

## House Bill 956

### Background Information

### What We Want and Why?

#### Introduction

Georgia has proven to be a fertile nurturing ground for musicians dating back more than 50 years - from Otis Redding and James Brown, to the Allman Brothers and Kenny Rogers, to Mastodon and Robert Shaw and the Atlanta Symphony Orchestra. If we continued to list all the great talent from Georgia, we would be here all day. We all agree our rich musical history should be preserved, but now more than ever it is important to Grow Music in Georgia.

With so many strong music cities around our state – Athens, Savannah, Macon, Augusta and Atlanta – Georgia is a hub of musical creativity and innovation. The state has a concentration of music industry leaders representing the most diverse genres of any other state as well as an expansive array of industry sectors (including music for film, TV and videogames).

Other states such as Tennessee, Louisiana and Texas have long recognized the impact of music to keep their state at the forefront of all business development. In doing so, not only have they created thousands of jobs within the music industry but have also have been able to better attract businesses outside of entertainment. Unfortunately for us they have been so successful Georgia has been experiencing a talent drain over the past 5-7 years. New York and Ohio are working on legislation to expand music incentives as they have the same challenge of losing talent.

#### Recommendation

We recommend that we take our cues from the successful film and television tax credit to boost the ecosystem for Georgia's commercial music industry which will also strengthen and boost opportunities within film and digital entertainment as well.

We will be introducing legislation that will provide tax incentives on both the live and recording side of the business. These incentives would work in tandem to grow the entire industry allowing us to capture more business opportunities, positioning Georgia to immediately take advantage of opportunities currently looking to locate to places other than Los Angeles, Louisiana and the UK.

The aim is to encourage the growth and utilization of Georgia's musical infrastructure.



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HB 956

**The Georgia Touring/Live Event Investment Act**  
**Georgia Musical Recording and Synchronization Incentive**

Few could have predicted that when the film and tax incentive was put into place that Georgia would be taking business away from Hollywood. The industry grew from \$133 Million to \$1.7 Billion direct spend in 2015.

Music is in a unique place with stronger footing to grow along a similar trajectory but even more importantly, we can accelerate the growth of film and TV as a supporting industry that will help diversify and build overlapping vendors and businesses.

**Creative Entertainment Cluster**

By passing our music bill, attracting live tours to originate in Georgia and establishing Georgia as the place to record music for commercials, videogames, and film and TV, the state will not only see boost in economic impact in music, but also a stimulated growth in film, TV and videogames as many of the supporting businesses and vendors are similar. An investment to grow the entertainment industry could have Georgia poised to lead the country in digital entertainment by 2020. To remain strong we must diversify our entertainment industry and focus on the opportunities for the entire entertainment cluster.

Georgia's hub of creativity is becoming a stronger force than ever. According to a study that conducted by South Arts, the economic impact of Georgia's creative economy is \$48 Billion. Of which, music one of the largest contributors. Georgia's musical industry has an economic impact of \$3.7 billion dollars.

In 2014 The Georgia House Music Industry Study report found that a new economic impact study should be commissioned to assess the industry's current status. It is undeniable that the music industry is, and always has been, a creative force. It is time that we use our voices to ask the state to invest in our industry as it does in other industries. There is no doubt the film and TV industry is growing. Music could have the opportunity to do the same if given the same incentives.

## The Georgia Touring/Live Event Investment Act

In 2015, 52% of all music spending went to live concerts. It is a \$20+ Billion dollar industry that supports a number of businesses and jobs (see list and graphics below).

### **Georgia has the ability to corner the market on Live Tour origination because of the following:**

Location, venues options, access, volume of hotel rooms, climate:

- 1) **Location** - Nashville is a hub for musical gear and storage as well as home base for many artists, however, many of the arenas and options for rehearsals for artists are booked for performances and not available long term. Atlanta could easily attract artists based in Nashville. National and international touring artists tend to be spread out and look for options based on convenience, ease and price. We could easily compete in all areas.
- 2) **Venue Options** - There are civic centers, arenas, amphitheaters and numerous sound stages and warehouses around the state that could provide ideal rehearsal venues for these productions. In the UK, Pinewood studios has been used for band rehearsal prior to tours. We have 14 + studios that could be ideal. This provides the studios another option in between film/TV bookings. Theatres such as the Fox, Lucas and Morton Theatre. Amphitheaters – Verizon Wireless, Aaron’s Amphitheatre, Wolf Creek, Southern Ground.
- 3) **Access** - Thanks to Delta, it is easier and faster to get into and out of the Atlanta area, even if the rehearsals are based in Macon, Augusta or Savannah there are more options and usually more economical than flights into New Orleans or Nashville.
- 4) **Volume of Hotel Rooms** - In speaking with touring companies, Georgia has a variety of hotels allowing the artists and bands to stay at the 5 star locations or rent homes with options for crew to be in hotels with lower cost options.
- 5) **Climate** - Of our competitors Louisiana’s, specifically New Orleans’ hot humid climate could deter many tours in the warmer months and on the opposite end of the spectrum is NY. The incentive is fairly new there, time will tell how difficult it will be for them to promote tour rehearsals in the winter months. We spoke with tour managers and bus companies and the threat of icy conditions in the Northeast could be a factor in deciding rehearsal locations.

