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**Senate Ways and Means Committee**  
**Senate Bill 171 Sponsor Testimony**  
**Temporarily authorize income tax credit for certain investments**  
**November 28, 2023**

Chairman Blessing, Vice Chairman Roegner, and members of the Ways and Means Committee.

I greatly appreciate the opportunity to provide sponsor testimony in support of SB 171, which would create the Ohio Sound Recording Investor Tax Credit. My testimony includes an overview of the legislation and six brief reasons for its implementation.

The intended impact of the legislation can be found in lines 150-153 in the bill where it reads, the director shall consider “the impact of the production or project on the encouragement and development in this state of a strong capital and infrastructure base in order to achieve a more independent, self-supporting music and sound recording industry.”

The mechanics of the legislation are as follows: it would be limited to \$1 million dollars per tax year. It would provide a 25% credit on the cost of recording a piece of music or for sound studio improvements if the investment was over \$10,000. The credit would be capped at \$75,000 per project (which is \$300,000 in total project cost).

SB 171 is a small step to drive economic growth by making Ohio a destination for musicians, producers and industry leaders who will create jobs and strengthen our local economies.

Six quick reasons for the legislation are as follows:

1. It’s a huge industry.

The Ohio Sound Recording Investor Tax Credit, or OhioSounds for short, will be a catalyst to attract more of the \$21 billion dollar industry to our state.

According to the Global Music Report released in March 2021 by the International Federation of the Phonographic Industry (IFPI), the global recorded music market grew by 7.4% in 2020, the sixth consecutive year of growth. IFPI’s Global Music Report showed total revenues for 2020 were (in US dollars) \$21.6 billion. Growth was driven by streaming, especially by paid subscription streaming revenues, which increased by 18.5%. There were 443 million users of paid subscription accounts at the end of 2020.

2. Ohio's diverse musical history.

Ohio is the birthplace of legendary musicians, unforgettable songs and 'Rock N' Roll'. OhioSounds builds upon our proud history and works to cultivate our state's musical legacy moving forward.

Moving backwards chronologically, let me remind this Committee of some of the major events in Ohio's ground-breaking musical past.

Cleveland disc jockey Alan Freed hosted the first rock concert ever, the Moondog Coronation Ball on March 21, 1952, which was attended by 20,000 people. King Records was founded in Cincinnati in the 1940s.

The success of the Wings Over Jordan Choir in the 1930's: They became the first fulltime professional black choir in America, and performed worldwide to non-segregated audiences.

The Cleveland Orchestra was founded in 1918. It is widely seen as one of the greatest classical musical ensembles in the world.

3. Ohio musical acts come from all across the state and perform every type of music. From Dean Martin to Devo to Doris Day to Dave Grohl to Dwight Yoakam to The Dazz Band. Ohio is the birthplace to legendary acts and this legislation will help launch other future chart-toppers.

Notable Ohio musical acts include:

98 Degrees (Cincinnati), The Black Keys (Akron), Bootsy Collins (Cincinnati), Dave Grohl (Warren), Dean Martin (Steubenville), Devo (Akron), Doris Day (Cincinnati), Foxy Shazam (Cincinnati), The Isley Brothers (Cincinnati), John Legend (Springfield), Kid Cudi (Cleveland), The O'Jays (Canton), The Pretenders (Akron), Rascal Flatts (Columbus), Twenty One Pilots (Columbus), Joe Walsh (Kent), Nine Inch Nails (Cleveland), Angela Perly (Columbus), Guided By Voices (Dayton), Tracy Chapman (Cleveland), Foster The People (Chagrin Falls), Phil Keaggy (Youngstown), Ohio Players (Dayton), Macy Gray (Canton), Bone Thugs-n-Harmony (Cleveland), Jim Brickman (Cleveland), "Screamin'" Jay Hawkins (Cleveland), LA Reid (Cincinnati), Kim and Kelly Deal (Dayton), Robert Lockwood Jr. (Cleveland), Gerald Levert (Cleveland), Johnny Paycheck (Greenfield), Dwight Yoakam (Columbus), Danny Thomas (Toledo), Boz Scaggs (Canton), The Dazz Band (Cleveland).

4. Ohio has several Music Industry assets already in place that can support the OhioSounds tax credit.

SB 171 would build upon the considerable musical assets that already exist in Ohio which include a leading popular music publication Alternative Press Magazine, Gotta Groove Records, one of about 20 vinyl music pressing plants in the US, approximately 300 recording studio

facilities, 16 regional orchestras, a multitude of higher education partnerships and the Rock & Roll Hall of Fame.

Let's be clear, 49 other states would love to have the Rock & Roll Hall of Fame: It opened September 1, 1995 (28 years ago), it has seen 14 million visitors pass through its doors and generated a cumulative economic impact of over \$2.5 billion to the Cleveland region. Back then, the facility cost \$92 million, but as of 2023, it is generating an annual economic impact of \$250 million. Eighty percent of Rock Hall visitors are from outside Cuyahoga County (2018 numbers).

5. OhioSounds could help reverse brain drain.

The Knight Foundation released a study in 2010 called “The Knight Soul of the Community – why People Love Where They Live and Why It Matters – a National Perspective.” They examined 26 cities across the US for three years. They concluded that their “Study has found a positive correlation between community attachment and local GDP growth.” They said that “Community Attachment” had 3 major factors: 1. Aesthetics, 2. Openness and 3. Social Offerings. Social Offerings included two things: 1. Vibrant Nightlife and 2. The Availability of Arts and Cultural Opportunities.

This supports the premise that OhioSounds will create direct and indirect economic activity and therefore (as the Knight study concluded) grow state and local GDP growth.

6. The 2010 ReMix study by Cleveland State University provides scholarly supports the Knight Foundation analysis that the OhioSounds proposal would not just help Ohio's Music industry but its broader economy.

The CSU study was an examination of the NE Ohio music industry and an analysis of scholarly research on the topic. In the report's Executive Summary, the authors wrote, “There is a growing awareness of the economic impact that a creative and entrepreneurial workforce can have on economic outcomes. Art, in all its forms, can provide a region with a “sticky,” or long lasting, regional competitive advantage that is attractive to creative people.

For the following reasons and many more, Mr. Chairman and members of the Committee, I think an investment in Ohio's music industry would be beneficial to Ohio's economy and the citizens we serve. For that reason, I would ask for thoughtful consideration of this legislation. Thank you for allowing me the opportunity to present SB 171 before the Committee, (which I am very fond of) and I would be happy to answer any questions you all might have.