

FINANCE REVENUE AND BONDING JOINT FAVORABLE REPORT

Bill No.: 6919
Title: AN ACT ESTABLISHING A TAX CREDIT FOR CEERTAIN PRE-BROADWAY
AND POST-BROADWAY THEATER PRODUCTIONS
Vote Date: 4/19/2023
Vote Action: Joint Favorable Substitute
PH Date: March 24, 2023
File No.:

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Finance, Revenue and Bonding Committee on behalf of Representative Jeff Currey, 11th District, and Representative Trenee McGee, 116th District.

Co-sponsors:

Representative Trenee McGee, 116th District
Representative Devin R. Carney, 23rd District
Representative Juan R. Candelaria, 95th District
Representative Fred Gee, 126th District
Representative Robyn A. Porter, 94th District
Representative Jeff Currey, 11th District
Representative Hubert D. Delany, 144th District
Representative Frank Smith, 118th District
Representative Maryam Khan, 5th District

REASONS FOR BILL:

This legislation would establish a new tax credit for pre- and post-Broadway theater productions at venues that are considered "qualifying production facilities" in the state of Connecticut; applicable to income and taxable years beginning on and after January 1, 2024.

This bill aims to bolster economic development throughout the state.

SUBSTITUTE LANGUAGE:

The substitute language clarifies that this bill specifically concerns production companies.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Hubert Delany, State Representative, Connecticut General Assembly](#) noted that theatrical productions are a fundamental industry and source of entertainment in our state. House Bill 6919 would support these productions, bring more live entertainment in this state, and create more employment opportunities at our local theaters. This bill would also provide income to many businesses in our cities by supporting ancillary industries such as hotels and dining establishments.

[Trenee McGee, State Representative, Connecticut General Assembly](#) testified that theatrical productions bring millions of dollars into the cities where shows are produced. This enhances the economic development of local businesses. "A show's operational cost in a theater accrues much financial income. Like Six the Musical that presented on The Shubert Theater stage in New Haven, CT. It had a settlement total of \$362, 650.05, this is just an example of the capital generated from each production. \$300,000 of production expenses went to the hotel that the cast and crew stayed at while locally spending time right here in Connecticut, SIX Tour #2, \$325,148.77 was the settlement total of production cost and A Soldier 's Play, \$180,436.46 was the production settlement and \$49,320 went towards a local hotel for cast and crew. This is a prime example of ...when producers land a solid market in space that values their work, the audiences come to the theater and business reap the benefits."

NATURE AND SOURCES OF SUPPORT:

[Robert Augliera, President, Anthony Augliera Moving, Storage, & Theatrical Transfer](#) stated that his company has been part of the Shubert Theater community for decades, providing trucking services, storage services, and labor services for theater productions and events. This bill would be valuable to our state because it is providing more live arts and entertainment to our communities. It will also help increase employment opportunities to our local theaters, scenery, lighting, sound, prop, and costumes shops, restaurants local to theaters, and trucking companies like ours.

[Rob Bolduc, Owner, Geronimo Hospitality Company](#) testified that Geronimo Tequila Bar and Southwest Grill, located in the heart of downtown New Haven, is just steps from the historic Shubert Theatre. Over the years, they have been good neighbors with one another; working together to drive tourism and attention to our great city. By driving shows in the rehearsal stage to Connecticut, and specifically New Haven, our business would greatly benefit by the influx of people living locally for a few weeks seeking places to dine out while in town and staying in a hotel.

[Janet Brown](#) thought that this type of tax credit should be extended to any professional sports team who makes Connecticut their home base.

[Claire A. Criscuolo, Owner, Claire's Corner Copia](#) emphasized that as the long-time (47 years) owner of a small business in New Haven, she has seen what the city was like before and after the success of The Shubert Theater. Ms. Criscuolo knows first-hand how much her business depends on the patrons of The Shubert Theater and the technical rehearsals that bring crowds to New Haven. It would be tragic, both financially and culturally to lose the many benefits from this gem of a theater.

[Mike Ferguson, General Manager, New Haven Hotel](#) testified that the hotel industry thrives when there are productions in the community. The Shubert has been working to bring technical rehearsals to New Haven to fill the periods between shows. In the last year The Shubert has brought two rehearsals to New Haven. The results of these two groups at the New Haven Hotel were: 325 hotel room nights; almost \$5,000 in wage earnings for the staff that would not have been scheduled without the group; over \$7,000 in hotel occupancy tax revenue to the State; catering revenue and service support for the local area vendors; and hundreds of people in New Haven restaurants and businesses.

