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Senate Assessment and Taxation Committee

Proponent Testimony SB 227

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Chair Tyson and Members of the Committee,

I am writing to express my support for Senate Bill 227 and to ask for your help in sustaining the movie theater industry in the state of Kansas. As the CCO and EVP of B&B Theatres, a family-owned and operated movie theater company, I have witnessed firsthand the devastating impact that the COVID-19 pandemic has had on our industry. B&B operates in many small towns in Kansas...towns like Iola, Chanute, Emporia, Hutchinson, Junction City, Leavenworth and Dodge City. The sad news is that every one of these towns lost money 2022 and this isn't sustainable. We need your help and support to keep our cinemas open so we can continue to serve our communities and contribute to the cultural vibrancy of the state.

The past few years have been challenging for our industry, and we are only now seeing a path forward. The lack of new exclusive theatrical movies has been a significant issue for us. We simply don't have enough new movies to get enough people back into our doors consistently. Last summer we had great movies like Top Gun and Elvis and we had record attendance. Then the product dried up as studios couldn't get their films finished because there are only a few post-production studios in Hollywood. However, we expect to be in a better place by the end of 2023, with full capacity returning by 2025. But we need help now as we wait for a full slate of movies.

My dad is Vice-Chairman of the National Association of Theatre Owners and he recently spent a week in Hollywood meeting with movie studios Presidents. He came back very bullish on our future as the studios all said that they experimented with movie release strategies, but they get a better financial reward if they release their big movies in theatres first and then on streaming and that they are going to ramp up the number of movies for theatres over the next few years. In fact, several streaming services have now started releasing series and movies first in our theaters. The Chosen, a faith-based movie, did just that as the opening and closing episodes debuted in theatres before they went on streaming. The movie, Air, by Amazon was going to be released exclusively on streaming but Amazon has now decided to release it exclusively in theatres first. Jesus Revolution recently opened exclusively in our theatre to great results.

Here are some quotes:

Jeffrey Cole—Director of the Center for the Digital Future who analyzes the digital specter, said to the newspaper and music industry, "Your industry is screwed. You have to change what you are doing". To the movie industry, he said, "You have won!" Streaming doesn't change the movie industry—to create the buzz, you need movies and theatrical experience.

Paramount Pictures Chief Brian Robbins says: "Annual theatrical release output will rise to 12-14 by 2024. Theatrical is here to stay"

Warner Brothers/Discovery President Gerhard Zeiler: "The theatrical business is here to stay". 100% yes to theatrical windows. Everyone who believed cinema is dead has been proved wrong and will be shown to be wrong in the future".

David Zaslav, CEO Warner Brothers: "After analyzing streaming metrics on HBO Max with the service's chief content officer Casey Bloys, they found that releasing films as streaming exclusives did not provide any return on investment".

As you can see, the industry will survive, and we want to survive with it. But given the tremendous losses from the last three years, even with a great lineup of movies, we have too big of a hole to dig out from without more support.

Stats that support that guests will return to theatres IF we have new movies:

Movies released on 2,000+ screens:

2019 – 112 movies vs 2022 - 71 movies (63.38%)

National Box office from those movies:

2019 - \$10.10 billion VS 2022 - \$6.51 billion (64.45%)

Average per title:

2019 - \$90.25 million Nationally

2022 - \$91.71 million Nationally

As you can see people come to movies! We just needed more of them to show a profit.

Movie theaters play a crucial role in the social and economic fabric of our communities. They provide a safe and inclusive space for families, friends, and loved ones to come together and share a unique experience. Not only do movie theaters serve as a destination for entertainment, but they also drive foot traffic to local businesses, contributing to the vitality of our towns. Supporting movie theaters means supporting the economic and social health of our communities.

Senate Bill 227 would provide much-needed tax relief to movie theaters helping to sustain us until blockbusters consistently return to our screens. As you can see from our statistics, when there are movies, audiences come. However, we need movies for them to do so. Something we just didn't have over the past three years. Together, we can help write our comeback story and sustain the future of movie theaters in the state of Kansas. My family, my family of employees, and our guests thank you for support of this bill. I represent the 4th generation of our family business, we've been around 99 years and with your help we plan on being around another 100 years and continue to support small towns movie theatres all across Kansas.

Sincerely,

Bobbie Bagby Ford