

Oral Testimony Before the Connecticut Joint Finance Committee  
NBC Universal  
Monday February 23, 2009

Members of the Committee, Madam Chair, my name is Brian O'Leary, with me is my colleague, Dawn Mayhew, we are tax lawyers with NBC Universal. We are here to respectfully share our company's perspective on Connecticut's Film and Digital Media production tax credit.

Our company has strong ties to Connecticut, which is home to our parent company, General Electric's world headquarters, employing in excess of 6,000 individuals in Connecticut. NBC also has multiple operations in-state, including our owned and operated Hartford station WVIT. Our digital media units, NBC Sports.com and NBC Olympics.com are based in Stamford. And finally, in addition to luring our fantasy sports league production staff to Connecticut, the production tax credit has also drawn three feature films to the state and post-production work for a fourth.

Under review at the moment are plans to expand NBC's investment in Connecticut. NBC is in discussions with the Governor's office and DECD to establish an NBCU Media & Production Studio in southern Connecticut. If realized, NBC will invest several million dollars to repurpose an underused facility to accommodate production studio and office. Once fully functionally, our media and production studio will employ as many as 150 permanent and another 150 part-time, but recurring production jobs – all new to Connecticut. Studio productions will spend more than \$150MM/yr in the State.

Without the existing 30% production credit, however, such a possibility would not be under consideration.

We are sensitive to the State's financial situation and we recognize the importance of gathering information on the state's incentive programs to appreciate their impact on the economy. Although the production tax credit was instantly successful in drawing feature films to Connecticut the transformative impact this program will have on the state economy is just starting to be realized with projects like the one NBC is considering.

In evaluating the production tax credit, Connecticut has the advantage of, not only its own short term experiences, but those of other state's who have had film programs in place long enough to look back and evaluate their program's impact. Notably, New Mexico and New York Film Commissions have issued studies recently that showed economic returns of \$1.50 and \$1.90 per every dollar of tax credits issued, respectively. Significant factors in the New Mexico and New York program's return on investment were the fact these programs attracted

substantial infrastructure investment and long form, i.e. television productions. It is these long term projects in particular that ensure production dollars remain in-state and cycle through the local economy. It is not just New York and New Mexico however, these permanent production projects were also at the heart of Governor Granholm's state of the state address in Michigan this year. Due to Michigan's film tax credit program, that state is witnessing the rehabilitation of idle auto manufacturing facilities and the creation of jobs in an economy with the highest unemployment rate in the country. It is also worth noting, this past Friday, the home of Hollywood, the very State of California, enacted a production tax credit. The primary driver was the retention and growth of production jobs and the indirect jobs that stem from production operations.

With the current production tax credit in place, Connecticut is positioned to build on its progress to date in diversifying its economy and creating jobs on the back of a knowledge based industry. The heart of the program's competitive structure are the credit percentage and the absence of a hard annual cap. Changes to these fundamental elements of the program's success will only serve to deprive the state of the opportunity for this program to reach its full potential in serving as a catalyst for growth.