



MOTION PICTURE ASSOCIATION OF AMERICA, INC.

1301 K STREET NW 900E

WASHINGTON, D.C. 20005

(202) 293-1966

TESTIMONY OF VANS STEVENSON

SENIOR VICE PRESIDENT

STATE GOVERNMENT AFFAIRS

IN SUPPORT OF

HOUSE BILL 525

BEFORE THE OHIO HOUSE GOVERNMENT
ACCOUNTABILITY AND OVERSIGHT COMMITTEE

WEDNESDAY, APRIL 11, 2018

THANK YOU CHAIRMAN BLESSING, VICE CHAIR REINEKE, RANKING MEMBER CLYDE AND MEMBERS OF THE HOUSE GOVERNMENT ACCOUNTABILITY AND OVERSIGHT COMMITTEE.

MY NAME IS VANS STEVENSON. I AM SENIOR VICE PRESIDENT OF STATE GOVERNMENT AFFAIRS AT THE MOTION PICTURE ASSOCIATION OF AMERICA, INC. (MPAA).

THANK YOU FOR THE OPPORTUNITY TO TESTIFY IN SUPPORT OF HOUSE BILL 525. AS YOU KNOW, THIS BILL ENHANCES THE STATE'S SUCCESSFUL MOTION PICTURE AND TELEVISION TAX INCENTIVE PROGRAM BY MORE THAN DOUBLING THE ANNUAL BUDGET ALLOCATION FOR THE PROGRAM.

MPAA REPRESENTS THE MAJOR PRODUCERS AND DISTRIBUTORS OF MOTION PICTURES AND TELEVISION PROGRAMS WORLDWIDE...DISNEY, FOX, SONY PICTURES, PARAMOUNT, NBCUNIVERSAL, WARNER BROS., AND ASSOCIATE MEMBER CBS CORPORATION.

FIRST, I WANT TO THANK SPEAKER ROSENBERGER AND SENATOR SCHURING FOR THEIR VISION TO EXPAND OHIO'S PRODUCTION INCENTIVE PROGRAM.

IF ENACTED, OHIO WILL BECOME MORE COMPETITIVE WITH OTHER STATES AND INCREASE THE OPPORTUNITIES TO CREATE MORE JOBS AND ECONOMIC INVESTMENT.

ACCORDING TO MPAA RESEARCH IN 2016, OVER 11,000 PEOPLE WERE DIRECTLY EMPLOYED BY THE MOTION PICTURE AND TELEVISION INDUSTRY IN OHIO. THIS INCLUDES NEARLY 3,000 PRODUCTION-RELATED EMPLOYEES.

OHIO HAS A SIGNIFICANT OPPORTUNITY TO BECOME MOREW COMPETITIVE WITH AN ALREADY EXISTING STABLE AND PREDICTABLE PROGRAM.

FROM TRADITIONAL BROADCASTING TO PROGRAMS AND SERIES THAT ARE STREAMED OVER THE INTERNET, THIS IS THE NEW AGE OF TELEVISION. THERE ARE 500 SCRIPTED TELEVISION PROGRAMS IN ALL DISTRIBUTION VENUES BEING PRODUCED IN 2018. MOST STATES ARE AT PRODUCTION CAPACITY BECAUSE OF THE EXPLOSIVE GROWTH OF TELEVISION PRODUCTION.

OHIO HAS A PRIME OPPORTUNITY TO POTENTIALLY ATTRACT LONG-TERM TV SERIES THAT CREATE PERMANENT JOBS AND DIRECT INVESTMENT. THIS HAS HAPPENED IN OTHER STATES LIKE GEORGIA, LOUSIANA

AND NEW MEXICO, AS WELL AS CANADIAN PROVINCES LIKE ONTARIO AND BRITISH COLUMBIA.

