

TESTIMONY TO THE OHIO SENATE WAYS & MEANS COMMITTEE

Wednesday, May 17, 2023

Chairman Blessing, Vice Chair Roegner, Senators Smith, Cerino, & Schaffer:

I'm Bill Garvey, president of the Greater Cleveland Film Commission. Before coming to the Film Commission, I worked for 26 years as a motion picture location manager on movies (both big studio pictures as well as small independents), tv shows, documentaries, TV commercials, and print advertising throughout the country. The last 13 years, I worked exclusively here in Ohio in motion picture production. I've worked side by side with other Ohio crew and with Ohio vendors to film content right here. The Ohio motion picture tax credit program has attracted 145 movies and over 160 other projects to choose Ohio as their filming destination since 2009.

In the past decade, this industry has accelerated investment into production due to an innovation in how we consume content - streaming, on demand, binging - who knew the term "binge-worthy" would be a thing 20 years ago. In 2013, global production spending was \$128 billion. That soared to \$238 billion in 2022.

At the same time, tax incentives have decentralized the industry into 36 states and dozens of countries around the world. This is no longer just a "hollywood" industry. Let's reframe the definition of what an Ohio industry looks like. This industry, unlike most, doesn't have to wait for a factory to be built to start investing in Ohio. We are shovel ready jobs that spread the spending from big cities to small remote towns alike. After all scenes for every project are filmed in a variety of different locations. How many businesses can instantly invest millions of dollars in small towns and big cities all on the same project like the motion picture industry?

We know manufacturing in Ohio. The motion picture industry is manufacturing of content. Just like construction workers build a building, then move onto the next. So do Ohio motion picture crew, building 1 movie, then moving onto the next. This is an Ohio industry with Ohio workforce.

There are those who say "those jobs are freelance so they're not stable, or all those workers must be from LA-they just parachute in and then evaporate afterwards." But the truth is this industry creates local jobs. The Ohio motion picture industry is an ecosystem of freelance movies (both big and small), TV, commercials, print, theater, game design, and post production through which Ohio crew build their

high paying careers, steady careers that can keep Ohio's talent from moving out of state and attract new talent to move here.

The majority of these are union jobs, anywhere from dozens to hundreds of jobs on each project, for which the lowest **starting salary is \$29.49 per hour + \$145 per day** paid by the production company into a pension and health insurance fund for the worker. And these are jobs with a low barrier to entry, so they are accessible to the vast majority of education levels.

In the absence of that tax incentive, production spending and jobs go to a competitor states. Ohio's competitor states understand the economic advantages of this industry. Ohio is currently losing more production spending to other states than we attract because of the current \$40 Million cap on tax credit. Kentucky, Pennsylvania, West Virginia, and Indiana have all either introduced or significantly increased their motion picture tax credits since 2021. Over the past 2 years alone (2021 & 2022), **\$389.8** million of combined production budget has applied to film in Ohio but was denied due to the cap. When that production spending leaves Ohio, it takes our jobs with it to competitor states like Georgia.

Georgia leads the world in motion picture industry growth, offering an uncapped tax credit that drove \$4.4 billion in direct production spending to the state last year. Georgia has attracted 2.5 million square feet of studio and post-production facilities. 92,000 motion picture professionals live and work in Georgia. SB4's proposed revisions to this program would produce the same retention and growth in talent for Ohio.

When we look at metrics to gauge success in the Ohio motion picture industry, some analysis has ignored the direct revenue to Ohio workforce and vendors, limiting metrics only to tax revenue gained by Ohio. From 2009 to 2020, Ohio has attracted an out of state influx of **\$571.8 million of direct production spending and job creation—** investment only achieved through the tax credit program and is money that would not be in Ohio otherwise-It flows to Ohio only because of the tax incentive program. When you ask the question "why a tax incentive for this industry?" The answer is because it puts money into the pockets of Ohio citizens, not just motion picture industry workers, but also the hundreds of Ohio vendors that work on each production.

In 2021, NE Ohio was the region for a production of a Netflix movie. It prepped for 6 months, filmed for 6 months, and wrapped up for a month, hiring Ohio industry

professionals for the entire stretch, OHIO LOCALS. 921 crew worked on it. It sourced from 256 local vendors. And it spent \$106.6 million, all in the state of Ohio. That's just 1 movie. The Ohio motion picture industry is much more than 1 movie.

Ohio is a business friendly state-we attract other industries to this state not only because of the low cost of doing business here, but by incentivizing business to choose Ohio over other competitor states. SB4 does the same for the motion picture industry to choose to invest in Ohio. SB4 makes the application process more attractive by accepting applications all year long instead of in short windows that don't coincide with the windows during which production is traditionally filmed — this revision is crucial to making Ohio competitive compared to other states. SB4 also makes the program eligibility predictable. The motion picture industry, like other businesses, seeks predictability and clarity in working with state programs.

Making Ohio's Film and Theatre tax credit more robust and easier to use will mean more Ohio jobs. Imagine if Ohio could turn the tide on brain drain? This is an industry that can help fight against that-Ohio crew want to stay and work in Ohio. Now is the time for Ohio to leverage the exponential growth of the motion picture and theater industries via SB4 to the economic benefit of all Ohioans.

Thank you again for your leadership on this.