TRIBL

Steven Mendelson
Chief Executive Officer
Ph. +1 917.816.6632
E. stevenm@tribl.us

To: Finance Revenue and Bonding Committee
Re: CT Production Tax Credits
Date: March 4, 2019

This letter is sent to state a firmly held, and market confirmed opinion that production tax credits for the entertainment industry do indeed spur production activity in the specific country, state, province and/or county within which they are available. Having worked in Los Angeles at Sony Entertainment, Warner bros., Fox and Disney as a studio executive and Executive producer through the 2000's as well as in NY in the mid-to-late 2000's in content production when the CT film tax credits were available (before 2010), I am directly aware of the success of the program. My studio colleagues and I (for my own purposes as a producer in NYC), utilized these credits and it was THE primary determining factor in utilizing CT as a production location.

While the entertainment industry is seen as an enormous global business (which it is, as the entertainment and media market in the United States will be worth ~ 720 billion U.S. dollars and globally 2.14 trillion by 2020), the actual structural process entailed in physical production is enormously efficient. Taking out of the mix talent salaries (actors, directors, writers, producers, etc.), a McKinsey Consulting study underwritten by major banks done in the mid 2000s proved that industry productions – in particular television, Independent films and the majority of studio financed movies run at incredibly thin margins. Oftentimes, tax credits are the difference between funding budgets and seeing projects move into production or not.

Because of this budgeting paradigm that producers deal with, the entertainment industry since the 1980s has literally chased production tax credits. It was the tax credit that literally created the Canadian entertainment industry first in Toronto, then moving to Vancouver and now residing in Nova Scotia where producers can access robust tax credits for their productions. It has made the Canadian entertainment industry the 4th largest globally in terms of production activity. Producers have followed tax credits southern cities, Arizona and all locales in-between.

Production tax credits work for the producer and they work for the locality where they are available. The direct ancillary benefits to a given community work-force from the spill-over effect is enormous. Caterers, local support staff, extra actors, motels, hotels, transportation, local restaurants and bars, supermarkets, local babysitters and more all benefit in local communities where tax credits entice content producers to use their states and counties for production and expend cash in those areas. Tax Credits will bring new and much needed revenue into the State of CT once re-approved.

Steven Mendelson