

FISCAL NOTE
Requested by Legislative Council
01/19/2015

Amendment to: HB 1420

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1420 creates a North Dakota film production tax credit.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

If enacted, HB 1420 could reduce state general fund revenues in the 2015-17 biennium, but the amount of the reduction cannot be estimated.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*
- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*
- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 01/26/2015

FISCAL NOTE
Requested by Legislative Council
01/19/2015

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Date Prepared: 01/26/2015

2015 HOUSE FINANCE AND TAXATION

HB 1420

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1420
1/28/2015
Job #22722

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill relating to a North Dakota film production tax credit.

Minutes:

Attachment 1, 2, 3, 4, 5, 6

Chairman Headland: Opened hearing.

Representative Strinden: Introduced bill. See attached testimony #1.

Chairman Headland: Are there any questions? We'll take support on HB 1420.

Matt Fern, Owner of The Creative Treatment: Provided testimony in support. See attachment #2. (Ended testimony at 11:05)

Representative Steiner: If there were restrictions as far as the content of the production put on for the tax incentive, would your industry have issues with that? As you can understand, some type of pornographic features probably is not something we would not want to come back that we put a tax incentive on.

Matt Fern: I agree with your concern. I don't think restrictions initially will affect much support because right now we have no support from the government. So, just something is a step forward. By having a full-time employee focusing on this, I think they can lead the discussion of what type of regulation should be put in place. What is film and tv? Will YouTube series be credible? What's the budget limit? So that's why we really need someone starting to ask these questions because the industry is changing and we really need someone to help guide us through that.

Representative Strinden: It says that nothing obscene can be covered by tax credits in the bill.

Representative Hatlestad: Do we have a number of schools in North Dakota that provide the training that would provide the type of expertise? What schools are available?

Matt Fern: I don't have a number of schools but there are numerous educational institutions that do provide this training. However, in this field, I have found that the big

thing in determining jobs is your resume. The amount of experience on a professional multi-media production is almost more valuable than an educational degree. So we need to provide more of those opportunities. Many people who are going to the educational institutions are at a disadvantage once they move to larger-scale productions because the industry is changing so fast. You need to be on a set to understand the correct workflow and the common practices that they don't teach you in school. Almost like an internship is much more valuable to someone studying another professional degree. We just don't have many places for people to get internships in this industry here.

Chairman Headland: Further support of HB 1420?

Daniel Bolinski, Director of Theater at University of Mary, Actor: I was recently hired to direct and develop the theater program at the University of Mary. I have been working in the film industry as an actor for the past several years in New York City. I've been on HBO, in feature films, and in a number of plays. When I moved out here just a few weeks ago, I made a promise to myself that I would buy a nice movie camera and start shooting my own short films. And being creative in that way. I just wanted to speak toward your question about schools having programs that develop interest and train actors and film makers. Right now at the University of Mary, there is a professor, a documentary film maker, I know he is developing the film making program at the university. Myself, the reason I was hired was to direct and develop the program, and I am collaborating with his class this semester, and I intend to train actors in camera technique, and give them the sort of necessary skills that they need to be an actor on the screen. And there's a great deal of interest. I know at the University of Mary, I started off with a class of two people, and now the class is up to 30 people. There is a great interest in the university setting for film making, both behind the camera and in front of the camera. I am very much in support of both house bills.

Chairman Headland: Typically movies and films generate a lot of revenue?

Daniel Bolinski: Yes, that is true as long as they are well received.

Chairman Headland: So does the industry really need a tax credit? Across the country, there's been a lot of sentiment that the states that do have these similar type laws, are being criticized for giving away tax revenue to special interests like the film industry. I'd just like a little feedback.

Daniel Bolinski: I can't claim a lot of authority as a film maker myself; I'm more experienced as an actor. But I do know, because I have many friends who have begun their own production companies in New York City, for example, where there is a lot of help provided to film makers. I know, at the beginning, whenever you're starting a production company, when you're starting to get something off the ground, you're very much digging into your own pockets, and scraping together with funds to get something off the ground. And it takes a lot of money from your friends and your parents, and working side jobs to get the money to produce something that's worthwhile and looks good that will attract other sponsors, people who can contribute the money so that you can make bigger and better stuff. So I think having a tax credit at the beginning would be a great help to all those people who are working full-time jobs right now and are just having their film making aspirations on the side. If they could do that full-time, which that tax credit will help.

Chairman Headland: Further testimony in support?

(20:25)

Jim Kambeitz, Production Manager at Dakota Media Access: Provided testimony. See attachment #3. This bill and this tax incentive right now is not to get huge out-of-state productions. It's to start building the small local North Dakota people. We started an association that has grown to 260 members just in central ND who are wanting to make films and are starting to collaborate. Since we created our organization, it's basically a pseudo-film commission. Just trying to create a database and connect people. The amount of films that have been shot in ND, albeit smaller budget films, has grown. We have at least 6 to 10 films presented to us every month, and they would not have been shot had we not loosely started this organization. But I can't do this organization on my own free time, and all of us are volunteers, and we're not doing the good job that a film commission could do. Both in offering education as well as connection to the outside world, but mainly right now, as you see the tax incentives, they aren't going to attract huge Hollywood films to come here to get \$6500 off the first \$50,000 they spend. That's not who it's targeting. It's targeting local North Dakotans who want to make a \$10,000 film. They have been working and they've been making \$5000 films. Now they want to make a \$10,000 film to get to the next level. And they want to start building a career and cultivating it. I would like to respond to some of the questions, one about the number of schools in ND that train people for these industries. As part of the Dakota Digital Film Festival, we have a number of schools come, and we send out our information to over 100-150 high schools in ND. Almost everybody has an acting department, a video production department of some sort. Every year we have Oakes school. They have a video production class, and they come to this festival for more education, and to network with our film makers and the professionals that we bring in. Hebron brings students. BHS, CHS, Mandan; they all bring their high school students to our film festival, and these kids are very interested in it, and they want to pursue these opportunities. On a higher education level, UND has Studio 1 television training, and a TV access center of their own that we air on Dakota Media Access. They have a film theory course, and I have a Master's in Film Theory from UND. MSU-M in Moorhead has a serious film program. So does Concordia. BSC has a video production program that is doing very well, as well as a radio program that they're doing right now, which is awesome. The University of Mary has an acting program. They also have a video program, film program, and the list goes on. So this is a lot of students. The problem that these students encounter is that once they get to a certain level, they can't keep going unless there is an infrastructure. The next question I wanted to touch on: does ND really need a tax credit in order to have an industry, to get us to that next level? If you talk to the professionals nationwide, about doing something here, they would say, absolutely. When you look at the trends regionally, without a tax incentive or some sort of incentive saying that the state cares about these high-paying jobs, you do not have any films made in your state at that level. You have a lot of smaller stuff, and it's very limited. For example, Sakakawea, the HBO mini-series, I saw a casting call. It said, "We're looking for Mandan speakers, Hidatsa speakers, Lakota, Chippewa, a whole list." They didn't even come to a casting call in North Dakota. I don't know where you're going to find Hidatsa speakers outside of ND. We are that demand. They didn't even consider us. I asked why, and they said there are no tax incentives, and there's no infrastructure to support this. So this bill is a baby step in starting

to build our home-grown people so when people come from out of state, we can support those moves in infrastructure, but also to support our own locals. Fargo, the series, right now is madly successful, getting all sorts of awards. It's shot in Canada because they have a very aggressive tax incentive in Canada. So Fargo can be shot in Fargo. It's shot in Canada because we don't have an incentive. Plain and simple, they said, if you don't have some kind of commitment from your government, toward these high-paying jobs, we're not going to come there. Plain and simple. For me, it is about growing our infrastructure and growing our people locally.

(34:00)

Chairman Headland: Further testimony in support?

Matthew Maldonado, Pres. ND Strong; Co-Head, Minot Filmmakers Society: We started up our nonprofit about a month ago and in one week we grew our membership to 320 from ND. Imagine if we had the resource to be able to further other interests, things like that for other people around the state. Film includes a lot of talents from different artists; painting, music, production, everything. So, why am I coming here? I'm just saying, please support the film industry for us, and allow film makers like me. I've been able to have hands-on experience with cameras, different types of equipment, and I love it. It's definitely something that I see why everybody is here today. We would like to see this done.

Representative Froseth: Is there any society for the state? Is there a national society?

Matthew Maldonado: There is no society within. It's all collaborating, but we don't have one centerpiece. Being that we're not members of AFCL, we have to go out and create our own societies around the different communities to be able to do this. If we had the commission on board as well, I assume it would make the process a lot easier for all artists around the state.

Representative Froseth: Will your society join the national organization?

Matthew Maldonado: Yes sir.

Chairman Headland: Further testimony in support?

Jeff Eslinger, past State Film Commissioner: Provided testimony in support. See attachment #4. We stand alone as the state you can't call for a state film commission, and I think that's very unfortunate.

Chairman Headland: What happened in 1995?

Jeff Eslinger: I quit. I moved on. It was just a career move. I thought I had brought the Film Commission to a place where it was running well, and I just moved on to another job. I don't know what happened after that, as far as. I do know they didn't hire a replacement for me. At the time that I left, Kevin Cramer was the Tourism Director. He simply took the title, so if they wanted to talk to the film commissioner, they talked to the tourism director. It's not a bad thing. I'm not criticizing that, but it's clearly not a full-time job for that person, and he

didn't have the training. I don't know when AFCL noticed that we were no longer active, and dropped our membership, but it did happen sometime after I left, and it's really unfortunate. I actually don't know, legislatively, how the film commission doesn't still exist. At some point it must have been written out of the budget or something. I don't know the history on that. I'm sorry.

Chairman Headland: Further testimony in support?

(49:10)

Tim Rodenberger, Teacher at Lake Region State College through Bismarck: When I was teaching, I ran into issues of being able to teach my material to students on an online format. I discovered that creating my own videos was a greater way of portraying ideas to the students. And in that endeavor I actually teamed up with the ND National Guard, and we actually got a film crew up at Fraine Barracks to film the annual training at Camp Grafton. Since then, I've noticed that I've had a strong passion for film, and it led me to Dakota Media Access with Jim Kambeitz. I discovered I loved this so much I want to make a career out of it. But I have no film background. I have no formal training. So I kept volunteering for jobs, volunteer work. Matt Fern at Creative Treatment hires me on occasion, but it's nowhere near enough. And I wanted to start my own production company some day, and towards that end I have raised \$6000 of my own money through fund raising, selling off possessions, cashing in my 401K, and I've got my own lab, rented out my own space, and I take on any volunteers that I can to just do our own kind of small productions. We're also running our own You Tube channel. Just the other day, we actually got our own business cards out of our own expense. We're getting better. We're not professional yet, but we know that one day, with enough experience, we will get there. But unfortunately we are limited by our own funding. We are limited by our own staffing. Whenever we schedule something we have to work around our schedules. Yesterday, I did a film shoot and we had three cancellations within three hours, and for this, I strongly recommend that we look at and vote on HB 1420 and 1422 to not only be able to bring in more interests out of state to help us build our own film community, but to give people like myself and the crew that I try to get experience to. Experience, securities and safeguards for some of us who do contract with, because I've done contracting before with other firms, and it would have been great if there would have been some safeguards in place to help us be able to collect on those contracts.

(52:09)

Representative Schneider: We spend a lot of time talking about bringing in new business and young professionals, and we do provide some funding for young entrepreneurs in the tech fields, at least in Fargo, but sometimes I think we forget about our own talent that's here, and I appreciate all of you reminding us that we have a room full of new businesses here, and small businesses here. Have you tried to get support from either the TBAG funds that are usually gone a short time after they are opened up for young entrepreneurs or any small business supports that might be through the state?

