

HB641

Uploaded by: Angela Rowles

Position: FAV



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

February 14, 2022

Honorable Members of the House Ways and Means Committee
House Office Building 6 Bladen Street
Room 131
Annapolis, MD 21401

Re: Income Tax - Theatrical Production Tax Credit (HB641)

Dear Delegate Atterbeary and Committee Members,

I am writing on behalf of TROIKA Entertainment to endorse House Bill 641, 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

ENTERTAINMENT

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

HB641

Uploaded by: Chris Mahan

Position: FAV



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

February 14, 2022

Honorable Chairwoman Atterbeary
Chair, House Means and Ways Committee

Re: House Bill 641-2022 (Income Tax -Theatrical Production Tax Credit)

Dear Chairman Guzzone:

I am writing to express my full support of the Theatrical Production Tax Credit, Senate Bill 171-2021. 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 show must be built by teams of talented carpenters and artists, transported to the theatre by drivers, assembled on the stage by dozens of 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 jobs and millions of dollars in paid wages; wages which pay mortgages and grocery bills. Those extra weeks of performances, that would otherwise not have taken place, also bring the benefits of major economic impact. A four week run of a Broadway show in Maryland equates to nearly \$20 million in economic impact. For each ticket purchased, there is an additional impact of parking, dinner, and hotels. Additionally, if a newly launched national Broadway tour is spending 4 – 8 weeks in Maryland to launch, that equates to even more hotel rooms and dinners by the visiting actors, directors, and artists.

Right now states like Rhode Island and New York have the competitive advantage because they offer similar tax incentives. However, if Senate Bill 171 is passed, Networks, Troika, and 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 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

HB 641 - Theatrical Production Tax Credit.pdf

Uploaded by: Donna Edwards

Position: FAV



MARYLAND STATE & D.C. AFL-CIO

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HB 641 – Income Tax – Theatrical Production Tax Credit
House Ways and Means Committee
February 16, 2022

SUPPORT

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

Madam Chair and members of the Committee, thank you for the opportunity to submit testimony in support of HB 641 – 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. HB 641 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.

HB 641 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 HB 641.

HB641

Uploaded by: Ken Gentry

Position: FAV



February 14, 2022

Honorable Chairwoman Atterbeary
Ways and Means Committee
Annapolis MD 21401

Re: House Bill 641-2022 (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

Local19TestimonyHB641.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 15, 2022

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

Members of the House Ways and Means Committee
House Office Building
6 Bladen St.,
Annapolis, MD 21401

RE: Income Tax- Theatrical Production Tax Credit (HB 641)

Dear Chairperson Atterbeary and House Committee Members:

I write to enthusiastically support the proposed Theatrical Production Tax Credit (House Bill 641). 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 Mixter

A handwritten signature in cursive script that reads "Michael Mixter". The signature is written in dark ink and is positioned below the printed name.

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

Support letter for HB 641.pdf

Uploaded by: Olive Waxter

Position: FAV

February 14, 2022

To whom it may concern:

The Hippodrome Foundation Board is fully supportive of **HB 641** and grateful to Delegate Atterbeary for sponsoring the bill.

Implementing a theatrical tax credit will create weeks of additional work for the unions that rely on the France-Merrick Performing Arts Center for labor and implementing the credit will generate economic impact with the additional hotel rooms, restaurant and food needs, supplies and more.

But one of the most important reasons the Hippodrome Foundation is in favor is because with the tax credit in place, Broadway tours will potentially be built here in the Hippodrome Theatre and in the M&T Bank Exchange, the new ancillary space. Having tours built on location will provide an opportunity for the Hippodrome Foundation to invite students to observe and learn the huge process of building all of the props, lighting, costumes and more. The building of these shows provides an educational opportunity for the Hippodrome Foundation to share with Maryland young people.

As the non-profit partner of the Hippodrome Theatre, HFI provided free outreach and education virtual programming for well over 12,000 students over the past year and many of these programs shed light on possible careers in the industry. We look forward to providing more in-person learning to students of all ages and allowing Maryland young people to have front-row seats to the building of a Broadway tour is a truly exciting possibility which we hope House Members will consider seriously.

Thank you so much for your consideration of this bill. We might just build the next HAMILTON in Baltimore! The foundation is ever-committed to sharing the assets of the France-Merrick Performing Arts Center with the community and the prospect here is truly exciting!

Sincerely,



Olive Waxter
Executive Director



HFI Board of Trustees

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HB641

Uploaded by: Ron Legler

Position: FAV



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

February 14, 2022

Re: House Bill 641-2022 (Income Tax -Theatrical Production Tax Credit)

Dear Chairwoman Atterbeary:

I am in full support of the Theatrical Production Tax Credit, House Bill 641-2022. For decades both Networks Entertainment, in Columbia Maryland, and Troika Entertainment, in Gaithersburg Maryland, have led the touring Broadway industry, sometimes producing up to 70% of all national touring Broadway shows in the United States 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 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.

Mandated closures, public health efforts, and fear of contracting the coronavirus have left live entertainment venues and live shows with reduced revenue opportunity and no solid timeline of a return to business as normal. 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 is just 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 Theatrical Tax Credit this session will shorten our venues and union skilled labor force long road to recovery.

Each production, under this incentive, would create 10,000+ union man hours in a time of year that our venues 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 sell-out in Maryland, it alone brings an additional \$19 million in economic impact over 4 weeks.

Please support this crucial bill, especially during these difficult times, and in doing so support the economy, union workers, and two amazing Broadway touring producing companies right here in our beautiful state of Maryland.

With appreciation,

Ron Legler
President

12 North Eutaw Street, Baltimore, Maryland 21201

HB 641 Theatrical Production Tax Credit (Atterbear

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

HOUSE BILL 641 Income Tax - Theatrical Production Tax Credit (Atterbeary)

STATEMENT OF INFORMATION

DATE: February 16, 2022

COMMITTEE: House Ways & Means

SUMMARY OF BILL: HB 641 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**