

The Film Credit: Diving into the Data

Presented to the Revenue Stabilization and Tax Policy Committee

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Overview of Film Tax Credit

- **25% Refundable Tax Credit**
 - 5% for qualifying television series or qualified production facilities
 - 10% for production in Uplift Zone
- **Eligible Expenses**
 - NM resident cast and crew
 - Purchases made from NM businesses
 - Subject to taxation by the state of New Mexico and directly attributable to the production of a film or commercial audiovisual products.
- Base Credit is 25%
- Average Credit Issued = 19%

Overview of Film Tax Credit

■ New Mexico Film Partners

- A film production company that has made a commitment to produce films or commercial audiovisual products in New Mexico and has purchased or executed a ten-year contract to lease a qualified production facility. Spend and job creation commitments to state.
- Netflix, NBCUniversal, 828 Productions

Overview of Film Tax Credit Changes effective July 1, 2023



- Tax Credit Payout Cap
 - \$120M in FY24
 - +10M each year through FY28, remains at \$160M thereafter, Film Partners exempt
- Nonresident Crew Exception (NRCE) for BTL:
 - Non-Partners: More restricted - now 15% credit for 15% of taxable BTL wages = Avg 2.5% credit on nonresident BTL crew. Also new cap on number of positions based on NM budget.
 - Partners = 15% credit on taxable BTL wages, credit claimed can not exceed credit for resident taxable wages. To be eligible for credit, production company required to first provide 72-hour notice of the opportunity for resident crew. Sunsets in FY29.

Overview of Film Tax Credit Changes effective July 1, 2023



- Resident principal performers not included in \$5 million credit cap per production
- Above-the-Line Credit for Film Partners
 - \$15M credit cap per production for nonresident directors, producers, screenwriters, editors and principal performers.
 - \$40M aggregate credit cap per year.
- Uplift zone
 - Increase uplift from 5% to 10%
 - Boundary change to 60 miles outside city halls of Albuquerque and Santa Fe (previously 60 miles from county lines)

Diving into the Data

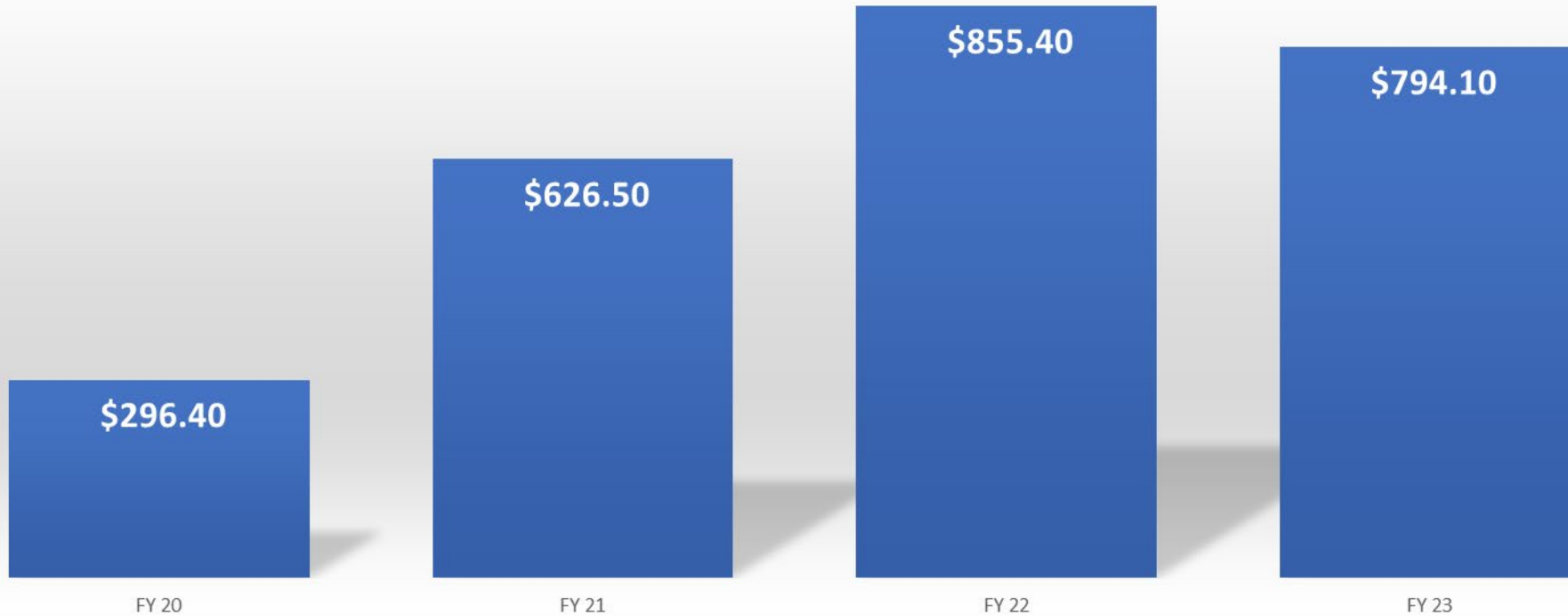


- The data following is derived from:
 - Registration and completion forms from production companies as submitted to New Mexico Film Office
 - The Department of Taxation and Revenue
 - A third-party independent study on the economic impact of the state's film incentive, completed in 2020. The economic forecasting tool used for that study is called IMPLAN.
 - Updates to the annual film incentive study have been completed by the NMFO Economist, utilizing IMPLAN.
 - Employment data and comparative industry wage data derived from Bureau of Economic Analysis (NAICS Code 512) and Bureau of Labor Statistics

Production Spend in New Mexico



Direct Production Spend (in millions)



