASTING,  
PERMITS, CREW

SNOWFIELDS  
YEAR-ROUND

Being involved in Alaska's film industry for nearly 30 years has been both rewarding and challenging. Through the years I've seen a number of qualified crew people leave the state because of the lack of sustainable year round employment in this industry. This bill will reverse that trend. An opportunity now exists for this industry to take a huge leap forward with legislation that you've introduced. SB 230 provides the opportunity for incredible growth in our crew base (jobs), infrastructure and exposure of our great state to the world. We've seen, and I've worked on recent productions that have revealed our magnificent state to the viewing audience both on television and in theaters. Most recently, Transformers, Amazing Race, Mythbusters, Into the Wild, and others have all contributed to Alaska's economic well being while focusing attention on the grandeur of Alaska. With SB 230 we will see Alaska's film industry grow exponentially and in turn create economic growth in many facets of our economy.

WILDLIFE,  
MARINE LIFE

RENTAL  
EQUIPMENT

GLACIERS,  
ICEBERGS

PERIOD  
BUILDINGS

WILDERNESS ROADS  
& HIGHWAYS

HELICOPTERS

I would like to take this opportunity in thanking you for having the foresight to introduce this legislation and the understanding of what it means to diversify our economy and create jobs for Alaskans

SKI PLANES


SEA PLANES

DOG TEAMS

WATERFALLS

AND MORE

Sincerely,

  
Bob Crockett  
Alaska Locations, Inc



PO Box 73  
Talkeetna, AK 99676  
(800) 533-2219 Toll Free  
(907) 733-2218 Phone  
(907) 733-1434 Fax  
<http://www.talkeetnaair.com> Web  
[info@talkeetnaair.com](mailto:info@talkeetnaair.com) E-mail

January 29, 2008

Senator Johnny Ellis, Chairman  
Senate Labor & Commerce Committee  
State Capital  
Juneau AK 99811-1182

RE: SB230-.Alaska Film Incentive Program

Dear Senator Ellis,

This is Paul Roderick, president of Talkeetna Air Taxi Inc.

We as a company see the potential this state has to offer in the film and television industry and so far we have only scratched the surface. The film industry spreads economic value in many sectors of the economy. Our company specializes in remote location access and would benefit tremendously if there were state incentives to motivate the film industry to our unique state. There is a lot of competition out there and if we were to have an edge, it would greatly help.

Kudos to John Ellis for sponsoring SB230.

Unward and upward.

Paul Roderick  
President

# GLACIER

Alaska.com

6543 Brayton Drive Suite A  
Anchorage, Alaska 99507  
907-868-9669

January 24, 2008

Senator Johnny Ellis, Chairman  
Senate Labor & Commerce Committee  
State Capitol  
Juneau, AK 99811-1182

Re: SB 230- Alaska Film Incentive Program

My name is Chris Maynard and I am a life long Alaskan who owns and operates three different tourism business year round. In the winter months I am the President of Alaska Snow Safaris, Inc. specializing in backcountry snowmobile adventures and rentals. We also do ATV adventures and rentals in the summer months. I also co-own Glacier Jet Alaska with three other Alaskan partners which specializes in jetboat tours in south central Alaska.

All of these businesses have been involved in employing up to 10 employees seasonally and over 3 year round employees. The small amount of work we have done with the film industry has greatly impacted our businesses and employees.

In the last 10 years I have worked with CBS, Fox, Discovery Channel, Travel Channel, ESPN, several different commercials, Miramax films, MGM films, United Artists films, and many more. This industry is very interested in Alaska but I understand that it is more affordable and easier to obtain permits to film in Canada then Alaska. As an Alaskan this upsets me very much and I feel that if we can make it more affordable and attractive for the industry to do business here, it will have a large financial impact on our state and to our company.

I support your SB 230 and thank you for taking the time to sponsor this very important bill to Alaska and Alaskan's.

Best regards,



Chris Maynard  
President  
Alaska Snow Safaris, Inc.  
Glacier Jet Alaska, LLC



February 1, 2008

RE: SB 230 - Alaska Film Incentive Program

Senator Johnny Ellis, Chairman  
Senate Labor & Commerce Committee  
State Capitol  
Juneau, AK 99811-1182

Dear Senator Ellis,

We are Alaskan business and property owners. Our company, Amberg Enterprises holds various pieces of investment properties throughout the state, as well as multi-faceted construction and agricultural businesses.

We would like to see SB 230 succeed. This bill will serve a two-fold purpose; not only will it diversify Alaska's economy, but this bill will afford Alaska the much needed press in the national and international tourism market. This bill finally allows the opportunity for Alaska's beauty to be readily accessible to the world's leading marketing professionals - the film industry.

As the former Sales Manager of the Valdez Convention & Visitor's Bureau, Viola has seen first-hand the benefits imparted by the countless opportunities brought into Alaska by the film industry.

