

Hippodrome letter in support of SB597-2022.pdf

Uploaded by: Christopher Mahan

Position: FAV



HIPPODROME
THEATRE *at the*
FRANCE-MERRICK
PERFORMING ARTS CENTER

February 22, 2022

Honorable Senator Guy Guzzone, Chairman
Senate Budget and Taxation Committee
Miller Senate Office Building
Annapolis MD 21401

Re: Senate Bill Number: SB597-2022

Dear Chairman Guzzone:

I am writing to express my full support of the Theatrical Production Tax Credit, Senate Bill 597-2022. As the home state to two of the top producers of touring Broadway productions - Networks Entertainment in Columbia Maryland and Troika Entertainment in Gaithersburg Maryland – Maryland should be the launching pad for every national Broadway tour that is produced by these two companies.

Launching a national Broadway tour is a herculean task that requires weeks of work by hundreds of talented people. Each production must be built by teams of talented carpenters and artists, transported to the theatre by drivers, assembled on the stage by dozens of union stagehands and wardrobe and wig technicians, technically rehearsed by engineers, and then finally put in front of a live audience. This all translates to hundreds of union jobs, thousands of work hours, hundreds of thousands of dollars in paid wages and benefits, and millions of dollars in economic impact. In FY2020, a year that was cut short by the COVID-19 pandemic, the indirect and induced impacts of the Hippodrome Theatre alone was estimated to generate \$17.4 million at the State level.

Right now states like Rhode Island and New York have the competitive advantage because they offer similar tax incentives. If Senate Bill 597-2022 is passed, Networks and Troika, as well as other producers, will be incentivized to launch their shows here on their home turf and all that economic impact will stay home, in Maryland.

This bill encourages the use of Maryland theatres, attracts new business such as theatrical equipment providers, helps combat retail vacancy in neighborhoods surrounding the theatre, and encourages Maryland-based tourism. National tours launching from Maryland will guarantee they play here before Washington DC, much like Providence Rhode Island attracts shows before their neighbors in Boston. This bill could make the State of Maryland the true Home of touring Broadway in the United States, something for the citizens of Maryland to be extremely proud of.

Thank you for your time and attention to this matter. I hope you will support this important piece of legislation. After a very difficult two years for the live entertainment industry with virtually no revenue, wages paid, or financial impact for the state from this major sector of the economy, we need this bill now more than ever so we can put our artists, stagehands, and technicians back to work and keep those wages here in Maryland.

Sincerely,
Christopher Mahan
Vice President
Hippodrome Theatre

SB 597 - Theatrical Production Tax Credit.pdf

Uploaded by: Donna Edwards

Position: FAV



MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

7 School Street • Annapolis, Maryland 21401-2096

Office. (410) 269-1940 • Fax (410) 280-2956

President

Donna S. Edwards

Secretary-Treasurer

Gerald W. Jackson

SB 597 – Income Tax – Theatrical Production Tax Credit
Senate Budget and Taxation Committee
February 23, 2022

SUPPORT

Donna S. Edwards
President
Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of SB 597 – Income Tax – Theatrical Production Tax Credit. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of the 340,000 union members, I offer the following comments.

We have an opportunity to dramatically increase theatrical productions in our state. SB 597 creates the Theatrical Production Tax Credit, structured in the same way as the highly successful Film Activity Tax Credit, with the same level of transparency, accountability, and benefit to Maryland workers and their families, as well as the benefits for our small businesses and the economy.

SB 597 sets up the path for theatrical productions to be one of Maryland's permanent economic engines by providing stability and predictability to an industry whose contributions to the economy are a trifecta – and the winners are small businesses, family-sustaining careers, and local and state economies. This is critical to ensuring a solid business climate, and one that assures continued investment by the theatrical industry in Maryland to create good jobs and grow our economy.

We ask for a favorable report on SB 597.

