

**ADDITIONAL MATERIAL
REGULAR MEETING**

APRIL 20, 2021

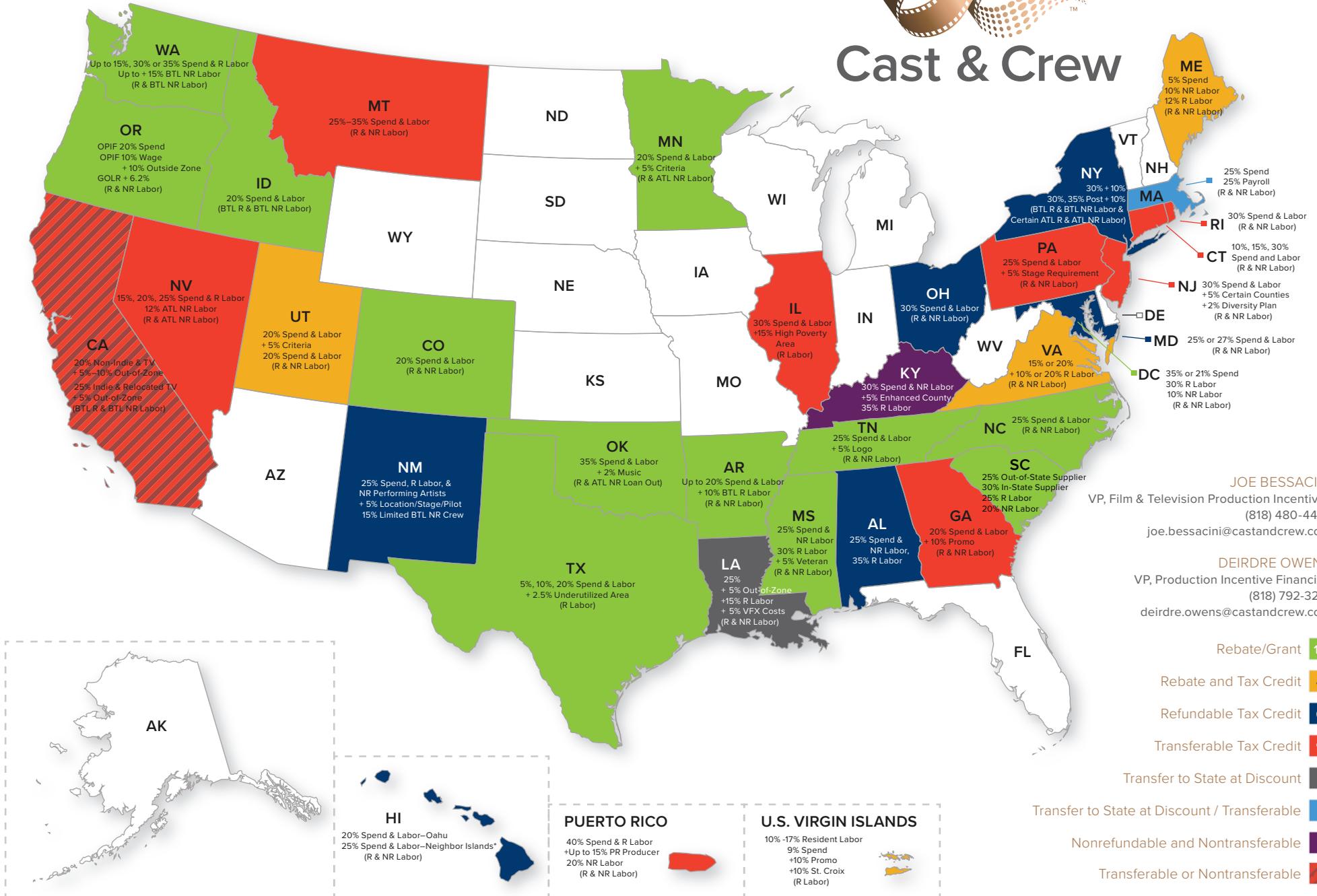
**SUBMITTED AT THE REQUEST OF
COMMISSIONER BARBARA SHARIEF**

U.S. PRODUCTION INCENTIVES AT-A-GLANCE

JANUARY 2020



Cast & Crew



R = Resident, NR = Nonresident, ATL = Above-the-Line, BTL = Below-the-Line

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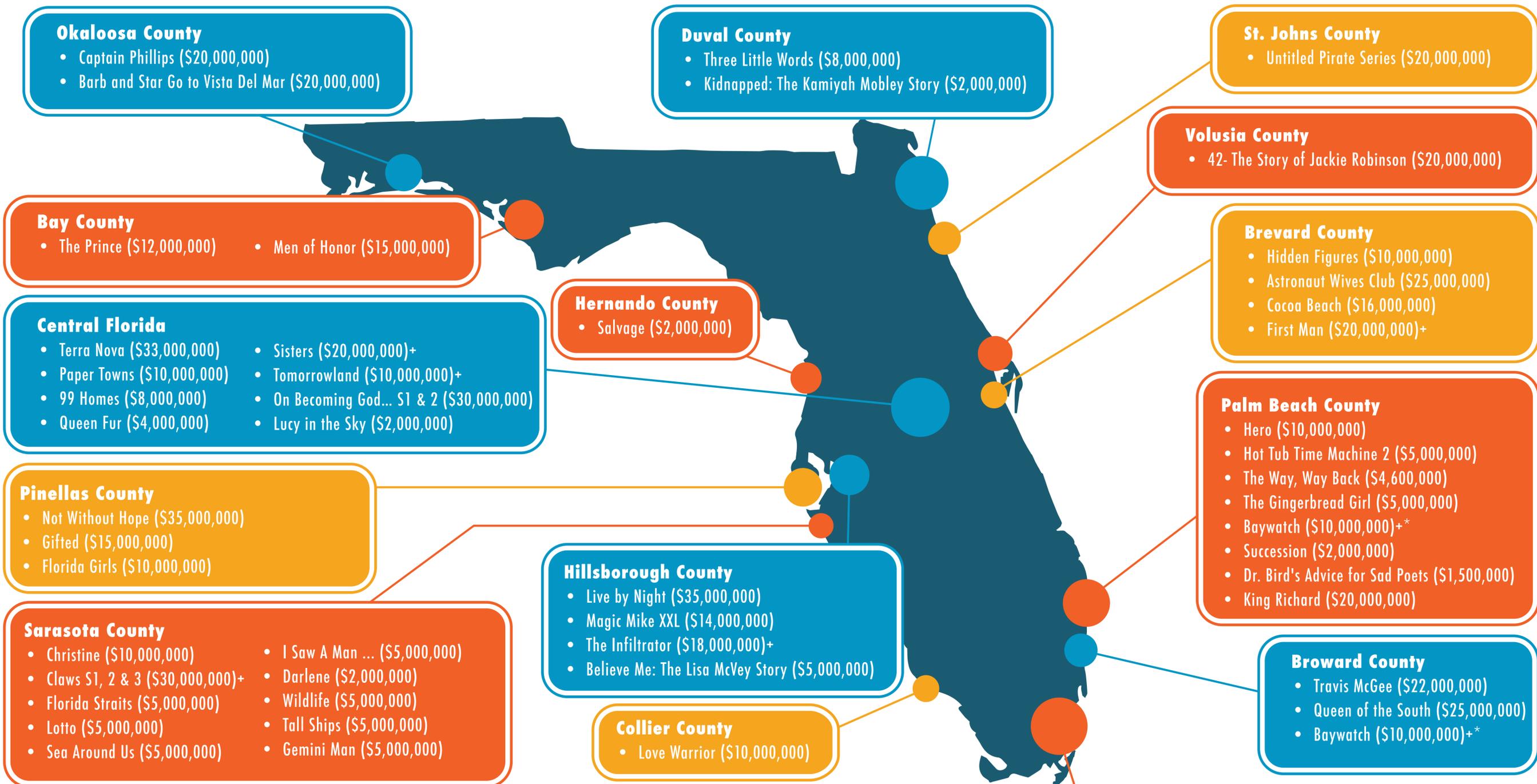
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STATE	INCENTIVE	TYPE OF INCENTIVE	PER PROJECT INCENTIVE CAP	FUNDING CAP	QUALIFIED LABOR	SUNSET DATE
Alabama	25% Spend & Nonresident Labor 35% Resident Labor	Refundable Tax Credit	No Cap*	\$20M Per Fiscal Year (10/1 – 9/30)	Each Resident & 1 st \$500k of Each Below-the-Line Nonresident, 1 st \$1M Each Above-the-Line Nonresident	None
Arkansas	Up to 20% Spend & Labor +10% Below-the-Line Resident Labor	Rebate	No Cap	No Cap	1 st \$500k of Each Resident & Nonresident Subject to AR Tax	6/30/29
California ⁽¹⁾	20% Non-Indie & TV Series +5–10% Out-of-Zone* 25% Indie & Relocated TV Series +5% Out-of-Zone*	Non-Transferable Tax Credit (Non-Indie/TV) Transferable Tax Credit (Indie)	\$20M Non-Indie/TV \$30M w/Uplifts \$2.5M Indie \$3.0M w/Uplifts	\$330M Per Fiscal Year (7/1 – 6/30)	Each Below-the-Line Resident & Below-the-Line Nonresident	6/30/25
Colorado	20% Spend & Labor	Rebate	No Cap	\$2M FYE 6/30/2020*	1 st \$1M of Each Resident & Nonresident	None
Connecticut	10%, 15%, 30% (Based on Spend & Labor)	Transferable Tax Credit*	No Cap	No Cap	Each Resident & Nonresident*	None
District of Columbia	35% or 21% Spend* 30% Resident Labor 10% Nonresident Labor	Rebate	Discretionary*	Discretionary	Each Resident & Nonresident	None
Georgia ⁽¹⁾	20% Spend & Labor +10% Promotional*	Transferable Tax Credit	No Cap	No Cap	1 st \$500k of Each Resident & Nonresident On Form W-2, otherwise no cap*	None
Hawaii	20% Spend & Labor—Oahu 25% Spend & Labor—Neighbor Islands*	Refundable Tax Credit	\$15M	\$50M Per Calendar Year	Each Resident & Nonresident Subject to HI Tax	12/31/25
Idaho	20% Spend & Labor	Rebate	\$500k	Program Is Not Currently Funded	Each Below-the-Line Resident & Below-the-Line Nonresident	6/30/20
Illinois	30% Spend & Resident Labor +15% Resident Labor—High Poverty Area*	Transferable Tax Credit	No Cap	No Cap	1 st \$100k of Each Resident	12/31/26
Kentucky	30% Spend & Nonresident Labor +5% Enhanced County* 35% Resident Labor	Nonrefundable/ Nontransferable Tax Credit	No Cap	\$100M Per Calendar Year	Each Below-the-Line Resident & Nonresident & 1 st \$1M of Each Above-the-Line	None
Louisiana ⁽¹⁾	25% Spend & Labor* +15% Resident Labor* +10% Screenplay +5% Out-of-Zone +5% VFX Costs	Transferable only to the state at a discount	\$20M/\$25M*	\$180M Per Fiscal Year* (7/1 – 6/30)	1 st \$3M of Each Resident & Nonresident*	6/30/25
Maine	10% Nonresident Labor* 12% Resident Labor* 5% Spend	Rebate Nontransferable/Non- Refundable Tax Credit	No Cap No Cap	No Cap No Cap	1 st \$50k of Each Resident & Nonresident NA	None
Maryland	25% Spend & Labor or 27% Spend & Labor (TV Series or Pilot)*	Refundable Tax Credit	\$10M	\$11M FYE 6/30/2020*	Each Resident & Nonresident Earning ≤ \$500k*	None
Massachusetts	25% Payroll 25% Spend	Refundable*/ Transferable Tax Credit	No Cap	No Cap	Each Resident & Nonresident*	12/31/22
Minnesota	20% Spend & Labor* +5% Meet Certain Criteria*	Rebate	No Cap	\$1M For Biennium Ending 6/30/2021	Each Resident & 1 st \$400k/\$500k of Certain Nonresidents*	None
Mississippi	25% Spend & Nonresident Labor* 30% Resident Labor +5% Veteran*	Rebate	\$10M	\$20M Per Fiscal Year (7/1 – 6/30)	1 st \$5M of Each Resident & Nonresident* Subject to MS W/H	None
Montana	20%–35% Spend & Labor*	Transferable Tax Credit	No Cap	\$10M Per Calendar Year	1 st \$7.5M of Each Above-the-Line & \$150k in Credits for Each Below-the-Line Resident & Each Below-the-Line Nonresident	12/31/29
Nevada	15%, 20%, 25% Spend & Resident Labor* 12% Above-the-Line Nonresident Labor	Transferable Tax Credit	\$6M	\$10M Per Fiscal Year (7/1 – 6/30)	1 st \$750k of Each Resident & Above-the-Line Nonresident	None
New Jersey	30% Spend & Labor +5% Certain Counties* +2% Diversity Plan*	Transferable Tax Credit	No Cap	\$75M Per Fiscal Year (7/1 – 6/30)	1 st \$500k of Each Resident & Nonresident	6/30/23
New Mexico	25% Spend, Resident Labor, & Nonresident Performing Artists +5% Location/Stage/Pilot 15% Limited Below-the-Line Nonresident Crew	Refundable Tax Credit	No Cap	\$110M Per Fiscal Year (7/1 – 6/30)	Each Resident & Nonresident Performing Artists* Limited Below-the-Line Nonresident Crew	None
New York – Prod. & Post Only	30% Spend & Labor* +10% Upstate County* 30%, 35% Post Only* +10% Upstate County*	Refundable Tax Credit Refundable Tax Credit	No Cap No Cap	\$395M Per Calendar Year \$25M Per Calendar Year	Each Below-the-Line Resident & Below-the-Line Nonresident & Certain Above-the-Line Resident & Above-the-Line Nonresident*	12/31/24
New York – Commercial	5% Downstate/Upstate 20% Growth	Refundable Tax Credit	Downstate/ Upstate—No Cap Growth—\$300k	\$7M Per Calendar Year	Each Below-the-Line Resident & Below-the-Line Nonresident	12/31/23
North Carolina	25% Spend & Labor	Rebate	\$7M Film \$12M TV Series \$250k Commercial	\$31M Per Fiscal Year (7/1 – 6/30)	1 st \$1M of Each Resident & Nonresident	None
Ohio	30% Spend & Labor	Refundable Tax Credit	No Cap	\$40M Per Fiscal Year (7/1 – 6/30)	Each Resident & Nonresident	None
Oklahoma	35% Spend & Labor +2% Music*	Rebate	No Cap	\$8M Per Fiscal Year (7/1 – 6/30)	Each Resident & Above-the-Line Nonresident Loan Out*	6/30/27
Oregon	OPIF 20% Spend* OPIF 10% Wage* +10% Outside Portland Metro Zone* GOLR* +6.2%	Rebate	50% of annual funding No Cap NA	\$14M Per Fiscal Year (7/1 – 6/30)	Each Resident & Nonresident Earning < \$1M*	12/31/23
Pennsylvania	25% Spend & Labor +5% Minimum Stage Requirement*	Transferable Tax Credit	20% of the Annual Cap	\$70M Per Fiscal Year (7/1 – 6/30)	Each Resident & Nonresident Subject to PA Withholding Tax*	None
Puerto Rico	40% Spend & Resident Labor +Up To 15% Puerto Rico Producer* 20% Nonresident Labor	Transferable Tax Credit	No Cap \$4M No Cap	No Cap No Cap	Each Resident Each Nonresident	None
Rhode Island	30% Spend & Labor	Transferable Tax Credit	\$7M*	\$20M Per Calendar Year	Each Resident & Nonresident	6/30/27
South Carolina	25% Out-of-State Supplier, 30% In-State* 25% Resident Labor 20% Nonresident Labor	Rebate	No Cap	\$5.5M Spend \$10M Wage Per Fiscal Year (7/1 – 6/30)	1 st \$1M of Each Resident & Nonresident	None
Tennessee	25% Spend & Labor +5% Logo*	Grant	No Cap	\$2M* Per Fiscal Year (7/1 – 6/30)	1 st \$250k of Each Resident & 1 st \$2M of All Nonresident Labor*	None
Texas ⁽¹⁾	5%, 10%, 20% (Based on Spend)* +2.5% Underutilized Area*	Grant	No Cap	\$50M For Biennium Ending 8/31/2021	1 st \$1M of Each Resident	None
US Virgin Islands	10%, 15%, 17% Resident Labor 9% Spend (QPE)* +10% Promo* +10% St. Croix*	Transferable Tax Credit Rebate Rebate Rebate	No Cap \$500k* No Cap No Cap	\$2.5M Per Calendar Year	1 st \$500k of Each Resident	None
Utah	20% Spend & Labor +5% Meet Criteria 20% Spend & Labor	Refundable Tax Credit Rebate	No Cap \$500k	\$6.79M* Per Fiscal Year (7/1 – 6/30) \$1.5M	1 st \$500k of Each Resident, Nonresident's UT Withholding Tax*	None*
Virginia	15% or 20% Spend & Labor* +10% or 20% Resident Labor* Discretionary*	Refundable Tax Credit Grant	At the Discretion of the Film Office	\$6.5M Per Fiscal Year (7/1 – 6/30) \$3M*	1 st \$1M of Each Resident & Nonresident Discretionary	12/31/21 None
Washington	Up to 15%, 30%, or 35% Spend & Resident Labor* Up to 15% Below-the-Line Nonresident Labor*	Rebate	No Cap	\$3.5M Per Calendar Year	Each Resident & Below-the-Line Nonresident*	6/30/27

⁽¹⁾ Local incentive may be available.