Please ensure the passage of this bill - as it will allow our great state to realize its full potential.

Thank you for your support!

Sincerely,

William & Viola Amberg  
Amberg Enterprises



# ULTIMA THULE OUTFITTERS

INTO THE THULES

February 15, 2007

TO: The Honorable Johnny Ellis

Dear Senator Ellis,

We are the owners of an air taxi operation and a fly-in lodge in the Wrangell Mountains. Four generations of our Alaskan family have been involved in the building of this business since 1958. 100% of our income is derived from our lodge and air taxi. We commercial fished for years in Bristol Bay and used the profits from that to develop our lodge. We sold our permit about ten years ago and now depend on the tourism completely.

Through the years we have seen tourism ebb and roar ahead. We have seen great state support and a jump in tourism and then state abandonment and the subsequent down turn in our business. We have experienced changes in what we offer as we try to capture a share of the market. We have had tourists from 56 foreign countries in our lodge. We have seen money fluctuations change the make-up of our visitors and we have grown and expanded to meet the demands of the public. We have been part of at least 300 film and TV projects through the years and it has become the mainstay (60%) of our business. Last year alone we were involved in fifteen productions, two of which will be huge for Alaska and our economy.

Beginning April 22 on Discovery Channel right after "Deadliest Catch" a nine part series begins called "The Alaska Experiment". They are predicting it will be as popular as the "Deadliest Catch". If it is, they will pour money into our economy to produce many more years of the program. Last year, this program alone brought several million dollars to the state. Many different folks from gas stations to Fred Meyers employees were positively affected by this program alone. We were able to keep our employees working for a additional four months this year due to film projects. That is effecting a lot of families and making life a lot sweeter for them.

If the state steps in and helps make it easier for the movie industry to operate up here everyone will be a winner. We have had great experiences with the majority of projects. They leave their money, advertise our state for tourism for free and do not adversely affect this great land.

Thank you for your support of SB 230, anything we can do to help make film people think of us first and then come is positive for our entire state.

Sincerely,

Paul and Donna Claus



**Stan Stephens Cruises, Inc.**  
PO Bo x1297  
Valdez, AK 99686

January 23, 2008

RE: SB 230

To Whom It May Concern:

I am writing you this letter urging you to pass SB 230.

Our family business, Stan Stephens Cruises, Inc., is primarily a tourism business operating glacier and wildlife cruise in Prince William Sound May through September. However during our "off season" we have often become the beneficiaries for the Alaska film industry by supporting crews shooting movies and commercials.

The business that we have received from partnering with the film industry has allowed us to lengthen our operating season, therefore employing Alaskans for a longer period of time. In addition we with each charter we have increased our spending with other business in our area since we have had to supply our vessels with food, hardware and fuel.

The secondary benefit and possibly more beneficial aspect of recruiting film projects to Alaska is the exposure our State receives. With each image of Alaska in the market via commercials and film features we plant a seed of curiosity in the mind of perspective travelers to Alaska which ultimately supports the marketing dollars that the Alaska Travel Industry Association and local Convention and Visitors Bureaus invest in attracting visitors to Alaska.

We need to do as much as we can as Alaskans to encourage the film industry to look North to Alaska and consider our great State as a location for features and commercials. Thank you for supporting SB 230.

If you have any questions please feel free to contact me at any time.

Sincerely,

Colleen Stephens  
Vice President  
colleen@stephenscruises.com

# **CLI** Construction Cantwell, Ak. *Native Owned & Operated*

Senator Johnny Ellis, Chairman  
Senate Labor & Commerce Committee  
State Capitol  
Juneau, AK 99811-1182

RE: SB 230- Alaska Film Incentive Program

Senator Ellis,

I would like to start by introducing ourselves, Gordon & Rachel Carlson, we reside in Cantwell, AK, and we own a small construction company, CLI Construction located in Denali Borough.

We encourage you to vote for the passage of SB 230, the incentives to bring the film industry to Alaska; many movies are made outside of Alaska whose location should be in Alaska. In those locations they encourage the film industry by incentives & tax breaks.

We need to encourage the film industry to come to Alaska, This would boost our economy, put people to work and give people the visual education of what Alaska actually really looks like. Alaska's tourism industry would also benefit greatly from this.

Our experience in the film "Into the Wild" brought millions of dollars to our borough let alone our little community of Cantwell, It affected our small construction company business, local restaurants, hotels, motels, carpenters, laborers and let alone what it did for the car rental companies in Anchorage. The timing of this movie was really shot in the arm because of when they choose to start filming in April a really boost to the start of the construction and tourist season, having movies film in Alaska will encourage more people to come visit our state to see where some of the these movie are film at.

