New Mexico Film Production Tax Incentive Study
July 21, 2014

Phase I Report

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

The State of New Mexico has engaged MNP LLP (MNP) to conduct an independent assessment of the economic and community impacts, and cost-effectiveness of the New Mexico film production tax incentive. The study is anticipated to run from 2014 through 2017, and to consist of four phases.

This report contains the results of Phase 1 of the four phased study of the New Mexico film and television industry. The three main goals of this phase were to review New Mexico's film and television industry and production tax incentive, compare New Mexico's film production tax incentive with those of other states, and to estimate the economic impacts of production spending. Subsequent phases of the study are planned to address issues of film and television industry employment, infrastructure spending, film induced tourism, educational programs and business creation.

The main conclusions of Phase 1 are:

- New Mexico has become a well-established and important production location for film and television.
- New Mexico is viewed favorably by the film and television industry as a production location as a result of its film production tax incentive and its other positive attributes.
- The increased tax incentives for extended television series production are viewed favorably by the industry and are believed to attract additional productions.
- The film and television industry creates economic impacts through production spending, infrastructure spending, and film induced tourism. In this report we have assessed only production spending impacts, with the impacts of infrastructure spending and film induced tourism scheduled to be assessed in subsequent phases of the study. The estimated economic impacts from production spending between fiscal years 2010 through 2014 (Q1 through Q3) are:
    - Total economic output generated from production spending alone is estimated at $1.53 billion. Direct output from production activity is estimated at $936.0 million. In addition, production activity generated a further $591.5 million in indirect and induced spending.
    - Total GSP generated from production spending is estimated at $968.9 million. Direct GSP from production activity is estimated at $740.2 million. Film and television production activity generated an additional $228.7 million in GDP through indirect and induced impacts.
    - Total employment created from production spending is estimated at 15,848 full-time equivalent employee (FTE) positions. Direct employment generated from production activity is estimated at 8,851. Employment generated through indirect and induced spending supported an additional 6,997 FTE positions.
    - Total State and local taxes generated from production spending are estimated at $103.6 million. This includes $79.1 million to the State government and $24.5 million to local governments.
    - Film production activity has produced an estimated $0.43 in state and local taxes ($0.33 in state taxes and $0.10 in local taxes) for each dollar in production incentive granted.
    - Each net dollar of incentive was associated with approximately $7.18 in new GSP (from film production).
    - Each net million dollars of incentive was associated with approximately 117 new FTE jobs (from film production).
    - The net cost per FTE job created from film production was approximately $8,519.

1. BACKGROUND AND STUDY PURPOSE

1.1 INTRODUCTION

The State of New Mexico has engaged MNP LLP (MNP) to conduct an independent assessment of the economic and community impacts, and cost-effectiveness of the New Mexico film production tax incentive.

The study is anticipated to run from 2014 through 2017, and to consist of four phases. The planned reporting schedule for the study is shown in Table 1.

TABLE 1: ANTICIPATED STUDY REPORT SCHEDULE

Project Phase	Scope of Phase/Report	Timing
Phase I	• Film and television industry review, and tax incentive overview • Comparison of New Mexico's film production tax incentive program with those of other US states • Economic impacts of production spending • Recommendations for reporting requirements	Final Report – June 30, 2014
Phase II	• Analysis of film industry employment and procurement • Economic impacts of infrastructure spending	Final Report – June 30, 2015
Phase III	• Survey/interviews with film industry stakeholders, tourism organizations, and educational institutions • Impact of film production tax incentive on New Mexico's tourism industry and educational programs	Final Report – June 30, 2016
Phase IV	• Assessment of film and television industry impacts in New Mexico by aggregating findings from previous phases • Recommendations with regards to improved targeting and future opportunities for the film production tax incentive	Final Report – June 30, 2017

This report summarizes the findings of Phase 1 of the study.

1.2 PROJECT GOALS

The overall objectives of the project are to assess the economic and community impacts and cost-effectiveness of the New Mexico film production tax incentive. The specific project goals are to assess:

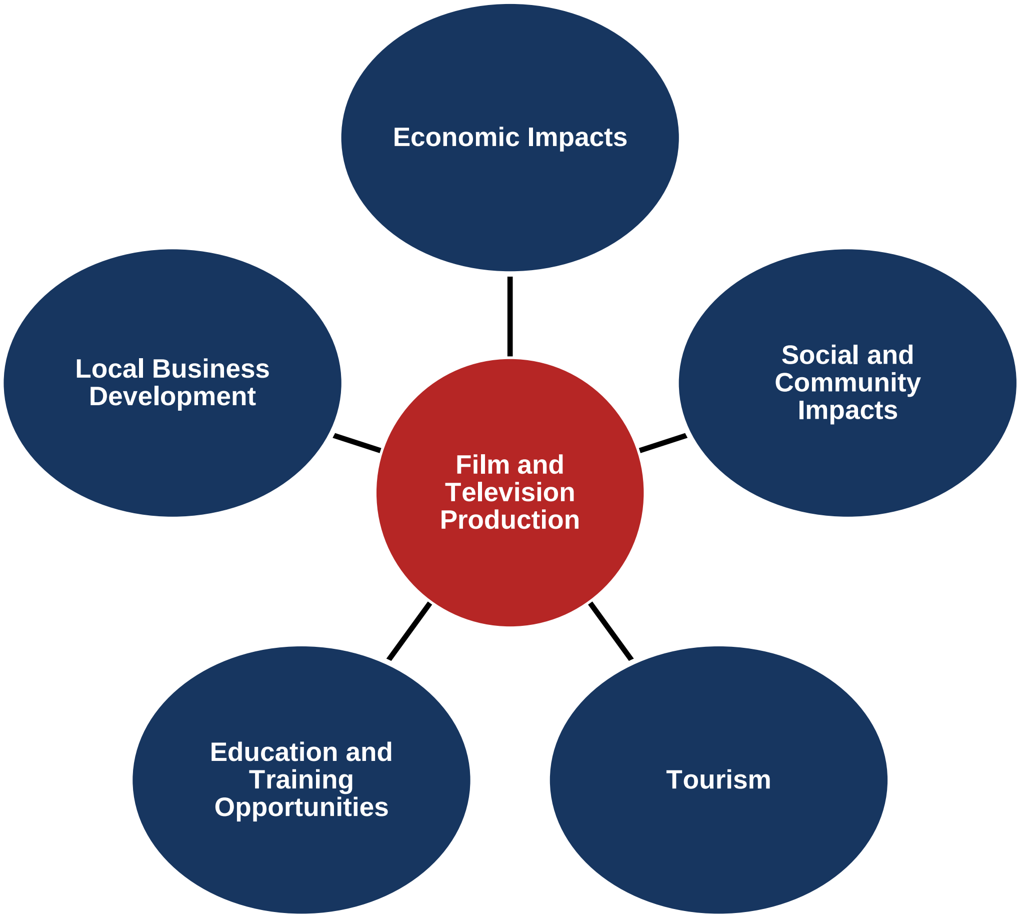
- Economic impacts of the film and television industry in New Mexico.
- Factors that influence film and television industry in New Mexico, and the importance of the film production tax incentive compared with other factors.
- Net fiscal impacts of the film production tax incentive, including State and local revenue.
- Extent of New Mexico's film and television industry compared to that of other states, and the role that New Mexico's film production tax incentive has played in its development.

- Job creation, including the number of jobs created, types of jobs created (permanent versus temporary), proportion filled by New Mexico residents, education or skill level requirements, pay rates and benefits.
- Industry procurement of goods and services, both from vendors in state and out of state.
- Film and television industry impacts on New Mexico tourism.
- Educational and training opportunities in New Mexico created or simulated by the film and television industry.

1.3 ASSESSMENT AREAS

The impacts of film and television production may be felt across a variety of industry sectors, communities, and organizations. To assess the impacts fully requires an analysis of the linkages between film and television production and these other areas. Included in the scope of this study are five assessment areas, illustrated schematically in the following figure.

FIGURE 1: STUDY ASSESSMENT AREAS



The five areas under review are further described in Table 2.

TABLE 2: ASSESSMENT AREAS

Economic Impacts	Economic impacts include employment impacts, gross state product creation, and generation of tax revenues for the state and local governments. These impacts arise from: ▪ Production Impacts – e.g., Salaries and wages, rentals and general supplies and services. ▪ Infrastructure Impacts – e.g., Production facilities and equipment. ▪ Other Related Spending Impacts – e.g., Personal expenditures made by film and television talent, expenditures made by visiting family and friends.
Local Business Development	Film and television production may impact local business development through: ▪ Creation of additional jobs (directly and indirectly). ▪ Creation of business partnerships. ▪ Attraction/retention/skill upgrading of qualified workforces. ▪ Development of related or spin-off companies.
Tourism	Film and television productions may generate tourism activity through the attraction of visitors to a region. This type of tourism activity, whereby films and television programs encourage viewers to visit the region where filming occurred, is known as film induced tourism (FIT).[1]
Education and Training Opportunities	Film and television production may also generate education and training opportunities in a region through the creation of: ▪ Ancillary activities and benefits, such as educational programs and training. ▪ Opportunities for unemployed workers, trainees or interns.
Social and Community Impacts	Film and television production related impacts on communities may include: ▪ Contributions to local culture, community groups and local organizations. ▪ Diversification of local economies.

1.4 REPORT STRUCTURE

This report is structured as follows:

- Section 2 provides an overview of New Mexico's film and television industry and the New Mexico film production tax incentive.
- Section 3 provides a comparison of New Mexico's tax incentive program with incentives offered in other US jurisdictions.
- Section 4 describes New Mexico's competitive position for film and television production in relation to other US and International jurisdictions.
- Section 5 presents a summary of the economic impacts of film and television production spending in New Mexico.
- Section 6 describes the additional economic and social contributions arising through New Mexico's film production tax incentive, including an overview of the benefits the program may have on New Mexico businesses, infrastructure development, tourism, and education.
- Section 7 outlines MNP's recommendations regarding reporting requirements that would generate the data necessary to assess the potential direct, indirect and induced impacts of the industry.
- Section 8 contains a summary of the Phase 1 findings.

[1] Oxford Economics. *The Economic Impact of the UK Film Industry*. Oxford, 2007.

The appendices include a list of data sources that were accessed for the study, a summary of the methodology used to estimate the economic impacts, relevant assumptions used in the economic modeling process, and other supplementary information.

1.5 REPORT RESTRICTIONS AND LIMITATIONS

The report is provided for information purposes and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for personalized, professional financial advice.

We have relied upon the completeness, accuracy and fair presentation of all information and data obtained from government and other public sources, believed to be reliable. The accuracy and reliability of the findings and opinions expressed in the presentation are conditional upon the completeness, accuracy and fair presentation of the information underlying them. Additionally, the findings and opinions expressed in the presentation constitute judgments as of the date of the presentation, and are subject to change without notice.

Projections contained in the report are founded on past events giving an expectation of certain future events. Future events are not guaranteed to follow past patterns and results may vary, even significantly. Accordingly, MNP expresses no assurance as to whether projections contained in the report will be achieved.

We disclaim any liability to any party that relies upon these findings and opinions for business investment purposes. Before taking any particular course of action, readers should contact their own professional advisor to discuss matters in the context of their particular situation.

2. NEW MEXICO'S FILM AND TELEVISION INDUSTRY

2.1 OVERVIEW OF NEW MEXICO'S FILM AND TELEVISION INDUSTRY

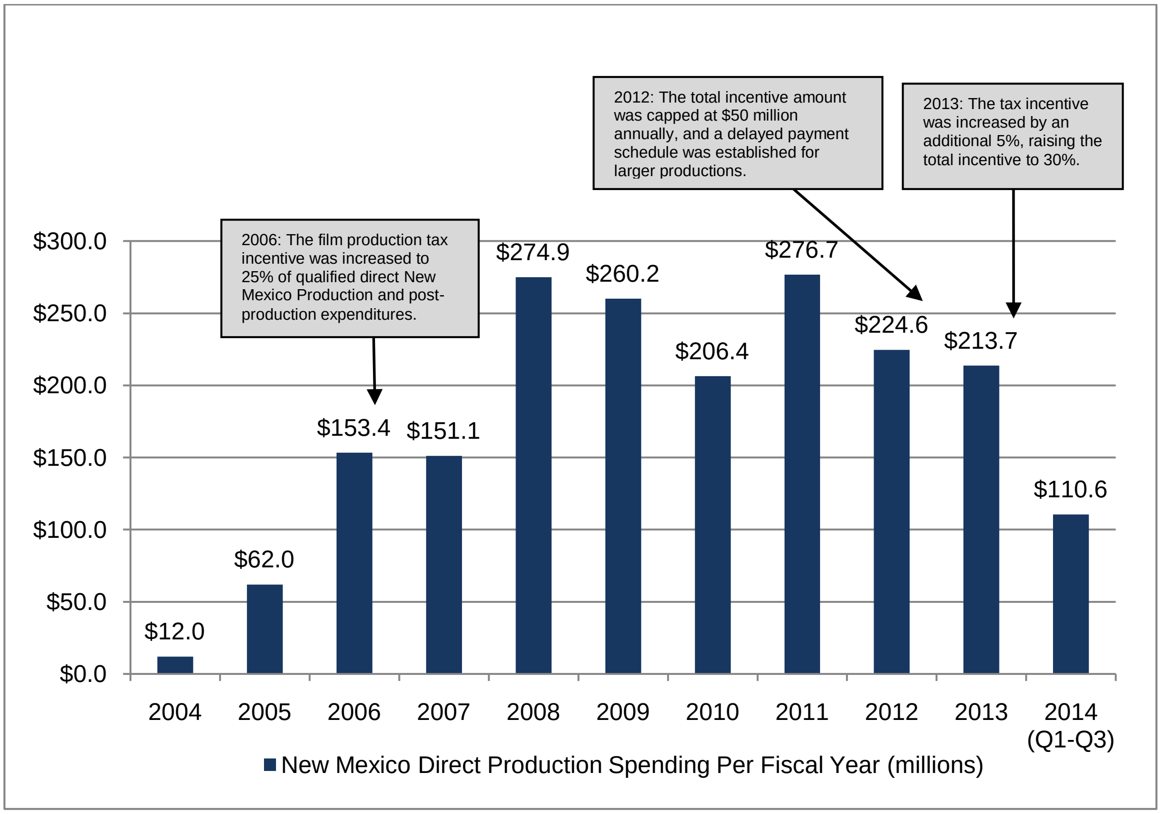
2.1.1 PRODUCTION

According to data from the New Mexico Film Office, the New Mexico film and television industry ("the industry") has seen a general increase in the amount of production spending since the introduction of the production tax incentive in 2002. Production expenditures occurring in New Mexico have been associated with a range of production types including, feature films, television series, music videos, video games, commercial and documentaries. Interviews[2] conducted by MNP suggest that New Mexico's arid to semi-arid climate, diverse set of landscapes, and proximity to Los Angeles make it an attractive location choice. These factors, coupled with a capable crew base and availability of physical infrastructure, has resulted in New Mexico becoming a lure for a wide variety of production types.

As shown in Figure 2, the value of production expenditure in New Mexico has increased since the initial implementation of the production tax incentive in 2002. An amendment to the legislation in 2006, when the film production tax incentive was increased to 25 percent of qualified direct New Mexico production and post-production expenditures, coincided with a general increase in annual production expenditure levels until the economic downturn in 2010.

[2] MNP interviews conducted with production executives outside of New Mexico.

Figure 2: NEW MEXICO ESTIMATED ANNUAL DIRECT PRODUCTION SPENDING



Source: New Mexico Film Office

Note: Prior to fiscal year 2012, non-resident performing artists were included in the New Mexico Film Office's estimates of direct production expenditures. Consequently, a direct comparison of pre and post-2012 may not be reliable.

Table 3 shows the number and types of productions qualifying for the New Mexico film production tax incentive from fiscal 2010 through fiscal 2014 (Q1 through Q3). As indicated, the annual number of productions in New Mexico has ranged from 55 to 75 over that time frame.

TABLE 3: TOTAL NUMBER OF REGISTERED PRODUCTIONS IN NEW MEXICO IN 2010 TO 2014

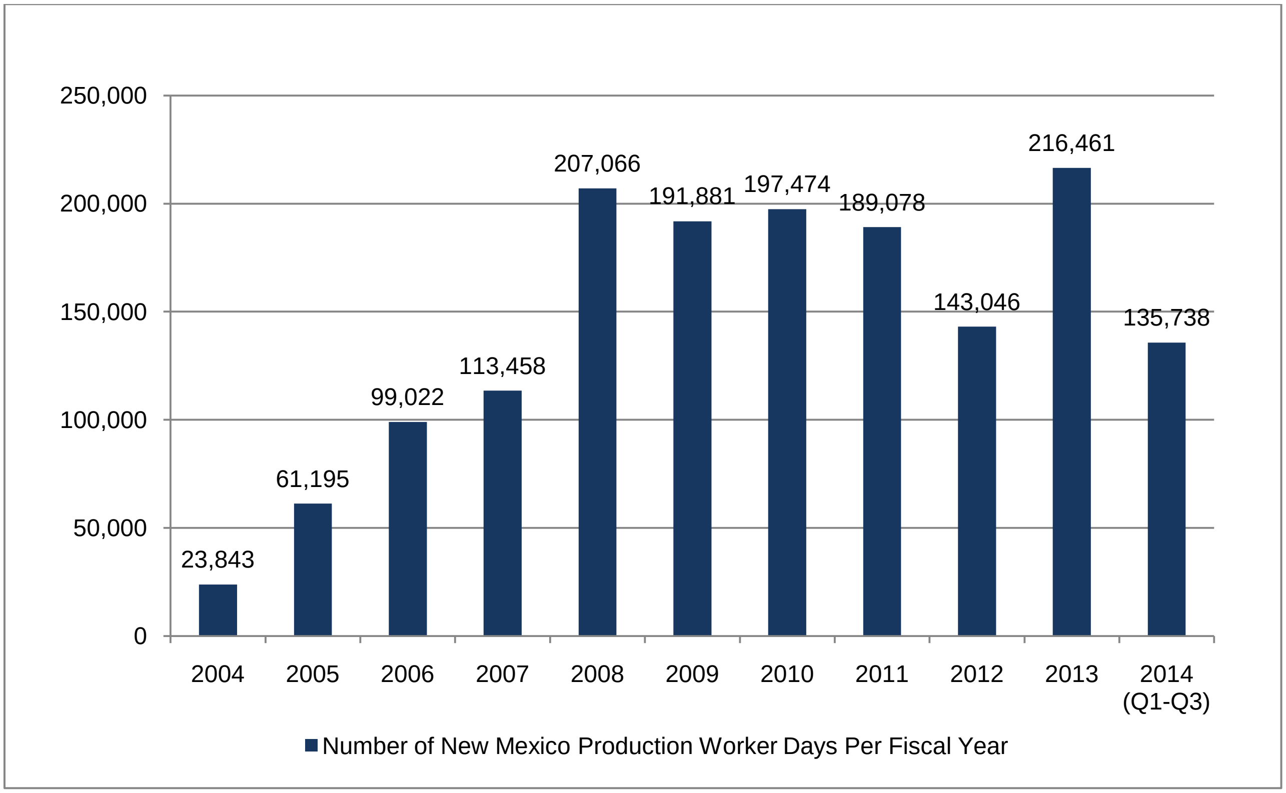
Type of Production	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 (Q1 to Q3)
Major Features	20	30	8	16	11
Minor Features	12	9	9	9	8
Major TV			5	6	6
Minor TV	7	4	2	1	3
Major/Other TV				1	1
Major Post			9		
Minor Post	2	4		5	3
Documentaries	9	9	8	3	2
Shorts	10	4	7	8	9
Apps		1		2	4
Music Video	1	1		1	4
Video Games		2		1	
Other/TV		1			
Other/Network			1		
Other/DVD/Video/Webisodes	3	3	2	1	4
Commercial/Promos	7	7	4	4	3
Total Productions	**71**	**75**	**55**	**58**	**58**

2.1.2 EMPLOYMENT

As indicated in Figure 3, the number of New Mexico production worker days[3] has grown over the past decade. Since the enactment of New Mexico's incentive program in 2002, the state has experienced a general increase in production worker days.

According to the Bureau of Labor Statistics, private sector employment in the motion picture and video production industry in New Mexico grew from 362 in 2003 to 2,209 in 2012; a more than six fold increase. In comparison, national private sector employment in the industry grew to just slightly above 2003 levels, from 176,455 employees in 2003 to 204,946 in 2012.[4]

FIGURE 3: ANNUAL NUMBER OF NEW MEXICO PRODUCTION WORKER DAYS



Source: New Mexico Film Office

2.2 NEW MEXICO FILM PRODUCTION TAX INCENTIVE

New Mexico has been offering production companies incentives related to film and television production since 2002. The purpose of the film production tax incentive is to develop and sustain New Mexico's infrastructure, pool of trained professionals and businesses to support the state's film and television industry.

New Mexico's incentive program was first enacted in the 2002 Legislative Session and went into effect in 2003. The initial program was offered as a refundable tax incentive equal to 15 percent of qualified

[3] Worker days are calculated by multiplying the size of the crew by the number of days employed.
[4] US Bureau of Labor Statistics, Quarterly Census of Employment and Wages, NAICS 512110 Motion picture and video production.

production expenditures incurred in New Mexico. Amendments to the legislation were introduced in subsequent years.

- Over 2005 and 2006, the film production tax incentive was increased to 25 percent of qualified direct New Mexico production expenditures. At the same time, the tax incentive was also expanded to include expenditures relating to post-production and video game development. At the same time, the tax incentive related to performing artists' salaries was capped at $5 million.
- In fiscal year 2012, the total incentive amount was capped at $50 million annually, and a delayed payment schedule was established for larger productions.
- In 2013, the incentive was increased by an additional five percent, raising the total incentive to 30 percent for either direct expenditures made by qualifying television series or payments to resident crew (wages and fringes only) for services during production in New Mexico if a production utilizes a qualifying soundstage for a minimum of ten or fifteen days of principal photography.

Some of the key features of New Mexico's film production tax incentive program are outlined in Table 4.

TABLE 4: OVERVIEW OF NEW MEXICO FILM PRODUCTION TAX INCENTIVE PROGRAM

Category	Description
Type of Incentive	Refundable tax credit (25% to 30%)[5]
Incentive Overview	Refundable tax credits are received on all direct production expenditures (which include New Mexico crew) and expenditures for post production services that are subject to taxation by the State of New Mexico and rendered in New Mexico.[6] Some key features of the incentive program are:[7] • No minimum budget requirement • No minimum spend requirement • No minimum shoot day requirement • No minimum resident hire requirement • No pre-qualifying • No application fees • No brokers needed • $50 million allocated each July for pay-outs ("rolling cap") • A "Film Unit" at the NM Tax & Rev Dept.
Rolling Cap[8]	New Mexico now has a "rolling cap" meaning that any accrued amounts greater than fifty million ($50M) in any one fiscal year will be "rolled over" into the next fiscal year which begins on July 1. There is no pre-qualifying since credits will be awarded based upon when you file your credit claim (approved amount) and state tax or informational return. The NM Tax & Revenue Department will award tax credits on a first-come, first-served basis. So, if the $50 million cap has been met, the remaining amounts will be placed at the front of a queue and awarded in the next fiscal year (which begins July 1 of each year.) Up to $10 million of unexpended funds in a year may also be "rolled over" to the next fiscal year.
CAP Audit[9]	If the amount of the requested tax credit exceeds five million dollars ($5,000,000), the application shall also include the results of an audit, conducted by a certified public accountant licensed to practice in New Mexico, verifying that the expenditures have been made in compliance with the requirements.
Application/Reporting/ Qualification	• The filing entity must be a "Film Production Company." • The project must be a "film" or "commercial audiovisual product."