*Please visit our website at www.castandcrew.com/solutions/accounting-financial/incentives-map/ for details and up-to-date information. These materials have been prepared as of January 1, 2020 by Cast & Crew Entertainment Services for informational purposes only and should not be construed as tax advice or relied on for specific production projects.

FLORIDA'S FILM & TELEVISION LOST BUSINESS



- Miami-Dade/Monroe Counties**
- Rosewood S 1-3 (\$50,000,000)
 - Arms & the Dudes (\$20,000,000)
 - Cocaine Cowboys (\$20,000,000)
 - The Godmother (\$19,000,000)
 - Bad Boys 3 (\$50,000,000)+
 - Magic City Feature (\$22,000,000)
 - Annihilation (\$7,000,000)
 - Grand Hotel S1 (\$20,000,000)
 - Queen and Slim (\$10,000,000)
 - Council of Dads (\$10,000,000)
 - Ghost Draft (\$20,000,000)+
 - Million Dollar Arm (\$25,000,000)
 - Ride Along 2 (\$25,000,000)+
 - American Desperados (\$30,000,000)
 - Ballers S3, 4 & 5 (\$75,000,000)
 - Baywatch (\$10,000,000)+*
 - New Regency Film (\$13,000,000)
 - Telemundo Series (\$10,000,000)
 - Skinny Dip (\$10,000,000)
 - WASP Network (\$10,000,000)
 - One Night in Miami (\$10,000,000)
 - Beauty and the Baker S1 (\$20,000,000)
 - Alvin & the Chipmunks 4 (\$20,000,000)
 - Rock the Kasbah (\$12,000,000)
 - The Trap (\$10,000,000)
 - Spongebob Squarepants (\$25,000,000)
 - Curse of the Fuentes Sisters (\$25,000,000)
 - Speed Kills (\$10,000,000)
 - Backyard Legend (\$10,000,000)
 - Bloodline S 4, 5 & 6 (\$75,000,000)
 - Reminiscence (\$20,000,000)
 - The Godmother (\$20,000,000)

\$1.3 billion+ in known lost opportunities

220,000+ potential lost lodging/hotel room nights

110,000+ cast & crew roles for Floridians

* would have filmed in multiple counties
+ filmed small portions in Florida



Targeted Rebate Program for Film, Television & Digital Media Industry

Why:

In recent years Florida has lost more than 70 major film and television projects that would have spent over **\$1.3 BILLION statewide**¹, created **110,000+ cast and crew jobs**, and booked more than **220,000 hotel room nights**. Instead, that economic boost went to other states. Florida was once the #3 destination in the United States for film and television production. Today, Florida is not in the top 20. It's a green industry that brings a quick and substantial economic impact, if care is used in choosing the right projects, and Florida can use that now.

What:

We can create that economic impact with a Targeted Rebate Program for the film, television and digital media industry that brings more **high-paying jobs** (\$84,000+ per worker²), widens the industry's impact on the state by giving a bonus for underutilized areas, **enhances tourism** by choosing projects that encourages visitation to the state, and encourage **more family-friendly productions** to the state – the kind of projects we'd be proud of. A select group will be tasked with choosing only projects that provide the **highest ROI and economic benefit**, and only those will qualify for a rebate. **This program is post-performance**, rebates will only be awarded to a project after all spending has been made and verified in the state, safeguarding the program.

How:

The Performance-Based Targeted Rebate Program requirements include:

- **MAX ROI & economic benefit** determines which projects qualify for rebates
- **20%** base rebate for approved projects
- **\$1.5 million** minimum spend required in Florida (depending on type of project)
- **70%** film days must be in Florida
- **60%** cast & crew must be Florida residents
- **3% bonus** to encourage family-friendly projects or for utilizing underutilized areas
- **Using Florida College graduates** boosts a project's qualifying score
- **Florida-based company** must be one applying for rebate
- **Military Veterans** must be part of main cast or crew
- **2 award periods** ensures maximum year-round economic impact

“Maintaining the status quo is not a viable option.”

From Florida TaxWatch:

*Is The Sun Setting on Film In Florida? An analysis of the state's film and television industry*³

¹ Florida's Film & Television Lost Business 10-11-2019, Film Florida

² 2019 Bureau of Labor Market Statistics

³ Is The Sun Setting on Film in Florida? An analysis of the state's film and television industry, Florida TaxWatch November 2018

NC Film News

North Carolina Film News, Movie, TV, Previews, Reviews, and Interviews



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Filming Resumes in North Carolina with Five New Productions

September 15, 2020 Matt Artz

North Carolina Governor Roy Cooper announced today that **five new productions** have been approved for North Carolina Film and Entertainment Grants and will start production in the state by the end of October. Combined, these productions are **projected to generate a direct in-state spend of more than \$107 million while creating 8,671 job opportunities including 650 well-paying crew positions for the state's highly skilled film professionals.**

With the help of public health officials, industry trade associations and alliances have developed protocols to aid in preventing the spread of COVID-19 at filming locations. Each production has a COVID-19 safety plan that provides extra precautions to protect those working in front of and behind the camera.

"Our state's film industry continues to welcome new projects from prominent production companies," said Governor Cooper. "The industry provides good jobs and opportunities for local businesses while showcasing on a big stage what North Carolina has to offer."

USS Christmas is a made-for-television movie about a newspaper reporter who finds love on an aircraft carrier. The production will film in the greater Wilmington area and is eligible to receive a grant rebate up to \$1.1 million.

Another made-for-television movie, *A Nashville Christmas Carol* will film in the greater Charlotte area. Like the Charles Dickens classic, *A Christmas Carol*, this movie tells the story of a busy film director and producer who is visited by the Ghosts of Country music past and present. The production has been approved for a grant rebate up to \$1,125,000.

"*Parkside*" is the working title for the upcoming **fifth *Scream* movie**. Filming at the EUE/Screen Gems Studios in Wilmington, this production is approved for a film and entertainment grant rebate up to \$7 million.

Delilah is a new series from Warner Bros. Television for OWN about a headstrong, highly principled lawyer in Charlotte who left a demanding white-shoe law firm a decade ago and hung her own shingle so she could make raising her children her top priority. Filming in and around Charlotte, the series is eligible for a grant rebate up to \$5,406,624.

Finally, the second season of *Hightown* will continue the story of a woman's journey to sobriety that is overshadowed by a murder which she feels convinced she must solve. Season 2 of the STARZ series from Lionsgate Television and Jerry Bruckheimer Television,

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Equipment, taxes and other charges extra, and subj. to change. See disclaimer for details.

Most Recent

Filming Resumes in North Carolina with Five New Productions September 15, 2020

2020 OBX Halloween Film Festival NC Submission Discount, Deadline

will also film in the greater Wilmington area and has been approved for a grant rebate of up to \$12 million.

"2019 was a banner year for film and television production in North Carolina and despite some setbacks related to COVID-19, it looks like 2020 will also be a great year for the state's industry," added North Carolina Film Office director Guy Gaster. "It is exciting to have these productions up and running and we may have even more before the end of the year."

In addition to the newest productions to be approved for funding from the North Carolina Film and Entertainment Grant, production continues on several non-grant qualifying projects including the latest seasons of the reality series *My Big, Fat, Fabulous Life* and *Love It Or List It* in the Piedmont Triad and Triangle regions respectively. Two other Piedmont Triad-based projects recently wrapped production: the SAG-signatory feature *Where's Rose* and the new docu-series *Secrets of the Zoo: North Carolina*.

The North Carolina Film and Entertainment Grant provides financial assistance to attract feature film and television productions that will stimulate economic activity and create jobs in the state. Production companies receive no money up front and must meet direct in-state spending requirements to qualify for grant funds. The program is administered by the North Carolina Department of Commerce and promoted by the North Carolina Film Office, part of VisitNC and the Economic Development Partnership of North Carolina.

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NC Budget Includes Recurring Film Incentive Grant

North Carolina's newly adopted budget that went

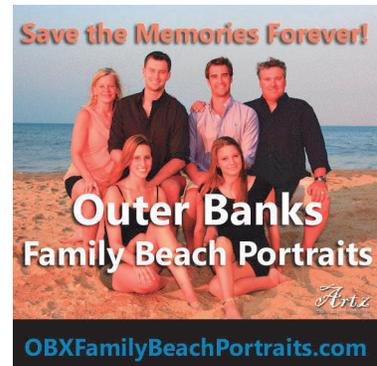
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North Carolina Awards Three Film Grants



'Masterminds', 'Disappointments Room' Get New Release Dates (Again)



'Heart of the Country' Now Available on DVD



'Banshee' Season 2 Premiere Date Announced

Seeing Florida's recovery through the viewfinder

By DOMINIC M. CALABRO, SPECIAL TO THE [SUN SENTINEL](#) | AUG 09, 2020

Imagine that you are a TV producer, trying to figure out how you can begin getting back up and running as the pandemic begins to abate. You need a sunny climate with easy access to beaches. After months on hiatus, your network has green-lit a full first season of your new show, and you need somewhere to set up shop. You don't have an unlimited budget, though, so you have to make the call based on what location gives you the best balance of cost and atmosphere. Might Florida be the right choice?



With companies like Netflix spending more than \$12 billion on new programming in 2018 alone (yes, that says billion), there are no shortage of film and television productions out there, waiting to get back to work, going on-location with new jobs and new spending, not to mention the impact on tourism that can come from having millions of viewers watching a show set in a tropical paradise like the Keys.

Could the next wave of TV and film production help dig Florida's economy out from under the COVID-19 rubble? As sports and entertainment return, could the industry surrounding our favorite actors and teams put a sizable number of the millions of Floridians worrying about next month's rent back to work?

The Florida TaxWatch report, "[Is The Sun Setting on Film in Florida](#)," reported that in 2016, as a result of a 2010 law that created a five-year, \$242 million "[transferable tax credit for the state's film and entertainment industry](#)," the Florida motion picture and television industry was responsible for more than 150,000 jobs and \$2.02 billion in wages. This industry has a demonstrated history of stable, high-paying jobs across a multitude of sectors, such as caterers, dry cleaners, hotels, florists, hardware and lumber suppliers, software and digital equipment suppliers, plus the knock-on effects on theme parks and tourist attractions. All of these businesses are greatly affected by the current state of our economy and could receive a boost from a renewed effort to bring film and TV productions back to Florida. But for that to happen, the state has to do its part.

If history has shown us anything, it is that film and television production companies will spend when on location. It has been [reported](#) that when Walt Disney Studios filmed in Lakeland a few years ago, the company spent more than \$134,000 for local acting talent, hotel rooms and other expenditures, in just three days. [Film Florida](#), a not-for-profit association that provides a leadership role in Florida's film, TV, commercial and digital media industry, estimates that recently Florida has experienced more than \$1.3 billion in known lost film and television opportunities in the past few years alone.

After years of decline and lost opportunities, is it just possible that this once-vibrant industry can be a catalyst for the recovery? Putting Floridians back to work, inspiring tourists to return to the state, and helping us all get back to normal? We can provide the right structure to incentivize this industry to come back to Florida, and it just might help put us back on track.

Florida's lack of an incentive program has decimated the state's film and television production industry, and Georgia has benefited tremendously from this policy decision. Florida TaxWatch research shows that a film incentive program could create jobs for Florida residents, promote Florida tourism, pump additional revenue into local businesses, and generate state and local revenues, if properly reconstituted with safeguards to ensure the state profits on its investment. Florida lawmakers need to recognize the value of this industry and leverage its ability to bring in serious cash flow into communities that desperately need it. Now is the time for Florida to build a new incentive program, so when the film and television industry gets back up and running, Florida returns to being the destination that it deserves to be.

Dominic Calabro is Florida TaxWatch President and CEO. For 40 years, Florida TaxWatch has served as the trusted eyes and ears of Florida's taxpayers, working as an independent, nonpartisan, nonprofit government watchdog and taxpayer research institute.

[CLICK HERE](#) to read from Sun-Sentinel website.

Film, TV industry ready to re-start in Georgia

From staff reports

Jun 20, 2020



Gov. Brian Kemp announced recently that the major motion picture, television, and streaming companies plan to bring back and hire an estimated 40,000 production workers, who will be employed on an expected 75 production projects that will invest more than \$2 billion into the Georgia economy during the next 18 months.

File Photo

ATLANTA — Gov. Brian Kemp announced recently that the major motion picture, television, and streaming companies plan to bring back and hire an estimated 40,000 production workers, who will be employed on an expected 75 production projects that will invest more than \$2 billion into the Georgia economy during the next 18 months. This includes plans by producers to purchase goods and services from more than 17,000 small Georgia businesses, according to the Motion Picture Association-America, which compiled the data from its members.

“The entertainment production industry is coming back and ready to jump-start the Georgia economy by creating jobs and generating greatly needed investment and spending in communities across the Peach State,” Kemp said in a news release.

“The film industry plays a key a role in Georgia’s economy, and this is a major step forward as Georgia works to recover financially from the COVID-19 pandemic,” Georgia Senate President Pro Tempore Butch Miller said. “I am grateful that the film industry is continuing to invest in the Peach State, and I applaud Gov. Kemp and the Georgia Department of Economic Development for working to ensure Georgia remains on the minds of the country’s leading film production companies.”

State leaders universally lauded the news.

“Georgia is open for business, and we look forward to an even stronger relationship with the film industry moving forward,” state Department of Economic Development Commissioner Pat Wilson said. “Thanks to the historic best practices guide, Georgia is able to safely send the tens of thousands of film and TV industry employees back to work and restart production. The economic impact of film touches local communities and small businesses across Georgia. We look forward to resuming the hundreds of productions across the state and to keeping Georgia as the nation’s film and TV capital.”

“Georgia is ready once again to resume the state’s thriving movie, TV, and streaming production industry,” Charles Rivkin, chairman and CEO of Motion Picture Association, said. “The terrific collaboration between the Georgia Film Office, local studios, production companies, and industry stakeholders to create these important guidelines will ensure a safe return to work for Georgians in our industry and play an important role in helping restart Georgia’s economy.”

Kemp also recognized Georgia’s film industry work force, which has used talents off the set to provide pandemic-related critical help and resources to essential businesses and workers.

The Georgia Film Office spotlighted a few of these efforts. Support, resources, and assistance for industry professionals and businesses remain available on the Georgia Film Office website.

The major production companies, which are members of MPA-America, include The Walt Disney Company, NBCUniversal, Netflix, Sony Pictures Entertainment, Paramount Pictures, and Warner Bros.

This announcement follows the “COVID-19: Georgia Best Practices for Film and Television” production guide for studios provided by the Georgia Film Office, a division of the Georgia Department of Economic Development, that complements the safety protocols recently released by the Industry-Wide Labor-Management Safety Committee Task Force, which will help to ensure a safe work place environment and reduce the spread of the virus.

In 2019, the 391 film and television productions filmed in Georgia supported 3,040 motion picture and television industry businesses.

“Production companies want to be in Georgia and create tens of thousands of jobs for workers across the state, and today’s announcement is welcome news as we continue safely re-opening our state,” Kemp said. “I thank the Georgia Film Office for their work during the pandemic, and I thank the production companies who always vowed to return to Georgia when the time was right for them to safely get back to work.”

“The creative arts and entertainment – particularly television and film – have long been driving forces in our economy, and they will be instrumental as we recover from the impact of the pandemic,” Georgia House of Representatives Speaker David Ralston said. “As a longtime supporter of this industry and the jobs it creates, I am proud of the strong partnership between Gov. Kemp, the General Assembly, the Georgia Department of Economic Development, and production companies. Working together, we will keep Georgia the leading destination for film and television production – thousands of Georgia jobs depend on it.”

The film and television industry should be a targeted part of Florida's economic recovery plan.

Film tourism is a dynamic form of tourism where visitors explore locations and destinations which have become popular due to their appearance in films and television series.

A VISIT FLORIDA survey showed almost 25% of domestic tourists to Florida said something they saw on film or television contributed to their decision to visit our state. A study from the Association of Film Commissioners International showed 20% of worldwide tourists are influenced by film or television when choosing their destination.