We all look to our Senators and Representatives to make the best decisions for Alaska and we feel the passage of SB 230 would be an asset to our state,

Sincerely,  
Gordon & Rachel Carlson  
CLI Construction  
P.O. Box 191  
Cantwell, Alaska 99729  
907-768-2008

PO Box 191  
Cantwell, AK 99729  
Business Tel (907)768-2008  
Fax Tel (907) 768-2000



Christopher Ho  
PO Box 1347#228  
Bethel, Alaska, 99559

907.543.5505  
email@christopherho.us

January 25, 2008

Senator Johnny Ellis, Chairman  
Senate Labor & Commerce Committee  
State Capitol  
Juneau, AK 99811-1182

Re: SB 230 - Alaska Film Incentive Program

Dear Senator Ellis,

I am a producer and director with First Catch Films, an independent production company based in Bethel, Alaska.

We have a fiction film project in pre-production that will ideally be shot in Western Alaska. With the rising costs of fuel, transportation, and lodging, convincing investors to pay a large surcharge to shoot in our unique location is challenging.

SB 230 would provide a much needed incentive for film production in our state. Granted that this legislation would spur interest for productions worldwide to travel to Alaska to shoot, we are also excited about the possibility of a new attraction to film as a viable investment for Alaskan corporations.

Thank you for sponsoring SB230.

Sincerely,

A handwritten signature in black ink that reads "Chris Ho".

Christopher Ho

BRISTOL BAY CAMPUS

527 Seward St.  
PO Box 1070  
Dillingham, AK 99576-1070



Fax (907) 842-5692

25 January 2008

Senator Johnny Ellis, Chairman  
SENATE LABOR AND COMMERCE COMMITTEE  
STATE CAPITOL  
JUNEAU, AK 99811-1182

Re: SB230 – Alaska Film Incentive Program

Dear Senator Ellis:

I am writing to ask for your support of SB230 - the Alaska Film Incentive Program. I am writing not only for myself but also for ten of the most extraordinary students in the history of our state.

I came to Alaska in 1982, to teach high school in the Siberian Yupik village of Gambell, on St. Lawrence Island. The school was so out of control that it was under threat of closure. By a fluke, the kids ended up being entered in Future Problem Solving – then the most difficult academic competition in the nation.

Despite poor academic backgrounds and despite speaking English as a second language, the Gambell teams made it to the national finals. Seventy-eight percent of the teams they faced were from schools or programs for the gifted. But the Gambell students rose to the challenge. They studied while hauling water. They studied while (literally) hunting whales. They overcame those and other obstacles that stagger the imagination. And they became the only Native Americans ever to win national championships in academics – a feat they accomplished *twice*.

Their story was to be a movie – the sequel to *Stand and Deliver*. However, the script (which I did not write) was caught in the 1987/88 Hollywood Strike, and was never filmed. Frankly, I was relieved, because I knew that films about Alaska but made outside Alaska never live up to their billing.

I now have told their remarkable story in an extremely well-received book, *The Kids from Nowhere*. (Besides being an educator, I have a world award as a writer.) This story needs to be shown on the screen, to bring hope to young people, especially to minority students, everywhere. The “Kids from Nowhere,” as the Gambell students proudly called themselves – “kids” who are now all in the thirties – want no money for themselves. They want to be role models for Native youth, and use any monies a movie might make to build a school for the poor.

You and other Alaska legislators can raise a wonderful and heartfelt voice in this noble cause. What a better way to give kids everywhere a model for making good choices! Alaska needs to have movies filmed *in* Alaska, movies that give Alaskans a real chance to voice our unique culture and our incredible stories – not movies made non-Alaskans (and often filmed outside the state) – movies that, as with *Mystery, Alaska*, call all Alaska Natives “Inuit.”

Please support SB230.

Sincerely yours,

George Guthridge  
Professor of English  
rglg@uaf.edu

PO Box 489  
Homer, Alaska 99603  
January 22, 2008

Senator Johnny Ellis, Chairman  
Senate Labor & Commerce Committee  
State Capitol  
Juneau, AK 99811-1182

Re: SB 230 - Alaska Film Incentive Program

Dear Senator Ellis,

I'm Dana Stabenow, Homer resident and author of twenty-four novels and a dozen short stories, including fifteen (sixteen next year) Kate Shugak novels, which are set in Alaska.

There has been interest in the screen rights for the Kate Shugak novels from the first year of publication, but I have turned down all offers because no one will shoot the film or mini-series or television series in Alaska. The reason is always the same: They can shoot it cheaper elsewhere, in one of the states that does have film incentives, or more likely in Canada or New Zealand, which also do.

Quite apart from the fact that I'm hemorrhaging money myself in continually refusing offers, all Alaskans are losing out. Film companies who shoot here will eat here, sleep here, and shop here. They'll put Alaskans to work in the arts and in the transportation and service industries. There is also the satisfaction that will come to every Alaskan watching a film allegedly set in Alaska and actually seeing Alaska up on the screen, instead of British Columbia, Washington, Louisiana or Maine. No financial value may be attached to this last, but it sure would be good for the Alaskan soul.