We have the opportunity, like film, to expand infrastructure growth. Florida has facilities that focus only on live touring origination/rehearsals. New venues are in development around the country. We could easily attract/expand spaces in the state to do the same. <http://rocklitz.com>

Typically touring operations/productions prefer to start tours in smaller markets to get some practice in before going to bigger cities. Savannah, Augusta, Macon all have multiple civic center larger theatres that would be ideal. The boost to a city’s economy when crews of 200 + need hotels, food etc. for months at a time is significant. The venue staff who don’t work on a daily basis have more hours banked, additional fire and police/security personnel are needed, as well as around 100 crew for load/in load out. There is an additional need for specialized vendors including pyrotechnic and lighting specialists, sound engineers, music techs, stage designers etc. These industries will build and grow to support the live productions in the same manner as film and TV.

Rehearsals require single hotel rooms and suites, catering companies, casual and fine dining restaurants, taxis, limo services, rigging and parking for numerous trucks, Home Depot shopping sprees and dozens of similar support businesses.

The \$300,000 minimum threshold will apply to tours that are large in nature, amphitheaters (referred to as sheds in the industry), arenas and stadiums. Some examples of tours that would could take advantage of such a credit are: Rock and Country tours such as Foo-Fighters, Metallica, Taylor Swift, ACDC, Kenny Chesney, Katy Perry etc. and theatrical productions such as Cirque de Soliel, as well as other national touring theatre productions.

The size of these productions are quite large as they employ on average 100-170 full time staff. This includes sound engineers, tour managers, production assistants, stage managers, production accountants, stylists and designers, instrument techs, etc.

Additionally when setting up and tearing down shows they hire around 100-150 local day crews. Rehearsals can last from 1 week – 3 months with average salaries of the employees at around \$250,000 per week. Average cost of some of the larger line items:

Airfare and Hotel	\$80,000-\$350,000 based on number of crew and staff
Video	\$50,000 per week
Lighting	\$50,000 per week
Sound	\$70,000 per week
Venue rental	40,000-90,000 per week
Bus rental	\$1,200-\$1,500/day (Large tours take between 5-15 buses and up to 10 trucks of gear with them)

