

SB 171 - Theatrical Production Tax Credit.pdf

Uploaded by: Edwards, Donna

Position: FAV



MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

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Donna S. Edwards

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SB 171 – Income Tax – Theatrical Production Tax Credit Senate Budget and Taxation Committee January 20, 2021

SUPPORT

**Donna S. Edwards
President
Maryland State and DC AFL-CIO**

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of SB 171 – Income Tax – Theatrical Production Tax Credit. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of the 340,000 union members, I offer the following comments.

We have an opportunity to dramatically increase theatrical productions in our state. SB 171 creates the Theatrical Production Tax Credit, structured in the same way as the highly-successful Film Activity Tax Credit, with the same level of transparency, accountability, and benefit to Maryland workers and their families, as well as the benefits for our small businesses and the economy.

SB 171 sets up the path for theatrical productions to be one of Maryland's permanent economic engines by providing stability and predictability to an industry whose contributions to the economy are a trifecta – and the winners are small businesses, family-sustaining careers, and local and state economies. This is critical to ensuring a solid business climate, and one that assures continued investment by the theatrical industry in Maryland to create good jobs and grow our economy.

We ask for a favorable report on SB 171.

Gentry MDHB Tax Credit Letter.pdf

Uploaded by: Gentry, Ken

Position: FAV



January 18, 2021

Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
Miller Senate Office Building
Annapolis MD 21401

Re: Senate Bill 171 (Income Tax - Theatrical Production Tax Credit)

Dear Chairman Guzzone:

I am writing to endorse the Theatrical Production Tax Credit (HB1192), and to ask this committee to do the same. As the CEO and founder of one of the preeminent touring production companies in the country, I have seen firsthand the positive impact tax credits like this can have in the states that take advantage of them.

When I founded NETworks Presentations in 1995, I decided to base the company in Maryland. Our first season comprised of two national tours. Since then, NETworks has become an industry leader, producing and managing numerous domestic and international touring productions each year. In the 19/20 season alone, we are involved in 16 touring productions, 11 of which we fully produced and manage. We employ hundreds of talented actors, musicians, road managers and stage technicians annually. In addition, NETworks maintains a 41,000 square foot warehouse of theatrical costumes, props and full production assets that are available for rental. I am very proud of the business that my partners, staff, and I have built, and I am proud that we built that business in the State of Maryland.

Over the past decade, several states have recognized the positive effects mounting new theatrical productions has on their local and state economies and have enacted tax credits as a way to incentivized these productions to hold their technical rehearsals (tech) in-state. Rhode Island is one of the more notable states to have done this, and when they passed their Theatrical Tax Credit in 2012, NETworks was the first to utilize it. We immediately procured the facility in Providence for technical rehearsals of *ELF, The Musical*. Since then, we have sought to tech in Rhode Island whenever possible. We have returned to Providence to launch the national tours of *The Phantom of the Opera*, Rogers and Hammerstein's *The King & I*, *Les Miserables*, *Miss Saigon* and *The Band's Visit*, and we will be returning again next year for technical rehearsals of *The Prom*.

After New York announced their tax credit in 2015, we actively moved some of our shows' technical rehearsals into their venues. Due to their passage of a tax credit, we have teched and opened the First National Tours of *Finding Neverland*, *A Bronx Tale*, *Fiddler on the Roof* and *The SpongeBob Musical* and the Second National Tours of *A Gentleman's Guide to Love and Murder*, *Finding Neverland* and *A Bronx Tale* in New York State.

Our productions generate a significant amount of revenue on the local and state levels. We typically spend between \$500,000 and \$1,000,000 in direct sales to local businesses, including hotels, trade stores, grocery stores, and on travel related to the technical rehearsals. Furthermore, our productions disburse between \$500,000 and \$2,000,000 in taxable income and per diem to both local and traveling employees - money that is then reinvested by those employees into the local economy through their daily expenditures. In terms of local employment, we create approximately 100 jobs while we are in town. Many of the jobs are for members of the International Alliance of Theatrical Stage Employees and the American Federation of Musicians, but work hours are also created for those who work at the venue: Box office staff, security, custodial, front of house staff, etc. Finally, the



local economy gets another kick from the patrons who come to see the shows through their ticket purchases, parking fees, pre-show dining, and post-show libations.

The positive effects of hosting a production's technical process are not limited to only monetary benefits. Broadway tours garner national press, both prior to the show's arrival in town and for its opening performances, and the city that hosts the show receives acknowledgement in press releases. These cities and states become directly affiliated with Broadway national tours, and in an age where Broadway shows are more popular, accessible, and attended than ever, such exposure and associations are invaluable.