This is why I am so glad to see your sponsorship of SB230. I cannot express strongly enough my support for this bill, and I'm happy to testify for it in front of the legislature in Juneau if you think it would help.

Thanks,

Dana Stabenow

**SB**

**263**

# ALASKA STATE LEGISLATURE



SENATOR JOE THOMAS

## **Sponsor Statement CSSB 263(L&C)**

This bill modifies the requirement that one member of the State Board of Registration for Architects, Engineers and Land Surveyors be a mining engineer. Only 22 of Alaska's 4,000 registered/licensed engineers are resident mining engineers, which can make it difficult to find a qualified and interested candidate. SB 263 states that the governor may appoint a petroleum or chemical engineer if a mining engineer is not available. Each time that seat becomes vacant, the governor will first seek and appoint a mining engineer if one is available.

SB 263 also adds an exemption to the licensing requirement for individuals who design fire detection or suppression systems, if they are authorized to design fire detection or suppression systems by the Alaska Department of Public Safety. The intent of this provision is to solidify the current industry practice, which could be interpreted to be in conflict with statute.

I believe this bill will increase the clarity of the engineering law and the efficiency of the board. I ask for your support.

# FISCAL NOTE

**STATE OF ALASKA**  
**2008 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 263  
 ( ) Publish Date: \_\_\_\_\_

Identifier (file name) SB263-CED-OL-03-10-08 Dept. Affected: Commerce  
 Title Architects, Engineers, Surveyors Board/Exemption RDU Corp. Bus & Prof Licensing (117)  
 Component Corp. Bus & Prof Licensing  
 Sponsor Thomas  
 Requester Senate Labor & Commerce Component Number 2360

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

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

	Appropriation Required	Information						
		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
-----------------------------	--	--	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( 1156 )</b>								
------------------------------------	--	--	--	--	--	--	--	--

**FUND SOURCE (Thousands of Dollars)**

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1156 Receipt Supported Services							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2008) cost: 0.0

**POSITIONS**

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

This legislation amends AS 08 48 Architects, Engineers, and Land Surveyors to permit the governor to appoint a petroleum or chemical engineer if a qualified mining engineer is not available. It also adds an exemption for people certified by the National Institute for Certification in Engineering Technologies who are engaged in the design of fire detection and suppression systems from registration as architects, engineers, land surveyors, or landscape architects.

This legislation would have no fiscal impact on the operations of the division.

Prepared by Chris Wyatt, Administrative Officer Phone (907) 465-2572  
 Division Corporations, Business, and Professional Licensing Date/Time 3/10/08 11:15 AM  
 Approved by Emil R. Notti, Commissioner Date 3/10/2008  
 Agency Commerce, Community, and Economic Development

# ALASKA STATE LEGISLATURE



SENATOR JOE THOMAS

## **Sectional Analysis CSSB 263( L&C)**

**Section 1:** Amends the composition of the State Board of Registration for Architects, Engineers and Land Surveyors to allow for the appointment of a petroleum or chemical engineer if a mining engineer is not available to serve.

*Only 22 of Alaska's 4,000 registered engineers are resident mining engineers, which can make it difficult to find qualified and interested candidates.*

**Section 2:** Exempts persons who design fire detection or suppression systems from AS 08.48 (regulation of engineers) if they are authorized to design fire detection or suppression systems by the Alaska Department of Public Safety.

*The intent of this provision is to solidify in statute the current industry practice.*

to recover compensation for services rendered in another state, where he was not licensed in the latter other state, or in connection with construction in another state. 32 ALR3d 1151

*10 Members of AELS Board*

**Article 1. Board of Registration.**

**Section**

- 11. Board created
- 21. Appointments and terms
- 31. Qualifications
- 41. Removal of members
- 51. Organization and meetings
- 55. Executive secretary of the board
- 61. Finances

**Section**

- 71. Records and reports
- 91. Written examinations
- 101. Regulations, bylaws; code of ethics
- 111. Power to revoke, suspend, or reissue certificate
- 121. Disciplinary action and procedure
- 131. Injunction
- 141. Legal counsel

*Sec. 08.48.010. [Repealed, § 1 ch 179 SLA 1972.]*

**Sec. 08.48.011. Board created.** (a) There is created the State Board of Registration for Architects, Engineers, and Land Surveyors. The board shall administer the provisions of this chapter and comply with AS 44.62 (Administrative Procedure Act).

(b) The board consists of 10 members appointed by the governor having the qualifications as set out in AS 08.48.031. The board consists of two civil engineers, two land surveyors, one mining engineer, one electrical or mechanical engineer, one engineer from another branch of the profession of engineering, two architects, and one public member. (§ 3 ch 179 SLA 1972; am § 1 ch 44 SLA 1975; am § 2 ch 63 SLA 1984; am § 2 ch 36 SLA 1997)

**Cross references.** — For transitional provisions relating to persons holding seats on the State Board of Registration for Architects, Engineers, and Land Surveyors on July 1, 1997, see § 9, ch 36, SLA 1997 in the 1997 Temporary and Special Acts.