[5] http://www.nmfilm.com/summary_1.aspx
[6] http://www.nmfilm.com/summary_1.aspx
[7] http://www.nmfilm.com/summary_1.aspx
[8] http://www.nmfilm.com/Receiving_the_Credit.aspx
[9] http://www.nmfilm.com/Receiving_the_Credit.aspx

Category	Description
Requirements[10]	• The production must be intended for exhibition. • The production must be intended for reasonable commercial exploitation. **Additional requirements include:**[11] • Projects that have scrolling end credits shall contain an acknowledgment that the production was filmed in "the State of New Mexico." • A long-form narrative film production (e.g. feature) shall also include a state logo provided by the NM Film Office in the end credits. • The Production shall agree to pay all obligations the film production company has incurred in New Mexico; • The Production shall submit to the film office information required by the division to demonstrate conformity.
Eligible Productions	The following types of production qualify as long as the "requirements of qualifications" listed above apply:[12] • Feature films • Independent films • Television (MOW, pilots, series, reality) • Commercials* • Documentaries • Student films • Short films • Animation • Video games • Webisodes • Music videos • Infomercials • Mobile Apps * proof of media-buys for commercials is required
Maximum Benefit	25% of qualifying local spend with an addition 5% as follows: • The **additional 5%** (on top of the 25%) applies to all direct production expenditures made by a TV Series with an order of six (6) episodes and a New Mexico budget of $50k per episode. • For other types of productions, **an additional 5%** (on top of the 25%) applies to only the payments for resident crew wages and fringes for their services rendered in New Mexico when a qualifying production facility (sizable sound stage) is used for a minimum number of principal photography days: 10 days when the total budget is less than $30 million or 15 days when the total budget is $30 million or more. Principal photography must occur on the premises of the facility.[13]

[10] http://www.nmfilm.com/Qualifying_Expenditures.aspx
[11] http://www.nmfilm.com/Qualifying_Expenditures.aspx
[12] http://www.nmfilm.com/Qualifying_Expenditures.aspx
[13] Ibid

Category	Description
Loan Outs[14]	The Super Loan-Out" is a personal services business that is set up in order for the payment for the services of non-resident talent and on-camera stunt performers with management companies to qualify for the refundable tax credit. The total payment that can qualify cannot exceed twenty million dollars ($20M) collectively or a five million dollar ($5M) tax credit for all performing artists. This production company deducts or causes the loan-out to deduct withholding of PIT (personal income tax) at the highest rate (4.9%) and remits it to the state. The transaction also must be subject to Gross Receipts Tax (GRT). The actors or their loan-outs will be able to file a New Mexico income tax return with their deductions in order to reclaim all or portions of the PIT withholding. The prerequisites for non-resident performing artists with loan-outs to qualify are listed on the New Mexico Film Office website, http://www.nmfilm.com/Summary.aspx
Sunset/Review	None

2.2.1 TAX INCENTIVE REFUNDS

Since the inception of the New Mexico film production tax incentive in 2002, the New Mexico Taxation and Revenue Department has refunded a total of more than $404 million[15] to production companies, as indicated in Table 5.

TABLE 5: FILM PRODUCTION REFUNDS SINCE INCEPTION OF TAX INCENTIVE

Fiscal Year	Total Refunded*
2003	$1,116,187
2004	$1,736,665
2005	$2,104,583
2006	$5,721,083
2007	$18,523,663
2008	$42,569,286
2009	$82,062,134
2010	$45,367,424
2011	$96,192,255
2012**	$9,494,476
2013	$50,000,000
2014***	$50,000,000
Total	**$404,887,756**

* Includes productions receiving less than $10,000 in refund.
** 2012 fiscal year reflects a legislative change that extended the timeline to file for tax incentive (based on company’s tax year). At the end of fiscal 2011 (prior to the legislative change) there was a rush among production companies to file for authorized tax incentive amount due to uncertain effects of the legislative amendment.
*** Expected refund total
Source: New Mexico Taxation and Revenue Department

[14] New Mexico Film Office. http://www.nmfilm.com/Summary.aspx
[15] This includes the expected refund amount for fiscal 2014. Also, production refunds are based on $1.6 billion in qualifying expenditures that were submitted to and approved by the New Mexico Taxation and Revenue Department.

3. FILM AND TELEVISION INCENTIVE INTERJURISDICTIONAL COMPARISON

3.1 COMPARISON OF NEW MEXICO'S FILM PRODUCTION TAX INCENTIVE WITH THOSE OF OTHER JURISDICTIONS

The following bullet points summarize the findings of MNP's inter-jurisdictional review that compares New Mexico's film incentive provisions with film incentives offered in other U.S. states. More details on the types of incentives and requirements across the states are provided in Appendix 2.

- **The majority of US states offer film production incentives.** At present, 36 states and Puerto Rico offer film production incentives. Arizona, Delaware, Idaho (currently not funded), Indiana, Iowa, Kansas, Missouri, Nebraska, New Hampshire, North Dakota, South Dakota, Tennessee (suspended), Vermont and Wisconsin are the only states that currently do not have any film incentive programs.
- **Structures, sizes and types of tax incentives.** The scope of incentives varies significantly across states. Competitive incentives of varying structures, sizes and types are offered by different states. As outlined in Table 6, the majority of states offer rebates, refundable tax credits or transferable tax credits. Among the states offering incentives, the average maximum benefit is 28%. Some states (such as Alaska) offer benefits up to 58%, with possible bonuses included. Other states (such as Montana and Virginia) offer a combination of incentives. The compensation and project caps, or funding per year, also vary across states.
- **Project criteria.** As summarized in Table 6, the majority of states have a minimum local spend (i.e. money that goes to qualified in-state cast and crew members), ranging from $25,000 (West Virginia) to $1,000,000 (South Carolina, California, Colorado, Oregon, South Carolina, Utah). Some minimum spend requirements are per project while others are per tax year. In comparison, New Mexico's project criterion is a script review. States like New Mexico, which do not have minimum spend criteria, may have other criteria (such as a certification criterion in Montana). States with minimum spend criteria may also have further requirements to qualify for film incentives.
- **Sunset/review periods.** While most states have sunset/review periods, New Mexico, along with Utah, Texas, Louisiana, Alabama, Tennessee, Michigan, Ohio, Georgia, South Carolina, Virginia, West Virginia, Pennsylvania[16], Maine, Connecticut[17] and District of Columbia[18] do not. Only three states (Pennsylvania, Connecticut and the District of Columbia) require annual accountability reporting on the state's incentives. The state of Mississippi does not have a sunset date for its main rebate; but does for its non-resident payroll rebate.
- **Additional exemptions.** The majority of states offer additional exemptions in the form of hotel occupancy tax relief and/or sales and use tax relief. The states that at present do not offer any additional exemptions are Alaska, Arkansas, District of Columbia, Georgia, Hawaii, Louisiana, and Rhode Island. Puerto Rico also does not offer additional exemptions. Please refer to Table 7 for a state-by-state summary of additional exemptions.
- **Qualified production expenditures.** Qualified production expenditures vary across states and include in- and out-of-state vendors, as well as fringes and taxes paid for qualified payroll. Many states only offer incentives for production expenditures if specific conditions are met. For a summary on qualified production expenditures by state, please refer to Table 7.
- **Qualified compensation expenditures.** Qualified compensation expenditures may include above-the-line payroll (i.e., cast, directors, and producers) and below-the-line payroll (i.e., crew) expenditures. Each of these types of expenditures may apply to both resident (as defined by local law) and non-resident payrolls. It should be noted that many conditions apply to compensation

[16] Requires a report on the effectiveness of both incentives on September 1 each year.
[17] Requires an annual review for Workforce Competitiveness status report.
[18] Requires an annual report on or before December 31, for the fiscal year concluding September 30.

expenditures.[19] Conditions may relate to a jurisdiction's taxation requirements, or to compensation and project caps. For a summary on qualified compensation expenditures by state, please refer to Table 7.

- **Types of production covered.** Table 8 summarizes, by state, the types of productions currently eligible for incentives. While many states provide a variety of production incentives for a range of non-traditional programming, some states, including California, South Carolina and New York offer no or limited incentives for non-traditional programming. Many states offer incentives for non-traditional programming based on certain conditions, or with a national broadcast requirement.

The tables on the following pages provide a more detailed comparison of New Mexico's film incentive provisions with those of other states. More detailed descriptions of each state's incentive program are contained in Appendix C.

It should be noted that the following tables and associated analysis provide a summary of current incentive programs. Incentive programs change frequently, and subsequent changes in programs are not reflected in this report.

[19] Entertainment Partners. Production Incentives. http://www.entertainmentpartners.com/production_incentives_glossary/?qcei

TABLE 6: TYPE OF INCENTIVE, MAXIMUM BENEFIT, MINIMUM SPEND AND CAPS, BY STATE (AS OF MAY 2014)[20]

	Type of Incentive					Caps			
State	G = Grant CR= Cash Rebate R = Rebate TC = Tax Credit	Refundable	Transferable	Maximum Benefit	Minimum Spend	Compensation Cap	Per Project Cap	Annual Cap	Total funding or credits available until expended
Alabama	TC	✓		25%	$500k		$20M	$20M	
Alaska	TC		✓	58%	$75k			$200M	
Arkansas	TC	✓		20%	$200k	$500k		$5M	
California	TC			25%	$1M		$75M	$100M	
Colorado	CR			20%	$1M	$1M		$1M	
Connecticut	TC		✓	30%	$100k	$15M			
District of Columbia	R			42%	$250k			$4M	
Florida	TC		✓	30%	$625K	$400k	$8M		$296M
Georgia	TC		✓	30%	$500k	$500k	$5M	$25M	
Hawaii	TC	✓		25%	$200k		$15M		
Illinois	TC		✓	30%	$100k	$100k			
Kentucky	TC	✓		20%	$500k	$100k			
Louisiana	TC	✓	✓	30%	$300k	$1M			
Maine	TC & R			17%	$75k	$50k			
Maryland	TC	✓		25%	$500k	$500k		$25M	
Massachusetts	TC	✓	✓	25%	$50k	$1M			
Michigan	TC	✓		35%	$100k	$2M		$50M	
Minnesota	CR			25%	---	$100k	$5M		$10M
Mississippi	CR			25%	$50k	$5M	$10M	$20M	
Montana	TC & G	✓		9%	---	$50k		$1M*	
Nevada	TC		✓	19%	$500k	$750k	$6M	$20M	
New Jersey	TC		✓	20%	---			$10M	
New Mexico	**TC**	✓		**30%**	**---**	**$5M**		**$50M**	
New York	TC	✓		30%	---			$420M	
North Carolina	TC	✓		25%	$250k	$1M	$20M		
Ohio	TC	✓		35%	$300k		$5M	$10M	
Oklahoma	CR			37%	$50k			$5M	
Oregon	CR			20%	$1M			$6M	
Pennsylvania	TC		✓	30%	---	$15M	$12M	$60M	
Puerto Rico	TC		✓	40%	$100k			$50M	
Rhode Island	TC		✓	25%	$100k		$5M	$15M	
South Carolina	CR or TC			30%	$1M	$1M		$16M	
Texas	G			20%	$250k	$1M			$95M
Utah	CR or TC	✓		25%	$1M			$6.8M	
Virginia	TC & G	✓		40%	$250k	$1M		$5M	
Washington	CR			35%	$500k			$3.5M	
West Virginia	TC		✓	31%	$25k			$5M	
Wyoming	CR			15%	$200k			$1.5M	

*This cap applies to the grant offered by Montana, not the tax credit.

[20] Sources consulted: Entertainment Partners, Production Incentives -http://www.entertainmentpartners.com/us/ ; Ease Entertainment, Incentives Map - http://easeentertainment.com/production-incentives/incentives-map/

TABLE 7: TYPES OF INCENTIVES, ADDITIONAL EXEMPTIONS, QUALIFIED PRODUCTION AND COMPENSATION EXPENDITURES, BY STATE (AS OF MAY 2014)[21]

State	Type of Incentive			Additional Exemptions		Qualified Production Expenditures				Qualified Compensation Expenditures			
										Above-The-Line		Below-The-Line	
	G = Grant CR= Cash Rebate R = Rebate TC = Tax Credit	Refundable	Transferable	Sales & Use Tax Relief (or N/A)	Hotel Occupancy Tax Relief Available	In-State Vendors	Out of State Vendors	Fringes Paid for Qualified Payroll	Taxes Paid For Qualified Payroll	Residents	Non-Residents	Residents	Non-Residents
Alabama	TC	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓
Alaska	TC		✓			✓		✓	✓	✓	✓	✓	✓
Arkansas	TC	✓				✓		✓		✓	✓	✓	✓
California	TC			✓	✓	✓	●	●	●			✓	✓
Colorado	CR				✓	✓		✓	✓	✓	✓	✓	✓
Connecticut	TC		✓	✓	✓	✓		●	●	✓	✓	✓	✓
District of Columbia	R					✓		✓	✓	✓	✓	✓	✓
Florida	TC		✓	✓		✓		●	●	✓		✓	
Georgia	TC		✓			✓		✓	✓	✓	✓	✓	✓
Hawaii	TC	✓				✓	●	●	●	✓	✓	✓	✓
Illinois	TC		✓	✓		✓		●	●	✓		✓	
Kentucky	TC	✓		✓	✓	✓		●		✓	✓	✓	✓
Louisiana	TC	✓	✓			✓		●	●	✓	✓	✓	✓
Maine	TC & R			✓	✓			●		✓	✓	✓	✓
Maryland	TC	✓		✓		✓	●	●	●	✓	✓	✓	✓
Massachusetts	TC	✓	✓	✓		✓	●	✓	✓	✓	✓	✓	✓
Michigan	TC	✓			✓	✓		✓	✓	✓	✓	✓	✓
Minnesota	CR			✓	✓	✓		●	●	✓	✓	✓	
Mississippi	CR			✓		✓	●	●	●	✓	✓	✓	✓
Montana	TC & (G)	✓		✓	✓	✓		●		✓		✓	
Nevada	TC		✓		✓	✓		✓	✓	✓	✓	✓	✓
New Jersey	TC		✓	✓	✓	✓	●	✓	✓	✓	✓	✓	✓
New Mexico	**TC**	✓		●	✓	✓	●	✓		✓	●	✓	
New York	TC	✓		✓		●	✓	●	●	✓		✓	✓
North Carolina	TC	✓			✓	✓		●		✓	✓	✓	✓
Ohio	TC	✓			✓	✓	✓	●	✓	✓	✓	✓	✓
Oklahoma	CR			✓		✓		●	●	✓	✓	✓	✓
Oregon	CR			✓	✓	✓		●		✓	✓	✓	✓
Pennsylvania	TC		✓		✓	✓		✓	✓	✓	✓	✓	✓
Puerto Rico	TC		✓			✓		✓	●	✓	✓	✓	✓
Rhode Island	TC		✓			✓		✓	✓	✓	✓	✓	✓
South Carolina	CR or TC			✓	✓	✓	●	●		✓	✓	✓	✓
Texas	G			✓	✓	✓		✓	✓	✓		✓	
Utah	CR or TC	✓		✓	✓	✓		✓	●	✓		✓	
Virginia	TC & G	✓		✓	✓	✓		●	●	✓	✓	✓	✓
Washington	CR			✓	✓	✓		✓	✓	✓		✓	✓
West Virginia	TC		✓	✓	✓	✓	●	✓	✓	✓	✓	✓	✓
Wyoming	CR				✓	✓		✓	✓	✓		✓	

● **Conditions Apply - Contact local Film office**

[21] Sources consulted: Entertainment Partners, Production Incentives -http://www.entertainmentpartners.com/us/ ; Ease Entertainment, Incentives Map - http://easeentertainment.com/production-incentives/incentives-map/

TABLE 8: TYPES OF PRODUCTIONS COVERED, BY STATE (AS OF MAY 2014)[22]

State	Types of Productions Covered													
	Feature Film	Television (Pilot and Series)	Talk Shows	Animation	Reality shows	Commercials	Game Shows	Industrials	Documentaries	Music Videos	News	Interactive Media & Video Games	Webisodes	Sporting Events
Alabama	✓	✓			✓	✓			✓	✓		✓	✓	
Alaska	✓	✓		✓	✓	✓			✓	✓		✓	✓	
Arkansas	✓	✓	●	■	✓	■	●	●	■	■		■	■	
California	✓	✓												
Colorado	✓	✓	✓	✓	✓	■	✓		✓	✓		■	✓	
Connecticut		✓	✓	■	✓	■	✓		■	■		✓	✓	
District of Columbia	✓	✓	●	●	●	✓	●	●	●	●		●	✓	
Florida	✓	✓	✓	■	■	■	■	●	■	●		●	■	
Georgia	✓	✓	■	✓	✓	■	✓		■	●		●	●	
Hawaii	✓	✓	■	✓	✓	✓	✓		■	✓		✓	✓	
Illinois	✓	✓		✓	●	✓			✓	✓			✓	
Kentucky	✓	✓		●	✓	●		●	✓	●		●	✓	
Louisiana	✓	✓	✓	✓	✓	✓	✓		✓	✓		●	✓	
Maine	✓	✓		✓	✓	✓		✓	✓	✓		✓	✓	
Maryland	✓	✓		■		✓		■	✓	✓				
Massachusetts	✓	✓		✓	●	✓	✓		✓	●				
Michigan	✓	✓	✓	■	●		●		✓	■		■	✓	
Minnesota	✓	✓		✓	●	■			✓	✓			●	
Mississippi	✓	✓		■	✓	✓	✓	✓	✓	✓		■	✓	
Montana	✓	✓			✓	✓	✓	✓	■	✓		●	✓	
Nevada	✓	✓	✓	✓	✓	■	●		✓	✓		✓	✓	
New Jersey	✓	✓		✓	✓				✓			✓	●	
New Mexico	✓	✓	✓	✓	✓	●	✓		✓	✓		✓	✓	
New York	✓	✓				■								
North Carolina	✓	✓	●	✓	✓	✓	●	✓	■	■		●	✓	
Ohio	✓	✓	✓	✓	✓	■	✓	✓	■	■		■	✓	
Oklahoma	✓	✓		✓	✓	■		✓	✓	✓				
Oregon	✓	✓		✓	●	●			✓	●			●	
Pennsylvania	✓	✓	■	✓	✓	■	■		✓				✓	
Puerto Rico	✓	✓	✓	■	✓	■	✓		✓	■	✓	■	●	✓
Rhode Island	✓	✓		■		■			■			■		
South Carolina	✓	✓		●		■								
Texas	✓	✓	■	✓	■	■	■	■	■	■		■	✓	
Utah	✓	✓		✓	■			✓	■	●			✓	
Virginia	✓	✓		✓		✓			✓	✓		●	✓	
Washington	✓	✓		●	●	✓			●	●			✓	
West Virginia	✓	✓		✓	✓	■	✓	✓	✓	■			✓	
Wyoming	✓	✓	✓	✓	✓	●	✓	✓	✓	●	✓	✓	✓	✓

- ● **Conditions Apply - Contact local Film office**
- ■ **Must Have National Broadcast**

22 Sources consulted: Entertainment Partners, Production Incentives -http://www.entertainmentpartners.com/us/ ; Ease Entertainment, Incentives Map - http://easeentertainment.com/production-incentives/incentives-map/

4. NEW MEXICO'S COMPETITIVE POSITION FOR FILM AND TELEVISION PRODUCTION

4.1 FACTORS AFFECTING THE LOCATION OF PRODUCTIONS

Film and television production locations are determined on a case by case basis. Based on MNP's research and interviews conducted with film and television production executives, the principal factors upon which production locations are based are:

- Physical setting.
- Resource availability.
- Financial considerations.

These factors are described in more detail in Table 9.

TABLE 9: FACTORS AFFECTING THE LOCATION OF FILM AND TELEVISION PRODUCTION

Factor		Film and Television Production
Physical Setting:	**Creative Considerations**	The subject matter of the production may affect production location decisions. If a production requires a specific physical setting, the production may be restricted in terms of where it can be shot. In recent years, the film and television industry has become increasingly willing to adjust scripts and production settings on the basis of financial considerations. This has also been enabled by advances in digital effects.
	Attractiveness of Location	The accessibility of a location to the cast and crew may also influence production location decisions. For example, jurisdictions that are easily accessible from Los Angeles may have greater appeal to production companies in comparison to jurisdictions that are more difficult to access.
Resource Availability:	**Physical and Technical Infrastructure**	Production location decisions are also influenced by the extent of local physical infrastructure (e.g. soundstages) and by the capabilities of local vendors to support productions.
	Availability of Skilled Labor	The availability and quality of local crews is an important element for consideration in film and television production location decisions. The absence of local crews can be expensive, as crews need to be sourced from other regions. On occasion projects are relocated on the basis of the availability of local crews.
Financial Considerations:	**Economic Conditions**	The economic conditions of a jurisdiction may also affect production location decisions. Favorable economic conditions, such as lower labor costs and exchange rates, can result in significant cost savings. For instance, many North American production companies have been shooting in overseas locations with notably lower labor costs (such as Budapest and Prague).
	Tax Incentives	Tax incentives are an important determinant of production location. While studios are largely based in California, as a result of the entertainment cluster that exists in the state, production is often relocated to regions with attractive tax incentive programs. MNP's interviews conducted with numerous major producers suggest that tax incentives may be even more important than talent and script concerns (e.g. if a state's tax incentive is particularly attractive, a script may be modified to reflect the scenery in that state). More information on the importance of film tax incentives is included in Appendix B.

4.2 NEW MEXICO'S PERCEIVED COMPETITIVE POSITION

Interviews MNP conducted with production executives outside of New Mexico, as well as information obtained from New Mexico industry representatives, suggest that New Mexico is perceived as an attractive production location. Table 10 describes New Mexico's perceived competitive position, in terms of the factors affecting production locations described in Section 4.1, relative to other major North American and international jurisdictions. Three stars means more attractive than other jurisdictions; two stars means about the same attractiveness; and, one star means less attractive than other major jurisdictions.

TABLE 10: NEW MEXICO'S PERCEIVED COMPETITIVE POSITION IN FILM AND TELEVISION PRODUCTION

Factor	New Mexico's Perceived Competitive Position	Comparative Ranking
Physical Setting	▪ New Mexico's arid to semi-arid climate makes the state an ideal location for films requiring this type of setting. In addition, the state provides a diverse set of landscapes that can stand in for many other locations. For example, the northern part of the state can stand in for the Pacific Northwest.[23] ▪ New Mexico is particularly attractive for film and television production companies that are based in Los Angeles, as it is viewed as being easily accessible with only one time zone difference between the two locations.	★★
Resource Availability	▪ New Mexico's qualified crew base has expanded in recent years. For example, the number of members of the IATSE Local 480 has grown from 995 in 2011 to 1,024 in 2013. Over the same time frame, the number of man days worked increased from 98,175 in 2011 to 135,928 in 2013.[24] ▪ In recent years, New Mexico's physical infrastructure has been expanded and improved upon. The development and/or upgrading of Albuquerque Studios, I-25 Studios, Garson Studios and, more recently, Santa Fe Studios, has created and improved physical infrastructure.[25] ▪ New Mexico lacks a large media cluster and supporting population in comparison to other US states. This may limit its capacity to support and retain a large number of projects.	★★
Financial Considerations	▪ Film production executives interviewed by MNP stated that New Mexico's film production tax incentive is viewed favorably. In particular, the increased tax incentives for long-running television production are viewed very positively and distinguish New Mexico from other jurisdictions.[26] ▪ New Mexico offers affordable hotel/housing rates as well as lower cost of living in comparison to some other US states.[27]	★★★

Note: MNP's ratings were derived using information collected through interviews with production executives outside of New Mexico and data obtained from industry representatives in New Mexico.

For more information relating to the competitive position of New Mexico in relation to other jurisdictions, please see Appendix G.

[23] MNP interviews conducted with production executives outside of New Mexico.
[24] Communication with representatives of the IATSE Local 480.
[25] MNP interviews conducted with production executives outside of New Mexico.
[26] MNP interviews conducted with production executives outside of New Mexico.
[27] Ibid

5. ECONOMIC IMPACTS OF PRODUCTION SPENDING

5.1 ECONOMIC IMPACT ANALYSIS DEFINITIONS AND ASSUMPTIONS

When assessing the economic and social contributions of an industry, it is useful to draw distinctions between economic impacts, broader economic benefits, and community and social impacts.

Economic impacts are generally viewed as being restricted to quantitative, well-established measures of economic activity, and include the following:

- **Output** is the total gross value of goods and services produced by a given company or industry measured by the price paid to the producer (versus the price paid by the consumer, which can include transportation and retail mark-ups). This is the broadest measure of economic activity.
- **Gross State Product (GSP)**, or value added refers to the additional value of a good or service over the cost of inputs used to produce it from the previous stage of production. Thus GSP is equal to net output, or the difference between revenues and expenses on intermediate inputs. It is the incremental value created through labor or mechanical processing.
- **Labor Income** is the income that is received by households from the production of regional goods and services and which is available for spending on goods and services. This includes all forms of employment income, including employee compensation (wages and benefits) and proprietor income.
- **Employment** is the number of additional jobs created. Employment is measured in terms of full-time equivalents (FTEs).
- **State and Local Tax Revenues** are estimates comprised of various taxes including personal income tax, sales tax, property tax, motor vehicle license fees, corporate income tax, severance tax, fishing and hunting licenses and other taxes, fines, and fees.

