

EXHIBIT 3
DATE 3-29-05
HB 584

Dear Representatives,

I wholeheartedly support HB 584, sponsored by Rep. Chris Harris, which provides incentives for filmmakers to bring their projects to Montana. As a location manager with 15 years experience who works on feature films throughout the United States, I have had the opportunity to see the benefits that financial incentives have had in many states and countries. New Mexico, Virginia, Louisiana, as well as in Canada, Australia and New Zealand have financial incentives in place, and I've seen each gain more and more film production every year.

I have also seen the effects that the Canadian incentives have had on Montana's film industry, where I got my start over 15 years ago. I've seen production of movies and television projects decrease from very high levels in the early 1990's to almost none these past couple years. Many high profile projects were either scripted for Montana or the American West and have ended up going to Alberta or British Columbia. I have actually scouted Montana more than a couple times for productions that ended up going to other states or countries due to incentives that were offered. Unfortunately, when there are a lot of beautiful locations to choose from, the bottom line dollar wins. This leaves Montana in second place all too often.

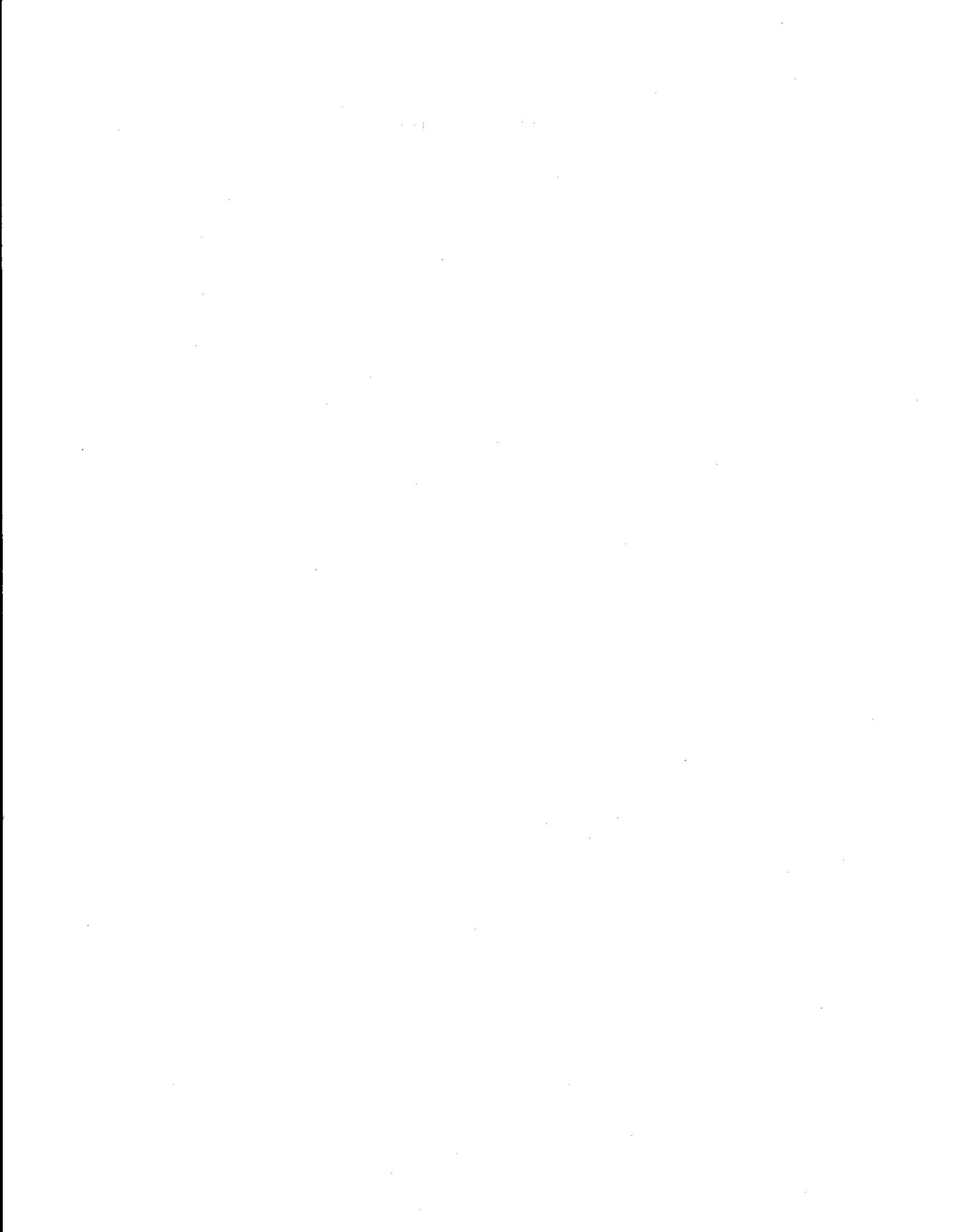
Two major films were shot in Libby in the 1990's, at least three were filmed in the Bozeman/Livingston/Big Timber area, and as many in the Flathead. These films spent millions of dollars in these communities on everything from lumber to paint, clothing, plaster, concrete, food, lodging, property rentals, etc. In addition, they hired dozens of local residents - many of them unemployed loggers, miners, truck drivers, etc.- who have suffered job losses from the economic downturn that has hit many areas of the state. Add to these the small features, commercials and videos, and you're talking about tens of millions of dollars each year. And this is clean money, money that generates high paying jobs and has very little negative environmental impact.