Tim Rodenberger: Not yet. At this point, because I have no formal background and neither does half of my crew, we want to get more experience volunteering before we can

feel confident enough to say this is what we want to do, and this is what we can deliver with this funding. I want to make sure that when we do this, we are fully prepared to do so.

Chairman Headland: Further testimony in support?

David Diebel, production company: I started with my business partner two years ago. We were in the news industry and the advertising industry for a while, and went off on our own two years ago. In our experience, there was not a lot of support for creating a production company here in ND. We went to the Bank of ND, and frankly, people didn't understand what we were doing. After two years, we're getting productions every single day. We're doing a lot of work here in ND, and we get calls from out of state, from people that want to do production here, but they want professional make-up artists, they want gear, large lights, stuff like that. The closest place you can rent stuff like that is actually Moorhead or Minneapolis. The state RFPs that come from the Bank of ND, request cameras that are \$50,000. I don't know too many people in the state that would have that sort of equipment, which means you rent it from out of state. So there are opportunities that we're missing here in ND for group rental for make-up artists, for camera rental, stuff like that. There are businesses that could form around a film industry that we're not capitalizing on. My other point is that ND is a beautiful place. There's opportunities for stunning imagery that can be created here, and I think we're not capitalizing on that is also foolish. I just ask for your support to foster a film industry here in ND.

Chairman Headland: Further testimony in support?

Kevin Tengesdal, print production graphic designer and actor: Provided testimony in support. See attachment #5. This is a great opportunity to bring business and money into ND, just from an actor's perspective. But you look at any feature film, and all the industries that are involved in bringing a film to production from graphic designers through production crews, everything. So I am asking for support of 1420 and 1422 to help grow the economy of ND.

Chairman Headland: Further testimony in support?

Damon Williams, radio, audio production and photography: I am here to lend support to HB 1420 and 1422 because we want the opportunities. The audio production work that I have done, I guess I'm a film nut. I love working with other film makers and movie makers, and we want to see opportunities here in ND. I've traveled from California to Connecticut, working in audio, and doing camera work for other people. Honestly it would be fantastic to be able to work from home. Those opportunities just aren't here to be able to do that kind of work on a full-time basis for somebody like me. And I know, speaking for other young creatives, we'd really like to see those opportunities come up.

Eric Tempke, founder of nonprofit ND Strong, student at Minot State University: Our mission is to support and collaborate in the medium of film. It's something we started because we noticed that everyone needs film. If you look around, right here I have a camera. Everyone does it, snaps that big thing. To have the opportunity to move forward and actually create something larger than that is awesome. We're students at MSU, and one thing we did this past spring was create a movie called "Cruxion" (Sp?). It was in all the

newspapers around ND, and it was really awesome. We actually raised enough money for our art club to go to India just through film. We didn't have any budget to begin with. So just imagine if we did have some sort of budget, and with all these film makers here, to actually be able to go out there and create something amazing, how much money we really could bring in. Film is kind of a self-generating thing, with the first little bit of initiative with funds, there may not need to be much given later on down the road, because we'd only continue to build up revenue. And we are also in the process right now of a web site for all film makers, advertising to people and everything. A web site out of Minnesota is helping out because I didn't know who to contact in ND. Then, we will have a central database for film makers.

Chairman Headland: Is there anyone else in support of 1420?

Chairman Headland: Is there any opposition?

Chairman Headland: I'd like clarification from the Tax Department.

Donnita Wald, General Counsel, State Tax Commissioner's Office Distributed proposed amendments Christmas tree version of the bill. See attachment #6.

Chairman Headland: Can you clarify the 14 percent credit and the 9 percent credit? It appears like the 14 percent credit is the first \$50,000 against wages.

Donnita Wald: All that is saying is the maximum credit is \$7,000.

Chairman Headland: That's the 14 percent, and the 9 percent would be unlimited, against any money spent?

Donnita Wald: Yes. I'm trying to find the second one. Nine percent of the total qualified expenditures. And the definition of qualified expenditures is on page 5, beginning on line 26. (Refers to Attachment #6.)

Chairman Headland: Closed the hearing on HB 1420.

2015 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1420
2/10/2015
23618

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Mary Brucker

Explanation or reason for introduction of bill/resolution:

A bill relating to a North Dakota film production tax credit.

Minutes:

Attachment #1

Chairman Headland: Representative Strinden brought this bill and the amendment right away. We'll have her explain the amendment.

Representative Strinden: This is something the tax department had wanted; it doesn't change anything substantial. **MADE A MOTION TO ADOPT THE AMENDMENT DATED JANUARY 28, 2015.** See attached amendment #1.

Representative Haak: Seconded.

Representative Froseth: Have you talked with anyone about why we discontinued having a film production director?

Chairman Headland: I got some information from Sara Otte-Coleman from the tourism department that tried to address that but I never really got an explanation as to why they discontinued it. I think it was apparent the commerce commissioner thought it wasn't being used so eliminated it and tourism didn't want it.

Representative Strinden: I think it was a case of Mr. Eslinger left and they didn't hire anyone else. They thought they could handle it without him and they wanted to save money so it phased out. What happened then is not necessarily indicative of what should happen now because we live in a really different climate now. We have a lot of entrapeneurs that packed the room and they are really working hard to get this industry going. We don't have a way to help them right now with the state. We don't really have any way to protect the state or our film makers at this time. They really need our help now.

Representative Mitskog: I believe this would diversify our economy and keep some talented people in our state.

Representative Strinden: I love the IT bill we passed a few days ago. I didn't see a lot of people from the IT community here but I think it shows a lot of resilience of this industry that they all came and they all testified. This really matters to them. I'd really like to see one of these two bills go through and for this conversation to continue. I hope you don't view this as a democrat bill; I hope you see it was there bill and not mine.

Chairman Headland: I don't view it that way but I view it as a tax credit so I'm going to say no as well.

Representative Klein: I don't think we have anything to lose for trying it. If it doesn't work then it doesn't cost us anything.

Chairman Headland: Any further discussion on the amendment which was just a little clean up?

VOICE VOTE: MOTION CARRIED TO ADOPT AMENDMENT DATED JANUARY 28, 2015.

Representative Steiner: We use the same argument with the data center; it doesn't cost the state anything. We're really not going to lose anything. It was refreshing to see young people come in and say they want to do their business here. The young people in music and art keep the communities alive and it's important to the younger generation.

Chairman Headland: I could maybe agree with you if it was somehow limited but if one of the big production companies come here and films a movie spending hundreds of millions of dollars that would benefit the state but would cost us a lot of lost revenue opportunities. If they wanted to come here I don't think the tax credit would bring them here; I think the tax credit is to help some young entrepreneurs.

Representative Kading: Every entrepreneur goes through the same exact issues; they all have to struggle to make ends meet and find the money to do this and that. I don't think it makes sense to have a special carve out for the film industry. There are a hundred other industries out there that start their businesses without a tax credit.

Representative Strinden: The businesses that I've started had a lot of support. These people in the film industry really don't have a climate of film here yet so I think it's even harder for the entrepreneurs in that industry.

Representative Dockter: MADE A MOTION FOR A DO NOT PASS AS AMENDED.

Representative Kading: SECONDED.

Representative Dockter: I'm a small business owner too and I had to scrape and not earn any money for 15 years. I think if the people want to stay in North Dakota they will come back and I don't think this credit will make or break them from staying.

Vice Chairman Owens: It doesn't seem like giving these people money is right. I've seen where some of this money the states give is helping to pay the actors. I've also heard that

we were going to pay \$7,000 of each employee, 14% of their salary, according to this credit. I'd support the idea of directing them to establish some type of office and data base to coordinate these things but I cannot support any kind of tax incentive for an industry that other states have lost money with.

Representative Strinden: There are some valid concerns of the other states but I don't see it that way in North Dakota because the way the bill is crafted they would only get 14% off their sales tax so they would still have to spend all the rest. When it comes to our film makers I think the next bill would probably help them more than this tax incentive although I think this tax incentive is a good tool to help them as well. Even though adding a full time employee to the commerce department is kind of an industry, business and labor issue and not a finance and tax issue but I really like that one.

Vice Chairman Owens: We heard from some of the public and the young people who were trying to do this and I see where they could use a helping hand. I don't understand why they didn't at least have a phone number in the phone book of the film commission. There should be a central point of coordination. You said sales tax so did I read this wrong?

Representative Strinden: There's a \$6500 credit (14%) allowed for the first \$50,000 paid to compensate an employee and there's also a sales tax provision of 14% of qualified expenditures. On page 2 of the marked up version of the bill line 23 the credit allowed under this section is equal to nine percent of the total qualified expenditures occurred in connection with the state.

Chairman Headland: It's a nine percent credit on the materials purchased in the state and its 14% credit on the wages of North Dakota employees.

Representative Froseth: I think it's more than materials. On page 6 starting with line 10 lodging expenses, restaurant and food, location fees, etc.

Chairman Headland: Materials and purchases.

Representative Strinden: This really isn't happening right now so it won't cost the state much money. We could add a sunset to it.

Vice Chairman Owens: There's a difference in an exemption to a tax and paying somebody. In the way this is written we are allowing the state to pay \$7,000 of a \$50,000 salary annually if they are full time employed and if you buy anything we're going to pay nine percent.

Chairman Headland: All these states get into predicaments that you've just indicated. The benefit is much less.

Vice Chairman Owens: Is this the type of thing they do?

Representative Strinden: Who are they? I thought it was a reimbursement of sales tax spent. I'd be happy to craft an amendment to reflect that.

Vice Chairman Owens: \$7,000 covers almost all the employment taxes and credits.

Representative Schneider: These are our kids here and they go to our schools and we don't have jobs for them when they get out of school. I'm compelled by the economic development part of it that creates spin off business; the graphic designers, costumers, audio, cameras, and all the things that go in to production. I'd like to see the concerns addressed about how much we're allotting or a sunset provision so we can at least give these people a chance in developing out state in new and exciting ways.

Representative Strinden: At the top of page 3 on the Christmas tree version, the credit allowed may not exceed the taxpayer's tax liability. We might attract new businesses here that wouldn't pay taxes but they would be spending money in the state. The state would never have to pay them anything; we just wouldn't collect taxes from them if they qualified.

Donnita Wald, Office of State Tax Commissioner: The section really says the credit isn't refundable and you can't carry it forward. They can take their tax liability down to zero and that's it.

Vice Chairman Owens: That only applies for the nine percent on total qualified expenditures. I'm trying to understand how 14% of the first \$50,000 is limited to their taxable deduction.

Donnita Wald: That same language is on page two also. I did these a long time ago so I'm trying to remember what I did.

Representative Steiner: I noticed when we had students in the great hall from various schools showing us their culinary skills, mixing music, technology, etc. Why are we creating these school programs if we're not going to have jobs available for them once they graduate? We are funding these programs then these students leave the state because there are no jobs for them here.

Chairman Headland: You pose an excellent point. That's something the universities may need to answer. We have a do not pass on the table.

ROLL CALL VOTE: 8 YES 6 NO 0 ABSENT
MOTION CARRIES FOR DO NOT PASS AS AMENDED.

Representative Dockter will carry this bill.

February 11, 2015

2/11/15
118

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1420

Page 1, line 1, after "57-38" insert "and a new subdivision to subsection 7 of section 57-38-30.3"

Page 1, line 9, remove "this"

Page 1, line 9, after "section" insert "2"

Page 1, line 9, remove "by"

Page 1, line 10, replace "this chapter" with "under section 57-38-30 or 57-38-30.3"

Page 1, line 14, remove "actual"

Page 1, line 19, remove "C corporation, an individual, an S corporation, or a partnership qualifies for the"

Page 1, line 20, replace "credit under this section" with "passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level. The total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity. An individual taxpayer may take the credit passed through under this subsection against the individual's state income tax liability under section 57-38-30.3"

Page 2, line 2, remove the second "of"

Page 2, line 3, replace "the credit" with "paid"

Page 2, line 3, replace "computed as" with "used to compute"

Page 2, line 3, after "deduction" insert "or credit under this chapter"

Page 2, after line 3, insert:

"e. The credit allowed under this section may not exceed the taxpayer's tax liability."