Gentry MDSB Tax Credit Letter.pdf

Uploaded by: Ken Gentry

Position: FAV



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

Rowles A Troika SB597 Revised 2.22.22.pdf

Uploaded by: Madeline McCluskey

Position: FAV



Tel: 301-208-2080
9200 Corporate Boulevard
Suite 220
Rockville, Maryland 20850

February 22, 2022

Senate Bill Number: SB597-2022
Senator Guy Guzzone
Chairman
Senate Budget & Taxation Committee

Re: Income Tax - Theatrical Production Tax Credit (SB597)

Dear Senator Guzzone and Committee Members,

I am writing on behalf of TROIKA Entertainment to endorse Senate Bill 597, adding the Theatrical Production Tax Credit to the existing Economic Development program. TROIKA Entertainment has been an innovator in producing touring musical theatre productions for over three decades, producing shows throughout the United States and Canada, Central and South America, Europe and Asia. From working with directors and designers, to the casting of performers, to the nuts and bolts of building sets and costumes, to getting the audience in their seats for every performance, TROIKA Entertainment is a leading expert in the theatrical industry.

Based in Montgomery County, Maryland, TROIKA Entertainment employed 675 full-time theatrical professionals in 2019. Troika receives its employees through an Employee Leasing Company / Professional Employer Organization ("PEO"), Cohesive Networks 2, Inc., a Maryland formed corporation. These employees included hundreds of actors, stagehands, and tour managers as well as 23 locally based corporate employees, providing a full spectrum of General Management services, Production Management services, and Booking, Marketing & Sales Management services for all types and scale of theatrical productions. In addition, TROIKA operates a warehouse located in Ann Arundel County, housing theatrical props, costumes, and scenery available for rental to local productions once the touring production has concluded.

With strong ties to the Broadway community, TROIKA prides itself on delivering top quality productions to audiences worldwide.

In order to accomplish the launch of a successful tour, we strive to find the right location to rehearse the technical aspects of a tour on stage and in front of an audience. This not only includes selecting the proper venue, we also look for a location where access is available for purchasing last minute items for the sets and costumes, renting additional sound and lighting equipment if necessary, where hotels, restaurants, and personal services are available for the staff, and where we can take advantage of costs savings. In recent years, many states have extended their existing film and television tax incentives to include theatrical productions. This cost savings entices companies like ours to look closer at the venues in these states. As a Maryland based company, a tax incentive in our home state would certainly make launching our tours in the state of Maryland our number one choice.

The state of Maryland would reap the benefits of increased employment for local stagehands, musicians, venue staff, and box office staff, additional revenue for local businesses that service the tour staff, and additional cultural awareness to the community.

Many of the theatres that program Broadway touring musicals in the state of Maryland play anywhere between 1-8 performances. When a tour launches, they will occupy the venue for up to 4 weeks prior to the first performance, employing about 100 local theatrical and support staff. The launch city not only receives an influx of revenue, it is often highlighted in the national press coverage of the production.

TROIKA

E N T E R T A I N M E N T

Tel: 301-208-2080
9200 Corporate Boulevard
Suite 220
Rockville, Maryland 20850

In my 30 years in the touring musical theatre industry, I have watched many cities grow and develop new businesses in and around the venue to accommodate the demands of a large touring company, which averages between 80-120 members, residing in the area for an extended period of time. As the surrounding area grows, the audience has greater opportunity to enjoy the surrounding shops and restaurants, turning an evening at the theatre into a complete evening event.

It is our hope that the committee members will recognize the benefits of extending the current tax incentive to theatrical productions and will recommend this Act to the General Assembly.

Sincerely,



Angela Rowles
Chief Executive Officer

IATSELOCAL19TESTIMONY.pdf

Uploaded by: Michael Mixer

Position: FAV

BALTIMORE LOCAL No.19

**International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists
and Allied Crafts of the United States and Canada, AFL-CIO-CLC**



February 22, 2022

**Michael Mixer
Business Agent
Union Steward
I.A.T.S.E. Local #19
P.O. Box 50098
Baltimore, MD 21211**

Members of the Budget and Taxation Committee
Miller Senate Office Building, 3 West Wing
11 Bladen St.,
Annapolis, MD 21401

RE: Senate Bill Number – SB597 2022

Dear Chairperson Guzzone and Senate Committee Members:

I write to enthusiastically support the proposed Theatrical Production Tax Credit (Senate Bill 597). Much has changed in the past two years and none of it was positive for our union workers. The ongoing pandemic has had a disastrous impact on the entertainment industry, and Local 19 was not spared. Without theater, concerts, and conventions, almost every stagehand was out of work for a significant period. The work has only recently started to trickle back. Plus, with upcoming renovation of the Royal Farms Arena in downtown Baltimore that is expected to shut down the Arena for at least a year, our members will suffer even more. This tax credit could help to provide much needed future work opportunities for Local 19 stagehands.

