

**PA10-107**

**SB176**

Commerce	136-160, 218-229, 252-263	48
House	5582-5585	4
Senate	2603-2615, 2705-2708, 3941, 3944-3946	20
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**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2010**

**VOL.53  
PART 17  
5315 – 5590**

rgd/md/gbr  
HOUSE OF REPRESENTATIVES

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The motion is on the immediate suspension of the rules for consideration of --

REP. OLSON (46th):

-- of House Calendar Number 530.

SPEAKER DONOVAN:

Of House Calendar 530. Any objection? Hearing none, the rules are suspended.

Clerk, please call Calendar 530.

THE CLERK:

Calendar 530, Senate Bill Number 176, AN ACT CONCERNING THE FILM TAX CREDIT, favorable report --

SPEAKER DONOVAN:

Representative Berger.

THE CLERK:

-- Revenue and bonding.

REP. BERGER (73rd):

Yes, thank you, Mr. Speaker. If the Clerk would call Amendment Number LCO 4661.

SPEAKER DONOVAN:

Clerk, please call.

REP. BERGER (73rd):

I move passage and acceptance of the amendment.

SPEAKER DONOVAN:

Representative, I couldn't hear the number, 466

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REP. BERGER (73rd):

61, LCO Number.

SPEAKER DONOVAN:

Clerk, please call 4661, LCO.

REP. BERGER (73rd):

Senate "A," previously designated Senate "A."

THE CLERK:

LCO Number 4661, Senate A offered by Senators  
LeBeau and Frantz and Representatives Berger and  
Alberts.

SPEAKER DONOVAN:

Representative, a summarization of the amendment.

REP. BERGER (73rd):

Yes. Thank you, Mr. Speaker, it makes conforming  
changes to the film tax credit. It's a good bill,  
ought to pass.

SPEAKER DONOVAN:

Any remarks? Representative Alberts.

REP. ALBERTS (50th):

Good amendment, ought to pass. Bill should pass.

SPEAKER DONOVAN:

Remark further?

If not, let me try your minds. All those in

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favor please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

Those opposed, nay.

Ayes have it. The amendment is adopted.

Remark further on the bill? Representative  
Berger.

REP. BERGER (73rd):

I move consent.

SPEAKER DONOVAN:

Motion is on consent. Any objection? Hearing  
none, it is under consent. Representative Johnston.

REP. JOHNSTON (51st):

Mr. Speaker, I object to consent on this.

SPEAKER DONOVAN:

Will staff and guests please come to the well of  
the House. Members take their seats. The machine  
will be opened.

THE CLERK:

The House of Representatives is voting by a roll  
call. Members to the Chamber. The House is voting by  
a roll call. Members to the Chamber, please.

SPEAKER DONOVAN:

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Have all the members voted? Have all the members  
voted? If so, the machine will be locked.

Will the Clerk please announce the tally?

THE CLERK:

Senate Bill Number 176 as amended by Senate "A."

Total Number Voting 144

Necessary for Adoption 73

Those voting Yea 141

Those voting Nay 3

Those absent and not voting 7

SPEAKER DONOVAN:

Bill as amended is passed.

Representative Merrill.

REP. MERRILL (54th):

Thank you, Mr. Speaker. I would move that we  
transmit the Emergency Certified Bill.

SPEAKER DONOVAN:

The motion is to transmitting the Emergency  
Certified Bill to the Governor. Any objection? Any  
objection? Hearing none, it's immediately  
transmitted.

Clerk, please call Calendar 151.

THE CLERK:

Where is it? Where is it?

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Calendar page 2, Calendar 118, File Number 162, substitute for Senate Bill 176, AN ACT CONCERNING THE FILM TAX CREDIT, Favorably reported, the committee on Commerce. Clerk is in possession of amendments.

THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

Good evening, Mr. President.

THE CHAIR:

Good evening, sir.

SENATOR LEBEAU:

I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

On acceptance and passage, will you remark?

SENATOR LEBEAU:

I would, Mr. President. The clerk has an amendment, LCO number 4661. May he call it and may I be allowed to summarize?

THE CHAIR:

Will the clerk please call the amendment?

THE CLERK:

LCO 4661 which has been designated Senate

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Amendment Schedule A is offered by Senator LeBeau of  
3rd District.

THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

Thank you, Mr. President. I move passage of the  
amendment.

THE CHAIR:

Thank you, sir. Please remark.

SENATOR LEBEAU:

Thank you. This is a strike all amendment, so  
what we're doing is -- it takes a broad view and it  
basically goes back to square one in terms of what  
we're trying to do this year in the Commerce Committee  
regarding the film tax credit.

And what we did in this bill is we tweaked the  
bill after a lot of debate, after a lot of hearings.  
We heard folks from the industry, from people who are  
website developers, interactive websites and we did  
the following things as a result with the strike all  
amendment.

It repeals the bonus pay, stock options and other  
similar compensation as eligible production expenses

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under the Film Production Tax Credit program.

It strikes the original language that would have removed interactive websites as an eligible entity to receive tax credits.

It eliminates the language that makes it a mandatory that at least 25 percent of the films made in Connecticut is filmed in a studio.

The amendment also makes it mandatory that companies expand at least 50 percent of post production costs within the state or spend at least a million dollars in post-production costs within Connecticut to be eligible for tax credits.

It also reduces from 50 to 25 percent the criteria that a company producing a film must conduct at least 50 percent of its principle photography days in Connecticut.

And finally, it changes the existing language to make capital leases mandatory under the film -- under the infrastructure part of the film tax credit bill, which makes capital leases mandatory, which will make the lessee take ownership of the property at the end of the lease, thus committing them to stay in Connecticut and not just to vacate once their lease

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expires and they have received their credit.

This bill has undergone a lot of discussion. It has -- we've really done a lot of investigation on the interactive websites. We had at one point decided to take them out of the bill or take them out of the program, but after having conversations with some of the biggest website producers, including ESPN, NBC, WWE, and seeing the jobs that are being produced by those industries we said, no, this is the right way to go. We're getting a reasonable return on our investment so we kept -- we put those back into the bill. So they will retain their position under current state law.

But we have tweaked the bill. By taking this -- repealing the bonus pay and stock options and other similar compensation under the compensation portion of the bill in terms of what's eligible for a tax credit, by tweaking that we'll be able to save 1.2 million dollars in credits.

So this bill does a lot of positive. It maintains and strengthens our tax credit program. It gets more bang for our dollars, more bang for our buck in terms of the tax credit program. And I recommend

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it to the members of the circle. Thank you, Mr.  
President.

THE CHAIR:

Thank you, Senator.

On the amendment, will you remark further?

Senator Frantz.

SENATOR FRANTZ:

On the amendment, which is a terrific amendment, the underlying bill previous to hearing the amendment is a great one as well. The amendment further enhances the effectiveness of this law when it gets signed into such.

The digital film production, the movie business is a fabulous industry for the state of Connecticut. It is in some ways a perfect industry to have here within our borders. And the reason for that is that it typically includes a lot of wonderful, creative people. Salaries are high. We know that movies are not made the way they used to be in the 1920's and 30's where they'd bring out an 8 or a 16 millimeter camera and take lots and lots of takes.

What they do nowadays is they rely on computer technology and amazingly efficient and incredible

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software technology to come up with the scenes that go into movies that we know today.

We have some star companies here within Connecticut. Right in my district alone, in Stamford, Connecticut, we have NBC and a variety of other little, small studios that deal with, not only digital, but also some studio productions and talk shows as well, which are great cash cows to the city and wonderful for economic development.

We also have another shining star in the industry which is Blue Star Studios, which is a wonderful firm employing roughly 363, 370 digital filmmakers. They are wonderful people. They do a terrific job on their movies. They're highly paid. The equipment that you see when you walk into that particular building is beyond belief. It's like walking into Johnson Space Center, it's really incredible.

And what that means for the state of Connecticut is you have an industry that's creative, it's fully expandable, scalable. It's one that doesn't pollute, it's one that attracts young people to the state of Connecticut. Please recall that this is one of our greatest challenges here in Connecticut is retaining

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the young people here.

If you have an anchored industry, it's going to act as a magnet for younger people, particularly from some of the urban centers such as New York City, Boston, some of the other cities down the East Coast and perhaps even on the West Coast. And I can tell you a lot of people have moved from the West Coast to go work at Blue Sky Studios (sic). It's really the kind of magnet that you need. Not only that specific company, but the industry itself.

So I think it's a wonderful amendment, wonderful bill. It also brings in -- a wonderful characteristic of the industry, Mr. President, is that it brings in recurring revenue. Once you create a film and you put it out into the marketplace, if it's a particularly popular one, taking an old example of *The Graduate*, the residual revenues off of that particular movie are quite big and beneficial to the company that owns the rights to it, presumably the one that actually produced the movie. And if they happen to be located in Connecticut, that's a recurring revenue stream in the form of taxes to the state of Connecticut.

It's a win-win and I stand very much in favor of

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the amendment, however, I do have one question for  
Senator LeBeau, through you, Mr. President.

THE CHAIR:

Senator LeBeau.

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President. Senator LeBeau,  
terrific work on this bill. I know you've worked  
very, very hard on the issue, not just this amendment,  
which will become the bill and the law down the road.  
I know you've put many, many years into this and the  
one question I have for you is that wherever there is  
a savings to the state, there may possibly be a cost  
or a deficiency for someone who's already joined the  
program, meaning they've moved to the state, developed  
some roots here, maybe a studio or whatever.

The fiscal note indicates that there's a 1.2  
million dollar savings in tax credits, presumably  
because they're not going to given. Is there any  
specific company or -- during the hearings, because I  
don't recall -- you may have had some conversations  
with individuals where you may have gotten some push  
back on this whole concept.

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THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

Through you, Mr. President. The answer is no.  
Let me go a little further into that.