Economic impacts may be estimated at direct, indirect, and induced levels. Direct impacts are changes that occur in “front-end” businesses that would initially receive expenditures and operating revenue as a direct consequence of the operations and activities of a facility, project, or industry. Indirect impacts arise from changes in activity for suppliers of the “front-end” businesses. Induced impacts arise from shifts in spending on goods and services as a consequence of changes to the payroll of the directly and indirectly affected businesses. The total impact of any given initial expenditure is calculated by adding the direct, indirect, and induced impacts.

In contrast to economic impacts, economic benefits include measures that may be broader in scope, and may include both activity-based and outcome-based measures. These benefits may also describe long-term or downstream activity that would not normally be captured in economic impacts. While economic impacts utilize standard measures that can be estimated for nearly any type of project, economic benefits and their accompanying measures may vary greatly from project to project. Economic benefits may include diversification of local economies, creation of partnerships, and creation of opportunities for trainees or interns.

Social or community benefits may be quantitative or qualitative in nature and may address contributions made to local communities and general social development. Social benefits may include contributions to community heritage and culture, environmental initiatives and educational programs.

Data for the economic impact modeling was obtained from the New Mexico Film Office, the New Mexico Department of Taxation and Revenue, and other publicly available sources. The economic impact of film and television production stimulated by the State of New Mexico’s tax incentive program was estimated by MNP using the 2012 IMPLAN input-output model, the latest available version of IMPLAN. Input-output modeling is a widely-used and widely-accepted approach, making it recognizable by many different stakeholders and audiences. The structure of the approach also facilitates easy comparisons between reported results for different projects, organizations or industries.

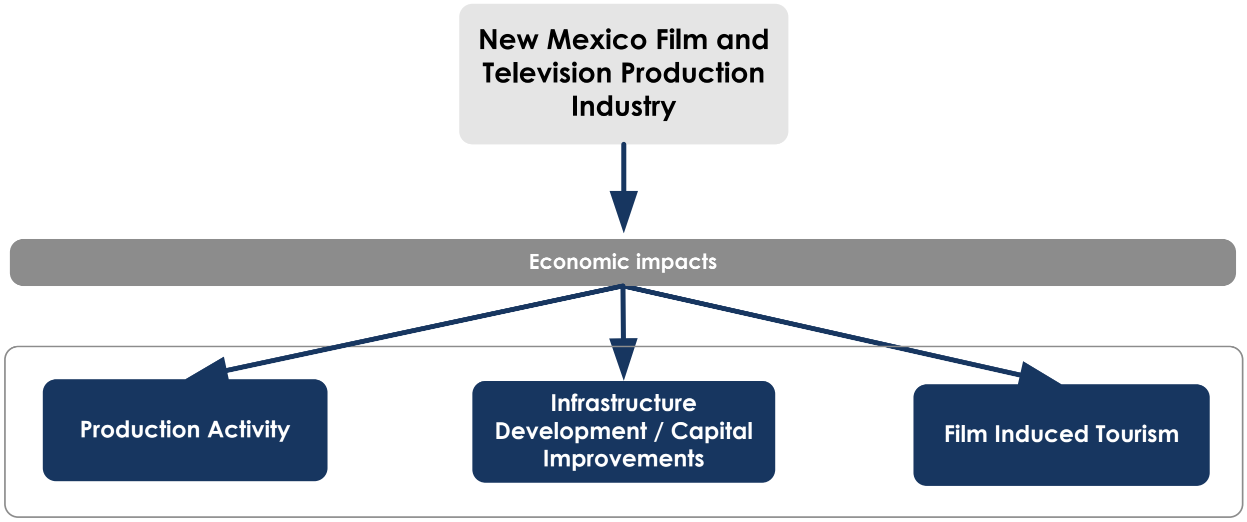
A detailed description of our data sources, methodology and assumptions are provided in Appendix D.

5.2 ECONOMIC IMPACTS

For the purposes of this study, the main economic impacts arising from the New Mexico film and television industry's activity can be categorized as arising from three main sources:

1. **Economic impacts created by film and television production activity** – This category includes the economic impacts generated through expenditures made by production companies on goods and services and the employment of crews and talent.
2. **Economic impacts created through infrastructure development and/or capital improvements** – This category includes the economic impacts arising from expenditures associated with production facility development and repurposing under-used or vacant facilities for film and television production.
3. **Economic impacts created through film induced tourism (FIT)** – This category includes the economic impacts arising from the expenditures of visitors to New Mexico attributable to FIT.

FIGURE 4: SOURCES OF ECONOMIC IMPACTS



As described in Section 1.1, the focus of the Phase 1 report is to examine the economic impacts arising from production activity. Consequently, in this report we examine only the economic impacts arising from production expenditures associated with film and television production activity. It is important to note that a thorough assessment of the economic impacts of the New Mexico film and television industry requires the inclusion of the economic impacts arising from infrastructure development and capital improvements, as well as film induced tourism. The economic impacts created through infrastructure development and capital improvements are planned to be estimated in Phase 2 of the project while the economic impacts arising through FIT are scheduled to be assessed in Phase 3 of the study.

5.2.1 PRODUCTION SPENDING

Film and television production requires expenditures to be made on a variety of goods and services, including local crews and talent, production facilities, travel, catering and food services, equipment rentals, vehicle rentals, construction, wardrobe, office supplies, and location-related fees. These expenditures contribute to the New Mexico economy directly through production-related expenditures and indirectly through changes in activities for suppliers and stimulated consumer demand as a result of increased incomes.

In this section we present the economic impacts arising from film and television production occurring in fiscal years 2010 through 2014 (Q1 through Q3) stimulated by the New Mexico film production tax incentive.

The primary data used in the economic impact analysis was obtained from the New Mexico Film Office and the New Mexico Taxation and Revenue Department. This information includes:

- Total direct spending on film and television production in New Mexico for fiscal years 2010 through 2014 (Q1 through Q3) published on the New Mexico Film Office website. Note that these estimates are based on data collected through Registration Forms and Stats Forms submitted by production companies to the New Mexico Film Office and may include some non-qualifying[28] production expenditures. It is possible that there are additional non-qualifying production expenditures that have not been captured in this data submission.
- Distribution of direct production spending in New Mexico by spending category for fiscal years 2010 through 2014 (Q1 and Q2) prepared by the New Mexico Film Office. Note that this data captures approximately 70 percent of registered film and television projects occurring in the state over this time period.
- Value of tax incentive paid and associated qualifying and non-qualifying[29] production expenditures of the productions that were approved between fiscal years 2010 through 2014 (Q1 through Q3) provided by the New Mexico Taxation and Revenue Department.

Table 11 provides a distribution of production expenditures in fiscal years 2010 through 2014 upon which the analysis relies. The distribution of direct production spending was estimated by applying the average distribution of spending obtained from the Stats forms to the total annual direct production spending figures reported on the New Mexico Film Office website. Please note that the 2014 production spending data includes expenditures only through March (i.e., Q3). It is our understanding that production expenditures are expected to be higher in Q4 as a result of higher production activity in the spring. For a detailed explanation of the estimation of the distribution of spending and related assumptions, please refer to Appendix D.

TABLE 11: DISTRIBUTION OF DIRECT PRODUCTION SPENDING (FY 2010 – 2014)

Spending Category	FY 2010 ($ millions)	FY 2011 ($ millions)	FY 2012 ($ millions)	FY 2013 ($ millions)	FY 2014 (Q1-Q3) ($ millions)
All Resident Crew	$73.1	$98.0	$94.8	$90.2	$46.7
All Resident Principal Talent	$11.7	$15.6	$15.1	$14.4	$7.4
Facility/Location Fees	$0.4	$0.6	$0.6	$0.5	$0.3
Non-Resident Talent	$33.1	$44.4	$42.9	$40.8	$21.1
Facility/Office Leases/Stages	$4.9	$6.6	$6.4	$6.1	$3.2
Lodging/Accommodation	$9.4	$12.6	$12.2	$11.6	$6.0
Travel	$2.1	$2.8	$2.7	$2.6	$1.3
Food/Catering/Food Allowance	$7.1	$9.5	$9.1	$8.7	$4.5
Non-Film Vehicles	$1.8	$2.4	$2.3	$2.2	$1.1
Rolling Equipment	$8.1	$10.9	$10.5	$10.0	$5.2

[28] In contrast to qualifying expenditures that are direct production payments made by production companies that are eligible to receive tax refunds, non-qualifying expenditures are those direct outlays made by production companies that are not eligible to receive tax refunds. Some examples of non-qualifying expenditures include non-resident crew members (excluding per diems), purchases made on Native American tribal lands, and expenditures made to Section 501 (c) non-profit organizations.

[29] Non-qualifying production expenditures reported by the New Mexico Department of Taxation and Revenue are defined as expenditures that have been submitted as qualified expenditures but are then rejected or “disallowed”.

Spending Category	FY 2010 ($ millions)	FY 2011 ($ millions)	FY 2012 ($ millions)	FY 2013 ($ millions)	FY 2014 (Q1-Q3) ($ millions)
Equipment Rentals	$13.2	$17.7	$17.1	$16.3	$8.4
Location Department	$5.0	$6.8	$6.5	$6.2	$3.2
Construction	$5.7	$7.6	$7.4	$7.0	$3.6
Set Dressing	$3.3	$4.4	$4.3	$4.1	$2.1
Wardrobe	$2.1	$2.8	$2.6	$2.5	$1.3
Office Supplies/Furniture	$1.1	$1.4	$1.4	$1.3	$0.7
Spfx/Props	$3.2	$4.4	$4.2	$4.0	$2.1
Insurance/Bonding	$3.6	$4.8	$4.6	$4.4	$2.3
Post	$1.1	$1.5	$1.5	$1.4	$0.7
Other	$14.4	$19.3	$18.6	$17.7	$9.2
Fuel/Gasoline	$2.0	$2.7	$2.6	$2.5	$1.3
Total *	**$206.4**	**$276.7**	**$267.5**	**$254.5**	**$131.7**

* Total direct production spending for fiscal years 2012 through 2014 are higher than what is reported on the New Mexico Film Office website, as a result of including payments made to non-resident performing artists. Totals may not add exactly due to rounding.
Source: New Mexico Film Office

5.2.2 PRODUCTION IMPACTS

Using the distribution of spending outlined in Table 12, we have estimated the following economic impacts arising from production spending in fiscal years 2010 through 2014 (Q1 through Q3).

TABLE 12: ESTIMATED ECONOMIC IMPACTS OF PRODUCTION SPENDING (FY 2010 – 2014)

	Output ($ millions)	GSP ($ millions)	Employment (FTEs)	State Tax Revenues ($ millions)	Local Tax ($ millions)
FY 2010	288.6	182.3	2,956	14.9	4.6
FY 2011	377.3	239.6	3,910	19.5	6.1
FY 2012	358.3	226.9	3,714	18.5	5.8
FY 2013	333.9	211.8	3,471	17.3	5.3
FY 2014 (Q1-Q3)	169.5	108.3	1,797	8.8	2.7
Total	**1,527.6**	**968.9**	**15,848**	**79.1**	**24.5**

In brief, the economic impact modeling is based on the following key assumptions:

- Spending related to productions applying for tax incentives is assumed to be incremental to the New Mexico economy. In other words, it is assumed that the spending in New Mexico would not have otherwise occurred in absence of the tax incentives.
- Only spending in New Mexico results in economic impacts flowing to the State. For instance, spending of wages paid to non-resident performing artists is assumed to occur outside the state and have therefore been excluded. It is, however, assumed that wages accruing to non-resident talent are subject to a 5.125 percent State Gross Receipts Tax (GRT) on income earned in New

Mexico[30] in order to be eligible as a qualifying expenditure for the tax incentive. It is also assumed that non-resident performing artists are subject to a personal income tax rate of 4.2 percent[31].
- The calculation of direct employment is based on the estimated annual increase in labor income accruing to local New Mexico residents hired during production and an assumed average annual wage of $52,723[32,33]. Calculations of personal income tax generated by this direct employment are based on an assumed effective tax rate of 3.21 percent[34].
- All other state and local taxes are based on IMPLAN model results.

DISCUSSION OF RESULTS

When assessing the impact and effectiveness of a tax incentive program it is important to use reporting measures that reflect the overall objectives of the program. While the goals of some programs involve fiscal and economic goals such as job creation or increased tax revenue, other programs may have a much different set of social or community goals. Many programs such as child day care, clean alternative fuels, grants to higher education, human capital investment and neighborhood assistance are most likely not intended to create jobs or increase tax revenue. Rather, these programs are usually targeted at improving the overall quality of life for citizens and communities.

In the case of film production incentives three main types of reporting approaches have been used, with each providing a different perspective on the goals of an incentive program. These approaches can be described as:

- Tax revenues as a return on investment.
- Net fiscal and economic assessment.
- Economic cost effectiveness.

Tax revenues as a return on investment

Under this approach film production incentives are viewed as being a vehicle for generating state tax revenues. State tax revenues (or State and Local tax revenues) that result from increased film production are estimated and compared with the dollar value of tax incentives awarded. As a result, this approach considers film production incentives as being a type of business investment by the State.

While straightforward in its concept, this approach has been criticized for not recognizing the full breadth of fiscal and social contributions produced by film production, and for not aligning with the economic development goals that may form the basis for the program. In brief, the main criticisms of this approach are:

- The approach does not recognize economic development objectives, such as creating jobs, raising incomes, and developing spin off companies that may underlie the program.
- Government tax incentives seldom return more in tax revenues than they cost.[35,36] Consequently, virtually all types of government tax incentive or subsidy show a negative return on investment. (As discussed later, however, because of the accompanying private sector investment generated from film production companies, film production incentives usually

[30] New Mexico Taxation and Revenue Department, Gross Receipts Tax Rate Schedule, Effective January 1, 2013 through June 30, 2013. Note that the out-of-state Gross Receipts Tax generates state tax revenues only.
[31] The effective personal income tax rate for non-residents was provided to MNP by the New Mexico Department of Finance and Administration. The estimate is based on non-resident personal income tax returns filed in New Mexico for the 2011 tax year.
[32] Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Average Annual Pay, NAICS 51211 – Motion picture and video production industry, New Mexico. Average of 2011 and 2012 average annual pay.
[33] Note that the annual wage estimate was adjusted to 2014 dollars for economic impact calculations.
[34] The effective personal income tax rate for New Mexico residents was provided to MNP by the New Mexico Department of Finance and Administration. The estimate is based on the average net personal income tax revenues and average wages and salary income in New Mexico over fiscal years 2010 through 2013, as reported by the U.S. Bureau of Economic Analysis.
[35] Job Creation Incentives: The Job Training Incentive Program, the Local Economic Development Act, and Select Economic Development Tax Expenditures, Economic Development Department and Taxation and Revenue Department, August 23, 2012.
[36] State Business Tax Incentives: Examining Evidence of their Effectiveness, New England Public Policy Center, December 2009.

produce higher tax revenues than would other types of government spending that do not have accompanying private sector investment.)

- The approach may not recognize the full effect that film production has on other industries. For example, in some jurisdictions tax revenues from film induced tourism are believed to exceed those generated from production. Consequently, a return on investment approach that does not include linkages to other sectors may not produce a reliable overall assessment.
- The return on investment calculations rest in large part on the tax system in place in the jurisdiction. Because the tax system may be structured to achieve a variety of public policy objectives the return on investment calculations may appear higher or lower depending on the other goals of the tax system. For example, film production incentives are generally believed to produce a higher return on investment in Canadian jurisdictions that in most US jurisdictions. That perception is based, in part, on higher personal income tax rates in Canada. (For comparison, while state personal income tax rates range from 1.7 percent to 4.9 percent in New Mexico[37], they range from 5.06 percent to 14.7 percent in the Canadian province of British Columbia[38]. Consequently, the amount of personal income tax generated by the same film production spending will be much higher in British Columbia than in New Mexico.)

In the following table we present the results of the economic impact modeling using the return on investment approach. From that table it can be seen film production has produced an estimated $0.43 in state and local taxes for each dollar in production incentive granted. Please note that these calculations do not include tax revenues from infrastructure spending or film induced tourism.

TABLE 13: ESTIMATED RETURN ON INVESTMENT (FY 2010 – 2014)

	FY 2010 to 2014 (Q1-Q3)
Total Estimated Tax Incentive Paid	$238.6 million[39]
State and Local Tax Revenue Generated	$103.6 million
State Tax Revenue Generated	$79.1 million
ROI (State and Local)	$0.43
ROI (State)	$0.33

To compare the amount of tax incentives earned with tax revenues generated it is important to recognize that, due to timing issues, incentives are not paid in the same year as production spending occurs. Our understanding is that, on average, there is approximately a one year time lag between the time production spending occurs and tax incentives are paid. Discounting the tax incentive paid amount to reflect the time lag would produce only a small change in ROI. (We estimate that the ROI for state and local tax revenues would change from 0.43 to 0.44 after discounting, and that the state ROI would change from 0.33 to 0.34.)

Net fiscal and economic assessment

Under this approach film production incentives are viewed as being one of several options for government spending. The economic and fiscal impacts arising from a tax incentive program are compared with the impacts that are assumed to have occurred had the State instead diverted the funds to other types of

[37] New Mexico Taxation and Revenue Department. Personal Income Tax Rates for Tax Year 2008 and Subsequent Tax Years. Retrieved from http://www.tax.newmexico.gov/SiteCollectionDocuments/Tax-Library/Tax-Policy-and-Revenue-Program-History/Current-and-Historic-Tax-Rates/Personal-Income-Tax-Rates/pitrates_2005_2008.pdf

[38] British Columbia Tax Rates. Retrieved from http://www2.gov.bc.ca/gov/topic.page?id=E90F9F1717DB451BB7E4A6CC0BDC6F9F

[39] Total estimated tax credit paid is based on data received from the New Mexico Taxation and Revenue Department. For fiscal year 2014, we have assumed tax credits paid during Q1 through Q3 are approximately 75 percent of $50,000,000.

government spending. In the context of film tax incentive programs this approach includes comparing the tax revenues created through film production spending with the tax revenues that would have been created should the same amount have been spent as part of State's general revenues (or alternatively that the State would decrease its spending by the same amount).

It has been argued that this approach provides a more meaningful assessment of tax incentives than does the return on investment approach, as it attempts to address the issue of "how would the fiscal position of the State likely change without the incentive?"

An illustration of this approach can be seen from the Connecticut Department of Economic and Community Developments' 2010 study that reviewed the state's film production incentive as part of an overall assessment of tax incentive programs. One of the main conclusions of that study was that while the production incentive was estimated to have generated only a modest amount of tax revenues (in fact, it was estimated to have returned a net amount of only six cents in tax revenues for every dollar of incentive) it was still more tax revenues than had the funds been spent by the State in other ways:

That is, as modeled, for each dollar the state gives up, it gets four [sic] cents back. Despite this contrived measure of return, note that on average each year, the claims (tax cost) amount to $40 million and net state revenue is $995,401 above the baseline forecast or what would have happened absent the incentive...Therefore, we may conclude that the film production tax incentive more than pays for itself in terms of net state revenue averaged over the study period.[40]

Unlike film production incentives, most New Mexico government spending does not generate an accompanying investment from the private sector. Consequently, under this approach, the New Mexico film production incentive could be expected to produce higher overall net tax revenues than would result from other types of government spending.

Economic cost effectiveness

Under this approach film production incentives are viewed as vehicles for economic development and job creation. The economic impacts arising from a tax incentive program are assessed in terms of the net foregone revenue realized by the state, and ratios such as net cost per FTE created and change in GSP per net dollar of incentive are calculated to assess cost effectiveness. The ratios may also be compared to ratios from other state incentive programs, similar incentive programs in other jurisdictions or to recognized benchmarks.

This approach provides insight into how successful an incentive has been in achieving its economic goals while incorporating its fiscal consequences for the State.

Below we summarize the results of the economic impact modeling using the economic cost effectiveness approach:

- Each net dollar of incentive was associated with approximately $7.18 in new GSP (from film production).
- Each net million dollars of incentive was associated with approximately 117 new FTE jobs (from film production).
- The net cost per FTE job created from film production was approximately $8,519.

[40] An Assessment of Connecticut's Tax Credit and Abatement Programs. Connecticut Department of Economic and Community Development, December 2010

6. ADDITIONAL ECONOMIC IMPACTS AND SOCIAL CONTRIBUTIONS

6.1 BENEFITS FOR NEW MEXICO BUSINESSES

The effects of film and television production on New Mexico businesses are planned to be addressed in Phase 2 of the project. However, to provide context regarding some of those benefits, we have included some preliminary information below.

Film and television production engages a variety of local businesses and independent contractors. These companies provide a range of services, such as equipment rental, lighting, special effects, set construction, and costume design. In addition, the film and television industry contracts a large number of workers in other industries that supply support services, such as truck drivers, caterers, electricians, and musicians. Business services, such as lawyers, accountants, financial specialists, real estate agents and engineers may also be contracted by the film and television industry.

Film and television production can have positive financial benefits on businesses during filming periods. Furthermore, film and television production can help create and support spin-off companies and enterprises through its value chain. As an illustration, the production of *Breaking Bad* was reported to have a significant impact on local businesses in the state. Creators of the show were adamant about supporting local business throughout the production of the series.[41] Over the course of the show, many local businesses and services were engaged, including lumber yards, antique stores, limousine companies, hotels, and caterers. The set decorator for the show, Michael Flowers, indicated that he had spent $20,000 on scrap metal at a local salvage yard while building the set for the show's methylamine laboratory, keeping in line with his philosophy of purchasing from local "ma-and-pa stores" instead of chain stores to ensure the money spent remained in Albuquerque.[42]

As another illustration, the series *In Plain Sight* made extensive use of New Mexico vendors and businesses throughout its production in New Mexico. For example, during Season 3 the series spent over $6 million on goods and services provided by 576 local vendors and businesses. The vendors were located in 20 different communities across the state, including both large and small centers. The vendors represented a wide range of industries, including construction, hotels, restaurants, catering, transportation, skilled trades, excavators, academic institutions and retailing.

MNP's interviews with representatives of ABQ Studios suggest that spending by film and television productions has benefitted many local businesses. For example, filming of *The Avengers* is reported to have helped a local lumber company from filing from bankruptcy. As well, MNP's interviews suggest that department stores have also reported peaks in their revenues during the filming of such productions.

A review of vendors and suppliers that have provided various services to Santa Fe Studios suggests that it focuses on using New Mexico vendors/suppliers. Table 14 below describes the location of vendors as well as the types of services provided to Santa Fe Studios.

[41] The Examiner, available at: http://www.examiner.com/article/2013-09-29-albuquerque-new-mexico-says-goodbye-to-breaking-bad
[42] The New York Times, available at: http://www.nytimes.com/2013/09/29/business/breaking-up-with-breaking-bad-is-hard-for-albuquerque.html

TABLE 14: SUMMARY OF VENDORS FOR SANTA FE STUDIOS

	Location	Accommodations	Materials and Supplies	Food and Catering	Production Services	Employee Services	Physician Services	Other Services and Supplies
		Services Provided to Santa Fe Studios						
Local Vendors	Albuquerque	1	0	0	1	0	0	0
	Santa Fe	7	7	1	3	1	2	1
	Total	**8**	**7**	**1**	**4**	**1**	**2**	**1**

6.2 INFRASTRUCTURE IMPACTS

The economic impacts of infrastructure development are planned to be addressed in Phase 2 of the project. However, to provide context regarding those impacts, we have included some preliminary information below.

Film and television production that is encouraged through a film production tax incentive can help spur infrastructure investments in the state that can, in turn, generate substantial economic impacts. These infrastructure investments include production facility development and repurposing under-used or vacant facilities for film production.

Table 15 summarizes the characteristics of the four main New Mexico production studios and illustrates the importance of including the economic impacts arising from infrastructure development/upgrades in the overall assessment of the New Mexico film and television industry.