For transitional provisions relating to the person holding a temporary position on the Board of Registration for Architects, Engineers, and Land Surveyors before July 1, 2005, see sec 3, ch 38, SLA 2005, in the 2005 Temporary and Special Acts.

**Effect of amendments.** — The 1997 amendment, effective July 1, 1997, rewrote subsection (b).

**Editor's notes.** — Section 31, ch 47, SLA 1998, as amended by sec 2, ch 46, SLA 2001, and sec 2, ch 38, SLA 2005, provides the following:

"TEMPORARY BOARD MEMBER. After consider-

ing recommendations made by the Alaska chapter of the American Society of Landscape Architects, the governor shall appoint a landscape architect to the Board of Registration for Architects, Engineers, and Land Surveyors. The person appointed under this section

"(1) must have been a resident in the state for three consecutive years immediately preceding appointment;

"(2) serves in an advisory, nonvoting capacity on the board;

"(3) is entitled to receive state money for per diem or travel expenses for work as a board member;

"(4) serves a term that expires June 30, 2009; and

"(5) must be registered as a landscape architect under AS 08.45."

*Sec. 08.48.020. [Repealed, § 1 ch 179 SLA 1972.]*

**Sec. 08.48.021. Appointments and terms.** (a) The governor shall give each member of the board a certificate of appointment, and the member shall file with the lieutenant governor a written oath or affirmation for faithful discharge of the member's official duty.

(b) *[Repealed, § 49 ch 94 SLA 1987.]*

(c) For purposes of determining appointments and terms under AS 08.01.035, notwithstanding the reference in that section relating to eligibility for reappointment after serving a full or partial term,

(1) a member who has served all of two successive terms on the board may not be reappointed to the board unless four years have elapsed since the person last served on the board; and

(2) for purposes of (1) of this subsection, a person who serves for two years or more of a four-year term is considered to have served a full term. (§ 3 ch 179 SLA 1972; am § 3 ch 63 SLA 1984; am § 49 ch 94 SLA 1987; am § 1 ch 66 SLA 2004)

**BOARD OF REGISTRATION FOR ARCHITECTS, ENGINEERS  
AND LAND SURVEYORS**

2/22/08

	<b>Resident</b>	<b>Non-Resident</b>	<b>Total</b>
Chemical Engineer	36	59	95
Civil Engineer	1356	1248	2604
Electrical Engineer	252	297	549
Mechanical Engineer	290	341	631
Mining Engineer	22	8	30
Petroleum Engineer	55	57	112
Architect	226	296	522
Land Surveyor	366	92	458
Landscape Architect	28	14	42
<b>TOTALS</b>	<b>2631</b>	<b>2412</b>	<b>5043</b>



# State of Alaska

Department of Public Safety  
Division of

# Fire and Life Safety

Sarah Palin, Governor  
Walt Monegan, Commissioner

18 March 17, 2008

### Committee Substitute Senate Bill 263

An Act relating to the State Board of Registration for Architects, Engineers and Land Surveyors; and relating to an exemption for persons certified by the National Institute for Certification in Engineering Technologies who are engaged in the design of fire detection and suppression systems from registration as architects, engineers and land surveyors or landscape architects.

The Department of Public Safety Division of Fire and Life Safety is in favor of (CS) SB 263. This legislation clarifies, simplifies and provides authority recognition for this limited class of fire detection and suppression system design professional and eliminates any potential confusion about who is responsible for the permit system. The State Fire Marshal has long maintained the permit system through Alaska Administrative Code for many years. These design professionals work daily with our plan review office staff on projects throughout the state and we are intimately familiar with their work.

We fully respect the AELS Board and will work with them to evaluate and incorporate potential recommendations for future programmatic changes in permit qualification and renewal. At the same time working with industry, the public and end users we want to address and improve the design permit program to meet ever changing design methodologies, technologies and codes.

Please support (CS) SB 263.

Sincerely

Kelly Nicoello  
Assistant State Fire Marshal

**Class Level****Alaska Definition of Class****Fire Alarm Systems**

IA	Perform maintenance of fire alarm signaling systems and related devices
IB-Special	Perform installation only of fire alarm signaling systems and related devices
IB	Perform installation and maintenance of fire alarm signaling systems and related devices
IC-DO	Perform design only of fire alarm signaling systems and related devices
IC	Perform installation, maintenance, and design of fire alarm signaling systems and related devices

IA	23
IB-Special	280
IB	431
IC-DO	12
IC	127
<b>Grand Total</b>	<b>873</b>

**Sprinkler Systems**

IIA	Perform maintenance of fire sprinkler and standpipe systems beginning at the point water supply is used exclusively for the fire suppression system
IIB	Perform installation and maintenance of fire sprinkler and standpipe systems beginning at the point water supply is used exclusively for the fire suppression system
IIC-DO	Perform design only of fire sprinkler and standpipe systems beginning at the point water supply is used exclusively for the fire suppression system
IIC	Perform installation, maintenance, and design of fire sprinkler and standpipe systems beginning at the point water supply is used exclusively for the fire suppression system

