

August 22, 2012

The Honourable Dwight Duncan
Minister of Finance
7 Queen's Park Crescent, 7th floor
Toronto, Ontario M7A 1Y7

Subject: Creation of a Music Production Tax Credit

Dear Minister Duncan:

On behalf of the Ontario Chamber of Commerce and its 60,000 members, we are writing to encourage the province to create a Music Production Tax Credit, as has been proposed by Music Canada.

As you are aware, the OCC recently published an economic vision entitled *Emerging Stronger: A Transformative Agenda for Ontario*. An integral part of that vision encourages a focus on Ontario's competitive advantages.

As demonstrated in the *Economic Impact Analysis of the Sound Recording Industry in Canada*, prepared by PricewaterhouseCoopers for Music Canada, over 80% of the economic activity of the sound recording industry in Canada takes place in Ontario. As one of the province's competitive advantages, we believe the sector merits strategic support.

Ontario's sound recording industry is made up of dozens of small and medium sized businesses including record labels, recording and mastering studios and the Canadian headquarters of the four major music companies. Recording companies, large and small, employ thousands of Ontarians in high-paying, highly-skilled jobs. They are innovative companies with a strong foothold in the digital economy.

Ontario has a tremendous opportunity to build on the strength of its music cluster, attract new investment and stimulate the creation of more jobs. As has been demonstrated by the success of tax credits for domestic and foreign-owned film and television companies, targeted tax credits can be strategically applied in order to generate new economic activity, government revenues and job creation.

Under the current system, eligible sound recording companies can benefit from the OSRTC, a refundable tax credit based upon eligible production and marketing costs incurred by a qualifying corporation with respect to an eligible Canadian sound recording. Under current rules, an eligible sound recording company *must* be a Canadian-controlled corporation.

According to Rosen & Associates' analysis for Music Canada, the extension of a sound recording tax credit to foreign-owned companies would generate 1,297 new jobs and \$280M in new economic output. Such an expansion would cost the Ontario government \$31 million.

The Ontario Chamber of Commerce supports the creation of a Music Production Tax Credit as a reliable way to accelerate the growth of an innovative, creative sector of our economy.

I would welcome the opportunity to meet with you to discuss this matter further.

Thank you very much for your consideration of this very important issue.

Yours sincerely,



Allan O'Dette
President & CEO

CC. The Honourable Dalton McGuinty, Premier of Ontario
The Honourable Brad Duguid, Minister of Economic Development and Innovation
The Honourable Michael Chan, Minister of Tourism, Culture, and Sport
Peter Wallace, Secretary of the Cabinet
Steve Orsini, Deputy Minister, Ministry of Finance & Secretary of Treasury Board