TABLE 15: PRIMARY PRODUCTION STUDIOS IN NEW MEXICO

Studio	Location	Description
Albuquerque Studios	5650 University Blvd SE Albuquerque, New Mexico 87106 www.abqstudios.com	▪ Albuquerque Studios (ABQ Studios) is one of the two purpose-built studios in New Mexico and includes some of the largest North American stages built outside of Hollywood. ABQ Studios offers eight sound stages ranging in size from 18,000 sq. feet to 24,000 sq. feet, and totalling 168,000 sq. feet. Clients have an option to combine individual stages to expand to 36,000 sq. feet and 48,000 sq. feet of soundstage space.[43] ▪ ABQ Studios also offers 100,000 sq. feet of mill/production support space and 100,000 sq. feet of full service production office space for long-term office needs.[44] ▪ ABQ Studios houses over 100 full-time employees

[43] http://www.abqstudios.com/news/70f01d50_2955_4354_8e4c_1d86c2f88969.pdf
[44] http://www.abqstudios.com/news/70f01d50_2955_4354_8e4c_1d86c2f88969.pdf

Studio	Location	Description
		working for several different companies (i.e., service and support companies that help operate and support the facility, provide security, maintain the property, or provide production services to clients on the studio lot). In addition, there are times when various productions have brought as many as 4,000 employees onto the property at one time during peak production activities[45]. ▪ Construction of ABQ Studios began in 2006 and was completed by April 2007 when the studio opened.[46] Pacifica Ventures initially spent $114 million to build ABQ studios.[47]
1-25 Studios	9201 Pan American FWY NE Albuquerque, NM 87113 http://i-25studios.com/	▪ I-25 Studios offers more than 500,000 sq. feet of space, five sound stages, a screening room, existing hospital and police station sets, and 30,000 sq. feet of production office space.[48] It is also the home of the first permanent picture car facility in New Mexico, thereby offering productions the ability to create custom vehicles[49]. I-25 Studios is also installing a green screen wall on one stage, which will be the largest green screen of its kind in the state.[50] ▪ I-25 Studios had its beginnings as the former Philips semiconductor plant which was used as a location for film and television productions. The facility was purchased from Philips in 2006 and transformed into I-25 Studios. Since the purchase of the facility, production companies using the studios have invested millions of dollars in building improvements at I-25 Studios. Over the last four years, more than $1.1 million of cash generated by film and television productions at I-25 Studios has been reinvested in improvements at the facility, using only local suppliers and services. One of the projects being undertaken is the development of globally recognized screening room.[51]
Santa Fe Studios	1 Santa Fe Studios Road Santa Fe, NM 87508 www.santafestudios.com	▪ Santa Fe Studios is one of New Mexico's major production studios and encompasses two state-of-the-art, 19,275 square foot soundstages and 25,000 sq. ft production offices which include various dressing rooms, hair and make-up rooms and conference rooms, as well as 17.000 sq. ft of warehouse and 57 acres of back-lot.[52] The studio offers complete on-site production services.[53] ▪ Santa Fe Studios was opened in November 2011. The costs associated with its construction amounted to $30 million[54], of which $10 million was a state contribution[55].

45 MNP Interviews
46 http://www.pacificaventures.com/studios/albuquerque/
47 MNP Interviews
48 http://i-25studios.com/facility/
49 http://i-25studios.com/picture-car-facility/
50 http://i-25studios.com/green-screen-stage/
51 MNP Interviews
52 http://www.santafestudios.com/our-facilities/
53 http://www.santafestudios.com/our-facilities/production-services/
54 MNP interviews

Studio	Location	Description
		While Santa Fe Studios has not yet incurred any annual capital expenditures related to infrastructure improvements, an expansion of the Studio is currently under consideration.[56]
Garson Studios	1600 St. Michael's Drive Santa Fe, NM 87505 http://garsonstudios.com	▪ Located in a 30,000 square foot facility on the campus of Santa Fe University of Art and Design in New Mexico, Garson Studios include 24,000 sq. feet of sound stages, 3,500 sq. feet of office space, casting facilities, and parking and back-lot space.[57] ▪ The three sound stages available include:[58] o Stage A - 14,000 Square Foot Soundstage o Stage B - 7,500 Square Foot Soundstage o Stage C - 2,800 Square Foot Soundstage ▪ Additional office space and facilities are available on the 80 plus acres of space on the Santa Fe University campus.[59]

6.3 TOURISM IMPACTS

The impacts of film and television production on tourism are planned to be addressed in Phase 3 of the project. However, to provide context regarding those impacts, we have included some preliminary information below.

Film induced tourism (FIT) refers to the attraction of visitors to a region through film and television production. FIT and its related tourism concepts, which include the effects of TV, films, movies and media culture, has increasingly been viewed as an important component of tourism marketing and visitor attraction. The economic impacts arising from FIT can be substantial; in fact, studies conducted in other jurisdictions have shown greater economic impacts arising from FIT than from film and television production activity. For more background information on FIT, please refer to Appendix E.

New Mexico has been featured as a location in many well-recognized films and television shows that have been produced in the state.

MNP's interviews suggest that the state has experienced noteworthy effects of FIT, most recently relating to the internationally recognized television series *Breaking Bad.* The city of Albuquerque, where much of the filming occurred, has benefitted from being associated with the series and experienced visitation from around the world.[60] Table 16 summarizes anecdotal evidence about the effects of *Breaking Bad* on New Mexico's tourism industry and helps to illustrate the importance of including FIT in the overall economic impact assessment of the New Mexico film and television industry.

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[55] Report to the Legislative Finance Committee. Economic Development Department and Taxation and Revenue Department Job Creation Incentives: The Job Training Incentive Program, the Local Economic Development Act, and Select Economic Development Tax Expenditures. August 23, 2012.
[56] MNP interviews
[57] http://garsonstudios.com/about-garson-studios/
[58] http://garsonstudios.com/studios/
[59] http://garsonstudios.com/office-services/
[60] The Examiner Article, Albuquerque, New Mexico says goodbye to 'Breaking Bad'. http://www.examiner.com/article/2013-09-29-albuquerque-new-mexico-says-goodbye-to-breaking-bad

TABLE 16: EFFECTS OF FIT ON THE STATE OF NEW MEXICO

Production	Anecdotal Evidence of Tourism Effects
Breaking Bad	▪ Albuquerque tourism authorities have launched a website dedicated to the television series whereby fans are virtually guided around the city and are offered tours and exclusive merchandise. ▪ Private companies such as the ABQ Trolley Co., a partner of Albuquerque Convention and Visitors Bureau, offers a variety of Trolleywood Tours featuring Albuquerque locations seen in *Breaking Bad*. The Breaking Bad Tour, offered by Trolleywood Tours, is about 38 miles long and covers 13 major Breaking Bad locations.[61] A Breaking Bad limo tour is also available via another company, The Candy Lady.[62] ▪ Twisters, which played home to Los Pollos Hermanos restaurant, featured in the show, reportedly receives between 30 and 40 fan visits each day.[63] ▪ *Breaking Bad* has reportedly attracted reporters and photographers to ABQ from all over the world (e.g. Amsterdam).[64] ▪ *Breaking Bad* has reportedly led to the opening of more high-end restaurants between 2007 and 2013.[65] ▪ According to the Albuquerque Visitor and Convention Bureau, *Breaking Bad* has generated international interest, with visitors coming from places including the UK, and Germany.[66] This finding was supported by Frances Padilla, owner of the home that served as Walter White's house on *Breaking Bad*. Mrs. Padilla reported receiving international visitors from Iceland, Sweden, Morocco, Ireland, England, Estonia, Zimbabwe, Germany, Australia and Hong Kong to her home. In December 2013, she reported seeing over 1,200 cars visiting her home. In March 2014, this number reportedly rose to nearly 1,500 cars.

Recognizing the film tourism interest in the state, the New Mexico Film Office and the New Mexico Tourism Department have launched an initiative to organize and market FIT throughout the state. For instance, maps and descriptions describing regions of popular film locations are available on the State's Tourism site, http://www.newmexico.org/filmtrails/.[67]

6.4 EDUCATIONAL BENEFITS

The educational benefits of film and television production in New Mexico are planned to be addressed in Phase 3 of the project. However, to provide context regarding some of those benefits, we have included some preliminary information below.

The state of New Mexico is home to a variety of film and television related educational programs that provide students with many options to prepare themselves for a career in the film and television industry. New Mexico has film-related programs at a number of high schools and post-secondary institutions that encourage and prepare youth to enter the film and television industry. The New Mexico Film Office also offers an on-the-job training program for residents interested in adding skill sets or moving to higher positions within their department which, in turn, provides more job opportunities for New Mexico film and television crew professionals.

[61] ABQ Trolley Co. http://www.abqtrolley.com/index.php/TheBaDTour
[62] The Candy Lady. http://www.breakingbadcandy.com/
[63] Metro Article. A Breaking Bad pilgrimage to Twisters, the real Los Pollos Hermanos. http://metro.co.uk/2013/02/26/a-breaking-bad-pilgrimage-to-twisters-the-real-los-pollos-hermanos-3515683/
[64] MNP Interviews
[65] MNP Interviews
[66] MNP Interviews
[67] http://www.nmfilm.com/Film_Tourism.aspx

Interviews conducted by MNP with educational institutions confirm the importance of the New Mexico film incentive to the sustainability of film related education programs. For example, the Bachelor of Fine Arts (BFA) in Film is Santa Fe University of Art and Design's (SFUAD's) largest program. It is centered on an educational model that combines classroom delivery with industry internships. This delivery model allows students to expand their professional networks while they study. MNP's interview with SFUAD representatives also highlighted that New Mexico businesses often use its student interns for casting, animation and film festivals. SFUAD also attracts a number of out-of-state and international students who inject additional spending into the New Mexico economy. According to SFUAD representatives interviewed by MNP, 20 percent of the University's student body is from New Mexico, 55 percent is from out-of-state and 25 percent is from outside of the US.

Some of New Mexico's educational institutions and their film-related programs are summarized in Table 17.

TABLE 17: NEW MEXICO FILM AND TELEVISION RELATED EDUCATIONAL PROGRAMS

Educational Institution / Program	Program Description
Santa Fe University of Art and Design (SFUAD) – The Film School at SFUAD	The Film School at SFUAD[68] has one of the finest undergraduate filmmaking facilities in the US. Garson Studios shares space with the Film School and has hosted over 30 major productions, including *True Grit* and *No Country for Old Men.* The Film School's students have the opportunity to intern on A-list Hollywood productions and use state-of-the-art equipment. The Film School's Advisory Board is led by top directors, screenwriters, and animators who give guest lectures and workshops on campus. The Film School's new *BFA in Film* degree offers three concentrations – Production, Visual Effects/Technical Animation, and Story Development. The program's curriculum was designed by leaders within the industries that hire the school's alumni.
The University of New Mexico College of Fine Arts – The Interdisciplinary Film and Digital Media Program (IFDM)	The Interdisciplinary Film and Digital Media Program (IFDM)[69] at the University of New Mexico aims to: • Integrate filmmaking and digital media • Build a Native New Mexican Hollywood • Train the citizens of New Mexico • Foster Research The IFDM program offers students a curriculum that can be structured and customized to serve their specific needs. However, all students admitted to the program must complete the University Core Curriculum and have a set of ten Common Core courses for the IFDM program regardless of which degree they wish to pursue. The University of New Mexico is a member of Sony Imageworks Professional Academic Excellence (IPAX) program.
Atrisco Heritage Academy High School – Digital Film Production Class[70]	Atrisco Heritage Academy High School offers a digital media class which teaches students the basics of digital film production, including filming, editing, script writing and storyboard planning. The course exposes students to the five phases of film production and encompasses individual as well as collaborative projects throughout the school year.
Santa Fe Community College – Film Program	Santa Fe Community College's Film Program[71] gives students the skills and opportunity to choose a field that may lead them to careers in areas

68 http://www.santafeuniversity.edu/ProgramsOfStudy/The-Film-School.aspx
69 http://finearts.unm.edu/index.php/programs/interdisciplinary-film-digital-media
70 http://www.nkurland.net/dfp1/
71 http://www.sfcc.edu/programs/film

Educational Institution / Program	Program Description
	including screen writing, producing, directing, documentary, cinematography, film festivals, editing and animation. The program offers students hands-on training and classes are taught by working professionals.
Central New Mexico Community College – Certificate in Cinematography and Film Production	Located in Albuquerque, New Mexico, the Central New Mexico Community College[72] is a large public college that offers various disciplines along with the film major. This college offers certificates in Cinematography and Film Production. The College's main competitors are the University of New Mexico in Albuquerque and Santa Fe University of Art and Design in Santa Fe.
New Mexico State University – Creative Media Institute (CMI)	The New Mexico State University's CMI offers the Bachelor of Creative Media[73] degree that prepares students for a career in Digital Filmmaking and Animation and Visual Effects. Although students can choose an area of emphasis, they study all aspects of digital filmmaking and digital arts. CMI houses a state of the art digital projection system screening room, post-production lab, animation lab and production space.
New Mexico Highlands University – Department of Media Arts and Technology	New Mexico's Highlands University offers students the opportunity to pursue a Bachelor of Arts in Media Arts (BFA)[74] which includes concentrations in visual communications, interactivity and multimedia, photography and digital filmmaking. Graduates of this program may find positions in areas including graphic design and web development.
Eastern New Mexico University – Media Arts: Film Technology	The Film Technology program at Eastern New Mexico University[75] is a three semester program in partnership with the State Film Office and International Alliance of Theatrical Stage Employees (IATSE) Local 480. The classes are application based and lead to actual film production in the third semester.
The New Mexico Film Office – Filmmakers Program, Outreach Initiatives, Showcase & Film Crew Advancement Program	*Filmmakers Program* – The New Mexico Filmmakers Program[76] offers a series of training programs, competitions, networking events and outreach opportunities for locals of New Mexico, in an effort to build the film industry from within the state. *Outreach Activities* – The New Mexico Film Office facilitates numerous events featuring the cultural diversity of New Mexico. These programs have ranged from screenings and workshops to films and projects from our many cultures.[77] *Showcase* – Each fall, the New Mexico Film Office showcases winning films from the annual Showcase around the state.[78] *Film Crew Advancement Program* – The Film Crew Advancement Program[79] is an on-the-job training program intended for New Mexico crew working in primarily advanced below-the-line job positions. The program qualifies New Mexicans who are interested in adding new skill sets or moving to higher positions within their department. Candidates may apply through the company office upon employment. This program also serves as an incentive for participating companies to provide more job opportunities for New Mexico film and television crew professionals. It provides a 50% reimbursement of the qualified participants' wages to the participating company for up to 1,040 hours physically worked by the crew member.

[72] http://film-colleges.com/central-new-mexico-community-college
[73] http://cmi.nmsu.edu/
[74] http://www.nmhu.edu/academics/undergraduate/business/media_arts/index.aspx
[75] http://www.roswell.enmu.edu/about-enmu-roswell/gainful-employment/985--sp-3282
[76] http://www.nmfilm.com/Filmaker_Programs.aspx
[77] http://www.nmfilm.com/Filmaker_Programs.aspx
[78] Ibid
[79] http://nmfilm.com/FCAP.aspx

7. RECOMMENDATIONS FOR DATA COLLECTION

We have the following suggestions regarding improving the collection of data related to the film and television industry. These suggestions are intended to assist in conducting future assessments of the film and television production industry.

1. Production Data
    - It is important that production companies have a thorough understanding of the expenditure categories included in the Stats form that is submitted to the New Mexico Film Office. We suggest providing clear definitions of expenditure categories provided in the Stats form to ensure that production companies are completing the forms in a consistent manner.
    - When conducting annual or ongoing assessments, it is important to keep the data collection and reporting process relatively consistent to ensure changes in results year-over-year reflect changes in activity and do not reflect changes resulting from differences in the process. As a result, we would suggest a similar data collection and reporting process be used year-over year (e.g. maintain consistency in the Stats forms supplied to production companies each year).

2. Infrastructure Data
    - Film and television production that is encouraged through the film production tax incentive can help stimulate infrastructure investments. Consequently, we would suggest that a database be created and maintained to ensure that the expenditures associated with infrastructure development and annual capital improvements made at studios in New Mexico are captured.

3. Tourism Data
    - As a result of the linkage between film and television production and tourism it is important to measure the extent of FIT. At present no system exists to track the film and television industry's impact on tourism. We suggest such a system be developed through a combination of tourism supplier and visitor surveys.

8. SUMMARY

This report contains the results of Phase 1 of a four phased study of the New Mexico film and television industry that is anticipated to continue through June 2017. The three main goals of this phase were to review New Mexico's film and television industry and production tax incentive, compare New Mexico's film production tax incentive with those of other states, and to estimate the economic impacts of production spending. Subsequent phases of the study are planned to address issues of film and television industry employment, infrastructure spending, film induced tourism, educational programs and business creation.

The main conclusions of this phase are:

- New Mexico has become a well-established and important production location for film and television.
- New Mexico is viewed favorably by the film and television industry as a production location as a result of its film production tax incentive and its other positive attributes.
- The increased tax incentives for extended television series production are viewed favorably by the industry and are believed to attract additional productions.
- The film and television industry creates economic impacts through production spending, infrastructure spending, and film induced tourism. In this report we have assessed only production spending impacts, with the impacts of infrastructure spending and film induced tourism scheduled to be assessed in subsequent phases of the study. The estimated economic impacts from production spending between fiscal years 2010 through 2014 (Q1 through Q3) are:

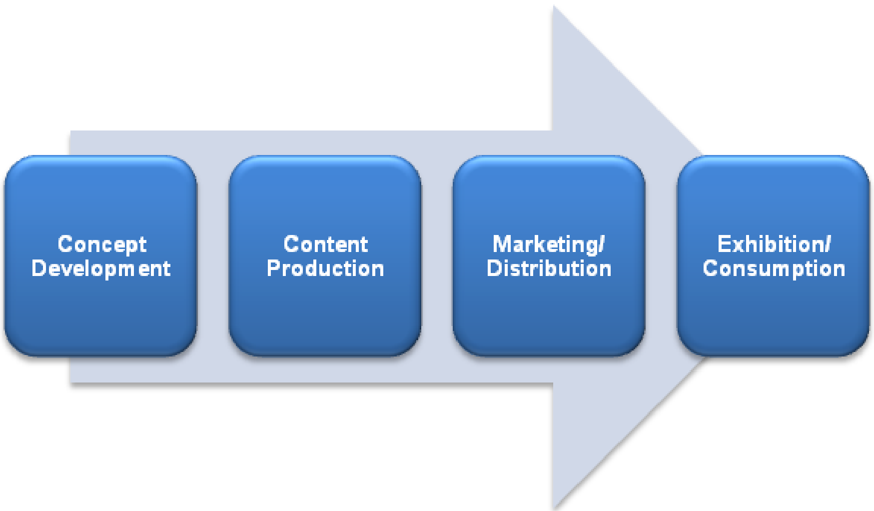
    - Total economic output generated from production spending alone is estimated at $1.53 billion. Direct output from production activity is estimated at $936.0 million. In addition, production activity generated a further $591.5 million in indirect and induced spending.
    - Total GSP generated from production spending is estimated at $968.9 million. Direct GSP from production activity is estimated at $740.2 million. Film and television production activity generated an additional $228.7 million in GDP through indirect and induced impacts.
    - Total employment created from production spending is estimated at 15,848 full-time equivalent employee (FTE) positions. Direct employment generated from production activity is estimated at 8,851. Employment generated through indirect and induced spending supported an additional 6,997 FTE positions.
    - Total State and local taxes generated from production spending are estimated at $103.6 million. This includes $79.1 million to the State government and $24.5 million to local governments.
    - Film production activity has produced an estimated $0.43 in state and local taxes ($0.33 in state taxes and $0.10 in local taxes) for each dollar in production incentive granted. Discounting the tax incentive paid to reflect the time lag between production and tax incentive payment would produce only a small change in ROI. We estimate that the ROI for state and local tax revenues would change from 0.43 to 0.44 after discounting.
    - Each net dollar of incentive was associated with approximately $7.18 in new GSP (from film production).
    - Each net million dollars of incentive was associated with approximately 117 new FTE jobs (from film production).
    - The net cost per FTE job created from film production was approximately $8,519.

Appendix A Description of the Film and Television Industry

The key activities that occur within the film and television industry consist of:

- Concept development
- Content production
- Marketing/distribution
- Exhibition/consumption

KEY ACTIVITIES OF THE FILM AND TELEVISION INDUSTRY

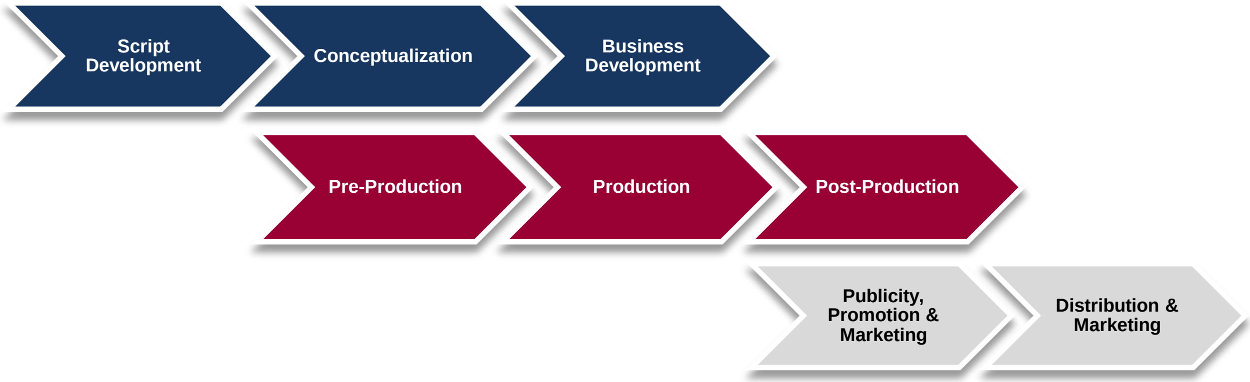


Brief descriptions of each of these key activities are provided below.

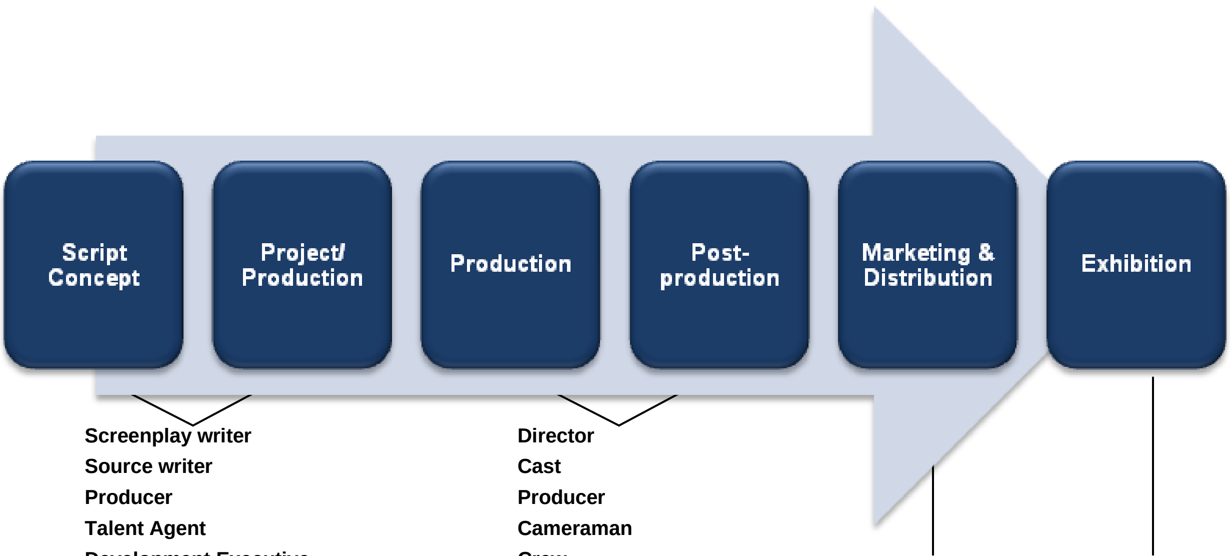
- The **development stage** involves the working of a script into a screenplay or teleplay. During development, a content producer raises financing for the production, and negotiates agreements for locations, actors and equipment.
- The **production phase** involves converting a script into a movie by hiring staff, building sets, scouting locations, ordering equipment and securing film sites. The production phase employs a number of individuals including actors, make-up artists, editors, sound and music specialists, animators, editors and directors. Post-production of a movie or television show involves editing, sound and music composition.
- The **marketing and distribution** phase of a film or television series typically involves a producer distributing directly to cinemas and broadcaster, or a distributor with specialized skills in a marketplace with access to many territories.
- The **exhibition and consumption stage** involves showing a movie to the public. Movies are typically shown at cinemas and television shows are typically broadcast through television stations. However, other exhibition vehicles, such as DVDs, video-on-demand, satellite and internet streaming, have become more common.

The activities and skills used in the television industry are similar to those in the motion picture/feature film industry. As a result, the value chain and life cycle of a typical television program and motion picture are also similar. The following graphics illustrate the value chain and lifecycle (along with the skills required at each step) of a typical television program and motion picture.