Page 2, line 11, remove "tax"

Page 2, line 12, after "57-38-30" insert "or 57-38-30.3"

Page 2, line 16, replace "is required to" with "shall"

Page 2, line 18, after the first "the" insert "tax"

Page 2, line 20, replace "certify in writing" with "provide"

Page 2, line 27, remove "C corporation, an individual, an S corporation, or a partnership qualify for a"

Page 2, replace lines 28 through 31 with: "passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level."

212

The total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity. An individual taxpayer may take the credit passed through under this subsection against the individual's state income tax liability under section 57-38-30.3"

Page 3, line 2, remove "taxpayer has included the amount of the"

Page 3, line 2, remove "upon which the"

Page 3, line 3, replace "amount of the credit was computed as a" with "is used to compute another"

Page 3, line 3, after "deduction" insert "or credit under this chapter"

Page 3, line 6, remove ", and has applied to the tax commissioner for the tax credits"

Page 4, line 9, replace "department of revenue" with "tax commissioner"

Page 4, line 18, remove "department of"

Page 4, line 19, replace "revenue" with "tax commissioner"

Page 4, line 21, replace "that" with "the"

Page 4, line 29, remove "taken. The"

Page 4, line 30, replace "taxpayer is subject to the" with "and pay"

Page 4, line 30, replace "provisions of this section" with "as provided in section 57-38-45"

Page 5, line 7, after "compensation" insert "reported on the federal form W-2 or 1099"

Page 6, after line 7, insert:

"9. Except as provided in section 57-38-59.3, a production company is subject to the income tax withholding requirements under sections 57-38-59 and 57-38-60.

SECTION 2. A new subdivision to subsection 7 of section 57-38-30.3 the North Dakota Century Code is created and enacted as follows:

The film production tax credit under section 1 of this Act."

Renumber accordingly

Date: 2-10-15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1420

House Finance and Taxation Committee

☐ Subcommittee

Amendment LC# or Description:

Jan. 28, 2015

Attachment
#6
Rep. Strinden

Recommendation:

☒ Adopt Amendment

☐ Do Pass

☐ Do Not Pass

☐ Without Committee Recommendation

☐ As Amended

☐ Rerefer to Appropriations

☐ Place on Consent Calendar

Other Actions:

☐ Reconsider

☐

Motion Made By

Rep Strinden

Seconded By

Rep. Haak

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND			REP HAAK		
VICE CHAIRMAN OWENS			REP STRINDEN		
REP DOCKTER			REP MITSKOG		
REP TOMAN			REP SCHNEIDER		
REP FROSETH					
REP STEINER					
REP HATLESTAD					
REP KLEIN					
REP KADING					
REP TROTTIER					

Total (Yes) No

Absent

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

Voice vote = Motion carries.

Date: 2-10-15
Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1420

House Finance and Taxation Committee

☐ Subcommittee

Amendment LC# or Description: Jan. 28, 2015

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☒ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Dockter Seconded By Rep. Kading

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN HEADLAND	✓		REP HAAK		✓
VICE CHAIRMAN OWENS	✓		REP STRINDEN		✓
REP DOCKTER	✓		REP MITSKOG		✓
REP TOMAN	✓		REP SCHNEIDER		✓
REP FROSETH	✓				
REP STEINER		✓			
REP HATLESTAD	✓				
REP KLEIN		✓			
REP KADING	✓				
REP TROTTIER	✓				

Total (Yes) 8 No 6

Absent 0

Floor Assignment Rep. Dockter

If the vote is on an amendment, briefly indicate intent:

voice vote - motion

REPORT OF STANDING COMMITTEE

HB 1420: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (8 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). HB 1420 was placed on the Sixth order on the calendar.

Page 1, line 1, after "57-38" insert "and a new subdivision to subsection 7 of section 57-38-30.3"

Page 1, line 9, remove "this"

Page 1, line 9, after "section" insert "2"

Page 1, line 9, remove "by"

Page 1, line 10, replace "this chapter" with "under section 57-38-30 or 57-38-30.3"

Page 1, line 14, remove "actual"

Page 1, line 19, remove "C corporation, an individual, an S corporation, or a partnership qualifies for the"

Page 1, line 20, replace "credit under this section" with "passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level. The total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity. An individual taxpayer may take the credit passed through under this subsection against the individual's state income tax liability under section 57-38-30.3"

Page 2, line 2, remove the second "of"

Page 2, line 3, replace "the credit" with "paid"

Page 2, line 3, replace "computed as" with "used to compute"

Page 2, line 3, after "deduction" insert "or credit under this chapter"

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partners, shareholders, or members in proportion to their respective interests in the passthrough entity. An individual taxpayer may take the credit passed through under this subsection against the individual's state income tax liability under section 57-38-30.3"

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Page 4, line 30, replace "provisions of this section" with "as provided in section 57-38-45"

Page 5, line 7, after "compensation" insert "reported on the federal form W-2 or 1099"

Page 6, after line 7, insert:

"9. Except as provided in section 57-38-59.3, a production company is subject to the income tax withholding requirements under sections 57-38-59 and 57-38-60.

SECTION 2. A new subdivision to subsection 7 of section 57-38-30.3 the North Dakota Century Code is created and enacted as follows:

The film production tax credit under section 1 of this Act."

Renumber accordingly

2015 TESTIMONY

HB 1420

Mr. Chairman, members of the House Finance and Tax committee, I am Marie Strinden. I represent District 18 in Grand Forks.

HB 1420 is a bill very similar to Representative Owen's technology bill- HB 1089- that our committee considered yesterday. It is a bill that has almost no cost in revenue reduction unless companies produce in North Dakota. It attracts businesses to North Dakota, and it paves the way for qualified professionals- many of whom were educated in the university system- to return to North Dakota. These are many high-paying jobs, and include not only the people who craft the film, but accountants, electricians... every job you see listed at the end of feature films.

Here's the meat of the bill:

The tax credit will offer a production company a 14% tax credit on the first \$50,000 spent on compensation of North Dakota residents employed in a "state-certified" production. That's \$6,500 per ND employee.

The 9% credit is allowed for expenditures directly related to state-certified production, including lodging fees, restaurant and food expenses, location fees, lumber and construction material, rental or production equipment and vehicles, and supplies and materials that will be used in the production. It doesn't include anything bought out of state.

The taxation department has a couple of technical corrections to offer at the end of testimony, and the next bill- 1422- addresses the state-certification process.

This bill is different than other states' tax incentive bills. First, it encourages the hiring of North Dakota residents. We are not giving tax incentives for paying out of state employees- that is, a production can't travel from California, use the tax credits, and leave. Also, unlike other states, North Dakota would not offer transferable tax credits, and tax credits can never equal more than a certain percentage of in-state expenditures- meaning ND will not find itself in the position of paying productions to film here.

I'll let the experts in the audience elaborate on the benefits of this bill, but I'll leave you with two short perks.

1. This legislation will significantly increase tax revenues and jobs for our young, talented university graduates in the multi-media industry.
2. This bill provides much needed oversight. An essential role of the film officer who would certify the productions is to match up credible productions with local professionals. Today, North Dakota video crews and companies often receive calls from national and international companies seeking footage or crew members. But not all of these calls are credible, many don't offer compensation, and few of our state professionals have resources to protect themselves. At the same time, outside companies don't know how to find our local talent—and as a result often bring in contractors from outside the area for in-state work. (Jersey Shore)

change.org

HB 1420
1-28-15
#2 p.1

Recipient: North Dakota State Legislators

Letter: Greetings,

Support House Bill 1420 and House Bill 1422 during the 64th legislative session.

Signatures

#2 p.2

Name	Location	Date
Matt Fern	Bismarck, ND, United States	2015-01-26
pat phillips	Bismarck, ND, United States	2015-01-26
terry wiklund	Mandan, ND, United States	2015-01-26
Kirk Roos	Santa Barbara, CA, United States	2015-01-26
Nicci Johnson	Bismarck, ND, United States	2015-01-26
Kevin Tengesdal	Bismarck, ND, United States	2015-01-26
Ashley Wright	Bismarck, ND, United States	2015-01-26
George McDonald	Bismarck, ND, United States	2015-01-26
Traci Kelly	Minot, ND, United States	2015-01-26
David Diebel	Bismarck, ND, United States	2015-01-26
Danielle Molinaro	Bismarck, ND, United States	2015-01-26
Ryan Sailer	Bismarck, ND, United States	2015-01-26
Kyle Barnard	Bismarck, ND, United States	2015-01-26
Cat McClintock	Bismarck, ND, United States	2015-01-26
Josh Hohbein	Bismarck, ND, United States	2015-01-26
Adam Dyess	Minot, ND, United States	2015-01-26
Gus Lindgren	United States	2015-01-26
Nick Schwieters	Bismarck, ND, United States	2015-01-26
Ann Richardson	United States	2015-01-26
Cecil Roth	Mandan, ND, United States	2015-01-26
Chad Hatzenbuehler	Mandan, ND, United States	2015-01-26
Jenna Botner	Bismarck, ND, United States	2015-01-26
Jamie Vetter	Bismarck, ND, United States	2015-01-26
Brian Jackson Jackson	Bismarck, ND, United States	2015-01-26
Luke Graner	Saint Paul, MN, United States	2015-01-26
Sue Balcom	Mandan, ND, United States	2015-01-26
William Pinkey	Minot, ND, United States	2015-01-26
Jason Gronvold	Fargo, ND, United States	2015-01-26
Rob Burke	Fargo, ND, United States	2015-01-26
Mary Diebel	Bismarck, ND, United States	2015-01-26

Name	Location	Date
Aaron Bank	Bismarck, ND, United States	2015-01-26
Eileen Walsh	Bismarck, ND, United States	2015-01-26
Ternes Cochrane	Bismarck, ND, United States	2015-01-26
Jared Perkins	Missoula, MT, United States	2015-01-26
kelsey fern	Bismarck, ND, United States	2015-01-26
Alexandra Burke	Fargo, ND, United States	2015-01-26
Deanna Toepke	Bismarck, ND, United States	2015-01-26
Nolyn Falcon	Bismarck, ND, United States	2015-01-26
janine crabtree	McClusky, ND, United States	2015-01-26
Matthew Maldonado	Minot, ND, United States	2015-01-26
Maren Livingston	Minot, ND, United States	2015-01-26
Eric Meier	United States	2015-01-26
Rachael Renaud	Washburn, ND, United States	2015-01-26
Arvin Davis Jr.	Minot, ND, United States	2015-01-26
Stacey Davis	Minot, ND, United States	2015-01-26
Corey Keller	Minot, ND, United States	2015-01-26
Richard Loewen	Bismarck, ND, United States	2015-01-26
Jordan Bitz	Bismarck, ND, United States	2015-01-26
Daniel Rogers	Mandan, ND, United States	2015-01-26
Misty weed	Minot, ND, United States	2015-01-26
Samuel Sprynczynatyk	Bismarck, ND, United States	2015-01-26
Nicolette Borlaug	United States	2015-01-26
Nicholas Albertson	Williston, ND, United States	2015-01-26
Nathan Weatherspoon	Minot, ND, United States	2015-01-26
Jason Allen	Bismarck, ND, United States	2015-01-26
Andrea Ficek	Bismarck, ND, United States	2015-01-27
Josh Stokka	Bismarck, ND, United States	2015-01-27
Scott Sailer	Fargo, ND, United States	2015-01-27
Kevin Morales	Minot, ND, United States	2015-01-27
Kelly McCormack	Bismarck, ND, United States	2015-01-27
Concerned Citizen	New City, NY, United States	2015-01-27
Brian Davenport	Mandan, ND, United States	2015-01-27

