

As runaway production took a toll on the U.S. in the 1990s, the country fought back by introducing its own competitive incentives. By 2010, 46 U.S. states and territories had introduced individual tax credit and rebate programs and saw an estimated \$60 billion in television, movie and video production revenue. Once a year, *P3 Update* lists 10 states in the nation that offer the most attractive combination of tax incentives, crew base, talent pool, infrastructure, accessibility, significant production revenue and overall popularity among filmmakers.

### 1.00 0 LOUISIANA

Louisiana was the first state on the scene to adopt tax incentives, which sparked a trend across America. More and more filmmakers are now heading to Louisiana where business has been booming. "I'm thinking of moving down there myself," declares Filmmaker Ron Carr. "The state has a good film base and a lot of stages."

The state currently offers motion-picture productions a 30-percent transferable credit on total in-state expenditures, with no cap and a minimum-spending requirement of \$300,000. For productions using in-state labor, Louisiana offers an additional 5-percent labor-tax credit on the payroll of employed residents. Louisiana is currently nine to ten crews deep, a nearly 400 percent increase since 2002. "We have seen a 22-percent growth in the industry's workforce each year," says **Louisiana Entertainment Film** Director Chris Stelly. "In addition, our infrastructure continues to mature at an exponential rate and a film of any size can spend 80 to 90 percent of their budget in Louisiana. We offer basically everything a production could want or need — from processing to trucks, as well as stages, to high-end visual effects."

According to Stelly, after a big 2008–09 fiscal year, when the state saw \$494 million in production, fiscal year 2009–10 drew \$674.1 million in direct spend thanks to over 100 productions. Big-budget features like *The Twilight Saga: Breaking Dawn*, *Battleship*, *Green Lantern*

and

*Battle: Los Angeles*

have kept Louisiana busy. And, as of May 2011, the state had received 41 applications, which is comparable to 44 applications received at this time last year.

Stelly says that the state's productions are usually comprised of feature films, such as *Abraham Lincoln: Vampire Hunter* and *21 Jump Street*, but also include top TV series, most notably HBO's "Treme" and season two of "Memphis Beat."

In addition to the southern hospitality, Louisiana's success is largely due to the state's ability to attract repeat business with its attractive incentive programs, deep crew base and abundance of studio facilities. "We have established both stability and credibility," says Stelly, "and our incentive program is easy to maneuver. All of this keeps production coming back."

## 2.00 ILLINOIS

Illinois' five-deep crew base is only one of the reasons the state was added to the P3's top-10 roster. It's a good thing because productions have flooded the Prairie State in recent years — and they keep coming back.

The **Illinois Film Office** reports that the state saw \$161 million in spending in 2010 — a 54-percent increase from 2009 — and over 8,000 production jobs. This activity comes in light of an already successful year, during which Illinois hosted big-name productions like

*Contagion*

(starring Matt Damon and Kate Winslet),

*Transformers: Dark of the Moon*

and

*The Dilemma*

. In 2010, Chicago alone saw six TV pilots, including Fox's "The Chicago Code" and Showtime's "Shameless." In 2011, several TV pilots shot throughout the state, including NBC's "The Playboy Club" and CW's "Cooper and Stone." Currently, the state is hosting more TV pilots, including "Boss" (starring Kelsey Grammer), and Zack Snyder's big-budget feature *Superman: Man of Steel*

is slated to begin filming in Illinois this summer.

The state's incentive program includes a 30-percent tax credit on all qualified local expenditure, including postproduction. An additional 15 percent is available on salaries for individuals living in an economically disadvantaged area. Unfortunately, the state's tax credit applies only to wages

of up to \$100,000 and excludes nonresidents. In late March, there was a possibility that the state would introduce a five year sunset clause to its incentive program, but last-minute political maneuvering succeeded in extending this to ten years — effectively saving the program until 2021.

Finally, Illinois' infrastructure is rapidly developing. In May, the city celebrated the opening of **Cinespace Chicago Film Studios**, which, when fully built, will hold 1.2 million square feet of space.

### 3. FLORIDA

For a long time, Florida boasted having one of the largest production-crew bases in the country, but, according to Communications Coordinator Colleen McClure of the **Florida Governor's Office of Film and Entertainment**, the state has fallen in rank in recent years. This was partly due to a growing number of competitive domestic incentive packages and crewmembers moving to Louisiana when its production increased.