This was -- one of the suggestions that we're looking at in terms of narrowing, in essence, what is -- what is essentially pay. Now, we already have some limitations on pay and by repealing bonus pay, stock options and other similar compensation, that was never intended to be part of the original bill. But there has been some people trying to push those things and that was not part -- what was considered to be part. Because those can go -- as you know, you can get a bonus and stock options, those things can go on forever and it would kind of lead to an unlimited tax credit because if you're a star in a movie and you've got a percentage you're going to get back or an option or a bonus or whatever, you could be getting paid 20 years from now and the state of Connecticut, under that scenario, could be liable for helping to repay the credit on that.

So -- but to be specific to your question,

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Senator, there has been no push back on this. I think people realize this is what -- and we're just clarifying the original intent of the bill. But it's going -- according to the film office, it's going to save 1. -- and the Office of Fiscal Analysis -- it's going to save us 1.2 million dollars.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. Through you, Mr. President. Thank you for that very satisfactory answer and I appreciate it very much.

I'd just like to summarize by saying this is a sleeper of an industry to most people in Connecticut. We're used to aerospace and defense and manufacturing and insurance and things of that sort. This is an amazing industry, an up and comer and if you have any doubts about that, go see Ice Age 3, a good Connecticut born, built and made product here and you will see exactly what I'm talking about. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

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Will you remark further? Senator LeBeau.

SENATOR LEBEAU:

Mr. President, just two brief comments.

I just want to thank Senator Frantz for his work on this bill. This has been a cooperative effort as virtually everything that's come through the Commerce committee this year, and I give Senator Frantz and Representative Alberts, along with my co-chairmen down in the house, Representative Berger, a lot of credit on this.

And I also want to say -- and your comments were right on in terms of the creative aspect and in terms of the kind of industries we want in Connecticut, this is right on.

And one point I did not make when I was doing the intro to this amendment which becomes the bill is that this will help post production in the state. And those who know about the film industry know that post production is where the big dollars are and where the highest skills are. You know, if you've seen Avatar, it's all -- the whole thing was done on a blue screen. And it's all X's and O's, 1's and 2's. It's all digital and it's all being done through computers and

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computer animation and a variety of different ways.  
That's post production and that's a big portion of the  
film.

Thank you very much, Mr. President. Thank you,  
Scott.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark  
further? Will you remark further on Senate A?

If not, I'll try your minds. All those in favor,  
please signify by saying Aye.

SENATORS:

Aye.

THE CHAIR:

All opposed, nay. The ayes have it, Senate A is  
adopted.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, I would  
like to commend Senator LeBeau for all of his hard  
work on this very important issue in terms of economic  
development for our state. And would move to refer  
the bill as amended to the committee on Finance,

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Revenue and Bonding.

THE CHAIR:

Without objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President. If the clerk would then call next, Calendar page 26, Calendar 138, Senate Bill 107.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Calendar page 26, Calendar Number 138, File Number 189, substitute for Senate Bill 107, AN ACT ESTABLISHING A BRADLEY DEVELOPMENT ZONE, as amended by Senate Amendment Schedule A, Favorably Reported, Committees on Commerce, Transportation and Finance, Revenue and Bonding.

THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

Thank you, Mr. President. I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

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SENATOR LOONEY:

Thank you, Mr. President. Mr. President,  
would move for immediate transmittal to the  
Governor, substantive House Bill 5435.

THE CHAIR:

Without objection, so ordered.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, if  
the Clerk would now call the consent calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Immediate roll call has been ordered in the  
Senate on the consent calendar. Will all  
Senators please return to the chamber? Immediate  
roll call has been ordered in the Senate on the  
consent calendar. Will all Senators please  
return to the chamber?

Mr. President, the items placed on consent  
calendar number 2 begin on Calendar page 1,  
Calendar Number 72, Senate Bill Number 95.

Calendar page 2, Calendar 118, Substitute

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for Senate Bill 176.

Calendar page 5, Calendar Number 242,

Substitute for Senate Bill 403.

Calendar page 14, Calendar Number 472,

Substitute for House Bill 5539.

Calendar page 23, Calendar Number 63, Senate  
Bill 185.

Calendar 68, Substitute for Senate Bill 221.

Calendar page 24, Calendar 104, Substitute  
for Senate Bill 45.

Calendar page 25, Calendar 125, Substitute  
for Senate Bill 316.

Calendar 128, Substitute for Senate Bill  
330.

Calendar page 26, Calendar 141, Substitute  
for Senate Bill 188.

Calendar page 29, Calendar 194, Substitute  
for Senate Bill 412.

Calendar page 30, Calendar Number 212,  
Substitute for Senate Bill 13.

Calendar page 31, Calendar 213, Substitute  
for Senate Bill 93.

Calendar 214, Substitute for Senate Bill

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192.

Calendar 219, Substitute for Senate Bill

402.

Calendar 220, Substitute for Senate Bill

325.

Calendar page 32, Calendar 234, Substitute  
for Senate Bill 167.

Calendar page 35, Calendar Number 278,  
Senate Bill Number 400.

Mr. President; that completes the items  
placed on consent calendar number 2.

THE CHAIR:

Thank you, Mr. Clerk, the machine will be  
open.

THE CLERK:

Mr. President, there's one correction.  
Calendar page 2, Calendar 118 was not placed on  
consent, that was referred to Finance, Revenue  
and Bonding.

THE CHAIR:

Thank you, Mr. Clerk.

Senator Fasano.

Have all members voted? Have all members

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voted?

Please check the board to make sure your votes are properly recorded? Have all members voted?

The clerk will announce the tally.

THE CLERK:

The motion is on adoption of the consent calendar number 2.

Total number Voting	32
Those voting Yea	32
Those voting Nay	0
Those absent and not voting	4

THE CHAIR:

The consent calendar passes

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, I believe the clerk is now in possession of Senate Agenda Number 5 for today's session.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Mr. President, Clerk is in possession of

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Mr. President, calendar page 7, Calendar 430, Senate  
Bill 432, move to place that item on the consent  
calendar.

THE CHAIR:

Without objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, moving to calendar page 24, Calendar  
108, Senate Bill 321. Mr. President, move to place that  
item on the consent calendar.

THE CHAIR:

Without objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President.

Calendar page 25, Calendar 118, Senate Bill 176.  
Mr. President, move to place that item on the consent  
calendar.

THE CHAIR:

Without objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President.

Moving to calendar page 30, Mr. President, calendar  
page 30, Calendar 274, Senate Bill 305. Mr.

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Mr. Clerk, when you're ready, you may make the announcement that the Senate is in the progress of a roll call vote.

THE CLERK:

The Senate is now voting by roll on the consent calendar. Will all Senators please return to the chamber. Immediate roll call has been ordered in the Senate on the consent calendar. Will all Senators please return to the chamber.

Mr. President, the items placed on the first consent calendar begin on calendar page 6, Calendar Number 344, Senate Bill 431.

Calendar page 7, Calendar 427, Senate Bill 110;  
Calendar 430, Substitute for Senate Bill 432.

Calendar page 24, Calendar 108, Substitute for  
Senate Bill 321.

Calendar page 25, Calendar 118, Substitute for  
Senate Bill 176.

Calendar page 30, calendar 274, Substitute for  
Senate Bill 305.

Calendar page 32, Calendar Number 337, Substitute  
for Senate Bill 433.

Calendar page 33, Calendar 424, Substitute for  
Senate Bill 444.

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Calendar page 34, Calendar 149, Senate Bill 244;  
Calendar 191, Substitute for Senate Bill 405, 407; and  
Calendar 272, Substitute for Senate Bill 199.

Mr. President, that completes the items placed on  
the first consent calendar.

THE CHAIR:

The machine is opened.

THE CLERK:

The Senate is voting by roll on the consent  
calendar. Will all Senators please return to the  
chamber. Immediate roll call has been ordered in the  
Senate on the consent calendar. Will all Senators please  
return to the chamber.

THE CHAIR:

Will Senators please check the board to make certain  
that your vote has been appropriately recorded? If all  
Senators have voted and all votes are properly recorded,  
the machine will be locked.

Would the Clerk please announce the tally?

THE CLERK:

Motion's on adoption Consent Calendar Number 1.

Total Number Voting	35
Those Voting Yea	35
Those Voting Nay	0

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Those absent and not voting 1

THE CHAIR:

Consent Calendar 1 is passed.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, would move for immediate transmittal to the House of Representatives of all items on the consent calendar requiring additional action by the House.

THE CHAIR:

Motion before the chamber is immediate transmittal. Is there objection? Is there objection? Seeing none, so ordered.

SENATOR LOONEY:

Thank you, Mr. President.

If we might stand at ease for just a moment.

THE CHAIR:

Chamber may stand at ease.

(Chamber at ease.)

THE CHAIR:

Would the Senate please come to order?

Senator Looney.

SENATOR LOONEY:

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**COMMERCE  
PART 1  
1-299**

**2010**

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COMMERCE COMMITTEE

1:00 P.M.

to tell to you, but I could tell you about it really, the Felt Road Bridge in South Windsor. It was suppose to be 90 days and it took a year-and-a-half. And if that had been private money somebody would have been losing tons of money while that was going on.

So we've got a problem here that has to be dealt with.

Thank you for testifying today -

ERIC ANNES: Thank you.

SENATOR LEBEAU: -- I didn't mean to jump on you.

ERIC ANNES: It's all right; I understand.

Thank you very much.

REP. BERGER: Okay, thank you.

Next is Brian O'Leary.

BRIAN O'LEARY: Good afternoon Mr. Chairman, Members of the Committee; my name is Brian O'Leary. I'm tax counsel for NBC Universal and I'm here to present my company's perspective on the Film and Digital Media Tax Credit as well as Senate Bill 176.

Just a little bit of background. Our parent company, General Electric is headquartered in Fairfield, Connecticut. NBC also has its number one, owned and operated television station based here in Hartford, WVIT. These facts alone would make Connecticut an important state to our company; however with the existence of the Film and Media Tax Credit our

relationship with the state has changed profoundly.