Name	Location	Date
Dawnessa Garrison	United States	2015-01-27
Jesse Nelson	Bismarck, ND, United States	2015-01-27
Todd Buckmiller	Fargo, ND, United States	2015-01-27
Collette Thomas	Bismarck, ND, United States	2015-01-27
Jeff Schlossman	Fargo, ND, United States	2015-01-27
Samuel Claeys	Fargo, ND, United States	2015-01-27
Mandy Sauvageau	Fargo, ND, United States	2015-01-27
kara fry	Los Angeles, CA, United States	2015-01-27
Heidi freske	Rosemount, MN, United States	2015-01-27
Jeremy pieper	Minneapolis, MN, United States	2015-01-27
Tara Sorensen	Menomonie, WI, United States	2015-01-27
J.Morgan Legreid	Seattle, WA, United States	2015-01-27
Tonya Holroyd	Bismarck, ND, United States	2015-01-27
K Harrison Sweeney	Los Angeles, CA, United States	2015-01-27
Marek Dojs	Bismarck, ND, United States	2015-01-27
Jessica Beheler	Bismarck, ND, United States	2015-01-27
Steve Madsen	Fargo, ND, United States	2015-01-27
Alicia McNeil	Bismarck, ND, United States	2015-01-27
Angie Swiec	Bismarck, ND, United States	2015-01-27
Kristine Kostuck	Bismarck, ND, United States	2015-01-27
Eric Thoemke	Minot, ND, United States	2015-01-27
Kyle Martin	Bismarck, ND, United States	2015-01-27
Annitsa Sprynczynatyk	Los Angeles, CA, United States	2015-01-27
Gina fercho	Bismarck, ND, United States	2015-01-27
Wendy Fry	Rosemount, MN, United States	2015-01-27
Pam Sprynczynatyk	Mandan, ND, United States	2015-01-27
Preston Debele	Mandan, ND, United States	2015-01-27
Chelsea Gleich	Bismarck, ND, United States	2015-01-27
Pamela Laurie	North Hollywood, CA, United States	2015-01-27
Kyle Freske	Rosemount, MN, United States	2015-01-27
Jordan Ziegler	Mandan, ND, United States	2015-01-27
Catherine Erhardt	Denver, CO, United States	2015-01-27

#28.4

Name	Location	Date
Keenan Hauff	Bismarck, ND, United States	2015-01-27
Haylie Flesness	Bismarck, ND, United States	2015-01-27
Caleb Hauff	Bismarck, ND, United States	2015-01-27
Doug Johnson	Wilton, ND, United States	2015-01-27
Nicole Londot	Bismarck, ND, United States	2015-01-27
Alexander Davidson	Los Angeles, CA, United States	2015-01-27
Madeleine Hanlon	Flagstaff, AZ, United States	2015-01-27
Tom Brandau	Moorhead, MN, United States	2015-01-27
Josh Meny	Bismarck, ND, United States	2015-01-27
Dusty Anderson	Bismarck, ND, United States	2015-01-27
Kyja Kristjansson-Nelson	Fargo, ND, United States	2015-01-27
Joshua Manikowski	West Hollywood, CA, United States	2015-01-27
hailey whitman	Bismarck, ND, United States	2015-01-27
Jennifer Bailey	Bismarck, ND, United States	2015-01-27
Ammon Miller	Provo, UT, United States	2015-01-28
Coburn bergum	Mandan, ND, United States	2015-01-28
Philip Miller	Bismarck, ND, United States	2015-01-28
Jeremy Olson	Fargo, ND, United States	2015-01-28
Kari Leet	Bismarck, ND, United States	2015-01-28
Katie Oliver	Bismarck, ND, United States	2015-01-28
Brad Glasser	Bismarck, ND, United States	2015-01-28
NATASHA MILLIKAN	Jersey City, NJ, United States	2015-01-28
Eduardo Mendoza	Santa Ana, CA, United States	2015-01-28
Clifford Watson III	Fort Wayne, IN, United States	2015-01-28
Michele Brulee	Ventura, CA, United States	2015-01-28
Leonard Slape	Pittsburg, CA, United States	2015-01-28
Lisa gast	Blanchester, OH, United States	2015-01-28
Reid Trisko	Bismarck, ND, United States	2015-01-28
Kelly Hinchman	Merritt Island, FL, United States	2015-01-28
Nicholas Fergel	Bismarck, ND, United States	2015-01-28
Darci Frederickson	Fargo, ND, United States	2015-01-28
Cody Arso	Bismarck, ND, United States	2015-01-28

#205

#2p.6

Name	Location	Date
Jon Thomas	Minneapolis, MN, United States	2015-01-28
Edison Sprynczynatyk	Bismarck, ND, United States	2015-01-28
Shawn Potter	Dickinson, ND, United States	2015-01-28
Stephen Sorensen	Bismarck, ND, United States	2015-01-28
Art Phillips	Fargo, ND, United States	2015-01-28
Jeffrey Allen	Bismarck, ND, United States	2015-01-28
Mathew Gleeson	Fargo, ND, United States	2015-01-28

Comments

#287

Name	Location	Date	Comment
Kirk Roos	Santa Barbara, United States	2015-01-26	It's very important for ND to compete with the other 50 states, in having a functional Film Commission. The office is not only important in recruiting films to spend their dollars in our state, but also to help support the potential of creating incentives for businesses to be drawn to the State long-term. Film production companies are not simply "Hollywood studios," they also consist of entrepreneurial, homegrown businesses looking for an edge--and ND should be a LEADER in providing these types of incentives for productions, big and small, and an opportunity for businesses to see ND as a future home. Meanwhile, the Film industry has a unique advantage in that the potential exposure for the State is directly connected to projects that are specifically created for public consumption and entertainment. Therefore, a Film Commission is not only created to bring in revenue to the State, but also to shine a light on it.
Danielle Molinaro	Bismarck, ND	2015-01-26	I believe in the creative and inspired people of our state, and that our community craves resources like this that make expression and involvement accessible to everyone.
Adam Dyess	Minot, United States	2015-01-26	I'm a professional filmmaker in North Dakota. These Tax incentives are vital to sustaining our local film industry.
Nick Schwieters	Bismarck, ND	2015-01-26	This is something North Dakota should support and become a major player in!
Cecil Roth	Mandan, United States	2015-01-26	Our state is better off with more opportunities for this type of work.
Jamie Vetter	Bismarck, United States	2015-01-26	North Dakota Pride! Creative Pride! Onward...
Luke Graner	St Paul, United States	2015-01-26	I'm with you on House Bill 1420 & 1422!
William Pinkey	Minot, United States	2015-01-26	I support this 100%!
Jason Gronvold	Fargo, ND	2015-01-27	I would love to see the Multimedia Industry in North Dakota grow. I work as a professional and opportunities are very limited.
Rob Burke	Fargo, United States	2015-01-27	I am an ND native small business owner who makes his living on video production and storytelling.
Eileen Walsh	Bismarck, United States	2015-01-27	I support Multi-Media jobs in North Dakota!
Jared Perkins	Missoula, MT	2015-01-27	I am from Minot, North Dakota and as an owner of a media company in Montana I understand what the benefits and basic acknowledgement can do for our local companies.
Matthew Maldonado	Minot, ND	2015-01-27	I'm President of a nonprofit film organization, NDstrong and ND needs more of this to be available to ND residents.
Richard Loewen	Bismarck, ND	2015-01-27	Participation in collective Art/mixed media projects has shaped and improved my life.
Daniel Rogers	Mandan, United States	2015-01-27	North Dakota is a beautiful location for film and film can do much for the state.
Samuel Sprynczynatyk	Bismarck, ND	2015-01-27	We need more jobs and more opportunities in this creative field. Without this, I believe most creative types (including myself) will be leaving this state to find work and life elsewhere. Our state is falling behind in one of the most rewarding, amazing, and inspirational fields out there. I would love to see this happen not only for myself but for the future of this state.
Nicholas Albertson	Williston, ND	2015-01-27	This is an important issue.

#248

Name	Location	Date	Comment
Josh Stokka	Bismarck, United States	2015-01-27	Media production is a service everybody need, this is a fact so don't put up any walls that stand in the way of creative professionals that devote their lives to providing digital media services and are dam good art it.
Kevin Morales	Minot, ND	2015-01-27	I would like to see more movies with nd settings
Brian Davenport	Mandan, ND	2015-01-27	As a filmmaker this is desperately needed. A film office to connect local filmmakers is a resource I look forward to interacting with.
Dawnessa Garrison	Bismarck, United States	2015-01-27	I am a local North Dakota woman owned custom sign maker. Many times a week I get calls from out of state "companies" wanting a quote to fix a local ND sign, why give them the profit and money to "touch" a job? I am located right on Expressway in Bismarck, ND. I could fix for less and help my neighboring businesses. North Dakota is regularly missing opportunities to enhance our economy and promote our state and our talent.
Collette Thomas	Bismarck, United States	2015-01-27	It's the right way to go
Jeff Schlossman	Fargo, ND	2015-01-27	We are active national film maker, and we would like to make Fims in ND with incentives likes other states offer.
kara fry	West Hollywood, CA	2015-01-27	I want films made in North Dakota...my home land!
Tara Sorensen	Menomonie, WI	2015-01-27	ND needs this too
J.Morgan Legreid	Seattle, WA	2015-01-27	I am a filmmaker and this would be huge as I look towards future projects back home in North Dakota
Tonya Holroyd	Bismarck, ND	2015-01-27	States that have incentives for filming attract film-makers to the area.
Jessica Beheler	Bismarck, ND	2015-01-27	I'm in media and these bills are long overdue. I would love to see/have more opportunities and incentives for myself and others to film in our beautiful state.
Angie Kambeitz	Bismarck, ND	2015-01-27	I believe we need to catch up with the rest of the country, and have incentives for films and filmmakers to coem to ND to make films and help our economy grow.
Eric Thoemke	Minot, ND	2015-01-27	It's great for all
Wendy Fry	Rosemount, MN	2015-01-27	my sis-in-law wants to make movies here.
Alexander Davidson	Los Angeles, CA	2015-01-27	I'm a filmmaker from Bismarck North Dakota and I believe North Dakota needs to help make opportunities for media professionals both local and abroad in order to grow our state.
Alexander Davidson	Los Angeles, CA	2015-01-27	I'm a filmmaker from Bismarck North Dakota and I believe North Dakota needs to help make opportunities for media professionals both local and abroad in order to grow our state.
Tom Brandau	Moorhead, MN	2015-01-27	North Dakota Multi-Media professionals need better representation and advocacy to compete in the national market.
Dusty Anderson	Bismarck, ND	2015-01-27	As a Mass Comm educator, we need to support what we teach. These bills would allow us to open more doors for not only our students, but to all the residents of our great state. The film and television industries are changing and so should we.
Joshua Manikowski	West Hollywood, CA	2015-01-27	I think ND needs to take advantage of the talent and ambition the state has to offer while retaining the people to stay in ND and do what they love.
Ammon Miller	Bismarck, ND	2015-01-28	As a film student, I would love to see more opportunities to come back to North Dakota and film in the state that I love!