In addition to boosting the economies of communities, these films have allowed a number of people to gain valuable experience in the film business. Many have used this experience to get other jobs in Montana, but the paucity of work has forced most to move to Los Angeles, New York, Chicago, Seattle, and Portland. I am one of the many that owes my current career to "Hollywood" coming to town. I worked for the US Forest Service when Steven Spielberg came to Libby to film "ALWAYS" in 1989. I was the liaison to the film, and when filming was completed, I became a full-time location manager. I worked for many years in Montana and neighboring states, but as the work gradually, and then precipitously diminished, I was forced to leave Montana for greener pastures. I still own a home in Libby, and I long for the day when there is enough production filmed in Montana that will allow me to once again reside and work in "The Last Best Place".

One of the great things about filming is that it reaches all types of communities and requires all kinds of locations - from mansions to ranches, waterfalls to woods, country roads and city streets, small towns and big cities. Filming money reaches all levels of a community, and the benefits are easily seen. I heartily recommend passage of HB 584; I have seen firsthand what incentives can mean for a community.

Sincerely,

Mike Fantasia
Location Manager
8576 Farm to market Road
Libby, MT 59923
310.922.4715



February 15, 2005
Montana Film Commission

To Whom It May Concern:

I am writing this letter to express my interest in bringing "The Beginning of Wisdom" to Montana. Since I first became involved with this project, I have hoped that this film would be made in the state it was written for. And as a part-time resident, and full-time fan of Montana, it is my intention to maintain as much of the script's integrity as possible. I know I can speak for all involved when I say that this is an exceptional script that we all have the highest hopes for. We want it to look, feel, sound, taste like Montana in the summer of 1969.

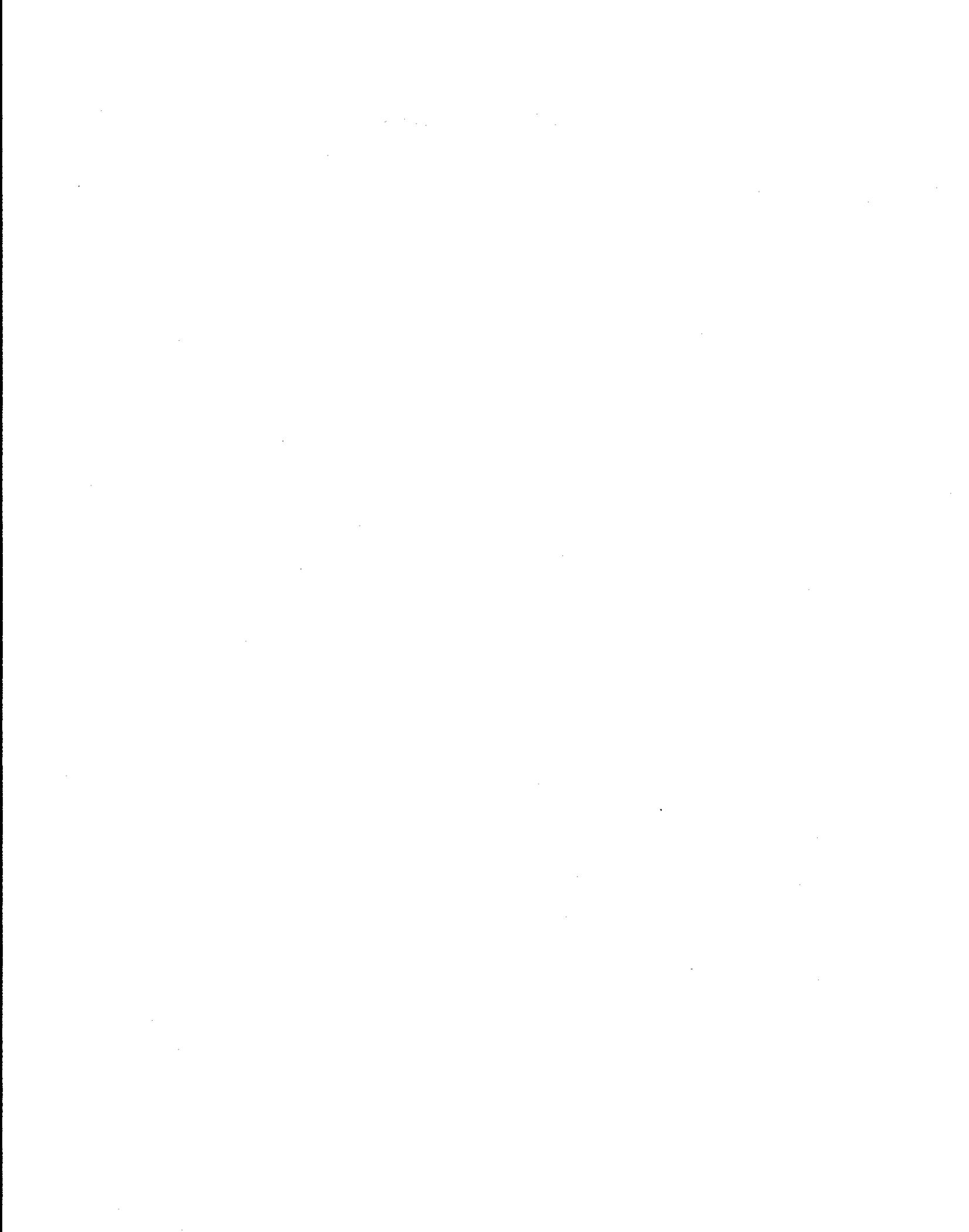
Both John and Matthew Perry feel that Montana is not only the location of this story, but also a character in and of itself, and they would do anything to bring this project to its rightful home.

We simply cannot turn down an offer from out of the country that will save us money enough to put into other aspects of the film. Our aim is, of course, to make the best possible movie with what money we have, and what is *not* spent on the logistics of production can, for example, be put into one more day of shooting, those expensive but exceptional aerial shots of the countryside, or securing precise period vehicles

Help us bring the American western back to America.