VALUE CHAIN OF A TYPICAL TELEVISION PROGRAM AND MOTION PICTURE



LIFECYCLE OF A TYPICAL TELEVISION PROGRAM AND MOTION PICTURE



Screenplay writer
Source writer
Producer
Talent Agent
Development Executive
Director
Script editor
Development financier
Broadcaster
Distributor
Pre-sales
Equity financier
Co-production funds
Executive/Associate Producers
Tax incentive financiers

Director
Cast
Producer
Cameraman
Crew
Editor and staff
Financiers
CGI/Special effects
Writer
Line Producer
Production staff
Facilities
Post production supervisor
Film labs
Sound and audio
Music composition

Sales Agent
Producer
Collection agencie
Distributor
Territorial rights h
Merchandise

DVD sales
Pay TV
Cinema
Free TV
Video on demand
Online download
Library rights exploiter
Merchandise (toys, games books, soundrack)

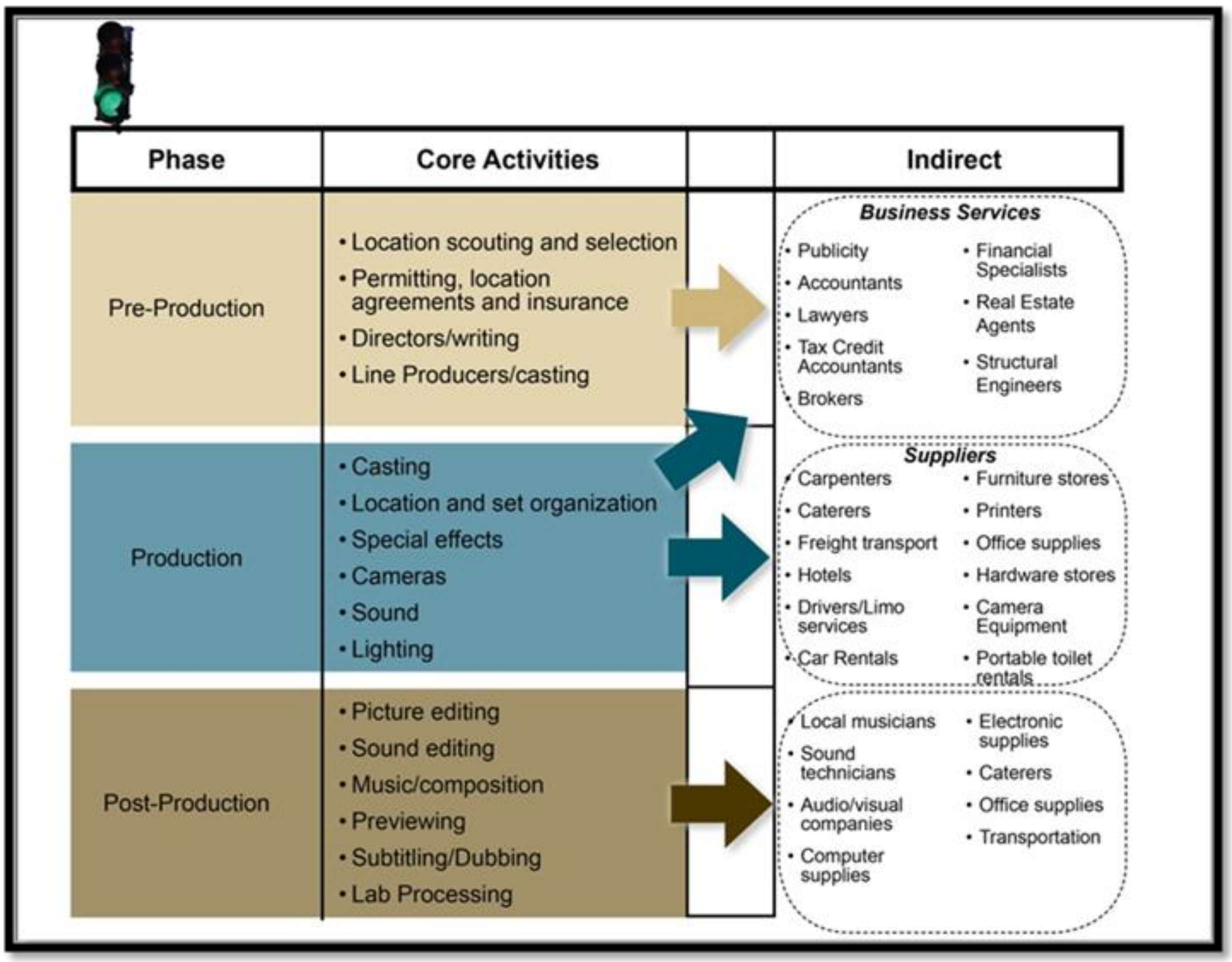
Studios and production companies are often responsible for financing, producing, publicizing, and distributing a film or program. However, the actual production of the film may be done by hundreds of small businesses and independent contractors hired on an as-needed basis. These companies provide a wide range of services, such as equipment rental, lighting, special effects, set construction, and costume design, as well as the creative and technical talent that goes into producing a film. The industry also contracts with a large number of workers in other industries that supply support services to the crews while they are filming, such as truck drivers, caterers, electricians, and makeup artists.

As indicated in the diagram below, the pre-production, production and post-production phases involve a number of different activities and include the use of a range of services and suppliers.

The types of jobs in film and television production fall into several categories throughout the three production phases:

- Above-the-line (e.g. actors, writers, directors).
- Below-the-line (e.g. set designers, grips, electricians, make-up artists, camerapersons, sound technicians, or first aid employees).
- Post-production employees (e.g. film and video editors, assistant editors, dubbing editors, film librarians, sound effects editors, audio recording engineers).

These activities give rise to a variety of economic effects through the core activities undertaken and the businesses and individuals that support them. These are illustrated in the following diagram.

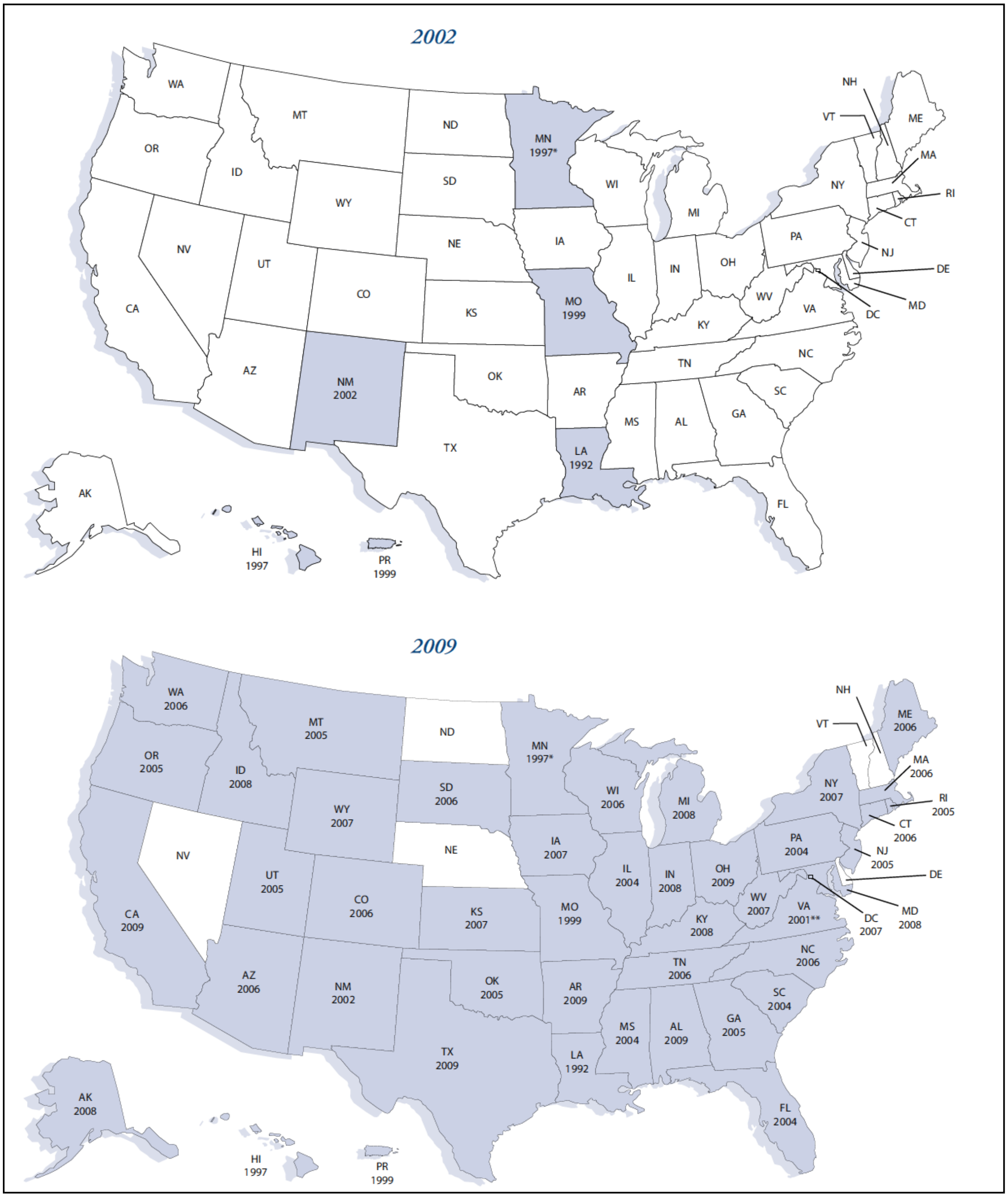


Appendix B Overview of Film Tax Incentives

Unlike most other industries, film and television production locations are highly mobile, with production locations being decided on a case by case basis. Producers interviewed by MNP stated that, at present, tax incentives are one of the most importance factors in deciding production locations. In fact, MNP's interviews with producers suggest that tax incentives may be even more important than talent and script concerns (e.g. if a tax incentive is particularly attractive, the script will be modified to reflect the scenery offered in the state with the tax incentive).

In the past decade, governments around the world have introduced production related incentives, including tax incentives for film production, in an attempt to attract productions to specific jurisdictions. In the US for example, the number of states offering movie production incentives grew from five states in 2002 to 44 states in 2009, as indicated in the following figure.

US States offering State Tax Incentives, Cash Rebates or Grants for Movie Production between 2002 and 2009



Source: Tax Foundation

Since 2009, a number of states (e.g. Arizona, South Dakota, Kansas, Iowa, and Indiana) have stopped offering tax incentives, decreasing the total number of states with incentives in place to 38.

The importance of tax incentives in the production location decision can be seen by examining the experienced jurisdictions that have made changes in the level of incentives they offer. Two such jurisdictions (Louisiana and Georgia) are profiled in the following sections.

Louisiana: Implementation of Tax Incentive Programs

Prior to 2002, Louisiana offered no tax incentives related to film and television production. As a result, the state's annual film production ranged from $10 million to $30 million and was largely inconsistent. In 2002, the year in which the state enacted a 30 percent tax incentive, there was only one film being shot in the state. After the enactment of this tax incentive, production increased; in 2004, production expenditures totalled $354.7 million.[80] In 2007, 54 films were shot in Louisiana and in 2010 the state hosted 69 feature films and 18 television productions.[81]

Georgia: Adjustments in Tax Incentive Levels

Adjusting the level of tax incentives offered to producers can also have an impact on production levels in a jurisdiction. For example, part way through 2008, Georgia's Entertainment Industry Investment Act replaced previous incentives[82] by offering a 20 percent tax incentive for qualified productions. Productions are now eligible for an additional 10 percent tax incentive if they include an animated Georgia promotional logo within the finished product. The new film tax incentive has had a transformative effect on film production and related activity in Georgia. Since the introduction of the tax incentive, the number of television and episodic productions, as well as independent films shot in the state has increased. Feature film production in Georgia has also increased, with the number of productions tripling after the introduction of the tax incentive in 2008. Corresponding to the increase in the number of productions in Georgia is the increase in production budgets and overall production related expenditure in the state. Between 2008 and 2010, the total value of production budgets increased from $239 million to $1.1 billion, with the total value of Georgia expenditures rising from $189 million to $583 million.[83]

[80] Appelbaum, Lauren D. And Christ Tilly and Juliet Huang. Production Impacts of the 2009 California Film and Television Tax Credit. UCLA Institute for Research and Labor and Employment. February 7, 2012

[81] Kong, Michael B. and Aniruddha R. Bette. There's No Place Like Home: Bringing Film & Television Production Home to California, February 2012.

[82] Production companies received 9% base tax credit applied to their total investment, with an additional three percent tax credit for hiring Georgia residents and another additional three percent tax credit for filming in an economically disadvantaged Tier 1 or Tier 2 country. If a production invested more than $20 million in the state in multiple television projects in a single year, it was entitled to an additional 2% credit.

[83] Georgia Film, Music & Digital Entertainment Office

Appendix C Tax Incentives in Other States

The following tables summarize the types of tax incentives available across US states, as of May 2014.

State	New Mexico[84]
Type of Incentive	Refundable tax credit * **Productions may benefit from either the gross receipts tax deduction/sales tax exemption or the 25% refundable tax credit, but not from both.**
Maximum Benefit	25% of qualifying local spend; an additional 5% bonus for qualified television series; an additional 5% bonus on resident crew labor expenses and fringe benefits, excluding performing artist compensation, if shooting requirements in a qualified production facility in New Mexico are met
Compensation and Project Caps/ Funding Per Year	There is a “rolling cap” of $50,000,000 on the tax credits paid out for all projects each fiscal year (July 1 to June 30); this means that any accrued amounts greater than $50,000,000 in any one fiscal year will be “rolled over” into the next fiscal year; if there are any unexpended funds (under $50,000,000) in a given fiscal year, a project with deferred payments that has already filed their state return is eligible to have their next scheduled payment authorized before July; tax credits awarded first-in, first-out, based on the dates the returns were filed; up to $10,000,000 of unexpended funds from a given fiscal year will be applied to the next fiscal year or will be "rolled over"; ability to "roll over" funds will only occur in fiscal years 2013, 2014, and 2015; $5,000,000 tax credit cap per project only on all nonresident "performing artists'" compensation
Project Criteria	Script review
Sunset/Review	None
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Out-Of-State Vendors YES (restrictions apply - contact local Film Office) • Fringes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES (see Loan-Out Company Considerations above; for performing artists only) • Below-the-Line Residents: YES
Non-traditional Programming	• Talk Shows • Reality Shows • Game Shows • Documentaries • Webisodes • Animation • Commercials • Music Videos • Interactive Media & Video Games

[84] http://www.entertainmentpartners.com/production_incentives_results/?jid=188&NEWMEXICO

State	Washington[85]
Type of Incentive	Cash rebate
Maximum Benefit	30% of qualifying motion pictures and television series with fewer than 6 episodes; 35% of qualifying television series with at least 6 episodes; 15% for commercial productions if using out of state production company (25% for commercials working with in-state production company); 15% for non state labor
Compensation and Project Caps/ Funding Per Year	$3,500,000 per year, 10% is allocated to WA filmmakers, new forms of production and emerging technologies, including motion pictures with a minimum spend less than $500,000 or for an interactive motion picture for multiplatform exhibition and distribution
Project Criteria	Minimum local spend for a motion picture is $500,000; $150,000 for a TV commercial; $300,000 for any series; series of 6 or more episodes qualifies for 35%; ≥ 85% resident labor to qualify for rebate on non state labor
Sunset/Review	June 30, 2017
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors • Fringes Paid For Qualified Payroll • Possible Taxes Paid For Qualified Payroll
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Below-the-Line Residents: YES
Non-traditional Programming	• Reality Shows - POSSIBLE (Explicit allowance/disallowance in law, regulations, guidelines, rules, etc., contact local Film Office for review) • Documentaries - POSSIBLE (Contact local Film Office for review) • Webisodes - POSSIBLE (Contact local Film Office for review) • Animation - POSSIBLE (Contact local Film Office for review) • Commercials • Music Videos - POSSIBLE (Contact local Film Office for review)

State	Montana[86]
Type of Incentive	Refundable tax credit
Maximum Benefit	14% of resident wages; 9% of qualifying local spend; new requirement that eligible expenditures must be paid in full before credit is claimed
Compensation and Project Caps/ Funding Per Year	Per person cap of first $50,000 on resident wages; no project or annual caps
Project Criteria	No minimum spend; certification
Sunset/Review	December 31, 2014
Additional Exemptions	• Hotel Occupancy Tax Relief Available • State does not impose Sales & Use Tax
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Below-the-Line Residents: YES
Non-traditional Programming	• Reality Shows • Game Shows • Documentaries • Webisodes • Commercials • Industrials • Music Videos • Interactive Media & Video Games POSSIBLE (contact local Film Office for review)

85 http://www.entertainmentpartners.com/production_incentives_results/?iid=171&WASHINGTON
86 http://www.entertainmentpartners.com/production_incentives_results/?iid=193&MONTANA

State	Idaho[87]
Type of Incentive	Rebate
Maximum Benefit	20% of the qualified production expenses
Compensation and Project Caps/ Funding Per Year	$500,000 per project; NOT YET FUNDED
Project Criteria	Minimum local spend = $200,000; effective July 1, 2011, 30% of crew working on production must be Idaho residents and 35% effective July 1, 2012
Sunset/Review	June 30, 2014
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Reality Shows • Documentaries • Webisodes POSSIBLE (call Film Office for review) • Animation POSSIBLE (call Film Office for review) • Commercials • Music Videos • Interactive Media & Video Games POSSIBLE (call Film Office for review)

State	Wyoming[88]
Type of Incentive	Cash rebate
Maximum Benefit	12% to 15% of qualifying local spend
Compensation and Project Caps/ Funding Per Year	No per project cap; approximately $1,500,000 remaining as of June 2013
Project Criteria	Minimum local spend = $200,000
Sunset/Review	June 30, 2016
Additional Exemptions	• Hotel Occupancy Tax Relief Available
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Below-the-Line Residents: YES
Non-traditional Programming	• Talk Shows • Animation • Reality Shows • Commercials • Game Shows • Industrials • Documentaries • Music Videos • News • Interactive Media & Video Games • Webisodes • Sporting Events

87 http://www.entertainmentpartners.com/production_incentives_results/?jid=212&IDAHO
88 http://www.entertainmentpartners.com/production_incentives_results/?jid=168&WYOMING

State	Oregon[89]
Type of Incentive	Three cash rebates: (1) the Oregon Production Investment Fund (OPIF,including the local filmmaker or indigenous OPIF), and (2) the Greenlight Oregon Labor Rebate (GOLR), and (3) Indigenous Oregon Production Investment Fund (i-OPIF)
Maximum Benefit	OPIF: 20% cash rebate of goods/services and 10% of Oregon-based payroll (payroll expenses may be counted towards both the OPIF and the GOLR rebates if project criteria for both are met, so combined OPIF/GOLR payroll rebate is 16.2%) GOLR: 6.2% cash rebate of payroll for which Oregon income tax withholding applies i-OPIF: Applies to both local filmmakers and local media production services companies only 20% cash rebate of goods/services and 10% of Oregon-based payroll
Compensation and Project Caps/ Funding Per Year	OPIF= compensation exclusion for no per project cap, $6,000,000 annual funding; GOLR = no annual funding cap, project capped by aggregate rate paid, i-OPIF = rebate is capped at $1M per project and funding is limited to 5% of the moneys deposited annually in the Fund
Project Criteria	OPIF minimum local spend = $750,000 (for single project or bundled episodes/commercials), local filmmaker = ≥ $75,000, but < $750,000; GOLR minimum local spend = $1,000,000; i-OPIF minimum local spend = $75K, 80% of payroll on OR residents, contract with a CPA for payroll services, and carry production insurance
Sunset/Review	December 31, 2017
Additional Exemptions	• Hotel Occupancy Tax Relief Available • State does not impose Sales & Use Tax
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES (fringes for payroll employees are rebatable under the 10% OPIF wage rebate only)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES 6.2% - 16.2%Non-residentsYES 6.2% - 16.2%Below-the-Line Residents: YES 6.2% - 16.2%Non-residents: YES 6.2% - 16.2%
Non-traditional Programming	• Reality Shows POSSIBLE (call Film Office for review) • Documentaries • Webisodes POSSIBLE (call Film Office for review) • Animation • Commercials • Music Videos POSSIBLE (call Film Office for review)

State	California[90]
Type of Incentive	Non-refundable, non-transferable (except for independent films or transfers to affiliates) income tax credit (with 5-year carry forward), or sales and use tax credit (with 5-year carry forward)
Maximum Benefit	20% of qualifying local spend in the case of qualifying features, MOWs, miniseries, and new television series for basic cable; 25% of qualifying local spend for qualifying relocating television series and independent films
Compensation and Project Caps/ Funding Per Year	No compensation caps; feature film budget cap of $75,000,000; "independent film" budget cap of $10,000,000 in "qualified" expenditures; $100,000,000 funding per fiscal year from 2009-2010 to 2013-2014; $10,000,000 a year set aside for "independent films"; annual allotment on

89 http://www.entertainmentpartners.com/production_incentives_results/?iid=182&OREGON
90 http://www.entertainmentpartners.com/production_incentives_results/?iid=221&CALIFORNIA

State	California[90]
	first-come, first-served basis
Project Criteria	≥75% of the production days or total production budget within the state; minimum budget of $1,000,000 for feature films, an independent film and a new television series; minimum budget of $500,000 for MOWs and miniseries; independent films qualify if produced by a company that is not publicly traded or owned > 25% by publicly traded companies
Sunset/Review	July 1, 2017
Application Considerations	The California Film Commission will begin accepting tax credit applications for the 2014 fiscal year (July 1, 2013 – June 30, 2014) on Monday, June 3, 2013. While applications will continue to be accepted after June 3, the CFC advises those seeking credits to apply on the first day of the application period in order to be included in the annual tax credit lottery. To be included, applications must be submitted to the Film Commission's office (7080 Hollywood Blvd., Suite 900, Hollywood, CA 90028) on June 3 between 9:00 am and 3:00 pm. Please visit http://www.film.ca.gov/Incentives.htm for the application form and checklist of required documentation.
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Out-Of-State Vendors YES (explicit allowance/disallowance in law, regulations, guidelines, rules, etc.) • Fringes Paid For Qualified Payroll YES (see qualified expenditures listing for more details - contact local Film Office)
Qualified Compensation Expenditures	• Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• None

State	Nevada[91]
Type of Incentive	Transferable Tax Credit
Maximum Benefit	15% transferable tax credit for productions (including pre-production and post-production); if more than 50% of below-the-line personnel are residents, the production qualifies for an additional 2% of the cumulative qualified expenditures; and if more than 50% of filming days occur in a county where productions have incurred less than $10,000,000 in direct expenditures in each of the two years immediately preceding the date of application, the production can claim an additional 2% credit; for a total of a possible 19%; wages and salaries (including fringe benefits) paid to above-the-line personnel must be included in the calculation of the base amount of credits at a rate of 12%, and wages and salaries (including fringe benefits) paid to below-the-line personnel must be included in the calculation of the base amount of credits at a rate of 12% in 2014-2015, 10% in 2016, and 8% in 2017
Compensation and Project Caps/ Funding Per Year	The annual cap is set at $20,000,000, the project cap at $6,000,000, and the salary cap at $750,000; compensation to all resident producers must not exceed 10% of all qualified expenditures incurred in Nevada, and compensation to all non-resident producers must not exceed 5% of the qualified expenditures incurred in Nevada
Project Criteria	Minimum Spend = $500,000 in qualified expenses incurred in Nevada; 60% of the total qualified expenditures and production costs for the qualified production must be incurred in Nevada
Sunset/Review	June 30, 2023
Additional Exemptions	• Hotel Occupancy Tax Relief Available
Qualified Production Expenditures	• In-State Vendors : YES • Fringes Paid For Qualified Payroll : YES

[91] http://www.entertainmentpartners.com/production_incentives_results/?jid=191&NEVADA

State	Nevada[91]
	• Taxes Paid For Qualified Payroll: YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES 15% Non residents: YES 12% • Below-the-Line Residents: YES 15% Non residents: YES 12%
Non-traditional Programming	• Talk Shows • Animation • Reality shows • Commercials • Game Shows • Documentaries • Music Videos • Interactive Media & Video Games • Webisodes

State	Utah[92]
Type of Incentive	Cash Rebate or Refundable tax credit
Maximum Benefit	15%–20% cash rebate OR 20% refundable tax credit (25% maximum with bonus)
Compensation and Project Caps/ Funding Per Year	Project Caps: No tax credit caps for motion picture companies; $149,999 project cap for 15% cash rebate; $500K project cap for 20% and 25% cash rebate; motion picture incentive for a digital media company must not exceed 20% of the new state revenue paid by the digital media companyAnnual Funding Caps: $6,793,700 in refundable tax credits for both motion picture and digital media companies issued in a fiscal year with remaining funds rolling over to the following fiscal year
Project Criteria	Minimum local spend = $200,000(for 15%); minimum local spend = $1,000,000 (for 20% - 25%)
Sunset/Review	None
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES (confirm with local Film Office)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Below-the-Line Residents: YES
Non-traditional Programming	• Reality Shows • Documentaries • Webisodes • Animation • Industrials • Music Videos POSSIBLE

