

NEW MEXICO'S FILM PRODUCTION TAX CREDIT

PRESENTED TO LFC

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JON CLARK, DEPUTY SECRETARY, ECONOMIC DEVELOPMENT DEPARTMENT

WHY ECONOMIC DEVELOPMENT INCENTIVES?

What are economic base companies? Why do they matter?

- Money coming from outside into New Mexico
- Customer spending power
- Benefits to local service and retail businesses
- Economic diversification

Economic base companies can locate anywhere.

We have to be competitive with other locations.

ANALYZING ECONOMIC DEVELOPMENT INCENTIVES

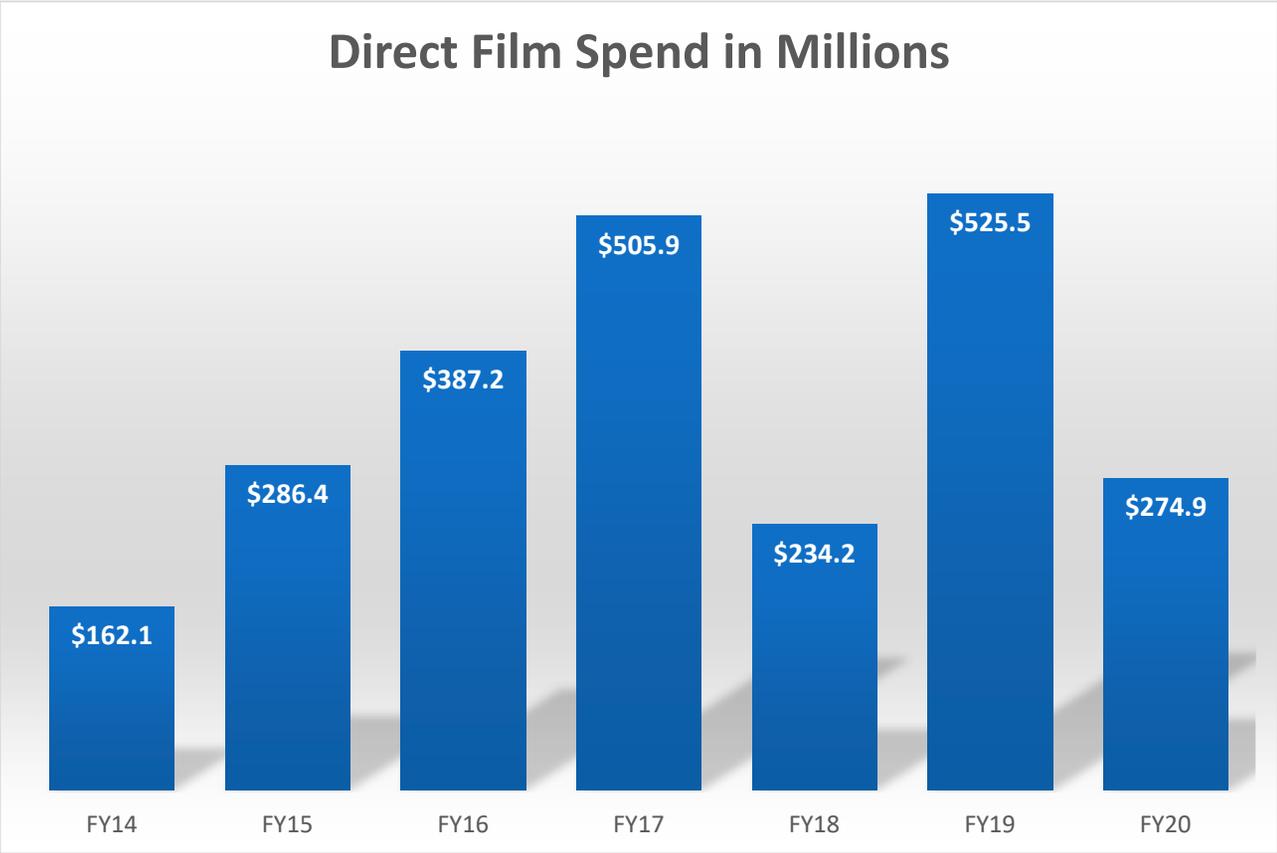
How should we look at the costs and benefits?