Production Spend in New Mexico



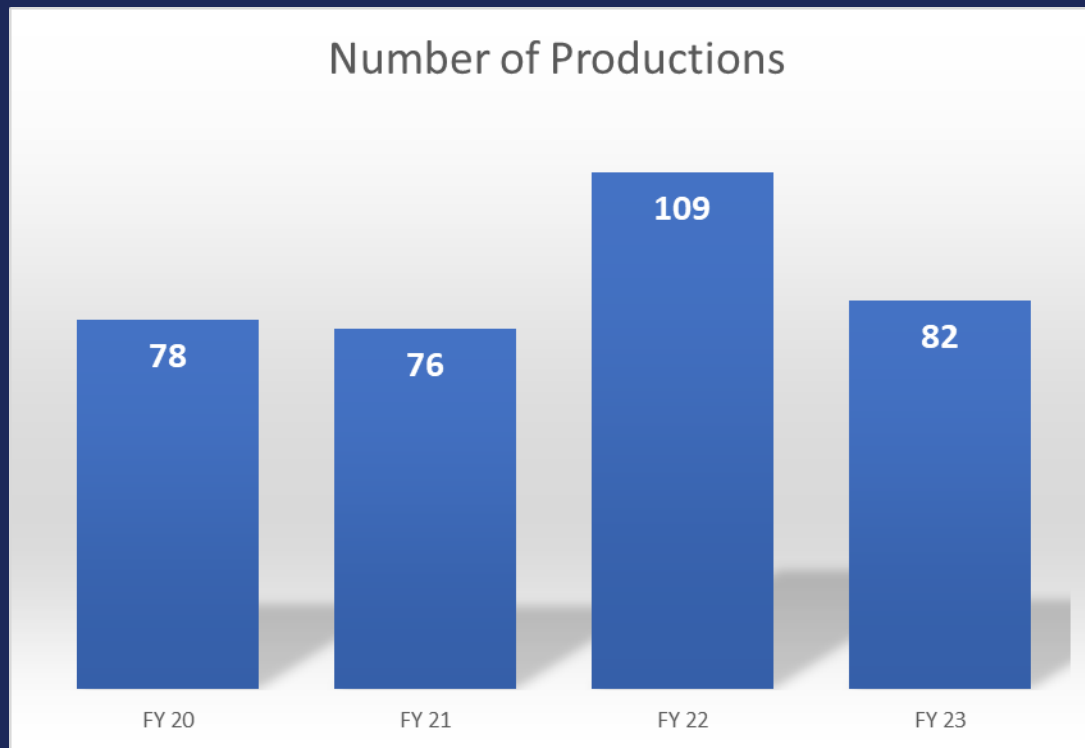
Direct Production Spend in New Mexico by Fiscal Year (in millions)