We now see Connecticut as a partner in growth in Connecticut with jobs; film and television and digital media jobs. As a result of the Film and Digital Media Tax Credit NBC Universal has produced 4 films in Connecticut, where if you go back in time, you'd be hard-pressed to find one. We have also relocated our dot.com (inaudible) fantasy league production staff from Westchester to Connecticut.

We have also established, and I have colleagues who will give you some more contacts for this, but we have established a media center in Southern Connecticut and relocated 3 television shows, 3 long form television shows. In addition we have repurposed our studios at WVIT to do more than just news, in fact we have an opportunity here not just to produce our own programming but to attract other productions and we've done 3 commercials already.

All of this is a result of the impact the Film and Digital Media Credit has had on our business. And not just the credit, what is crucial about the program, in large part is its predictability; it is a transferable tax credit that every year our production team can budget. They know that every year Connecticut will be a partner in meeting our budget constraints and in return we will continue to produce, invest and create jobs in this state.

Our concern about Senate Bill 176 is the uncertainty created by a rebate program. The uncertainty and risk of an annual appropriation process that would eliminate what I just described. Without the ability of this company

to predict that Connecticut will remain a partner, that is important for us, not just for existing investments but for future investments, and not just for my company but for this industry overall.

Just a word about another important component of Senate Bill 176; there is a stage requirement, a 50 percent stage requirement for filming in Connecticut. Please understand that the feature films that we produced in Connecticut, none of them would have met this criteria, therefore none of them would have been in Connecticut.

Just last session this program went through substantial refinements, substantial changes that were meant to make the state's credit dollars go farther, criteria to ensure that credits are only applied against goods and services purchased from Connecticut vendors and used in Connecticut. And there was an additional requirement on the compensation that is eligible for the credit, it is now limited to 20 million of total talent salaries. These are important restrictions in addition there were already criteria on minimum production days or minimum post-production. Fifty percent, one or the other must be done in the state. These were important changes, changes that are going to have an impact on the state's return on its investment.

Just to conclude, this program, the most important thing that can happen with this industry and the state's economy, is this program be left to do the good work that it was designed for which is create jobs.

I'll answer any questions.

REP. BERGER: Thank you for your testimony.

Representative Alberts.

REP. ALBERTS: Thank you Mr. Chairman and thank you for your testimony.

You mentioned that there wouldn't be any production that would meet the standard as it's presented here in this bill. And I just want to make sure I understand correctly your concern. There's one section here that cites, and that conducts at least 50 percent of its total production in studios located in the state. So that's your concern; correct?

BRIAN O'LEARY: That's correct. Thank you for that clarification. That --

REP. ALBERTS: And -- okay. And by your estimation what level did your productions meet in terms of production work inside the state in terms of studios?

BRIAN O'LEARY: About 15 to 20 percent; very much exterior work. And please understand that the important component is there were already features in this bill that ensure that economy of scale per project must take place here. They were introduced last year, 50 percent of production; 50 percent of post-production. Those are important and frankly a day may come where Connecticut can refine again but right now we're at the point as an industry and a state where more infrastructures needs to be build but right now the state could not accommodate that, but also importantly that is dictating script requirements. Actually most features, I would dare say almost all features

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COMMERCE COMMITTEE

1:00 P.M.

would be very hard-pressed to meet those criteria.

REP. ALBERTS: Well thank you very much for your testimony.

BRIAN O'LEARY: Thank you.

SENATOR LEBEAU: We'll need to follow up on that Mr. O'Leary, right?

BRIAN O'LEARY: Yes, sir.

SENATOR LEBEAU: And we don't have written testimony from you, Mr. O'Leary, do we?

BRIAN O'LEARY: No.

SENATOR LEBEAU: I -- I've gotten written testimony from NBC from Richard Ross, and from Tracie Wilson.

BRIAN O'LEARY: That's correct. They'll be testifying shortly.

SENATOR LEBEAU: Okay. If you want to put your testimony written, I'd appreciate that.

BRIAN O'LEARY: And I shall.

SENATOR LEBEAU: Okay.

The -- one of the concerns you mentioned is stability. Could you amplify on that a little bit? I -- let me first -- let me respond to one of the things you said. What you said about stability was that every year it would have to go through the appropriations process. In doing my investigations of rebate programs throughout the country, it's really a term of

art, rebate versus tax credit because - and no pun intended, term of art, but New Mexico has what it calls a rebate program but it's a tax credit program. And what they -- they -- they're not part of the appropriations process and it goes -- essentially you file directly -- the company that's making the film, or doing the business, files directly with the Department of Revenue Services and they get a rebate bases on their taxes, and any other dollars that they are owed. So if they have a \$2 million -- if they have taxes of a million and they -- and they have a credit worth 4 million, they get \$4 million back; one on the tax credit against the tax and 3 over and above that. It does not go to the appropriations process. So how does that sound to you?

BRIAN O'LEARY: I'm certainly familiar with the New Mexico program and I won't speak to the New Mexico appropriation -- legislative process but my understanding is that there is a -- constitutionally the state can (inaudible) sitting legislatures and governors can encumber future legislature and governors. I -- I don't -- I don't dare go beyond that and express any other vagaries about that program but there is a material difference why New Mexico is able to create a program that annually appropriates as opposed to what you see in other jurisdictions which is the transferable tax credit. The appeal to that -- the appeal to that from a policy perspective is not just the certainty for our industry but it's also insuring that no part of that credit actually leaves the state because you have to be a tax payer in the jurisdiction. So it helps defuse those credits due the state economy.

Connecticut tax payers use Connecticut credits. If the production company is unable to use the credit because it operates at a loss from one year then the other, some Connecticut business is going to be able to have access to additional capital because they purchase those credits. That's -- that is the -- the value from the industry's perspective for credits. It's more than just the film industry, its other Connecticut tax payers that availed themselves to the credits.

SENATOR LEBEAU: But we're not trying to -- but through this program the idea is to incent films and the film industry not other businesses. We have other programs to deal with that. This credit is much higher than any other tax credit that is on our books. It's a significant -- significant aberration -- that might be the wrong word, so if anybody's quoting me out there take -- take that back. It's significantly higher tax credit than other credits that -- say for instance, the Research and Development Tax Credits and others that we have -- so I -- it's -- but I want to go back to New Mexico.

BRIAN O'LEARY: Sure.

SENATOR LEBEAU: You said they have some kind of an ability to obligate future legislators on expenditures --

BRIAN O'LEARY: Correct.

SENATOR LEBEAU: -- that's different than Connecticut?

BRIAN O'LEARY: I -- I will highlight that as a possible distinction. I don't pretend to have

a clear distinction between what Connecticut can do and --

SENATOR LEBEAU: Okay.

BRIAN O'LEARY: -- what New Mexico --

SENATOR LEBEAU: We'll -- we'll check into that.

BRIAN O'LEARY: I offer that --

SENATOR LEBEAU: That would make a significant difference, perhaps, perhaps not, because as long as it's on the tax credit side I don't think we're obligating anything, if it's on the tax credit side. And because we're doing it every year, every time we pass the tax credit we're obligating future legislatures, unless we change the law, to giving tax credits for whatever. I don't see -- maybe a distinction without a difference.

So, let me -- let me conclude -- and -- and thank you for being here. You know, this is something -- you know, I think we're trying to get the biggest bang for our buck on the tax credit versus tax rebate side. If you took \$100 million tax credit -- excuse me, if you made a film that cost \$100 million of creditable expenses and we had -- right now, as I understand the transferable tax credits are going for about 80 percent, so that means the film company gets -- so if they were to sell it and have no tax obligations in the State of Connecticut, they could sell that for 80 percent, they'd get about \$24 million back. But if we were to do -- to do a rebate, say at 25 percent they would get \$25 million, and the State of Connecticut, more importantly saves \$5 million.

So, the bill is not out there for frivolous reasons. The bill is out there to try to get the biggest bang for our buck and I'm -- I'm in -- you know, I'm going to listen to everybody and I certainly have a lot of respect for NBC and General Electric and the affiliating companies and we're going to listen to your testimony but I -- I think we have to -- you know, understand -- I want you to understand why we're -- why this bill is out there and what we're trying to achieve by taking a look at this idea. And I very much appreciate you coming in and giving us your testimony today along with the others who are also going to be speaking for NBC and other film groups.

BRIAN O'LEARY: Thank you and -- and may I just conclude that my company and the industry appreciate your support and this committee's support for this program. And we are here because we take your actions very seriously.

SENATOR LEBEAU: Just let me say that I appreciate that. There are others who want to cap this program and we know that that would kill it.

BRIAN O'LEARY: Understood.

SENATOR LEBEAU: Thank you.

Oh, just talking about Tracie Wilson and Richard Ross.

TRACIE WILSON: Good afternoon and thank you for having us here. Members of the Committee and Cochairs, my name are Tracie Wilson and I am Vice President of Programming and Development for NBC. And I am directly in charge of our production studio that we have recently opened

in Stamford, Connecticut; the Stamford Media Center. It is our only production studio located outside of New York or California. As you know, at the Stamford production studio we are producing three 52 week year -- 52 week television programs which allows us to support 175 permanent jobs and 30 to 40 part-time jobs. In addition on each of our 180 live production show days we attract an audience for each show of 190 persons coming into the downtown Stamford area.

I have been a Connecticut resident for the last 11-and-a-half years; I live in Darien, Connecticut. I have previously traveled to Chicago and New York to support these shows. I now not only live in Connecticut, I work in Connecticut and have relocated 65 new Connecticut residents in the short nine months since our project began. We have been embraced by the community and have likewise worked to return the partnership. I have recently accepted an invitation to join the Board of Directors for the Stamford Chamber of Commerce and the Board of Directors of the Stamford Center of the Arts.

I am here to respectfully share what the existing Connecticut Film and Digital Media production tax credit means to us and means to downtown Stamford.

I though I would do this with a list of some fun facts:

We have invested in an initial \$5.7 million to convert the Rich Forum Theater into the Stamford Media Production Center.

We have also -- NCB has helped save the theater from bankruptcy and we've preserved both the Stamford ballet school and the Stamford Center of the Arts by helping them climb out of bankruptcy in downtown Stamford.