As the proud Business Agent of the International Alliance of Theatrical Stage Employees Local #19 in Baltimore, Maryland, I represent a diverse group of skilled men and women who perform technical work backstage in theaters and at other related venues throughout Maryland.

Not having these types of tax credits available in Maryland has negatively affected the amount of work available to our union members. Theatrical production companies based in Maryland, such as Troika and Networks, have made business decisions to take their theatrical production and technical rehearsal work out of state to jurisdictions where tax credits are available. This type of work employs up to 100 members of I.A.T.S.E. on average. These decisions to leave the state to do business out of state may make economic sense from the perspective of the production companies. Offering the same tax credits in Maryland would encourage

theatrical production companies to do more business in Maryland. This in turn would create more work for the hard-working men and women of Local #19, and mean more money recycled into the local economy.

One of Local #19's largest employers and most proactive business partners is the management team from Broadway Across America that manages The Hippodrome Theatre at The France-Merrick Performing Arts Center. Led by President, Ron Legler, the Hippodrome management is aggressive in trying to keep the theatre as busy as possible to keep all employees in the theater working year-round. Over the past 10 years, however, there has been almost no work at the Hippodrome in the summer months, which puts a large group of our membership on unemployment or having to find part-time work elsewhere until the Hippodrome reopens in the fall. Most of the theatrical production and technical rehearsal work that Ron is working to bring the Hippodrome, by supporting these tax credits, takes place in these summer months.

It would be an understatement to say that attracting this work, and keeping these dollars in state during these slow months, would have great economic benefits for the membership of I.A.T.S.E. Local #19. I respectfully request that your committee give this bill a favorable recommendation to the General Assembly.

Michael Mixer



**Business Agent
Union Steward
I.A.T.S.E. Local #19**

Hippodrome Foundation support letter for SB 597.pd

Uploaded by: Olive Waxter

Position: FAV



Hippodrome Foundation

Raising the curtain on opportunity.

February 21, 2022

Senator Guy Guzzone
Chairman, Budget and Tax Committee
Miller Senate Office Building, 3 West Wing
11 Bladen St., Annapolis, MD 21401

Dear Senator Guzzone:

I am writing on behalf of the Hippodrome Foundation Board to express our enthusiastic support of **Senate Bill 597** to implement theatrical tax credits in the state of Maryland to incentive the building of Broadway Shows in the France-Merrick Performing Arts Center and in other venues across the state.

In addition to all of the economic and social benefits **Senate Bill 597** would bring about (which are substantial and Maryland is currently losing to other states), there is also educational value in putting the tax credits into place. The Hippodrome Foundation (HFI) is responsible for sharing the assets of the state-owned France-Merrick Performing Arts Center with the Maryland community and this is done by providing free outreach and education programs for thousands of students each year. Free summer theater camp, student matinees, master classes, programs for seniors and more have been offered since 2004 when the facility opened. HFI programs increase arts appreciation, advance academic progress and get students to think creatively, assist teachers to inspire their students, develop/enhance life skills (such as teamwork) and expose Maryland youth to career opportunities in the performing arts.

Incentivizing producers to build Broadway shows in the state of Maryland would create myriad opportunities for HFI to expand current programs and introduce students to professional costuming, set building, props, make up, auditioning and more. The two largest producers of national touring Broadway are headquartered in Maryland, but shows are being built elsewhere! From an educational perspective, this is a lost opportunity, and we are hopeful the committee will approve **Senate Bill 597** so HFI can expose even more Maryland young people to careers in the performing arts.

The foundation is committed to share the France-Merrick Performing Center. Performing arts can and should be used as an important tool for learning - passing **Senate Bill 597** would give Maryland venues one more tool to serve our community.