- ROI to state vs ROI to state coffers
- Data/software/staff needed for a full evaluation

What are the surrounding circumstances? What else might we be missing?

Once we have an evaluation, what does it mean? Can we compare incentives in isolation?

Direct Film Spend in Millions



FILM PRODUCTION DIRECT SPEND IN NEW MEXICO

\$2.4 billion spent in 7 years

*different than estimate used for modeling due to timing differences

ESTIMATED TAX CREDITS TO BE PAID OUT PER FISCAL YEAR

(in millions \$)	FY21	FY22	FY23	FY24	FY25
Estimated Direct Spend	\$408	\$489	\$530+	\$530+	\$530+
Estimated Total Payments	\$83	\$45	\$111	\$110	\$115

RURAL FILM LOCATIONS SINCE JANUARY 1, 2019



Alamogordo
Carrizozo
Chaco Canyon
Chama
Farmington
Gallup
Gila
Hatch
Las Vegas
Navajo Nation
Nogal
Colfax County
Rio Arriba County
Roswell
Ruidoso
Shiprock
Truth or Consequences
Union County
White Sands



- 1st studio purchase in the US
- Film partner: 10-year commitment
- 1,000 film & television industry jobs
- \$1B Production Spend



- Film partner
- 333 new jobs
 - Accounting, art, casting, construction, electric, grip, hair & makeup, set, sound, special effects and wardrobe
- \$500 million in private investment
- \$70,720 average salary



SPENDING FOR SELECT FILM AND TELEVISION PRODUCTIONS 2019-2020

SHOW	ESTIMATED TOTAL NM BUDGET
Away S1	\$1,250,000
Briarpatch S1	\$43,685,640
Prism Pilot	\$7,410,507
Brothers	\$6,741,293
News of the World	\$46,011,349
Biggest Loser	\$7,900,000
Total	\$112,998,789



2019/2020 SUMMARY: THREE NEW MEXICO TELEVISION PRODUCTIONS

400+ New Mexico Vendors	
FILM EQUIPMENT RENTALS	\$3,028,285
FACILITY/PRODUCTION OFFICES	\$1,562,960
ROLLING EQUIPMENT	\$1,158,586
FOOD	\$1,586,480
LOCATION DEPARTMENT	\$2,516,256
LODGING/ACCOMMODATIONS	\$855,644
SET DRESSING	\$1,003,217
SPFX/PROPS	\$516,330
OTHER	\$1,051,184

\$ 48,797,838

NM Production Spend
for 3 TV Productions

\$ 19,967,315

NM Resident Payroll
(Crew, Cast, Background)

Employment Impact:

3,462

NM Resident Crew/Talent/Extras Hired

330,840 Hours Worked



SUMMARY OF NEW MEXICO SPENDING BY TWO TELEVISION PRODUCTIONS 2019-2020*

	"BRIARPATCH" - S1		"PRISM" - PILOT		TOTAL FOR 2 PRODUCTIONS
	SPENDING	%	SPENDING	%	SPENDING
NM RESIDENT CREW & TALENT	\$12,621,268	38%	\$2,241,275	39%	14,862,543
NM GOODS & SERVICES	\$10,083,590	30%	\$2,376,020	41%	12,459,610
NONRESIDENT TALENT	\$7,465,180	23%	\$831,085	14%	8,296,265
NONRESIDENT CREW	\$3,145,004	9%	\$313,992	6%	3,458,996
TOTAL PRODUCTION SPENDING IN NM	\$33,315,042		\$5,762,372		\$39,077,414
*IN MILLIONS \$					



