

Chairman Blessing, Vice Chair Roegner, Ranking Member Smith and members of the Senate Ways and Means Committee, thank you for your time to provide testimony on Senate Bill 4. This Bill provides the means to significantly increase economic development, jobs and awareness that Ohio will be a destination for the film and entertainment industry. My name is Kevin Kale, and I am the CEO and Chairman of Fallback GP, Fallback Studios, Fallback OZ Fund and Fallback Ventures (Fallback). Along with my four additional team members and significant outside investment, we are putting Ohio on the map through the bricks and mortar, a full service studio located in Columbus, and attracting film, tv, animation, gaming (esports) development and other entertainment investments that would otherwise go to other states creating an environment where we Ohioans are missing out on significant economic growth, tax revenue and high paying jobs. Distribution, the key to any films success, has also went to other states.

As a film producer living in Granville, Ohio, my partners and I have produced several projects that we initially pursued in our state, but had to film elsewhere as a result of the challenges faced with the existing film tax credit law. In fact, there are multiple projects that have chosen other states due to the \$40 million per year tax credit and it's estimated that our state lost in excess of \$200 million, in 2022 alone, to other states due to a single film taking up the full tax credit. Thus far in 2023, I'm aware of 3 films, including the next installment in the Oceans Eleven franchise, that have chosen competing states as a result of our current tax credit law.

Fallback has incorporated a new Opportunity Zone businesses to bring a technological, state-of-the-art, soundstage/tech campus to Columbus to meaningfully expand media development opportunities across the state. Fallback Studios LLC has a contingent purchase agreement to acquire a 75,000 sq ft facility perfectly situated between Easton and the John Glenn airport with a scheduled close date of June 29, 2023 in the heart of our wonderful state. This facility, with two 25,000 square foot sound stages, can attract some of the largest productions currently in development. Warner Brothers, Paramount and HBO, for example, plan 12 months out to select the facility and state for their next projects. With the planned opening of Fallback Studios mid-spring 2024, we are in a position to pre-sale our space and attract some of these productions to our state. Fallback, in conjunction with Film Columbus, has been contacted by a London based production company interested in producing their next streaming series in Ohio that will be a multi-year agreement with studio.

Fallback Studios brings years of experience and project success to Columbus. Fallback has produced or co-produced five films, including the award-winning Absentia, All the Creatures Were Stirring, Mike Flanagan's Oculus, Jacobs Wife, and Glorious, starring J.K. Simmons and Ryan Kwanten. We are in pre-production on our next firm, Perfect Season (\$5M budget), an Ohio-based high school football thriller in the vision of Friday Night Lights and Varsity Blues

among several other titles in our slate of films. Horizons Companies, our sister company, continues its strong relationships with local companies, including Jeds, McGraw Hill, OSU (NIL), and Wendy's, among other critical local and national relationships supporting marketing and brand development. Combined, the teams are in pre-development on several additional projects and discussing new media content that will be developed and produced in our Columbus studio including Ohio State.

Fallback Studios will be the first of its kind in Ohio and will create 30+ new W-2 jobs ranging from film and TV production, operations, finance, HR, and management in the next 12-24 months with a combined payroll to range between \$3 Million - \$3.5 million out of the gate. Fallback has a broad mission to become a beacon for film and tv production in the mid-west and nationally with another mission to develop local talent, increase jobs and partnerships to provide opportunities in underserved communities. Additionally, we're developing a cooperative arrangement to work with local and state colleges and universities, including OSU, Denison University, Kenyon University, Columbus State and CCAD to develop local talent, educate a new and growing crew base to support the significant and numerous productions planned. In fact, there are over 20 colleges and universities with programs in film and tv development. In a recent discussion with an LA based film investment firm, they've communicated that crew have left Ohio due to a lack of opportunity and would jump at the chance to return to our state and work at Fallback.

According to an economic impact study of the Ohio Motion Picture Tax Credit (OMPTC), direct and indirect jobs (100-200) should generate an additional \$15M-\$20M in new employment in crew, production, development, and distribution (November 2020, Olsberg SPI). In addition, depending upon the project size, we will hire 100-200 contractors from all over the state to execute the numerous productions at our facility and productions around the state. Our studio will be the hub for Ohio film development, making Columbus (and Ohio) a go-to for film, television, animation, media, and entertainment development and production. After the opening of the Fallback Studios (Phase 1), we anticipate increasing our available space by 50,000-75,000 sq ft (Phase 2) or identifying additional locations in the state to build additional studio space to make a genuinely nationwide competing film and entertainment campus (Phase 3).

I strongly believe that the approval of SB 4 puts us closer to at par with other states competing for these projects. While the business structure and strategy create the path to success, it is critical the State of Ohio becomes a leader in strategic investments. With the introduction of Senate Bill 4, which calls for an expansion of the Ohio Motion Picture Tax Credit (OMPTC), Ohio's film and television industry will follow a similar trajectory as states like Georgia, New Mexico, and New Jersey, which produced the following results:

- Georgia: Approximately \$10 BILLION (\$10,000,000,000) in annual spending
- New Mexico: in 2020 Netflix announced a \$1,000,000,000 capital investment in ABQ Studios in Albuquerque
- New Jersey: Since 2018, when the state adopted the current credit administered by the New Jersey Economic Development Authority (NJEDA,) total spending by production companies has grown by 647 percent, hitting a record \$501,000,000 in 2021.

Enacting Senate Bill 4 is an essential part of igniting the film and television industry, and Fallback and Fallback Studios is the catalyst to launch Ohio on a new economic growth path in the industry. Fallback has an anchor investor, with more to come, that has already communicated their commitment to expand past Phase 1 and onto Phase 2 and 3 in the next 18 - 24 months.

When combined with technology growth and the Intel project, for example, Fallback, and Fallback Studios and Fallback Ventures will make Columbus and the state the entertainment capital of the Lower Midwest. Our best-in-class team has a passion for the industry, and the experience to bring other best-in-class talent to our state. We are putting together a strategy to provide the pathway to success and a unique Opportunity Zone (OZ) structure to attract institutional and high-net worth individual capital from across the country. For example, we are in discussions with an Opportunity Zone investment firm with ties to Heath, Ohio that is in the final due diligence phase of a \$25,000,000 - \$50,000,000 investment in the project that will partially fund the studio and the film slate financing company. In addition to this institutional capital, we fully expect \$10,000,000+ in private investment into Fallback OZ Fund, our Qualified Opportunity Fund, driving ours and other projects. Opportunity Zones have already achieved a combination of expansive, large scale, private investment and significant economic impacts. Additionally, by locating in an Opportunity Zone, Fallback will carry positive economic spillovers into neighboring communities and boost growth at a city and state wide scale.

Thank you for your consideration. We look forward to collaborating with you on this transformational project!

Kevin