



February 22, 2022

Senator Guy Guzzone
Chairman
Senate Budget & Taxation Committee

Re: Senate Bill Number: SB597-2022(Income Tax - Theatrical Production Tax Credit)

Dear Chairman Guzzone:

I am writing to endorse the Theatrical Production Tax Credit (HB641), and to ask this committee to do the same. As the CEO and founder of one of the preeminent touring production companies in the country, I have seen firsthand the positive impact tax credits like this can have in the states that take advantage of them.

When I founded NETworks Presentations in 1995, I decided to base the company in Maryland. Our first season comprised of two national tours. Since then, NETworks has become an industry leader, producing and managing numerous domestic and international touring productions each year. In the 21/22 season alone, we are involved in 12 touring productions, 10 of which we fully produced and manage. In 22/23, that number will rise to 15. We employ hundreds of talented actors, musicians, road managers and stage technicians annually. In addition, NETworks maintains a 41,000 square foot warehouse of theatrical costumes, props and full production assets that are available for rental. I am very proud of the business that my partners, staff, and I have built, and I am proud that we built that business in the State of Maryland.

Over the past decade, several states have recognized the positive effects mounting new theatrical productions has on their local and state economies and have enacted tax credits as a way to incentivized these productions to hold their technical rehearsals (tech) in-state. Rhode Island is one of the more notable states to have done this, and when they passed their Theatrical Tax Credit in 2012, NETworks was the first to utilize it. We immediately procured the facility in Providence for technical rehearsals of *ELF*, *The Musical*. Since then, we have sought to tech in Rhode Island whenever possible. We have returned to Providence to launch the national tours of *The Phantom of the Opera*, Rogers and Hammerstein's *The King & I*, *Les Miserables*, *Miss Saigon* and *The Band's Visit*.

After New York announced their tax credit in 2015, we actively moved some of our shows' technical rehearsals into their venues. Due to their passage of a tax credit, we have teched and opened numerous First National Tours, including *Finding Neverland*, *A Bronx Tale*, *Fiddler on the Roof*, and *The SpongeBob Musical* and the Second National Tours of *A Gentleman's Guide to Love and Murder*, *Finding Neverland*, *Charlie and the Chocolate Factory*, and *A Bronx Tale* in New York State.

Our productions generate a significant amount of revenue on the local and state levels. We typically spend between \$500,000 and \$1,000,000 in direct sales to local businesses, including hotels, trade stores, grocery stores, and on travel related to the technical rehearsals. Furthermore, our productions disburse between \$500,000 and \$2,000,000 in taxable income and per diem to both local and traveling employees - money that is then reinvested by those employees into the local economy through their daily expenditures. In terms of local employment, we create approximately 100 jobs while we are in town. Many of the jobs are for members of the International Alliance of Theatrical Stage Employees and the American Federation of Musicians, but work hours are also created for those who work at the venue: Box office staff, security, custodial, front of house staff, etc. Finally, the



local economy gets another kick from the patrons who come to see the shows through their ticket purchases, parking fees, pre-show dining, and post-show libations.

The positive effects of hosting a production's technical process are not limited to only monetary benefits. Broadway tours garner national press, both prior to the show's arrival in town and for its opening performances, and the city that hosts the show receives acknowledgement in press releases. These cities and states become directly affiliated with Broadway national tours, and in an age where Broadway shows are more popular, accessible, and attended than ever, such exposure and associations are invaluable.

It is also critical to acknowledge the role these credits can play while our industry, and the country, continue to wrestle with the impact of COVID-19. Few industries have been hit as hard as ours and we are working tirelessly to create sustainable models that take into account the significant costs of implementing safety precautions while also factoring in an economic contraction that we know will impact sales. Now, more than ever, we are focusing on opening our shows in cities where tax incentives exist, enabling us to bring tours back into cities across the country and play our part in turning the economy back on.

NETworks Presentations would actively seek to do more technical rehearsal periods in Maryland if such legislation existed here that I lend my support to the Theatrical Production Tax Credit (HB1192). I think it will create a great boon for the State of Maryland, both financially and artistically. I hope that this body will recognize its benefits, as other states have, and will give it a favorable recommendation to the General Assembly.

Sincerely,

A handwritten signature in blue ink, appearing to read "KHG" with a stylized flourish at the end.

Kenneth H. Gentry