"Miami Vice" transformed South Florida's tourism industry. **"The Truman Show"** attracted countless people year after year to Seaside in Northwest Florida. **"Burn Notice"** is the longest Florida-based television series in history.

For seven seasons, from 2007 to 2013, "Burn Notice" put Miami on the television for millions to see. At the height of its popularity, "Burn Notice" was cable television's #1 show.

In the decade since **"Dolphin Tale"** was released, attendance at the **Clearwater Marine Aquarium** has skyrocketed from approximately 200,000 per year to a peak year of nearly 800,000 while the additional tourism in Pinellas County supports 11,000 permanent jobs in the area.

The Clearwater Marine Aquarium recently completed an \$80 million expansion made possible in large part due to the success of "Dolphin Tale" and **"Dolphin Tale 2."** Over the next decade, the Aquarium is projected to have a \$7.1 billion economic impact in Pinellas County including \$437 million total state and local taxes generated and 4.7 million hotel room nights generated — all sparked by two movies.

In my area, according to the Monroe County Tourism Development Council, after season one of **"Bloodline"** was filmed in the Florida Keys, more than \$65.5 million in incremental tourism spending was attributed to visitors lured to the Keys by the Netflix series.

"Bloodline" filmed three seasons in the Keys before being canceled prematurely due to the expiration of Florida's incentive program for the industry. The loss of the remaining three seasons of "Bloodline" was projected to be \$75 million in direct spending plus additional tourism enhancement.

During the 2020 Legislative Session, my last as a member of the Florida House of Representatives, I was proud to co-sponsor legislation that would create a modest but effective **"targeted rebate program"** to entice film, television and digital media companies to bring projects, jobs and money to Florida. The bills received

bipartisan support and had the backing of the Florida Chamber of Commerce, Florida TaxWatch and Associated Industries of Florida.

The legislation was performance-based and designed to produce an excellent return on investment, ensuring the state receives more than \$1 of tax revenues for every \$1 in rebates provided while creating more than \$5 of spending in the state.

I encourage our newly elected Legislature to recognize the value and potential of this industry to quickly help aid in our economic recovery.

A booming film, television and digital media industry would bring high-wage jobs to the state, accelerating Florida's economic recovery and further diversifying our economy.

This industry has a double impact on Florida's economy, first when the average project spends \$20 million+ in the local community while hiring 1,500+ Floridians; and then when worldwide tourists flock to Florida after seeing our beautiful state on big, small and mobile screens.

It's clear the marketplace needs more content than ever before, and there's more money available to create it. That content should be made in Florida.

The products of the industry — commercials, TV and movies — are key necessities to diversifying and rebuilding Florida's economy while enhancing our state's vital tourism industry seriously hurt by this virus.

The film and television industry should be a targeted part of Florida's economic recovery plan.

Holly Raschein is a former member of the Florida House of Representatives, serving District 120 in Monroe and Southern Miami-Dade Counties.



April 16, 2021

Commissioner Barbara Sharief
Broward County Governmental Center
115 South Andrews Avenue, Room 437c
Fort Lauderdale, FL 33301

Via Email:

Commissioner Dr. Barbara Sharief
bsharief@broward.org
Chief of Staff Launa Carbonell
lcarbonell@broward.org

Dear Commissioner Sharief,

The Broward County Tourism Coalition Council would like to show our support the creation of a local full-service film office, while at the same time, support GFLCVB's position to remove the office out of it's authority and place it directly under Broward County as a separate entity.

While the Broward County Film Office is currently in a transition phase, we wanted to emphasize the importance of the office, not just to Broward County, but to the entire state of Florida. The office is critical on many levels. Florida's economy has been ravished by COVID-19. With high-wage jobs and massive spending, the film and television production industry is poised to play an important part of Florida's economic recovery and Broward County will be a key part of those efforts.

Without doubt, there is an opportunity to bring high wage positions to the residents of Broward County and bring back a substantial economic engine. Concurrently, heads in beds will grow organically and the hospitality industry will get a much-needed injection (statistics show that 20% of US travelers and 22% of international travelers choose a destination they have seen on a movie, commercial, video, etc.).

We understand President Ritter's position that while bringing film production to Broward County is important, the current structure is not sufficient to both build relationships with decision makers and process the permits. The ideal Film Department would consist of three people: A Film Commissioner whose job would be to build those relationships and 2 staff people to handle permit processing, marketing and production/location.

We all agree that a healthy incentive to "buy the business" is also necessary. The labor-intensive film permit process is complicated and burdensome. Each municipality has its own policies and rules for a film company to shoot. Multiple jurisdictions are involved depending on where filming takes place. Parks,

public works, police, fire, city administration and others may be asked to sign off on a permit. The GFLCVB has no jurisdiction; they are simply a middleman to the city and the production managers. The time it takes to process a permit is extensive because staff contacts each entity for sign-off not requiring the city or the producer to do anything but contact the GFLCVB. A full-service film office staff will have the wherewithal to develop relationships with contacts at municipalities and create a more seamless process.

Another deterrent to being competitive in film production is that Broward County does not have the infrastructure needed by many film companies to be cost effective for them. Exterior filming can be done here, location shooting can be done here, but we only have a couple of sound stages for internal filming. For major productions, that infrastructure is critical. In reality, there is a worldwide shortage of sound stages and the more we have in Broward the better it would be for the state.

Thank you for your consideration.

Sincerely,

BROWARD COUNTY TOURISM COUNCIL COALITION

Heiko Dobrikow
Co-Chair
Las Olas Co. Riverside Hotel

Ina Lee
Co-Chair
Travelhost Media

Tim Petrillo
Co-Chair
The Restaurant People



Policy Brief

July 2019

Title:

*“Film Tax Credits and the
Economic Impact of the Film
Industry on Georgia’s Economy”*

Author(s):

John Charles Bradbury

Film Tax Credits and the Economic Impact of the Film Industry on Georgia's Economy

John Charles Bradbury*

Kennesaw State University

Executive Summary

Georgia offers the most generous incentives for motion picture and video production in the United States, providing a tax credit of up to 30 percent of qualified expenditures for film and video production within the state. Though the tax credits represent a significant cost to Georgia's treasury in terms of forgone tax revenue—\$800 million in 2018 and over \$4 billion total over the past decade—the subsidy is often justified as providing a significant economic impact to the state. The Georgia Department of Economic Development reports that the film industry had a \$9.5 billion impact on the state's economy in 2018. The Motion Picture Association of America reports that the motion picture and television industry is responsible for more than 92,000 jobs in Georgia. However, these estimates rely on incredible multipliers and dubious data. This report examines these commonly reported economic impact estimates and provides alternate estimates of the film industry's contribution to Georgia's economy. Though tax credits have incentivized filming in the state, film production remains a rather small part of Georgia's economy (\$3 billion, approximately 0.5 percent). Official government employment statistics indicate that Georgia's film and video industry employs approximately 16,000 workers. More realistic (though still speculative) multipliers that account for potential additional economic activity throughout the economy indicate that the film industry produces no more than \$4.2 billion and 32,000 jobs. However, even these lower estimates should be interpreted with caution due to uncertainties surrounding multipliers. Assuming every film job in Georgia is the result of the tax credits approved, the cost is \$64,000 (full-time and part-time) to \$119,000 (FTE) in tax credits per job. The \$800 million subsidy through tax credits in 2018 is equivalent to 3 percent of Georgia's state-funded budget or \$220 per household.

***About:** J.C. Bradbury is Professor of Economics at Kennesaw State University in Kennesaw, Georgia.

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Disclosure: The author is a faculty affiliate of the Bagwell Center for the Study of Markets and Economic Opportunity at Kennesaw State University and received financial support from this organization while conducting research for this report. (Updated 8/15/2019)

1. Introduction

The growth of film production in Georgia during the past decade is undeniable. The state's popularity as a filming destination has earned it nicknames such as the "Hollywood of the South" and "Y'allywood."

Georgia's prominence in the film industry in the United States (US) is the result of a popular strategy employed by most states to attract production with incentives offered through grants, tax credits, or other means. The stated intent of offering movie studios incentives to film in the state is to stimulate growth by attracting new spending that ripples through other industries into the broader economy.

There exist several measures of the film industry's economic impact on Georgia which are often used to justify the subsidization of the industry. The Georgia Department of Economic Development estimates that the film industry generated a total economic impact of \$9.5 billion to Georgia in 2018. In addition, the Motion Picture Association of America (MPAA) reports that the motion picture and television industries are responsible for more than 92,000 jobs in the state.¹ Though these numbers seem impressive, the estimates are dubious. One reason these numbers are repeated so often is that there exist few other estimates of the impact of the film industry or the associated tax credits on Georgia's economy.

In its 2017 report "How States Are Improving Tax Incentives for Jobs and Growth," Pew Charitable Trusts notes that Georgia lacks a process for evaluating its film tax credits program, and that despite providing billions of dollars in film tax credits, "the state has not rigorously studied the results of the program" (p. 47). Thus, an investigation of Georgia's film industry and the effect of its tax credits is needed to assess the incentive program. I write this report to provide an accurate and objective analysis of Georgia's film tax credit program and its effect on the state's economy. My general findings are as follows.

- Georgia's film industry contributes approximately \$3 billion of Georgia's \$588 billion GDP, which represent 0.5 percent or 1/200th of the state's economy.

¹ Georgia Department of Economic Development (August 16, 2018). "Georgia was home to a record 455 Film and Television projects in FY 18: Productions generated \$9.5 billion for Georgia's economy." Press release. (<https://www.georgia.org/newsroom/press-releases/georgia-was-home-record-455-film-and-television-projects-fy-18>).

- The Georgia film industry directly employs approximately 16,000 workers.
- Georgia's Department of Economic Development's estimate of the film industry contributing \$9.5 billion to the state's economy is based on a multiplier of 3.57, which lacks any economic justification.
- The MPAA's claim that the film industry supports over 92,000 in Georgia is not consistent with available government employment statistics. The figure is derived from an aberrant industry employment estimate and a multiplier that overstates the industry's impact the overall economy.
- Using more realistic multipliers, I estimate that the film industry's total contribution to the Georgia economy is *no greater than* \$4.2 billion, and film industry activity may support *up to* 32,000 jobs. However, multiplier effects remain speculative, and thus these high-end estimates should be interpreted with caution.
- Studies of film incentive programs on state economies find little to no impact of incentives on the film industry, and there is no evidence of any additional impact on the broader economy. The lack of an observable relationship between film incentives and state economies indicates that large multipliers for the film industry are unlikely.
- Georgia has approved over \$4 billion in tax credits in the past decade. In terms of tax credits, the cost per film job is between \$64,000 (full-time and part-time) and \$119,000 (FTE) per job. The \$800 million in tax credits approved in 2018 represents a cost of 3 percent of Georgia's state-funded budget or \$220 per Georgia household.

2. Georgia's Film Tax Credits and the Economy

In 2005, Georgia's General Assembly and Governor approved the Georgia Entertainment Industry Investment Act, which created tax credits for movie production spending within the state. The legislation provided a base tax credit of 9 percent of a production company's spending in the state for projects with total

expenditures of \$500,000 or more.² Qualified production activities eligible for the tax credit include film, video, or digital projects such as feature films, series, pilots, movies for television, commercial advertisements, music videos, interactive entertainment or sound recording for these projects. The law went into effect following the Governor's approval on May 9, and it applied to qualified expenditures retroactive to January 1.³ In 2008, lawmakers amended the act to increase the tax credit to 20 percent of qualified expenditures, with an additional 10 percent for including a promotional logo; thus, the total value of tax credit is now 30 percent of qualified in-state expenditures.⁴ While some minor modifications have been made to the act, the general incentive format has remained similar to the 2008 law.

A key feature of Georgia's film tax credits is that they are transferable. Any tax credit earned in excess of tax liability incurred by the film production company can be transferred to any other Georgia taxpayer to cover its tax liability to the state. This allows the recipient to submit tax credits in lieu of cash payments owed to the Georgia treasury to cover its tax obligations. Tax credits are transferred via private market brokers at a discount of approximately 10 percent.⁵ For example, an entity facing a state tax liability of \$1 million could purchase \$1 million in tax credits from a film production company for around \$900,000. The buyer purchasing the credits submits the tax credits to the treasury rather than making a tax payment of \$1 million. The lost revenue from tax credits represents a real cost to the state, while taxpayers still face the tax burden of engaging in economic activity in the state—that burden is met by transferring revenue to a private film company rather than the treasury. Tax credits can be carried forward for up to five years and the only limit to their value is the availability of willing purchasers, as the tax credits are not subject to a legislated budget constraint or spending caps.⁶

² HB-539. The legislation also provided additional credits for employing resident labor, investments greater than \$20 million, and investments in less-developed counties.

³ "Governor Perdue Signs Georgia Entertainment Industry Investment Act." Press release. (https://sonnyperdue.georgia.gov/00/press/detail/0%2C2668%2C78006749_79688147_93038510%2C00.html).

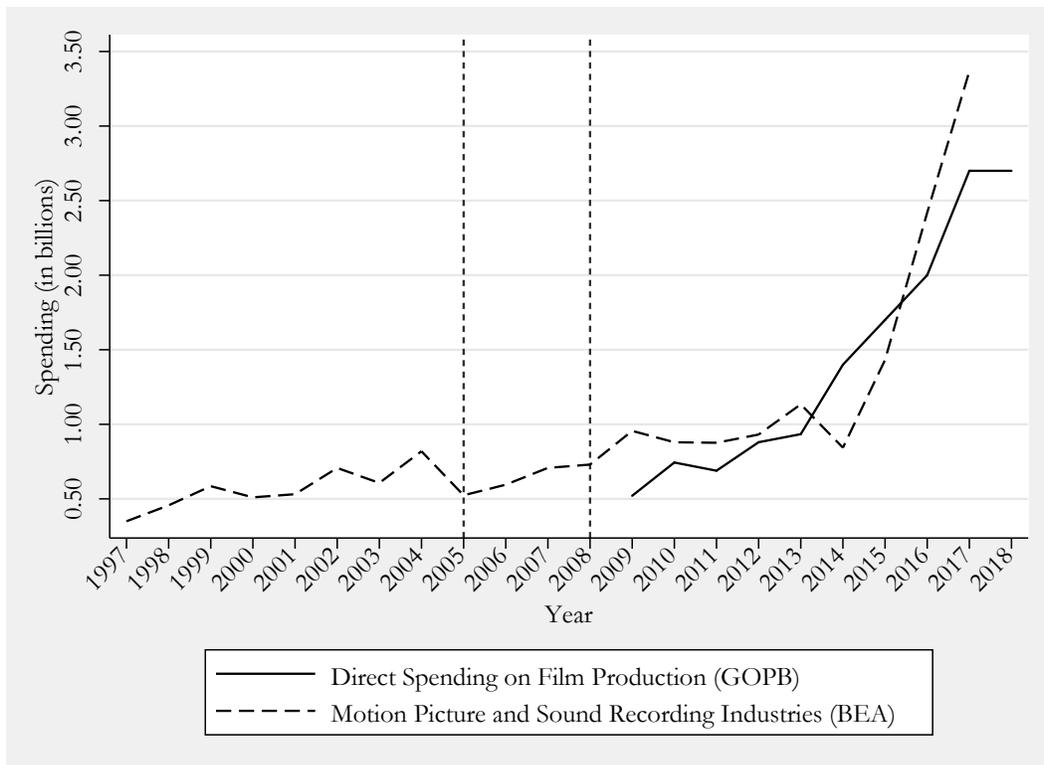
⁴ HB-1100.

⁵ Leslie, J. (December 22, 2017) "Why most filmmakers sell off their Georgia tax credits." *11Alive.com*. (<https://www.11alive.com/article/news/local/why-most-filmmakers-sell-off-their-georgia-tax-credits/85-501688103>).

⁶ Aggregate program and company caps were introduced for interactive entertainment in 2012. HB 1027.

Since Georgia implemented its tax credit program, its film industry has flourished. Figure 1 maps film-related economic activity in Georgia from 1997 to 2018 using two measures, with vertical lines marking the introduction of the initial and improved tax credit incentives. The solid line reports the direct capital investment into the state as reported by the Georgia Governor’s Office of Planning and Budget (GOPB), which began recording this metric in fiscal year 2009 after the state began issuing tax credits.⁷ In the past decade, film industry spending has increased substantially while Georgia has approved \$406 million in tax credits per year, on average.

Figure 1. Film Industry Size in Georgia (1997-2018)



⁷ Georgia operates on a fiscal year budget that runs from July 1 to June 30. The fiscal year date denotes the actual year the budget cycle ends (e.g., fiscal year 2018 extends from July 1, 2017 through June 30, 2018). The GOPB reports direct spending on film production and tax credits approved in the Governor’s annual Agency Performance Measures report. (<https://opb.georgia.gov/agency-performance-measures>).