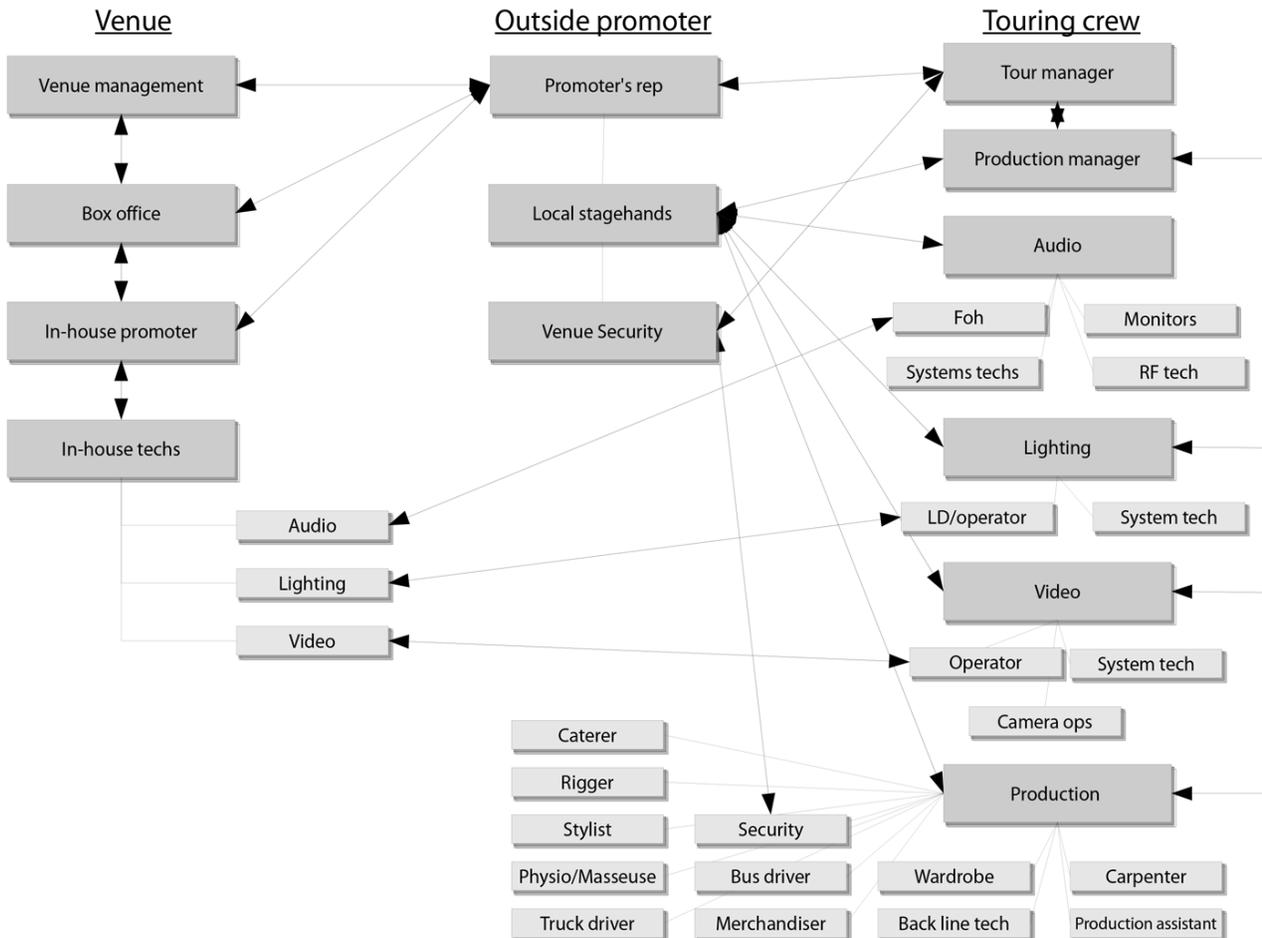
Supporting businesses include:

Sound	Tour Promotion
Staging/Equipment	Catering
Transportation- Bussing and Trucking	Tour Security
Video/ Camera/Imag/ Projection mapping	Cartage
Lighting	Gear Rental/Backline
Booking Agents	Insurance Companies- Music
Promoters	Music Equipment(manufacturing, rental, repair and retail)
Ticket Companies	Music event management/activation
Entertainment Banks	limo/car services
Tour Management	Stage Design/CAD Plans for multi staging
Pyrotechnic	Rigging
Merchandising	

**See graphic next page**

Additionally, attracting pre-tour rehearsals would significantly impact music-related tourism and secondary spending.

This diagram illustrates some of the positions within live touring production:





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## **Sound Recording and Synchronization**

Georgia's music industry is poised with a tremendous opportunity to generate 1000's of jobs and significantly more revenue for the state. In order to take advantage of this unique opportunity, we need to be competitive with states that have flourishing markets which are attracting our Georgia Grown Talent. Simply put, our aim is to encourage the growth and utilization of Georgia's musical infrastructure so we can compete with Tennessee, Louisiana and Texas as well as NY and California.

We have identified two areas in which we could begin to not only retain the talent and businesses currently operating here, but more importantly to attract new business. It has two components 1 - sound recording and 2 - synchronization.

### **1. Sound recording**

Music Recording (Albums) – We are proposing a 20% tax credit plus a 5% uplift for a promotional video with \$300,000 threshold. At this level of minimum spend, the artists that would be able to take advantage of this incentive would be major artists along the lines of AC/DC, Bruce Springsteen, Usher, Elton John, etc.

This incentive would help boost Georgia's sound recording studios and provide employment opportunities for our talented producers, engineers, mixers, songwriters, musicians who are being recruited by Nashville. Additionally cartage companies, equipment rental, music stores and techs would benefit and grow.

Music is excluded from the existing film bill unless it is part of a qualified lensed production.

### **2. Synchronization**

Music is a part of every single media production – every episode of television, every feature film, every video game, every commercial. There is more of a need for music - now than ever before – more cable stations with programming, more advertisements, even your mobile phone uses music.

With a deep pool of award-winning talent, a variety of world-class recording studios, a long-established production community, and a booming film, television and digital media infrastructure, Georgia is uniquely positioned to support the evolution and expansion of its influential music industry in the digital age.

