



State of Connecticut
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To: Representative Berger, Senator LeBeau, Members of the Commerce Committee
From: Representative Jim Shapiro (D-144)
Date: March 11, 2008
Re: Non-Profit Live Theater and Performing Arts Tax Credits

Senator LeBeau, Representative Berger, Members of the Commerce Committee, for the record my name is Jim Shapiro, State Representative from Stamford. I am here to testify in support of HB 5554 AN ACT CONCERNING TAX CREDITS AND INCENTIVES FOR LIVE THEATER AND THE PERFORMING ARTS INDUSTRY.

The people on this Committee are well aware of the difficulties facing non-profit performing arts theaters in Connecticut. Every budget year you come and advocate on behalf of the Bushnell, the Waterbury Palace, the Schubert, and a number of other theaters. For me, it is the Stamford Center for the Arts, which received a significant cut in state aid this past year. This year it was us, next year it is likely to be one of you. Obviously, I wish things were different, but it is clear that over time the state's commitment to our theaters will wane, and we will be left more and more on our own.

It was out of this realization that members of our theater met with Speaker Amann, and an idea emerged to help make these theaters more self-sufficient and less reliant on the state. By instituting this credit program we could usher in a new era for non-profit theaters, an era in which they increase their bottom lines and grow their revenues rather than just ratchet up their Hartford lobbying efforts.

Perhaps the best thing about this bill is that it would benefit every region in the state. It would work in a very simple way. Theaters in Fairfield County are too close to New York for Broadway producers to want to run their plays there—they believe Fairfield County residents will take the train to Broadway—but we are geographically convenient for them to build their productions in our theaters, which would be much less expensive than building them in

Manhattan. Once built, they would take the productions on the road in the rest of the state where residents will not travel to Broadway as frequently.

Accordingly, production companies can earn credits on the expenses they incur while building stage sets, lighting plans, and rehearsing the performances in Fairfield County, and then they can use those credits against taxes they would incur while bringing their shows to the rest of Connecticut. This will mean far more big moneymaking shows stopping at the Bushnell in Hartford, the Palace in Waterbury, the Schubert in New Haven, and others. The Bushnell, as just one example, can make more than \$1 million in a one week of showing the Phantom of the Opera. If this program brings in just three or more Broadway touring shows, the revenue to our state's theaters would be phenomenal

Now, I acknowledge there have been concerns raised over other tax credit programs, but I am offering additions to the existing language of HB 5444 that would remedy those concerns. I have attached the revised language to the back of my testimony. To summarize though, it is my intention that this legislation only apply to a very limited number of not for profit theaters, so the amount of the credits would be capped by how much activity can actually occur in these fixed venues. Moreover, these are struggling non-profit entities that employ struggling barely profitable people, and the credits cannot be seen as giveaways to large corporations. This legislation is not intended to apply to major commercial enterprises like Van Halen playing Mohegan Sun. These are grassroots arts organizations in our communities; they employ local stagehands, often showcase talent from the region, and house a variety of local activities from children's ballet to original plays from Connecticut artists.

In sum, with budget projections heading ever downward, it is incumbent upon us to find new ways to help all programs reduce their reliance on the state for financing. The more arts organizations, or any organizations for that matter, are able to pay for themselves, the less obligated the state will be. This credit program makes significant strides towards helping these groups to help themselves. This is what we want for people and organizations regardless of place or purpose. Let us take one giant step in that new direction now.

Proposed JFS Language

(3) (A) "Qualified production" means entertainment content created in whole or in part within the state, including ...any construction, technical work, staging or performance in connection with live productions of theater, music, dance, opera and other performing arts occurring in venues that are owned or operated by not for profit organizations;

