

Proponent Testimony for HB 525
House Government Accountability and Oversight Committee
Kristen Schlotman, Executive Director, Film Cincinnati
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Chairman Blessing, Vice Chair Reineke, Ranking Member Clyde and members of the House Government Accountability and Oversight Committee, thank you for the opportunity to appear before you today to speak in favor of House Bill 525 regarding Ohio's Motion Picture Tax Credit. My name is Kristen Schlotman and I am honored to serve as the Executive Director of Film Cincinnati.

Film Cincinnati was created in 1987 to attract, promote and cultivate film, television and commercial production throughout Greater Cincinnati. Since our inception, we have brought thousands of films, commercials, music videos, documentaries, and industrial videos to the region.

Ohio's Motion Picture Tax Credit has promoted significant economic development since its inception in 2009 and the program continues to improve thanks to the leadership of the General Assembly and Administration.

The UC Economics Center completed an economic impact study in April 2017 regarding the community benefits of the Film Industry in Cincinnati. The film industry continued to grow in Cincinnati in 2016, with a total economic impact of at least \$38 million dollars, which is a year-over-year increase of 168 percent. Likewise, earnings and employment from motion pictures in the Cincinnati area increased by 114 and 167 percent, respectively.

The film industry is increasingly competitive both domestically and internationally. The availability of tax credits has become an extremely important factor in producers' decision-making process of where to shoot in the U.S. Increasing the annual allocation of credits to \$100 million per fiscal year is critical to Ohio's ability to compete because we know that producers chase the credits. It also allows Ohio to compete for large-scale productions which result in more jobs, more local and state tax revenues and a strengthened film industry infrastructure.

In Cincinnati, for example, we have recently lost approximately \$46 million of investment from just a few films because the state no longer had available tax credits. Those films went to New York, Mississippi, Kentucky, and Georgia.

In addition to the tax credits, an existing component of this program that cannot be overshadowed is the job training and infrastructure program. In Cincinnati, we have resident production professionals who have moved to Ohio from Florida because of the growing film industry and increased economic opportunities in the industry here. An expanded tax credit program will continue that growth through out-of-state investment in in-state talent. It also encourages Ohio-based companies to produce their commercials and videos at home.

As with any business, we constantly strive to have return customers. We work incredibly hard to make sure that the experience in Ohio is a positive one so producers will immediately consider us when they are putting together their next project. We have been fortunate to have repeat business in Cincinnati because of how the community has embraced the industry – from the hotels, restaurants and bars to the visitors bureaus and tourism networks to the IATSE Local 209.

Some of our recent and upcoming productions in Cincinnati include:

- Arc of Justice
- A television series for the Sundance Channel
- And another Killer film - which will make it their fifth film in Cincinnati, Ohio

As a June 2017 article in the *Los Angeles Times* noted, television producers are facing an acute shortage of soundstage space to meet the soaring demands of streaming companies and cable channels shooting year-round. According to the *Times*, soundstages have historically run at a utilization rate of about 70%, but today many are running at close to 100%. Consequently, tenants like Netflix are signing long-term, 10-year leases. Further contributing to the shortage is the lack of new studio construction, particularly on the West coast, where land values are exorbitant and developers see acreage-hogging soundstages as a poor investment. Cities like Atlanta and Pittsburgh have already successfully capitalized on this opportunity by developing sound stages and other infrastructure necessary to attract television producers.

I have been in discussions with production companies and Cincinnati-based suppliers about the possibility of locating a soundstage and there has been significant interest. If we are successful, the Cincinnati-based businesses in the industry expect to add jobs and investment in Ohio. It would also allow Cincinnati-based Fortune 500 businesses to shoot their commercials at home instead of on the coasts. The tax credit program is key to these growth opportunities.

Finally, I want to applaud the staff at Development Services Agency for their administration of the program. They are focused on delivering a user-friendly program for the state's customers, which is extremely important for repeat investment. I strongly believe that the process modifications suggested in HB 525 to make awards based upon economic impact and the requirement that projects move into production within 6 months of a credit award will provide additional predictability and reliability for the program that is good for businesses and taxpayers.

I want to thank the General Assembly and Administration again for your commitment to fostering the creation and retention of jobs and capital investment in Ohio. I strongly encourage you to pass this legislation quickly to unleash the capacity of the tax credit program and our thriving Ohio film industry.

Thank you again for your attention to this important economic development issue. I would be happy to answer any questions you may have.