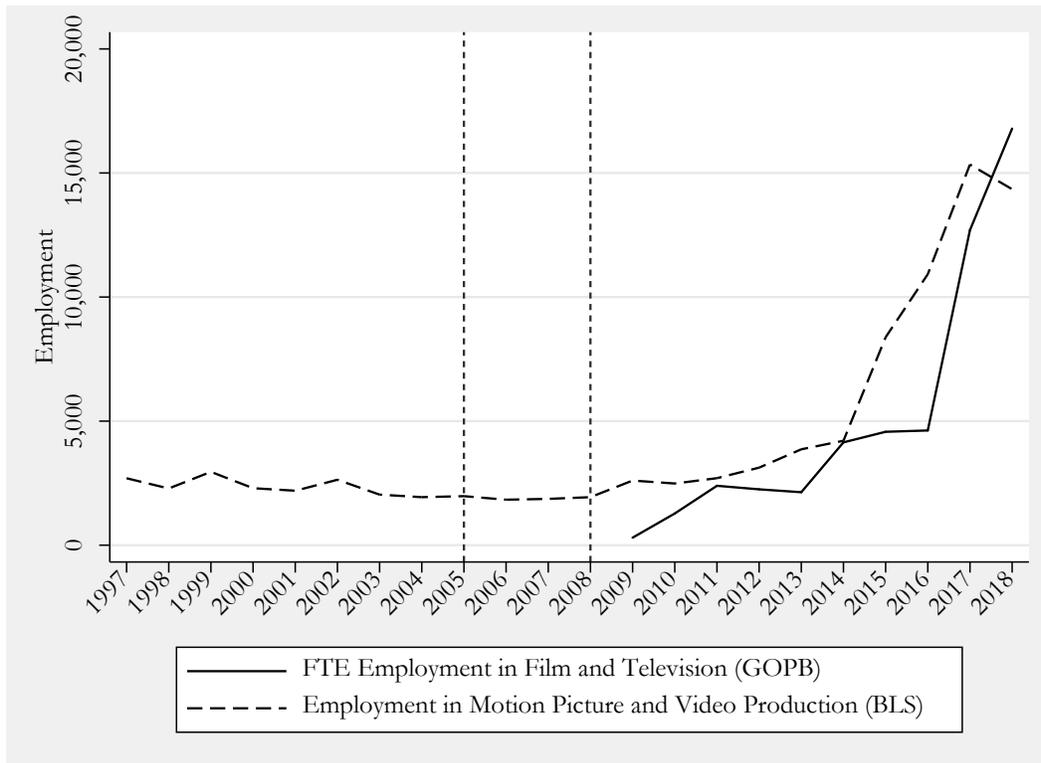
The dashed line reports the economic output produced by the motion picture and sound recording industry by the US Bureau of Economic Analysis (BEA).⁸ Although the industry classification includes sound recording, it has the advantage of being reported before Georgia offered film tax credits and tracks closely with the GOPB measure to capture the output of the film industry. In 2005, when its initial tax credit program was implemented, Georgia's film and sound industries had an output of \$524 million, which grew to \$3.37 billion in 2017 (2018 data is not yet available). As a share of Georgia's economy, the film industry grew from 0.14 percent to 0.6 percent of the state's \$588 billion GDP. Despite its substantial growth, the film industry still represents a rather small share of the state's economy, approximately 0.5 percent or 1/200th of its GDP based on the GOPB and BEA estimates.

Employment in the film industry has grown similarly. Figure 2 reports two employment estimates for Georgia's film industry. Unlike the economic output estimates above, the employment estimates are limited to film and video production. The solid line measures employment as reported by the state GOPB, which records employment in terms of workdays created by film and television production. I normalize this estimate to full-time-equivalent (FTE) jobs using the standard calculation of dividing the number of workdays by 260 (52 five-day weeks). Though the GOPB report does not provide a source for estimated workdays, it likely comes from the Georgia Expenditures Form, which must be submitted to the Georgia Film Office within 90 days of a film company's last qualified expenditure. This form (see Appendix 1) requests employment in terms of number of days. Thus, this figure appears to be self-reported by film companies applying for tax credits who have an incentive not to underreport days worked. It is likely that this estimate overreports film jobs because partial days of work may be reported as integers that are rounded up. The estimate using GOPB data shows an increase in employment from 1,277 FTE jobs in 2010 to 16,790 FTE jobs in 2018.⁹

⁸ The motion picture and sound recording industry is the smallest NAICS (North American Industrial Classification System) classification relevant to this industry for which state-level Gross Domestic Product (GDP) is available on an annual basis.

⁹ In 2009, the number of reported workdays translates to 302 jobs. It is likely that this number is low due to the newness of the tax credit program and the delay in reporting protocol. This conjecture is consistent with the stability of the BLS estimate from 2009 to 2010.

Figure 2. Film Industry Employment in Georgia (1997-2018)



The second estimate is the average annual employment in motion picture and video production (NAICS: 512110) from the Quarterly Census of Employment and Wages administered by the Bureau of Labor Statistics (BLS).¹⁰ This estimate is available for a longer period of time than the GOPB estimate; however, it includes both full-time and part-time employment and does not represent FTE jobs. From 1997 to 2004, before tax credits were available to filmmakers, Georgia supported an average of 2,381 film industry jobs per year. The film industry increased from 2,604 jobs in 2005 to 14,327 jobs in 2018 (full-time and part-time).

For 2018, the average of the GOPB and BEA estimates is 15,569, which suggest that a reasonable estimate for film and television jobs in Georgia in 2018 is approximately 16,000 jobs.¹¹ Even though this estimate is

¹⁰ BLS. Quarterly Census of Employment and Wages. QCEW Data Files. CSVs By Area, Annual Averages (various years). (<https://www.bls.gov/cew/datatoc.htm> and https://data.bls.gov/cew/apps/data_views/data_views.htm#tab=Tables).

¹¹ The large increase in employment measured by the GOPB in 2017 and 2018 relative to the BEA estimates is curious. Some potential explanations include a lag in reporting, accounting for partial workdays, and changes in recording workdays.

likely biased upward due to the use of full-time and part-time workers (BLS) and reporting partial workdays as full workdays (GOPB), this estimate is far less than the 92,000 jobs touted by the MPAA.

3. Explaining \$9.5 Billion and 92,000 Jobs

The estimates presented in the previous section are far below estimates commonly reported in the media. In this section, I examine the reasons for the discrepancies between these estimates and the ones presented above.

A Google search for “Georgia film 9.5 billion impact” returns 680,000 search results. This number is likely so widely reported because it is commonly stated by Georgia officials. Each year, the Georgia Department of Economic Development releases its estimate of the film industry’s economic impact on the state. In 2018, agency included the following language in its press release.

“Gov. Nathan Deal today announced that Georgia-lensed feature film and television productions generated a total economic impact of \$9.5 billion during FY 2018. The record 455 film and television productions shot in Georgia represent \$2.7 billion in direct spending in the state.”¹²

The release of an economic impact report has become an annual routine. In 2015, the state estimated the economic impact to be “more than \$6 billion,” which prompted *Atlanta Journal-Constitution* reporter April Hunt to investigate the claim for the fact-checking website *PolitiFact*.¹³ The article provides the insight needed to translate \$2.7 billion in direct spending (noted in the previous section and in the state’s press release) into \$9.5 billion for the economy in 2018. Deputy Commissioner of the Georgia Film, Music & Digital

¹² Georgia Department of Economic Development (August 16, 2018). “Georgia was home to a record 455 film and television projects in FY 18.” Press release. (<https://www.georgia.org/newsroom/press-releases/georgia-was-home-record-455-film-and-television-projects-fy-18-0>).

¹³ Georgia Department of Economic Development (July 9, 2015). “Film industry generates \$6 billion for Georgia's economy.” Press release. (<https://www.georgia.org/newsroom/press-releases/film-industry-generates-6-billion-for-georgias-economy>). Hunt, A. (August 7, 2015). “Claim overstates film industry's impact on Georgia economy.” *PolitiFact*. (<https://www.politifact.com/georgia/statements/2015/aug/07/georgia-department-economic-development/film-industrys-impact-georgia-economy-overstated/>). *PolitiFact* rated the claim to be “Half True”: “There is accuracy in the claim, especially in the carefully tracked direct spending from film and TV production in the state. But it leaves out important information that could better prove, or disprove, the statement.”

Entertainment Office Lee Thomas explained that the economic development department multiplies the direct spending by 3.57. Hunt reports the following, “Thomas acknowledged that the state doesn’t know what sorts of spending that multiplier originally counted, or why the 3.57 estimate was used. But keeping the same multiplier allows to track progress over time, comparing apples to apples, [Thomas] said.” In short, the state’s use of a 3.57 multiplier is not grounded in any economic reasoning. This justification is unconvincing and irresponsible. Multipliers may have a role in estimating economic impact, but they require sufficient economic justification, which I address in the next section.

In the press release, the state also reports “the motion picture and television industry is responsible for more than 92,100 jobs and nearly \$4.6 billion in total wages in Georgia, including indirect jobs and wages” and credits the Motion Picture Association of America (MPAA) as the source. A Google search for “Georgia film 92000 jobs” returns 129,000 results. This figure is substantially greater than the estimated 16,000 film jobs in Georgia presented above. The MPAA offers some cryptic guidance as to the origin of the estimate on its website (see Appendix 2), where it reports that the film industry is responsible for 92,494 jobs.¹⁴ A separate summary document includes a methodology paragraph in which the MPAA states that it uses 2016 employment data from the BLS and constructs a measure direct jobs from the film and television industry “as well as industry-related jobs.”¹⁵ The report does not state clearly what these “related” industries are; however, it lists direct jobs in these industries as 28,472, which is well above the number of jobs the BLS estimated to be working in motion picture and video production in Georgia in 2016 (10,919). The direct jobs number plays a vital role in calculating the 92,000 figure; yet, its origin and composition are a mystery. I discuss the derivation of the 92,000 number further in the multiplier section below; however, before introducing a

¹⁴ MPAA. “What We Do: Driving Economic Growth.” (<https://www.mpa.org/what-we-do/driving-economic-growth/>).

¹⁵ MPAA. “The Economic Contribution of the Motion Picture and Television Industry to the United States.” (https://www.mpa.org/wp-content/uploads/2019/03/Economic_contribution_US_infographic_Final.pdf). “Direct jobs are calculated from classification codes fully associated with the film and TV industry, as well as industry-related jobs and wages from codes partially associated with the industry estimated by using adjustment factors based on SIC-NAICS bridges, and other updates.”

multiplier to capture a potentially broader economic impact, the MPAA is putting forth an incredible inflated direct jobs number without appropriate documentation.

4. Realistic Multipliers

In the economic development policy world, it is common to use multipliers to estimate the impacts of direct spending and direct employment produced by an industry, project, event, etc. on the broader economy. In most cases, multipliers derive from regional input-output models, which use industry accounts that measure how the goods and services produced by each industry affect all other local industries and final users. The methods for generating multipliers are quite complicated and rely on a host of potentially unrealistic assumptions (e.g., fixed purchase patterns, industry homogeneity, no price adjustments to account for supply constraints) that are employed for simplicity. This does not mean that multipliers are useless; but, in general, economists do not have strong confidence in multiplier estimates, because multipliers often overstate economic impacts. For example, in a study of multipliers, economist Enrico Moretti concluded that ‘Input-Output tables are unlikely to produce meaningful estimates of local multipliers.’¹⁶ A recent study by economists Timothy Bartik and Nathan Sotherland has determined that standard multipliers are overstated by one-quarter (e.g., closer to 1.5 than 2.0), and “Average multipliers should generally be assumed to be *at most* 2.0 at the state level” (emphasis added).¹⁷

The 3.57 multiplier used by the Georgia Department of Economic Development to estimate the economic impact of the film industry is ad hoc with no known origin. Its size is not grounded by any appropriate criteria and should be dismissed, *prima facie*. The MPAA states that it uses a multiplier from the BEA’s Regional Input-Output Modelling System (RIMS II) for its multiplier. RIMS II provides multipliers for estimating the impact of direct industry spending and employment on the regional economy’s spending and employment, and it provides two “types” of multipliers. The Type I multiplier includes the wealth effects

¹⁶ Moretti (2010).

¹⁷ Bartik and Sotherland (2019a) is the actual study, and the quote is located on page 69. Bartik and Sotherland (2019b) provides a layman’s summary of their research.

from the first round of direct spending and the successive rounds of indirect spending on inputs by supporting industries. The Type II multiplier is intended to capture an additional “induced” effect that includes the increased earnings by all workers whose wages are affected by the change in demand.¹⁸

While acknowledging the limitations and uncertainty regarding multiplier estimates of economic impact, I proceed to use RIMS II industry multipliers to estimate the potential economic impact of film spending and jobs in Georgia.¹⁹ I do so only to demonstrate what the estimated total economic impacts of the film industry using the most realistic available multipliers might be. I do not have confidence that these estimates are correct or even reasonable estimates, and I suspect that they are likely to be biased upwards for reasons I discuss in the following section.

The top two rows of Table 1 report the nominal RIMS II multipliers and multipliers reduced by one-quarter as suggested by Bartik and Sotherland for the Motion Picture and Sound Recording industries. The output multipliers range from 1.61 to 2.07, well below the 3.57 estimate that the Georgia Department of Economic Development uses for estimating economic impact. Damping the multiplier by one-fourth reduces the multipliers to between 1.21 and 1.55. Thus, the 3.57 multiplier is two to three times larger than is realistic, and the nominal and adjusted RIMS II multipliers produce far lower estimates of the economic impact of film industry spending on Georgia’s economy, ranging from \$3.3 billion to \$5.6 billion. Applying Bartik and Sotherland’s correction to produce a more realistic multiplier (reducing the RIMS II estimate by one-quarter) indicates an effect of *no more than* \$4.2 billion, less than half the impact that the state reports.

¹⁸ See the RIMS II user’s guide (BEA 2013) for a more thorough explanation.

¹⁹ RIMS II. (<https://apps.bea.gov/regional/rims/rimsii/>).

Table 1. Multiplier-Estimated Impacts of Georgia's Film Industry (2018)

	RIMS II		Bartik-Sotherland	
	Type I	Type II	Type I	Type II
<i>Multiplier</i>				
Output Multiplier	1.61	2.07	1.21	1.55
Employment Multiplier	2.11	3.20	1.58	2.00
<i>Industry Impact</i>				
Direct Spending (billions)	\$2.70	\$2.70	\$2.70	\$2.70
Direct Jobs	16,000	16,000	16,000	16,000
<i>Total Economic Impact</i>				
Output (billions)	\$4.35	\$5.58	\$3.26	\$4.19
Jobs	33,766	51,230	25,325	32,000

RIMS II employment multipliers range from 2.11 to 3.2, and the more realistic Bartik-Sotherland adjusted multipliers (reducing the RIMS II multiplier by one-quarter and state-level multipliers are no greater than 2.0) range from 1.58 to 2.0. Using the 16,000 jobs estimate from the previous section, the total jobs impact ranges from 25,000 to 51,000. However, the more realistic Bartik-Sotherland adjusted multiplier estimates that the film industry's job impact through all industries is *no larger than* 32,000, nearly one-third of the employment impact estimated by the MPAA.

Why are the MPAA's job estimates so much higher than those presented in Table 1? The answer lies in the 28,472 direct jobs estimate that the MPAA reports. Multiplying 28,472 times the unadjusted Type II multiplier 3.2 produces an estimate of just over 91,000 jobs, which is close to the touted 92,000 jobs. Thus, the MPAA's estimate appears to be less the result of an exaggerated output through a multiplier (though it is a contributor); instead, the more significant error is that the direct jobs number used is 2.6 times the actual number of direct jobs working in the Georgia film industry in 2016 (10,919).

It is also important to note that the MPAA should not be viewed as an objective source of data. The MPAA is an industry advocacy group that represents the five major Hollywood studios and Netflix.²⁰ Its stated

²⁰ The MPAA members are Walt Disney Studios Motion Pictures Netflix Studios LLC, Paramount Pictures Corporation, Sony Pictures Entertainment Inc., Universal City Studios LLC, and Warner Bros. Entertainment Inc. (<https://www.mpa.org/who-we-are/>).

mission includes: “Maintaining and growing a thriving U.S. film and television industry requires the continuation of supportive policies, including . . . production incentive programs to encourage investment.”²¹ The MPAA seeks to promote film incentive programs by touting the economic impact of films, and thus it has the incentive to inflate the film industry’s impact on state economies to encourage lawmakers to fund incentives (e.g., Georgia’s in tax credits). For this reason, the 92,000 number should be interpreted with skepticism; and, as the analysis above indicates, it does not reflect observed reality.