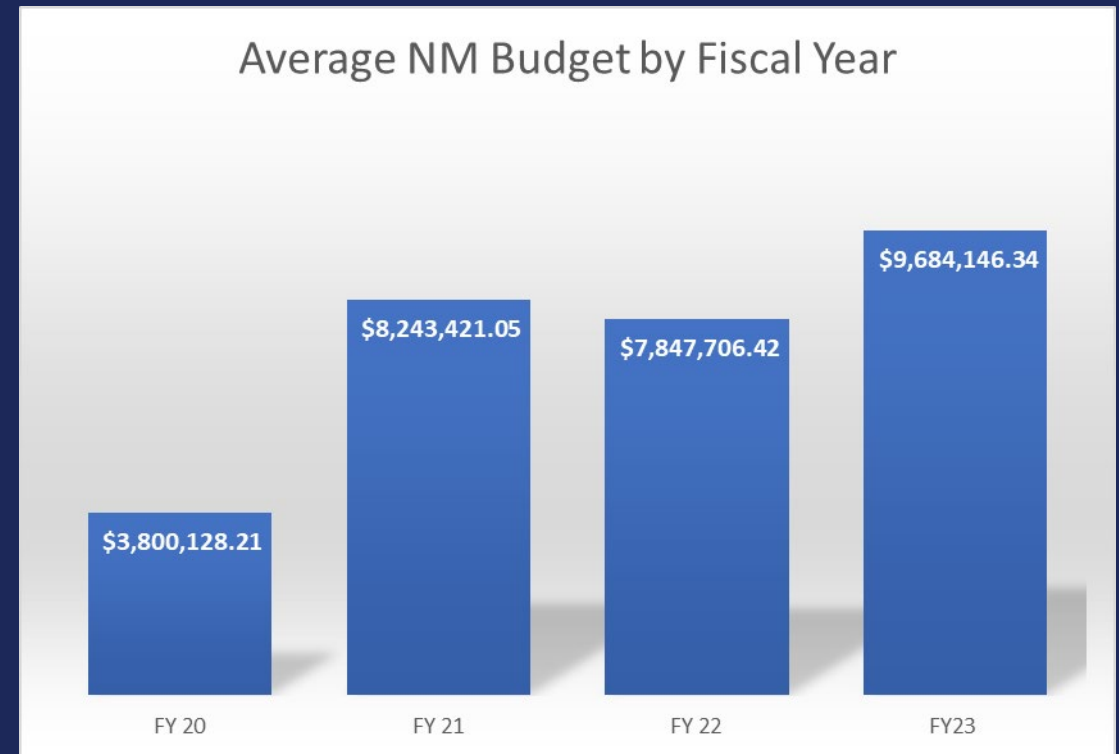
Production Activity and Budgets



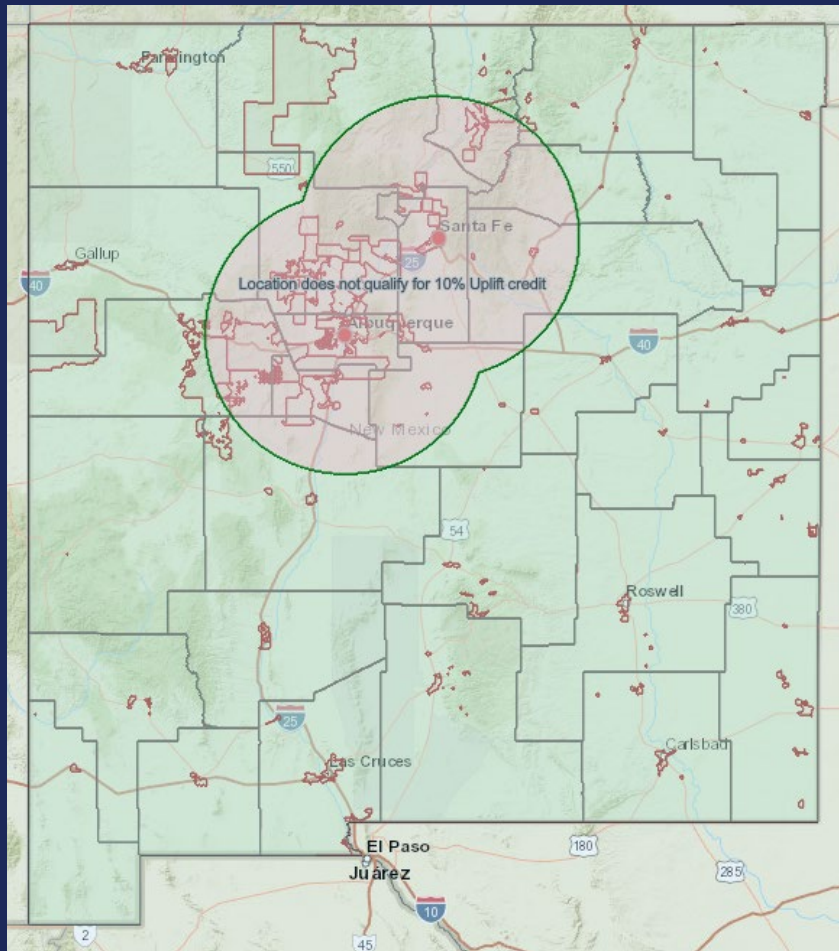
Number of Productions



Average NM Budget by Fiscal Year



Uplift Zone – Growing Production Statewide



- 60 miles from city halls of Albuquerque and Santa Fe
- More inclusive of rural areas than previous boundary
- Includes all or part of San Juan, Rio Arriba, Taos, Colfax, Union, McKinley, Sandoval, Mora, Harding, San Miguel, Quay, Cibola, Torrance, Guadalupe, Curry, Catron, Socorro, Lincoln, De Baca, Roosevelt, Chaves, Grant, Sierra, Hidalgo, Luna, Doña Ana, Otero, Eddy, and Lea Counties

Production Outside ABQ and SF



County	Notable Productions
Chaves	Baron and Toluca, Lonesome Soldier
Colfax	Peace River, Roswell S2
Dona Ana	Knight, The Locksmith, Wanted Man, The Informant
Eddy	Roswell S1 ,Wild West
Grant	Messiah, Longmire, Godless
Lincoln	Best Man, 13 Fanboy
McKinley	Dark Winds, Silt, Belly Encounter
Otero	Infraction
Quay	Next Exit
Rio Arriba	Sojourn
San Juan	Deputy, Jumanji 2
San Miguel	Land of Dreams
Sandoval	Carousel
Sierra	The Warm Season, Cop/Killer
Socorro	The Explosion Show
Taos	Successful Outlaw
Valencia	Day at the Armory
Luna	Creed 2
Torrance	Messiah
Los Alamos	The Brave Season 1