State	Colorado[93]
Type of Incentive	Cash rebate
Maximum Benefit	20% of qualifying local spend
Compensation and Project Caps/ Funding Per Year	$1,000,000 cap on compensation
Project Criteria	Minimum local spend = $100,000 for qualified local companies, $1,000,000 for out-of-state companies; ≥ 50% of the total work force must be Colorado residents

[92] http://www.entertainmentpartners.com/production_incentives_results/?jid=174&UTAH
[93] http://www.entertainmentpartners.com/production_incentives_results/?jid=220&COLORADO

State	Colorado[93]
Sunset/Review	None
Additional Exemptions	• Hotel Occupancy Tax Relief Available
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES Non-residents: YES • Below-the-Line Residents: YES Non-residents: YES
Non-traditional Programming	• Talk Shows • Reality Shows • Game Shows • Documentaries • Webisodes • Animation • Commercials • Music Videos • Interactive Media & Video Games

State	Oklahoma[94]
Type of Incentive	Cash rebate*;
Maximum Benefit	35% Film Enhancement Rebate; BONUS: 2% for OK music/recording;
Compensation and Project Caps/ Funding Per Year	$5,000,000 per year; 25% cap on rebate for (1) above-the-line wages and (2) underlying rights to screenplay or novel paid to OK taxpayers; no new applications at this time
Project Criteria	Minimum budget for film must be ≥ $50,000 and local spend must be ≥ $25,000; minimum budget for OK music/recording bonus must be ≥ $20,000; minimum spend for 10% credit on music/film facility construction = $350,000 for film construction, $100,000 for music construction; 25% credit on projects over $1,000,000
Sunset/Review	December 31, 2014
Additional Exemptions	• Sales & Use Tax Relief for Productions Available *Please note: The sales tax exemption cannot be used in conjunction with the cash rebate.*
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES 35% - 37% Non-residents: YES 35% - 37% Below-the-Line Residents: YES 35% - 37% • Non Residents: YES 35% - 37%
Non-traditional Programming	• Reality Shows • Documentaries • Animation • Commercials • Industrials • Music Videos

[94] http://www.entertainmentpartners.com/production_incentives_results/?jid=183&OKLAHOMA

State	Texas[95]
Type of Incentive	Grant
Maximum Benefit	5% to 20% of qualifying local spend; if ≥ 25% of filming days are in "underutilized areas," the grant is increased by 2.5%; incentive is tiered based on local spend; 5%-10% incentive for reality shows and commercials
Compensation and Project Caps/ Funding Per Year	Qualifying compensation is capped at $1,000,000 per person; annual funding is up to $95,000,000 for fiscal years 2014 and 2015 combined beginning September 1, 2013, through to August 31, 2015
Project Criteria	Minimum local spend = $250,000 for film or television program, or $100,000 for a commercial, series of commercials, educational and instructional videos and digital interactive media productions; ≥ 70% of cast (including extras) and crew must be residents (unless it is determined that there are insufficient residents to fill the positions; reality television and talk shows not subject to the ≥ 70% resident cast requirement); ≥ 60% of the moving image must be filmed locally; CPA audit opinion required if grant proposed to be > $300,000
Sunset/Review	None
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Below-the-Line Residents: YES
Non-traditional Programming	• Talk Shows • Reality Shows • Documentaries • Webisodes • Animation • Commercials • Industrials • Music Videos • Interactive Media & Video Games

State	Minnesota[96]
Type of Incentive	Cash rebate
Maximum Benefit	20%–25% cash rebate 15% credit available to all projects spending ≤ $5,000,000 within a 12-month period; 20% credit available if qualifying local spend within 12 months > $5,000,000, OR if three of the following five positions are filled by a current MN resident: producer, director, director of photography, writer or line producer, OR if ≥ 60% of local principal photography or spend outside the local metropolitan area within 12 months of certification
Compensation and Project Caps/ Funding Per Year	$200,000 available as of March 1, 2012; additional funding to be provided on July 1, 2012; call Film Office for details.
Project Criteria	Feature films must be ≥ 80 minutes, ≥ 60% of principal photography days or ≥ 60% of principal photography and post-production budgets spent locally; ≥ 60% of the production budget must be spent locally for national TV series; minimum budget of $200,000 for documentaries with ≥ 60% of total budget spent locally; minimum budget of $50,000 for music videos with ≥ 60% of total budget spent locally
Sunset/Review	June 30, 2015
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Commercial Productions Available

95 http://www.entertainmentpartners.com/production_incentives_results/?iid=175&TEXAS
96 http://www.entertainmentpartners.com/production_incentives_results/?iid=196&MINNESOTA

State	Minnesota[96]
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non Residents: YES • Below-the-Line Residents: YES
Non-traditional Programming	• Reality Shows • Documentaries • Webisodes • Animation • Commercials • Music Videos

State	Arkansas[97]
Type of Incentive	Rebate
Maximum Benefit	20% of qualifying local spend, plus 10% of below-the-line payroll to paid to full-time Arkansas residents; applies to both Production Incentive and Post-Production Incentive
Compensation and Project Caps/ Funding Per Year	Salaries >$500,000 are excluded; no project caps; funding shall consist of revenues as authorized by law; applications are accepted on a first-come, first-served basis
Project Criteria	Minimum local spend ≥ $200,000 within 6 months; payments must be made from an Arkansas financial institution; minimum local spend for the Post-Production Incentive ≥ $50,000 within 6 months; payments must be made from an Arkansas financial institution
Sunset/Review	June 30, 2019
Additional Exemptions	• n/a
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES 20% • Non-residents: YES 20% • Below-the-Line Residents: YES 20% + 10% resident bonus • Non-residents: YES 20%
Non-traditional Programming	• Talk Shows POSSIBLE (call Film Office for review) • Reality Shows POSSIBLE (call Film Office for review) • Game Shows POSSIBLE (call Film Office for review) • Documentaries • Webisodes • Animation • Commercials • Industrials POSSIBLE (call Film Office for review) • Music Videos • Interactive Media & Video Games

[97] http://www.entertainmentpartners.com/production_incentives_results/?jid=204&ARKANSAS

State	Louisiana[98]
Type of Incentive	Partially refundable, fully transferable motion picture production tax credits; credits on projects certified on/after July 1, 2009, can be transferred to the state of Louisiana for 85% of face value
Maximum Benefit	30% of qualifying local spend including the payroll for residents and Non-residents, and 5% of resident payroll ≤ $1,000,000
Compensation and Project Caps/ Funding Per Year	$1,000,000 per person cap on 5% resident payroll credt; cap on related party above-the-line compensation of 12% of local spend if ≤ $25,000,000; if local spend >$25,000,000 the cap is 8%; no project or funding caps
Project Criteria	Minimum local spend > $300,000
Sunset/Review	None
Additional Exemptions	• n/a
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES (only taxable fringes, sourced or apportioned to the state, qualify) • Taxes Paid For Qualified Payroll YES (state or local taxes do not qualify)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Talk Shows • Reality Shows • Game Shows • Documentaries • Webisodes • Animation • Commercials • Music Videos • Interactive Media & Video Games YES (explicit allowance/disallowance in law, regulations, guidelines, rules, etc.; there is a separate incentive for this)

State	Mississippi[99]
Type of Incentive	Cash rebate
Maximum Benefit	25% of qualifying local spend; 25% of payroll paid to Non-residents; 30% of payroll paid to residents; additional 5% of payroll paid to US Veterans
Compensation and Project Caps/ Funding Per Year	Up to $5,000,000 on individual resident and nonresident payroll qualifies for the rebate; $10,000,000 rebate cap per project; $20,000,000 fiscal year cap
Project Criteria	Minimum local spend = $50,000 in base investment and/or payroll
Sunset/Review	No sunset date for the main rebate; the nonresident payroll rebate expires on June 30, 2016
Additional Exemptions	• Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Out-Of-State Vendors YES (restrictions apply - contact local Film Office) • Fringes Paid For Qualified Payroll POSSIBLE (restrictions apply - contact local Film Office) • Taxes Paid For Qualified Payroll POSSIBLE (restrictions apply - contact local Film Office)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES (withholding requirements must be met for payments to qualify) • Non-residents: YES (withholding requirements must be met for

98 http://www.entertainmentpartners.com/production_incentives_results/?jid=201&LOUISIANA
99 http://www.entertainmentpartners.com/production_incentives_results/?jid=195&MISSISSIPPI

	payments to qualify) • Below-the-Line Residents: YES (withholding requirements must be met for payments to qualify) • Non-residents: YES (withholding requirements must be met for payments to qualify)
Non-traditional Programming	• Reality Shows • Game Shows • Documentaries • Webisodes • Animation • Commercials • Industrials • Music Videos • Interactive Media & Video Games

State	**Alabama**[100]
Type of Incentive	Refundable income tax credit
Maximum Benefit	25% of qualified spend (excluding payroll to residents) and 35% of all payroll to residents
Compensation and Project Caps/ Funding Per Year	Annual funding caps, including incentives granted for sales, use, and lodging taxes = $10,000,000 for fiscal year ending September 30, 2012; $15,000,000 for fiscal years ending September 30, 2013, and September 30, 2014; and $20,000,000 for fiscal year ending September 30, 2015, and each year thereafter
Project Criteria	For qualified state-certified productions (excluding productions limited to only soundtrack projects and music videos): Minimum spend = $500,000 and maximum spend = $20,000,000; qualified soundtrack projects: Minimum spend = $50,000 and maximum spend = $300,000; qualified music video projects: Minimum spend = $50,000 and maximum spend = $200,000
Sunset/Review	None
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES (local taxes qualify)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Reality Shows • Documentaries • Webisodes • Commercials • Music Videos • Interactive Media & Video Games

[100] http://www.entertainmentpartners.com/production_incentives_results/?jid=207&ALABAMA

State	Tennessee[101,102]
Type of Incentive	25% Grant
Maximum Benefit	25% of qualifying local spend
Compensation and Project Caps/ Funding Per Year	$250K per Tennessee resident (includes per diems and fringe benefits) No Film Incentive Caps or Funding has been released at this time; please contact the film office
Project Criteria	Minimum local spend= $200,000 for features and $200,000 per episode for television projects on qualified Tennessee spend
Sunset/Review	None
Additional Exemptions	• Hotel Occupancy Tax Relief Available
Qualified Production Expenditures	• In-State Vendors : YES • Fringes Paid for Qualified Payroll : POSSIBLE • Taces Paid for Qualified Payroll: POSSIBLE
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Below-the-Line Residents: YES
Non-traditional Programming	• Animation • Commercials

State	Michigan[103]
Type of Incentive	Cash Rebate
Maximum Benefit	20%–32% cash rebate (35% maximum with bonus); 3% bonus for direct production expenditures and Michigan personnel expenditures at a qualified facility or post-production facility 27% of direct production expenditures, 32% of MI personnel expenditures (ATL and BTL residents, reduces to 27% on January 1, 2015), 20% of nonresident crew (reduces to 15% in 2014, and 10% in 2015 and thereafter), and 27% of qualified personnel expenditures (non-resident ATL) through 2014 (reduces to 12% in 2015); an additional 3% is provided on MI personnel and direct production expenditures if a qualified facility or post-production facility is used
Compensation and Project Caps/ Funding Per Year	Qualifying compensation is capped at $2,000,000 per employee; producer fees are capped at 10% of MI personnel and direct production expenditures for residents and at 5% for Non-residents; annual funding is $50,000,000
Project Criteria	Minimum local spend = $100,000
Sunset/Review	None
Additional Exemptions	• Hotel Occupancy Tax Relief Available
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES 32% • Non-residents: YES 27% • Below-the-Line Residents: YES 32% • Non-residents: YES 20%
Non-traditional Programming	• Talk Shows • Reality Shows • Game Shows • Documentaries • Webisodes • Animation • Music Videos • Interactive Media & Video Games

[101] http://www.entertainmentpartners.com/production_incentives_results/?jid=176&TENNESSEE
[102] The Tennessee Film Grant has been temporarily suspended, but the state plans to announce a new production incentive program during 2013
[103] http://www.entertainmentpartners.com/production_incentives_results/?jid=197&MICHIGAN

State	Ohio[104]
Type of Incentive	Refundable tax credit
Maximum Benefit	25% of qualifying local spend excluding resident cast and crew; 35% of resident cast and crew
Compensation and Project Caps/ Funding Per Year	Per project cap of $5,000,000; $40,000,000 funding for the fiscal biennium, $20,000,000 per fiscal year; funds still available for FY 2013 (July 1, 2012 to June 30, 2013)
Project Criteria	Minimum qualified local spend must be > $300,000
Sunset/Review	None
Additional Exemptions	• Hotel Occupancy Tax Relief Available
Qualified Production Expenditures	• In-State Vendors YES • Out-Of-State Vendors YES • Fringes Paid For Qualified Payroll YES (restrictions apply - contact local Film Office) • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Talk Shows • Reality Shows • Game Shows • Documentaries • Webisodes • Animation • Commercials • Industrials • Music Videos • Interactive Media & Video Games

State	Georgia[105]
Type of Incentive	Transferable tax credit (one transfer to one or more transferees, 5-year carry forward) for both production companies and qualified interactive entertainment production companies
Maximum Benefit	20% of the base investment in the state, plus 10% if the qualified production activities include a qualified Georgia promotion
Compensation and Project Caps/ Funding Per Year	$25,000,000 program funding cap for qualified interactive entertainment production companies and their affiliates; $5,000,000 project cap for each qualified interactive entertainment production company and its affiliates; $500,000 cap per salaried employee paid by W-2; no salary cap if production company pays an individual subject to 1099 reporting (e.g., personal services contract, loan-out company payments)
Project Criteria	Minimum local spend = $500,000
Sunset/Review	None
Additional Exemptions	• n/a
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES

104 http://www.entertainmentpartners.com/production_incentives_results/?jid=184&OHIO
105 http://www.entertainmentpartners.com/production_incentives_results/?jid=218&GEORGIA

	• Non-residents: YES
Non-traditional Programming	• Talk Shows • Reality Shows • Game Shows • Documentaries • Webisodes • Animation • Commercials • Music Videos • Interactive Media & Video Games

State	**Kentucky**[106]
Type of Incentive	Refundable credit
Maximum Benefit	20% of: (i) qualifying expenditures; (ii) qualifying payroll paid to below-the-line crew; and (iii) qualifying payroll paid to above-the-line crew
Compensation and Project Caps/ Funding Per Year	$100,000 per person cap on above-the-line crew (actors, directors, producers, writers); currently no funding Caps
Project Criteria	Minimum local spend = $500,000 for a motion picture production, $200,000 for a commercial, and $50,000 for a documentary
Sunset/Review	December 31, 2014
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES (Only vacation and holiday qualifies)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Reality Shows • Documentaries • Webisodes • Animation • Commercials • Industrials • Music Videos • Interactive Media & Video Games

State	**South Carolina**[107]
Type of Incentive	Cash rebate
Maximum Benefit	20% of all wages subject to SC withholding paid to all cast and crew (excluding persons paid ≥ $1,000,000); 25% wage rebate for SC residents; 30% of qualifying local spend (paid to eligible SC suppliers) if the in-state expenditure totals more than $1,000,000
Compensation and Project Caps/ Funding Per Year	No project caps; annual funding of $10,000,000 for wage rebate and 26% of admissions tax collected for previous year for the supplier rebate; approximately $16,000,000 of funding available for fiscal year 2013
Project Criteria	Minimum local spend ≥ $1,000,000 during tax year
Sunset/Review	The 15% incentive has no sunset date
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available Productions that spend a minimum of $250,000 in state are exempt

[106] http://www.entertainmentpartners.com/production_incentives_results/?jid=213&KENTUCKY
[107] http://www.entertainmentpartners.com/production_incentives_results/?jid=178&SOUTHCAROLINA

	from state and local sales and use tax on supplies.
Qualified Production Expenditures	• In-State Vendors YES • Out-Of-State Vendors POSSIBLE (confirm with local Film Office) • Fringes Paid For Qualified Payroll YES (only vacation and holiday qualify; only taxable fringes sourced or apportioned to the state qualify)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Animation • Commercials

State	**North Carolina**[108]
Type of Incentive	Refundable tax credit
Maximum Benefit	25% of qualifying local spend
Compensation and Project Caps/ Funding Per Year	Cap of $1,000,000 per person on compensation; $20,000,000 per feature film; no other caps
Project Criteria	Minimum local spend = $250,000
Sunset/Review	January 1, 2015
Additional Exemptions	• Hotel Occupancy Tax Relief Available
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES (excludes vacation and holiday)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Talk Shows POSSIBLE (call Film Office for review) • Reality Shows • Game Shows POSSIBLE (call Film Office for review) • Documentaries • Webisodes • Animation • Commercials • Industrials • Music Videos

State	**Florida**[109]
Type of Incentive	Transferable tax credit (two transfers, up to four transferees for corporate income tax and one transferee for sales tax, 5-year carry forward)
Maximum Benefit	20% of qualifying spend (including digital media projects), with 5% bonus for off season projects and 5% bonus for family-friendly projects; additional bonuses for the General Production Queue include 5% Qualified Production Facility Bonus, 5% Qualified Digital Media Production Facility Bonus, 5% Underutilized Region Bonus, 15% FL Student/Recent Graduate Bonus; maximum combined total of bonuses and base is 30%
Compensation and Project Caps/ Funding Per Year	$296,000,000 in credits (with a cap of 45% allocated to high-impact TV series certified after April 1, 2012); credit is capped at $8,000,000 per general production queue project, $125,000 per independent and emerging media production queue project, and $500,000 per commercial and music video queue project; wages and compensation are capped at $400,000 per person; Funding is allocated as follows: 94% for the general production

[108] http://www.entertainmentpartners.com/production_incentives_results/?jid=186&NORTHCAROLINA
[109] http://www.entertainmentpartners.com/production_incentives_results/?jid=215&FLORIDA

	queue, 3% for the independent and emerging media production queue, and 3% for the commercial and music video production queue; surplus credits from the smaller queues can be carried forward to the next year general production queue; once the annual funding allotment is exhausted, applications roll over to future years funding within the applicable queue
Project Criteria	≥ 50% of cast and below-the-line crew (includes extras and day players) must be residents or eligible students (the requirement increases to ≥ 60% in the fiscal year 2012-2013); for digital media projects the requirement is ≥ 75% of such positions; the general production queue has a minimum local qualifying spend of $625,000 (can span multiple fiscal years, a qualified high impact television series and high impact digital media projects get priority in this queue); the commercial and music video queue has a minimum per project spend of $100,000 with a minimum qualifying threshold for (multiple bundled) projects of $500,000 per fiscal year; the independent and emerging media production queue has a qualifying local spend ≥ $100,000 to ≤ $625,000
Sunset/Review	June 30, 2016
Additional Exemptions	• Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES (see qualified expenditures listing for more details -- contact local Film Office) • Taxes Paid For Qualified Payroll YES (see qualified expenditures listing for more details -- contact local Film Office)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Below-the-Line Residents: YES
Non-traditional Programming	• Talk Shows • Reality Shows • Game Shows • Documentaries • Webisodes • Animation • Commercials • Industrials • Music Videos • Interactive Media & Video Games

State	Virginia[110]
Type of Incentive	Refundable tax credit and cash rebate
Maximum Benefit	15% of qualifying local spend (20% in economically distressed areas); an additional 10%-20% can be added for resident payroll, and each first-time film industry employee is eligible for an additional credit of 10%; discretionary cash rebate
Compensation and Project Caps/ Funding Per Year	Compensation over $1M is excluded; Project Caps are Discretionary; $5M and $6M available per biennium for the tax credit program and grant program, respectively
Project Criteria	$250K minimum spend required for tax credit and must make a best faith effort to film at least 50% of the principal photography in Virginia; pre-production must commence within 90 days of the approval of the application. Performance-based incentive that provides cash rebate at the discretion of the Governor, taking into consideration length of filming, job creation, trainees hired, and goods and services purchased
Sunset/Review	None
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available

[110] http://www.entertainmentpartners.com/production_incentives_results/?jid=172&VIRGINIA

Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll POSSIBLE • Taxes Paid For Qualified Payroll POSSIBLE (confirm with local Film Office)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Documentaries • Webisodes • Animation • Commercials • Music Videos • Interactive Media & Video Games

State	West Virginia[111]
Type of Incentive	Transferable tax credit (with 2-year carry forward, unlimited transfers/transferees)
Maximum Benefit	27% of qualifying local spend and an additional 4% if 10 or more residents employed full time, for a maximum of 31%
Compensation and Project Caps/ Funding Per Year	No per project cap; $5,000,000 annual funding
Project Criteria	Minimum local spend = $25,000
Sunset/Review	None
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Out-Of-State Vendors YES (restrictions apply; contact local Film Office) • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES (see Loan-Out Company Considerations above; withholding requirements must be met for payments to qualify) • Below-the-Line Residents: YES • Non-residents: YES (see Loan-Out Company Considerations above; withholding requirements must be met for payments to qualify)
Non-traditional Programming	• Reality Shows • Game Shows • Documentaries • Animation • Commercials • Industrials • Music Videos

[111] http://www.entertainmentpartners.com/production_incentives_results/?jid=170&WESTVIRGINIA

State	Pennsylvania[112]
Type of Incentive	Transferable tax credit (with a 3-year carry forward for the original recipient only); an assignee may not use the credit to reduce its tax liability by > 50%; purchasers/assignees of credits during the 2010 calendar year may carry forward their credits to reduce taxes in 2011 and 2012
Maximum Benefit	The credit is 25% of qualifying local spend; an additional 5% credit is authorized for feature films, TV movies, and series intended for a national audience meeting the minimum stage requirements in a qualified facility
Compensation and Project Caps/ Funding Per Year	There is a $15,000,000 per project cap on aggregate compensation paid to performing artists; the annual funding for 2011-2012 through 2015-2016 is $60,000,000; annual funding allocation per project = $12,000,000; contact Film Office for status of available funds
Project Criteria	Minimum local spend is ≥ 60% of the budget, unless waived for projects with local spend ≥ $30,000,000 meeting the minimum stage filming requirement; he minimum stage filming requirements for projects spending < $30,000,000 (per project) include: build ≥ 1 set, shoot ≥ 10 days at a qualified facility, and spend ≥ $1,500,000 for use, rental, or services at the qualified facility; the minimum stage filming requirements for projects spending ≥ $30,000,000 include: build ≥ 2 sets, shoot ≥ 15 days, and spend ≥ $5,000,000 on use, rental, or services at the qualified facility
Sunset/Review	None; a report on the effectiveness of both incentives is due September 1 of each year
Additional Exemptions	• Hotel Occupancy Tax Relief Available
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Talk Shows • Reality Shows • Game Shows • Documentaries • Animation • Commercials

State	New York[113]
Type of Incentive	Refundable film production and post-production credits (if the credit is ≥ $1,000,000, but < $5,000,000, it is payable in equal amounts over 2 years; if the credit is ≥ $5 million, the refund is payable over 3 years from the date it can be claimed; Pool 2 funds cannot be claimed until the later of completion or the year following the "allocation year"); there is also an investment tax credit for qualified film production facilities
Maximum Benefit	30% of qualifying production local spend (facility, location, and post-production costs); 30-35% of the qualifying post-production spend (if 30% credit not claimed); 4% to 5% of the eligible investment credit base.
Compensation and Project Caps/ Funding Per Year	$420,000,000 per year through the 2019 calendar year, with up to $7,000,000 of that amount allocated to the post-production credit per year thru 2014; effective 2015, the amount set aside for the stand-alone post production credit will increase to $25,000,000 and $5,000,000 will be set aside annually for the additional 10% credit on below-the-line labor costs incurred in specific upstate counties
Project Criteria	Two categories of eligible productions: Level 1 and Level 2; Level 1 (called

[112] http://www.entertainmentpartners.com/production_incentives_results/?jid=181&PENNSYLVANIA
[113] http://www.entertainmentpartners.com/production_incentives_results/?jid=130&NEWYORK