But the Sunshine State is fighting fire with fire to become an incredibly strong contender. With the recent passage of its Film & Entertainment Industry Financial Incentive Program — which offers \$242 million in transferable tax credits over five years — Florida is seeing its crew base restored as production grows. This is bolstered by a robust incentive package that includes a 20-percent base transferable-tax credit for total expenditures associated with Florida businesses and resident wages. Combining additional bonus opportunities, including “Family-Friendly” and “Off-Season” perks, can increase the credits up to 30 percent of the total Florida spend. The savings continue for qualified productions that receive sales-and-use tax exemptions on the purchase or lease of certain items used in filming.

Recent Florida productions include *Transformers: Dark of the Moon*, A&E's “The Glades” and season four of USA Network's “Burn Notice.” McClure reports that production revenue for fiscal year 2010 sat at \$760,722, 482, and, as of May 2011, the amount was \$981,059,895 for fiscal year 2011. These numbers don't lie: The heat is definitely on in Florida.

### 4. GEORGIA

Since 2008, Georgia has offered a transferable flat-tax credit of 20 percent on qualified in-state “base investment” for qualifying productions spending a minimum of \$500,000. In addition, there’s the possibility to receive another 10 percent if production activities include a “qualified Georgia promotion,” which is a promotional logo in the production. If this 30-percent total transferable-tax credit hasn’t substantially cut costs, a qualified production can enjoy the state’s Sales & Use Tax Exemption, which is a point-of-purchase exemption on sales tax that can help save as much as 8 percent on equipment purchases and rentals.

**Georgia Film, Music & Digital Entertainment Office** Director Lee Thomas praises the program for helping to boost production in the state. More than 274 productions shot in the Peach State from July 2010 through April 2011 to bring in more than \$589.2 million in Georgia investments. These projects have generated an economic impact of \$2.1 billion. In 2010, the state saw the filming of motion pictures like

*Footloose*

,  
*Wanderlust*

,  
*The Change-Up*

and

*Fast Five*

. Currently,

*American Pie 4 Presents: Family Reunion*

, the Farrelly brothers’

*The Three Stooges*

and the hit AMC series “The Walking Dead” are shooting in Georgia.

Georgia’s film-industry infrastructure is undergoing serious growth as well. The state recently saw the opening of a **Panavision** in Atlanta, while the well-known **Turner Studios** holds six purpose-built studios with five HD control rooms.

**Raleigh Studios Atlanta**

is spread over 120 acres and holds four stages, while

**EUE/Screen Gems**

has taken over the old Lakewood Fairgrounds in Atlanta and just completed a 37,500-square-foot soundstage.

What else makes Georgia one of the country’s best places to shoot? Thomas reports that Georgia’s crew base, once around two to two-and-a-half deep, has grown to around six to seven deep. “[We have] crew depth combined with the infrastructure, temperate climate, the world’s

busiest airport, great incentives, diverse locations and a great quality of life,” explains Thomas.

### 5. CALIFORNIA

According to **California Film Commission** Director Amy Lemisch, the Golden State hosts nearly 200 feature films every year along with countless TV series, commercials and documentaries. “California has moderate weather with 315 sunny days per year coupled with the deepest and most talented labor pool in the world,” boasts Lemisch. “In addition, the state offers over 500 stages and the most advanced and diverse range of postproduction facilities found anywhere.”

Lemisch celebrates the California Film & TV Tax Credit Program, which provides a nonrefundable tax credit of 20 to 25 percent for eligible feature films with budgets between \$1 million and \$75 million; and TV series, TV movies and miniseries with an appropriation of \$100 million per year for five years through 2014. Independent features under \$10 million are eligible to receive 25 percent and may transfer their credits. Credit is applied to below-the-line spend, including postproduction and visual effects.

International Location Manager Bill Bowling will be the first to tell you that California, once again, has become a top-10 contender. “We’re seeing a stronger interest in keeping production in California [now more] than ever, which has led to a big upswing in the state’s popularity,” explains Bowling. He attributes this increase to the savings made by working at home versus extensive traveling in addition to the states successful incentive package.