Production on Tribal Lands and Pueblos

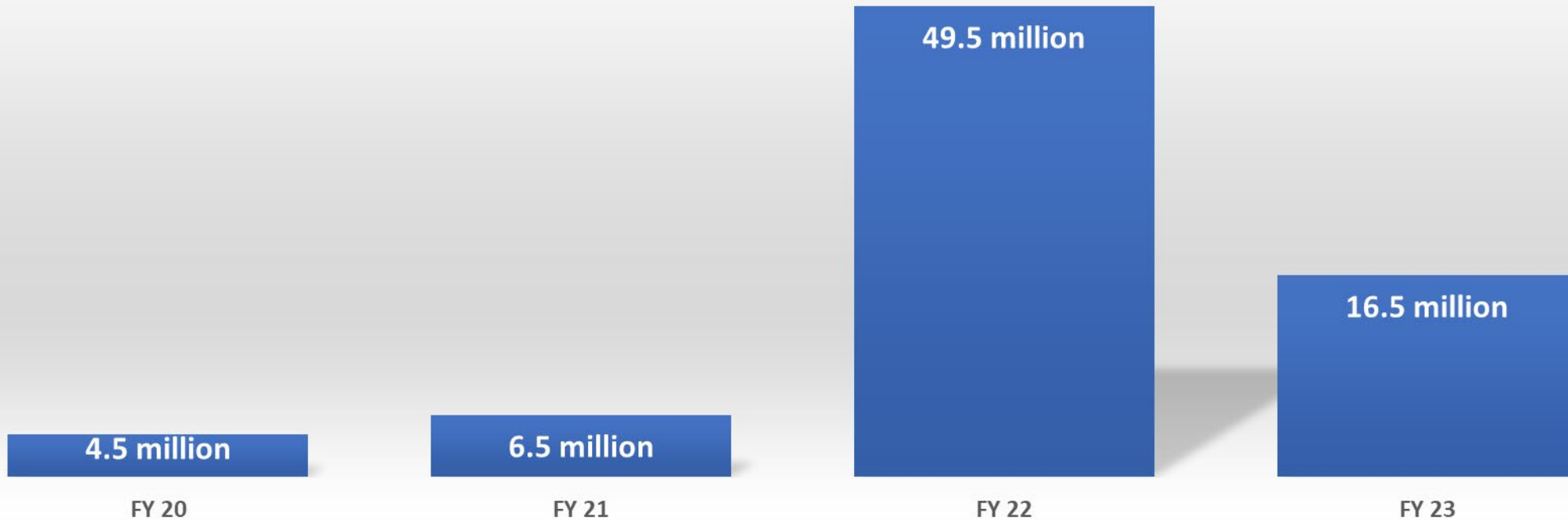


- Zia Pueblo
- Ohkay Owingeh
- Santa Clara Pueblo
- Santa Ana Pueblo
- Taos Pueblo
- San Felipe Pueblo
- Santo Domingo Pueblo
- Laguna
- Nambe Pueblo
- Kewa Pueblo
- Mescalero Apache Reservation
- Tesuque Pueblo
- To'hajiilee
- Sandia Pueblo
- Jemez

New Mexico Production Spend In Uplift Zone



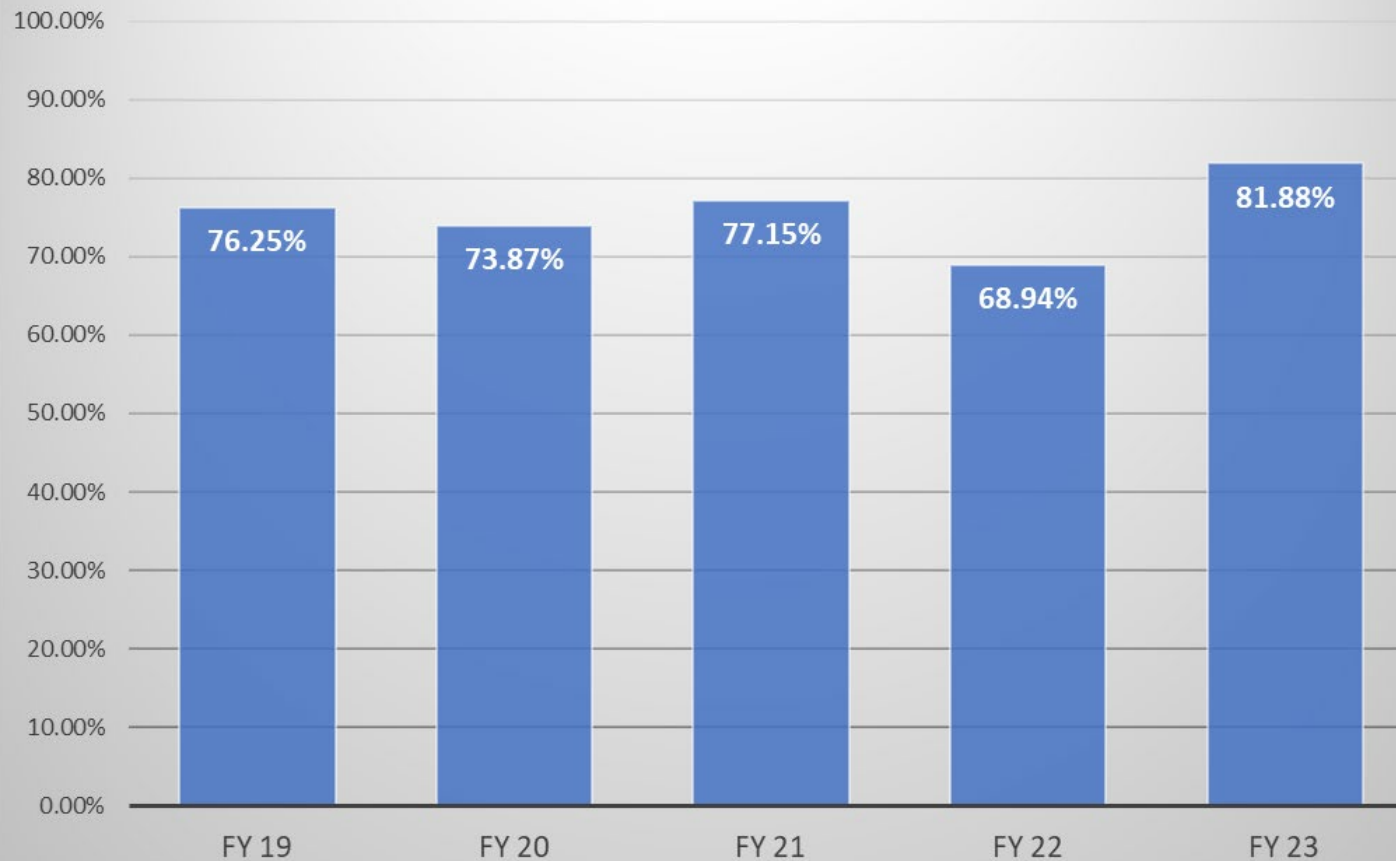
New Mexico Production Spend Outside of ABQ and Santa Fe (in millions)