#29.9

Name	Location	Date	Comment
Darci Frederickson	Fargo, ND	2015-01-28	It seems like every out-of-state director that I have ever talked to is surprised that ND doesn't have a film office, or any incentives for filming in the state. As a MSUM film graduate from ND and still living in the state, this is something that is greatly needed. I haven't had a job in multimedia since graduation as the jobs are slim to none.
Cody Arso	Bismarck, ND	2015-01-28	I truly believe this would benefit North Dakota and it's citizens in a remarkable way!
Jon Thomas	Minneapolis, MN	2015-01-28	North Dakota needs a film commission .
Edison Sprynczynatyk	Bismarck, ND	2015-01-28	This could only benefit our state. It would give incentive for productions of film and television to utilize what out state has to offer. Bringing jobs and tourism into our state.
Craig Roath	Fargo, ND	2015-01-28	North Dakota is a wonderful place for film and getting filmmakers here only helps the economy and reputation of this great state!
Justin Kavlie	Moorhead, MN	2015-01-28	I co-own a video production company and see these bills as necessary for the continued strength of the North Dakota economy.
cole bernhardt	Bismarck, ND	2015-01-28	I have worked in the multimedia field for over 10 years and this bill would be great for the industry and the state.

HB 1420
1-28-15
#2p.10

Mr. Chairman and members of the committee. My name is Matt Fern and I am testifying in support of House Bills 1420 and 1422.

I was born and raised in Bismarck, North Dakota and after attending film school in Montana I returned home 8 years ago working in the advertising industry then began my own production company four years later. My company has produced North Dakota featured content such as the web series *Daily Dakotan*, featuring profiles on unique North Dakotans, Gwen Sebastian's music video *Small Town Soul*, showcasing Gwen's hometown of Hebron, and Tigirlily's music video *North Dakota*, filmed across the state and generating over 300,000 views on YouTube.

To be clear, these bills are NOT investing in one specific production, like the Bank of North Dakota did with 2001's feature film *Woolly Boys*, these bills are investing in an entire industry. And with digital production and post-production and digital distribution becoming more accessible for the first time in film and tv history, this industry has an opportunity to flourish and grow right here in North Dakota.

North Dakota filmmakers and multi-media professionals are at a disadvantage. Every surrounding state, Montana, Minnesota and South Dakota, all have developed government supported film offices and/or tax incentives. To the north in Canada, film and TV production companies spent over \$1 billion in 2010 alone.

That's why I support House Bill 1420 and House Bill 1422. Here's how the tax incentive, a growing multi-media industry, and just one staff member can benefit us all:

Economic growth. Neighboring state Montana uses incentives and staff to support filmmakers and reports that every \$1 invested in the industry returns \$89 to the economy. Job opportunities grow too. In the past few years, New Mexico has increased employment in the industry by 600%.

Education. Video production skills aren't just for Hollywood and TV anymore. Corporations and institutions of all sizes use high-quality video for marketing, training, investor communications, and recruiting. Unfortunately, many North Dakota filmmakers could not hone their skills in our state. With more professional productions here, more opportunity and experiences open up for our state residents.

Oversight. An essential role of a film office would be to match up credible productions with local professionals. Today, North Dakota video crews and companies often receive calls from national and international companies seeking footage or crew members. But not all of these calls are credible, many don't offer compensation, and few of our state professionals have resources to protect themselves. At the same time, outside companies don't know how to find our local talent—and as a result often bring in contractors from outside the area for in-state work.

Tourism. Iconic places and objects from popular media draw people. Take the wood chipper made memorable in the movie *Fargo*. Today, it sits inside the Fargo-Moorhead Visitor's Center drawing hundreds of tourists eager to don a Fargo hat and snap their photo standing next to it.

Without a film office and tax incentives, I believe North Dakota is regularly missing opportunities to enhance our economy and promote our state and our talent.

Please support House Bill 1420 and House Bill 1422 during the 64th legislative session. Incentives and staff to support the film industry in North Dakota offer a great way bring investment into our state and provide more opportunity for residents.

Sincerely,

Matt Fern

Owner, The Creative Treatment
216 N 2nd Street, Suite 102
Bismarck ND 58501
matt@thecreativetreatment.com

My name is Josh Meny and I moved to Bismarck in November of last year to start work as a Production Specialist for Dakota Media Access.

In 2010, when I received my Master's degree in Documentary Film from Syracuse University, I did not foresee my career path leading to North Dakota. On the contrary, I started the first year of my career in New York City working for MTV's True Life. From there I moved to Montana where I spent two years working as a news reporter for KPAX-TV, and as a producer and videographer for Missoula Community Access Television.

However, like many young professionals like me, other places could not compete with North Dakota's strong economy and great career opportunities. I believe these bills will help others like me find jobs and thrive in their media careers in North Dakota. I believe that a film office and tax incentives for filmmakers will not only help North Dakota with the short-term goal of attracting new professionals, but also in the long-term goal of building a strong foundation for a vibrant, creative multimedia community.

Thank you,

Josh Meny

Jason Allen

DGA • First Assistant Director • iPhone: 310.766.3090 • E-Mail: film70mm@thelift.org
7514 Henry Street • Bismarck, ND 58503
055 Trolleyway Street • Playa del Rey, CA 90293

#2p.12
[JA]

RE: Support House Bills 1420 & 1422 – North Dakota's Film & Television Industry

Wednesday - January 28th, 2015

To North Dakota State Legislative Assembly:

As a proud North Dakota native, it's my pleasure to write this letter encouraging that you vote in favor of this legislation (**HB 1420 & 1422**) to support & catalyze a state film, motion picture/ television, commercial & media industry. North Dakota is the only state that does not have a dedicated film commission and liaison to this multi-million dollar industry that's created thriving local economies in Georgia, Louisiana, New Mexico... Even so in nearby states like Minnesota, South Dakota & Colorado. We need to take this opportunity to start building an infrastructure & mentorship so that North Dakota will have its place in Hollywood.

After graduating from Century High School, I had to leave North Dakota to pursue my dreams of making movies in Los Angeles... An award-winning ULCA short film propelled me to ambitiously produce & direct a movie in Bismarck but it never took-off as the state resigned it's film commission office and we needed to reconstruct the film financing criteria following Wooley Boys. I knew that an emerging film industry in North Dakota would be a slow-steady process, requiring our persistence, patience and perseverance. My career path has lead me to become a reputable first assistant director, member of the Director's Guild of America, responsible for production management, scheduling, on-set safety operations for feature films, television and commercials in Los Angeles & throughout the country... <http://www.imdb.com/name/nm0020630/>

It's truly a passion of mine to imagine North Dakota as my production company central to the heartland, where I've always wanted to share my love for cinema with aspiring, future filmmakers so they can tell their story.

With over 15 years experience working on productions in the film & television industry, I have always wanted to bring more creative business back to North Dakota so we can thrive producing movies, television series, documentaries, commercials, music videos, video games, anything media, in our home state... Developing production, pre-production, post-production & distribution companies with state of the art equipment rental houses, sound stage facilities, editing/sound/mixing studios and a skilled, experienced, diverse industry-workforce takes initiative, incentive, momentum – Thousands of jobs, an influx of creative business & technology, will multiply in millions to the state economy for residents... This is possible with proper leadership, funding and expertise. Building a strong alliance with Hollywood to attract major studio partners with incentives will lay groundwork for North Dakotans to become integrated into the industry & get professional mentorship as local businesses blossom with opportunities for everyone.

For North Dakota to generate any economic development in the film/television industry, elevate creative entrepreneurs in media/technology and support local filmmaking endeavors, this legislation (**HB 1420 & 1422**) would be the spark to ignite a government position to advocate, establish and produce a solid foundation for the kind of Hollywood infrastructure that our home state can embrace... Thank you for your consideration of these house bills, we are truly appreciative of all your hard work & support.

Sincerely,



Jason Allen, first assistant director (DGA)

Mr. Chairman and members of the committee. My name is Reid Trisko and I am testifying in support of HB1420 and 1422.

Several months ago, I was contacted by a friend on a paying film shoot in Dickinson. So I set off for Dickinson, and was very surprised to find out that the crew I was helping film, were all freelancers from different parts of the country. They had flown 2 in from New York, 1 from Los Angeles and 1 from Arizona to help film a TV series they were hoping to pitch to A&E. After a full day of running around carrying lights, clap boards, batteries, mics and other equipment, I got to sit down and talk with the crew, and come to find out that they had been about everywhere to create various TV and film productions. But this was the first time that any of them had ever been to North Dakota.

Now I am not in the TV / Film industry for a living, but it is a fun hobby/side job that I love to participate in. The film shoot in Dickinson was a great and fun experience and I wished we had more of these opportunities. These 2 bills we can help open up those doors. These bills could inspire students in the Film program at BSC or MSUM, to create various Film Productions in North Dakota, other than the films being recreated on the oil industry.

Also, Major film productions create a buzz in the communities. While I was attending school in Madison WI, they were filming the movie Public Enemies, starring Johnny Depp and Christian Bale. They filmed in a small town called Columbus WI, about 20miles North of Madison, as well as in downtown Madison. Although due to a busy schedule I could never make it to any of the shoots to check it out. Some friends of mine were able to, one of them even got to participate in the film as an extra and they all came back with excitement and stories to tell. About actors, directors or the scenes they were apart of. It was everywhere, and everyone knew about the productions and were talking about it, the news, the paper, your friends, neighbors and its fun to be apart of even if you not crazy about films or movies.

I am in full support of both of these bills, that will help bring opportunities and excitement to North Dakota, I hope you strongly consider them.

Thank you for you time,

Reid Trisko

To whom it may concern,

My name is Jon Maichel Thomas. I was born and raised in Bismarck North Dakota. I went to St. Mary's High School before attending the Minneapolis College of Art and Design. I now work as a film director and producer in Minneapolis. I've worked on over 24 feature films as a title designer. The first feature film I produced, Ghost From The Machine, premiered internationally and is distributed world-wide, and on Netflix. We made the movie in Minnesota, with all local filmmakers cast and crew.

I am writing to ask you to please fund a North Dakota Film Commission, with an office, staff and tax incentives to make films in our great state.

As a filmmaker, I want to make films in ND. In fact, I am writing a North Dakota based story right now, but without a commission to help organize a film community, actors, crew and location support it is very difficult to return to ND and make a film in the state, even just being a short six hours in Minneapolis. Without that infrastructures and local film connections in ND, I have to find places to shoot near Minneapolis for ND out of necessity for the project.

I live and work In Minnesota because organizations like the MN Film and TV board help provide creative jobs for me here. Their work impacts more than just a small group of filmmakers. They help advertising, TV, and web industries thrive. They provide jobs for food service companies, rental equipment, hotel bookings, and location property access and to a band of technically skilled workers from film crew to drivers to set builders to communities. They provide educational opportunities and inspire people to tell stories and live and work in their state. They attract independent Hollywood productions which won't come to the cities to shoot without the tax incentives. This is because it so hard to get a movie made these days without the incentives and most importantly quality crew.

The number one reason North Dakota needs a film commission is for people like me, hard working creative individuals who want film and entertainment opportunities in the form of real jobs in their home state. This will allow, aspiring and current talented filmmakers, to build their craft and not have to move away to find the work they dream of doing.

A film commission will allow us to tell stories about North Dakota history and shoot them in the state. Not shoot Canada for North Dakota.

North Dakotan's are known for doing pretty amazing things, like David Henderson Houston who invented roll film in Dakota Territory in 1881. His invention helped inspire photography and filmmaking.

Please adopt this legislation for a North Dakota Film Commission.

Sincerely,

Jon Maichel Thomas

Testimony in Support of HB 1420 and 1422, To Create a North Dakota Film and Television Office
and Incentives for Audio/Video Production

Written Testimony by Margie Bailly, Executive Director, Fargo Theatre, 1996-2011, and
Fargo Film Festival Director Emeritus

January 27, 2015

Moving pictures/cinema/films and, more recently, television have creatively reflected contemporary culture for almost 100 years. North Dakotans have made important contributions to this industry throughout its history.