California offers assistance from numerous film offices throughout the entire state. “Filmmakers work closely with our network of 50-plus regional film offices taking advantage of the diverse landscape of California,” says Lemisch. **Placer-Lake Tahoe Film Office** Director Beverly Lewis takes pride in what the northern part of the state has to offer. “I am very aware that the California incentives made the difference when it came time for [productions] to select locations, and the local spend is welcomed back,” she says. Since then, qualified productions like HBO Films’ *Cinema Verite*, *Jackass 3D* and Disney’s upcoming fall release *The Muppets* have filmed in her area. Other recent productions shot throughout California include David Fincher’s *The Girl with the Dragon Tattoo*, HBO’s “Entourage” and the new ABC series “Scandal.”

## 6. CONNECTICUT

Connecticut's current tax credit of up to 30 percent is still going strong. To qualify, 50 percent of principal photography or 50 percent of post must be done in the state, or at least \$1 million in postproduction expenditures must be in-state. The tax credits for film and digital animation are tiered based on local spend from 10 to 30 percent. The credit is 10 percent for expenditures between \$100,000 and \$500,000, and there's a 15-percent credit for expenditures between \$500,000 and \$1 million. The credit is 30 percent for anything above \$1 million.

The big news out of the Constitution State is the recent release of **Blue Sky Studios'** first animated feature made entirely in Connecticut. On the smaller screen, Showtime's "The Big C" has returned to shoot its second season, as has "Are We There Yet?" for TBS. Other noteworthy productions include feature films like

*We the Peebles*

and

*We Need to Talk About Kevin*

, starring John C. Reilly and Tilda Swinton. "Our incentive program has been successful in bringing significant production and infrastructure expenditures to the state, with over \$200 million in spending in 2010," says George Norfleet, director of the

**Connecticut Office of Film**

,  
**Television & Digital Media**

. "And we expect to exceed that number in 2011."

The small state of Connecticut packs a big punch in the category of infrastructure, largely thanks to the fact that it shares a crew base with New York. The N.Y. IATSE Local 52 has over 3,400 members and includes Connecticut within its five-state jurisdiction. Moreover, the state has at least seven great studios, including **Sonalysts**, **Connecticut Film Center**, **Sono**

**Studios**

and

**Palace Digital Studios**

. And Norfleet reports that CT Studios plans to begin construction on a multistage facility in 2011.

## 7. NEW YORK

The Empire State and especially the city of New York know a thing or two about television and film production. According to the **New York City Mayor's Office of Media & Entertainment** Commissioner Katherine Oliver, more than 100,000 New York City citizens work in the industry

while the city houses over 4,000 local ancillary businesses — everything from digital effects companies to prop houses — playing a supporting role for filming in the city.

In all, New York has more than 100 production facilities, stages and video studios throughout its boroughs, amounting to around 900,000 square feet of stage space. All this capacity helps to bring about \$5 billion worth of production to the city’s economy annually. Despite its global recognition, the state, like any other, still has to offer productions a good deal.

It currently offers eligible productions an up-to-35-percent fully refundable tax credit. And there’s plenty of money to go around, as the program holds about \$420 million a year up until 2014.

Just last June, Governor and Mayor Bloomberg hosted the sixth annual “Made in NY” Awards to honor those who have helped contribute to the city’s burgeoning entertainment industry. And these awards are well deserved: In 2010, over 230 feature films and primetime TV series were shot in New York City.

## **8. UTAH**

The Beehive State has been busy and it looks like it might get busier — Utah Governor Gary R. Herbert signed groundbreaking tax-credit legislation in May for the state’s film industry, effectively increasing the tax rebate from 20 to 25 percent. The program has no sunset provision and requires a minimum of \$1 million in-state spend. The legislature also approved an ongoing tax-credit fund of \$6.8 million. “[The incentive] will enable us to position Utah and its talented motion-picture and digital-media work force to compete on a global basis for the film and digital-media industries,” announced Herbert. Since the fund was created in 2004, 65 film projects have already received funding.

According to **Utah Film Commission** Director Marshall Moore, a total of 19 productions took advantage of the incentive in fiscal year 2010, producing 1,188 production jobs and accounting for 502 production days. For fiscal year 2011 (as of May 2011), the state has about 14 productions taking advantage of incentives, accounting for 431 production days. Utah is currently three “A” crews deep and offers an excellent, constantly growing infrastructure that includes studios like

**Stone 5 Studios** in Provo and

Metcom and

**Salt**

**Lake Studios**

in Salt Lake City. With so much happening, along with a political establishment that’s very supportive of the industry, Utah is now the state to watch in 2012.