Traditionally, most media scoring has taken place in Los Angeles and New York where the major film studios and broadcast television networks are headquartered. But the industry is changing rapidly to meet the current needs of the industry. Media scoring opportunities have grown tremendously throughout other regions of the country and cities, such as New Orleans and Shreveport, Louisiana; Nashville, and Seattle have capitalized by building sufficient soundstages and recruiting the right talent to complete projects at lower costs than Los Angeles and New York-based facilities.

We have a unique opportunity to attract established composers to score in here in Georgia. We will be competing with Nashville / Ocean Way, Skywalker Sound and Abbey Road studios. Skywalker is the mecca of film scoring – but non-union buyouts are not an option. Nashville has a buyout option. With recording capabilities, a buyout option and a 20 - 25% tax credit, Georgia could lead the market.

Music Scoring:

Music scoring is big business. There have been scoring session opportunities in excess of \$1Million that have recorded elsewhere, because there was no incentive in place in Georgia.

Traditional studios having a difficult time staying in business have changed their model. Nashville has successfully attracted Electronic Arts and Sony, both which record orchestral scores specifically for videogames, film and TV. Their presence has helped to strengthen the bottom line of Nashville's studios:

Current Resources Available In Georgia:

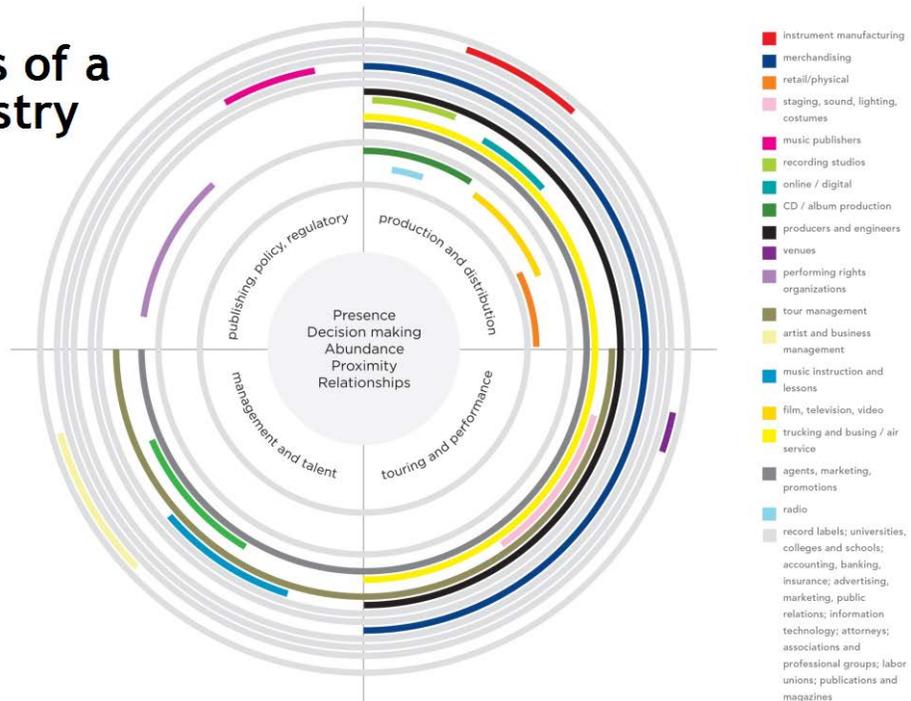
- Diverse talent pool of artists, songwriters / lyricists, bands, choirs, composers, conductors, ensembles, soloists, orchestrators, arrangers, copyists, score mixers, music producers, sound engineers, music editors, audio technicians, music supervisors and music coordinators.
- 48 Post secondary programs in music business, technology, performance and education. Business and audio tech schools can rapidly define and develop exact curriculum to educate students on quality sound recording, editing, composing, and all positions

Articles:

- <http://variety.com/2015/music/features/nashvilles-ocean-way-recording-studio-adjusts-to-changing-economy-1201651335/>
- <http://www.tennessean.com/story/money/industries/music/2014/10/17/electronic-arts-moves-video-game-scoring-work-nashville/17440655/>

**“Today’s predominant focus, at all levels of government and in communities across the country, is today’s predominant focus, at all levels of government and in communities across the country, is jobs and the economy. Music can help. It is an economic and cultural ally.” *Music Canada Report***

## Dimensions of a Music Industry Cluster



Source: Nashville Area Chamber of Commerce Research Center

**“A vibrant music economy drives value in several important ways: job creation, economic growth, tourism development, city brand building and artistic growth. A strong music community has also been proven to attract other industrial investment, along with talented young workers who put a high value on quality of life, no matter what their profession.” *IFPI report June 2015***