Each show fills an audience of 190 person on all of our 70 production days for each show. Three shows time's 190 guests' time's 70 production days, we've increased foot traffic in downtown Stamford by nearly 40,000 people.

Combining all three shows travel approximately, we have traveled about 146 guests per week to the show. The Stamford Media Center's talk shows during a typical production year we're traveling about 4,672 guests to the greater Stamford area from August through May, which is our taping schedule.

Taken together, the show will -- we will secure 4,500 hotel rooms in the downtown Stamford area during that season.

We have some very happy pizzerias in the area as well; 190 guest's time's 1.5 slices of pizza on 70 days, we're looking at close to 20,000 --

SENATOR LEBEAU: We have to stop you there and make sure that Senator Mioli is adequately represented there on the pizza list.

TRACIE WILSON: Well we're looking at about 20,000 slices of pizza. So we have a couple of very happy pizzerias that are our new best friends. And there are other vendors and local businesses as well that are very happy that -- since we've come into the Stamford area. A few listed here are the Rack n' Roll Café, Wolfe's Cleaners, Katie's Gourmet Sandwich Shop,

Building One Cleaners, Simply Slides, Fairfield County Vending, Encore Heating and Air, USA Taxi, Affordable Bus Charters and City Counts -- Carting, excuse me. They have all benefited from NBC Universal's new production center.

We have thousands of car service and transportation needs that we have to bring our guests to and from the area.

And I'd like to talk a little bit about our three hosts, Maury Povich is currently involved in the Public School Announcements promoting Hartford Public Schools and he and his wife Connie Chung have been working to promote adoption nationally.

Jerry Springer has just completed two seasons of America's Got Talent.

I'd just like to wrap up by saying Steve Wilkos, our third host has become a Connecticut resident, relocated his family.

And without the 30 percent credit in its current form such a growth in infrastructure and jobs would not have been possible.

Thank you so much.

SENATOR LEBEAU: Thank you very much, Tracie and thank you for relocating in Stamford. I had a chance, as you know, to visit the opening. I don't go to a lot of those things but I found this to be a very interesting -- and it was a totally -- as far as I know, a totally new business for Connecticut at that point.

TRACIE WILSON: Yes.

SENATOR LEBEAU: And you've got a bunch of characters down there.

TRACIE WILSON: And we have a lot of fun.

SENATOR LEBEAU: When I was there, yeah. Scott Branch was a -- coming down was added to that too.

You mentioned in the first -- one of your first points I've got written down here is invested 3.5 million and then you said, 5.7 million so was that --

TRACIE WILSON: Yeah, we -- that was a --

SENATOR LEBEAU: -- a typo?

TRACIE WILSON: -- a typo, absolutely.

SENATOR LEBEAU: Okay.

TRACIE WILSON: And -- and we can correct that if you want us to.

SENATOR LEBEAU: Great and we will.

So you have a lease -- and listen, the most important part of your testimony is in your first paragraph; 175 permanent full time jobs and 30 part-time jobs. We hear that loud and clear.

The - one question I did have is do you lease the Stamford Center; how does that work? What is your arrangement with the Stamford Center for the performances? Is it the Stamford Center for the Arts or Stamford Center for the Performing Arts?

TRACIE WILSON: Stamford Center for the Arts. We -- we lease the Rich Forum Theater from them.

SENATOR LEBEAU: Right. And how does that work? Do they ever -- do they ever use it -- that -- those -- because you guys have it like sets that are kind of set up and they --

TRACIE WILSON: Yeah, it's our full time use.

SENATOR LEBEAU: -- they kind of swing out and swing back in.

TRACIE WILSON: Exactly. It was designed like a theater, we have moving pieces flying up and rolling out. But now, it's for our use, we -- we pretty much maximize the space in the building but because we were pulling the Stamford Center of the Arts out of bankruptcy, the Palace Theater which is down the street is now starting to come out of -- they're coming out of bankruptcy and they're starting to book shows in that theater which -- which is fabulous because now we kind of have both things in -- in Stamford. So they're booking symphonies and ballets and all that stuff.

SENATOR LEBEAU: And we cut off in giving your testimony at the three-minute rule, but could you tell me specifically -- you don't really say in reading forward in your testimony, you don't really say specifically what your problem with -- what your problem with the bill is, Bill 176.

TRACIE WILSON: You know what, I really defer to Brian on that because --

SENATOR LEBEAU: Okay.

TRACIE WILSON: -- my sole purpose is really overseeing the shows.

SENATOR LEBEAU: Great.

TRACIE WILSON: And I'm just here to -- to sort of testify at --

SENATOR LEBEAU: So you're here to support the general principle of the bill.

TRACIE WILSON: Report it and how positive it is -- a positive experience for us.

SENATOR LEBEAU: Great, thank you very much; any members of the Committee?

Senator Frantz.

SENATOR FRANTZ: Thank you Mr. Co-chair and Tracie and also Brian, thank you all for bring such exciting business activity to the State of Connecticut. I know you were here, have been here a lot longer than we have as a company but the recent addition of the shows, I didn't know about the movies and all of the other activity -- incremental activity that came as a result of the tax credits is greatly appreciated. We don't say enough up here in Connecticut. Simply thank you to all of you who are making it happen out there in the private productive sector.

Very quick question for you, Tracie, and that is, is there a -- generally speaking a critical mass synergy that comes about in a place like Stamford? Maybe there's another example throughout the United States somewhere where its not just tax credits that will explain the

behavior of studios and production companies coming to a particular local, a city in the case of Stamford, that goes -- that kind of goes beyond the -- the financial incentives to attract other companies to come in? Is -- is there a very subjective way of saying -- you know, once you get 5 studios in a particular city area all of a sudden it takes off as a kind of a cluster group?

TRACIE WILSON: I mean, speaking for these three talk shows, we really truly came for the tax credit. I'm being perfectly honest, I mean we were perfectly -- we were set up in Chicago, Jerry was there 18 years, Maury had been in New York City for 12 years and you'll hear from my colleague Richard Ross we -- you know, we were always looking at different ways of doing production and pushed to kind of go out and look into the credits. And truth, really for us Stamford was the right place, perfect size city. It served -- had all the needs that we needed in terms of hotels, being close to airports, so for us we really did look at the credit first. And that's what drove us here.

SENATOR FRANTZ: Okay, that's very helpful. Thank you, Tracie, I --

TRACIE WILSON: Sure.

SENATOR FANTZ: -- appreciate it. And thank you Mr. Chairman.

REP. BERGER: Representative Mioli; followed by Representative Johnson.

REP. MIOLI: Thank you Mr. Chairman and Tracie and Brian thank you for coming in.

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TRACIE WILSON: Thank you.

REP. MIOL: As you expand, I hope you expand, would you consider using the Westfield Country Playhouse for daytime shows and things like that?

TRACIE WILSON: You said the Ridgefield --

REP. MIOLI: No, the Westfield Country Playhouse.

TRACIE WILSON: You know what; I'm not familiar with the space so I don't feel that I can answer the question. But I'm certainly happy to visit.

REP. MIOLI: It's a beautiful brand new building almost.

TRACIE WILSON: We could -- we could come visit.

REP. MIOLO: Come and visit.

TRACIE WILSON: I just have never been there.

REP. MIOLO: Okay. You come and see one of our shows.

TRACIE WILSON: Okay; sounds great.

REP. MIOLO: Thank you.

REP. BERGER: Any other members? Okay; thank you for your testimony.

TRACIE BERGER: Thank you.

RICHARD ROSS: Good afternoon Members of the Committee, Cochairs; my name is Richard Ross and I am the Senior Vice President of production for NBC Universal productions.

On any given year I'm responsible for the production of television shows with a budget of around \$300 million. That budget usually covers a combination of pilots, series and television specials. We are challenged daily to operate within the confines of these budgets in an effort to continue to create new and recurring content. Film tax credits are often the critical difference between whether a show remains in production and is most of the time a primary driver on picking locations.

Tracie has told you about the Stamford production studio here and as she said, we would not be here today but for an analysis that my team ran in 2008, in which continues to run weekly on what states offer what tax credits and whether the existing infrastructure and the skilled labor pool makes sense in that community. Without the credit in its current form, Connecticut would not have been part of that analysis. However, because of it, as she explained, we now have a permanent address in Stamford with 175 full-time employees.

Because of the permanent production footprint NBC now has in Connecticut and because of the positive experience we realized in Stamford proper and in the State in general, Connecticut is now always part of NBC Universal's dialogue when exploring production locations.

Connecticut is still overcoming infrastructure and available skilled labor challenges. In January, NBC Universal, my company, passed on locating a television pilot here because there was no available infrastructure that fit the needs of the show. The changes to the Film and Digital Media Production Tax Credit pending before this Committee will only further

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constrain the infrastructure resources by confining to the 50 percent photography in a studio. And empty warehouse, a hospital ward or wing of a school can often serve as a production studio for us.

The larger team, of which I'm part, controls in excess of \$2 billion a year that's allocated for television production. I'm here to attest today that the credit in its current form keeps Connecticut at the top of the discussion when NBC is making television location decisions.

Thank you very much.

REP. BERGER: Thank you. Thank you for your testimony.

Senator LeBeau.

SENATOR LEBEAU: Yes, just to clarify --

RICHARD ROSS: Yes.

SENATOR LEBEAU: -- because in your testimony you didn't talk about the 50 percent. You said changes in Film and Digital Media Production Tax Credit pending before this Committee will only further constrain the infrastructure resources by confining photography to a studio. That's the 50 percent --

RICHARD ROSS: That is correct.

SENATOR LEBEAU: -- because you mentioned that orally.

RICHARD ROSS: Yes.

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SENATOR LEBEAU: I just want to make sure everyone got that. So that would be the problem. Is that the major problem?