In the 1920's, film makers Angela Murray Gibson and Dorothy Davenport were producing works for the silver screen right here in North Dakota. In 1962, North Dakota film producer Bill Snyder and his editor John McDonough won multiple awards for an industrial film titled "Cry of the Marsh". From 1974-1979, North Dakota natives John Hanson and Rob Nilsson meticulously chronicled the early years of the Non-Partisan League in North Dakota. Their haunting full-length feature film, "Northern Lights", won awards and accolades around the world, including the Camer d'Or for Best First Feature at the 1979 Cannes Film Festival. In the late 1970's, Hanson and Nilsson, along with fellow North Dakota native David Schickele, also produced "Rebel Earth", the story of North Dakota Socialist Party activist Henry Martinson. In the mid 1990's, the then-existent North Dakota Film Commission assisted the Coen Brothers with their break-out film, "Fargo".

In the 2015 legislative process, North Dakota has an opportunity to play a major role in enhancing an industry that can serve the state as an economic development engine and marketing tool. North Dakota has significant media production capacity. A designated North Dakota Film and Television Office, along with financial incentives, will support and grow this industry and illuminate for the world North Dakota's creative population and unique geography.

Quite frankly, my dears, we should "give a damn" and support HB 1420 and 1422.

Written testimony,

Margie Bailly

My name is Tom Brandau and I have been teaching Film Production at Minnesota State University Moorhead since 2004. MSUM's School of Media Arts & Design currently has over 400 majors, representing the disciplines of Film, Graphic Communications, Graphic Design and Photography. Potentially all of these future graduates will be looking for employment in the field of Multi-Media, and many of them would rather work in the North Dakota region (where they already have personal ties) than travel away. The development of a North Dakota film office and better infrastructure would go a long way in keeping these Multi-Media professionals living, working and paying taxes in North Dakota. It just makes good, solid economic sense.

sincerely,

Tom Brandau

Professor, Film Production
School of Media Arts & Design
Minnesota State University Moorhead
Office: CA 29
218-477-2950
701-446-7818 Cell
www.mnstate.edu/cadt

Mr. Chairman and members of the committee. My name is Sheldon Anderson and I'm writing in support of HB 1420 and 1422

As a native of Minot now living in Los Angeles, I have recently worked with Josh Duhamel and Nigel Lythgoe, creator of American Idol, creating shows to benefit towns hit by natural disasters, like the flood that occurred recently in Minot.

The untouched beauty and character found in ND landscapes and towns cannot be duplicated. People are fascinated by North Dakota, and always ask me "What its like"? I believe creating a ND film commission would help to answer this question and be a boom for tourism and the economy.

Thank you for your consideration,

Sheldon Anderson

3805 Tracy St.
Los Angeles, CA 90027
iamsheldon@yahoo.com
310 490 6715

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1-28-15
#3 p.1

28 January 2015

Dear Finance and Taxation Chairman and Committee Members:

My name is Jim Kambeitz, and I am testifying in support of HB 1420 and 1422. I support creating a ND Film Office because as Production Manager at Dakota Media Access in Bismarck, I work with numerous volunteer and hobbyist video, television and film producers and talent here in ND. Their work is good, but their possibilities to pursue these careers professionally is limited because there is no central film office or economic incentives to build this infrastructure.

We can change this inequity and give our local technology based talent the same fair chance that every other state offers their students: a Film Office to represent them and a commitment to showing investors that it is worth investing in North Dakota's workforce.

After having to leave the state to get my film and television education, I always wanted to come back, but was only able to return to ND because I was lucky enough to have a job in the audio/video world as Production Manager at Dakota Media Access. Without this job, I would have to live elsewhere to pursue my career -and such is the case with most of my friends who have left the state. HB 1420 and 1422 can change this trend.

Thank you for hearing my testimony and I'd appreciate your supporting these bills.

Sincerely,

Jim Kambeitz
Production Manager
Dakota Media Access
307 N. 4th St.
Bismarck, ND 58501-4020
Jimk@freetv.org
ph: 701-258-8767

Masters in Film Theory, University of North Dakota
Postgraduate, Cinematography, Polish National Film School
Co-Founder, North Dakota Filmmakers Association
Production Manager, Dakota Digital Film Festival

January, 28th, 2015

Dear Finance & Taxation Chairman and Committee Members,

My name is Nicci Johson and I am a student at Bismarck State College, studying production; specifically, audio/video, radio, journalism and event planning. I urge you to support HB1420 and 1422, because they will help build a strong production infrastructure so my fellow colleagues and I will be able to pursue our careers in ND, instead of leaving the state.

Thank you,

Nicci Johnson
Student, Journalist, Radio and Video Producer
Bismarck, ND

Matt Olien, Fargo ND, Testimony for ND State HB 1420 and HB 1422

January 25, 2015

Dear ND State House Finance and Taxation Chairman and Committee Members:

I am very pleased to hear that there is interest from the legislature to re-establish a North Dakota Film Commission, or North Dakota Film Office. Such a move is long overdue and would contribute economically and artistically to this state.

It's amazing to think that the "Fargo" TV series isn't even shot in North Dakota, or near North Dakota. The reason is simple. There is no financial incentive for filmmakers to shoot here, even though the locations and local décor would be perfect for the series. Many who don't understand the film industry, think movies and tv shows are shot entirely in either Los Angeles or New York. But while this is true part of the time, it's always amazing to people when they found out that a certain film was shot in maybe Vancouver, or even in a foreign country.

Filmmakers will go shoot where it makes financial sense to shoot, and from there they will recreate whatever locations or time period they need. States like North Carolina, Louisiana and New Mexico have profited from and benefitted from aggressive tax incentives designed to lure filmmakers to their state. Most movie goers don't stay through the end of the closing credits, but if they did, they would often notice a message stating that this film provided economic benefits of this much money and provided jobs to this many people during the shoot. When film crews come to a state, they bring plenty of technicians, actors and other members of the film crew who all stay in area hotels, eat in area restaurants, and spend money. They often hire local people as well for various jobs. This all could happen in North Dakota, potentially, with the establishment of a film commission, and with the establishment of financial incentives.

The Bakken is now proving to be a very interesting filmmaking subject in recent years, and that aspect has brought, and could bring more filmmakers to western North Dakota. Recently, a documentary called "The Overnights" was shot in and around Williston. The film has won many awards including the best Documentary Feature award at the upcoming 2015 Fargo Film Festival. In addition, the Documentary Short film "White Earth" is nominated for the Short Subject Documentary award at the upcoming 87th annual Academy Awards. Filmmaker Christian Jensen came from California to the Bakken where he shot this film about man camps and the oil fields. The makers of these two excellent documentaries came here and filmed on their own dime, without tax incentives. Can you imagine with financial incentives, how many more filmmakers might shoot documentaries or feature films in North Dakota.

15 years ago, myself and others who started the Fargo Film Festival were told by some that you could never start and maintain a film festival in North Dakota. But we've done it and 15 years later, we routinely have high quality films in competition, and even Oscar winning and Oscar nominated short and documentary films screening in Fargo. Filmmakers who've attended our festival in the past have loved their stay in Fargo and many have expressed interest in returning to shoot a film here. Let's help make that happen so our state can be at the forefront of filmmaking and be a state that's inviting to talented people who want to make movies in and about North Dakota.

Thank you and thank you for the consideration of creating a North Dakota Film Commission. If lawmakers desire further information they can contact me at molien@prairiepublic.org or they can call me at 701-200-0547.

Sincerely,

Matt Olien
Fargo Film Festival Organizer and past Co-Chair
Prairie Public Radio Film Reviewer
Prairie Public TV Documentary Filmmaker

Dear Mr. Chairman and committee members,

My name is Joel Janikowski, and I am writing in support of House Bills 1420 and 1422. I am the CEO of the public service support team called Artists of ND. We are dedicated to supporting all kinds of local artists from of North Dakota, and we believe that the proposed ND Film & Television Office would greatly help our artists, as well as fill critical demands for more statewide communication and collaboration in the arts.

Currently, our website [ArtistsofND.com] provides free public services such as:

- A directory of local artists including bands, photographers, filmmakers, and much more
- A calendar of local events
- Local weekly featured artists
- A multi category forum called Townsquare
- Posting tips, news, and ideas via social media

These efforts have been helping many artists collaborate and co-develop the professional quality of art our state has to offer, however, it is not enough. The ND Film Office would greatly help support the above efforts we're making. Particularly, the future database that such a Film and Television Office would maintain would greatly help expand our artist directory. It will both help grow our directory and increase professional collaboration-allowing clients and artists access to talented filmmakers, and on the other hand, show filmmakers what sort of artistic talents are available for filmmakers to employ so filmmakers can find the right professional for their next project.

We see a very bright future for local artists by collaborating with the North Dakota filmmakers and video producers. We strongly recommend your support these new bills. Thank you.

Sincerely,
Joel Janikowski
CEO of Artists of ND
artistsofnd@gmail.com
Bismarck, ND

Dear Mr. Chairman and members of the ND State House Finance and Taxation Committee,

My name is Ali LaRock and I am testifying in support of HB 1420 and HB 1422. I am a local artist, gallery owner, and teaching artist. Creating a Film and Television Production Office will help me as an artist and filmmaker connect and collaborate with other professionals. It will also help the students I teach, and the people of ND in general. I believe that all art forms, especially film and audio/video production, are important for people's well being. Such an office would help build a community with more creative and smart people will attract and inspire more entrepreneurs and creative people. In addition, these professionals will make young people want to stay in our state, and attract others to relocate here. It is smart economics to incentivize these high tech and creative careers, especially in the information age, where art & culture are in high demand. In Bismarck alone, in the past five years we've seen a steady increase in jobs for video producers, web content creators and other artists. HB 1420 and 1422 are necessary steps toward keeping these jobs here and advancing our production infrastructure.

I strongly support these two bills.

Thank you,

Ali LaRock
1020 N. 7th st.
Bismarck, ND 58501

28 January 2015

To the members of the Finance and Taxation Committee,

I would like to express my support for HB 1420 and 1422. I believe that both these bills are of great value to our state. North Dakota is a state with history and a wonderful culture. Our state however is unknown to most of the country and world, I believe a big part of that is that our story-tellers do not have the tools to work within our home state. Our state is always looking for ways to keep our youth here. One way we can do that is with jobs and that is what 1420 and 1422 will do, create good jobs.

If there is anything the past few months has shown us, it's that we can't rely on boom industries. We need industries that will be around for future generations to work in. 1420 and 1422 not only will bring work, but skilled labor to our state, the kind of jobs our youth are looking for. North Dakota is the only state in the union that does not have it's own film commission. Because of this our state is not only missing out on the jobs the film industry creates, but also the industries it supports. Hotels, restaurants and almost any business that serves the public would benefit from a strong film industry in our state. I believe that our state's beauty and history needs to be shown. Both bills will be a great way to move our state in the right direction.

Thank you for your attention,

Kyle Barnard
Computer Technician & Film Producer
Bismarck, ND

From: Tom Brandau <Brandau@mnstate.edu>

Subject: HB 1420 & 1422

Date: January 27, 2015 4:20:14 PM CST

Dear Chairman and committee members,

My name is Tom Brandau and I have been teaching Film Production at Minnesota State University Moorhead since 2004. MSUM's School of Media Arts & Design currently has over 400 majors, representing the disciplines of Film, Graphic Communications, Graphic Design and Photography. Potentially all of these future graduates will be looking for employment in the field of Multi-Media, and many of them would rather work in the North Dakota region (where they already have personal ties) than travel away. The development of a North Dakota film office and better infrastructure would go a long way in keeping these Multi-Media professionals living, working and paying taxes in North Dakota. It just makes good, solid economic sense.

Sincerely,

Tom Brandau
Professor, Film Production
School of Media Arts & Design
Minnesota State University Moorhead
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www.mnstate.edu/cadt

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Testimony in favor of HB 1422
January 28, 2015

Jeff Eslinger, Bismarck
Former North Dakota Film Commissioner

Mr. Chairman, members of the committee, my name is Jeff Eslinger, and I am testifying in support of HB 1422.