[Thomas S. Ferrugia, Esq., Director of Governmental Affairs, The Broadway League](#) noted that New York State saw a boon in mounting productions after adopting such a tax credit. While almost no Broadway tours teched in New York State during the five years preceding enactment of the program in 2015, approximately thirty national tours will have launched from New York by the end of 2023. Cities such as Buffalo, Rochester and Syracuse had never been the site of a show's launch until the tax credit.

As an illustration of the above-referenced potential for economic impact, "The Lion King's" 2017 tech period and launch in Syracuse, NY and resulted in 4,251 hotel room nights booked by production team members, and an estimated economic impact of more than \$14 million from businesses patronized by theatergoers and production staff. The show directly employed 163 local stagehands who worked more than 21,000 hours. The production also drew over 53,000 people and set the record for Syracuse's highest-grossing theatrical engagement.

[Gardner R. Friscia, President, International Association of Theatrical and Stage Employees, Local 74](#) explained that years ago, many productions began their life in Connecticut; primarily at the Shubert Theatre in New Haven, but also at theatres which are no longer here such as the Shakespeare in Stratford and the Rich Forum in Stamford. As the Broadway industry evolved there was less "out of town" productions and more "cold openings" in New York. However, this then allowed more touring productions to hit the road and our venues began to launch those tours between the different theatres. Going back to the 1980's the Shubert was starting point for numerous productions as well as the Waterbury Palace when it opened in 2004. This bill would ensure that productions continue to make Connecticut their starting point.

[Julien Garcia, General Manager, Bears Smokehouse](#) testified that, "it is important to encourage, promote and engage entertainment within and for the community. Not only does it bring culture, diversity and positive social environment, but it also produces revenue for the business."

[Monica Freeman-Greene, Human Resources and Operations Leader, The Anchor Spa](#) noted that, "as a black-owned business, and the only black-owned Cocktail Bar in downtown New Haven, our partnership with the Shubert and their proven performance in promoting and highlighting our bar through these technical rehearsals has made a huge impact in our ability to not only stay open through one of the most difficult times most of us have ever faced as small businesses (the pandemic), but to actually thrive and become one of the most beloved locations for people from the technical rehearsals to visit when in town. Without it, I don't know if we would have been able to make it and the continued investment into the Shubert in any way possible is a win for us all on College Street!"

[James J. Malski, President, Global Scenic Services](#) stated that extending tax credits to theatrical touring productions that hire Connecticut companies to fabricate, install, and operate their shows in Connecticut would bring more revenue into the State and create more business opportunities and jobs for companies like Global Scenic Services.

[Tracy McFarland, Co-Founder and President of Booking, Broadway and Beyond Theatricals](#) expressed that, "whether large or small, every touring production needs a place to start their show. It could spend anywhere from a few days to a few months in a theatre rehearsing and working out the technical logistics of the tour, all while providing jobs and other ancillary revenues to the local economy. Given its proximity to New York and the fact that it is home to so many first-class venues, Connecticut should be the first place a producer looks for a launch city. However, as you are probably aware, many of your neighboring states offer financial incentives which consistently lure them elsewhere. If House Bill 6919 becomes law, the cost of the bill will come back to the state multiple times over in the form of local jobs and additional revenue for local businesses patronized by the productions and their staff."

[Anthony McDonald, Executive Director, Shubert Theatre, Member, Connecticut Association for the Performing Arts](#) testified that every tour that is traveling around the country has to tech first before going out on the road. "Teching" a show is an extensive process where a show chooses a theater to create the entire show for the very first time before officially launching their tour. Every aspect is created, tested, and modified to make sure that it is ready for touring. This process isn't short. For a Broadway show or national tour, it can be anywhere from 2 or 3 weeks to 5 or 6 weeks or longer to put a brand-new tour together. This process for Broadway tours, specifically, happens anywhere from 20 to 30 times a year.

Connecticut has been fortunate to host some of these techs over the years, but as more and more states realize the economic impact it can have on a community, they have enacted legislation allowing theater tax credits. These states have regularly seen technical rehearsals every season since adopting such tax credits; adding several million dollars of economic impact into their communities.

[William M. Mensching, President, Show Motion, Inc.](#) stated that, "any legislative incentive that would offer tax credits to theatrical touring productions could have a direct impact on Show Motion's ability to generate more revenue into the State as well as create additional opportunities and jobs in the State of Connecticut."