RICHARD ROSS: That would be a very much a problem. I -- we just cannot put that type of a constraint on any of our creative to bring in a television series for example, a drama just couldn't -- couldn't make that -- make that happen. We would need to be out on location or we would stay at home and -- and --

SENATOR LEBEAU: Give me an example of a -- of something on TV that was produced by NBC that -- what percentage that it would be produced in a studio verses on the streets.

RICHARD ROSS: Basically our talk shows, in a studio setting with an audience. Our sitcoms would be the multi camera sitcom that's filmed before a live audience would be in a studio most of the time; some of the sitcoms that you see that they're out in location, so that probably wouldn't work. Most of the drams that you see on television today, even that we produce wouldn't spend 50 percent of the time, except the one that I oversee, which is not on my network, which is House MD. We're in the hospitals that we built to stage and we're there probably 80 percent of the time. So there could be --

SENATOR LEBEAU: You actually film that in a hospital or is that filmed in a -- in a set that you build up?

RICHARD ROSS: It's a set that we built.

SENATOR LEBEAU: So you created a hospital?

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RICHARD ROSS: We created a huge hospital.

SENATOR LEBEAU: I bet. House is a great program.

RICHARD ROSS: Thank you.

SENATOR LEBEAU: Okay. That's helpful, I appreciate your testimony.

REP. BERGER: Representative Perone.

REP. PERONE: Thank you Mr. Chair, and thank you for your testimony. I just had a question. In your - in your testimony you mentioned that there was a workforce (inaudible) you didn't -- basically you didn't have the workforce for a particular - when you were dealing with whether or not to bring in other partners --

RICHARD ROSS: Yes.

REP. PERONE: -- can you -- I'm -- those -- those kinds of skilled jobs, I'm just curious what those are, that kind of jobs.

RICHARD ROSS: It -- it -- on a television crew it would be camera people, it would be sound people; it would be technicians that would run the lights, run the sound, carry the equipment.

REP. PERONE: And from your advantage point do you see any programs in Connecticut that are geared towards that --

RICHARD ROSS: From my understanding, I think that some other gentlemen are going to testify but there's training that would be very helpful to increase the labor -- the skilled labor pool.

REP. PERONE: Okay; thank you very much.

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RICHARD ROSS: You're welcome.

SENATOR LEBEAU: Thank you.

BRUCE HELLER: Good afternoon Senator LeBeau, Representative Berger, Members of the Commerce Committee; my name is Bruce Heller. I'm a founding partner of the Connecticut Film Center and this is my partner Kevin Sagala.

I've come today to address Senate Bill 176 and the Film Production Tax Credit.

CFC was founded almost four years ago as a direct result of the film tax incentive programs. My family and I have moved to Connecticut for the same reason.

To date, our company has worked with over 80 productions. We have also invested over \$30 million into building production infrastructure. Next week we will close on our third and by far largest facility here in Connecticut.

In my previous life I was a film producer in Los Angeles and I personally produced eight feature and cable films with budgets ranging from \$1 million to \$60 million.

Of those eight projects I produced, not one of those films spent 50 percent of their shooting schedule filming in a studio. Not one of those films spent much more than 5 percent of their shooting schedules filming in a studio. And a couple did not shoot in a studio at all.

I understand the intention of this bill. It is meant to spur the growth of new infrastructure.

in the state, but frankly it will have the direct opposite result.

Connecticut Film Center is in the studio business; more than anyone we at CFC would love for movies to shoot more in studios however that is just not how films are made.

To give an example, the movie, Old Dogs, shot just 20 percent of the production in our facility but they kept us fully booked for 8 months. And more importantly they spent over \$50 million in the state. Under the proposed legislation, Old Dogs would not have come to Connecticut and we would not have our facilities here.

If the legislature puts unachievable requirements on productions movies like, Old Dogs will never again return to the state. Take if from us, a company that is one of the intended beneficiaries of this bill, it doesn't make sense. It will destroy the facilities business in Connecticut, not spur its growth.

Another provision in this bill will also have a major chilling effect. The move from a tax credit to a rebate will create uncertainty that will keep TV and film production out of the state and hamper efforts to build new infrastructure. No one wants to invest in an industry that lives or dies by state's contentious annual budget negotiations.

The tax credit system is working. Productions are coming in, facilities are being built. Let's not mess up one of the few positive economic stories we have in Connecticut.

The real question is, Does Connecticut want to build this industry or not? Each time the legislature even proposes bills like this, bills that are well-intended or not, it drives the industry away and undoes all the great work that has been done over the past three and-a-half years.

Let's work to build commerce in Connecticut, not scare it away.

Thank you very much.

REP. BERGER: Thank you for your testimony; questions from the Committee?

Okay; thank you.

BRUCE HELLER: Thank you very much.

SENATOR LEBEAU: Michael Mikodem.

MICHAEL NICKODEM: Senator LeBeau, Representative Berger, Members of the Commerce Committee; my name is Michael Mikodem. I'm a film and television Location Manager and a member of the Directors Guild of America.

I have come today to address Senate Bill 176 and the Film Production Tax Credit.

I'm a Location Manager with 22 years experience. I've worked for every major network and every major studio. I've managed three feature films in the State of Connecticut including Wes Craven's thriller, 25/8, Barry Levinson comedy, What Just Happened, and the first feature film to film under the Connecticut Tax Credit Program, Vadim Perelman's suspense drama, Life Before Her

Eyes. I'm currently preparing a film entitled, Prisoners, for Alcon Entertainment, to film in the Derby/Shelton area.

I can state with complete confidence that the three feature films I've shot in Connecticut and the one I am now preparing would not have filmed in the State of Connecticut had there been a requirement to film 50 percent of the shooting schedule on a sound stage. In 22 years I've never worked on a film that shot 50 percent of the shooting on a stage. It is my experience that most feature films rarely film more than 10 percent of their shooting schedule on stage. The expense of building sets on a stage far exceeds the cost of shooting on location. Not even the benefits gained from a tax credit program would be enough to offset those expenses and entice film productions to come to Connecticut. The result of passing such a requirement would invalidate the tax credit program and effectively end filming in the State of Connecticut.

Connecticut has a lot to offer the film industry. The state's diversity and beauty deserve to be represented on film. I urge the Committee to follow the advice of film industry experts and vote no on requiring 50 percent filming on a sound stage as a requirement to qualify for the tax credit program.

It's been a pleasure to film in your state. I hope I can continue to do so.

Thank you..

REP. BERGER: Thank you for your testimony;  
questions from Members of the Committee?  
Thank you.

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BONNIE STEWART: For -- before it became applicable to the income tax and pass through entities, it's my understanding that 2 companies have ever used it.

SENATOR LEBEAU: Right, exactly. And that's -- so that's why we're looking at this. It's also the numbers -- I mean, I think -- right now it may be -- I think at minimum 10 jobs and how many companies are hiring people 10 at a time. It's just not happening.

BONNIE STEWART: That's an excellent point because very few companies -- unless you're moving an entire operation, you don't hire that many at one point.

SENATOR LEBEAU: Thank you.

REP. BERGER: Thank you, Bonnie. Chris Phelps; is Chris here?

Doug McAward.

DOUG MCAWARD: Hello.

REP. BERGER: Thank you for waiting patiently.

DOUG MCAWARD: No -- no, I'm used to it.

I would like to thank Chairman Berger, Chairman LeBeau, and this committee for their continued support of the Film, Television and Digital Media Industries over the years.

My name is Doug McAward and I'm currently the General Manager of Dogstar Studios, a new film and digital media production facility soon to be located in Stratford. The facility is

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approximately 300,000 square feet and will house 12 sound stages and television studios. We have over 25 tenants already lined up to take offices and production space. Dogstar Studios will house independent producers, production companies, camera, lighting and grip equipment, special effects, set construction and post productions facilities. We are also starting a school within the facility to train the next generation of film makers and technicians.

I have been in the film industry for 30 years and I've run my own production company since 1983. I have appeared in front of this committee several times over the last 18 years. I served on the Connecticut Film Commission from '92 to 2003, the last year -- the last 8 as Chairman.

In 2006, I was approached by former Speaker Amann and he asked me to help him come up with a film tax credit program that would make Connecticut shine over the rest of the country. I agreed to do the job and then I convinced Allen Christopher to get on board with us. Allen Christopher is now the current -- is the CEO of Dogstar Studios.

I'm proud to say the end result was the most aggressive and inclusive film tax credit program in the country. It offered a 30 percent transferable corporate tax credit on qualified production expenses. The final bill that the legislature enacted has been responsible for well over \$800 million in new business to Connecticut over the last few years.

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The following year the legislature passed a 20 percent infrastructure tax credit for the Digital Media Industry and this was an excellent way to address the bricks and mortar issue in building an industry here in Connecticut. This was all great news.

Today though, I'm here to oppose Senate Bill 176. If I'm reading it correctly, this bill changes the existing transferable tax credit against the tax imposed under Chapter 207 to a corporate tax rebate. If this change is enacted there isn't a producer in the world that will bring a project to Connecticut.

Chapter 207 refers to C-Corporations. Film and television production companies are never set up as C-Corps; they're LLC's, Partnerships or Sub-Chapter-S Corporations. None of which generate any corporate tax liabilities under Chapter 207 where they can utilize a corporate tax rebate.

If I'm reading this correctly, Senate Bill 176 will generate a tax rebate that no one can use.

There is also a requirement that in order to be eligible for this program, the production company must conduct at least 50 percent of its total production studio -- total production in studios located in the state. This requirement will ensure any producer whose production needs to be shot primarily on location will not even consider coming to Connecticut.

The Film Digital Media Industry has proven itself to be recession proof. It's the only growth industry in the country right now. Last year the IA in New York -- oh, okay, well I'll wrap this up then.

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The question I have here is really to clarify exactly what this tax credit versus rebate is opposed against? I've heard some different (inaudible) things here today and I'm -- you know, I'm -- if -- if this is set up as a direct rebate it doesn't say it in the legislation. It -- all it takes out is, credit against and it puts, rebate of. Since we don't generate any corporate taxes under Chapter 207 how does it affect us?

