

**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 90th 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.