



GEORGIA STATE SENATE

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SENATE STUDY COMMITTEE ON MUSIC WORKFORCE DEVELOPMENT (SR 470)

SUMMARY OF MEETING MINUTES

COMMITTEE MEMBERS

Senator Jeff Mullis – Chairman
District 53

Senator Butch Miller
District 49

Senator Bill Cowsert
District 46

Senator Tyler Harper
District 7

Senator David Lucas
District 26

Senator Freddie Powell Sims
District 12

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COMMITTEE FOCUS, CREATION, AND DUTIES

The Senate Music Workforce Development Study Committee (Committee) was created with the adoption of Senate Resolution [SR 470](#) during the 2020 legislative session for the purpose of examining the economic impact of the music industry in Georgia and ways to measure, expand, and promote the music economy across the state, including ways to foster integration with other creative industries such as film, digital media, and gaming.

Senator Jeff Mullis of the 53rd served as chair of the Committee. The other members appointed by the President of the Senate included: The following individuals were appointed by the President of the Senate to serve as members of this Committee:

- Senator Butch Miller of the 49th,
- Senator Bill Cowsert of the 46th
- Senator Tyler Harper of the 7th
- Senator David Lucas of the 26th
- Senator Freddie Powell Sims of the 12th.

The following legislative staff members were assigned to this Committee: Ms. Elizabeth Holcomb of the Senate Research Office; Mr. Andrew Allison of the Senate Press Office; Mr. Paul Higbee of the Office of Legislative Counsel; Ms. Melody DeBussey of the Senate Budget and Evaluation Office; and Ms. Ally Konishi, Legislative Assistant to Senator Mullis and Senate Rules Committee Secretary.

BACKGROUND

The Georgia Musical Investment Act of 2017 (HB 155)

[House Bill 155](#)/the Georgia Musical Investment Act was sponsored by Representative Amy Carter of the 175th and Senator Jeff Mullis of the 53rd in 2017 in an effort to create a musical tax incentive to boost the Georgia music industry by attracting and retaining talent in the state, creating job opportunities, and supporting economic development, similar to the film and video game incentives.

Specifically, HB 155 created a new Code Section, O.C.G.A. § 48-7-40.33, that provides a 15 percent income tax credit to state certified production companies whose qualified production expenditures equal or exceed the spending threshold. An additional 5 percent tax credit may be applied if the qualified production expenditures are incurred in a tier one or tier two county, as designated by the Department of Community Affairs.

The spending threshold is as follows:

- For a musical or theatrical performance, \$500,000 during a taxable year;
- For a recorded musical performance incorporated into or synchronized with a movie, television, or interactive entertainment production, \$250,000 during a taxable year; and
- For any other recorded musical performance, \$100,000 during a taxable year.

The applicable productions include musical and theatrical performances that occur over the course of a twelve-month period or longer and originate, develop, and have their initial public performance before a live audience within the State; or those that prepare and rehearse a

minimum of seven days within the State and have their United States debut within the State. This excludes a single musical performance or cultural festival that is not intended for touring.

The qualified production expenditures are expenses incurred in the State on direct account of qualified production activities including, but not limited to, set construction and operation, wardrobe, make-up, lighting, facilities and equipment rentals, and talent fees.

The musical tax credit may not be applied if a film tax credit has already been claimed under the Georgia Entertainment Industry Investment Act (O.C.G.A. § 48-7-40.26).

The tax credit aggregate annual caps are \$5,000,000 in 2018; \$10,000,000 in 2019; and \$15,000,000 for tax years 2020 through 2022, with a sunset on January 1, 2023. The maximum allowable tax credit claimed by a single production company and its affiliates may not exceed 20 percent of the available aggregate amounts in a single year.

When the amount of the credit(s) exceeds the production company's liability in a taxable year, the excess may be used against quarterly or monthly payments under O.C.G.A. §48-7-103, which requires payment from employers for tax withholdings. Employees also receive a credit against their income tax liability if their employer production company receives credit against the required quarterly or monthly payments. Further, any unused credit amount may be carried forward for five years from the close of the taxable year in which the investment occurred, but not against a prior year's tax liability.

The Department of Economic Development is responsible for determining which projects qualify for the tax credits, and certification must be submitted to the Department of Revenue.