New Mexican Residents are Crewing New Mexican Productions



Percentage of New Mexico Resident Full Time BTL Crew



Actual Tax Credit % Issued



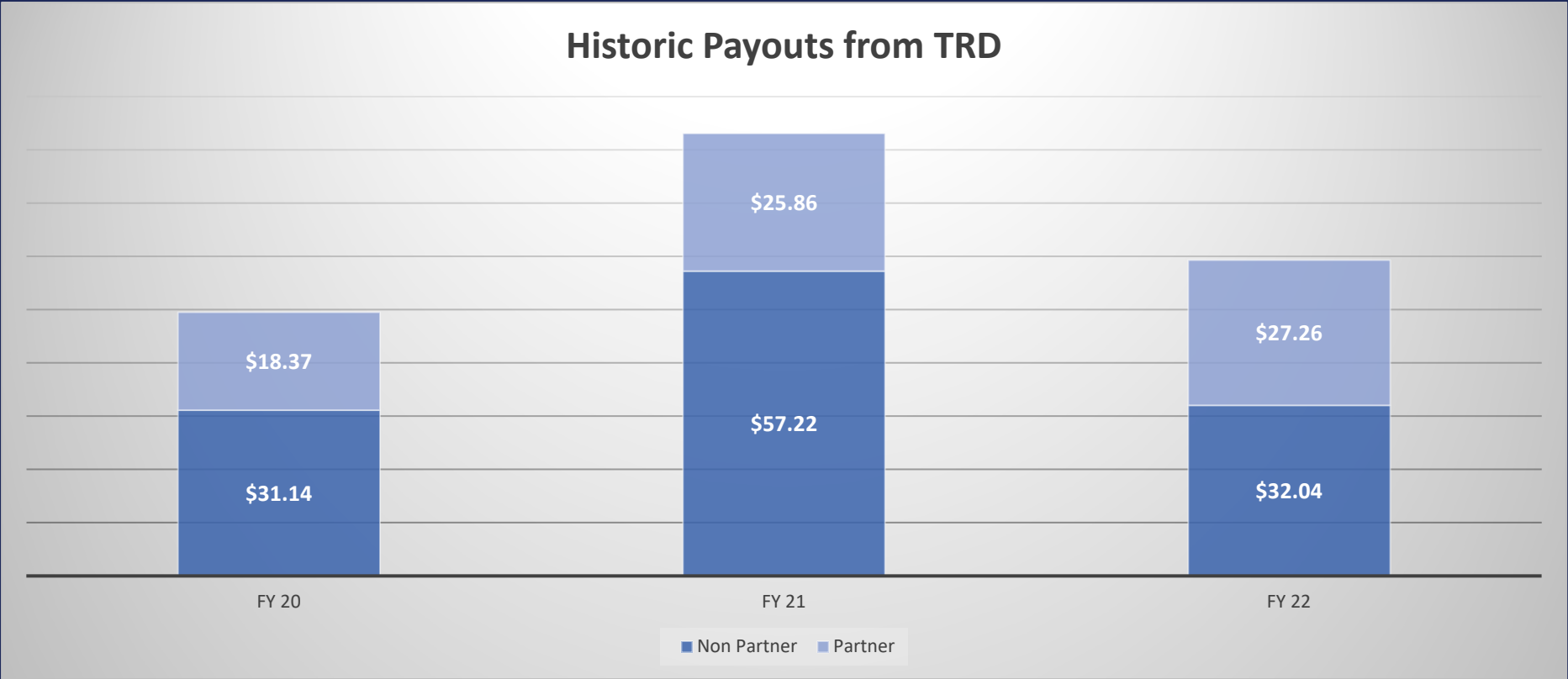
Actual Tax Credit as % of Total NM Spend



Base Credit

Actual Tax Credit as a percentage of Total NM Spend
(FY20-FY23 Average)