Hopefully,

Howard Deutch
Director





TJ Lynch

10782 Terecita Rd.
Tujunga, CA 91042-1465

- phone: (818) 352-0109
 - fax: (818) 293-1693
 - email: thinkzippy@comcast.net
-

March 28, 2005

Dear Members of the House Appropriations Committee,

I am writing today in support of the "Big Sky on the Big Screen Act." I am the writer of a screenplay entitled "The Beginning of Wisdom," a story set in and about Montana. Sten Iversen and the Montana Film Office have been working tirelessly with our producers in an effort to bring the production to Montana this Summer. As a native Montanan and graduate of Montana State University film school, nothing would please me more. If the Act passes with the original percentages proposed by Representative Harris intact, it's very likely the film will indeed shoot there. Should it not pass however, or pass with the currently proposed lower percentages, budgetary realities will most likely make it necessary to shoot in Saskatchewan as was originally budgeted.

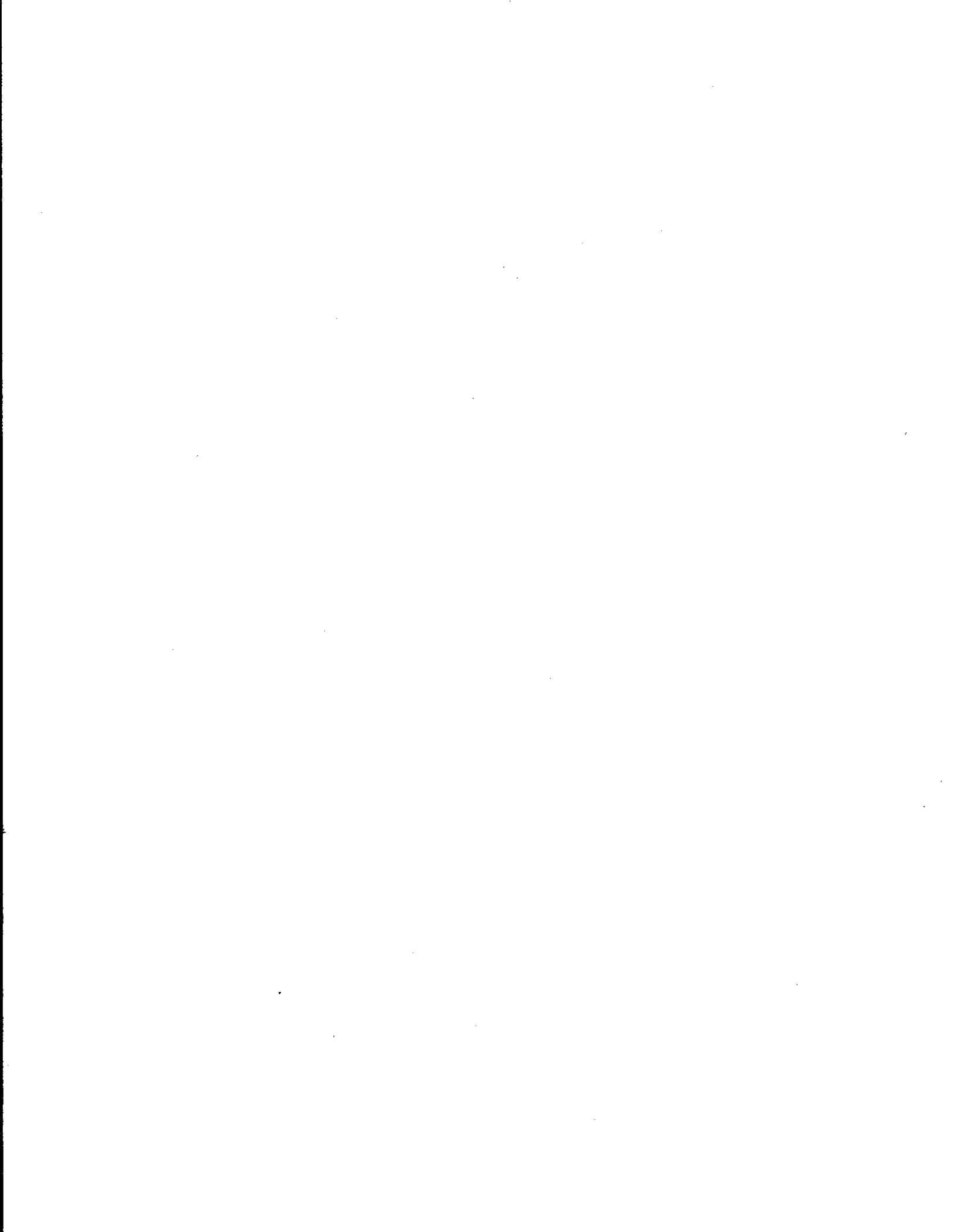
I have a second script entitled "The Froggy Doo Show" that is scheduled to go into production this Summer as well. Also set in Montana, it's a story based on legendary Billings kiddie's-show hosts Happy Herb and Froggy Doo, specifically the incident in 1969 in which string puppet Froggy Doo was actually kidnapped and held for ransom. It's being cast as I write. Unfortunately, it too will likely shoot in Canada, or perhaps in Louisiana where they've instituted their own film tax incentives, should the "Big Sky on the Big Screen Act" fail to pass. I have two other projects in various states of development as well, both based on historical incidents in Montana, both with name producers attached. One of them chronicles arguably the most spectacular event to occur in Montana in the 20th century, namely the 1923 Jack Dempsey/Tommy Gibbons Heavyweight Championship prizefight held in Shelby. For several weeks leading up to the bout Montana was front page news around the world. The bout was held on July 4th 1923, and there was not a single place on the face of the Earth more notable than Shelby that day. How sad it is to think that some little town in Canada will likely serve as the movie version of our own Shelby should tax incentives not pass, or indeed pass at reduced percentages.

