



**Testimony to Finance 3/4/13 – By Kevin Segalla**

Thank you Senator Fonfara, Representative Widlitz and distinguished members of the Finance Committee.

My name is Kevin Segalla and I am the CEO of Connecticut Film Center. Founded in 2006, CFC provides facilities and services to the film, television and digital media industry. We have over one million square feet of sports and entertainment related facilities in Norwalk and Stamford. We house the world headquarters of NBC sports Network as well as Chelsea Piers CT, and facilities for WWE, People's Court, and Sony Television amongst others. In the next few weeks, we'll be announcing two new shows that have begun shooting in our facilities.

Over the years I have testified before this committee on the quest to leverage the media incentive program to build a new and permanent industry in Connecticut. Today, I am happy to tell you that we have made tremendous strides:

NBC Sports Group

A&E

Blue Sky

Sony Television

Four NBC talk shows

YES Network

Lifetime

NHL Network

Backnine

Revolution Studios

People's Court

And many others – have all made Connecticut their home

This program has been an unqualified success – and there is much more to come! We have reached a tipping point. Particularly with television and digital media, we have an opportunity to lock in our gains, accelerate our growth, and build a powerful new economic driver for our state.

I am here today to register grave concern with a proposal being heard that would inadvertently reverse the growth, turn back the gains, and tarnish the hard work that has been done to position Connecticut as a business friendly state.

The proposal in question would more than halve the amount of premium tax liability that can be offset with tax credits. This damages not just media companies, but many other types of tax credit holders, including beneficiaries of the First Five credits.



The proposal would contribute \$19M per year to balancing the budget, but it would do this by issuing unusable tax credits to companies. By essentially issuing bad paper, the state would not only damage trust, certainty and stability within the entire business community, it would also significantly reduce the power of all economic incentives to do the job they are intended to do. The value of each and every dollar of tax credits the state issues would be diminished – but the cost to the state would be the same.

Specifically for the media industry – some important pending and future deals, perhaps as big as NBC Sports, would be threatened.

**There is a better solution.**

Within the industry, we recognize that getting to a balanced budget means making some very tough choices. Prioritizing is more important than ever.

Today, I am coming to you with not just a complaint – but a solution. It's a solution that achieves as much budgetary savings as the proposal before you, but it will also turbo-charge growth of the most successful portions of the media incentive program, while bolstering the state's reputation as a smart place to do business.

The television and digital media industry is the golden jewel of the program. There has been extraordinary permanent growth and it is on the precipice of becoming a major part of Connecticut's economy.

While motion picture production has also been very successful, the transient nature makes permanent growth more difficult to quantify.

Last year, Connecticut issued \$22M of tax credits to motion pictures. A better solution is a **two-year moratorium on motion picture credits**, saving an estimated \$44M.

This would be coupled with a **5% increase in the incentive for new television and digital media projects**. It's a move that would send a clear message to the industry and greater business community that Connecticut is smartly and aggressively pursuing the industries it does best. The cost of this is estimated at \$2.4M a year.

The net savings would still be greater than under the proposal on the table, but rather than send a destabilizing message – the state would maintain faith and credibility – key factors for Connecticut's economic development initiatives.

I am happy to answer any questions about this proposal. Thank you.