	"independent" in the statute) = budget ≤ $15,000,000, and produced by a company ≤ 5% owned, directly or indirectly, by a publicly traded entity; Level 2 = production budget > $15,000,000 or is being produced by a company > 5% owned, directly or indirectly, by a publicly traded entity; all eligible film and TV projects must meet "stage" requirements to recover qualified costs incurred at a qualified production facility (QPF); Level 1 projects (and Level 2 pilots) must build and use a qualified set on a stage in a QPF for at least one day; a Level 2 project must build and use a qualified set on a stage in a QPF for at least 10% of the principal photography days; in New York City (NYC), Level 2 productions (including pilots) must use a Level 2 QPF (certified as such by the Film Office; Level 2 QPFs are not required in New York State (NYS) unless within NYC); in addition, both Level 1 and Level 2 productions must spend ≥ 75% of all facility-related costs (within and outside NYC) at a QPF; to recover the location and other non-facility costs in NYS, the location shooting days in NYS (outside QPF) must be ≥ 75% of the total location shooting days (within and outside NYS); the location requirement is waived for any production that spends ≥ $3,000,000 at a QPF; post-production costs can be recovered when the "stage" and "location" requirements are met; there is also a stand-alone post-production credit of 30 to 35% available if the qualified post-production costs at a qualified post-production facility are ≥ 75% of such total facility costs (within and outside NYS; not available if the production claims the 30% credit); however, productions that incur either 20% or $3,000,000 of all their Visual Effects and Animation qualified costs in NYS can receive a credit on this category without maintaining the ≥ 75% total facility cost threshold requirement; effective 2015, there will be an additional 10% credit on post-production labor costs incurred in specific upstate counties; "relocated television production" now falls under the category of a qualified film; a relocated television production is defined as a talk or variety television production that filmed at least five seasons prior to its first relocated season in New York, has a studio audience of 200 or more people, and either incurs at least $30,000,000 in annual production costs in the State or incurs at least $10,000,000 in qualified capital expenditures at a qualified facility
Sunset/Review	December 31, 2019
Additional Exemptions	• Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES (confirm with local Film Office) • Out-Of-State Vendors YES (confirm with local Film Office) • Fringes Paid For Qualified Payroll YES (confirm with local Film Office) • Taxes Paid For Qualified Payroll YES (confirm with local Film Office)
Qualified Compensation Expenditures	• Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Commercials

State	Maine[114]
Type of Incentive	Non-refundable, non-transferable tax credit; tax reimbursements for non-resident wages
Maximum Benefit	5% non-refundable, non-transferable tax credit; tax reimbursements of 10% of non-resident wages and 12% of resident wages; tax credit must be used in the year the certified visual media production is completed
Compensation and Project Caps/ Funding Per Year	Wages are capped at $50,000 per person; no project or funding caps
Project Criteria	Minimum local spend = $75,000
Sunset/Review	None

[114] http://www.entertainmentpartners.com/production_incentives_results/?jid=200&MAINE

Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• Fringes Paid For Qualified Payroll YES (only vacation and holiday qualifies)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES (Withholding requirements must be met for payments to qualify) • Non-residents: YES (Withholding requirements must be met for payments to qualify) • Below-the-Line Residents: YES (Withholding requirements must be met for payments to qualify) • Non-residents: YES (Withholding requirements must be met for payments to qualify)
Non-traditional Programming	• Reality Shows • Documentaries • Webisodes • Animation • Commercials • Industrials • Music Videos • Interactive Media & Video Games

State	Massachusetts[115]
Type of Incentive	Partially refundable, transferable tax credit; 5-year carry forward from year incurred (NOTE: Taxpayer may elect to receive a 90% refund of the credit to the extent credits are first applied to taxes)
Maximum Benefit	25% partially refundable, transferable payroll and production expense tax credits; MA offers two types of film credits: (1) a 25% payroll expense credit, and (2) a 25% production expense tax credit
Compensation and Project Caps/ Funding Per Year	The payroll tax credit excludes salaries more than $1M; however, the $1M salary cap does not apply if the production company qualifies for the production expense tax credit
Project Criteria	Minimum local qualified spend = $50,000
Sunset/Review	December 31, 2022
Additional Exemptions	• Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Out-Of-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Reality Shows • Game Show • Documentaries • Animation • Commercials • Music Videos

[115] http://www.entertainmentpartners.com/production_incentives_results/?jid=198&MASSACHUSETTS

State	Rhode Island[116]
Type of Incentive	Transferable tax credit (3-year carry forward, multiple transfers/transferees allowed)
Maximum Benefit	25% of qualifying spend
Compensation and Project Caps/ Funding Per Year	$5,000,000 per project cap with possible waiver for feature film and TV series; annual cap of $15,000,000 for motion picture projects and musical and theatrical projects
Project Criteria	≥ 51% of a production principal photography days must be local or ≥ 51% of the final budget is spent in the state and the project employs ≥ 5 individuals during production; for documentaries, the test is met if ≥ 51% of total productions days, including pre-production and post-production, occur in the state; minimum budget = $100,000
Sunset/Review	June 30, 2019
Additional Exemptions	• n/a
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Documentaries • Animation • Commercials • Interactive Media & Video Games

State	Connecticut[117]
Type of Incentive	Transferable production expense credit; transferable infrastructure project credit; transferable digital animation production company credit
Maximum Benefit	The film and digital animation tax credits are tiered based on local spend from 10% to 30%; the infrastructure tax credit is 20%; no expenses incurred outside the state and used within are qualified
Compensation and Project Caps/ Funding Per Year	No project caps for the production expense and infrastructure credits; the digital animation production credit is capped at $15,000,000 per year; there is an aggregate star talent compensation project cap (subject to local income tax) of $20,000,000; the infrastructure project credit voucher is unavailable until the project is complete
Project Criteria	For fiscal years 2014-2015, "motion pictures" will not qualify to receive tax credits; however, only features are affected, and all other types of media that previously qualified will still be eligible for the tax credit; a 10% credit is available for minimum qualifying local spend of $100,000 to $500,000; 15% is available for spend > $500,000 to $1,000,000; a 30% credit is available for a qualifying local spend > $1,000,000 for the film and digital animation credits; film projects must meet a 50% local principal photography requirement or 50% of post-production costs or spend not less than $1,000,000 in the state on post-production costs; minimum spend for an interactive website is > $500,000 per year; for state-certified infrastructure projects costing ≥ $3,000,000, the credit is 20%; there is also an incentive for “relocated television production“ that (1) has filmed all of its prior seasons outside Connecticut, (2) may include certain current events shows, other than a general news program, sporting event, or game broadcast, and (3) is created at a qualified production facility in Connecticut at which the eligible production company (a) makes a minimum investment of $25,000,000 and (b) creates at least 200 jobs; productions featuring current events are not

[116] http://www.entertainmentpartners.com/production_incentives_results/?jid=179&RHODEISLAND
[117] http://www.entertainmentpartners.com/production_incentives_results/?jid=219&CONNECTICUT

State	Connecticut[117]
	currently eligible for film production tax credits
Sunset/Review	None; review annually for Workforce Competitiveness status report
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES (see qualified expenditures listing for more details -- contact local Film Office) • Taxes Paid For Qualified Payroll YES (see qualified expenditures listing for more details -- contact local Film Office)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Talk Shows • Reality Shows • Game Shows • Documentaries • Webisodes • Animation • Commercials • Music Videos • Interactive Media & Video Games

State	New Jersey[118]
Type of Incentive	Transferable tax credit
Maximum Benefit	20% of qualifying local spend and qualified digital media production spend
Compensation and Project Caps/ Funding Per Year	Annual funding cap $10M for film production tax credits, $5M for digital media content production tax credits
Project Criteria	≥ 60% of total spend (excluding post-production) must be local; local digital media content production expenses must be ≥ 2,000,000
Sunset/Review	June 30, 2015
Additional Exemptions	• Hotel Occupancy Tax Relief Available • Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Out-Of-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Reality Shows • Documentaries • Webisodes • Animation • Interactive Media & Video Games

[118] http://www.entertainmentpartners.com/production_incentives_results/?jid=189&NEWJERSEY

State	Maryland[119]
Type of Incentive	Refundable tax credit
Maximum Benefit	25% of qualified spend for film, 27% of qualified spend for television series
Compensation and Project Caps/ Funding Per Year	No per project cap; $500K per person compensation cap; state annual cap of $25,000,000 for the 2014 fiscal year and $7,500,000 each year for the 2015 and 2016 fiscal years
Project Criteria	Minimum local spend = $500,000; > 50% of production must be local
Sunset/Review	June 30, 2016
Additional Exemptions	• Sales & Use Tax Relief for Productions Available
Qualified Production Expenditures	• In-State Vendors YES • Out-Of-State Vendors YES (While incureed or used in Maryland) • Fringes Paid For Qualified Payroll YES (see qualified expenditures listing for more details -- contact local Film Office) • Taxes Paid For Qualified Payroll YES (see qualified expenditures listing for more details -- contact local Film Office)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Documentaries • Animation • Commercials • Industrials • Music Videos

State	District of Columbia[120]
Type of Incentive	Rebate
Maximum Benefit	Subject to available funding, the incentive is 42% of qualifying direct production expenditures subject to D.C. tax, or 21% of those that are not subject to D.C. tax; 30% of the qualified personnel expenditures; 50% of qualified job training expenditures; 25% of the base infrastructure investment
Compensation and Project Caps/ Funding Per Year	Funding is determined on a case-by-case basis
Project Criteria	Minimum local spend = $250,000, $4M for fiscal year 2014 effective October 1, 2013
Sunset/Review	Annual review on or before December 31 of each year, for the fiscal year concluding September 30
Additional Exemptions	• n/a
Qualified Production Expenditures	• In-State Vendors YES • Taxes Paid For Qualified Payroll YES
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non Residents : YES • Below-the-Line Residents: YES • Non Residents: YES
Non-traditional Programming	• Talk Shows POSSIBLE (call Film Office for review) • Animation POSSIBLE (call Film Office for review) • Reality Shows POSSIBLE (call Film Office for review) • Commercials POSSIBLE (call Film Office for review) • Game Shows POSSIBLE (call Film Office for review) • Industrials POSSIBLE (call Film Office for review) • Documentaries POSSIBLE (call Film Office for review)

119 http://www.entertainmentpartners.com/production_incentives_results/?jid=199&MARYLAND
120 http://www.entertainmentpartners.com/production_incentives_results/?jid=216&DISTRICTOFCOLUMBIA

State	District of Columbia[120]
	• Music Videos POSSIBLE (call Film Office for review) • Interactive Media & Video Games POSSIBLE (call Film Office for review) • Webisodes POSSIBLE (call Film Office for review)

State	Alaska[121]
Type of Incentive	Transferable tax credit (with 6-year carry forward) [DOR buy-back at 75% subject to appropriation]
Maximum Benefit	30% of qualifying production local spend, plus 20% for wages paid to residents, plus 6% for expenditures in rural areas, plus 2% for expenditures incurred between October 1 and March 30, and 6% credit for the first episodic scripted TV production that has 16 ready-for-broadcast episodes after May 30, 2012
Compensation and Project Caps/ Funding Per Year	No project caps; no compensation caps; annual funding = $200M from July 1, 2013 through June 30, 2023
Project Criteria	Minimum local spend = $75,000 in consecutive 36-month period
Sunset/Review	June 30, 2023
Additional Exemptions	• State does not impose Sales & Use Tax
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES (local taxes qualify)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Reality Shows • Documentaries • Webisodes • Animation • Commercials • Music Videos • Interactive Media & Video Games

State	Hawaii[122]
Type of Incentive	Refundable credit
Maximum Benefit	20% of qualifying spend in counties with a population ≥ 700,000 (currently only the island of Oahu), and 25% of the qualifying spend in counties with a population < 700,000
Compensation and Project Caps/ Funding Per Year	$15,000,000 per project; no annual cap
Project Criteria	Minimum local spend = $200,000
Sunset/Review	December 31, 2018
Additional Exemptions	• n/a
Qualified Production Expenditures	• In-State Vendors YES • Out-Of-State Vendors POSSIBLE (confirm with local Film Office) • Fringes Paid For Qualified Payroll YES (see qualified expenditures listing for more details - contact local Film Office) • Taxes Paid For Qualified Payroll YES (see qualified expenditures listing for more details - contact local Film Office)
Qualified Compensation	• Above-the-Line Residents: YES

121 http://www.entertainmentpartners.com/production_incentives_results/?jid=206&ALASKA
122 http://www.entertainmentpartners.com/production_incentives_results/?jid=123&HAWAII

State	Hawaii[122]
Expenditures	• Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Talk Shows • Reality Shows • Game Shows • Documentaries • Webisodes • Animation • Commercials • Music Videos • Interactive Media & Video Games

State	Puerto Rico[123]
Type of Incentive	Transferable film tax credit (unlimited carry forward and transferees)
Maximum Benefit	40% of qualifying local film spend, and 20% on payments to all Non-residents (subject to 20% PR withholding); 25% infrastructure project credit
Compensation and Project Caps/ Funding Per Year	$50,000,000 annual cap can be increased by the Government when expenses incurred in a Film Development Zone
Project Criteria	Minimum local spend ≥ $100,000 and $50,000 for short films for the production or post-production credits; ≥ 50% of principal photography must be local for development expenses to qualify
Sunset/Review	June 30, 2018
Additional Exemptions	• n/a
Qualified Production Expenditures	• In-State Vendors YES • Fringes Paid For Qualified Payroll YES • Taxes Paid For Qualified Payroll YES (local taxes qualify)
Qualified Compensation Expenditures	• Above-the-Line Residents: YES • Non-residents: YES • Below-the-Line Residents: YES • Non-residents: YES
Non-traditional Programming	• Talk Shows • Reality Shows • Game Shows • Documentaries • News • Webisodes • Animation • CommercialsMusic Videos • Interactive Media & Video Games • Sporting Events

State	Illinois[124]
Type of Incentive	Transferable tax credit
Maximum Benefit	30% of qualifying local spend, plus 15% of Illinois labor expenditures generated by the employment of residents of geographic areas of high poverty or high unemployment
Compensation and Project Caps/ Funding Per Year	Compensation not to exceed $100,000 per resident employee; no project or funding caps
Project Criteria	Minimum local spend > $50K for productions < 30 minutes, > $100K for productions ≥ 30 minutes; screen credit required

[123] http://www.entertainmentpartners.com/production_incentives_results/?jid=180&PUERTORICO
[124] http://www.entertainmentpartners.com/production_incentives_results/?jid=211&ILLINOIS

State	Illinois[124]
Sunset/Review	May 5, 2021
Additional Exemptions	• Hotel Occupancy Tax Relief Available
Qualified Production Expenditures	• In-State Vendors • Fringes Paid For Qualified Payroll (see qualified expenditures listing for more details -- contact local Film Office) • Taxes Paid For Qualified Payroll (see qualified expenditures listing for more details -- contact local Film Office)
Qualified Compensation Expenditures	• Above-The-Line Residents • Below-The-Line Residents
Non-traditional Programming	• Reality Shows • Documentaries • Webisodes • Animation • Commercials • Music Videos

Appendix D Economic Impact Methodology

Glossary of Economic Impact Terms

Term	Definition
Direct Impacts	• Direct impacts are changes that occur in “front-end” businesses that would initially receive expenditures and operating revenue as a direct consequence of the operations and activities of a facility, project or industry. • *Example: In the case of film and television production, direct impacts are related to the direct expenditures made by production companies, for example, equipment rentals.*
Indirect Impacts	• Indirect impacts arise from changes in activity for suppliers of the “front-end” businesses • *Example: When production companies spend money on equipment rentals, equipment rental companies make purchases across the supply chain of the equipment rental industry. This spending by equipment rental companies reflects the indirect impacts of the production spending.*
Induced Impacts	• Induced impacts are due to shifts in spending on goods and services as a consequence of the changes to the payroll of the directly and indirectly affected businesses. Using the example from above, the direct and indirect expenditures create new jobs as firms add labor to meet rising demand, which in turn raises incomes and stimulates induced impacts as higher incomes flow through to consumption. • *Example: In the case of film and television production, additional wages received by employees of primary and secondary suppliers “induces” spending. For example, these employees make consumer purchases at the grocery store, gas station etc. The jobs and income that result from these consumer purchases are considered induced impacts.*
Total Impacts	• Total impacts are calculated by adding the direct, indirect and induced economic impacts.
Output	• Output is the total gross value of goods and services produced by a given company or industry measured by the price paid to the producer (versus the price paid by the consumer, which can include transportation and retail mark-ups). This is the broadest measure of economic activity.
Gross State Product (GSP)	• Gross State Product (GSP) or “value added” refers to the additional value of a good or service over the cost of inputs used to produce it from the previous stage of production. Thus GSP is equal to net output, or the difference between revenues and expenses on intermediate inputs. It is the incremental value created through labor or mechanical processing.
Employment (FTE)	• Employment is the number of additional jobs created. Employment is measured in terms of full-time equivalents (FTEs).
Labor Income	• Labor income is the income that is received by households from the production of regional goods and services and that are available for spending on goods and services. This includes all forms of employment income, including employee compensation (wages and benefits) and proprietor income.
State and Local Tax Revenue	• State and local tax revenues are estimates comprised of various taxes including personal income tax, sales tax, property tax, motor vehicle license fees, corporate income tax, severance tax, fishing and hunting licenses and other taxes, fines, and fees.

Economic Impact Overview

The main goal of an economic impact analysis is to quantify the economic contributions that an industry, organization, or project makes to a region.

The economic impact of film, television and digital media production stimulated by the State of New Mexico's production tax incentive program has been estimated using the 2012 IMPLAN input-output model, which is the latest available model. The IMPLAN model is a widely employed and accepted regional economic analysis software for predicting economic impacts. It combines US Bureau of Economic Analysis' input-output benchmarks with regional data on trade and industrial linkages to produce state-level economic multipliers. These economic multipliers can then be used to measure the quantitative impact on tax revenues, employment and value added (or GSP) of a change in the production or expenditure of a particular industry. For example, in this study we estimate the impact on the New Mexico economy of expenditures related to film and television production. Each production will have an amount of direct expenditure, such as equipment rentals, which will in turn stimulate what are known as indirect impacts across the supply chain of that particular industry. These expenditures will also generate additional labor income, which stimulates what are known as induced impacts as the higher incomes result in increased consumption of goods and services. The total economic impact of the production expenditures is the sum of each of these direct, indirect, and induced impacts. These impacts are commonly reported as key economic indicators such as output, employment, gross state product and tax revenues.

Data Sources and Preparation

The primary data used in the economic impact analysis was obtained from the New Mexico Film Office and the New Mexico Taxation and Revenue Department. This information includes:

- Quarterly Reports for fiscal years 2010 through 2014 (Q1 through Q3) published on the New Mexico Film Office website.
- Aggregates (i.e. custom datasets showing the breakdown of production spending by expenditure category) for fiscal years 2010 through 2014 (Q1 and Q2) prepared by the New Mexico Film Office.
- Value of tax incentive paid based on approval date and associated qualifying and non-qualifying production expenditures of the productions receiving those incentives for fiscal years 2010 through 2014 (Q1 through Q3) provided by the New Mexico Taxation and Revenue Department.

The process by which the relevant information was collected and/or prepared by the New Mexico Film Office and the New Mexico Taxation and Revenue Department is illustrated in the following figure.

PRODUCTION AND TAX INCENTIVE DATA COLLECTION PROCESS

Before and/or at Start of Production | **After Production**

Process for Receiving Tax Credit

Production Company Submits Registration Form

- Information provided to New Mexico Film Office includes: total budget, qualifying vs. non-qualifying expenditures, and anticipated tax credit.

Production Company Submits Stats Form

- Stats forms are submitted to the New Mexico Film Office.
- Stats forms indicate the detailed production expenditures made by the production company.
- Companies have one year after production is complete to submit Stats form.
- New Mexico Film Office certifies that all vendors have been paid.

Taxation and Revenue Department (TRD) Receives Required Documentation and Processes Credit

- New Mexico Taxation and Revenue Department performs audit of expenditures, adjusts qualifying expenditure amounts as necessary, and processes payment.
- Average time between finishing production and receiving tax credit is eight to ten months.

Data Collected

Quarterly Reports

- Estimated total production spending in New Mexico by quarter and fiscal year.
- May include data from Stats Form depending on timing of submission.
- **Source:** New Mexico Film Office website.

Aggregates

- Breakdown of spending by quarter and fiscal year for productions that submitted Stats Forms to the New Mexico Film Office.
- Note: Aggregates do not provide an estimate of total production spending in New Mexico.
- **Source:** Custom Datasets from New Mexico Film Office.

Total Expenditures and Tax Credits Paid

- Total New Mexico expenditures made by productions receiving tax credit in a given year, including a breakdown of qualifying vs. non-qualifying expenditures.
- Value of tax credit paid based on approval date.
- **Source:** New Mexico Taxation and Revenue Department.

The best available estimates of total annual direct New Mexico production spending were obtained from the Quarterly Reports posted on the New Mexico Film Office website. When interpreting these estimates it is important to note that prior to fiscal 2012, payments to qualifying non-resident performing artists were included in the direct New Mexico production spending estimates, whereas after fiscal 2011 these payments were excluded. Therefore, fiscal years 2012 through 2014 provide a more accurate depiction of direct production spending occurring in the state.

From the information contained in the Aggregates prepared by the New Mexico Film Office, MNP estimated an overall distribution of production spending over fiscal years 2011 through 2014. Fiscal 2010 was not included in the estimation of this distribution due to differences in the way in which data was collected and reported prior to fiscal 2011 resulting from changes made to the Stats form.

MNP applied the estimated distribution of production spending to the total annual direct New Mexico production spending from the Quarterly Reports to estimate the value of production expenditures by spending category. For fiscal years 2012 through 2014, MNP used the distribution of spending to estimate the non-resident performing artist payments given that they were not included in the direct production spending estimates provided in the Quarterly Reports. The estimated distribution of spending is shown in the following table.

DISTRIBUTION OF DIRECT PRODUCTION SPENDING (FY 2010 – 2014)

Spending Category	FY 2010 ($ millions)	FY 2011 ($ millions)	FY 2012 ($ millions)	FY 2013 ($ millions)	FY 2014 (Q1-Q3) ($ millions)
All Resident Crew	$73.1	$98.0	$94.8	$90.2	$46.7
All Resident Principal Talent	$11.7	$15.6	$15.1	$14.4	$7.4
Facility/Location Fees	$0.4	$0.6	$0.6	$0.5	$0.3
Non-Resident Talent	$33.1	$44.4	$42.9	$40.8	$21.1
Facility/Office Leases/Stages	$4.9	$6.6	$6.4	$6.1	$3.2
Lodging/Accommodation	$9.4	$12.6	$12.2	$11.6	$6.0
Travel	$2.1	$2.8	$2.7	$2.6	$1.3
Food/Catering/Food Allowance	$7.1	$9.5	$9.1	$8.7	$4.5
Non-Film Vehicles	$1.8	$2.4	$2.3	$2.2	$1.1
Rolling Equipment	$8.1	$10.9	$10.5	$10.0	$5.2
Equipment Rentals	$13.2	$17.7	$17.1	$16.3	$8.4
Location Department	$5.0	$6.8	$6.5	$6.2	$3.2
Construction	$5.7	$7.6	$7.4	$7.0	$3.6
Set Dressing	$3.3	$4.4	$4.3	$4.1	$2.1
Wardrobe	$2.1	$2.8	$2.6	$2.5	$1.3
Office Supplies/Furniture	$1.1	$1.4	$1.4	$1.3	$0.7
Spfx/Props	$3.2	$4.4	$4.2	$4.0	$2.1
Insurance/Bonding	$3.6	$4.8	$4.6	$4.4	$2.3
Post	$1.1	$1.5	$1.5	$1.4	$0.7
Other	$14.4	$19.3	$18.6	$17.7	$9.2
Fuel/Gasoline	$2.0	$2.7	$2.6	$2.5	$1.3
Total *	**$206.4**	**$276.7**	**$267.5**	**$254.5**	**$131.7**

* Total direct production spending for fiscal years 2012 through 2014 are higher than what is reported on the New Mexico Film Office website, as a result of including payments made to non-resident performing artists. Totals may not add exactly due to rounding.
Source: New Mexico Film Office

Assumptions

The economic impact analysis presented in this report is based on a number of assumptions. The main assumptions are:

- Spending related to productions applying for tax incentives is assumed to be incremental to the New Mexico economy. In other words, it is assumed that the spending in New Mexico would not have otherwise occurred in absence of the tax incentives.
- Only spending in New Mexico results in economic impacts flowing to the State. For instance, spending of wages paid to non-resident performing artists is assumed to occur outside the state and have therefore been excluded. It is, however, assumed that wages accruing to non-resident talent are subject to a 5.125 percent State Gross Receipts Tax (GRT) on income earned in New Mexico[125] in order to be eligible as a qualifying expenditure for the tax incentive. It is also assumed that non-resident performing artists are subject to a personal income tax rate of 4.2 percent[126].
- The calculation of direct employment is based on the estimated annual increase in labor income accruing to local New Mexico residents hired during production and an assumed average annual wage of $52,723[127,128]. Calculations of personal income tax generated by this direct employment are based on an assumed effective tax rate of 3.21 percent[129].
- All other state and local taxes are based on IMPLAN model results.