I had the privilege of serving as Film Commissioner for the State of North Dakota from 1991 to 1995. The office was formally established by the 1991 Legislative Session, and was in many ways a response to the success of the film *Dances With Wolves*, which filmed in South Dakota. At that time, North Dakota was one of only a very few states without a film commission. I don't know when we stopped staffing the office or when we lost our accreditation as a member of the Association of Film Commissioners International, or AFCI, but today, it appears we are the only state without a film promotion office of any kind. Without a film office that is a member of AFCI, we basically don't exist to many producers. I believe our state needs to change that, again, as we first did in 1991.

I thought it would be helpful to give you an overview of how Film Commissions work and what they do. Although today's technology has certainly changed how things are done day-to-day, Film Commissions still perform the same three primary functions.

First, they help develop the local production industry by encouraging film production by out of state companies. Commercials, documentaries, reality TV and many other kinds of production companies turn to film commissions first and foremost for help finding specific locations as well as local resources from cast and crew to catering, rentals, and of course hotels and transportation. These companies want to save money, and the best way to do that is to hire and rent locally. With no film commission to help them find these resources, they will turn to a substitute location. The local crews gain not just an income, but also valuable experience working with big production companies. In addition, many local companies work on their own creative projects for film festivals and the many content carriers available now thanks to the Internet. The experience, exposure and networking they gain from outside production companies is immensely valuable to them, not only as technicians, but also as artists.

The 90s were a time of impressive growth in production, thanks in part to reality TV programming, but mostly due to the growth of outlets for video content. As Bruce Springsteen lamented, "57 Channels and Nothing On." North Dakota shared in that growth. We aided in production of Ken Burns' epic documentary on Lewis and Clark, multiple projects about Roosevelt, Custer, Sitting Bull and other historical subjects, as well as the newly popular shows *Unsolved Mysteries* and *Cops*. Thanks to the internet, the number of outlets seeking content has grown exponentially since then. The oil boom has already resulted in several productions visiting us. Our local production companies need to have an office that advocates for them to get hired on these projects.

Second, Film Commissions can play an important role in protecting their state and its production industry from some of the "bad actors" out there. On several occasions, I saw suspicious looking casting calls and similar activities, and simply by calling them for more

information and asking when and where I could meet with them, they suddenly disappeared. Every commissioner I met back then had stories about how they averted shady dealings in their states.

Third, and the function most people are familiar with, is that film commissions work hard to bring major productions to their states, which can result in a huge tourism benefit. *Dances with Wolves* and *Field of Dreams* were released more than two decades ago, but the sets of both of those movies are still major tourist attractions in South Dakota and Iowa. Having a film commission can't guarantee that a production of that stature will come to North Dakota, but I do believe that not having one will all but guarantee that we don't get a major film. Our first and arguably only taste of what you might consider "big time" success was the crucial role North Dakota locations and crew played in the Academy Award winning film *Fargo*. It's my understanding that the woodchipper from *Fargo* is actually in Fargo, and it remains a popular place for tourists to take photos. We didn't get those scenes by accident. I was on the phone nearly every day with the production company. They didn't want to leave the Twin Cities with their crew, but persistence and fortunate weather patterns paid off for us. I later learned that Wisconsin was also lobbying hard for those scenes. I'm convinced they would have succeeded if we weren't working so hard to get the attention of the Coen Brothers on that project.

With my testimony, I have included a copy of the quarterly newsletter I used to send to our North Dakota contacts in Hollywood. It took several years to develop a network of over 100 people, most of whom were born here or lived here, and all of whom had verifiable film and TV credentials. That is the kind of effort that cannot just happen on its own, but with a film commissioner, using social media and other resources I didn't have, I believe we can very quickly build a presence in that industry again.

Finally, I also benefitted greatly from an advisory board.. My advisory board changed over time, of course, but I've listed them to the best of my memory:

Merry Helm - writer, composer from Fargo

Tom Tollefson - Snyder Films, Fargo

Art Phillips - VideoArts Studios, Fargo

George McDonald - Bismarck videographer and film teacher

Susan Geston - (now deceased) Film writing teacher at MSUM and Mother in Law of Jeff Bridges

Charlie Korsmo - child actor (*What About Bob*, *Hook*, *Men Don't Cry*, etc) and son of John Korsmo, Fargo

Sen. Bob Martinson, Bismarck

Tom Snyder - film buff from Fargo

John VonReuden - (now deceased) Bismarck

Ladies and gentlemen, I encourage you to take this first important step and reestablish a film commission for our North Dakota. I believe it will help grow the existing motion picture industry in our state, and could help bring recognition that will have a long term benefit to our tourism industry.

NORTHERN *Lights*

An Occasional Publication of the North Dakota Film Commission. 604 E. Blvd. Bismarck, ND 58505



Governor Ed Schafer with Arthur Hiller, President of the Academy of Motion Picture Arts and Sciences, and John Pavlik, also with the Academy (Drayton, ND)

Northern Lights Reception at DGA a Blast!

The beautiful atrium of the Directors Guild building bustled with excitement for the second annual "Northern Lights" Reception, hosted again by North Dakota governor Ed Schafer. The Governor worked the room in his usual, energetic style, meeting virtually everyone who came through the door. Dignitaries and celebrities such as directors **Arthur Hiller** and **Robert Ellis Miller** and the Governor's longtime friend **Shadoe Stevens** were welcomed along with close to 100 North Dakota "transplants" from all aspects of the motion picture industry.



Director Robert Ellis Miller, Producer Susan Stern Fineman (Fargo, ND)

Fritz Braden of Prescott, Arizona won the drawing for the magnificent sunflower arrangement from Pipestem Creek of Carrington, ND. Everyone who wanted to win something got a prize of some kind. We gave away lots of promotional shirts, posters and North Dakota produced Native American music CDs provided by Meyer Creative Productions of Bismarck.



Around 100 guests visited the Director Guild Atrium throughout the evening.



Tourism Director Kevin Cramer with "Dave's World's" Shadoe Stevens (Jamestown, ND) and his wife Beverly

While not every visitor signed the guest book, those who did are listed in the shaded box. There are many for whom we would like more information, like address and their connection to North Dakota. If you know someone whose name is marked with an asterisk, please call or write so we can fill in the blanks on our list.

Duplicate photos are available. If you were blinded by a flash and want to see if our photo of you has black-mail potential, please call and we'll send you a print.

The Guest Book

*Paul Kersey,	Burbank	John Pavlik,	Thousand Oaks
*Bud Yater,	Palm Beach	*Leslie Unger,	L.A.
Mike Kalvoda,	Studio City	Shadoc and Beverly Stevens,	L.A.
Jeffrey Baxter,	L.A.	Lorin Brennan,	L.A.
*Matt Drake		Janna Joos,	L.A.
Terry Erdmann,	Woodland Hills	*Leslie Goott	
Angela Land,	Glendale	*Chuck Tately	
Kip Stolberg,	Sherman Oaks	Tom Fineman, Sherman	Oaks
Larry Udy,	Burbank	Susan Stern Fineman,	Sherman Oaks
Arthur Hiller,	L.A.	John Rice,	L.A.
Rick and Kathy Lee,	Grand Forks, ND	Tracie Graham,	L.A.
Robert Primeaux,	Burbank	Meg Gallagher,	L.A.
*Libby Hurley,	Clarksville, Arkansas	Nick and Marva Graham,	Bakersfield
Mark Neukom,	Hollywood	Kerry Slattery,	L.A.
Sam Neukom Williams,	Hollywood	Judy Young,	Prescott, AZ
Peter R.J. Deyell,	Hollywood	Fritz and Duffy Braden,	Prescott, AZ
Michael B. Frankel,	N. Hollywood	Heather Hopper,	L.A.
Shari Carlson,	San Francisco	Frank and Annette Kostenko,	Vun Nuys
Dan Belzer,	San Francisco	Jesse R. Franks,	Tujunga
Alf and Sally Clausen,	Northridge	Jeff Acher,	Riverside
Norman Rice, Orlando,	FL	Greg Lucas,	Long Beach
Damara Reilly,	San Francisco	Martha Avechikic	
Maria Kling,	Nice, France	Tom and Laura Joyner,	Burbank
Robert Ellis Miller,	L.A.		



Kathy Lee, Rick Lee and Kip Stolberg

Film Commission Attends Locations 95

North Dakota's booth at the Association of Film Commissioners International's "Locations 95" marks the fourth consecutive year our state has participated in the location filming trade show. Moving to the Burbank Hilton this year from Santa Monica, the March 4-6 show helped North Dakota get exposure to thousands of line production personnel, location professionals, producers and directors. With the help of volunteers **Kip Stolberg** and **Rick and Kathy Lee**, of Grand Forks, we distributed hundreds of North Dakota Production Guides, promotional magazines and videotapes. Those of you who would like a Production Guide or other North Dakota stuff please call 800-328-2871.



Producer Tracie Graham, Writer John Rice (Minot, ND) and Governor Schafer

Special Thanks

Special thanks to ND Film Board Members **Rick and Kathy Lee**, ND Tourism Director **Kevin Cramer** and of course to **Governor Ed Schafer** for making the Reception and Locations 95 much more fun and much more valuable events for North Dakota. Also, without the help of **Keith LaQua**, the event would never have found such a great home as the DGA building, and would have been far less organized (not to mention well attended). Taking the Governor and us late lingerers to the Foundation Room at the House of Blues afterward truly endeared Keith to us all. Finally, special and personal thanks to **Kip Stolberg** for his hard work on both the reception and Locations 95.



Shadoe Stevens and Film Commissioner Jeff Eslinger
(Thanks for taking this one, Beverly!)

Grammy and Oscar Like North Dakotans

Congratulations to **Peggy Lee** for the NARAS Lifetime Achievement Award presented to her during the 1995 Grammy Awards. What an honor! Computer graphics for the award show were designed by **Bill Huggins' TV Art**. And on Oscar night, that was **David Plakos** on stage behind the camera, giving us nice close-ups of Best Actress award winner **Jessica Lange** and others. Attending the awards and afterglow with boss **Stephen Spielberg** was **Keith LaQua**, always able to find a way to plug Artists Rights (plus, the cause gets him into a lot of cool places!)

Peggy is from Jamestown, Bill from Grand Forks, David and Jessica both lived in Fargo and Keith is from Langdon.

As always, if I missed anyone whose work should be noted, please call so they can be recognized in the next newsletter.

WE ARE MAKING MOVIES IN NORTH DAKOTA!



ARTWORK BY BOB SAUERESSIG

Film Production Off to An Early Start in ND

Joel and Ethan Coen's latest feature film, titled "Fargo" wrapped filming in the Grand Forks area after moving the production here from Minnesota. The unusually warm winter helped us bring in the film for exterior snow scenes. As the snow was melting in early March, crews used available snow, fake snow and snow trucked in from area parking lots to give the film its needed exterior scenes in about two weeks of filming. Ironically, the film's North Dakota scenes were filmed in Minnesota. The scenes filmed in North Dakota will be identified as near Brainerd, Minnesota in the film!

The early thaw cost us the completion of a very unusual project. A commercial for a European chewing gum was all set to go, including the giraffe and African acacia trees that were imported, but they had to pull up stakes when the snow melted. We were to double for Africa (where it never snows) to prove how refreshing the gum is. The day the crew left, it snowed 8 inches at their location near Bottineau!

New Issue of ND Horizons Enclosed

Appropriately, this issue of *North Dakota Horizons* includes an article and great photos of the real northern lights. Unless someone voices serious opposition to the name, "Northern Lights" is the handle we put on our North Dakota transplants in show business. Minnesota calls their group the "Ice Pack." People generally don't need a reminder that it can get cold here, so we chose something less weather oriented. Besides, all we could come up with was "Snow Flakes" and we didn't think you'd like being called flakes.