BREAKDOWN
OF SPENDING
FOR GOODS
AND SERVICES
ON 2
TELEVISION
PRODUCTIONS:
BRIARPATCH
AND PRISM

	"BRIARPATCH" - S1		"PRISM" - PILOT		TOTAL FOR 2 PRODUCTIONS
	SPENDING	%	SPENDING	%	SPENDING
EQUIPMENT RENTALS	\$2,587,620	26%	\$364,373	15%	\$2,951,993
LODGING/ACCOMMODATIONS	\$447,914	4%	\$130,674	5%	\$578,588
ROLLING EQUIPMENT	\$778,485	8%	\$172,486	7%	\$950,971
FOOD/CATERING/FOOD ALLOWANCE	\$1,137,703	11%	\$231,434	10%	\$1,369,137
CONSTRUCTIONS	\$596,566	6%	\$158,333	7%	\$754,899
LOCATION DEPARTMENT	\$1,747,319	17%	\$231,483	10%	\$1,978,802
FACILITY/OFFICE LEASES/STAGES	\$955,761	9%	\$50,224	2%	\$1,005,985
SET DRESSING	\$542,880	5%	\$140,812	6%	\$683,692
SPECIAL EFFECTS/PROPS	\$352,702	3%	\$43,236	2%	\$395,938
TRAVEL	\$193,595	2%	\$76,129	3%	\$269,724
WARDROBE	\$382,843	4%	\$89,659	4%	\$472,502
FUEL/GASOLINE	\$112,416	1%	\$31,894	1%	\$144,310
NON-FILM VEHICLES	\$99,693	1%	\$26,748	1%	\$126,441
OFFICE SUPPLIES/FURNITURE	\$127,408	1%	\$49,323	2%	\$176,731
OTHER	\$20,685	0%	\$579,212	24%	\$599,897
TOTAL SPENDING ON GOODS & SERVICES	\$10,083,590		\$2,376,020		12,459,610

NETFLIX'S TELEVISION SERIES "DAYBREAK"

LOCAL IMPACT

Total NM Production Spend: \$59M

Spending Highlights:

◆ NM Resident Wages	\$21M
◆ NM Goods & Services	\$17M
◆ Hotel/accommodation	\$1.75M
◆ Facility/Location Fees	\$4M
◆ Food/Catering	\$2.1M
◆ Rentals	\$4.5M
◆ Construction	\$6.3M

NETFLIX'S FEATURE FILM "ARMY OF THE DEAD" (2019)

LOCAL IMPACT



Director Zack Snyder and actor, Mattius Schweighofer on location in Albuquerque.

Total NM Production Spend:	\$59M
Estimated Qualifying NM Spend:	\$37.1M

- ◆ New Mexico Resident Crew Employed **500**
- ◆ New Mexico Resident Performers Employed **20**
- ◆ New Mexico Resident Background Employed **2,120**

OTHER RECENT PRODUCTIONS IN NEW MEXICO

- **Number of New Mexico Resident Crew Employed**
 - The Harder They Fall: **500**
 - Them: **250**
 - Roswell Season 3: **275**
 - Better Call Saul: **300**
 - Barb and Star Go To Vista Del Mar: **140**
 - Interrogation Season 1: **175**
 - Keyhole Garden: **150**
- **Number of New Mexico Resident Background Performers, Principal Actors and Stunt People Employed**
 - Deputy: **3,850**
 - Better Call Saul: **1,500**
 - Roswell Season 3: **2,200**
 - Unpregnant: **1,950**
 - Interrogation Season 1: **3,150**
 - Stargirl: **3,500**

INDUSTRY SUPPORTS OVER 9,000 JOBS

- Workforce Solutions Department quarterly employment reports show 3,620 direct jobs in industry
- Assume 10% additional direct jobs
- Conservative employment multiplier of 2.49
- Total jobs supported by film productions is more than 9,000
- The average annual wage for 2019 was \$56,175
 - The average annual wage in 2019 for all New Mexicans in private industry was \$45,674
 - Individuals working in the film industry earn, on average, 23% more than the average New Mexican in private industry

NEXT STEPS

Maintain the film credit -- the film industry can ramp back up quickly, bringing critical jobs and income; cutting the credit would hurt revenues.

EDD will work with TRD and LFC on film industry impact study.