That's really the question I have for you. As a producer, if I'm getting a rebate versus --

REP. BERGER: Okay. Thank you, Doug, and we have your written testimony also, Doug.

DOUG MCAWARD: Yeah, you have the rest of it.

REP. BERGER: And I appreciate it and -- you know, this will be a continued discussion on -- as we move forward on what we may or may not do. But I believe Senator LeBeau has a question that could be answered.

DOUG MCAWARD: Okay.

SENATOR LEBEAU: I'll answer your question.

DOUG MCAWARD: Thank you.

SENATOR LEBEAU: The idea as it would apply, it would be direct rebate.

DOUG MCAWARD: A direct rebate?

SENATOR LEBEAU: A direct rebate.

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DOUG MCAWARD: Because that's not -- that's -- that's not what I was reading here and that's what spooked us.

SENATOR LEBEAU: Here's what -- here's what happens. We -- we ask for a bill to be written, it's written, and then we raise a con -- it's called a concept; this is a concept bill. We're here to listen to you today and we'll flush it out, but the idea was that if the money would come back directly to -- if you produced a film, the money would come -- and -- and it was your cost, and you put in the -- for the reimbursement or for the rebate, or for something called a tax credit that goes to DRS and you get the money back directly, you get it back directly.

DOUG MCAWARD: Okay.

SENATOR LEBEAU: Whether -- whether -- whatever type of corporation you are.

DOUG MCAWARD: Okay.

SENATOR LEBEAU: So that's what -- that's what the intent of the bill is, it may not quite say that at this point, but that's what the intent is. If we go forward with this we'll make sure that's what it says.

DOUG MCAWARD: Well that's what spooked a lot of us, so in that case I'll just say never mind. No it -- we support it. As a producer I would rather not have to deal with brokering credits.

SENATOR LEBEAU: Exactly.

DOUG MCAWARD: A rebate is much easier.

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SENATOR LEBEAU: And it would save the state money, that's the point.

DOUG MCAWARD: That's -- that's certainly a lot easier for us. I just -- it didn't say that in there and that's what really --

SENATOR LEBEAU: And you'll get more this way.

DOUG MCAWARD: That's true, we don't have to -- there's no middleman.

SENATOR LEBEAU: Right.

DOUG MCAWARD: Yes. Well in that case we -- you know, we're changing our support to the bill, except for the part about the studio.

SENATOR LEBEAU: You could reduce the percentage -- the 30 percent to 25 percent and you'll end up getting -- still getting more dollars in your pocket for having produced a film. And that's why the bill is out there. And it saves the state about 17 percent, I did the math.

DOUG MCAWARD: Oh, it does?

SENATOR LEBEAU: Of course.

DOUG MCAWARD: I didn't realize that it was a savings on that end, I just thought it was --

SENATOR LEBEAU: It's a savings on the state's end by giving -- by reducing the percentage that could be paid by reduce -- by eliminating the middleman. That's why -- that's why it's out there, nothing else.

DOUG MCAWARD: All right, well the devil is always in the details and that's what -- that's what

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got us concerned so I just wanted to go up here and voice our opinion.

REP. BERGER: Okay; very good and thank you for your testimony.

DOUG MCAWARD: Okay, thanks.

REP. BERGER: Have a safe trip back.

DOUG MCAWARD: Okay.

REP. BERGER: Linda Sobin.

LINDA SOBIN: Good afternoon Chairman LeBeau, Chairman Berg, Members of the Commerce Committee; I'm Linda Sobin and I am the Connecticut advocate for the Motion Picture Association of America.

And I'm here today because Van Stevenson, the Senior Vice President of the Association could not be with us because of a medical condition but he's asked with the committee's permission if I could read his statement into the record, if that would be okay.

Thank you very much.

The Motion Picture Association of America has concerns with a change to the film tax program as proposed in Raised Bill 176. The MPAA is the trade association representing the nation's leading producers and distributors of motion pictures and TV programs. The state's impetus for enacting and recently amending this program was to provide an opportunity to expand local employment, encourage permanent infrastructure and attract capital investment, and that is working.

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This program has gotten off the ground and should remain in its current form to allow the film and television industry to continue to serve as important catalyst for economic growth well into Connecticut's future. The growth of this industry provides continued employment for residents as well as a welcome and sustainable stimulus for scores of small businesses affiliated with these productions, restaurants, dry cleaners, lumber yards, hardware stores, equipment rental companies to name a few.

More states this year than ever are advancing film and television tax credit programs to compete for the industry's business. In fact over 40 states now have film production incentives. Connecticut's incentive is meaningful, competitive and most importantly, reliable. The proposed change in the program to rebate will only serve to remove the certainty of available incentive funds if there must be an annual appropriation for those rebates. Production companies must decide locations well in advance of the filming. The uncertainty of a rebate program ties together with a significant sound stage requirement will cause production companies not to factor Connecticut into their calculations and decisions when choosing film locations.

On behalf of MPAA and its members we respectfully urge you to object this proposal, which would eliminate a continued stimulus and create thousands of well-paying union jobs and helps fuel Connecticut's economy. And of course we certainly concur with the remarks made earlier by NBC Universal.

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REP. BERGER: Thank you for your -- your remarks on behalf of Mr. Stevenson.

LINDA SOBIN: You're quite welcome.

REP. BERGER: Senator LeBeau.

SENATOR LEBEAU: Linda, you heard earlier when I was talking about the New Mexico program?

LINDA SOBIN: Yes, I did.

SENATOR LEBEAU: Okay. And they run it as a rebate but they run it without a -- from the information I have, they run it directly through DRS. And so it's not -- it's actually so, called the Tax Credit, but it is essentially a rebate where all the dollars go directly back to the film producers. And that would allow significant savings for the State of Connecticut and more money in the pockets of the producers. Having said that, if that's possible, what would your -- if it's possible, because I'm not -- there -- there is a question that was raised about the possibility of whether that can be done or not. Would you -- what -- what would you think about that?

LINDA SOBIN: I know everybody is looking at the New Mexico program and quite frankly it's my understanding that the way the bill is written currently it is not exactly in line with their program, so it's a little different and I don't feel that I should comment on it. I'd be happy to have Mr. Stevenson come up here and meet with you and discuss it further. But I don't know the specifics well enough to make a statement with regards to that.

SENATOR LEBEAU: Okay.

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LINDA SOBIN: Thank you.

REP. BERGER: Okay, Linda.

Any other questions from committee members?  
Thank you.

Phil Kenny.

PHIL KENNY: My name is Phillip Kenny, I'm the Connecticut Representative of Local 52, and a Connecticut resident.

SB176

I found -- this is the first time I --I've testified -- I'm getting off script here. I found -- there's a reason not to write these because you learn so much when you get here that -- in reality -- I think I will depart from this if that is allowed and you can read it and -- and see where my departures are.

I know nothing about the New Mexico rebate program, it's something I will have to learn about to speak.

Studio mechanics, Local 52 IATSE, is centered in New York and has union jurisdiction for all or most crafts on Connecticut movie sets. We have state members who must commute elsewhere for employment; I'm off to one of them. Our membership tends to live along the Metro-North line, not surprisingly.

We are -- have been very happy with the program as it has been implemented because it's meant more of our members can work closer to home. We've also had a growth in membership, getting more people trained and ready and into the business.

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The - the big problem -- forgetting the rebate issue for a while, which again I don't feel comfortable discussing at this point, is the studio requirement, as far as 50 percent of the - as I interpret it, 50 percent of shooting days must be indoors, in the studio. New York has a 10 percent requirement. They're the only state I know that has any requirement at all. None of the shoots that I've worked on her with the exception of Deal of No Deal, which had no locations, and if you've seen the show you'd understand; it a bunch of people in a room and that's it. Jerry Springer would be another one although I have not worked on that one. The majority of films that are done in Connecticut and the television product done in Connecticut is location driven and location friendly. And the Connecticut film office spends a lot of time and money making the beauty of our state and the diversity of locations apparent to producers and this is what they come here looking for, in addition to money. We'll be honest about that too. But they're shooting something in Connecticut that they can't get somewhere else. It might be the sea coast, the mountains, the woods up in Kent; I spent so many days up in the woods in trees hanging like some trees. This is -- to turn around and say, well that's all well and good, but 50 percent of the time you have to be in a box in order to get the tax credit, I think is a little short-sided. You can actually build a set; we can build a set anywhere, the set that we're sitting in right now. The have people come in and take pictures of the wall to get the lighting and by the time we fly to Romania or Hong Kong it will be established. And that's what we have to worry about. There's a lot of work to be done in the studios but to put a

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percentage on it I think is a little short-sided. I don't know what a percentage would be. You heard from the NBC friends, 10 percent is what they say.

REP. BERGER: Okay, well thank you for your testimony.

Any questions from members of the committee? Okay, thank you.

Kachina Walsh.

KACHINA WALSH-WEAVER: Good afternoon, thank you for sticking me on the end of your agenda today. For the record I'm Kachina Walsh-Weaver, I'm Senior Legislative Associate for the Connecticut Conference of Municipalities and I'm here in support of Raised House Bill 5208.

CCM has long advocated requiring economic development teams to be established with pertinent agencies, municipal representation and the developers that are involved with the projects. We've heard time and again from our members about the delays and problems that many projects experience when trying to navigate the bureaucracy processing -- permitting process through multiple agencies. Often times the requirements from the various different agencies are either duplicative or they're countered to each other and the time that it takes to go through one agency is excruciatingly long, let alone if you have to go through multiple agencies.

What we've envisioned -- well I think the proposal before us is a -- is a -- is -- is a great start, what we've always envisioned is creating teams for these projects that at least



Joan McDonald  
Commissioner



State of Connecticut  
Department of Economic and  
Community Development

**TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE**  
**February 25, 2010**

*Joan McDonald, Commissioner*  
*Department of Economic and Community Development*

**SB 176 AN ACT CONCERNING THE FILM TAX CREDIT**

The Department of Economic and Community Development (DECD) offers the following concerns regarding SB 176 An Act Concerning Film Tax Credits.