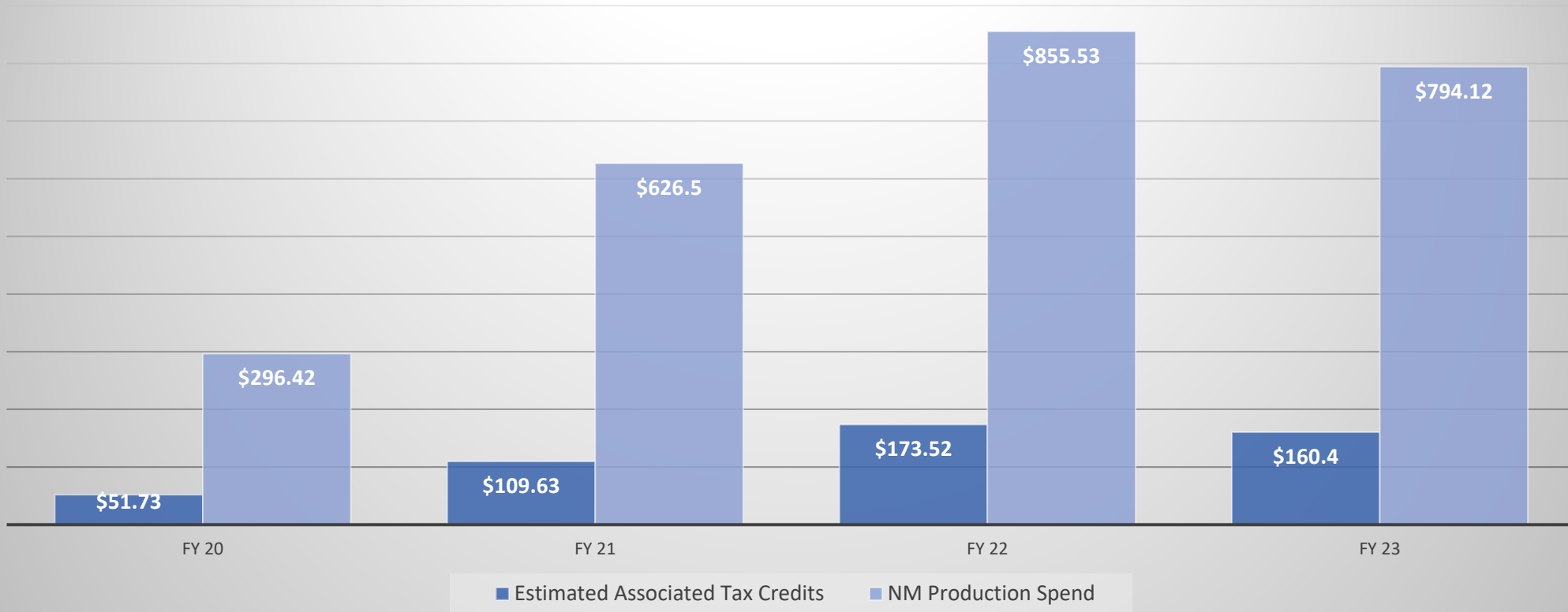
Actual Historic payouts from TRD



Production Expenditure and Estimated Credit for Associated Productions



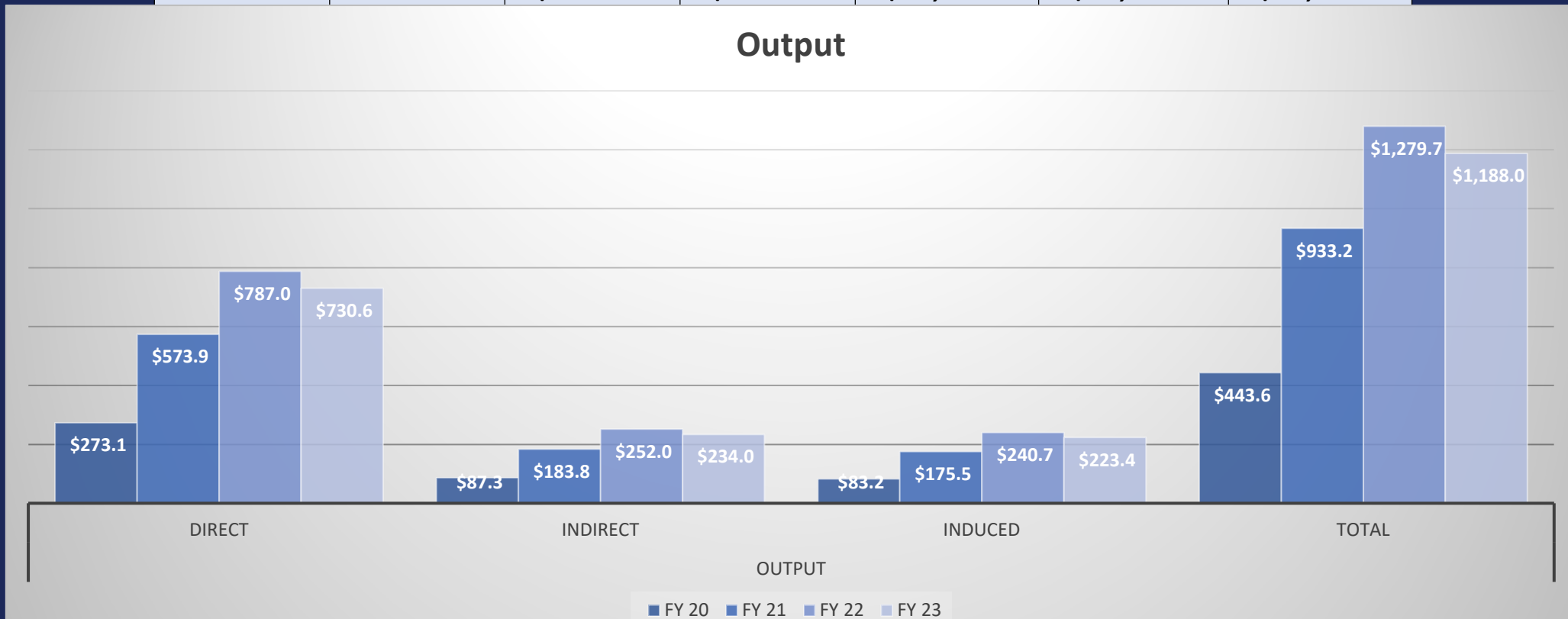
Estimated Credits for Associated Production Year



Economic Impact of NM Film Tax Credit (in millions)



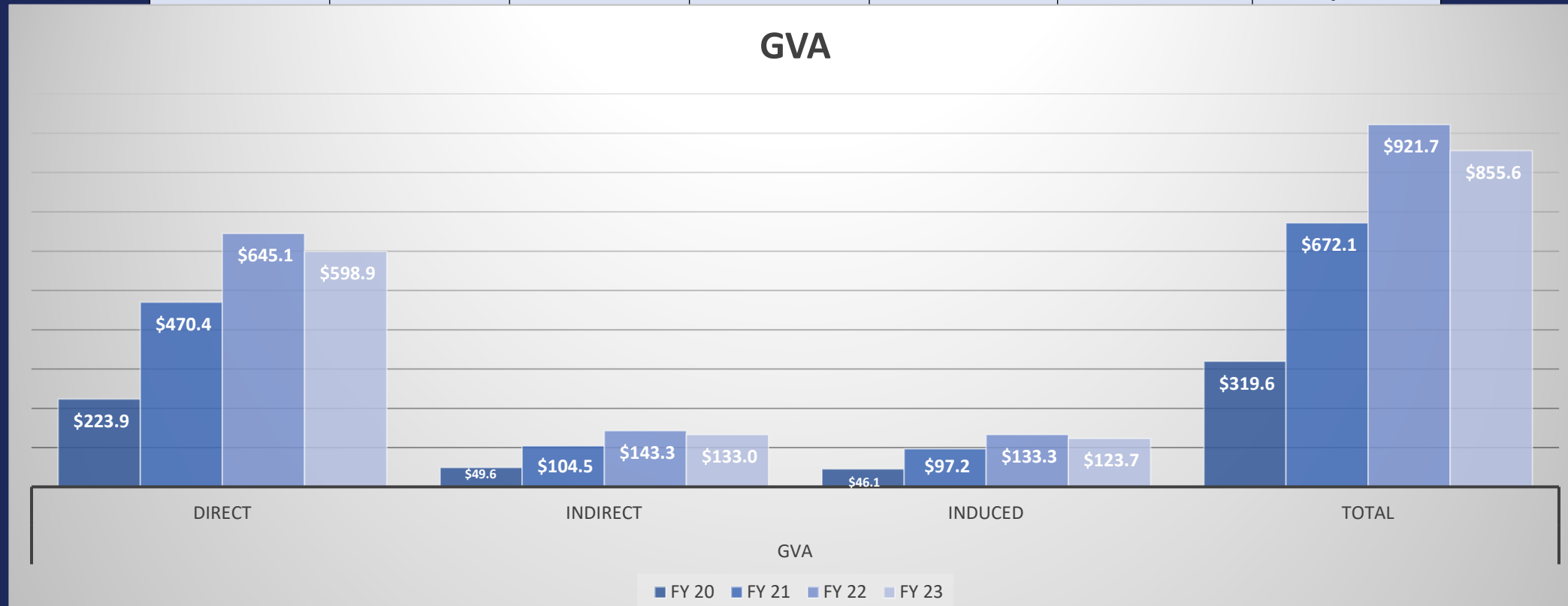
		FY 20	FY 21	FY 22	FY 23	Sum
Output	Direct	\$ 273.1	\$ 573.9	\$ 787.0	\$ 730.6	\$ 2,364.6
	Indirect	\$ 87.3	\$ 183.8	\$ 252.0	\$ 234.0	\$ 757.1
	Induced	\$ 83.2	\$ 175.5	\$ 240.7	\$ 223.4	\$ 722.8
	Total	\$ 443.6	\$ 933.2	\$ 1,279.7	\$ 1,188.0	\$ 3,844.4



