MONTANA
Department of Commerce

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SENATE TAXATION
EXHIBIT NO. 6
DATE 3.9.09
BILL NO. HB 163

March 5, 2009

Senator Jeff Essmann, Chairman
Senate Taxation Committee
PO Box 200500
Helena, MT 59620-0500

Dear Chairman Essmann and the Senate Taxation Committee,

We, the members of the Tourism Advisory Council, are writing you in support of HB 163. This bill merely extends the sunset on the Big Sky on the Big Screen Act, a successful program that will disappear at the end of 2009 if HB 163 is not passed. The Big Sky on the Big Screen Act offers a tax credit to film producers who hire Montana labor and utilize Montana businesses and service providers. This legislation has allowed Montana to compete for the lucrative film business and new dollars that the industry brings to the state.

It is very important to note that this program has done what it was intended to do. Montana saw a 34% increase in direct spending by the film industry in 2006, the first full year of its passage, and a healthy 12% increase in 2007. This bill creates Montana jobs and puts new money in the hands of Montana's small businesses and employees. There have been 183 FTE's generated by the film industry in Montana annually since this bill was enacted, and we would like to see that continue. Some of the bill's detractor's say that it is a tax credit for out-of-state producers; however, its greatest effect has been on growing our local production industry. Sixty-three percent of the production companies that have been certified for the program by the Department of Commerce are MONTANA owned and operated production companies.

The tourism advisory council is very aware of the positive economic impacts of the film industry, and we want to see this positive impact continue. Not only do film productions stay in our motels, eat in our restaurants, rent our cars, and shop in our stores, they touch hundreds of other businesses as well. Film productions utilize businesses such as antique shops, lumber yards, contracting services, equipment rental, florists, caterers, security companies, business equipment suppliers, and the list goes on and on.

There is also the tremendous marketing value of having Montana on the Big Screen. The image of Montana at the theater and in the living rooms worldwide projects a positive image of Montana and helps drive tourism to our state.

This bill is also fiscally responsible. Two separate studies have shown that the total taxes taken in by the state exceeds the amount of tax credit issued. Montana was one of the first states to implement such a program, and now 42 other states have similar or more aggressive incentives. The extension of this sunset would allow Montana to stay competitive and continue to attract this business to Montana. Please vote to pass HB 163.

Sincerely,

Stan Ozark, Chair
Tourism Advisory Council