IIA	33
IIB	208
IIC-DO	23
IIC	79
<b>Grand Total</b>	<b>343</b>

**Special Hazard Systems**

IIIA	Perform maintenance of special hazard systems
IIIB	Perform installation and maintenance of special hazard systems
IIIC-DO	Perform design only of special hazard systems
IIIC	Perform installation, maintenance, and design of special hazard systems
IV	Perform installation and maintenance of pre-engineered dry and wet chemical fire suppression systems for restaurant and commercial hoods, ducts, and associated cooking appliances

IIIA	21
IIIB	133
IIIC-DO	8
IIIC	61
IV	15
<b>Grand Total</b>	<b>238</b>

## Department of Public Safety Regulations

### 13 AAC 50.035. Permit Required

(a) A company designing, installing, testing, or maintaining fire alarm signaling systems, or automatic fire suppression systems must employ sufficient personnel who hold valid permits in the appropriate classifications under this section to provide direct oversight and supervision of work being performed on the fire systems. A professional mechanical or electrical engineer registered under AS 08.48 who has relevant system design experience and the company that employs that engineer are exempt from the permit requirements of this section for system design. A plumber registered under AS 08.62 and certified by the manufacturer of the system may perform multi-purpose residential suppression system installations conforming to NFPA 13D. Notwithstanding the requirements of this subsection,

(1) owner maintenance may be performed without a permit; and

(2) fire alarm systems may be installed under the direction of an electrical administrator licensed under AS 08.40 without a permit required by this section provided that the final acceptance test and certification of the system is conducted by a qualified person who holds a valid permit under this section.

(b) Repealed 8/31/96.

(c) A company that engages in the design, installation, or maintenance of a system shall record its work by annotating plans, test certificates, inspection reports, and system inspection tags with the permit holder's permit number, or professional engineer's registration number or seal.

(d) A permit issued under this section expires three years from date of issuance. The authority of a permit holder to design, install, or maintain a system under a permit ceases immediately upon expiration of the permit. A permit may be renewed upon application to the state fire marshal on forms provided by the fire marshal.

(e) A company must employ at least one permit holder who holds a permit in the classifications specified in (f) of this section that cover the work the company wishes to perform. A company may only perform work within the scope of the permits held by its employees, except that system design drawings may be prepared for that company by another company or individual who has the necessary permits. If a permit holder terminates employment with the company, the company shall immediately stop all activities within the scope of work authorized by the permits held by that individual except that a company may complete work designed by a permit holder following the permit holder's termination of employment with the company if the design plans for that

work have been prepared and approved under 13 AAC 50.027 before the date of termination.

(f) A permit holder may, within the scope of the permit holder's permit classification as defined in (g) of this section, perform or supervise the preparation of technical drawings, and the installation, inspection, or maintenance of fire alarm signaling systems, fire suppression systems, or any part of a system.

(g) The state fire marshal will issue permits under this section according to the following classifications:

(1) Class IA: limited to the maintenance and testing of fire alarm signaling systems and related devices;

(2) Class IB: limited to the installation, maintenance, and testing of fire alarm signaling systems and related devices;

(3) Class IB-Special: limited to the installation of fire alarm signaling systems and related devices;

(4) Class IC: limited to the design, installation, maintenance, and testing of fire alarm signaling systems and related devices;

(5) Class IC-DO: limited to the design of fire alarm signaling systems and related devices;

(6) Class IIA: limited to the maintenance and testing of fire sprinkler and standpipe systems beginning at the point the water supply is used exclusively for the fire suppression system;

(7) Class IIB: limited to the installation, maintenance, and testing of water fire sprinkler and standpipe systems beginning at the point the water supply is used exclusively for the fire suppression system;

(8) Class IIC: limited to the design, installation, maintenance, and testing of water fire sprinkler and standpipe systems beginning at the point the water supply is used exclusively for the fire suppression system;

(9) Class IIC-DO: limited to the design of water fire sprinkler and standpipe systems beginning at the point the water supply is used exclusively for the fire suppression system;

(10) Class IIIA: limited to the maintenance and testing of special hazard systems;

(11) Class IIIB: limited to the installation, maintenance, and testing of special hazard systems;

(12) Class IIIC: limited to the design, installation, maintenance, and testing of special hazard systems;

(13) Class IIIC-DO: limited to the design of special hazard systems;

(14) Class IV: limited to the installation, maintenance, and testing of pre-engineered dry and wet chemical fire suppression systems for restaurant and commercial hoods, ducts and associated cooking appliances.