CURRENTLY 37 STATES AND MORE THAN 20 FOREIGN JURISDICTIONS HAVE INCENTIVE PROGRAMS. STATES AND OTHER COUNTRIES AROUND THE WORLD CONTINUE TO BOTH SUSTAIN AND ENHANCE THEIR PRODUCTION INCENTIVE PROGRAMS. JOB CREATION AND CAPITAL INVESTMENT ARE THE PRIME REASONS.

ON AVERAGE A MAJOR MOTION PICTURE CONTRIBUTES 225,000 DOLLARS EVERY DAY TO THE LOCAL ECONOMY. A MAJOR TELEVISION SERIES, 180,000 DOLLARS PER DAY OR MORE DEPENDING ON SCRIPT REQUIREMENTS.

THE ECONOMIC IMPACT OF THE TELEVISION AND MOTION PICTURE INDUSTRY IS EXPERIENCED ACROSS MANY BUSINESS SECTORS. MANY NEW AND EXPANDED BUSINESSES ARE ALSO IMPACTED BECAUSE THEY ARE SUPPORT SERVICES THAT BENEFIT FROM MOTION PICTURE AND TELEVISION PRODUCTIONS. IN ADDITION TO CAMERA, LIGHTING AND AUDIO RENTAL EQUIPMENT COMPANIES, PRODUCTIONS USE A WIDE RANGE OF SUPPORT SERVICES DURING PRODUCTION. THIS INCLUDES DRY CLEANERS, CATERING COMPANIES, HARDWARE STORES,

CONSTRUCTION, TRANSPORTATION, ACCOUNTING AND PAYROLL FIRMS. THESE ANCILLARY BUSINESS EXPANSIONS GIVE RISE TO LONG-TERM CAPITAL INVESTMENTS THAT SUPPORT THE STATE'S INVESTMENT.

THESE BUSINESSES WILL DIRECTLY BENEFIT FROM THE INCREASED PRODUCTION IN OHIO AND WILL REINVEST THEIR INCREASED REVENUES INTO THEIR OWN BUSINESSES. THIS CREATES A SIGNIFICANT ADDED ECONOMIC BENEFIT THAT IS TYPICALLY NOT FACTORED INTO ANALYSES OF THE PROGRAM'S IMPACT.

COST IS THE PRIMARY FACTOR THAT DRIVES PRODUCTION DECISIONS TODAY. THEREFORE, TAX INCENTIVE PROGRAMS ARE VITAL TO PRODUCERS TO MANAGE EVER-INCREASING PRODUCTION COSTS TO MEET CONSUMERS EXPECTATIONS AND DEMANDS FOR HIGH QUALITY ENTERTAINMENT.

ONE KEY BENEFIT TO AN ENHANCED INCENTIVE PROGRAM IS THE TIME VALUE OF MONEY FOR THE STATE. INCREASING THE BUDGET ALLOCATION FOR THE PRODUCTION TAX INCENTIVE PROGRAM WILL HAVE AN IMMEDIATE AND DIRECT IMPACT ON JOBS AND SPEND ON LOCAL VENDORS. THE STATE BENEFITS IMMEDIATELY WITH

SALES, USE AND PAYROLL TAX REVENUE. TAX CREDITS ARE NORMALLY NOT PAID UNTIL AFTER THE PRODUCTION HAS WRAPPED AND AN AUDIT IS CONDUCTED, WHICH CAN BE 18 MONTHS OR LONGER.

WE SUPPORT HOUSE BILL 525. WE ALSO SUPPORT THE STATE LEGISLATURE'S DECISION TO ENCOURAGE THE MOTION PICTURE AND TELEVISION INDUSTRY TO GROW IN OHIO. IT HAS BEEN PROVEN TO BE AN IMPORTANT ECONOMIC DEVELOPMENT PROGRAM. WE LOOK FORWARD TO BEING PART OF ITS CONTINUED SUCCESS IN OHIO.

THANK YOU. I'M HAPPY ANSWER ANY QUESTIONS.