My home state has been a treasure trove of both inspiration and material. I draw my work from its people, from their stories, from their way of life. I set my films on its snow capped mountains, in its little towns, on its trout streams and under its vast blue sky. It only seems fair, does it not, that the people and the places I write about should be the ones to benefit from their own stories.

I know there are those who consider tax credits for the film industry a giveaway to the rich. But contrary to what some may think, the majority of movies actually lose money. It's an incredibly competitive and capital intensive business. However, the communities in which films are shot, by way of both employment and economic stimulus, always make out in the black. Let us be pragmatic for a moment. Would Canada, Louisiana, and now New Mexico grant film tax incentives if it weren't a net positive?

Isn't it an irony that MSU graduates a raft of film school students each year, and almost to a person they're forced to pack up and head for the coast because there's no appreciable film activity in the state anymore? Like all the others, upon graduation I too was forced to relocate to Los Angeles, where I reside today. But Montana is and always will be my home. Our state is rich in history, strong in spirit, but at times has been short sighted to the detriment of its own citizens. I respectfully suggest it's time to stop outsourcing our stories, our college graduates, and our economic benefits to other states and foreign lands.

TJ Lynch - Screenwriter



March 28, 2005

House Appropriations Committee
Montana State Capital
P.O. Box 200400
Helena, MT 59620-0400

Dear Chair & Members of the Committee:

I have been employed (in Montana) in the film and television production business for more than twenty years. In 1995, I founded Out in the Cold Productions and now feel very fortunate to routinely produce news, sports and entertainment programs for the major television networks and numerous cable channels. Additionally, we produce commercials, infomercials and corporate videos for many high profile Montana and national/international clients.

Last year I delivered a screenplay which I had co-written to a well known actor/director. He is now in another country co-starring in a major studio film. But before he left, he committed to produce and direct our film, a contemporary Montana story with a working title of "(406)". He has hired an executive producer with an enviable list of film credits and "(406)" is currently in pre-production. We also have a commitment from a very "bankable" actor in one of the lead roles. It is our combined intent to produce this film in Montana and have a scheduled starting date of July 10, 2006. Money to fund this picture will come from Los Angeles sources.

I am not from Hollywood, nor do I ever want to be. I am by no means a mogul. Rather, I am a Montana small business owner and taxpayer. House Bill 584, known as the "Big Sky on the Big Screen Act," is a jobs bill that will invite a very clean industry to come to Montana where they will hire Montanans and purchase goods and services from Montana businesses just like they did in 1991 when the Tom Cruise film "Far and Away" left \$7 million in direct expenditures in the Billings area.

The motion picture business, like any other business, is designed to make a profit. We all hear about their mega-hits, but most people are not aware that the vast majority of films lose money. Making a movie is about as risky as it gets, so when Canada decided in the early 1990's to offer incentives to "Hollywood" it worked like crazy. Montana saw production dwindle to last year's record low. Most other states who have "what Hollywood is looking for" have passed legislation similar to HB 584 and, for them, the playing field has been leveled. New Mexico is a good example. It is my request that anyone who is not completely convinced that Montana and Montanans will significantly benefit from the passage of HB 584, please call the New Mexico Film Office, (800) 545-9871 -or- email: film@nmfilm.com. Montana can restore its film production business simply by being competitive.

What does it cost to be competitive? If no films come, it costs nothing. When films do come, the increased revenue from income taxes will more than equal the incentives returned to the producers. Please do not look at HB 584 as a political issue. Had Secretary of State Bob Brown been elected governor, he planned to propose virtually the same bill.

Canada's incentives have had a profound effect. In 1993, "Legends of the Fall" was produced in Canada although its story took place in Montana. In 2000, "Knockaround Guys" was produced in Canada although its story also took place in Montana. In 2002, Kevin Kostner wanted to shoot "Open Range" in Montana. Montana had no incentives. "Open Range" went to Canada. There are many more cases, but the fact is Montana was not competitive. Producers had a better chance of making a profit if they went to Canada.

With your support of HB 584, the motion picture business will return to Montana much like it has for many other states who have seen fit to offer competitive incentives. Thank you for your consideration and please do not hesitate to call me if you have any questions.

Sincerely,

Jim Abel, President
Out in the Cold Productions
3665 Fort Laramie Drive
Billings, MT 59102
(406) 652-1352
Jimoutcold@aol.com



STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR
MISSISSIPPI DEVELOPMENT AUTHORITY
(ELAND R. SPEED)
EXECUTIVE DIRECTOR

Mr. Sten Iverson, Director
Montana Film Office
301 South Park Avenue
Helena, MT 59620

Dear Sten,

Congratulations on your success in drafting and presenting film tax incentive legislation there in Montana. House Bill 584 is a fine piece of legislation that should help you attract and develop the film industry there in Montana.

