

Senate Executive Departments and Administration Committee

Kevin Condict 271-7875

SB 286-FN, creating the New Hampshire office of film and creative media.

Hearing Date: February 5, 2025

Time Opened: 2:18 p.m.

Time Closed: 2:45 p.m.

Members of the Committee Present: Senators Pearl, McGough, Gannon, Altschiller and Reardon

Members of the Committee Absent : None

Bill Analysis: This bill:

I. Establishes an office of film and creative media within the department of business and economic affairs.

II. Establishes business enterprise tax credits for qualifying film and motion picture companies.

III. Appropriates funds to staff the office of film and creative media.

Sponsors:

Sen. Innis

Sen. Perkins Kwoka

Rep. Nelson

Rep. Foote

Who supports the bill: Grant Bosse (Sen. Innis), Matt Mayberry, Carolyn Leavy (NHEA), Jessica Lange, Kathie Lange, Renald Willetts, Zachariah Lange, Ginnie Lupi, Lynne Grigevich, Julia Webb, Elliott Cunningham, Salvatore Prizio, Deanna Hoying, Adriane Moreno, Carey Cahoon, Deirdre Fitzgerald, Janet Lucas, Dan Hannon, and Michaela Janoswki.

Who opposes the bill: Aubrey Freedman, Curtis Howland, Daniel Richardson, and Bill Alleman.

Who is neutral on the bill: Tim Messina (Studio Lab), Tina Sawtelle (NH Film Festival), Rebecca Kwoka, and Lauren O'Sullivan (DRA).

Summary of testimony presented:

Grant Bosse, Deputy Chief of State of the New Hampshire Senate

- Mr. Bosse introduced Senate Bill 286-FN on behalf of Senator Innis.
- Mr. Bosse noted that this summer will celebrate the thirtieth anniversary of *Jumanji*, the 1995 Robin Williams movie filmed in downtown Keene.
- Mr. Bosse noted that New Hampshire has been the setting of many movies and television shows, but that many of those productions have used a stand-in for the state instead of filming here.
- Mr. Bosse explained that thirty-seven states, the District of Columbia, and Guam, currently offer some form of tax credit targeted at the film industry. He said they are competing to attract television and film productions to their locations
- Mr. Bosse said that bringing a major studio film to a town can generate millions of dollars in economic activity over several months. He said having a series filmed locally can generate dozens or even hundreds of jobs for years.
- Mr. Bosse explained that this bill would establish the New Hampshire Office of Film and Creative Media within the Department of Business and Economic Affairs. The bill also appropriates \$500,000 per year to run the Office.
- Mr. Bosse said the bill would allow a tax credit of twenty-five percent of qualifying expenses for production companies that spend half their time, and half their budget, in New Hampshire. He noted that this would not apply to a salary above \$250,000. He said this is meant as an incentive to lower the cost of film production jobs, not a tax break for A-List celebrities.
- Mr. Bosse stated that New Hampshire already has several successful tax credit programs. He noted that some, such as the Research and Development Tax Credit, are broad. Others have been narrowly tailored to attract specific industries, such as the Regenerative Manufacturing Tax Credit, which has led to the growth of the Advanced Regenerative Manufacturing Institute in Manchester.
- Mr. Bose stated that the new tax credit would apply to new jobs coming to the state and would not cut into existing revenue.
- Mr. Bosse said that it is the prime sponsor's belief that collecting seventy-five percent of taxes from film productions moving to New Hampshire is better than one hundred percent of nothing.
- Mr. Bosse explained that the real benefit of this bill would be the new jobs generated from production crews, the hotel rooms rented to them, and the meals that local restaurants would be catering.

Aubrey Freedman

- Mr. Freedman stated his opposition to the bill.
- Mr. Freedman said that New Hampshire has gotten along for over two hundred years without this type of program. He noted that films have been made in the state without being lured with tax incentives.

- Mr. Freedman questioned whether it is the job of the government to get into the entertainment industry. He stated his belief that it is not. He said government should stick to the basic function of protecting individual liberty. He said if New Hampshire creates a good quality of life, low taxes, and an affordable cost of living then that will attract business. He said if productions do not come to New Hampshire, then they are not meant to come.
- Mr. Freedman noted that the whole State budget is being reduced. He said this bill would cost millions of dollars to create a new small bureaucracy. He said that bureaucracy would grow. He said he believes the State should be reducing bureaucracy.
- Mr. Freedman said that more than forty states have a similar scheme. He said that despite this, there has been virtually no job growth in those states.
- Mr. Freedman explained that five states have big similar programs: Louisiana, Georgia, New Mexico, California, and Florida. He said that this program would not allow New Hampshire to compete with those states. The big productions would continue to go to those big states.
- Mr. Freedman stated that Minnesota considered a similar bill but decided that it was not worth it.
- Mr. Freedman stated that it is not the job of the government to lure businesses. He said that creating a special carveout for the entertainment industry is not a good idea.