Applicable Dates: The Act went into effect on January 1, 2018 and will sunset on January 1, 2023.

Proposed Legislation in 2019 (SB 441)

In 2019, Senator Mullis introduced [Senate Bill 441](#) to revise the Georgia Musical Investment Act and the Musical Tax Credit by increasing the potential tax credit amount from 15 to 25 percent and lowering the designated spending thresholds:

- For a musical or theatrical performance, \$100,000 during a taxable year (current threshold = \$500k);
- For a recorded musical performance incorporated into or synchronized with a movie, television, or interactive entertainment production, \$50,000 during a taxable year (current threshold = \$250k); and
- For any other recorded musical performance, \$50,000 during a taxable year (current threshold = \$100k).

This bill was favorably reported by the Senate Committee on Economic Development and Tourism but did not reach final passage.

COMMITTEE FOCUS

As SR 470 states, the music industry has made significant contributions to Georgia's economy and its successes are rooted in the creative efforts of many talented and dedicated performers, producers, promoters, technicians, and other working in many different musical genres and styles. The continued growth and success of the Georgia-based music industry is important to sustaining economic development, job creation, and the welfare of this state. In an effort to encourage and promote the expansion of the music industry of this state, the Committee was tasked with undertaking a study that examined the following:

- The economic impact of the music industry in Georgia and ways to measure, expand, and promote the music economy statewide and foster integration with other creative industries, including film, digital media, and gaming;
- The current mix of music content creators in Georgia and ways to retain and attract talent while expanding music content as a net cultural export;
- The current state of the music and sound recording sector in Georgia and ways to support, promote, and grow that sector;
- The current state of music technology and entrepreneurship and ways to support and promote innovation and enterprise investment;
- Musical tour and theatrical production in Georgia and ways to develop, promote, and attract investment from that sector of the industry;
- A review of the Georgia Music Investment Act and ways to improve and expand the current law to be more competitive globally;
- A review of state incentives, infrastructure, and economic impact from the music industry in other states;
- The business side of music in Georgia, taking into account various industry clusters, and ways to strengthen and expand the business of music; and
- The Georgia Music Hall of Fame and its awards ceremony and ways that the institution can promote music in Georgia while providing for continued economic development.

MEETINGS HELD

This section provides a brief summary of topics covered at each meeting, including the names and affiliations of individuals who were asked to provide testimony to the Committee. Although testimony has been condensed for the purposes of this summary document, livestream recordings of each meeting can be found [online](#).

Meeting 1 – October 15, 2020

The Committee held its first meeting on October 15, 2020, in Room 450 of the State Capitol. Chairman Mullis provided a brief overview of the objectives of the study, indicating that its scope has been expanded beyond what was originally drafted in SR 470 to shed light on the effects of the COVID-19 pandemic on the music industry. The following individuals provided testimony:

- **Mr. Daryl Friedman**, Chief Advocacy Officer for the Recording Academy®;
- **Mr. Chuck Leavell**, Musician;
- **Mr. Colt Ford**, Musician;
- **Mr. Chris Albrecht**, Partner, Double A Productions (Georgia and Florida offices);

- **Mr. Sameed Afghani**, Vice President and General Manager, Atlanta Symphony Orchestra; and
- **Mr. Josh Antenucci**, Entrepreneurial, live event enthusiast and member of the National Independent Venue Association (NIVA).

Testimony at the first meeting focused on how the impact of the pandemic on the music industry is far reaching, with the cancelation of music festivals and concert tours affecting not only the musicians themselves but also hotel, event planning, catering, hospitality and stage production workers. In addition, the Atlanta Symphony Orchestra (ASO) is relying heavily on technology to continue bringing content to students. ASO has been innovative on the technology front, developing videos and taking advantage of the film tax credit and the music tax credit when applicable. When asked for suggestions on how the legislature can help the music industry or ASO specifically, Mr. Afghani urged the Committee to consider making the music tax credit refundable and transferable.

Additional testimony indicated that the CARES Act does not allow 1099 workers such as freelancers or independent contractors to enjoy unemployment benefits. It was also suggested that the legislature should look at opportunities to support the workers that run the venues where music is performed. Other industry experts added that it would be beneficial to establish an office similar to the film office associated with the film tax credit and the Georgia Department of Economic Development.

