

C O M P L E T E C A S T I N G

B Y S T E P H E N S A L A M U N O V I C H

To: Representative Ross Hunter
Re: State Film Incentive

March 2, 2012

Dear Representative Hunter,

I am a constituent that lives in the 48th district and am a film industry professional. We have exchanged emails before. I am writing in response to your recent comments about SB 5539 posted yesterday on your blog. After reading your comments, I felt compelled to write and address some of your misconceptions about the Motion Picture Competitiveness Program that are threatening the viability of SB 5539.

You specifically quote two studies as proof that production incentives represent bad public policy. The first is from the Center on Budget Policy and Priorities and the second is from the Tax Foundation. Although well-meaning, the facts in the two studies are wrong on the pivotal elements that differentiate this incentive program from those included in the reports.

For example, these studies base their conclusions on production incentives in the most aggressive states such as Massachusetts, Michigan, New Mexico and Louisiana. If only considering these programs, I might agree that film production incentives represent bad public policy. The states cited in the studies offer a financial return on non-resident labor, offer a return on production spending that does not occur in the state and often have unlimited funds with which to work.

In contrast, Washington could easily be considered a model program because we offer a 30% return on resident labor only, a 30% return on qualified in-state spending only, and we have finite fund to work with during each biennial budget.

The studies also attack the employment opportunities created by production incentives, suggesting that the best paying work goes to out-of-state residents and in turn in-state labor is left with unskilled positions. Once again this just isn't the case in Washington.

Washington strategically targets the independent feature film in the \$2M - \$10M range because productions of this size maximize in-state employment and spending because it costs them too much travel, house and then pay crew that they bring in. Washington Filmworks receives and reviews all cast and crew documents from each production and has publicly stated that 87% of employment positions created by the program went to Washington residents. The remaining 13% can be considered "A-List Creatives" such as Directors, and Producers, who are responsible for selecting Washington for their project. Again, we are polar-opposite from other programs since our incentive provides NO funding for out-of-state resident salaries.

As a casting director working with local talent, I know first hand that the majority of projects approved by the Motion Picture Competitiveness Program have signed contracts with unions that represent skilled laborers in the entertainment industry. These contracts are a guarantee that wage and benefit standards are in place and that Washington workers are receiving a fair salary.

The Motion Picture Competitiveness Program is an integral part of Washington State's film industry, the lives of film professionals and their economic security. In many cases, the incentive program is directly

responsible for securing the best wages our industry receives throughout the year. Without fair wages, industry professionals like myself with national standing and awards that attract productions, move to other states that do have these incentives. And when industry professionals leave, incentive or no, filmmakers won't come here because they can't secure an adequate, skilled local crew. But this doesn't just benefit the film industry as some pet project unto itself. The taxes local crews pay on this income and the increased spending for other support services benefit the entire state which is the best reason to pass this legislation. When you consider the benefit return on investment of the incentive is estimated to be 689% greater than cost, it's smart just smart thinking!

The studies you cite also suggest that Hollywood is the biggest beneficiary of the production incentive, but this isn't true. The Motion Picture Competitiveness Program has put \$31.2M in the form of wages and benefits into the pockets of Washington workers and \$38M into Washington based businesses that rely on film work to keep their doors open and to employ their full time year round staff. This program represents a partnership between business, labor and government. It isn't about funding Hollywood; it is about supporting Washington workers and Washington business.

Without an incentive we will lose an industry that has a long and rich history of creating jobs and bringing revenue to the state. Last year during a hearing you asked would these projects come to Washington but for the incentive program. The simple answer is no. I had the pleasure of working with co-directors Jon Lucas and Scott Moore last summer on the feature film "21 and Over." When asked about the incentive Scott said, "Jon and I shot the feature 21 & OVER in Washington last summer and, frankly, the only reason we were able to film there was because of the incentive."

Unlike many other jurisdictions, Washington has a strong infrastructure in place. Where other states have failed to carefully draft competitive and effective bills promoting economic growth and prosperity in the film industry, our legislature got it right the first time. Washington state's Motion Picture Competitiveness Program was not created to develop a new industry, but rather to maintain the one that contributes to our state's economic success and recovery.

I realize this incentive breaks from the form and structure you feel should be applied wholesale to all industries in the state, and that you believe it is unfair to create an "exception" for one industry. I would argue that if the livelihood of an industry was being threatened, the same "exception" – or better put "qualification," should apply to THOSE industries as well. In these difficult financial times for our state, progressive, out-side the box, creative solutions are the best way to move forward. Not rubber-stamped political procedure that ignores the important merits that should distinguish one program from another to those who have the wisdom to see the bigger picture.

It is clear from your blog post that you do not support the renewal of the Motion Picture Competitiveness Program. While I am disappointed that you do not support this important piece of legislation, I urge you to at least allow your fellow Representatives the opportunity to vote on the bill on the floor of the House before the end of the 2012 legislative session.

Thank you for your service,

A handwritten signature in black ink, appearing to read 'Stephen Salamunovich', with a stylized flourish at the end.

Stephen Salamunovich CSA
President, Complete Casting, Inc.