Director Danny Boyle's Academy Award nominated *127 Hours* took advantage of the fund in 2010 as the production filmed on location in Moab and on stages in Salt Lake City. And Walt Disney Pictures' *John Carter* filmed for 45 days across Utah, specifically in Delta, Hanksville, Kanab, Moab and Big Water.

## 9. NEW MEXICO

New Mexico is well known for titanic production houses like **Albuquerque Studios, I-25 Studios**, **Arson Studios** and **Santa Fe Studios**

(the latter set to open in August 2011). "These are great stages [and] definitely one of the most popular reasons for shooting in the state," says Location Manager Bill Bowling. The Land of Enchantment is home to approximately 20 stages ranging in size from 2,000 to 48,000 square feet. The state offers an enticing incentive package as well. Qualified productions can receive a 25-percent tax rebate on all direct expenditure. In addition, New Mexico has a Film Investment Loan Program as well as a Film Crew Advancement Program that offers a 50-percent wage reimbursement for on-the-job training.

Things weren't looking great for the state in March when New Mexico Governor Susana Martinez targeted the incentive program with cuts, ideally wanting the rebate to be decreased to 15 percent. In the end, however, the state senate voted to keep the 25-percent rebate intact. And, according to New Mexico Film Office Deputy Director Jennifer Schwalenberg, an annual cap was placed. "[They] placed a 'rolling cap' of \$50 million per fiscal year," she says. Governor Martinez would do well to understand how important television and film production has become for New Mexico in recent years, as the state has hosted numerous big-budget features, such as *Cowboys & Aliens*, *Fright Night* and *Thor*, as well as AMC's Emmy-winning series "Breaking Bad."

## 10. MICHIGAN

Just based on numbers alone, Michigan is in a league of its own. Productions can receive a tax credit of up to 42 percent of qualifying direct production expenditures in "core communities," which include 136 locations throughout the state. (The figure is 40 percent in other locations.) The massive incentive program requires a minimum in-state spend of \$50,000, and there's a \$2 million salary cap per employee on each production.

According to **Michigan Film Office** Communications Advisor Michelle Begnoche, the state's budget has passed and is on Governor Rick Snyder's desk. He is expected to sign the bill, which would set next year's funding for new projects at \$25 million. "Prior to the fiscal year 2012 budget, we had no annual allocation from the legislature," explains Begnoche. "The incentive is also no longer a tax credit; rather it is an allocation that will not be tied to the state's business-tax structure. While we now have clarity on what our funding level will be, work is still being done to determine how best to administer the incentives within this new framework."

According to Chris Baum, **Film Detroit** Senior VP and Government Relations Chair of **Michigan Film First**

, a group of the state's largest film and TV industry stakeholders is working with key legislators to revise the incentive program further. "Michigan Film First has hired the top lobbyists in Lansing to help key supporters in the legislature draft a new bill that will adjust the incentive and raise the cap, allowing us to sustain our terrific moment from the last three years," Baum explains. Last year, the Detroit area welcomed the HBO series "Hung" and ABC's "Detroit 1-8-7" as well as many feature films, including

*Real Steel*

,  
*The Double*

,  
*A Very Harold & Kumar Christmas*

,  
*Salvation Boulevard*

,  
*Machine Gun Preacher*

and  
*Scream 4*

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The Wolverine State has been working hard to build up the infrastructure needed to increase production. Perhaps the best example of the changes taking place is **Raleigh Michigan Studios**. Located on the grounds of the former GM Centerpoint truck plant and office complex in Pontiac, the new \$80 million film studio is comprised of seven crisp soundstages and over 360,000 square feet of office space. The studio is already hosting the preproduction of Disney's

*The Wizard of Oz*

prequel

*Oz: The Great and Powerful*

, which will receive approximately \$40 million in incentives and is set to be one of the largest features to ever shoot in the state.

When you look at the big picture, you can see how big of a role the industry plays in each state's economy. And film office representatives are pressured to show a positive ROI on incentives, so these programs fluctuate from time-to time. High incentives and a deep crew base are only two portions of the total package needed for states to make P3's annual list of top-10 U.S. locations, an informative guide that filmmakers worldwide can rely on.