5. Studies of Film Incentives in US States

Using multipliers to project a hypothetical impact on the broader economy represents only one way to estimate the economic impact of an industry. This method is sometimes used in advance of a new business venture or policy to predict what its hypothetical impact might be. However, another method is to observe what has occurred historically when other similar ventures have taken place. This method has the advantage of not having to rely on strict and potentially unrealistic assumptions used to produce multipliers. Using statistical methods, economists may observe changes to the economy that might not be accounted for in input-output models. Retrospective evaluation is, in fact, the dominant form of empirical evaluation used by academic economists for assessing economic impacts. In the case of the film industry, the wide use of film production incentives to subsidize film production across US states creates a natural laboratory for observing the economic response to policies that favor film industries in certain states. Several researchers have recently estimated the economic impact of film incentives on state economies and find that the impact is quite weak, indicating that large multipliers used for estimating the economic impact of the film industry are not justified.

In examining the impact of state film incentive programs on film activity and industry employment, economist Patrick Button found some employment gains from incentives but describes the effects as “very small” and “weak.”²² In a subsequent study of Louisiana and New Mexico—two states that have relatively

²¹ MPAA Research & Policy (<https://www.mpa.org/research-policy/>).

²² Button (2019b)

large film incentives programs—he found some evidence of increased in filming but no employment effects.²³ Political scientist Michael Thom compared states with and without film incentives and found no effect on industry employment or output, but that there may have been a temporary boost in wages to film workers.²⁴ He also examined California’s program and found no impact on film industry employment.²⁵ Accountant Charles Swenson identified increases in film employment in New York and California (two states with large film sectors); however, the gains were not present in other states.²⁶ Economists Mark Owens and Adam Rennhoff did not find strong evidence of incentives creating a permanent movie industry and conducted a cost-benefit analysis that indicated film incentive programs were revenue-negative for every state offering film incentives.²⁷ In my own examination of film incentives on state economies, I found minimal evidence of positive impacts on the film industry, and that film incentives were not associated with statewide economic levels or growth.²⁸

In summary, the consensus of the economics literature regarding the economic impact of film incentives is that they have not been successful drivers of economics growth. If the film industry has a large multiplier effect on the broader economy, then incentives that encourage filming should produce observable positive impacts. The lack of evidence that film incentives play a strong role in the economy at the industry or macroeconomic levels casts doubt on the existence of a large multiplier for the film industry.

6. The Cost of Film Tax Credits

Figure 3 maps the tax credits approved since the introduction of 30-percent tax credits in fiscal year 2009. The value of tax credits has grown substantially from \$89 million in 2009 to \$801 million in 2018, which represents an average annual growth rate of 25 percent. In total, Georgia has approved over \$4 billion

²³ Button (2019a)

²⁴ Thom (2018a)

²⁵ Thom (2018b)

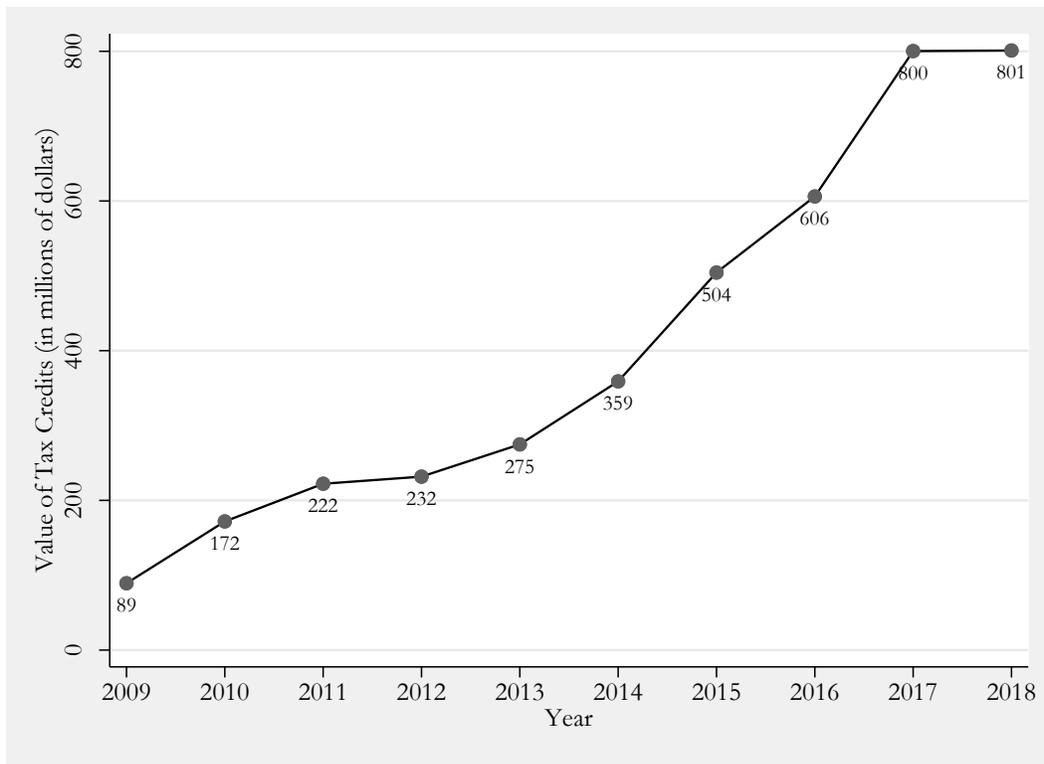
²⁶ Swenson (2017)

²⁷ Owens and Rennhoff (2019)

²⁸ Bradbury (2019)

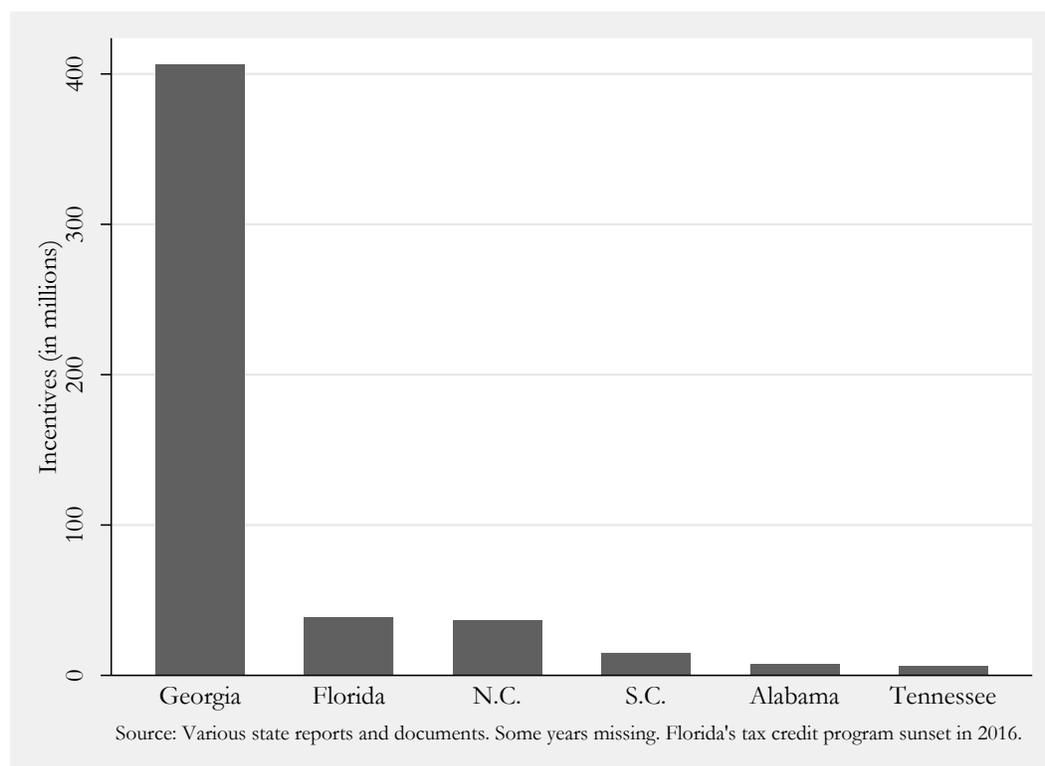
dollars in tax credits for film production in the state during this span, and the opportunity cost of tax credits is the forgone tax revenue otherwise owed to the state or returned to taxpayers. To put this in perspective, the \$800 million in tax credits is equivalent just over 3 percent of the \$26.2 billion state-funded portion of the 2018 budget that lawmakers could have used to fund government projects. \$800 million represents approximately \$220 per household in Georgia that residents could have injected into the economy through their own purchases. Tax credits may attract more film business to the state, but the cost of subsidizing nearly one-third of filming expenses in the state is substantial.

Figure 3. Georgia Film Tax Credits Approved (2009-2018)



Georgia is not alone among states in offering film incentives to encourage production in the state. However, Georgia's incentives dwarf its neighboring states, which are most likely to serve as competitors for films. Figure 4 graphs average annual incentives offered by Georgia and its contiguous neighbors since 2009. Georgia's \$406 million average dwarfs the film incentives offered by its border states, offering annual subsidies of nearly five times the value of the incentives offered by all the other states combined.

Figure 4. Average Annual Film Incentives, Georgia and Border States (2009-2018)



As a tool of job creation, the tax credits have not been particularly cost effective. Table 2 lists the total film credits certified by the Georgia Department of Economic Development per year along with annual film industry employment from the BLS and GOPB reported in Figure 2. In terms of tax credits issued, the average cost ranges from \$64,000 to \$119,000 per job. This is a wide interval, but the GOPB estimate is normalized in terms of full-time jobs, while the BLS estimate includes both full-time and part-time jobs.

The Quarterly Census of Employment and Wages that the BLS uses to estimate industry employment also reports an average wage for industry workers in the state, which is estimated to be \$61,000 per year, less than the lower bound of the cost-per-job estimates. But even this estimate is somewhat misleading: the average (mean) wage includes the compensation of a few exceptionally high-paid employees (e.g., actors, directors, and producers), and thus the mean is not representative of the typical wage earned by a Georgia resident working in the film industry. The BLS reports that the median wage (which is less biased by extreme observations) for workers in the motion picture and video industry is \$18.89 per hour, which translates to just

over \$39,000 per year on an FTE basis; however the BLS employment estimate includes both full-time and part-time jobs, and thus the typical annual wage is lower.²⁹ In addition, many film workers, especially the highly paid individuals, are not necessarily Georgia residents; therefore, a significant portion of their compensation is likely spent outside the state, further limiting any multiplier impact that the film industry might have on the state's economy.

Table 2. Tax Credits and Film Industry Employment in Georgia (2009-2018)

Year	Value of tax credits certified by	Film Industry Employment		Cost per Job		Average Annual Wage
	Georgia Dept of Economic Development	GOPB (FTE)	BLS (FT+PT)	GOPB (FTE)	BLS (FT+PT)	BLS
2009	\$89,246,214	302	2,604	\$295,153	\$34,273	\$61,544
2010	\$171,865,421	1,277	2,486	\$134,636	\$69,133	\$60,001
2011	\$222,211,344	2,394	2,701	\$92,802	\$82,270	\$63,041
2012	\$231,704,930	2,252	3,125	\$102,905	\$74,146	\$66,487
2013	\$274,800,000	2,136	3,864	\$128,679	\$71,118	\$69,587
2014	\$358,980,880	4,145	4,209	\$86,604	\$85,289	\$41,588
2015	\$504,402,595	4,571	8,380	\$110,357	\$60,191	\$46,161
2016	\$606,026,394	4,624	10,919	\$131,059	\$55,502	\$65,352
2017	\$800,277,268	12,697	15,341	\$63,031	\$52,166	\$65,014
2018	\$801,058,816	16,790	14,347	\$47,709	\$55,835	\$67,427
Total	\$4,060,573,862	51,187	67,976			
Mean	\$406,057,386			\$119,294	\$63,992	\$60,620

7. Conclusion

Since 2005, Georgia has offered filmmakers tax credits for producing motion picture and video projects in the state. The state has approved more than \$4 billion in tax credits over the past decade, which represents a substantial transfer of resources from Georgia taxpayers in terms of fewer government services or private spending. Supporters of the film tax credit program argue that the expenditures are justified due to the economic stimulus provided by the film industry. Georgia's Department of Economic Development reports that the film industry contributes \$9.5 billion to the state's economy, and the Motion Picture Association of American claims that the film industry supports more than 92,000 jobs in Georgia. However, close

²⁹ May 2018 National Industry-Specific Occupational Employment and Wage Estimates, NAICS 512100 - Motion Picture and Video Industries (https://www.bls.gov/oes/current/naics4_512100.htm).

investigation of these figures reveals that they are a product of aberrant multipliers and/or specious job numbers used in the calculation.

Georgia's film industry represents approximately \$3 billion of the state's \$588 billion economy (approximately 0.5 percent) and supports around 16,000 jobs. Using more appropriate multiplier estimates, the film industry's impact on Georgia's economy is no larger than \$4.2 billion and 32,000 jobs; however, these estimates should be interpreted with caution. Multipliers are generated using complex methods that require simplifying assumptions that may not be realistic. Studies of film incentives in US states do not find strong impacts on the film industry or the broader economy, which indicates that film industry multiplier effects on the economy are small. There is no doubt that many complementary industries (construction, transportation, food services, etc.) serve the needs of local film companies. However, these other industries might be otherwise engaged in other economic activity if the film industry was absent, especially if the revenue lost to tax credits was returned to the local economy.

The cost of tax credits in terms of jobs associated with the film industry is high. Georgia's film tax credits increased from \$89 million in 2009 to over \$800 million in 2018. \$800 million represents approximately 3 percent of the state-funded budget or \$220 per Georgia household. On average, the value of tax credits to film industry jobs ranges from \$64,000 (full-time and part-time) to \$119,000 (FTE), which indicates a poor return on investment.

In summary, this report examines the film industry's contribution to Georgia's economy and the impact of its film tax credit program. Findings indicate that commonly reported estimates of the film industry's impact on Georgia's economy are grossly overstated, and this report provides more plausible estimates. In addition, while film tax credits have increased the film industry's presence in Georgia, the return on investment appears to be quite small, indicating that resources devoted to the tax credits may have superior alternative uses.

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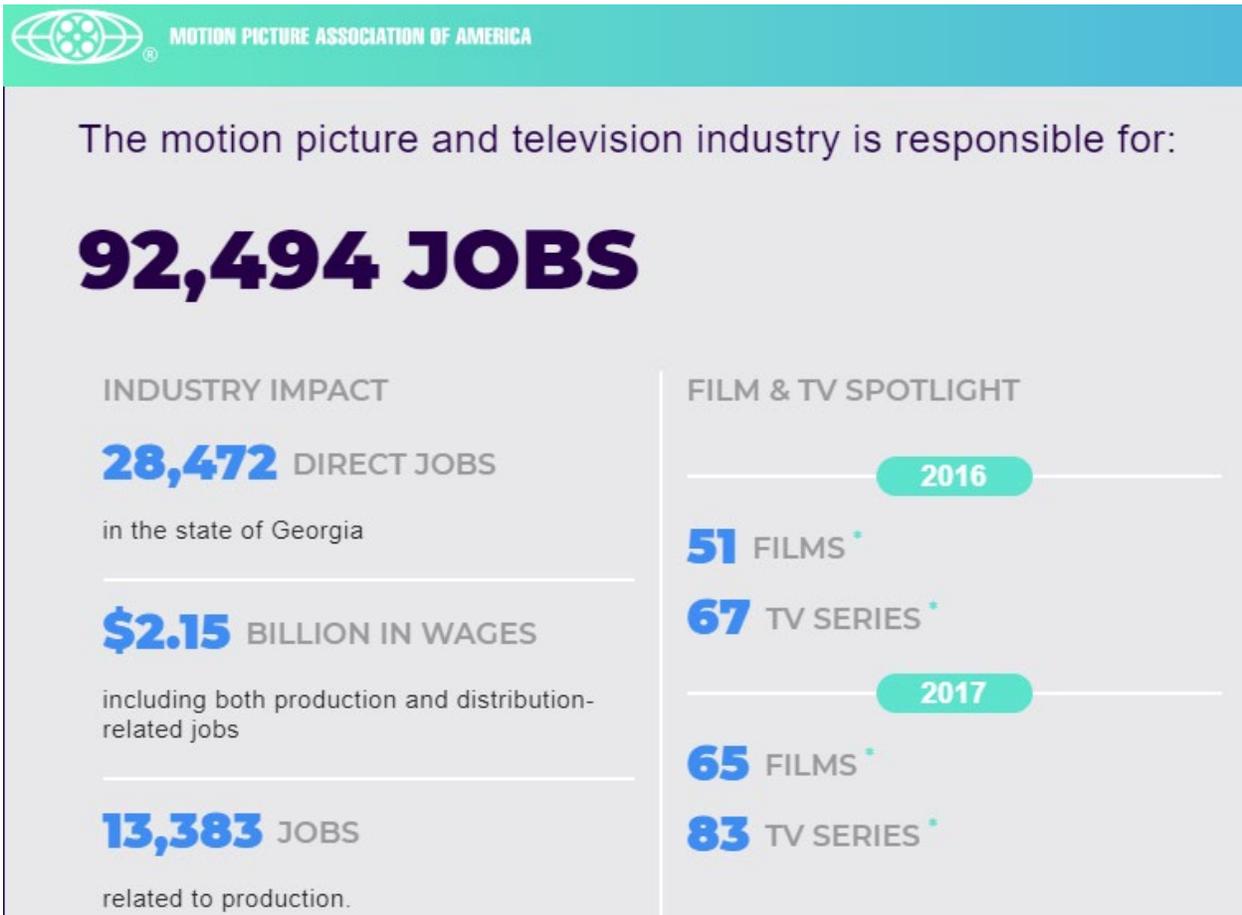
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Appendix 1. Georgia Expenditures Form