Economic Impact of NM Film Tax Credit (in millions)



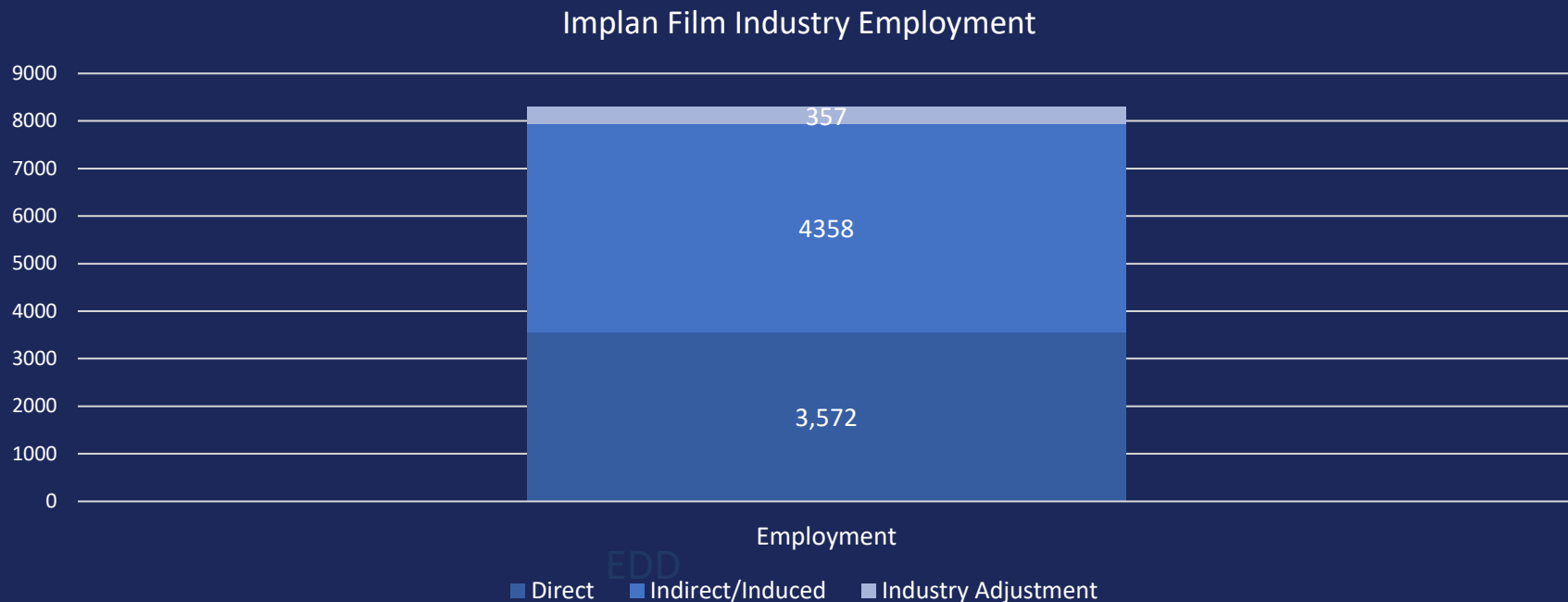
		FY 20	FY 21	FY 22	FY 23	Sum
GVA	Direct	\$ 223.9	\$ 470.4	\$ 645.1	\$ 598.9	\$ 1,938.3
	Indirect	\$ 49.6	\$ 104.5	\$ 143.3	\$ 133.0	\$ 430.4
	Induced	\$ 46.1	\$ 97.2	\$ 133.3	\$ 123.7	\$ 400.3
	Total	\$ 319.6	\$ 672.1	\$ 921.7	\$ 855.6	\$ 2,769.0



Jobs and Employment



- Membership data provided by IASTE 480 shows consistent growth as well. Currently membership has grown to approximately 1,800 members with a further approximately 800 on their overflow list. Along with this, they are currently adding roughly 30 additional people per month. This has been consistent for the past 2 years, and there is no indication of this trend slowing. A similar trend has also been observed in membership data provided by Teamsters 399, representing drivers, wranglers, and other crew member positions which has approximate membership of 400 in New Mexico, a 17% increase from membership data provided in 2021.