Senate Bill 176 recommends amendments to the film production tax credit program that would unrealistically constrain eligibility to only those productions that film fifty percent of their production on a sound stage as opposed to on-location, and replaces the current incentive program that utilizes tax credits with a rebate system.

It is important for the committee to know that the majority of film productions are not filmed on a sound stage but rather on-location. Currently, Connecticut has no back lots, which automatically means that any exterior shots by definition can not be filmed on a stage. Production companies are able to reduce overhead costs by not having to actually recreate everything that is seen on camera, but rather utilize pre-existing sites and structures; (i.e. filming a bedroom as a bedroom, café as a café, a church as a church, etc.).

Discontinuing the film production tax credit program and installing a rebate in its place could potentially add an undue financial burden to the state. Currently, tax credits are issued to companies and they have three years to either utilize the credits or sell the credits, or they expire. If the state switches to a rebate system, once the State Treasurer issues a check to a company, the money is gone. The way the program's incentives are currently structured the entire value of the tax credits issued may not necessarily be transferred and ultimately claimed by an eligible Connecticut taxpaying entity, thus saving the state.

In closing, while DECD believes that this bill may have been well intentioned, its consequences could be just the opposite, costing the state millions of dollars in actual tax rebate checks. We would welcome the opportunity to assist the Commerce committee in any way possible if this bill should move forward.

Thank you for your time and consideration of the department's comments.

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TO: The Honorable Gary D. LeBeau, Senate Chair; The Honorable Jeffrey J. Berger, House Chair; Members of the Joint Commerce Committee

RE: Raised Bill 176 – An Act Concerning the Film Tax Credit

I am the Connecticut Representative of Local 52 and a Connecticut resident. Studio Mechanics Local 52 IATSE, while centered in New York, has union jurisdiction for most crafts working on sets in Connecticut. We have many state members who must commute elsewhere for employment. The state's program provided an opportunity for local employment and encourage permanent infrastructure. It is working and our membership has grown and is working closer to home.

More states are competing for our industry's business, in fact over 40 states now have film production incentives. Connecticut's incentive is meaningful, competitive and most importantly; reliable. The proposed change in the program to a rebate will only serve to remove the certainty of available incentive funds if there must be an annual appropriation for those rebates. In states where appropriations are required, there is an annual budget fight down to the wire. Future planning is difficult. Production companies must decide locations well in advance of the filming.

The uncertainty of a rebate program tied together with a significant sound stage requirement will cause production companies not to factor Connecticut into their calculations when choosing film locations. New York is the only neighboring state with a studio requirement and that is only 10%. It does seem odd that the film office spends time and effort touting our natural beauty and variety of locations; while, the tax program makes us the inside of a box. Large production builds can be done anywhere.

This program has impacted the film and television industry and should continue to serve as an important catalyst for economic growth and employment well into Connecticut's future. The growth of this industry provides continued employment for residents as well as a welcome and sustainable stimulus for scores of small businesses affiliated with these productions: restaurants, dry cleaners, lumber yards, hardware stores, equipment rental companies to name a few.

On behalf of our Local 52 members and future members for the next 50 years, I respectfully urge your rejection of this proposal, which would eliminate a continued stimulus that creates well-paying union jobs and helps fuel the Connecticut economy.

Thank you Chairman and members of the committee.





MOTION PICTURE ASSOCIATION  
OF AMERICA, INC.  
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TO: The Honorable Gary D. LeBeau, Senate Chair; The Honorable Jeffrey J. Berger, House  
Chair; Members of the Joint Commerce Committee

RE: Raised Bill No.176 – An Act Concerning the Film Tax Credit

The Motion Picture Association of America, (MPAA) has concerns with a change to the film tax credit program as proposed in Raised Bill No.176. The MPAA is the trade association representing the nation's leading producers and distributors of motion pictures and TV programs. The state's impetus for enacting and recently amending this program was to provide an opportunity to expand local employment/ encourage permanent infrastructure and attract capital investment, and that is working.

This program has gotten off the ground and should remain in its current form to allow the film and television industry to continue to serve as an important catalyst for economic growth well into Connecticut's future. The growth of this industry provides continued employment for residents as well as a welcome and sustainable stimulus for scores of small businesses affiliated with these productions....restaurants, dry cleaners, lumber yards, hardware stores, equipment rental companies to name a few.

More states this year are advancing film and television tax credit programs to compete for this industry's business, in fact over 40 states now have film production incentives. Connecticut's incentive is meaningful, competitive and most importantly; reliable. The proposed change in the program to a rebate will only serve to remove the certainty of available incentive funds if there must be an annual appropriation for those rebates. Production companies must decide locations well in advance of the filming. The uncertainty of a rebate program tied together with a significant sound stage requirement will cause production companies not to factor Connecticut into their calculations and decision making when choosing film locations.

On behalf of MPAA members I respectfully urge your swift rejection of this proposal, which would eliminate a continued stimulus that creates thousands of well-paying union jobs and helps fuel the Connecticut economy.

Thank you Chairmen and members of the committee.

\* Paramount Pictures Corporation, Sony Pictures Entertainment Inc., Twentieth Century Fox Film Corporation, Universal City Studios LLLP, Walt Disney Studios Motion Pictures, Warner Bros. Entertainment Inc., and CBS Corporation as an affiliate member.



February 25, 2010

Testimony of

*JENNIFER PARSONS*  
Chair, Connecticut Broadcasters Association

Before the

Commerce Committee

concerning

SENATE BILL 176, AN ACT CONCERNING THE FILM TAX CREDIT

Chairman LeBeau, Chairman Berger, members of the Committee, thank you for the opportunity to provide you the Connecticut Broadcasters Association's comments in concerning S.B. 176. My name is Jennifer Parsons and I am Chair of the Board of Directors of the Association. The Connecticut Broadcasters Association (CBA) membership comprises all of the FCC-licensed broadcast radio and television stations in Connecticut.

While the CBA's membership does not take extensive advantage of the tax credits afforded by Connecticut General Statute §§ 12-217jj, ii and kk, the CBA believes that the availability of these credits is a prudent measure that will go far to foster the development of the film and video production industry in Connecticut. The law appears to be succeeding by encouraging both the establishment of long-term productions in the state (e.g., "Deal or No Deal in Waterford") and remote productions by major motion picture studios. When these two types of activities become prevalent enough, Connecticut will be able to sustain a significant skilled work force in the industry. This will not only assist in the revitalization of the state's economy, but will benefit existing Connecticut employers in the industry by strengthening and deepening the pool of qualified workers.

It is not realistic, however, to believe that major motion picture studios will base more than 50 percent of their operations in the state—nor is it necessary that any do so in order to develop an established film production work force in Connecticut. It will be sufficient to have enough remote productions regularly filming in the state to sustain an indigenous labor pool. Consequently, while S.B. 176's proposal to make the film production tax credits available as tax rebates would indeed enhance the attractiveness of the program, limiting the program to entities with 50 percent of their total studio production in the state would only serve to cut off the flow of major remote productions to the state, thus eliminating a fundamental tool of the policy. The appropriate compromise may be to make rebates available to companies with the proposed 50 percent of their studio production in the state while retaining the credits for productions of companies that do not.

Thank you for considering our comments.

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

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**Testimony of Doug McAward (General Manager, Dogstar Studios, Stratford, CT)  
Regarding Senate Bill No. 176.**

I would like to thank Chairmen Berger, Chairman LeBeau and this committee for their continued support of the Film, Television and Digital Media industries over the years.

My name is Doug McAward and I am currently the General Manager of Dogstar Studios, a new film and digital media production facility soon to be located in Stratford. The facility is approximately 300,000 square feet and will house 12 sound stages and television studios. We have over 25 tenants already lined up to take offices and production support space. Dogstar Studios will house independent producers, production companies, camera, lighting and grip equipment, special effects, set construction and post production facilities. We are also starting a school within the facility to train the next generation of film makers and technicians.

I have been in the film industry for 30 years and have run my own production company since 1983. I have appeared in front of this committee several times over the last 18 years. I served on the Connecticut Film Commission from 1992 to 2003, the last 8 years as Chairman.

In 2006, I was approached by former Speak Amann and he asked me to help him come up with a Film Tax Credit Program that would make Connecticut shine over the rest of the country. I agreed and then I convinced Allen Christopher to get on board with us. Allen Christopher is the CEO of Dogstar Studios.

I am proud to say that the end result was the most aggressive and inclusive film tax credit program in the country. It offered a 30% transferable corporate tax credit on qualified production expenses. The final bill that the legislature enacted has been responsible for well over 800 million dollars in new business in Connecticut over the last few years.

The following year, the legislature passed a 20% infrastructure tax credit for the Digital Media Industry and this was an excellent way to address the bricks and mortar issue in building an industry here in Connecticut. This was all great news.

Today though, I am here to oppose Senate Bill 176. If I am reading it correctly, this bill changes the existing transferable tax credit against the tax imposed under chapter 207, to a corporate tax rebate. If this change is enacted, then there isn't a producer in the world that will bring a project to Connecticut.

Chapter 207 refers to C-Corporations. Film and television production companies are never set up as C-Corporations. They are either LLC's, Partnerships or Sub-Chapter S corporations. None of which generate any corporate tax liabilities under chapter 207 where they can utilize a corporate tax rebate.

If I am reading this correctly, SB 176 will generate a tax rebate that no one can use.

There is also a requirement that in order to be eligible for this program, the production company must conduct at least fifty per cent of its total production in studios located in the state. This requirement will insure that any producer whose production needs to be shot primarily on location will not even consider coming to Connecticut.

The Film Digital Media Industry has proven itself to be recession proof. It is the only growth industry in this country right now. Last year, the IA in New York, the union of professional stagehands and motion picture technicians, which also includes Connecticut, celebrated their 90<sup>th</sup> year in business. For most of the country, 2009 had one of the worst economies in 80 years yet the IA experienced it's best year since it's inception in 1919. They boasted an employment rate of 120% in 2009. Connecticut's current Film Tax Credit program can take credit for a lot of those jobs.

