

NETworks_FAV_SB577

Uploaded by: Byrne, Colin

Position: FAV



February 19, 2020

Honorable Members of the Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, MD 21401

Re: Income Tax - Theatrical Production Tax Credit (SB0577)

Dear Chairperson Senator Guzzone and Committee Members,

I am writing to endorse the Theatrical Production Tax Credit (SB0577), 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 cities 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: *Kiss of the Spider Woman* and *The Sound of Music*. Since those early days, NETworks has become an industry leader, producing and managing numerous domestic and international touring productions each year. In the 18/19 season alone, we are involved in 16 touring productions, 12 of which we fully produced and manage. 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*, and *Miss Saigon*, and we will be returning again this summer for technical rehearsals of *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 the First National Tour of *Finding Neverland*, *A Gentleman's Guide to Love and Murder*, *A Bronx Tale*, *Fiddler on the Roof*, and the Second National Tour of *Finding Neverland* in New York State. The latter three tours opened in the 18/19 touring season alone.

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

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NETworks

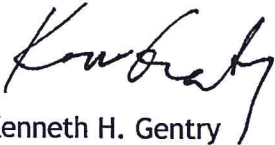
A Theatrical Production Company

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, though. 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 and write-ups. 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 with the above in mind and the knowledge that my company 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 (SB0577). 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,



Kenneth H. Gentry

Ron Legler_France-Merrick Perf Arts_FAV_SB577

Uploaded by: Legler, Ron

Position: FAV



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

February 18, 2020

Honorable Members of the Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, MD 21401

Re: Income Tax – Theatrical Production Tax Credit (SB0577 / Cross filed HB1192)

Dear Chairperson Senator Guzzone and Committee Members,

I am in full support of the Theatrical Production Tax Credit (SB0577 cross filed HB 1192) and I hope you are as well. For decades both Networks Entertainment, in Columbia Maryland, and Troika Entertainment, in Gaithersburg Maryland, have led the touring Broadway industry, sometimes producing a combined 70% of all national touring Broadway shows each year. This is not only a cause for bragging rights, “Maryland, the home of National touring Broadway”, but a chance to encourage these companies to conduct pre-tour activities, technical rehearsals, and premiere show openings/performances, in their home state of Maryland first.

The program encourages the use of qualified state-wide entertainment venues, many of which the state 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.

Each production, under this incentive, would create 10,000+ union man-hours in a time of year that our venues are traditionally vacant; stagehands, musicians, and wardrobe/hair union laborers now be working year round. Last year alone the Hippodrome Theatre generated over \$29.7 million dollars in economic impact to the state of Maryland. When Blockbusters like Disney’s THE LION KING sell-out in Maryland, it alone brings an additional \$19 million in economic impact over 4 weeks.

There’s no business like show business in Maryland, please support this crucial bill and in doing so support the economy, union-workers, and two amazing Broadway Touring Producing companies in our state.

Sincerely,

Ron Legler
President
France-Merrick Performing Arts Center
Home of the Famous Hippodrome Theatre



Larry Hogan
Governor

Michael J. Frenz
Executive Director

Members

Thomas E. Kelso
Chairman

Leonard J. Attman
Joseph C. Bryce
Gary L. Mangum
Manervia W. Riddick
James T. Smith, Jr.
Jodi C. Stanalonis

Finance

David A. Raith
Chief Financial Officer

May 10, 2019

The Honorable Nancy King
Chair, Budget and Taxation
3 W. Miller Senate Building
Annapolis, MD 21401

The Honorable Maggie McIntosh
Chair, Appropriations
121 House Office Building
Annapolis, MD 21401

Dear Chairs King and McIntosh:

I have enclosed a copy of the report entitled "Hippodrome Theatre Economic and Fiscal Impact Analysis FY18" prepared by Crossroads Consulting Services, as required by the Economic Development Article.

In FY 2018, the Hippodrome Theatre generated over \$29.7 million in total spending for the State of Maryland. This resulted in State sales tax, State personal and corporate income tax and the \$2.00 ticket surcharges totaling \$1.9 million in State revenues. In FY 2018, the debt service for the bonds outstanding for the project and \$250,000 for capital charges related to utilities totaled approximately \$1.8 million.

Please contact me if you have any questions.

Sincerely,


Michael Frenz
Executive Director

Enclosure

cc: See Distribution List

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FOR IMMEDIATE RELEASE

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Disney PRESENTS
THE LION KING
THE WORLD'S #1 MUSICAL

**DISNEY'S *THE LION KING* CELEBRATES
SOLD-OUT ENGAGEMENT IN BALTIMORE**

BALTIMORE, MD (December 11, 2017) – Disney's **THE LION KING** is celebrating its sold-out engagement in Baltimore, which concluded on Sunday at the Hippodrome Theatre. The triumphant 4-week return grossed over \$5.6 million at the box office and entertained more than 64,000 patrons during 31 performances. This was *The Lion King's* third time in Baltimore, following a 5-week engagement in 2012.

It is estimated that the Baltimore engagement of *The Lion King* generated an economic benefit of more than \$19 million to the city from travel, hotels, restaurants, parking and other businesses patronized by both theatergoers and production staff. This figure is based upon a Touring Broadway League report which found that, on average, Broadway tours contribute an economic impact 3.52 times the gross ticket sales to the local metropolitan area's economy.

"We are always thrilled to work with Disney to bring spectacular productions like *The Lion King* to Baltimore," stated Ron Legler, President of the Hippodrome Theatre. "The response we've seen from both audiences and the community has been exciting. We're happy to be a part of Charm City's vibrant and growing entertainment industry."

"We have always been so warmly welcomed in Baltimore, and were elated to return for a third time," said Jack Eldon, Vice President, Domestic Touring and Regional Engagements, Disney Theatrical Productions. "We are overwhelmed by the enduring response to the show and thank the Baltimore community and our partners at The Hippodrome and BAA for another sensational engagement."

The North American touring productions of *The Lion King* have been seen by more than 19 million theatergoers in over 70 cities throughout North America.

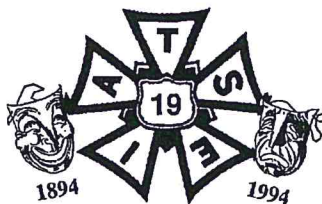
Michael Mixter_IATSE_FAV_SB577

Uploaded by: Mixter, Michael

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 18, 2020

Michael Mixer
Business Agent
Union Steward
I.A.T.S.E. Local #19
1111 Park Avenue, L102
Baltimore, MD 21201

Members of the Budget and Taxation Committee
 3 West
 Miller Senate Office Building
 Annapolis, MD 21401

Dear Chairperson Guzzone and Senate Committee Members:

I write to enthusiastically support the proposed Theatrical Production Tax Credit (Senate Bill 577).

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 Mixter



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

Troika_FAV_SB577

Uploaded by: Prior, Kori

Position: FAV



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February 19th, 2020

Honorable Members of the Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, MD 21401

Re: Income Tax – Theatrical Production Tax Credit (SB0577)

Dear Chairperson Senator Guzzone and Committee Members,

I am writing on behalf of TROIKA entertainment to endorse Senate Bill 577, 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 two 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 of 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 as 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, and box office staff, additional revenue for local businesses and servicing 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.

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 demand 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 Operating Officer