HB 1420
1-28-15
#5

Finance and Taxation House Standing Committee

Wednesday, January 28, 2015

HOUSE BILL NO. 1420 -- relating to a North Dakota film production tax credit; and to provide an effective date.

HOUSE BILL NO. 1422 -- to provide an appropriation to the department of commerce for promoting the state as a production site to the film and television industry.

Chairman Headland, Vice Chairman Owens, Members of the Finance and Taxation Committee, and Citizens of North Dakota, Greetings.

My name is Kevin R. Tengesdal. I am a print production graphic designer, and I am a community actor on stage and in video productions. I have several friends who are actors and film producers who have left North Dakota because there is no viable film industry here in North Dakota. With these incentives, this could be the first step in ensuring that talented North Dakotans will not have to make the choice to leave the state to pursue their career passion. I am asking you to pass HB 1420 and 1422 without amendment. Thank you for your time and consideration.

Kevin R. Tengesdal
District 35
2025 North 16th #4
Bismarck, ND 58501

HB 1420
1-28-15
#6 p.1

Sixty-fourth
Legislative Assembly
of North Dakota

Introduced by
Representative Strinden

A BILL for an Act to create and enact a new section to chapter 57-38 and a new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating to a North Dakota film production tax credit; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Film production tax credit.

1. A production company that has submitted an application for a tax credit and paid the fee as required under this section 2 is allowed a tax credit against the taxes imposed by under section 57-38-30 or 57-38-30.3 this chapter for the employment of residents of this state in connection with a state - certified production in this state.

a. The aggregate of the credit allowed under this section for a production occurring in the production company's tax year is fourteen percent of the first fifty thousand dollars or less of actual compensation paid to each North Dakota resident employed in connection with the state - certified production during the tax year.

b. The taxpayer is required to provide to the department, on a form prescribed by the department, a list of all cast and crew participating in the production and the amount of compensation paid to each North Dakota resident.

c. A C corporation, an individual, an S corporation, or a partnership qualifies for the passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level. The total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their

#69.2

respective interests in the passthrough entity. An individual taxpayer may take the credit passed through under this subsection against the individual's state income tax liability under section 57-38-30.3 credit under this section. If the credit is claimed by an S corporation or a partnership, the credit must be attributed to the shareholders, partners, or members in the same proportion used to report income or loss for state tax purposes.

d. The credit allowed under this section may not be claimed by a taxpayer if the taxpayer has included the amount of the compensation upon which the amount of ~~the credit~~ paid was ~~computed as~~ used to compute a deduction or credit under this chapter.

e. The credit allowed under this section may not exceed the taxpayer's tax liability.

2. To receive a tax credit under this section for a state - certified production, a production company shall apply to the department of commerce on a form prescribed by the department. The form must be accompanied by a five hundred dollar application fee. The application must be made and the fee paid at the time the production company files the production company's tax return. The fee must be deposited in the state general fund.

3. A production company that has submitted an application and paid the fee as required under subsection 2 is allowed a ~~tax~~ credit against the taxes imposed by section 57-38-30 or 57-38-30.3 for qualified expenditures in this state made in connection with a state - certified production in the state. The credit allowed under this section is equal to nine percent of the total qualified expenditures incurred in connection with the state - certified production during the tax year.

a. The taxpayer ~~is required to~~ shall provide the commissioner, on a form prescribed by the commissioner, the amount of qualified expenditures. The taxpayer shall also provide other information required by the ~~tax~~ commissioner to verify the accuracy of the qualified expenditures.

b. The taxpayer shall ~~certify in writing~~ provide to the commissioner the amount that the taxpayer has paid in full to each vendor in North Dakota for all goods and services purchased by the taxpayer in connection with the state – certified production during the tax year. A credit under this section may not be claimed unless the taxpayer has paid in full for all purchases of goods and services from North Dakota vendors.

#6 p. 3

- c. The credit allowed under this section may not exceed the taxpayer's tax liability.
- d. A ~~C corporation, an individual, an S corporation, or a partnership~~ qualify for a passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level. The total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity. An individual taxpayer may take the credit passed through under this subsection against the individual's state income tax liability under section 57-38-30.3. ~~credit under this section. If the credit is claimed by an S corporation or a partnership, the credit must be attributed to the shareholders, partners, or members in the same proportion used to report income or loss for state tax purposes.~~
- e. The credit allowed under this section may not be claimed by a taxpayer if the ~~taxpayer has included the amount of the~~ qualified expenditure ~~upon which the~~ is used to compute another ~~amount of the credit was computed as a~~ deduction or credit under this chapter.
4. A production company may not receive a tax credit under this section unless the production has been certified by the department of commerce, as provided in this section, ~~and has applied to the tax commissioner for the tax credits.~~ The department of commerce must certify an application within thirty days after submission.
- a. An application must be submitted by the production company to the department of commerce before the start of the principal photography. The application must include:
- (1) The production company's name, primary home address, business address, telephone and fax numbers, incorporation information, and federal tax identification number;
 - (2) The address and telephone and fax numbers of the production company's North Dakota office;
 - (3) The name of the line producer, unit production manager, or production accountant or the names of all three;

#6p.4

- (4) A statement that the applicant meets the definition of a production company under this section;
- (5) The title of the production;
- (6) The type of production;
- (7) The proposed dates of production from preproduction to the start and completion of principal photography;
- (8) A copy or synopsis of the production script;
- (9) A list of the production locations;
- (10) A statement that the proposed production:
- (a) Does not contain any material or performance that would be considered obscene; and
- (b) Will not receive any money for tobacco product placement, advertisement, or other tobacco use in the production; and
- (11) If the production is a feature - length film, a statement that the production will include a line in the production's film credits that the production was filmed in North Dakota.
- b. The application must be signed by the manager, agent, president, vice president, or other person authorized to represent the production company.
- c. The department of commerce shall notify the applicant within thirty days of receipt as to whether the production qualifies as a state - certified production. If the department of commerce approves the application, it shall provide a certification number to the applicant and notify the department of revenue tax commissioner of the approval and certification number. If the production is a feature - length film, the production company and the department of commerce, prior to the issuance of the certification number, shall enter into an agreement that the production company
- will comply with this section. The agreement may provide for remedies if the production company violates the agreement.
- e. If the department of commerce determines that the production company has violated the provisions of this section, the department of commerce may revoke the state certification of the production. If the department of

#6 p. 5

commerce revokes the state certification, the department of commerce shall notify the department of revenue tax commissioner.

f. The department of commerce shall prescribe rules, including a procedure for review of ~~that the~~ department's denial or revocation of state certification, necessary to carry out the provisions of this section.

5. Within sixty days of completion of principal photography, the production company shall submit a statement to the department of all expenditures and compensation paid to North Dakota residents.

6. A taxpayer whose certification has been revoked may not claim the credits allowed under this section. If the department of commerce revokes the state certification of a production company after the production company has taken a credit under this section, the production company shall refund the amount of any credit ~~taken. The and pay taxpayer is subject to the~~ penalty and interest ~~provisions of this section~~ as provided in section 57-38-45.

7. The commissioner shall adopt rules that are necessary to implement and administer this section. The department shall, in consultation with the department of commerce, develop procedures for determining compensation paid to residents and qualified expenditures for the credits allowed under this section and for taxpayer compliance with the provisions of this section.

8. As used in this section, unless the context requires otherwise:

a. "Compensation" means salary, wages, or other compensation reported on the federal form W-2 or 1099, including related benefits paid to a North Dakota resident.

b. (1) "Production" means a nationally or regionally distributed feature - length film , short film, documentary, television series or segment, television pilot, magazine advertising, other than advertising for tobacco products, or commercial made in the state, in whole or in part, for theatrical, television, video, internet, or other viewing.

(2) The term does not include the production of television coverage of news and athletic events or a film, video, internet production, television series, magazine advertising, or commercial that:

(a) Contains any obscene material or performance; or

#6 p. 6

(b) Is produced in whole or in part with money received for tobacco product placement, advertisement, or other tobacco use in the production.

c. "Production company" means a company engaged in the business of producing nationally or regionally distributed productions. The term does not include a company owned, affiliated, or controlled by, in whole or in part, a company or person that is in default on a loan made by this state or a loan guaranteed by this state or a company or person that has filed for bankruptcy.

d. "Qualified expenditures" means expenditures in North Dakota made by a production company that are directly related to state - certified production. The term includes expenditures for lodging expenses, restaurant and food expenses, location fees, lumber and construction material, rental or production equipment and vehicles, and supplies and materials that will be used in the production. The term does not include expenditures made for goods and services obtained out of state.

e. "State - certified production" means a production certified by the department of commerce and produced by a production company that has a national or regional distribution plan, including a major theatrical exhibition, film festival, television network, cable television programming, magazine advertising, or video or internet distribution.

9. Except as provided in section 57-38-59.3, a production company is subject to the income tax withholding requirements under sections 57-38-59 and 57-38-60.

SECTION 2. A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

The film production tax credit under Section 1 of this Act.

SECTION 2. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2014.

#6 p.7

Prepared for
Representative Strinden
January 28, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1420

Page 1, line 1, after "57-38" insert "and a new subdivision to subsection 7 of section 57-38-30.3"

Page 1, line 9, remove "this"

Page 1, line 9, after "section" insert "2"

Page 1, line 9, replace "by" with "under section 57-38-30 or 57-38-30.3"

Page 1, line 10, remove "this chapter"

Page 1, line 14, remove "actual"

Page 1, line 19, replace "C corporation, an individual, an S corporation, or a partnership qualifies for the" with "passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level. The total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity. An individual taxpayer may take the credit passed through under this subsection against the individual's state income tax liability under section 57-38-30.3"

Page 2, line 3, replace "the credit" with "paid"

Page 2, line 3, replace "computed as" with "used to compute"

Page 2, line 3, after "deduction" insert "or credit under this chapter"

Page 2, after line 3, insert:

"e. The credit allowed under this section may not exceed the taxpayers tax liability."

Page 2, line 11, remove "tax"

Page 2, line 12, after "57-38-30" insert "or 57-38-30.3"

Page 2, line 16, replace "is required to" with "shall"

#68 26

Page 2, line 18, after "the" insert "tax"

Page 2, line 20, replace "certify in writing" with "provide"

Page 2, line 27, replace "C corporation, an individual an S corporation, or a partnership qualify for a" with "passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level. The total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity. An individual taxpayer may take the credit passed through under this subsection against the individual's state income tax liability under section 57-38-30.3."

Page 2, remove lines 28 through 31

Page 3, line 2, remove "taxpayer has included the amount of the"

Page 3, line 2, replace "upon which the" with "is used to compute another"

Page 3, line 3, remove "amount of the credit was computed as a"

Page 3, line 3, after "deduction" insert "or credit under this chapter"

Page 3, line 6, remove ", and has applied to the tax commissioner for the tax credits."

Page 4, line 9, replace "department of revenue" with "tax commissioner"

Page 4, line 18, replace "department of" with "tax commissioner"

Page 4, remove line 19

Page 4, line 21, replace "that" with "the"

Page 4, replace "taken. The" with "and pay"

Page 4, line 30, remove "taxpayer is subject to the"

Page 4, line 30, replace "provisions of this section" with "as provided in section 57-38-45"

Page 5, line 7, after "compensation" insert "reported on the federal form W-2 or 1099"

Page 6, after line 7 insert:

#6 p. 8

"9. Except as provided in section 57-38-59.3, a production company is subject to the income tax withholding requirements under sections 57-38-59 and 57-38-60."

Page 6, after line 7 insert:

"SECTION 2. A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

The film production tax credit under Section 1 of this Act."

Renumber accordingly

HB 1420
2-10-15
1 p.1

Prepared for
Representative Strinden
January 28, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1420

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#10.2

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1 p. 3

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