GEIA (10-18)



GEORGIA EXPENDITURES FORM			
In-State Community Spend Report for the Georgia Film Tax Credit Incentive Program			
A completed Georgia Expenditures form is due within 90-days of the last qualified Georgia expenditure.			
Project Title: _____ Production Company: _____			
Accountant Name Completing Form: _____ Acct.Email: _____			
Project Prep Start Date: _____ Project Wrap Date (last day in Georgia): _____			
Total Days: _____ Prep: _____ Shoot: _____ Wrap: _____			
		GRAND TOTAL:	
PRODUCTIO	Lodging (Hotels, Condos, etc.)	Room Days: _____ \$ _____	
	Car Rental (Non Resident)	Rental Days: _____ \$ _____	
	Transportation/Truck Rentals/Gasoline/Car Svcs:	\$ _____	
	Airfare Purchase:	\$ _____	
	Catering/Crafty:	\$ _____	
	Construction Hardware/Lumber/Supplies:	\$ _____	
	Office Equipment Rentals and Purchases:	\$ _____	
	Camera: Package/Rentals/Expendables	\$ _____	
	Grip/Electric: Package/Rentals/Expendables	\$ _____	
	Sound: Package/Rentals/Walkies/Expendables	\$ _____	
VENDORS	Set Dressing/Props: Rentals/Purchases/Expendables	\$ _____	
	Wardrobe: Rentals/Purchases/Dry Cleaning/Laundry	\$ _____	
	Makeup/Hair/Special Effects Purchases:	\$ _____	
	Location Fees/Permits:	\$ _____	
	Facility Rental: Office	\$ _____	
	Facility Rental: Stage/Warehouse	\$ _____	
	Post Editing in Georgia:	\$ _____	
	Original Music Scored:	\$ _____	
	Other: (not included in a category listed) _____	\$ _____	
	Off-Duty Government Personnel: (Police/Fire)	\$ _____	
SPACE	Security Personnel:	\$ _____	
	Georgia Crew Hires: (to include fringes)	\$ _____	
	Georgia Cast Hires: (to include fringes)	\$ _____	
	Georgia Extras Hires:	\$ _____	
	Per Diem Payments Cast & Crew:	\$ _____	
	Resident #: _____ Daily Rate Average \$ _____ No. of Days Paid: _____		
	Non-Resident #: _____ Daily Rate Average \$ _____ No. of Days Paid: _____		
	GRAND TOTAL SPENT:		\$ _____
	# of Local Hires		
	Cast: _____ Security: _____ Off Duty Govt. Personnel: _____		
Crew: _____ Extras: _____ Office Personnel: _____			
Completed form should be emailed to taxcredit@georgia.org			





Economic and Social Impacts of the Florida Film and Entertainment Industry Financial Incentive Program

*Preliminary Report Prepared for the Motion Picture
Association of America*

March 2013

MNP
LLP

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1. EXECUTIVE SUMMARY

INTRODUCTION

The Florida film and entertainment industry is a significant contributor to the state economy through the creation of jobs and the generation of income for Florida residents and Florida businesses and tax revenues. In addition, film and entertainment production in Florida contributes to the visitor industry through the exposure of Florida productions to a global market. The Florida Film and Entertainment Industry Financial Incentive Program encourages the use of the state as a location for all facets of digital, film, and television production and, in doing this, sustains and increases the Florida economic impacts generated by the industry.

In 2012 a study was conducted on the impacts of the incentive program on the Florida economy and on state government revenue collections. The study concluded that the Florida film and entertainment industry is an important contributor to the State economy. However, the scope of the analysis only included production spending and, as a result, certain sources of economic impacts were not captured by the earlier report.

Here we build on the earlier study by assessing the sources of economic impacts not considered in the earlier analysis. Specifically, the economic impacts MNP assessed include those arising through production spending and infrastructure spending, as well as through film-induced tourism.

ECONOMIC IMPACTS OF FILM AND ENTERTAINMENT PRODUCTION SPENDING

Using the IMPLAN economic impact model and the production expenditure schedule used in the earlier study, MNP has estimated the economic impacts arising from the \$3.7 billion in qualified and associated non-qualified production spending in Florida that result from the \$296 million in funding beginning in 2011. Presented in the table below are estimates based on the mid-point between the IMPLAN model estimates and the estimates of the REMI Tax-PI that was used in the earlier study¹.

Midpoint of IMPLAN and REMI TAX-PI Estimated Florida Economic Impacts of Production Spending

Florida Impacts (2011-2016)	IMPLAN Estimates	REMI Tax-PI Estimates	Midpoint
Production Expenditure ² (\$2005 millions)	\$3,769	\$3,769	\$3,769
Output (\$2005 millions)	\$6,235	\$6,389	\$6,321
Gross State Product (\$2005 millions)	\$3,631	\$3,885	\$3,758
Employment (FTEs)	53,466	42,803	48,134
Labor Income (\$2005 millions)	\$1,984	\$1,812	\$1,898
State and Local Taxes (Nominal \$ millions)	\$350.1	Not Reported	\$350.1

¹ To ensure comparability we have followed the reporting metrics used in the earlier report. As a result, tax revenues are reported in nominal dollars and all other measures in \$2005 constant dollars.

² Estimated production expenditures were provided in the 2012 study and were used as the basis for IMPLAN economic impact modelling. Please see Appendix 3 for more details.

To illustrate the economic impacts of production spending on an annual basis, we have examined the incentive program’s performance in fiscal 2011/2012. In that year \$118.7 million in tax credits were awarded and certified³. MNP has estimated the economic impacts arising from the qualified and non-qualified production spending in Florida that results from the \$118.7 million in tax credits awarded and certified in fiscal 2011/2012.⁴

Estimated Florida Economic Impacts of Production Spending in FY 2011/2012

Florida Impacts FY 2011/2012	Production Impacts
Production Expenditure (\$2005 millions)	\$1,512
Output (\$2005 millions)	\$2,536
Gross State Product (\$2005 millions)	\$1,507
Employment (FTEs)	19,308
Labor Income (\$2005 millions)	\$761
State and Local Taxes (Nominal \$ millions)	\$140.44

ECONOMIC IMPACTS OF INFRASTRUCTURE SPENDING

Film and entertainment production that has been encouraged through the Florida Film and Entertainment Industry Incentive Program has helped spur infrastructure investments in the state that can generate substantial economic impacts. It is commonplace for the industry to invest in repurposing under used or vacant facilities for film production. While Florida does not provide infrastructure tax credits it has been successful in developing local infrastructure as a result of the growth in the film and entertainment industry. Examples of infrastructure investments that have been made include:

- The series *Magic City* leases the former Bertram Yacht facility for its production and has converted the space into sound stages and production offices. The producers of the series spent \$8 million in four months to convert a vacant facility into a fictional hotel where the majority of the series is shot.⁵
- The television series *Burn Notice* is filmed in the Coconut Grove Convention Center, a facility that was once scheduled for demolition but that has been purposed as a production facility.⁶
- An industrial warehouse space at Pembroke Park has been converted into a studio for the television series *The Glades*.⁷
- The Golf Channel has acquired 30,000 square feet in an office park to convert to digital media space for increased interactive website production in Orange County.⁸
- Telemundo Studios acquired and renovated 175,000 square feet of industrial space in Hialeah to create five soundstages and office space to accommodate increased Novela production activity in South Florida.⁹

³ Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

⁴ We have assumed the economic impacts are proportional to spending.

⁵ Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

⁶ Ibid

⁷ Ibid

⁸ Information provided by The Golf Channel

⁹ Information provided by Telemundo Communications Group

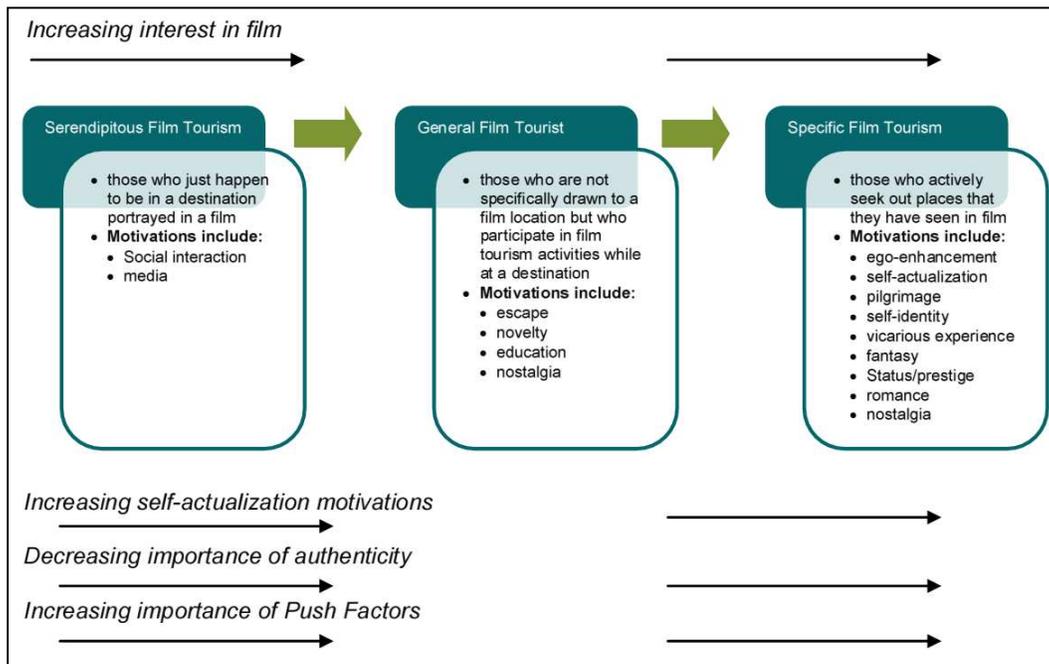
- Universal Studios Group has invested in soundstage and production office upgrades as a result of film production and post-production demand in Orange County.¹⁰
- Electronic Arts is adding a 15,000 square foot expansion to its Maitland digital media campus and, in partnership with the University of Central Florida’s Florida Interactive Entertainment Academy, has established the EA Sports Innovation Lab for students to develop skills in emerging technologies in digital media production.¹¹

The economic impacts arising from infrastructure investments such as production facilities and equipment are not considered in the ROI analysis.

ECONOMIC IMPACTS OF FILM INDUCED TOURISM

Film induced tourism (FIT) is the phenomenon of films and television programs encouraging viewers to visit the country or region where filming occurred.¹² 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. Films are especially likely to reach much larger audiences than specifically targeted tourism promotion.¹³

Researchers classify film tourists into three types: serendipitous film tourist, general film tourist, and specific film tourist. Serendipitous film tourists are described as “those who just happen to be in a destination portrayed in a film,” general film tourists are “those who are not specifically drawn to a film location but who participate in film tourism activities while at a destination,” and specific film tourists are “those who actively seek out places that they have seen in film.”¹⁴ The following table defines these categories of tourists and their motivations for travel.



¹⁰ Information provided by Universal Studios Florida Production Group

¹¹ “New EA Sports, UCF Partnership to Provide Students a Pathway for Jobs”, Orlando Business Journal, 22 June 2012.

¹² Oxford Economics. *The Economic Impact of the UK Film Industry*. Oxford, 2007.

¹³ Croy, Glen W. Monash University. *The Lord of the Rings, New Zealand, and Tourism: Image Building with Film*. March 2004.

¹⁴ Understanding the Film-Induced Tourist by Niki Macionis, 2004, p. 86

Recent studies have been conducted that illustrate the impact film and television production may have on tourism. For example, a benchmark study in the UK focused on inbound international tourism. The study reported “films depicted in the UK are responsible for attracting about 1 of 10 overseas tourists, spending around 1.8 billion a year¹⁵”. This is estimated to be worth around 900 million to UK GDP. Results from a survey in Canada’s Northwest Territories (“NWT”) show that more than 23% of visitors were ‘somewhat influenced’ or ‘very influenced’ to travel to the territory as a result of having watched NWT-based television series, (e.g. Ice Pilots, Ice Road Truckers and Arctic Air).¹⁶

In the US, a more recent study in New Mexico surveyed visitors to gather information that was used to estimate the quantitative benefits of FIT. The study suggested that film tourism in New Mexico resulted in increased visitation and longer trips amongst visitors. More specifically, the study found that film tourism in New Mexico resulted in a 1.4% to 6.3% increase in the number of trips taken and a 1.2% to 12.4% increase in the average trip length. This was estimated to result in \$132 million to \$950 million in visitor spending, 1,450 to 10,400 in employment creation, and \$8.4 million to \$60.3 million in state taxes generated.¹⁷

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 an important vehicle for promoting specific destinations. Images seen in films and television shows are memorable, long-lasting and are more likely to reach broader audiences than focused tourism marketing.¹⁸ Like ongoing or refreshed tourism marketing campaigns, however, there is evidence that ongoing and new film and television productions help to reinforce the location as a desirable tourism location.

The New Zealand Tourism board 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 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.¹⁹

The Greater Miami Convention and Visitors Bureau (GMCVB) conducted an analysis similar to the “Lord of the Rings” report, which estimated the promotional value of current television productions featuring Miami and concluded the promotional value to Miami of the fifteen television productions for 2011-12 was \$404,916,367. Notable projects analyzed ranged from “Burn Notice” which is seen in over 200 countries and had promotional value of \$26,518,500 for an entire season to the Telemundo novella, “Descontrol” which had a promotional value of \$8,256,672. Telemundo’s Miami-production novellas are distributed in more than 100 countries and dubbed in over 35 languages.

There has been a longstanding relationship between the film and television and tourism industries in Florida. For example, the production of Miami Vice resulted in a 150% increase in German Visitors to Miami between 1985 and 1988.²⁰ Film and television productions do not bring only production jobs and business to Florida, but also help to attract tourists to the state. To date little formal research has been carried out on the state wide effects of FIT in Florida. Therefore, in addition to research in other jurisdictions we have reviewed the available information in Florida and have assessed the level of economic contribution that it suggests. One of the most researched examples of FIT in Florida is the impact the film *Dolphin Tale* has had on visitation to the Clearwater Marine Aquarium and the

¹⁵ Oxford Economics. *The Economic Impact of the UK Film Industry*. Oxford, 2007.

¹⁶ Input representatives of the Government of Northwest Territories

¹⁷ The Impact of Film Tourism on the State of New Mexico prepared for New Mexico Tourism Department. Southwest Planning & Marketing and CRC & Associates, December 2008.

¹⁸ NZ Institute of Economic Research (Inc.), “Scoping the Lasting Effects of Lord of the Rings”, April 2002

¹⁹ Ibid.

²⁰ Hudson, Simon and J.R.Brent Ritchie. “Promoting Destinations via Film Tourism: An Empirical Identification of Supporting Marketing Initiatives

St.Petersburg/Clearwater area. In August 2012 a study was conducted by the University of South Florida St. Petersburg College of Business in collaboration with the Clearwater Marine Aquarium on the economic impact of *Dolphin Tale* on the St. Petersburg/Clearwater local economy. The study reported that 72.7% of visitors were driven to the aquarium as a result of the *Dolphin Tale* film and that the film was expected to continue to drive increased visitation. The model employed in the study projected that 800,000 visitors were expected to visit the aquarium in 2013, increasing to 2.3 million visitors in 2016. The study reported that those visitors would generate an overall economic impact to the local economy of roughly \$580 million in 2013, rising to \$1.7 billion in 2016.²¹

FLORIDA FILM INDUCED TOURISM

To obtain more information on the relationship between film and television and tourism in Florida we collected information from tourism industry leaders in the state. Survey information was collected from key informants in the tourism industry, representing various destination marketing organizations and travel groups throughout Florida.

Industry representatives interviewed believed that film and television production affects tourism in Florida in a number of ways:

- All industry representatives interviewed indicated that a proportion of visitors to Florida are drawn to the state because of images they have seen in films and television shows.
- The majority (75%) of industry representatives indicated that visitors come to Florida to actively seek out specific locations they have seen featured in a film or television show.
- Half of the industry representatives we interviewed noted that while some visitors are not drawn to the region because of film or television production, they sometimes participate in film-related tourism activities during their stay.