(h) To qualify for a permit under this section, an applicant

(1) shall submit an application to the state fire marshal on a form provided by the marshal;

(2) must be 18 years of age or older; and

(3) at the time of application, must meet the following minimum requirements for the class of permit for which the applicant has applied:

(A) Class IA: have

(i) not less than two years cumulative experience in the fire alarm signaling system business; and

(ii) passed the examination for NICET II certification elements in fire alarm systems or the equivalent;

(B) Class IB:

(i) have not less than two years cumulative experience in the fire alarm signaling systems business;

(ii) be employed in a position of supervisory responsibility for the installation, maintenance, and testing of fire alarm signaling systems; and

(iii) have passed the examination for NICET II certification elements in fire alarm systems or the equivalent;

(C) Class IB-Special:

(i) have completed an approved electrical apprentice program;

(ii) be a current Alaska journeyman electrician; and

(iii) not hold a position of supervisory responsibility;

**(D) Class IC:**

- (i) have not less than five years cumulative experience in the fire alarm signaling systems business;**
- (ii) be employed in a position of supervisory responsibility for the preparation of technical documents and the installation, maintenance, and testing of fire alarm signaling systems; and**
- (iii) have passed the examination for NICET III certification elements in fire alarm systems or the equivalent;**

**(E) Class IC-DO:**

- (i) have not less than five years cumulative experience in the design of fire alarm signaling systems business;**
- (ii) be employed in a position of supervisory responsibility for the design of fire signaling systems; and**
- (iii) have passed the examination for NICET III certification elements in fire alarm systems or the equivalent;**

**(F) Class IIA: have**

- (i) not less than two years cumulative experience in the water-based fire suppression system business; and**
- (ii) passed the examination for NICET II certification elements in automatic sprinkler systems or the equivalent;**

**(G) Class IIB:**

- (i) have not less than two years cumulative experience in the water-based fire suppression system business;**
- (ii) be employed in a position of supervisory responsibility for the installation, maintenance, and testing of water-based fire suppression systems; and**
- (iii) have passed the examination for NICET II certification elements in automatic sprinkler systems layout or the equivalent;**

**(H) Class IIC:**

- (i) have not less than five years cumulative experience in the water-based fire suppression system business;**

(ii) be employed in a position of supervisory responsibility for the preparation of technical documents and the maintenance and testing of water-based fire suppression systems; and

(iii) have passed the examination for NICET III certification elements in automatic sprinkler systems or the equivalent;

(I) Class IIC-DO:

(i) have not less than five years cumulative experience in the design of water-based fire suppression system business;

(ii) be employed in a position of supervisory responsibility for the design of sprinkler systems; and

(iii) have passed the examination for NICET III certification elements in automatic sprinkler systems layout or the equivalent;

(J) Class IIIA: have

(i) not less than two years cumulative experience in the special hazard systems business; and

(ii) have passed the examination for NICET II certification elements in special hazard systems or the equivalent;

(K) Class IIIB:

(i) have not less than two years cumulative experience in the special hazard systems business;

(ii) be employed in a position of supervisory responsibility for the installation, maintenance, and testing of special hazard systems; and

(iii) have passed the examination for NICET II certification elements in special hazard systems or the equivalent;

(L) Class IIIC:

(i) have not less than five years cumulative experience in the special hazard systems business;

(ii) be employed in a position of supervisory responsibility for the preparation of technical documents and the maintenance and testing of special hazard systems; and

(iii) have passed the examination for NICET III certification elements in special hazard systems or the equivalent;

(M) Class IIIC-DO:

(i) have not less than five years cumulative experience in the design of special hazard system business;

(ii) be employed in a position of supervisory responsibility for the design of special hazard systems; and

(iii) have passed the examination for NICET III certification elements in special hazard systems layout or the equivalent;

(N) Class IV:

(i) have not less than two years cumulative experience in the kitchen fire suppression system maintenance business;

(ii) have passed the examination for NICET special hazard elements 52001, 52002, 53002, 53004, 53005, and 54013 or the equivalent;

(iii) possess at least one manufacturers training certificate; and

(iv) possess the specific system manuals for the systems to be serviced.

(i) Repealed 9/13/2007.

(j) If a company or individual is involved in the installation, maintenance, or design of a fire suppression system or fire alarm signaling system and does not possess a required permit, the state fire marshal will, in the marshal's discretion, order work stopped by service of an order in writing in accordance with 13 AAC 50.070.

(k) The state fire marshal will provide written notice to a permit holder at least 10 days before an action to revoke or suspend a permit. The fire marshal will, in the marshal's discretion, revoke or suspend a permit

(1) if a permit holder has materially misrepresented that individual's qualifications in obtaining or renewing the permit or is subject to revocation under 13 AAC 55.100(c) ;

(2) if a permit holder is found, after an administrative investigation, to be negligent, incompetent, or to have committed substantial misconduct in the preparation of technical drawings, or the installation or maintenance of a system;

(3) based upon documented repetitious violations of 13 AAC 50 - 13 AAC 55 by a permit holder;

(4) for other good cause found by the state fire marshal.