Tax Impacts

Because of the changing nature of tax rates and structures it is important to examine carefully the calculations of state and local taxes in any economic impact study. Please note that our approach to calculating taxes generated by film and television production spending in New Mexico was reviewed by the New Mexico Department of Finance and Administration.

To estimate tax revenues generated by film and television production spending in New Mexico, production expenditures were separated into the following categories: local crew and talent (“resident labor”), non-resident crew and talent (“non-resident labor”), and local supplies and services (spending on all other goods and services). The following figure provides an overview of the sources of tax revenues for each category of expenditures.

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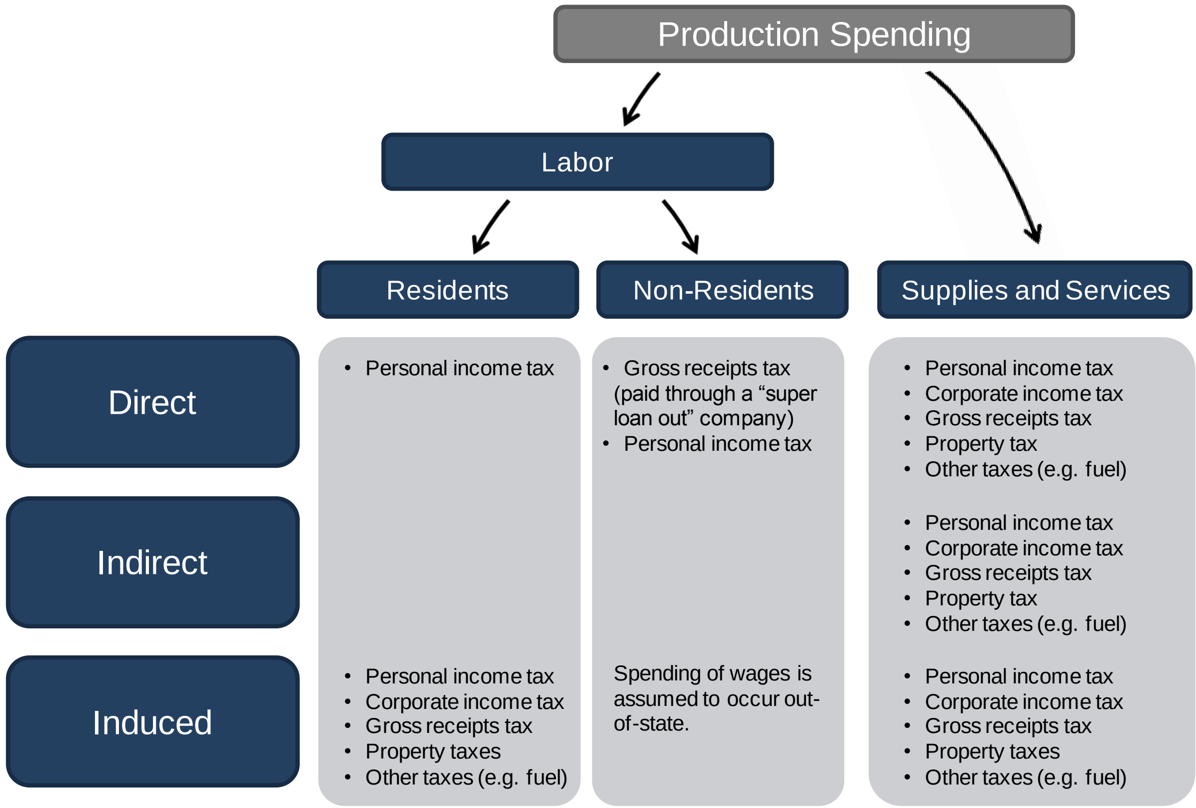
[125] New Mexico Taxation and Revenue Department, Gross Receipts Tax Rate Schedule, Effective January 1, 2013 through June 30, 2013. Note that the out-of-state Gross Receipts Tax generates state tax revenues only.

[126] The effective personal income tax rate for non-residents was provided to MNP by the New Mexico Department of Finance and Administration. The estimate is based on non-resident personal income tax returns filed in New Mexico for the 2011 tax year.

[127] Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Average Annual Pay, NAICS 51211 – Motion picture and video production industry, New Mexico. Average of 2011 and 2012 average annual pay.

[128] Note that the annual wage estimate was adjusted to $2014 for economic impact calculations.

[129] The effective personal income tax rate for New Mexico residents was provided to MNP by the New Mexico Department of Finance and Administration. The estimate is based on the average net personal income tax revenues and average wages and salary income in New Mexico over fiscal years 2010 through 2013, as reported by the U.S. Bureau of Economic Analysis.



Economic Impact Results

In this section we present the economic impacts arising from film and television production occurring in fiscal years 2010 through 2014 (Q1 through Q3) stimulated by the New Mexico film production tax incentive.

ESTIMATED ECONOMIC IMPACTS OF PRODUCTION SPENDING IN FY 2010

	Output ($ millions)	GSP ($ millions)	Employment (FTEs)	State Tax Revenues ($ millions)	Local Tax ($ millions)
Direct	176.7	139.1	1,674	10.3	2.2
Indirect and Induced	111.8	43.1	1,282	4.6	2.4
Total	**288.6**	**182.3**	**2,956**	**14.9**	**4.6**

ESTIMATED ECONOMIC IMPACTS OF PRODUCTION SPENDING IN FY 2011

	Output ($ millions)	GSP ($ millions)	Employment (FTEs)	State Tax Revenues ($ millions)	Local Tax ($ millions)
Direct	231.7	183.1	2,178	13.6	3.0
Indirect and Induced	145.6	56.6	1,733	6.0	3.1
Total	**377.3**	**239.6**	**3,910**	**19.5**	**6.1**

ESTIMATED ECONOMIC IMPACTS OF PRODUCTION SPENDING IN FY 2012

	Output ($ millions)	GSP ($ millions)	Employment (FTEs)	State Tax Revenues ($ millions)	Local Tax ($ millions)
Direct	219.0	173.1	2,065	12.8	2.8
Indirect and Induced	139.3	53.8	1,650	5.7	3.0
Total	**358.3**	**226.9**	**3,714**	**18.5**	**5.8**

ESTIMATED ECONOMIC IMPACTS OF PRODUCTION SPENDING IN FY 2013

	Output ($ millions)	GSP ($ millions)	Employment (FTEs)	State Tax Revenues ($ millions)	Local Tax ($ millions)
Direct	204.5	161.9	1,940	12.0	2.6
Indirect and Induced	129.4	49.9	1,530	5.3	2.7
Total	**333.9**	**211.8**	**3,471**	**17.3**	**5.3**

ESTIMATED ECONOMIC IMPACTS OF PRODUCTION SPENDING IN FY 2014 (Q1-Q3)

	Output ($ millions)	GSP ($ millions)	Employment (FTEs)	State Tax Revenues ($ millions)	Local Tax ($ millions)
Direct	104.0	83.0	994	6.1	1.3
Indirect and Induced	65.5	25.3	803	2.7	1.4
Total	**169.5**	**108.3**	**1,797**	**8.8**	**2.7**

ESTIMATED ECONOMIC IMPACTS OF PRODUCTION SPENDING (FY 2010 – 2014)

	Output ($ millions)	GSP ($ millions)	Employment (FTEs)	State Tax Revenues ($ millions)	Local Tax ($ millions)
FY 2010	288.6	182.3	2,959	14.9	4.6
FY 2011	377.3	239.6	3,910	19.5	6.1
FY 2012	358.3	226.9	3,714	18.5	5.8
FY 2013	333.9	211.8	3,471	17.3	5.3
FY 2014 (Q1-Q3)	169.5	108.3	1,797	8.8	2.7
Total	**1,527.6**	**968.9**	**15,848**	**79.1**	**24.5**

Appendix E About Film Induced Tourism

Film induced tourism (FIT) refers to the attraction of visitors to a region as a result of film and television production.[130] FIT and its related tourism concepts, which include the effects of TV, films, movies and media culture, has increasingly been viewed as an important component of tourism marketing, as films may be able to reach much larger audiences than specifically targeted tourism promotion.[131] The following table provides a summary of different forms and characteristics of FIT.

FORMS AND CHARACTERISTICS OF FIT

Form	Characteristics
FIT as part of a main holiday	Tourists will visit film location or book a film tour for a holiday without any previous destination knowledge
FIT as a main purpose out of special interest	The booking of a holiday to a destination as a result of its profiles on the screen
FIT icons as focal points of visit	Natural beauty, historical places, actors can serve as icons
FIT to places where filming is only believed to have taken place	Tourists visit the filming places even if the film represents a different setting
FIT as part of romantic gaze	Tourists like to gaze on places reinforced by the films in solitude, establishing a semi-spiritual relationship with the place
FIT for reasons to escape	Visiting film locations elevates tourists beyond the mundane reality of everyday life

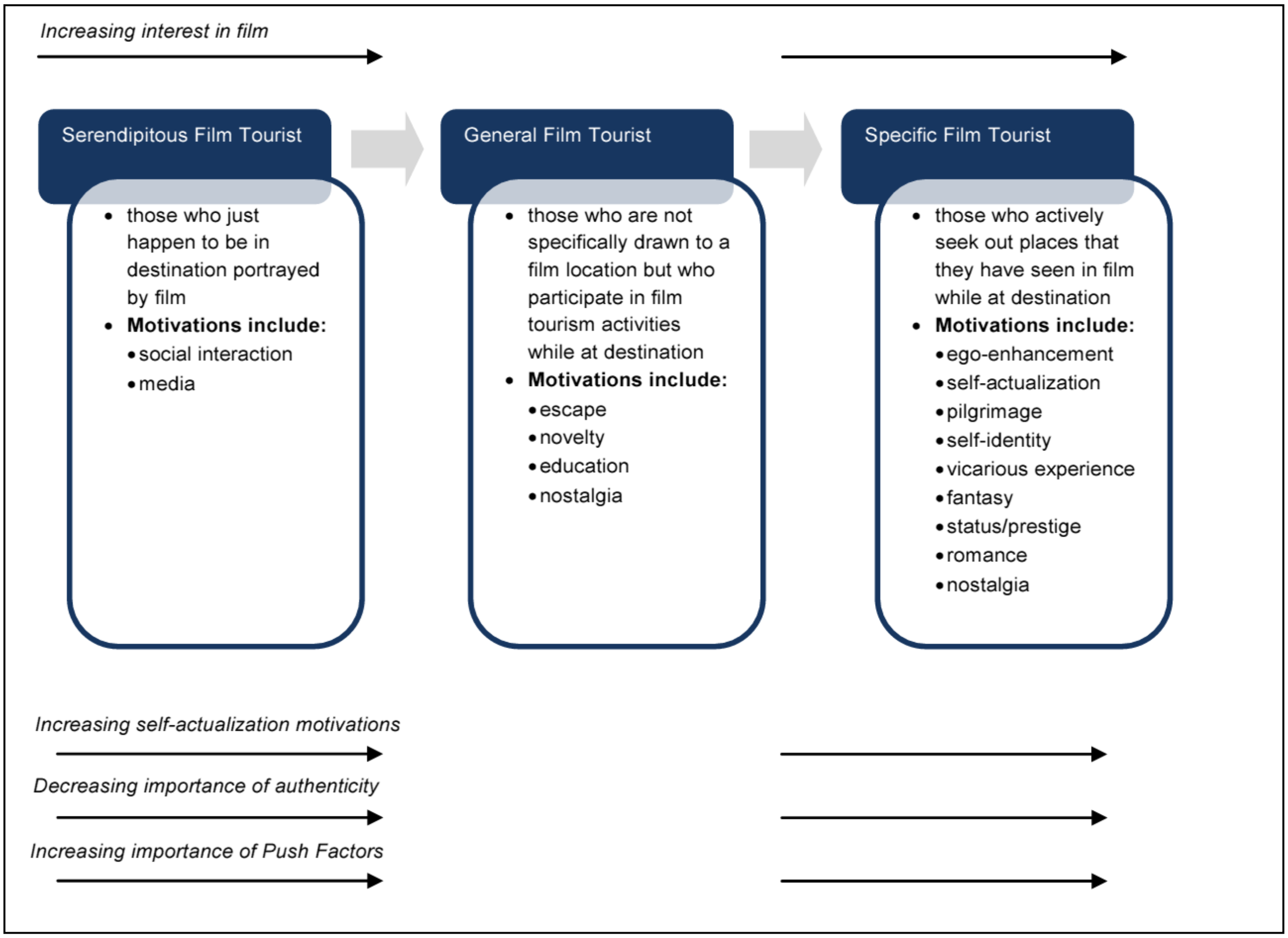
Source: Adapted from Busby & Klug (2001)

Researchers classify film tourists into three types[132]:

1. Serendipitous film tourist – "those who just happen to be in a destination portrayed in a film."
2. General film tourist – "those who are not specifically drawn to a film location but who participate in film tourism activities while at a destination."
3. Specific film tourist – "those who actively seek out places that they have seen in film."

The following graphic defines these categories of tourists and their motivations for travel.

[130] Oxford Economics. *The Economic Impact of the UK Film Industry*. Oxford, 2007.
[131] Croy, Glen W. Monash University. *The Lord of the Rings, New Zealand, and Tourism: Image Building with Film*. March 2004.
[132] Understanding the Film-Induced Tourist by Niki Macionis, 2004, p. 86



Source: Macionis, 2004, p. 95

There have been few rigorous studies quantifying the impacts of FIT on a destination. One benchmark study focused on UK inbound international tourism. The study reported "films depicting the UK are responsible for attracting about 1 of 10 overseas tourists, spending around £1.8 billion a year. This is estimated to be worth around £900 million to UK GDP".[133]

The National Brand Index has also reported that 40% of people would be 'very likely' to travel to places as a result of seeing the destinations while watching a film.[134]

Other studies have estimated the exposure value associated with images seen in film and television productions to help demonstrate the film tourism relationship. Similar to how films and television programs can be viewed as a valuable tool for product placement, they can also be a vehicle for promoting specific destinations. Images seen in films and television shows are memorable, long-lasting and are reportedly more likely to reach broader audiences than focused tourism marketing.[135]

The New Zealand Tourism board has developed a methodology to estimate the exposure value associated with the first *Lord of the Rings* film. The logic behind the approach is to view the film as the equivalent of a marketing piece and determine what the exposure would have cost if executed as a

[133] Oxford Economics. *The Economic Impact of the UK Film Industry*. Oxford, 2007.
[134] "Kaua'i Makes List of Top 10 Film Locations." *Pacific Business News* 27 March 2012.
[135] NZ Institute of Economic Research (Inc.), "Scoping the Lasting Effects of Lord of the Rings", April 2002

commercial promotional piece. Through this approach, it has been estimated that the amount of exposure New Zealand gained from the first *Lord of the Rings* film would have cost more than $41 million if the same amount of exposure was gained through destination marketing efforts.[136]

At the same time there have been an increasing number of case studies used to suggest the degree to which FIT can affect communities and jurisdictions. The following table[137] summarizes some relevant case studies.

FIT Case Studies in Other Jurisdictions

Film/TV Series	Location	Impact
Braveheart	Wallace Monument, Scotland	300% increase in visitors year after release
Heartbeat	Goathland, North Yorkshire, England	Three times the number of normal visitors in 1991
The Da Vinci Code	Midlothian, Scotland	6 million pounds in publicity 5-fold increase to Rosslyn Chapel[138]
Deliverance	Rayburn County, Georgia	20,000 film tourists a year Gross revenues $2 to $3 mil
Dances with Wolves	Fort Hayes, Kansas	25% increase compare with 7% for previous 4 years
Thelma and Louise	Arches National Monument in Moab, Utah	19.1% increase in 1991
Field of Dreams	Iowa	35% visits in 1991, steady rise every year
Dallas	Southfork Ranch, Dallas	500,000 visitors
Forest Gump	Savannah, Georgia	7% increase in visitors after release
Lord of the Rings	New Zealand	10% increase every 1998 to 2003 from UK
Steel Magnolias	Louisiana	48% increase year after release
Last of the Mohicans	Chimney Rock Park, North Carolina	25% increase year after release
The Fugitive	Dillsboro, North Carolina	11% increase year after release
Little Women	Orchard House, Concord, Massachusetts	65% increase year after release
Crocodile Dundee	Australia	20.5% increase in US visitors between 1981 and 1988
Harry Potter	Various UK locations	All locations – 50% increase
Mission: Impossible 2	National Parks, Sydney	200% increase in 2000
Four Weddings and a Funeral	The Crown Hotel, Amersham, England	Fully booked for at least 3 years
Notting Hill	Kenwood House, England	10% increase in 1 month
The Beach	Thailand	22% increase – youth market 2000

[136] NZ Institute of Economic Research (Inc.), "Scoping the Lasting Effects of Lord of the Rings", April 2002
[137] Hudson, Simon and J.R.Brent Ritchie. "Promoting Destinations via Film Tourism: An Empirical Identification of Supporting Marketing Initiatives.
[138]BBC, Website: http://news.bbc.co.uk/2/hi/uk_news/scotland/edinburgh_and_east/6054850.stm

Film/TV Series	Location	Impact
Saving Private Ryan	Normandy, France	40% increase – American tourists
Sideways	California	42% growth in wineries featured in film[139]
Troy	Canakkale, Turkey	73% increase in tourism
Sense and Sensibility	Saltram House, England	39% increase
Pride and Prejudice	Lyme Park in Cheshire, UK	150% increase in visitors
Cheers	Boston	$7m in unpaid promotional advertising each year
Miami Vice	Miami, FL	150% increase in German Visitors 1985 to 1988
Captain Corelli's Mandolin	Cephalonia, Greece	50% increase over 3 years

Survey instruments are an increasingly popular and effective way at measuring the impact of FIT. As an example, in 2012 the Government of the Canadian Northwest Territories added two questions in its Trip Diary Survey relating the influence of specific Northwest Territories-based television series to tourism. Survey results showed that of the 73.4% of respondents who indicated having watched NWT-based television series, (i.e. Ice Pilots, Ice Road Truckers and Arctic Air) 32.2% indicated that the shows were "somewhat influential" or "very influential" on their decision to travel to the territory.[140]

In addition, other surveys conducted of visitors to various US states have illustrated the impact that FIT can have on a destination. A recent survey carried out in Hawaii suggests that roughly 12% of visitors to Hawaii may be influenced in whole or in part by film and/or television[141]. Similarly, survey results from an August 2013 visitor survey conducted by Visit Florida suggest that up to 19.5% of total annual visitors to Florida are influenced by film and/or television.

[139] http://www.onecaribbean.org/content/files/SetJetting.pdf
[140] Private communication with representatives of the Government of Northwest Territories
[141] MNP estimate based on Kauai Visitor Bureau survey.

Appendix F In Plain Sight – A Case Study

Background

This case study illustrates the economic contributions arising from a production that was attracted to New Mexico through production incentives. The NBC-Universal television drama *In Plain Sight* was developed in 2006, and was originally planned to be set in Arizona. However, as a result of the New Mexico film production tax incentive, the show was rewritten to be set in Albuquerque. The series featured a U.S. Marshall who managed individuals relocated to New Mexico as part of a federal witness protection program.

Production Activities of *In Plain Sight*

Filming for the series, which aired on the USA network, began with the pilot in the spring of 2006. The pilot was shot in Albuquerque over a 20-day period. The show subsequently completed five years of production in New Mexico with a total of 60 additional episodes. The series finale aired on May 4, 2012.

***In Plain Sight* Production Pattern**

	Season 1 2006 - 2007	Season 2 2008 - 2009	Season 3 2010	Season 4 2011	Season 5 2012
Total number of episodes	11	15	13	13	8
Total days per episode	7	7	8	7-8	7-8
Total shoot days per season	77	105	104	98	60

The series used a combination of filming at sound stages in Albuquerque and filming at locations around the state during its production. Roughly 40% of time was spent at the sound stages in Albuquerque and 60% was spent on location. Locations at which *In Plain Sight* was filmed included Isleta, Corrales, Santa Fe, Bernardo, Los Lunas, and Carlsbad.

New Mexico Production Spending by *In Plain Sight*

Over the course of its filming the series spent over $120 million in direct New Mexico expenditures. It is interesting to note that annual New Mexico production spending increased over the course of the series. Total New Mexico production spending in Season 2 was 52% higher than in Season 1, and increased by a further 8% for Seasons 3 to 5. Expressed on a per episode basis, New Mexico spending increased 9% in Season 2 and by a further 40% for Seasons 3 to 5. Average per episode spending on New Mexico labor followed a similar pattern, with an increase of 11% in Season 2 and by a further 41% in Seasons 3 to 5.

The series made extensive use of New Mexico vendors and businesses. For example, during Season 3 the series spent over $6 million on goods and services provided by 576 local vendors and businesses. The vendors were located in 20 different communities across the state, including both large and small centers. The vendors represented a wide range of industries, including construction, hotels, restaurants, catering, transportation, skilled trades, excavators, academic institutions and retailing.

The series also spent money on refurbishing infrastructure. For example, the series spent over $3.5 million on refurbishing a vacant former manufacturing plant into a soundstage.

New Mexico Economic Impacts Attributed to *In Plain Sight*

To estimate the impacts on the New Mexico economy from *In Plain Sight*, MNP used the IMPLAN economic impact model together with detailed production budgets provided by NBC-Universal.

Including the pilot and five seasons of production the total estimated economic impacts of *In Plain Sight* were:

- Total direct, indirect and induced employment of 1,642 FTEs. This equates to 13.6 FTEs per million dollars in production spending.
- Total direct, indirect and induced labor income of $71.5 million. This equates to 59% of total production spending.
- Total direct, indirect and induced value added (GSP) of $103.1 million. This equates to 85% of total production spending.

Appendix G Comparisons with Other Production Locations

In principle, it is possible to assess the attractiveness of a region's film and television industry in terms of the amount of production spending it receives relative to amount of production spending received in other jurisdictions. In practice, though, a precise comparison of production spending data is difficult, as different jurisdictions have different reporting requirements and time frames. In the following table we compare the amount of New Mexico production spending with production spending reported recently for a variety of other major film and television centers. However, because of the differences noted above, care should be taken with the interpretation of these spending figures.

PRODUCTION SPENDING ACROSS JURISDICTIONS

Location	Year	Reported Production Spending ($US millions)	Source
New Mexico	*FY 2013*	*$213.7*	*New Mexico Film Office*
Hawai'i	2011	$184.0	Hawai'i State Department of Business, Economic Development and Tourism
North Carolina	2013	$254.0	North Carolina Film Office
New Zealand	2011	$564.8	Statistics New Zealand Screen Industry Survey
Louisiana	2012	$717.2	Louisiana Department of Economic Development, Office of Entertainment Industry Development
Georgia	FY 2013	$933.9	Georgia Film, Music and Digital Entertainment Office
British Columbia, Canada	2012	$1,180.6	BC Film Commission
Ontario, Canada	2013	$1,114.4	Ontario Media Development Corporation
Florida	FY 2012	$1,512.0	Florida Department of Economic Opportunity
U.K.	2011	$1,950 (est)	Oxford Economics and British Film Institute

The attractiveness of region's film and television industry may also be assessed in terms of its ability to attract films produced by major studios. A study[142] conducted by FilmL.A. Research, Los Angeles' regional film office, tracked 108 live-action and animated films released in 2013 to collect information regarding their filming locations; reasons behind the chosen filming locations and film production spending. The study focused only on films produced by the six major studios[143] in Southern California and five renowned independent studios[144]. Reported production budgets of the 108 films reviewed as part of this study ranged between $1.25 million and $225 million.

Of the 108 films reviewed as part of the study, the US hosted principal production for 70 films. Among US states, Louisiana ranked first with 18 films produced in the state. New Mexico tied with Connecticut, with both states being the principal production location for three of the films.

[142] Feature Film Production Report. FilmL.A. Research. 2014. http://www.hollywoodreporter.com/sites/default/files/custom/Embeds/2013%20Feature%20Study%20Corrected%20no%20Watermark%5B2%5D.pdf
[143] including Disney, Warner Bros., NBCUniversal, Paramount, Sony and 20th Century Fox
[144] including Dreamworks, Lionsgate, Weinstein Co., FilmDistrict and Relativity