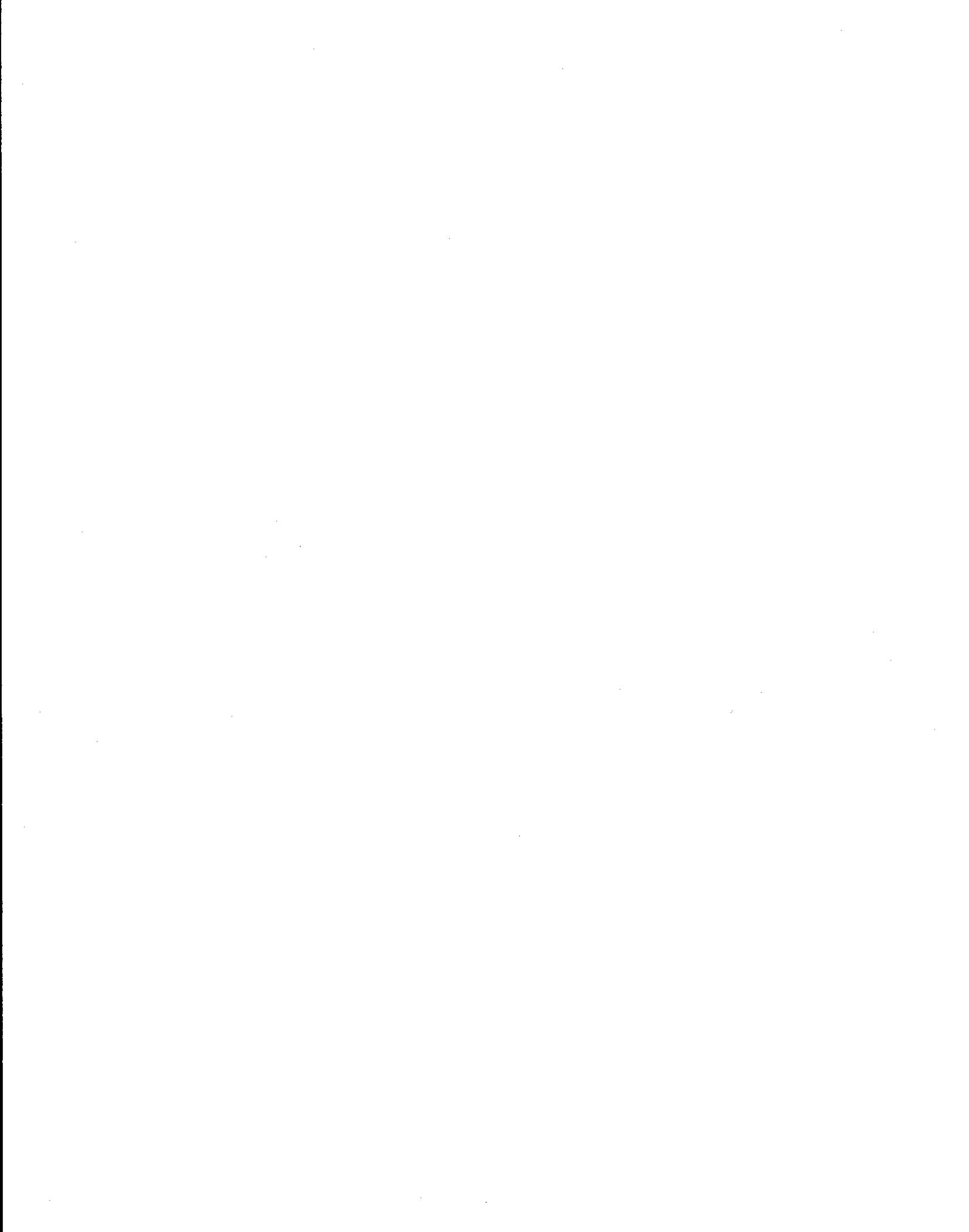
As you know our incentive legislation became law on July 1, 2004. We have one feature film going through the process with our tax commission now, and we are preparing to qualify a commercial to begin the process. Knowing that our development of the film industry is a long-term commitment, we have chosen to take a very careful and methodical approach to the implementation of our incentive program. We felt it prudent to see how the process of the credit and rebate worked "in real life" before making a big media push. We wanted to provide the clearest and simplest model before going to the industry.

That said, even though we have not made that industry push, we have found ourselves engaged in more development conversations with producers and production companies than we have in the last five years or so. We have scouted numerous projects and have hosted location surveys for four features. There has been interest from several individuals looking to relocate and establish production companies. There has been increased understanding of and support for the film program throughout the state. Just the fact of the incentives has changed the perception of what this industry is capable of doing in the communities and for the economy of Mississippi.

As we continue and as more information becomes available, I will be happy to share it with you. Just as I was able to learn from the successes of other countries and states, I look forward to continuing our conversations regarding Montana. Please don't hesitate to contact me whenever I can be of assistance.

Best,

Ward Emling
Director
Mississippi Film Office



Unemployment Insurance Claims Filed by Montanans in the Motion Picture Industry:

According to figures provided by the Montana Department of Labor and Industry, only 4% of Montana's motion picture industry employees have filed for Unemployment Insurance. The figure of 4% is an average of claims over the previous 4 years.

The statewide average for unemployment is 4.3% for the same timeframe, and the national average is 5.5%.

The actual number of people filing in this industry category over the last four years is as follows:

2002 – 8 people
2003 – 2 people
2004 – 4 people
2005 YTD – 2 people

The turnover rate in this field is high at 25%, as we would expect with a freelance workforce, but only 4% of the total reported employees are filing for U.I.

As an additional note, of the 4% filing for U.I. some may not have qualified for the benefit.





P.O. Box 118
Jefferson City, MO 65102
(573) 751-9050

Sten Iversen
Director
Montana Film Office

Hello Sten,

The Missouri Film Office implemented a film tax credit in 1999. In a nutshell, it returns up to 50 percent of Missouri expenditures to the production. For example, if a production spends \$500,000 on Missouri goods, labor, services and other resources, that production will receive 50 percent of that - \$250,000 – in the form of a tax credit. All the productions receiving tax credits to date have sold the tax credits and received from 82 to 90 cents on the dollar. Producers must spend a minimum in the state of \$300,000 to qualify. There is a cap of \$1 million in tax credits per production, and a cap of \$1.5 million in tax credits that we can award annually. Both caps were increased by \$500,000 last year by the legislature.

