



February 17, 2015

Dear Chairperson,

Please allow me to introduce myself, my name is Joe Bessacini. In 2008, I joined Cast & Crew Entertainment Services as Vice President, Film & TV Production Incentives. Cast & Crew Entertainment Services was established in 1976 and is the second largest entertainment payroll processing company. Prior to joining Cast & Crew, I was employed at Warner Bros. for 26 years. I began my career at Warner Bros. in the internal audit department and retired as the Executive Director of Tax in 2008.

It wasn't too long ago that film production was based almost entirely in California. However, since the late 1990s, Canada has been one of California's toughest film production competitors. The strength of the US dollar versus the Canadian dollar along with the introduction of both federal (Canada) and provincial production incentives in 1997 gave rise to the term "runaway production". With the US dollar close to being on par with the Canadian dollar and US states offering their own version of film production incentives, producers are now looking to other jurisdictions to produce. Today, feature films produced by U.S. companies are filmed throughout the globe.

While California and New York still lead the pack, as far as the sheer volume of film production, states such as Louisiana and Georgia are drawing much attention from producers. Georgia's movie and TV industries generated \$5.1 billion in economic impact during the last fiscal year, up from \$3.3 billion in fiscal 2013.

With the introduction of a formalized film production incentive program, the U.S. Virgin Islands will begin to compete for more productions. During my tenure at Cast & Crew, it has been my experience that jurisdictions which introduce film incentive programs see an increase in film production. It doesn't happen overnight as producers are not always anxious to be the first to see if the incentive program works as advertised. However, if the program remains consistent in its approach and producers feel there is certainty, not only in the amount of the incentive they will receive but in the way the program is managed they will go to the jurisdiction.



Who benefits from the incentive program? While the production company is the direct beneficiary of the production incentive, there are many indirect beneficiaries of the program. Some of the indirect benefits are tangible while others are intangible. One tangible benefit is the production companies infuse millions of dollars into the local economy long before they receive any monetary benefit from the incentive program. This money trickles through the local economy before any payouts are issued to the producer. As an example, let's assume a production comes to town and rents hotel rooms for the cast and crew to occupy during production. The hotel may need to hire an extra housekeeper to clean the rooms or maybe even additional front desk personnel. The newly employed housekeeper now has the money to get a manicure and pedicure which provides revenue to other local vendors. This is a direct result of the production infusing money into the local economy. The other local vendors may hire additional workers to keep up with the increase in business, which may directly decrease the number of individuals collecting unemployment benefits. As a result of the increase in business, the newly hired worker now has enough money to purchase that new car he/she has been dreaming about. The local car dealer has a new sale! There are similar examples in all the functions it takes to produce a movie from hiring and developing local residents, purchasing materials from local vendors that are needed to build sets, feeding the crew using local caterers, and even down to the crew spending money on local restaurants, entertainment or even local real estate. An intangible benefit is that moviegoers see scenes from the U.S. Virgin Islands and dream of going there someday. It's a 90 minute advertisement for the U.S. Virgin Islands' Tourism department. Maybe the movie is what prompts them to book their trip today! What is the value of that exposure?

The incentive program set forth, while not perfect, is the beginning of the U.S. Virgin Islands becoming an international filming destination.

Respectfully,

A handwritten signature in blue ink that reads "Joe Bessacini". The signature is fluid and cursive, with a long horizontal line extending from the end.

Joe Bessacini
Vice President, Film & TV production Incentives
Cast & Crew Entertainment Services