It is also critical to acknowledge the role these credits can play while our industry, and the country, continue to wrestle with the impact of COVID-19. Few industries have been hit as hard as ours and we are working tirelessly to create sustainable models that take into account the significant costs of implementing safety precautions while also factoring in an economic contraction that we know will impact sales. Now, more than ever, we are focusing on opening our shows in cities where tax incentives exist, enabling us to bring tours back into cities across the country and play our part in turning the economy back on.

NETworks Presentations would actively seek to do more technical rehearsal periods in Maryland if such legislation existed here that I lend my support to the Theatrical Production Tax Credit (HB1192). I think it will create a great boon for the State of Maryland, both financially and artistically. I hope that this body will recognize its benefits, as other states have, and will give it a favorable recommendation to the General Assembly.

Sincerely,

A handwritten signature in blue ink, appearing to read "KHG", written in a cursive style.

Kenneth H. Gentry

Letter to Senator Gazzone.pdf

Uploaded by: Legler, Ron

Position: FAV



**HIPPODROME
THEATRE** *at the*
FRANCE-MERRICK
PERFORMING ARTS CENTER

January 18, 2021

Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
Miller Senate Office Building
Annapolis MD 21401

Re: Senate Bill 171 (Income Tax – Theatrical Production Tax Credit)

Dear Chairman Guzzone:

I am in full support of the Theatrical Production Tax Credit, Senate Bill 171-2021. For decades both Networks Entertainment, in Columbia Maryland, and Troika Entertainment, in Gaithersburg Maryland, have led the touring Broadway industry, sometimes producing up to 70% of all national touring Broadway shows each year. This is not only a cause for bragging rights, “Maryland is the home of National touring Broadway”, but a chance to encourage these companies to conduct pre-tour activities, technical rehearsals, and premier show openings/performances first, in their home state of Maryland.

The program encourages the use of qualified state-wide entertainment venues, many of which the state has a significant investments in, making them competitive with other venues located in the Northeast states that already offer similar tax incentives to musical and theatrical productions produced on Broadway.

Mandated closures and public health efforts have left live entertainment with no revenue opportunity and no foreseeable return of normal business. This large scale, long term shutdown will likely extend well into 2021. The Maryland Theatrical Tax Credit will give us a helping hand in getting the industry back on track by making up some of the union man hours we lost during the pandemic. Most of our full-time staff has been laid off and hundreds of skilled union stagehands and theatre staff who make their living off of live entertainment have been out of work for 10 months and have a long road ahead to recover.

Each production, under this incentive, would create 10,000+ union man hours in a time of year that our venues are traditionally vacant; that’s stagehands, musicians, and wardrobe/ hair union laborers now be working year round. In 2019 alone the Hippodrome Theatre generated over \$29.7 million dollars in economic impact to the state of Maryland. When Blockbusters like THE LION KING sell-out in Maryland, it alone brings an additional \$19 million in economic impact over 4 weeks.

Please support this crucial bill, especially during these difficult times, and in doing so support the economy, union-workers, and two amazing Broadway Touring producing companies in our state.

Sincerely,

Ron Legler
President
France-Merrick Performing Arts Center

2021-01-25_SB0171 Letter.pdf

Uploaded by: Mixter, Michael

Position: FAV

BALTIMORE LOCAL No.19

International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada, AFL-CIO-CLC



January 25, 2021

Michael Mixer
Business Agent
Union Steward
I.A.T.S.E. Local #19
P.O. Box 50098
Baltimore, MD 21211

Members of the Budget and Taxation Committee
 3 West
 Miller Senate Office Building
 Annapolis, MD 21401

Dear Chairperson Guzzone and Senate Committee Members:

I write in these devastating times to enthusiastically support the proposed Theatrical Production Tax Credit (Senate Bill OI71). Much has changed in the past year and none of was positive for our union workers. The ongoing pandemic has had a disastrous impact on the entertainment industry, and Local 19 has not been spared. Without theater, concerts, and conventions, almost every stagehand has been out of work and totally unemployed since March 2020. This tax credit could help to provide much needed future work opportunities for Local 19 stagehands.

As the proud Business Agent of the International Alliance of Theatrical Stage Employees Local # 19 in Baltimore, Maryland, I represent a diverse group of skilled men and women who perform technical work backstage in theaters and at other related venues throughout Maryland.

Not having these types of tax credits available in Maryland has negatively affected the amount of work available to our union members. Theatrical production companies based in Maryland, such as Troika and Networks, have made business decisions to take their theatrical production and technical rehearsal work out of state to jurisdictions where tax credits are available. This type of work employs up to 100 members of I.A.T.S.E. on average. These decisions to leave the state to do business out of state may make economic sense from the perspective of the production companies. Offering the same tax credits in Maryland would encourage theatrical production companies to do more business in Maryland. This in turn would create more work for the hard-working men and women of Local #19, and mean more money recycled into the local economy.