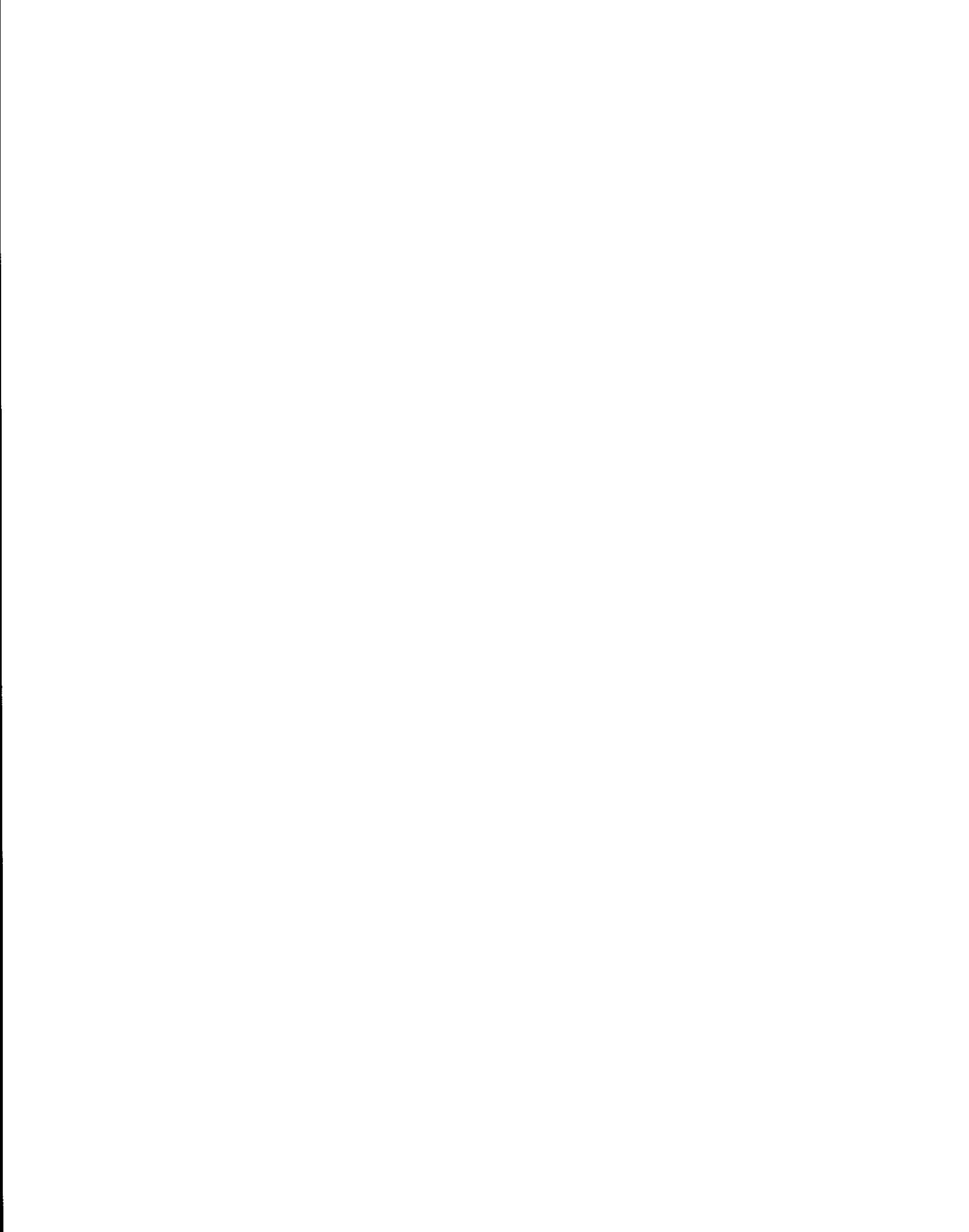
Very bluntly, of all the features made in Missouri since 1999, not one would have been made here if not for the tax credit. It has been vital in attracting major production and providing employment, plus providing an economic boost for other beneficiaries like lodging, equipment and a number of other vendors. As you know, with Canada offering their incentives, and other states beginning some attractive incentive programs, a financial incentive is essential to attracting production.

In 2003, we used the tax credit to attract a feature film production that spent \$17.8 million in the state. We commissioned an economic impact study on this production, and the net result was that this film had an economic impact in Missouri of \$51 million. This production almost went to Canada; without the tax credit, it would have gone for sure.

I hope this gives you some insight into our program. I repeat: it is vital to our success. I'm rooting for every state to become competitive and bring production back to the U.S. Best of luck to you.

Sincerely,

Jerry Jones
Executive Director



State of Louisiana



LOUISIANA ECONOMIC DEVELOPMENT

Kathleen Babineaux Blanco
Governor

Michael J. Olivier
Secretary

March 29, 2005

House Appropriations Committee
Montana House of Representatives

Dear Members of the Committee:

I understand that you are debating the merits of a tax incentive for the film industry for the State of Montana. The State of Louisiana implemented a very successful film production tax credit in 2002. I run the Governor's Office of Film and Television Development, the office that oversees the tax credit and promotes Louisiana as a location for the motion picture industry.

Louisiana saw film production more than triple in the first full year the program was in place. Production in Louisiana was averaging \$30 million a year prior to the passage of our tax incentive, but 2003 brought over \$100 million in direct production spending and employed 1600 people. The results were even more impressive in 2004, with production expenditures reaching \$240 million dollars, and the employment of over 2800 full-time crew members.