Respectfully,

Olive Waxter
Executive Director

HFI Board of Trustees

Brooks Amiot, Esq.
Arthur F. Bell, Jr.
Keith Campbell
Michael E. Cryor
Herbert D. Frerichs, Jr., Esq.
Donald C. Fry, Esq.
Denise Galambos
Jonathan M. Genn, Esq.
Donald Hicken
Bruce E. Jarrell
Anthony L. Jenkins, Ph.D.
Melissa O. Martinez
Christie D. McMullen
Neil M. Meltzer
Robert G. Merrick III
Walter D. Pinkard, Jr.,
Chairman
Thomas Regnante
J. Michael Riley
Kurt L. Schmoke, Esq.
Zachary D. Shankman, Esq.
Nichole Baccala Ward
Dennis H. Weinman
Michele L. Whelley

416 West Baltimore Street
Baltimore, MD 21201

Phone: 410.727.7787

Fax: 410.727.7783

Letter to Chairman Guzzone.pdf

Uploaded by: Ron Legler

Position: FAV



**HIPPODROME
THEATRE** *at the*
FRANCE-MERRICK
PERFORMING ARTS CENTER

Honorable Guy Guzzone
Chairman, Senate Budget and Taxation Committee
Miller Senate Office Building Annapolis MD 21401

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

Dear Chairman Guzzone:

I am in full support of the Theatrical Production Tax Credit, Senate Bill 597-2022. For decades both Networks Entertainment, in Columbia Maryland, and Troika Entertainment, in Rockville Maryland, have led the touring Broadway industry, sometimes producing up to 70% of all national touring Broadway shows each year. This is not only a cause for bragging rights, "Maryland is the home of National touring Broadway", but a chance to encourage these companies to conduct pre-tour activities, technical rehearsals, and premier show openings/performances first, in their home state of Maryland.

The program encourages the use of qualified state-wide entertainment venues, many of which the state already has a significant investments in, making them competitive with other venues located in the Northeast states that already offer similar tax incentives to musical and theatrical productions produced on Broadway. When this bill passes, Maryland won't have to compete to attract this additional business because Networks & Troika have both called Maryland home for over 25 years.

Mandated closures and public health efforts and the ongoing fear of contracting the coronavirus have left live entertainment with reduced revenue opportunity and no solid timeline of a return to business as usual. This large scale, long term shut down extended well into 2021. The Maryland Theatrical Tax Credit will give us a helping hand in getting the industry back on track by making up some of the union man hours we lost during the pandemic. Most of our full-time staff has just now been getting back to work, and hundreds of skilled union stagehands and theatre staff who make their living off of live entertainment are getting back to partial work after a 19 month forced hiatus. Passing the Maryland State Theatrical Tax Credit this session will help shorten our venues and large union skilled labor-force's long road to recovery.

Each production, under this incentive, would create 10,000+ union man hour s in a time of year that our venue s are traditionally vacant ; that's stagehands, musicians, and wardrobe/ hair union laborers now be working year round. In 2019 alone the Hippodrome Theatre generated over \$29.7 million dollars in economic impact to the state of Maryland. When Blockbusters like HAMILTON & THE LION KING sell-out in Maryland, they alone bring an additional \$19 million each in economic impact over their four performance weeks.

Please support this crucial bill, especially during these difficult times, and in doing so support Maryland's economy, union workers, and the two amazing Broadway Touring producing companies in our state.

With appreciation,

Ron Legler
President
France-Merrick Performing Arts Center

SB 597 Theatrical Production Tax Credit (Guzzone)

Uploaded by: Barbara Wilkins

Position: INFO



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 597 Income Tax - Theatrical Production Tax Credit (Guzzone)

STATEMENT OF INFORMATION

DATE: February 23, 2022

COMMITTEE: Senate Budget & Taxation

SUMMARY OF BILL: SB 597 creates a tax credit for theatrical productions and provides that the Secretary of Commerce may issue an aggregate of \$10 million in each fiscal year. If the credits are less than the aggregate amount, the excess amount is carried forward to be issued in a subsequent fiscal year.

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the \$10 million loss in General Fund revenues.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Further, economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability.

**For additional information, contact Barbara Wilkins at
(410) 260-6371 or barbara.wilkins1@maryland.gov**