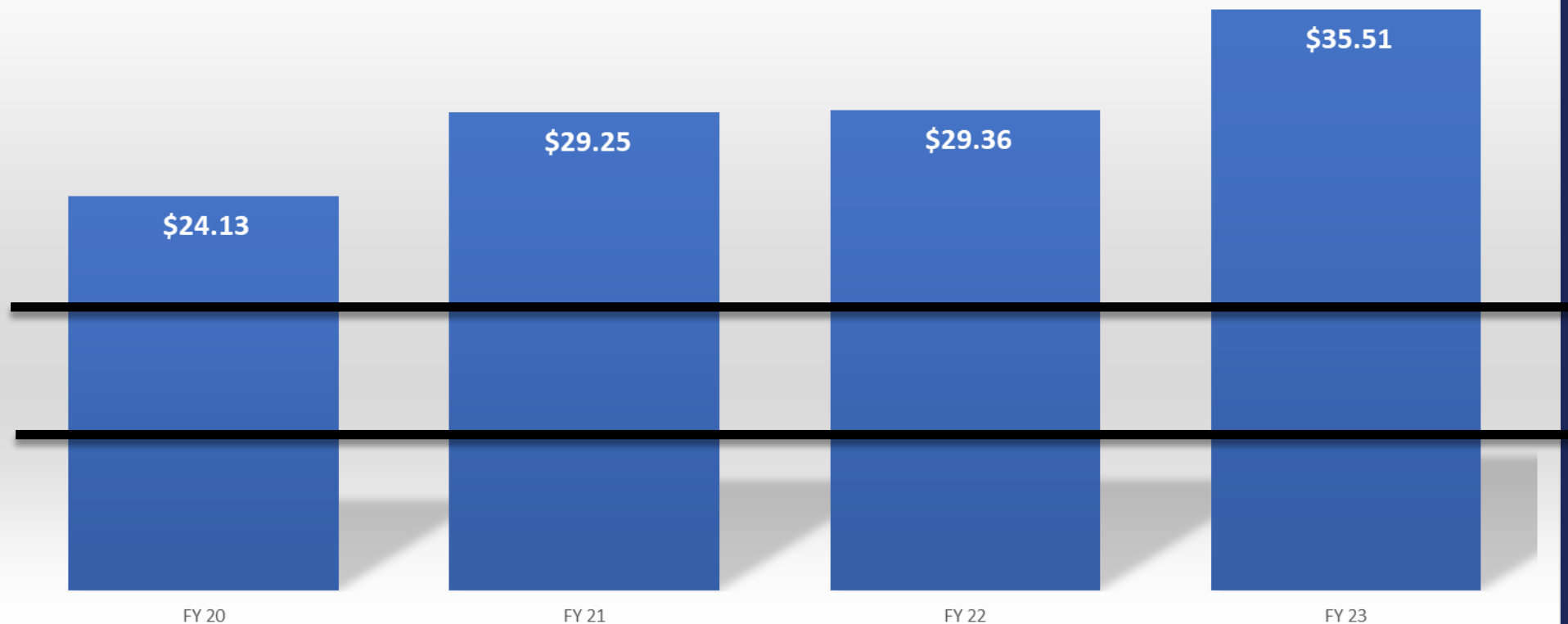
Jobs and Employment

- *~8,300 jobs and growing in film industry*
- *NAICS Code 512 (Motion Picture and Sound Recording Industries)*
 - *10% industry adjustment, contract employment, multiplier*
- *Film production is a wide-reaching industry*
 - *Additional codes*
 - *1099's, contractual employment*
- *10% industry adjustment*
 - *Dept of Workforce Solutions*

Median Wage of Full Time Resident Crew



Median Wage of Full Time Resident Crew



Economic Impact of NM Film Tax Credit



Competitive Markets in U.S



Competitive Markets

- **California**
 - Cap: \$330 Million
 - Incentive: up to 35%
- **New York** (recently increased)
 - Cap: \$700 Million
 - Incentive: up to 40%
- **Georgia**
 - Cap: Uncapped
 - Incentive: up to 30%
- **Louisiana**
 - Cap: \$150 Million
 - Incentive: up to 40%
- **Illinois**
 - Cap: Uncapped
 - Incentive: up to 45%

Burgeoning Markets

- **Arizona** (recently passed)
 - Cap: \$125 Million
 - Incentive: up to 22.5%
- **Oklahoma**
 - Cap: \$30 Million
 - Incentive: up to 38%
- **New Jersey Cap**
 - Cap: \$100 Million
 - Incentive: up to 37%
- **Texas** (Recently increased)
 - Cap: \$200 Million (every 2 years)
 - Incentive: Up to 22.5%

Success Story #1



Impact on Los Alamos, NM, after the premiere of NBCUniversal's "Oppenheimer"

"For locations like the Museum and Manhattan Project National Park, visitors have increased from between 68 and 103%. Impacts have also spilled over into local businesses. For instance, the Gadgets giftshop in the Bradbury Science Museum reported retail sales increases of 60 percent. Based on these numbers, we are anticipating a busy 2024."

Success Story #2



Crafty Apes is a full-service visual FX studio. We have branch offices in multiple production hubs, including New Mexico, California, Vancouver, Baton Rouge, Atlanta, Montreal, and New York.

Why New Mexico?

“Because it's one of the big production hubs. Now that we have Netflix and NBC, it made sense to have a branch here. We mostly cater to the New Mexico-based shows, but we also help some of the other branches with their shows. That's part of our strategy to be able to cater to shows in their local market so they can keep their claims process simple when using the state film incentives.”

Our Film/TV/Media Ecosystem



- Competitive Film Incentive
- World class workforce
- Thousands of Local Businesses
- Education/Training/Workforce Programs
- Soundstage Infrastructure
- Diverse Locations and Landscapes
- Film-friendly communities, weather, lifestyle, culture
- www.nmfilm.com



Everyone has a role.