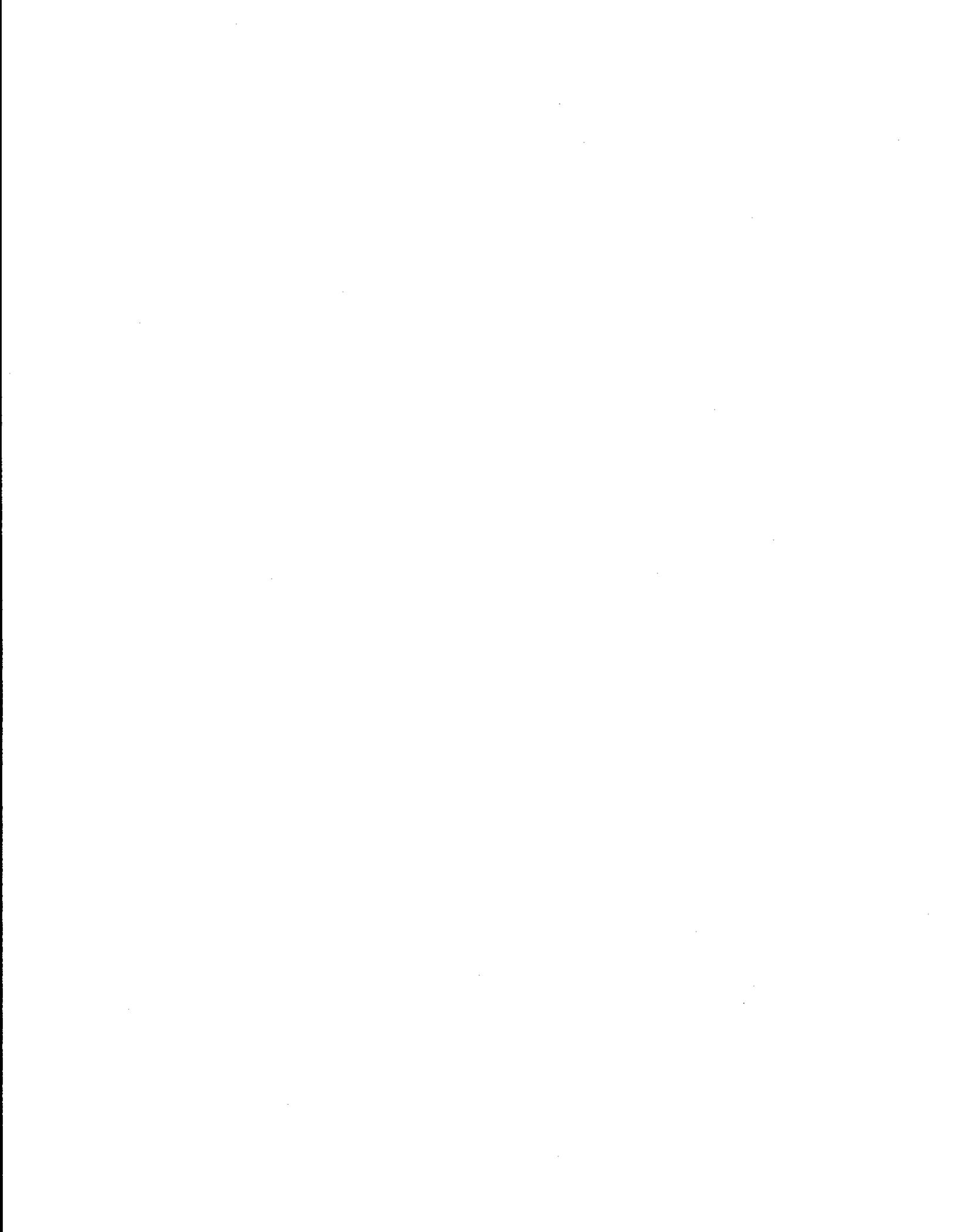
The 2004 Academy award winning film Ray, was filmed entirely on-location in Louisiana. The film is set primarily in Georgia, but it was our talented film crews, great locations, and of course our tax incentive that brought Ray to Louisiana to produce an Academy caliber film and to spend 40 million dollars in Louisiana.

Louisiana's success has proven that the film industry is a viable and lucrative source of economic development for states with a willing labor force, and a competitive tax credit for the film industry.

Sincerely,

A handwritten signature in cursive script that reads "Mark S. Smith".

Mark S. Smith esq.
Entertainment Industry Director



Iversen, Sten

From: Brenda Sexton [BSexton@ildceo.net]
Sent: Monday, March 28, 2005 10:32 AM
To: Iversen, Sten
Subject: Illinois Film Office

Sten;

Our tax credit legislation went into effect January 1, 2004. In the first twelve months our production increased from \$25 million in 2003 to \$77 million in '04. Jobs went from 5,000 to 15,000.

Our tax credit program is revenue neutral, so there has been no drain on the state coffers. We are hoping to improve the legislation in this upcoming session.

I've attached a summary of our existing program.

Good luck,

Brenda Sexton
Managing Director
Illinois Film Office

Illinois Film Production Services Tax Credit Act

Fact Sheet

The Illinois Film Production Tax Credit provides a 25% tax credit on Illinois Income Tax for wages paid by a production company to **each** employee that is an Illinois resident. Production companies must be willing to promote diversity by hiring a percentage of minorities or participating in a job-training, education or recruitment program to meet those goals.

Tax credit eligibility

- Limited to the first \$25,000 of wages paid to each employee of the production
- Threshold for minimum amount of wages paid per production:
 - \$100,000 for productions of 30 minutes or longer;
 - \$50,000 for productions 30 minutes or less
- Excludes salary for the 2 highest paid employees of the production.
- The tax credit has to directly contribute to the production filming in Illinois

Application requirements:

Written applications will be required and must be submitted **prior** to filming activity on the standard application form provided by the Film Office. Applications shall be submitted to the Film Office location stated on the application. The applicant must provide the following information:

- Production Title, shooting script, type of production,
- Length of production, number of shoot days in Illinois.
- Total budget of production
- Estimated total salary and wages
- Percentage of minority workers in Illinois that the Applicant plans to employ to perform work on the production and intention to participate in training, education and recruitment programs
- Documentation showing that the credit is essential to the decision to film in Illinois

Who is excluded from tax credit?

