



March 13, 2023

TO: House Tax Committee

RE: In support of HF2059

Dear Legislators,

My name is Shari Marshik. I am the Executive Director of the Upper Midwest Film Office (UMFO). We are a nonprofit 501(c)(3) office dedicated to economic development in Northern Minnesota through film, tv and digital media content manufacturing. I am writing today in support of HF2059.

The success of the first year of the Minnesota Production Tax Credit is real, demonstrable, and has direct effects on Northern Minnesota. UMFO recently commissioned a study from The University of Minnesota Duluth Bureau of Business and Economic Research - Labovitz School of Business and Economics. Their findings were based on 2022 spending in St Louis County and the [Economic Impacts of the Content Industry in Northern Minnesota](#) can be found in the packet and on their website. **The study finds that for every dollar of incentive money spent, an additional \$2.19 was directly spent. Further the study shows that for each \$1 of incentive money there is a \$6.90 return on Investment.** (See study attached). In addition, because much of the spending of a project is on personnel and those people tend to spend their money in the local communities, as we increase the local workforce, the region will see even larger economic impacts. These numbers are in line with other studies from states with growing programs like Utah, Massachusetts, and Oklahoma.

Make no mistake, Minnesota is competing globally for a piece of this industry that annually pays \$81B in direct wages and \$21B in payments to local businesses. ([MPAA data](#)) We are just getting started and need more runway to grow. For every project that has shot in the last year, we have had at least four projects inquire about filming in our beautiful state. Many of these projects *did not* choose Minnesota. Large, studio-backed projects that need stable policy are waiting to see what happens in Minnesota. These projects plan years in advance. As such, they simply cannot consider Minnesota as a location because of the 2025 sunset and will not consider our state until stable policy is in place. A \$25M cap allows for multiple projects to shoot in the state and keep our workforce stable. Without that stability, we will never realize the potential on our doorstep.

In 2022 several businesses, established or expanded on the Iron Range as a direct result of the film/tv production industry:

[Quatre Vents](#) is a post-production studio that was established in Hibbing. They have employed at least one local student on a contract basis and one of the owners has moved to live in Hibbing. The owner intends to teach editing at Minnesota Discovery Center classes and is currently working on Programming for the Minnesota Film Festival.

[Lost Forty Studios](#) in Chisholm is a pivotal piece of the puzzle in Northern MN production. As one of the largest studios in the state, they established relationships with several sub-



contractors including Cinequipt/Red Star, Conduit Sound, Wheels Up Rentals, Queen of Props and a number of other companies that support and allow projects to shoot on the Iron Range.

[The Black Bear Bakery](#) was purchased after it had shuttered its doors in 2021. The apartments above it have been remodeled and are available for rent and the bakery is set to open by May 2023.

[Leedrick Studios](#) in Hibbing creates content for commercial purposes. Leedrick moved to a larger building and has built out a new studio with sound booth, hair and makeup staging, equipment rental, etc.

Other businesses experienced expanded revenue like **Chisholm Inn & Suites** with over \$100,000 in business and **the local drug store** in Chisholm with over \$30,000 of business from COVID testing being conducted through their store.

These businesses infuse vitality into our communities not only through local spending and tax base, but through community involvement, energy, and pride in something exciting in our own communities.

I thank you for your support of HF2059. The performance of the tax credit has clearly demonstrated demand and economic impact and it is time to be competitive with the rest of the nation. It's time to invite our young people to live and thrive here and to attract top talent from across the globe. It is time to raise the cap and remove the sunset. Let us continue to grow this industry and make Minnesota a global production destination.

Sincerely,

Shari Marshik
Executive Director
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