Tim Messina, Studio Lab

- Mr. Messina explained that he runs the largest film studio in New Hampshire.
- Mr. Messina said that Amazon, Disney, and Netflix have called about using the studio, but those calls end shortly after tax incentives come up. He noted that Massachusetts has a twenty-five percent tax incentive.
- Mr. Messina explained that Oregon created a similar program which has been quite successful. He provided a quote from Tim Williams, the executive director of Oregon Film which highlighted the growth of the Oregon film and video sector. Oregon reported \$1.25 billion in direct output and \$2.05 billion in total contributions in Fiscal Year 2023.
- Mr. Messina stated that if an area does not have a tax incentive, then the chances of productions companies filming there are slim to none. He said that Liberty Mutual and Fidelity were going to film their commercials at the Studio Lab, but they ultimately chose to film in Massachusetts.
- Mr. Messina said that his company is thinking about building a new \$15 million studio in Londonderry, but it would currently make more sense to build in Massachusetts. He said that by moving to Massachusetts they could increase their business four times.
- Mr. Messina said that the New Hampshire Office of Film and Creative Media would be the gateway to filming in the state. He said this would allow for the retention of full-time jobs.

- Mr. Messina said that if his children wanted to pursue a career in film then they would have to leave the state.
- Sen. Pearl asked what Mr. Messina thought this program might look like in New Hampshire. He asked about the revenues.
 - o Mr. Messina said that the program would become self-generated after time. He said that if a film came to town for three months, then there would be a lot of money spent in the state, which would be possible tax revenue.
- Sen. McGough asked about the actual impact of the twenty-five percent tax credit. He asked if that was on payroll. He asked how Massachusetts set up their program.
 - o Mr. Messina said he has a study that can be sent to the Committee but that he did not want to provide the wrong information.
- Sen. McGough asked why filming is never brought to New Hampshire.
 - o Mr. Messina said that filming and production are easier in Massachusetts because of their film office. He said their office is a liaison between the studio and state. He said if a \$100 million movie can make \$25 million back in tax incentives, then it is a lot of money to give back, but would that money have come to the state at all without an incentive.

Tina Sawtelle, The Music Hall and New Hampshire Film Festival

- Ms. Sawtelle explained that the Music Hall in Portsmouth does live entertainment and close to two hundred film screenings per year, primarily of independent films. She said there is economic growth opportunity for bring in those types of films to shoot in New Hampshire.
- Ms. Sawtelle said that the New Hampshire Film Festival is relatively small but is one of the handful of festivals that contribute to the Academy Award qualifying process for short films.
- Ms. Sawtelle said that one thing the New Hampshire Film Festival is lacking is being able to present world or national premiere feature length films. She said she supports the creation of the Office of Film and Creative Media.
- Ms. Sawtelle said that \$70 million is generated for the arts and institutions in Portsmouth. She said that 1,250 jobs are involved in just the Portsmouth area. She said that by trying to do some extrapolation of if the arts grew in the area, then the New Hampshire Film Festival would easily be able to add \$3 million. She said this is a unique opportunity.
- Ms. Sawtelle stated that since the exception was created in Massachusetts, they have generated \$2 billion. She said that New Jersey has seen \$500 million in direct spending from production since they created a similar program in 2018.

Lauren O'Sullivan

New Hampshire Department of Revenue Administration

- Ms. O'Sullivan said that the Department of Revenue Administration (DRA) does not have a position on the bill.
- Ms. O'Sullivan said that if the bill becomes law, then the DRA wants to know how to administer the tax credit.
- Ms. O'Sullivan stated that the DRA interprets the term "production related expenses" to not be geographically limited to New Hampshire if the criteria is met. She said they interpret the bill's language to mean that the payroll credit allowed is up to \$62,500 per employee for work performed anywhere that is connected to the film production activities within the state. She said that means that the employee and their work do not need to be based in the state if the production cost criteria are met.
- Ms. O'Sullivan said that there is no limit to the number of employees eligible for the payroll credit.
- She said the term "fiscal year" in the bill's language means the film production company's tax year, not the State fiscal year.
- Ms. O'Sullivan said that the production tax credit may be claimed for expenses incurred anywhere that are connected to the filming or production activities within New Hampshire if the criteria are met. She explained the criteria includes that no less than half of the company's filming time must be spent in New Hampshire, and more than fifty percent of a company's production expenses must be related to production related activities within New Hampshire.
- Sen. Pearl asked if Ms. O'Sullivan could provide those questions to the Committee in writing.
 - o Ms. O'Sullivan said that she could, and that the DRA had provided a fiscal note quick guide to the Committee.
- Sen. Altschiller asked about the quick guide. She asked if it was requested.
 - o Ms. O'Sullivan said the quick guide is a summary of the fiscal notes from all the agencies involved in creating the fiscal note. She said that not everything provided by an agency makes it into the fiscal note.
- Sen. Reardon asked what part of the media and film activity in New Hampshire would qualify to be taxed under the Business Enterprise Tax (BET) that the State would be given a credit for.
 - o Ms. O'Sullivan said that she would have to reexamine the criteria for how the BET would be apportioned. She said it is a combination of number of employees, payroll, property, and the enterprise value of the business.