

# Testimony to The Commerce Committee - Feb. 10, 2009

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Senator Lebeau, Representative Berger, Members of the Commerce Committee, My name is Kevin Segalla. I am the president of Connecticut Film Center, a small business with facilities in Norwalk and Stamford.

I have come today to address Senate Bill 249, An Act Concerning the Film Production Tax Credit.

CFC was founded over two years ago as a direct result of the tax incentive program for the entertainment industry. In that time, we have grown from what was merely an idea to a thriving company with nine full time employees using the services of countless other Connecticut businesses and professionals. We have invested over \$15 million into Connecticut - Invested it in growing CFC; in developing our soundstages; and in purchasing new equipment.

Within the next month, we will be making two announcements that will encompass an additional \$55M investment in the growth of CFC. This investment will spur the creation of thousands of jobs, not just in the entertainment industry, but with the construction trades, the tourism industry, and the service sector. And our story is one of many throughout this state.

The incentive program does three things: 1. It creates jobs. 2. It diversifies our economy. And 3. It generates tax revenue.

## Number 1: **Jobs** -

I don't know if you saw the reports yesterday but in Waterbury, over 850 people flooded the Holiday Inn to compete for 40 to 50 mostly part-time jobs that pay between \$8 and \$13 per hour. 850 people. There is no denying it. Like the rest of the nation, Connecticut is being swept up in massive jobs losses. People are hurting - and according to many economists, the pain has only just begun.

Contrast that with the entertainment industry in Connecticut - perhaps the only growing sector of our economy. 91 productions have brought thousands of high paying, skilled jobs to the state. In digital media, Blue Sky Animation brought in 400 jobs. NBC Digital brought in 100 jobs. Most of you don't know this, but more than a dozen companies are engaged in active discussions to come to Connecticut and be a permanent part of this new industry.

This is all great stuff, but the real kicker - the thing that makes this a homerun, is all of the indirect jobs created by this program and all the small businesses reaping benefits.

From lumber yards to copy shops, from dry cleaners to restaurants - increased business means new jobs. And of course, with at least seven new facilities being planned throughout the state - we will see thousands of construction jobs.

The second thing the incentive program does is **diversify our economy**. With the current financial crisis hitting Connecticut so hard, it is clearer than ever that we must create new industries and end our over-reliance on the financial sector. We are well on our way to creating a permanent industry that is filled with high paying jobs that are attractive to our young people. This industry can be our future.

The last point I want to make is that this program is not a drain on our revenues. The idea that this program costs the state \$90M a year is just plain wrong. Through 2008, the state issued \$92M in tax credits and those credits generated \$600M in production and an estimated \$1.5B in new economic activity.

Ernst & Young just released a comprehensive study of the New Mexico program and found that every dollar spent generated \$1.50 in tax revenues. Not only is the program there generating thousands of jobs - it is actually providing a substantial net increase in revenues to the state. A similar study was just released in New York, and the benefits were even more pronounced.

It is precisely because these programs are effective that we are now seeing even more states moving to enact incentive programs. You would be hard pressed to find a state other than Connecticut that is considering paring down their incentive program.

That said, we at CFC understand that tough times like this require belt-tightening from everyone. We are very open to looking at ways to make the program more efficient and more effective.