Industry representatives interviewed indicated that film and television production in Florida plays a role in attracting visitors. Most industry representatives interviewed believed film and television attracts in the range of 10% to 20% of visitors to Florida. On average, industry representatives believe film and television attracts 11% of visitors to Florida.

In addition to being drawn to Florida through images featured in films and television shows, some visitors to Florida participate in film and television related tourism activities once they are in the state. Tourism industry representatives indicated that up to 10% of visitors engage in film and television related tourism activities once in the state.

²¹ University of South Florida St. Petersburg College of Business in collaboration with Clearwater Marine Aquarium. *The Economic Impact of Dolphin Tale on the St. Petersburg/Clearwater Local Economy*, August 2012.

To illustrate the impact of FIT in Florida, we have estimated the economic activity that would arise assuming 5% of visitors to Florida are influenced in whole or in part by film and/or television. It is important to note that this is a conservative assumption, as it represents less than half the amount of visitors found in our interviews and we have not included any impacts arising from increased spending due to general film tourism²². Based on the assumption that 5% of Florida’s visitors in 2011 were influenced in whole or in part by film and/or television that would mean 4.37 million visitors to Florida can be attributed to FIT. The estimated direct economic activity generated by the tourism related expenditures of these visitors is presented in the following table.

Estimated Direct Economic Activity Generated in Florida in 2011 by Film Induced Visitor Related Expenditures (Assuming 5% FIT)

	Total Tourism Spending (Tourism/Recreation Taxable Sales in \$2005 Millions)	Total State Sales Tax Revenues from Tourism (\$Nominal millions)	Number of Persons Directly Employed by Tourism
Total ²³	\$58,899	\$4,000.0	1,013,000
Estimated FIT Direct Impact (5% of Visitors to Florida)	\$2,945	\$200.0	50,650

Given that current estimates of the statewide indirect and induced economic impacts of tourism in Florida are not available, we have used a study²⁴ on the economic impact of travel and tourism in Palm Beach County to illustrate the total economic impact produced by 5% of visitors to Florida in 2011. The results of this analysis are presented in the following table.

Total Economic Impacts Generated in Florida in 2011 by Film Induced Visitor Related Expenditures (Assuming 5% FIT)

Impacts	Direct	Indirect and Induced	Total
Output (\$2005 millions)	\$2,945	\$1,729	\$4,674
Gross State Product (\$2005 millions)	\$1,707	\$1,002	\$2,709
Employment (FTEs)	50,650	17,912	68,562
Labor Income (\$2005 millions)	\$1,014	\$554	\$1,568
State Taxes (Nominal \$ millions)	\$200.0	\$35.1	\$235.1
Local Taxes (Nominal \$ millions)	N/A	N/A	\$172.2

²² General film tourism refers to visitors who are not specifically drawn to a film location but who participate in film tourism activities while at a destination.

²³ Research. Visit Florida Research. <http://media.visitflorida.org/research.php> (2011 dollars adjusted to 2005 constant dollars for comparative purposes).

²⁴ Global Insight. *City Tourism Impact: The Economic Impact of Travel & Tourism in Palm Beach County, Florida*, September 2005.

SUMMARY OF IMPACTS FROM PRODUCTION SPENDING AND FIT

The estimated total impacts arising from production spending and FIT between 2011 and 2016 are shown in the following table. It is important to note that infrastructure impacts have not been included in this table. Also, it is important to note that the FIT impacts are based on the assumption that 5% of visitors are influenced in whole or in part by film and/or television²⁵.

Summary of Economic Impacts from Production Spending and FIT (2011-2016)

Impacts (2011-2016)	Production	Infrastructure	FIT (assuming 5%)	Totals (2011-2016)
Production Expenditure (\$2005 millions)	\$3,769	TBD	N/A	\$3,769
Output (\$2005 millions)	\$6,321	TBD	\$28,044	\$34,365
Gross State Product (\$2005 millions)	\$3,758	TBD	\$16,254	\$20,015
Employment (FTEs)	48,134	TBD	411,372	459,506
Labor Income (\$2005 millions)	\$1,898	TBD	\$9,408	\$11,306
State Taxes (Nominal \$ millions)	\$123.1	TBD	\$1,410.6	\$1,553.7
State and Local Taxes (Nominal \$ millions)	\$350.1	TBD	\$2,443.8	\$2,793.9

To illustrate the total economic impacts arising from production spending and FIT on an annual basis, we show in the following table our analysis for fiscal 2011/2012. As above, infrastructure impacts have not been included in the following table and FIT impacts are based on the assumption that 5% of visitors can be attributed to FIT.

Estimated Florida Economic Impacts of Production Spending and FIT (FY 2011/2012)

Florida Impacts FY 2011/2012	Production	Infrastructure	FIT (assuming 5%)	Total (FY 2011/2012)
Production Expenditure (\$2005 millions)	\$1,512	TBD	N/A	\$1,512
Output (\$2005 millions)	\$2,536	TBD	\$4,674	\$7,210
Gross State Product (\$2005 millions)	\$1,507	TBD	\$2,709	\$4,216
Employment (FTEs)	19,308	TBD	68,562	87,870
Labor Income (\$2005 millions)	\$761	TBD	\$1,568	\$2,329
State Taxes (Nominal \$ millions)	\$49.38	TBD	\$235.1	\$284.5
State and Local Taxes (Nominal \$ millions)	\$140.44	TBD	\$407.3	\$547.7

²⁵ The total FIT impacts are over the period from 2011 to 2016, and assume the number of visitors to Florida remains constant from year to year.

RETURN ON INVESTMENT (ROI) ANALYSIS

To compare the amount of tax credits earned with tax revenues generated it is important to recognize that, due to timing issues, credits are not usually claimed in the year they are earned. We have confirmed with industry representatives that, on average, there is a two and a half year time lag between the time tax credits are claimed and the time they are earned. Consequently, a comparison of tax credits earned with tax revenues generated requires discounting to reflect the present value of the tax credit.

ROI Estimates²⁶ (2011-2016)

Impacts	Totals (2011-2016)	Tax Credit (Nominal \$millions)	Present Value of Tax Credit (Nominal \$millions) ²⁷	ROI ²⁸
State Tax Revenues (Nominal \$ millions)	\$1,553.7	\$296.0	\$292.0	5.3
State and Local Tax Revenues (Nominal \$ millions)	\$2,793.9	\$296.0	\$292.0	9.6

The ROI for 2011/2012 is presented in the following table. Again, we have discounted the value of tax credits to reflect present value of the tax credit.

ROI Estimates FY 2011/2012

Impacts	Totals FY 2011/2012	Tax Credit (Nominal \$millions)	Present Value of Tax Credit (Nominal \$millions) ²⁹	ROI
State Tax Revenues (Nominal \$ millions)	\$284.5	\$118.7	\$117.1	2.4
State and Local Tax Revenues (Nominal \$ millions)	\$547.7	\$118.7	\$117.1	4.7

ECONOMIC, COMMUNITY AND SOCIAL BENEFITS

In addition to the economic impacts, the film and entertainment industry in Florida provides additional economic, community and social benefits, including:

- Opportunities for Trainees or Interns.** Various opportunities exist through which residents of Florida are able to obtain film and entertainment related training and work-experiences. Many training and education programs exist in the state to encourage youth to enter the film and entertainment industry, including programs at the University of Florida, the University of Miami, and the University of Central Florida as well as colleges and private educational institutions such as the International Academy of Design and Technology, the DAVE school, Brevard Community College and Full Sail University. Training opportunities in film and entertainment are also made

²⁶ The ROI has been calculated by dividing tax revenues generated by the present value of the tax credit.

²⁷ MNP has assumed there is a 2.5 year lag between the time tax credits are claimed and when they are earned and has used an annual rate of 0.55 percent, which corresponds to the yield rate on the Series A Florida State Department Transportation Right of Way bond that matures in 2015 (CUSIP 341150YN4) as at February 28, 2013.

²⁸ Even under the most conservative assumption where 1% of visitors to Florida can be attributed to FIT, the ROI is positive at 1.2 for state tax revenues and 2.5 for state and local tax revenues.

²⁹ MNP has assumed there is a 2.5 year lag between the time tax credits are claimed and when they are earned and has used an annual rate of 0.55 percent, which corresponds to the yield rate on the Series A Florida State Department Transportation Right of Way bond that matures in 2015 (CUSIP 341150YN4) as at February 28, 2013.

available to middle and high school students in Florida through organizations such as the Florida Film Institute (FFI) and Florida's G-Star School for the Arts for Film, Animation and Performing Arts, the largest film, digital media production, and acting high school in the US. Film and entertainment related organizations also provide local students with internship opportunities. For instance, Universal Orlando Resort hires production interns with backgrounds in film and television production, production design, architecture, media arts and entertainment technology. Through these internships, students gain exposure to the development and creative phases of various production processes.

- **Environmental Contributions.** Florida's film and entertainment industry is one of the first states to implement a green production plan. The Florida Film & Entertainment Advisory Council has formed a committee which aims to implement a green production plan comprised of two major parts. The first part of the plan outlines ideas that productions can utilize to make their offices and sets more environmentally friendly, including implementing eco-friendly set designs and construction, utilizing Florida's Green Lodging Program and purchasing local products to reduce the pollution associated with transportation of goods. The second piece of the plan outlines ways in which productions can convey messages about the importance of environmental preservation and sustainability. For instance, producers, writers and directors can show 'green' practices in scripts or games by having characters in the script exhibit environmentally conscious behaviours such as recycling, driving electric/hybrid cars or donating old items. The Council's committee will continue to improve the green production plan and encourage productions to implement it. By choosing to make environmentally-friendly decisions at every production stage, Florida's film and entertainment industry has the potential to have a considerable positive impact on the state's environment.
- **Contributions to Local Filmmakers and Organizations.** Florida's film, television and digital media industry provides scholarships and in-kind production services to filmmakers and organizations that support film education. For example, the Don Davis Film Finishing Fund provides filmmakers that need assistance in completing their film projects with financial and/or in-kind production services. Similarly, the Sara Fuller Scholarship awards three scholarships annually to organizations that support film education.
- **Community and Culture.** Benefits generated by the film and entertainment industry in Florida also include contributions to local communities and cultures across the state. Film festivals and related community events are one way in which the film and entertainment industry in Florida generates benefits for local communities. Florida hosts a number of regionally and internationally focused film festivals and related community events which typically attract local community members, filmmakers, producers, actors, industry professionals and tourists. Two major international festivals in the state, the Florida Film Festival and the Miami International Film Festivals (MIFF), showcase award-winning films and attract press from around the world. The Florida Film Festival, which highlights the best American independent and foreign films, has become one of the most respected regional film events in the US and is considered one of the "Big 15" as a win at this festival qualified a film for Academy Award consideration. Another major film festival is MIFF which draws roughly 70,000 visitors annually. In 2012, MIFF had over three billion worldwide media impressions and, as a result, offers film producers an excellent platform for exposure both during and after the festival. Digital media events also contribute to local communities and culture in Florida. Launching in the summer of 2013, the Future Arts Festival is aimed at enriching the Orlando community by celebrating the city's top digital artists and providing them with an opportunity to display their work.

2. BACKGROUND AND STUDY PURPOSE

2.1 INTRODUCTION

The Florida film and entertainment industry is a significant contributor to the state economy through the creation of jobs and the generation of income for Florida residents and Florida businesses and tax revenues. In addition, film and entertainment production in Florida contributes to the visitor industry through the exposure of Florida productions to a global market. The Florida Film and Entertainment Industry Financial Incentive Program encourages the use of the state as a location for all facets of digital, film, and television production and, in doing this, sustains and increases the Florida economic impacts generated by the industry.

In 2012 a study was conducted on the impacts of the incentive program on the Florida economy and on state government revenue collections. The study concluded that the Florida film and entertainment industry is an important contributor to the State economy. However, the scope of the analysis only included production spending and, as a result, certain sources of economic impacts were not captured by the earlier report.

In this report we build on the earlier study by assessing the sources of economic impacts not considered in the earlier analysis. Specifically, the economic impacts MNP assessed include those arising through production spending and infrastructure spending, as well as through film-induced tourism. This report also describes the economic, social and community benefits arising through the development of opportunities for trainees and interns, contributions to the environment, and contributions to industry members as well as community and cultural events.

2.2 STUDY PURPOSE

MNP LLP (MNP) was engaged to conduct an impact assessment of the Florida Film and Entertainment Industry Financial Incentive Program on the Florida economy. The purpose of the study was to augment the analysis previously conducted in 2012 by assessing the sources of economic impacts not included in the prior analysis of the Florida Film and Entertainment Industry Incentive Program. This study quantifies and describes the economic, social and community impacts that arise as a result of the program. The report was prepared independently by MNP for the Motion Picture Association of America (“MPAA”). For a description of MPAA, please refer to Appendix 2.

2.3 OUR APPROACH

In preparing this report, MNP carried out the following activities:

- Conducted research through publicly available statistics, articles and reports
- Conducted a survey and interviews with leaders in the tourism industry
- Conducted interviews with leaders in the film and entertainment community
- Applied an economic impact model using the production expenditure information and tax credit schedule used in the previous study and estimates of production spending profiles for individual project categories (motion picture, television, digital media and commercials) from other jurisdictions
- Analyzed Visit Florida tourism data and developed estimates of the impacts of film induced tourism in Florida
- Identified the economic and social benefits arising from the Florida Film and Entertainment Industry Financial Incentive Program

Detailed descriptions of the methodology are available in applicable sections of the report.

3. FLORIDA'S FILM AND ENTERTAINMENT INDUSTRY

3.1 FLORIDA'S FILM AND ENTERTAINMENT INDUSTRY

Florida has a long history of film and television production that dates back to the early 1900s when Jacksonville became a silent movie-making center known as "Tinseltown of the East".³⁰ At present, Florida is "one of the most sought destinations for motion picture and television production."³¹ Its year-round sunshine, favourable climate conditions and picturesque surroundings set the scene for the state's flourishing film and entertainment industry.

Since its early beginnings, numerous productions have been shot in Florida including many major motion pictures, including *Where the Boys Are*, *Tarzan*, *Days of Thunder*, *The Truman Show*, *Scarface*, *Caddyshack*, *Indiana Jones and the Temple of Doom*, *Armageddon*, *The Birdcage*, and *2 Fast 2 Furious*.³²

In addition to being the set for films, Florida has hosted numerous major television series including *Miami Vice*, *Flipper*, *CSI: Miami*, *Dexter*, *Miami Ink*, *Burn Notice*, *8th and Ocean*, *Kourtney & Kim Take Miami*, *The Real Housewives of Miami*, and *The Glades*.³³ In addition, Florida has hosted the production of various television episodes, commercials, telenovelas and award shows.

