SENATE BILL REPORT
2SSB 6558

As Passed Senate, February 20, 2006

Title: An act relating to the state of Washington's economic, cultural, and educational standing in the motion picture industry.

Brief Description: Improving the state of Washington's economic, cultural, and educational standing in the motion picture industry.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Brown, Hewitt, Eide, Kohl-Welles, Benson, McAuliffe, Benton, Kline and Keiser).

Brief History:
Committee Activity: Labor, Commerce, Research & Development: 1/26/06, 2/2/06 [DPS-WM].
Ways & Means: 2/7/06, 2/16/06 [DP2S].
Passed Senate: 2/20/06, 47-1.

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6558 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.
Signed by Senators Kohl-Welles, Chair; Franklin, Vice Chair; Parlette, Ranking Minority Member; Brown, Hewitt, Keiser and Prentice.

Staff: John Dziedzic (786-7784)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6558 be substituted therefor, and the second substitute bill do pass.
Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Fairley, Kohl-Welles, Parlette, Pridemore, Rasmussen, Roach, Rockefeller and Schoesler.

Staff: Dean Carlson (786-7305)

Background: Some economic studies indicate that expenditures on motion picture and video productions in Washington have declined from $50 million in 2001 to a current $13 million annually. Industry experts contend that the decline is at least in part a result of the myriad of tax breaks and other incentives available in other states and British Columbia. For example, the state of Oregon recently enacted the"Greenlight Oregon" program, which makes available to film producers who spend at least $1 million in a year in that state: (1) a rebate of about 6.2 percent of wages paid through regular payroll work done in Oregon; and (2) a discount of 10 percent on the purchase of goods and services from Oregon vendors that have agreed to offer the discount in exchange for being identified in the program by the Oregon Office of Film and Video.

Summary of Bill: A Motion Picture Competitiveness Program (MPCP), a non-profit entity administered by a board of directors appointed by the Governor, is authorized. The board consists of an at-large chairperson and representatives of: (1) the film industry, including production and post-production; (2) labor unions affiliated with motion picture production; (3) visitors and convention bureaus; (4) the tourism industry; and (5) the restaurant, hotel, and airline industry.

MPCP is authorized to provide up to 20 percent of the in-state cost of, or investment in, certain film production projects that meet film industry revitalization criteria set by the Department of Community, Trade and Economic Development (CTED). A contributor of cash of up to one million dollars to MPCP qualifies, dollar for dollar, for a business and occupation tax credit, which may be claimed in the current year or carried over to up to three succeeding years. The business and occupation tax credit expires July 1, 2011.

The Joint Legislative Audit and Review committee must make a recommendation on the effectiveness of the business and occupation tax credit to the House Finance Committee and the Senate Ways and Means committee in December 2010.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For (Labor, Commerce, Research & Development): In the fierce competitive film-making industry, the tax incentive offered by a state is a crucial factor to be considered by executives. It is not enough anymore to have the most scenic locations. This is a clean industry, offering family wage jobs with benefits, and should be encouraged.

Testimony Against (Labor, Commerce, Research & Development): None.

Who Testified (Labor, Commerce, Research & Development): PRO: Senator Brown, Prime Sponsor; Donna James, Don Jensen, Melissa Purcell, WA Entertainment Industry Players Assn.; David Robinson, International Alliance of Theatrical Stage Employees, Local 488; Jeff Johnson, WA State Labor Council; Robert Main, Studio Trucks.

Testimony For (Ways & Means): Thirty states have passed motion picture production incentives. Oregon passed major incentives recently, and we are about 15-20 percent behind them now. Since 1995, these businesses have left and gone mainly to Canada. Every state that puts in incentives sees the film production industry grow. We have wonderful locations, but they are no longer enough. This is a joint labor/business effort. It is labor friendly. Most movies can be shot almost anywhere. There is a substantial crew base in Washington and motion picture companies could use them. The crews are now leaving to work elsewhere. These are direct jobs and not hypothetical jobs. Reimbursement only happens if the jobs happen.

Testimony Against (Ways & Means): None.

Who Testified (Ways & Means): PRO: Jim Hedrick, WEIPA; David Robinson, IATSE Local 488; Jeff Johnson, WSLC; Martin Oppenheimer WEIPA and Oppenheimer Line Rental.

House Amendment(s): The House amendments: (1) reduce the annual maximum state-wide credit amount available to all eligible entities from $5 million to $3.5 million annually, state-wide; (2) reduce the amount of credit available to each entity claiming a credit from a 100 percent (dollar-for-dollar) to 90 percent of the amount donated to the Motion Picture Competitiveness Program after 2008; and (3) require motion picture productions receiving funding from the program established by this bill to annually report employment and other information to the Department of Community, Trade and Economic Development.