- News, current events, weather, market reports or public programming
- Talk shows, game shows, questionnaire or contest format productions
- Sports events
- Awards shows, galas, or telethons

Questions: What if the applicant that is not an Illinois Taxpayer

The Applicant may use one of the following structures in order to be eligible for the Credit:

- An Applicant may establish a partnership or an LLC (limited liability company)
- An Applicant may establish a subsidiary company
- The production can enter into a partnership agreement with an entity that has sufficient tax liability to utilize the credit. The partnership would then become the applicant for the tax credit. The terms of the partnership may include that in consideration of monetary compensation to the production company, 100% of the tax credit will be utilized by the other entity in the partnership, or allocated between the partners in any other percentages specified in their partnership agreement. It is not necessary that the expenses of the production be paid directly or indirectly by the partnership itself.
- The production may submit the initial application for a tentative determination that the project is accredited. The identification of the partnership as being the applicant for the credit can be delayed until the request for the final tax credit certificate.

For more information contact the Illinois Film Office at 312-814-3600

THE RIO RANCHO OBSERVER

In the center of things

Gallup

Santa Fe

Albuquerque

Monday, March 28, 2005



61 F

[more...](#)Rio Rancho
Weather

News

Local News
Cop Shop
Don Bullis (Ellos Pasaron Por Aqui)
Local Business
News Archives

Sports

Local Sports
Schedules of the Week

Editorial/Opinion

Columns
Editorials
Letters
Rants & Raves

Your Say

Opinions

Advertising

Place a classified ad
Search classified ads

Community

Community Calendar
Community Links

Health

Entertainment

Stocks/Finance

Observer Desk

About Us
Subscribe
Send a Letter
Guestbook

Special Sections

Home

State film commission gets praises

Gov. Bill Richardson is singing his praises on the New Mexico Film Office and the state's globally competitive film industry incentives for landing an unprecedented 25 films in two years.

"New Mexico is now an international leader in the film industry, while creating hundreds of jobs and generating \$162 million in new revenue for state and local economies," Richardson said. "During the this session we will push for more incentives in order to expand our position of leadership and remain ahead of states like Utah and Louisiana which, having seen our successes, are aggressively competing with us for production dollars."

Under the leadership of the film office and director Lisa Strout, nine feature film or television productions were shot in New Mexico last year, and three more are currently in preproduction. The economic impact from these films was felt statewide with films shoots in Las Cruces (Rx and Raven), Clovis and Portales (Believe in Me and Raven), Rio Rancho (Dreamland and Mojave), Santa Fe (The Longest Yard, In From the Night and Raven), and Albuquerque (Rx, Nothing But Life formerly Life in Las Vegas, Raven, In From the Night, and Wildfire.)

The three films currently in pre-production include the currently untitled Warner Brothers film, directed by Niki Caro (Whale Rider) and starring three Academy Award Winning actresses: Charlize Theron, Sissy Spacek and Francis McDormand that is set to film in Silver City, (First Snow), a story that takes place entirely in Albuquerque, and (In to the West) which is a series of three films that are set to shoot in Northern New Mexico.

In the last two years the local film crews have grown from less than 100 to more than 600 members. New Mexico now has 3.5 film crews and is actively training more through the governor's Film Technician Training Program, which he introduced last year.

In the current legislative session, new initiatives will be proposed to maintain New Mexico's competitive edge with states such as Utah and Louisiana, including an expansion of the 15-percent tax rebate to include post-production and continued funding for the Film Workforce Training Program.

News

[Commission tables Placitas County request](#)
[Sen. Komadina](#)
[State film commission gets praises](#)
[Leadership group seeks Rio Rancho applicants](#)

Sports

[Rams open district battles this week: Girls chase third 1-5A title in a row](#)
[Boys seemingly headed for best court season ever](#)
[Donnelly hoping for health and playoffs this season](#)
[New Aggies football coach is pass and blitz happy](#)

Copyright © 2005 Rio Rancho Observer



[NYTimes.com](#) > [Business](#) > [Media & Advertising](#)

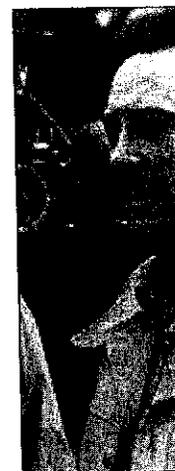
Coming Soon to a Screen Near You: New Mexico

By SIMON ROMERO

Published: January 26, 2004

ALBUQUERQUE - As many cash-short states reduce financing for their film offices, New Mexico is headed defiantly in the opposite direction. Blessed with a budget surplus, the state has started one of the nation's most aggressive film incentive programs, resulting in a flurry of projects like the somber "21 Grams" from Alejandro González Iñárritu and "The Missing," a violent tale of abduction, from Ron Howard.

The New Mexico Film Office estimates that filmmaking in the state - counting salaries, lodging, food and transportation - generated \$80 million in spending in 2003, up from \$8 million a year earlier. With several more projects planned this year, Frank Zúñiga, director of the film office, said, "I have every confidence that we'll have double the financial impact in 2004."



Cary Herz

Among the mo from state ince "Around the B filmed on locat N.M., stars Chr left, and is to b fall.

ARTICLE

- [E-Mail](#)
- [Printer-](#)
- [Most E-](#)
- [Reprints](#)

Advertisement

1/26/2004