(l) An order of suspension must state the length of the suspension. The period of suspension may not be less than 30 days and may not exceed one year from the date of the order.

(m) An order of revocation must state the length of the revocation. The period of revocation may not be less than one year and may not exceed two years.

(n) Unless the context indicates otherwise, in this section,

(1) "company" means any individual, partnership, firm, group, organization, corporation, or any other entity that performs or represents itself as qualified to perform any of the following functions related to a fire alarm signaling system or fire suppression system, or any portion of a system:

(A) preparation of technical design documents;

(B) installation, either in whole or in part;

(C) maintenance; or

(D) inspection;

(2) "design" means the preparation of detailed drawings of a fire alarm signaling system or fire suppression system and the calculations and specifications for those systems completed in accordance with the requirements of 13 AAC 50 - 13 AAC 55;

(3) "direct oversight and supervision" means that a company must have sufficient personnel with appropriate permits to inspect and certify that work being performed on systems is in substantial compliance with applicable laws, product listings, and manufacturer's installation instructions;

(4) "equivalent" means 20 years of relevant experience in the design, installation, or maintenance of systems or such other combination or documented training, experience, or certification, that the fire marshal determines is substantially equivalent to the requirements of (h) of this section;

(5) "fire alarm signaling system" means any signaling system that is either automatically or manually activated to notify persons on or off the property of a fire condition;

(6) "fire suppression system" means a system that is either automatic or manual and designed to protect a process, building, or structure from fire; "fire suppression system" includes piping, fire mains, standpipes, and thermal systems connected to the system;

(7) "installation" means the initial placement of equipment or the extension, modification, or alteration of a system after the initial placement;

(8) "maintenance" means to repair, service, or replace a system or a system component when, for any reason, it becomes undependable or inoperative; "maintenance" includes periodically recurrent inspections and tests required to keep a system and its component parts in an operative condition at all times;

(9) "NICET" means the National Institute for Certification in Engineering Technologies;

(10) "owner maintenance" means basic maintenance performed by an owner or the owner's representative who is capable of performing maintenance in accordance with the law and nationally recognized standards of good practice; owner maintenance includes the following nontechnical repairs:

(A) replacing sprinkler heads;

(B) resetting valves;

(C) replacing damaged or missing pipe hangers;

(D) replacing batteries;

(E) replacing indicator lamps;

(F) tightening electrical connections; or

(G) replacing damaged or inoperative detection or audible devices;

(11) "permit" means the document issued under this section by the state fire marshal to an individual as verification of that individual's qualifications to design, install, and maintain fire protection systems in accordance with this section;

(12) "permit holder" means an individual who has been issued a permit under this section by the state fire marshal;

(13) "special hazard system" means a system that uses gases, chemicals, or foam as the fire suppression agent and includes Halon systems, CO<sub>2</sub> systems, wet chemical systems, dry chemical systems, AFFF systems, and protein foam systems;

(14) "system" means a fire alarm signaling system or fire suppression system;

(15) "water-based fire suppression system" means a system that uses water as the suppression agent; "water-based fire suppression system" includes automatic fire sprinkler systems and standpipe systems.

**History:** Eff. 6/10/93, Register 126; am 8/31/96, Register 139; am 9/13/2007, Register 183

**Authority:** AS 18.70.010

AS 18.70.080

AS 18.70.090

**Editor's note:** Copies of NICET publications are available from the National Institute for Certification in Engineering Technologies, 1420 King Street, Alexandria, Virginia 22314.

**SB**

**305**

25th  
ALASKA STATE LEGISLATURE

Senator Johnny Ellis, Chair  
Senator Gary Stevens, Vice Chair  
Senator Bettye Davis  
Senator Lyman Hoffman  
Senator Con Bunde



State Capitol, Room 9  
465-3704

## Senate Labor & Commerce Committee

### SB 305

### Re-corking Wine Served with a Meal

#### SPONSOR STATEMENT

Senate Bill 305 would allow restaurant patrons to enjoy a bottle of wine with their meals without feeling compelled to consume the entire bottle. Unlike with food, diners cannot take leftover wine home with them. Wine must either be consumed at the table or the unconsumed portion must be left behind at the restaurant. Because wine served in restaurants is typically a costly item, diners have a strong incentive to consume the entire bottle before leaving, perhaps having consumed more than they should in order to safely drive home.

Senate Bill 305 would make it possible for restaurants to re-cork a partially consumed bottle of wine in such a manner as to require the use of a corkscrew to open it, thereby complying with open container laws. Bottles sealed by means other than a cork could be resealed under regulations adopted by the Alcoholic Beverage Control Board.

Enacting the re-sealing measures in SB 305 would provide another means of reducing DUI incidents by allowing restaurant patrons to enjoy wine with their dinner without the economic incentive to overindulge.