Meeting 2 – November 10, 2020

The Committee returned to Room 450 of the State Capitol on November 10, 2020, to hold a second meeting where the Committee received testimony from the following individuals:

- **Mr. Joel Katz**, Entertainment Lawyer;
- **Mr. Brad Olecki**, CEO, Georgia Music Accord;
- **Mr. Larry Brumley**, Senior Vice President and Chief of Staff, Mercer University;
- **Mr. Keith Perissi**, Director, Joel A. Katz Music and Entertainment Business Program, Kennesaw State University;
- **Mr. Ron Poag**, Owner, RP Entertainment, LLC; and
- **Ms. Karla Redding**, Vice Chair, Georgia Music Foundation Board.

Testimony presented covered a wide array of programs, upcoming projects, and investments in music education and workforce development that play a vital role in supporting Georgia's music industry. These included the Joel A. Katz Music and Entertainment Business Program at Kennesaw State University, Music at Capricorn, the Grand Opera House, the College Hill Carter Initiative, the Otis Redding Foundation, and the Georgia Music Accord Grammy Museum.

Testimony provided by Mr. Joel Katz and Mr. Brad Olecki emphasized the significance of the August 31, 2020 announcement that the Los Angeles-based Grammy Museum Foundation is partnering with the Georgia Music Accord to open a Grammy Museum experience in Atlanta to celebrate the vast heritage and accomplishments across Georgia's music industry. Site selection is currently in progress and is projected to take as many as six months before physical construction can begin. Although a feasibility study is still underway, financial support for the museum is expected to come from a mixture of philanthropy, corporate sponsorships, and public funds on the county, city, and state levels. The museum is

anticipated to have a tremendous economic impact in Georgia with potential impacts on tourism, education, and workforce development.

Meeting 3 – November 17, 2020

The Committee met a final time on November 17, 2020, in Room 450 of the State Capitol. The following individuals provided testimony to the Committee:

- **Mr. Rafael Fernandez**, Senior Vice President of State Public Policy and Industry Relations for the Recording Industry Association of America (RIAA);
- **Mr. Steve Weizenecker**, Entertainment Lawyer, Barnes & Thornburg;
- **LaCrae**, Musical Artist; Co-Owner/Co-Founder/President of Reach Records;
- **Dr. Shain Shapiro, PhD**, Founder and CEO of Sound Diplomacy;
- **Ms. Lee Thomas**, Deputy Commissioner, Georgia Department of Economic Development; Division Director, Georgia Film, Music and Digital Entertainment;
- **Mr. Kristian Bush**, Musician (Sugarland); and
- **Ms. Mala Sharma**, Founder and Executive Director, Georgia Music Partners (GMP).

The Committee conducted a review of the Georgia Music Investment Act and received an update from the Georgia Department of Economic Development, the state agency responsible for administering the music tax incentive program. In addition, the Committee heard testimony from various experts in the music industry and entertainment business that included recommendations for improving and expanding the current law to be more competitive with other states and on a global level.

The following suggested changes to the Georgia Music Investment Act were submitted by Mr. Steve Weizenecker for the Committee's review and echoed by presenters throughout the Meetings 1, 2, and 3:

- Making the tax credit transferable or refundable. The current credit is returnable which means it can only be applied to the maximum amount credit owed by the applicant production company.
- Allowing for the aggregation of qualified production expenditures, allowing production companies to bring their projects together in a single transaction.
- Increasing the potential tax credit amount from 15 to 25 percent. By raising the cap, this would align Georgia with Tennessee, a neighboring competitor state that provides a tax credit of up to 25 percent for scoring productions.
- Consider lowering the thresholds for touring and recording to meet modern budgets and remain competitive with other states.
- Maintaining a rural component and focus that supports rural economies in a time when people are working remotely more than ever. This includes considering different thresholds for rural counties or regions.

SIGNATURE PAGE

SUMMARY OF MEETING MINUTES
SENATE STUDY COMMITTEE ON MUSIC WORKFORCE DEVELOPMENT

A handwritten signature in black ink, reading "Jeff Mullis". The signature is written in a cursive style with a large, stylized initial "J".

Senator Jeff Mullis, Chairman
District 53