One of Local #19's largest employers and most proactive business partners is the management team from Broadway Across America that manages The Hippodrome Theatre at The France-Merrick Performing Arts Center. Led by President, Ron Legler, the Hippodrome management is aggressive in trying to keep the theatre as busy as possible to keep all employees in the theater working year-round. Over the past 10 years, however, there has been almost no work at the Hippodrome in the summer months, which puts a large group of our membership on unemployment or having to find part-time work elsewhere until the Hippodrome reopens in the fall. Most of the theatrical production and technical rehearsal work that Ron is working to bring the Hippodrome, by supporting these tax credits, takes place in these summer months.

It would be an understatement to say that attracting this work, and keeping these dollars in state during these slow months, would have great economic benefits for the membership of I.A.T.S.E. Local #19. I respectfully request that your committee give this bill a favorable recommendation to the General Assembly.

Michael Mixer

A handwritten signature in black ink, appearing to read "Michael Mixer", with a stylized, cursive script.

**Business Agent
Union Steward
I.A.T.S.E. Local #19**

MD Theatrical Production Tax Credit 01.18.21.pdf

Uploaded by: Rowles, Angela

Position: FAV

TROIKA

ENTERTAINMENT

January 18, 2021

Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
Miller Senate Office Building
Annapolis, MD 21401

Re: Senate Bill 171 (Income Tax – Theatrical Production Tax Credit)

Dear Chairman Guzzone:

I am writing on behalf of TROIKA entertainment to endorse adding the Theatrical Production Tax Credit to the existing Economic Development program.

TROIKA Entertainment has been an innovator in producing touring musical theatre productions for over three decades, producing shows throughout the United States and Canada, Central and South America, Europe and Asia. From working with directors and designers, to the casting of performers, to the nuts and bolts of building sets and costumes, to getting the audience in their seats for every performance, TROIKA Entertainment is a leading expert in the theatrical industry.

Based in Montgomery County, Maryland, TROIKA Entertainment, prior to COVID-19, employed 675 full-time theatrical professionals. Troika receives its employees through an Employee Leasing Company/ Professional Employer Organization ("PEO"), Cohesive Networks 2, Inc., a Maryland formed corporation. These employees include hundreds of actors, stagehands, musicians, and tour managers, as well as 23 locally based corporate employees, providing a full spectrum of general management, production management, accounting and booking, marketing & sales management services for all types and scale of theatrical productions. In addition, TROIKA operates a warehouse located in Anne Arundel County, housing theatrical props, costumes, and scenery available for rental and donation to local productions, schools, and non-profit organizations once the touring production has concluded. With strong ties to the Broadway community, TROIKA prides itself on delivering top quality productions to audiences worldwide.

As we look ahead, the live entertainment industry has been hit hard by COVID-19. We were the first ones to shut down March 13, 2020 and will be the last ones to return. Unlike local performing arts organizations, as a commercial theatre producer, we are not eligible for the emergency grants being distributed by the Maryland State Arts Council. Therefore, the Theatrical Production Tax Credit is needed now more than ever to ensure we can get the shows back up and running. As a Maryland based company, a tax incentive in our home state would certainly make launching our tours in the state of Maryland our number one priority.

TROIKA

ENTERTAINMENT

In order to accomplish the launch of a successful tour, we strive to find the right location to rehearse the technical aspects of a tour on stage and in front of an audience. This includes not only selecting the proper venue, but also identifying a location where access is available for purchasing last minute items for the sets and costumes, renting additional sound and lighting equipment if necessary, where hotels, restaurants, and personal services are available for the staff, and where we can take advantage of costs savings. In recent years, many states have extended their existing film and television tax incentives to include theatrical productions. This cost savings entices companies like ours to prioritize venues in these states with tax credits.

The economic impact of mounting a multi-million dollar live touring production in the state of Maryland will benefit other industries hit hard by COVID-19 as well such as hotels, restaurants, and other local businesses that service the tour staff. It will increase revenue for the state through payroll taxes for local stagehands, musicians, venue staff, and box office staff, all of whom will have been out of work for over a year.

If passed, a theatrical production tax credit would ensure companies like ours can reopen, revitalizing the entertainment and hospitality industries within the local communities.

Thank you for your support in putting forth the Theatrical Production Tax Credit Bill.

Sincerely,



Angela Rowles
Chief Operating and Financial Officer
TROIKA Entertainment