[Amy Migliore, Arts Director and Assistant Principal, Cooperative Arts & Humanities Magnet High School](#) testified that the Shubert Theatre acts as the cornerstone of the work done at CO-OP High School. The Shubert enables the school to offer a Technical Theatre program through the placement of a full time Production & Technical Education Manager. Students learn how to run light and sound boards, design costumes, and create a major production from a professional artist! When the Shubert has an opportunity to "tech" a Broadway national tour students have been given unique access to speak directly with the teams that have created the Broadway shows that the Shubert is building. Our students wouldn't be given this rare opportunity if the Shubert doesn't perform the technical rehearsals of the tours at the theater. These opportunities are so invaluable to a student to be able to fully realize a potential future for themselves within the world of theater.

[Eddie Rodriguez](#) stated that any tax credit is a positive step, and advised that these be extended to include tv and film.

[Angela Rowles, Chief Executive Officer, Troika Entertainment](#) noted that to accomplish the launch of a successful tour, productions must find the right location to rehearse the technical aspects of a tour on stage and in front of an audience. This includes, among other things, looking for location where productions can take advantage of costs savings. In recent years, many states have extended their existing film and television tax incentives to include theatrical productions. This cost savings entices companies like ours to look closer at the venues in these states. If House Bill 6919 is enacted, the State of Connecticut will reap the benefits of increased employment for local stagehands, musicians, venue staff, and box office staff; additional revenue for local businesses that service the tour staff; and additional cultural awareness to the community.

[Steven Rust, Lighting Designer](#) applauded the tax incentives in this bill, but thought that they should be open to theaters of all shapes and sizes. This bill narrowly defines the type of productions eligible for assistance. This is discriminatory against Connecticut producers and productions that may be produced by underserved communities.

[Garrett Sheehan, President and Chief Executive Officer, Greater New Haven and Quinnipiac Chambers of Commerce](#) asserted that the theater industry is critical to the vibrancy of the Greater New Haven region and the state. They provide a much-needed entertainment venue for Connecticut residents and even bring in out-of-state visitors with the productions and events they put on. By adding to the culture of our region, they also attract young and diverse talent to our employers. Supporting this industry will have a large impact on so many other industries. The theaters in our region bring in a lot of business to industries such as restaurants, hotels, retail stores, parking garages, wood suppliers, haulers, and many more. Theaters have a natural ripple effect on other businesses, providing economic opportunities for businesses all around. Ensuring the industry has long-term sustainable funding is critical to their continued contributions to our region.

[Marco Siguenza, Owner, Jack's Steakhouse](#) expressed full support for the bill and reinforced that it will reinvigorate the economy of our entire neighborhood. Their hope is that as a state, and more importantly, as a community, they can bring more technical rehearsals to New Haven and continue to showcase and promote our restaurants to these out-of-town artists.

[Seth Wenig, Chief Producing Officer, NETworks Presentations and Orin Wolf, Chief Executive Officer, NETworks Presentations](#) testified that this season their company produced and fully managed 12 domestic touring productions and, among them, employed hundreds of actors, musicians, stage technicians, and road managers. Their productions generate a significant amount of revenue on the local and state levels where they typically spend between approximately \$500,000 and \$1,000,000 in direct sales to local business including hotels, trader stores, grocery stores and travel related to technical rehearsals. Furthermore, our productions disperse between approximately \$500,000 and \$2,000,000 in taxable income and per diem to both local and traveling employees – personal income that is taxed and then reinvested by those employees into the local economy through their daily expenditures.

[Fletcher Williams, General Manager, Omni New Haven Hotel at Yale](#) testified that The Shubert has been working to bring technical rehearsals to New Haven to fill the periods between shows. In the last year The Shubert has brought two rehearsals to New Haven. The results of these two groups at the New Haven Hotel were: an abundance of hotel room nights; employment of food and beverage employees in the restaurant, bar, banquets, catering, and coffee shop that would have not been scheduled otherwise; hotel occupancy tax revenue to the state; and hundreds of people in New Haven restaurants and businesses.

[Yale Repertory Theatre](#) echoed the aforementioned sentiments of support for the bill. They also suggested the following substitute language: "1. Lower the minimum seat requirement to 850. The current language reflects a minimum of 1,000, which does not consider theaters such as the Bushnell in Hartford. 2. Remove the \$250k a week cap on salaries. No other state has a salary cap; thus, this provision could make Connecticut slightly less competitive."

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Kathleen Zabel

Date: April 25, 2023