Three years ago, Connecticut had the best film tax credit program in the business. Enacting SB 176 will put us back at the end of the line. This bill essentially eliminates the tax credit program that brought Connecticut 800 million dollars in new business. I don't have to tell you how poorly Connecticut has done when it comes to creating jobs. If this bill passes as is, more jobs and more business will leave Connecticut.

The legislation enacted by this body back in 2006 has been extremely successful in laying the foundation for a viable digital media industry here in Connecticut. Now is not the time to reverse course. In these difficult economic times, all members of this legislature are being called upon to make some tough decisions. I implore you not to confuse a tough decision with a foolish one.

If I have misread these proposed changes and this rebate is not tied to the taxes imposed in chapter 207, thereby only applicable to entities that generate a corporate tax liability, then please let me know.

Thank you for your time.

**COMMERCE COMMITTEE – FEB. 25, 2009**  
**Public Testimony by Michael Nickodem, DGA member**



Senator LeBeau, Representative Berger, Members of the Commerce Committee, my name is Michael Nickodem. I am a film and television Location Manager and a member of the Directors Guild of America.

I have come today to address Senate Bill 176 and the Film Production Tax Credit.

I am a Location Manager with 22 years experience. I have worked for every major network and every major studio. I have managed three feature films in Connecticut including the Wes Craven thriller "25/8", the Barry Levinson comedy, "What Just Happened", and the first feature film to shoot in Connecticut under the Film Production Tax Credit Program, Vadim Perelman's suspense drama, "Life Before Her Eyes". I am currently preparing a film entitled "Prisoners", for Alcon Entertainment, to film in the Derby/Shelton area.

I can state with complete confidence that the three feature films I shot in Connecticut and the one I am now prepping would not have filmed in the state of Connecticut had there been a requirement to film fifty percent of the shooting schedule on a sound stage. In 22 years, I have never worked on a film that shot fifty percent of the shooting schedule on stage. It is my experience that most feature films rarely film more than ten percent of the shooting schedule on stage. The expense of building sets on a stage far exceeds the costs of shooting on location. Not even the benefits gained from a tax credit program would be enough to offset those added expenses and entice film productions to come to Connecticut. The result of passing such a requirement would invalidate the tax credit program and effectively end filming in the state.

Connecticut has a lot to offer the film industry. The state's diversity and beauty deserve to be represented on film. I urge the committee to follow the advice of film industry experts and vote no on requiring fifty percent filming on a sound stage as a requirement to qualify for the tax credit program.

It has been a pleasure to film in your state. I hope I may continue to do so.

Thank you for your time.



**COMMERCE COMMITTEE – FEB. 25, 2009**  
**Public Testimony by**  
**Bruce Heller, Connecticut Film Center, llc**

Senator LeBeau, Representative Berger, Members of the Commerce Committee, my name is Bruce Heller. I am a founding partner of the Connecticut Film Center.

I have come today to address Senate Bill 176, and the Film Production Tax Credit.

CFC was founded almost four years ago as a direct result of the film tax incentive programs. I live in Connecticut for the same reason.

To date, our company has worked with over eighty productions. We have also invested over *thirty million dollars* into building production infrastructure. Next week we will close on our third and by far largest facility here in Connecticut.

In my previous life, I was a film producer in Los Angeles and I have personally produced eight feature and cable films with budgets ranging from \$1M to \$60M.

Of those eight projects I produced, not one of those films spent 50% of their shooting schedule filming in a studio. Not one of those films spent much more than 5% of their shooting schedules filming in a studio. And a couple did not shoot in a studio at all.

I understand the intention of this bill. It is meant to spur the growth of new infrastructure in the state, but frankly, it is misguided and will have the direct opposite result.

Connecticut Film Center is in the studio business; more than anyone, we at CFC would love for movies to shoot more in studios, however that is just not how films are made.

To give an example, the movie "Old Dogs" shot just 20% of their production in our facility, but they kept us fully booked for 8 months. And more importantly, they spent over \$50M in the state. Under the proposed legislation, Old Dogs would not have come to Connecticut and we would not have built our facility.

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If the legislature puts *unachievable* requirements on productions, movies like Old Dogs will never again return to this state. Take it from us, a company that is one of the intended beneficiaries of this bill, it flat out doesn't make sense. It will destroy the facilities business in Connecticut, not spur it's growth.

Another provision in this bill will also have a major chilling effect. The move from a tax credit to a rebate will create uncertainty that will keep TV and film production out of the state, and hamper efforts to build new infrastructure. No one wants to invest in an industry that lives or dies by a state's contentious annual budget negotiations.

The tax credit system is working. Productions are coming in, facilities are being built. Let's not mess up one of the few positive economic stories we have in Connecticut.

The real question is: Does Connecticut want to build this industry or not? Each time the legislature even consider bills like this, bills that, well-intended or not, gut the program, it drives the industry away - it undoes all the great work that has been done over the past three and a half years.

Let's work to build commerce in Connecticut, not scare it away.

Thank you.

Oral Testimony Before the Connecticut Commerce Committee  
NBC Universal  
Monday February 25, 2010

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Members of the Committee, Co Chairs [Gary LeBeau & Jeff Berger], my name is Tracie Wilson. I am Vice President with NBC Television's Programming & Development and directly in charge of NBC's only owned production studio located outside of New York or California – the Stamford Media & Production Center. As you know, at the Stamford production studio we produce 3 52-week television programs which command 175 permanent, full time jobs and 30 part-time jobs. In addition, on each of 180 live production days each show attracts an audience 190 persons strong to downtown Stamford.

I live in Darien but previously traveled to Chicago and New York to support these shows. I now not only live in Connecticut, I work in Connecticut, and have relocated 65 new Connecticut residents in the short 9 months since this project started. We have been embraced by the community and have likewise worked to return the partnership. I recently accepted the invitation to join the Board of Directors for the Chamber of Commerce and the Stamford Center of the Arts.

I am here to respectfully share what the existing Connecticut Film & Digital Media production tax credit means to us and means to downtown Stamford.

I thought I would do this with a list of fun facts:

- We invested \$3.5 million to convert the Rich Forum Theater into a Media & Production Studio.
- In effect, NBCU saved the theater from bankruptcy and preserved both a ballet school and the performing arts in downtown Stamford.
- Each show commands an audience of 190 persons, on each of 70 production days:  
3 shows x 190 guests x 70 production days = Increased foot traffic: 39,900 strong.

- Combined all three shows travel approximately 146 guests per production week. The Stamford Media Center's talk shows, during a typical production year, travel approximately 4,672 guests to the greater Stamford area from August to May.
- Taken together, the shows will secure ~ 4,500 hotel rooms during a season.
- A very happy pizzeria (Atlantic and Remo's Pizza)! 190 guests x 1.5 pizza slices x 70 production days = 19,950 slices. Moreover, local businesses such as Rack n' Roll Café, Wolfe's Cleaners, Katie's Gourmet, Simply Signs, Building One Cleaning, Fairfield County Vending, Encon Heating/Air, USA Taxi, Affordable Bus Charters and City Carting have all benefited from NBC Universal's new Stamford location.
- Thousands of car service/transportation requests for guests and others coming to the shows, all hired locally.
- Maury Povich is currently involved in Public Service Announcements promoting Hartford Public Schools and has worked for years with his wife Connie Chung to promote adoption nationally.
- Jerry Springer just completed two seasons as the host of NBC's primetime hit series "America's Got Talent," four weeks of which were produced live at Foxwoods. In addition, he is a political activist, public speaker and the former Mayor of Cincinnati, Ohio.
- Steve Wilkos, who is currently in his second season as the host of "The Steve Wilkos Show, is a former Marine and 12-year veteran of the Chicago police force. Steve is now a national spokesman for USA Cares, a non-profit organization that helps wounded veterans and their families ([www.usacares.org](http://www.usacares.org)). Steve relocated his family and they are now full time Connecticut residents.
- As promised last year, a permanent NBCU television production footprint in Connecticut will naturally attract additional productions – which it did. The syndicated version of Deal or No Deal shot at Sonalyst over the course of 6 months and attracted in excess of 100 jobs.

The Stamford production studio attracts permanent, recurring television production jobs, everything from production assistants to producers, from travel agents to accountants.

Without the 30% production credit, in its current form, such a growth in infrastructure and jobs would not have been a possibility.

Oral Testimony Before the Connecticut Commerce Committee  
NBC Universal  
Monday February 25, 2010

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Members of the Committee, Co Chairs [Gary LeBeau & Jeff Berger], my name is Richard Ross. I am Senior Vice President in charge of NBC Television Programming & Production. On any given year I am responsible for the production of television shows with a total budget of \$300 million. That budget generally covers a combination of pilots, television series and specials. We are challenged daily to operate within the confines of these budgets in an effort to continue to have the flexibility to create new and recurring content. Film tax credits are often the critical difference on whether a show remains in production and are a primary driver on location.

The Stamford production studio and the 3 52-week shows would not be here today but for a 2008 analysis my team performed then, and performs weekly, of what state's offer what credits and whether the infrastructure and skilled labor pool make sense. Without the credit in its current form, Connecticut would not have been part of that dialogue. Because of the credit, we have a permanent address in Stamford and employ in excess of 175 full-time and 30 part-time individuals.

Because of the permanent production footprint NBC now has in Connecticut and because of the positive experiences we realized in Stamford proper and in the State in general, Connecticut is now part of the NBC dialogue when exploring production locations.

Connecticut is still overcoming infrastructure and available skilled labor challenges. In January, NBC passed on locating a television pilot here because there was no available infrastructure that fit the needs of the show. The changes to the Film & Digital Media Production Tax Credit pending before this Committee will only further constrain the infrastructure resources by confining photography to a studio. An empty warehouse, hospital ward or wing of a school can often serve as a production studio.

The larger team of which I am a part controls in excess of \$2 billion annually on funds allotted to television production. I am here to attest today, that the credit in its current form keeps Connecticut at the top of the discussion when NBC is making television location decisions.