Florida's film and television industry is also dedicated to creating productions for the Spanish-speaking community throughout the US. With studios based in Miami, Telemundo is one of the fastest growing Spanish-language broadcast networks and produces original theatrical motion pictures, news and first-class sports. The Telemundo Network reaches 94% of Hispanic households throughout the US.³⁴ Univision, the largest Spanish-speaking television network in the world, also has a presence in Florida with its major production studios, production facilities and operations located in Doral, Florida.³⁵

In addition to Florida's traditional film and television industry, the state's interactive digital media entertainment industry is becoming increasingly important and numerous successful digital media projects and video games have been produced in the state. The state is home to numerous digital media developers and publishers, including Electronic Arts (EA) Tiburon, a major studio for the world's largest video game developer, as well as 360ed, n-SPACE and Firebrand Games. Many digital media developers and publishers occupy Florida's High Tech Corridor³⁶, a key region for the digital media and interactive entertainment industry which comprises 23 counties across the state and is connected by research universities, economic development organizations, educational institutions, workforce boards, industry groups and innovative gaming companies. Numerous animations studios such as EA Tiburon, and educational institutions such as the University of Central Florida's graduate video game design school, Florida Interactive Entertainment Academy, drive the Corridor's industry presence. It is anticipated that "shared research and technology breakthroughs in the Corridor's digital media sector will lead the way for cross-application in other industries including entertainment, education and simulation".³⁷

The following is summary of some recent, notable Florida motion pictures and television productions, digital media and games and commercials.³⁸

³⁰ Map and Guide to Florida Movies. Visit Florida. http://www.visitflorida.com/guides/pdf/FINAL_FilmBrochure.pdf

³¹ The Florida Office of Film and Entertainment. <http://www.filminflorida.com/about/default.asp>

³² Map and Guide to Florida Movies. Visit Florida. http://www.visitflorida.com/guides/pdf/FINAL_FilmBrochure.pdf

³³ Ibid

³⁴ Corporate Information. Telemundo. http://msnlatino.telemundo.com/legal_corporate_english

³⁵ Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

³⁶ Region. Florida's High Tech Corridor. <http://www.floridahightech.com/region.php>

³⁷ High Tech Industry. Florida's High Tech Corridor. <http://www.floridahightech.com/hightechindustry/digital.php>

³⁸ Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

Table 1: Motion Pictures Produced in Florida

“Dolphin Tale”	Starring Morgan Freeman, Ashley Judd, Kris Kristofferson, and Harry Connick Jr. (Placed 3 rd highest box office gross on opening weekend; 1st on second weekend; \$73 million box office to date; \$24 million in DVD sales.)
“Rock of Ages”	Starring Tom Cruise, Alec Baldwin, Paul Giamatti, and Catherine Zeta-Jones
“Magic Mike”	Starring Matthew McConaughey, Channing Tatum and Alex Pettyfer. (Total box office to date \$114 million)
“Step Up Revolution”	Starring Alyson Stoner, Adam G. Sevani and Stephen Boss the next instalment in the worldwide smash “Step Up” franchise.
“Springbreakers”	Starring James Franco, Selena Gomez and Vanessa Hudgens. (Premiered recently at the Toronto Film Festival. Wide theatrical release date 2013)
“Parker”	Starring Jason Statham, Jennifer Lopez, and Nick Nolte. (In theaters October 2012)
“Pain and Gain”	Starring Mark Wahlberg, Dwayne Johnson and Ed Harris. (Release date: April 2013)

Table 2: Television Production Filmed in Florida

“Burn Notice”	Starring Jeffrey Donovan, Gabrielle Anwar, and Bruce Campbell
“The Glades”	Starring Matt Passmore, Kiele Sanchez, and Carlos Gomez (The series premiere was the most watched original drama in A&E history)
“Magic City”	Starring Jeffery Dean Morgan, Danny Huston, Kelly Lynch and Olga Kurylenko
“Caso Cerrado”	Emmy-nominated, court show. Ranked #1 Spanish language program at 4pm across key demographics
“Grachi”	Children’s show on Nickelodeon Latin America
“La Casa de al Lado”	The premiere was one of the top five telenovela premieres for Telemundo and averages over 2 million viewers per episode.
“Billboard Latin Music Awards 2012”	

Table 3: Digital Media and Games

Madden NFL 2013	NCAA Football 2013
Tiger Woods PGA Tour 2013	Super Suite Algebra
Super Suite Chemistry	Augmented Reality Simulation for Medical Students

Table 4: Commercials

Gatorade	Diet Pepsi
Volkswagen	Toyota
Acura	Office Depot

Although Florida’s film and entertainment production activity occurs state-wide, activity has been typically concentrated in Central and Southeast Florida:

- **Orlando.** Metro Orlando’s³⁹ state-of-the-art soundstages, unique locations and diverse landscapes have made it a leading destination for film, television and commercial production in the United States.⁴⁰ The region is home to Universal Studios, Disney’s Hollywood Studios and various entertainment schools and businesses. Universal Studios Florida has been the site of widespread production activity including feature films, television programs, commercials, music, corporate and industrial videos since its opening in 1988.⁴¹
- **Miami.** Miami has developed into a major film and entertainment production area within Florida. Popular productions such as *CSI: Miami*, *Burn Notice*, *Magic City*, and *Dexter* are all shot in Miami. Miami has also become a popular area for Spanish-speaking film and television productions, with both Telemundo and Univision having a presence in the Miami area.
- **Tampa.** Tampa Bay Film Commission is responsible for bringing production activities, including feature and independent films, commercials, still shoots, music videos and documentaries to the area. It is a “one-stop-shop for permitting; location, crew, and production services; assistance with hotel and other accommodations; familiarization tours; and location scouting services.”⁴² The area has enjoyed steady film-making success in the past few years. Recent movies filmed in the area include *Magic Mike*, *Spring Breakers* and *Sunlight Jr.*

³⁹ The Metro Orlando region covers Orange, Seminole, Lake and Osceola counties and the City of Orlando, extending over 4,012 square miles

⁴⁰ Filming in Orlando. Metro Orlando Film Commission. <http://www.filmorlando.com/Filming-in-Orlando/>

⁴¹ About Us. Universal Studios Florida Production Group. <http://studio.florida.universalstudios.com/aboutus.php>

⁴² Tampa Bay Film Commission. Tampa Bay & Company. <http://www.visittampabay.com/film-commission/>

3.2 THE ROLE OF FILM AND TELEVISION TAX CREDITS

The American film and television production industry has typically been associated with cities such as Los Angeles and New York but spurred by the widespread availability of production tax credits, a significant percentage of production has shifted to other states and countries.

In the 1990s, Canada began offering subsidies to the film and television production industry, enabling Canada to attract a significant number of productions and contributing to the phenomenon known as “Runaway Productions”⁴³. It is estimated that Canadian film and television rebates attracted over \$4.1 billion in production spending between 1998 and 2001.⁴⁴ In an effort to mitigate the loss of productions, individual American States started to take measures to amend their tax policy views and began providing tax based incentive programs. In 2002, only a few were offering film and television tax incentives but by 2009, over 40 states were offering incentives.⁴⁵

Film and television production remains a highly competitive market with production incentives being offered around the world in efforts to attract production. The film and television production industry is highly mobile and, because of this, the industry can move to locations where production might be cheaper.

3.2.1. FLORIDA’S FILM AND ENTERTAINMENT INDUSTRY FINANCIAL INCENTIVE PROGRAM

In Florida the Film and Entertainment Industry Financial Incentive Program exists to encourage the use of the state as a location for filming and digital production as well as to expand and sustain the workforce and infrastructure for film, digital media and entertainment production.⁴⁶ The program, which is administered by the Florida Office of Film and Entertainment (OFE) within the Department of Economic Opportunity (DEO), was introduced on July 1, 2010 and sunsets on June 30, 2016. In 2010, the legislature allocated \$242 million in tax credits at the outset, with a further \$12 million allocated by the 2011 legislature. Effective March 2012, the legislature allocated an additional \$42 million in tax credits to the program.⁴⁷ The statute now provides a total of \$296 million of film and entertainment tax credits for certified film and entertainment industry productions making qualified expenditures.⁴⁸ The program offers a 20-30% transferable tax credit as follows⁴⁹:

⁴³ Refers to film and television productions going overseas to cheaper locales

⁴⁴ Center for Entertainment Industry Data and Research

⁴⁵ Tax Foundation

⁴⁶ The Florida Entertainment Industry Financial Incentive Program: Overview & Highlights. The Florida Office of Film and Entertainment. http://www.filminflorida.com/ifi/PDFS/FY%2012-13%20Program%20Overview%20&%20Highlights_.pdf

⁴⁷ Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

⁴⁸ Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

⁴⁹ The Florida Entertainment Industry Financial Incentive Program: Overview & Highlights. The Florida Office of Film and Entertainment. http://www.filminflorida.com/ifi/PDFS/FY%2012-13%20Program%20Overview%20&%20Highlights_.pdf

Table 4: Florida Film and Entertainment Industry Production Incentive Overview

Project Type	20% Base Award	5% Off-Season Bonus	5% Family Friendly Bonus	5% Under-utilized Region Bonus*	5% Qualified Production Facility Bonus*	5% Qualified Digital Media Facility Bonus*
Theatrical Motion Pictures	X	X	X	X	X	
Direct-to-Video Motion Picture	X	X	X	X	X	
Visual Effects/Digital Animation Sequences produced in conjunction with a motion picture	X			X		X
Documentary Films	X			X	X	
Industrial or Educational Films	X			X	X	
Television Production	X	X		X	X	
Made for TV Motion Pictures	X			X	X	
Television Pilots	X	X		X	X	
Television Series	X	X		X	X	
Digital Media Projects	X			X		X
Video Games	X		X	X		X
Commercials	X			X	X	
Infomercials	X			X	X	
Music Videos	X			X	X	
Interactive Website	X			X		X

* General Production Queue Only

As part of the program, there are three separate queues based on the project type and/or budget, as indicated in the table below⁵⁰.

Table 5: Florida Film and Entertainment Industry Production Incentive Production Queues

General Production Queue	<ul style="list-style-type: none"> Eligible productions include films, television (high-impact television series may be ineligible if program cap has been exceeded), documentaries, digital media projects, commercials and music videos Minimum spend: \$625,000 Maximum incentive award: \$8,000,000
Commercial and Music Video Queue	<ul style="list-style-type: none"> Minimum spend: \$100,000 per commercial or music video After a production company produces national or regional commercials, music videos, or both and reaches the threshold of \$500,000 within the fiscal year it is eligible to apply (can bundle projects)

⁵⁰ The Florida Entertainment Industry Financial Incentive Program: Overview & Highlights. The Florida Office of Film and Entertainment. [http://www.filminflorida.com/ifi/PDFS/FY%2012-13%20Program%20Overview%20&%20Highlights .pdf](http://www.filminflorida.com/ifi/PDFS/FY%2012-13%20Program%20Overview%20&%20Highlights.pdf)

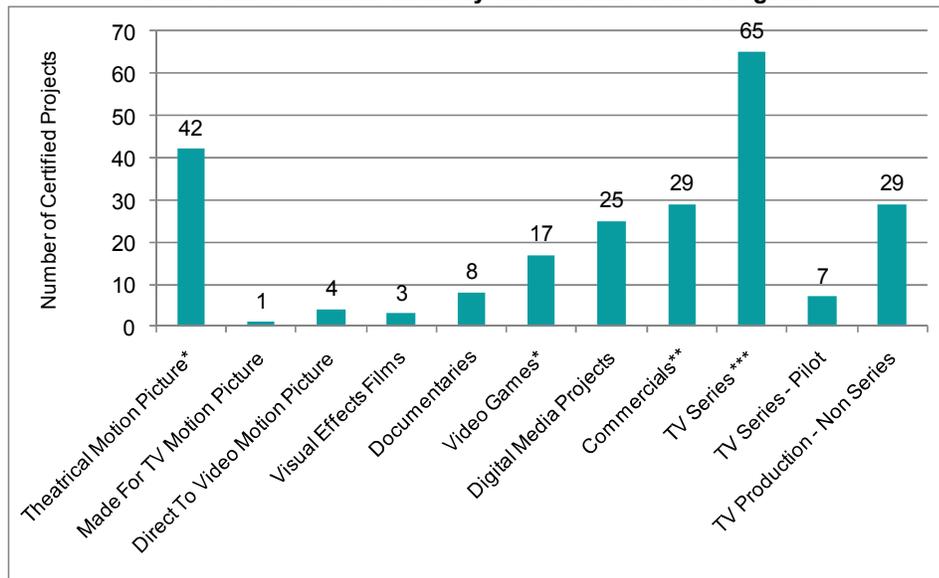
Independent & Emerging Media Production Queue	<ul style="list-style-type: none"> • Maximum incentive award: \$500,000 per fiscal year • Eligible productions include films, television, documentaries, and digital media projects • Minimum spend: \$100,000 • Maximum spend: \$625,000 • Maximum incentive award: \$125,000
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Qualified production expenditures include those associated with pre-production, production and post-production but exclude costs for development, marketing and distribution. Additional requirements for companies claiming the tax credit include⁵¹:

- At least 60% of production cast and below-the-line production crew must be legal Florida residents on all qualified/certified projects (except for digital media projects); and
- At least 75% of positions must be legal Florida residents on digital media projects.

Since the program’s establishment, the OFE has processed 481 applications, of which 230 of those productions have qualified for tax credits.⁵² Of the productions certified to date, 25.2% are motion pictures (i.e. theatrical motion picture, made for TV motion picture, direct to video motion picture, visual effects films, and documentaries), 18.2% are digital media productions (i.e. video games and digital media projects), 43.9% are television productions (i.e. TV series, TV series pilots, telenovelas, and award shows), and 12.6% are commercials.

Figure 1: Number of Certified Projects under the Florida Film & Entertainment Industry Financial Incentive Program



Source: Office of Film and Entertainment: Fiscal Year 2011/2012 Film and Entertainment Industry Financial Incentive Performance Report

*23 Family Friendly Productions (9 Theatrical MP; 14 Video Games)

**29 Bundled Commercial Applications (83 Individual Commercials)

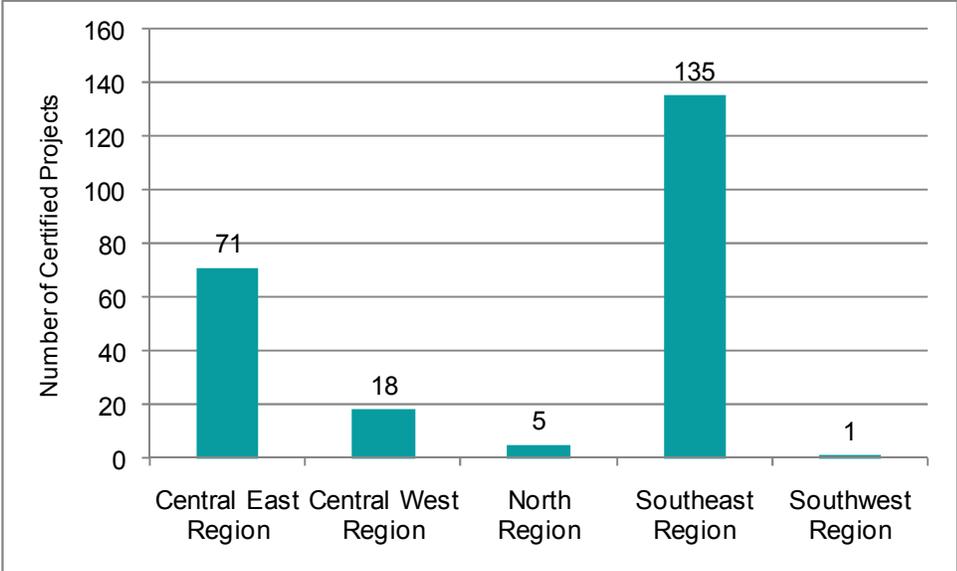
***5 High Impact TV Series (One Season = One Project)

⁵¹ The Florida Entertainment Industry Financial Incentive Program: Overview & Highlights. The Florida Office of Film and Entertainment. http://www.filminflorida.com/ifi/PDFS/FY%2012-13%20Program%20Overview%20&%20Highlights_.pdf

⁵² Florida Department of Economic Opportunity. Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report

The majority (90%) of certified projects are being produced in Florida’s southeast and central east regions, as indicated in the following chart.

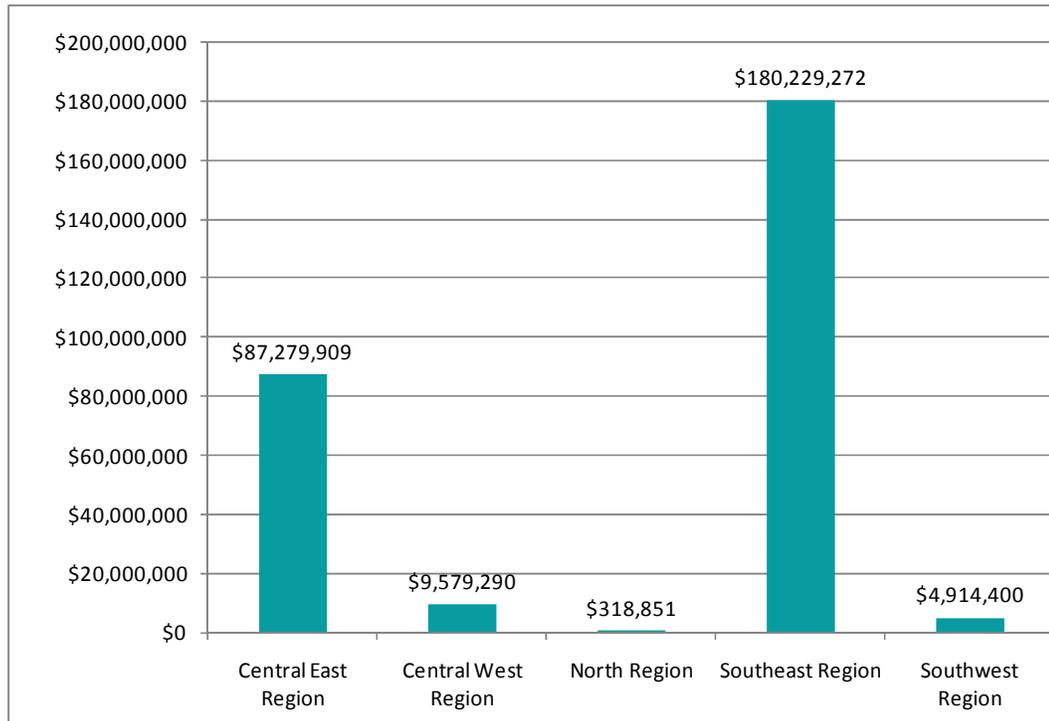
Figure 2: Distribution of Certified Projects by Region



Source: Office of Film and Entertainment: Fiscal Year 2011/2012 Film and Entertainment Industry Financial Incentive Performance Report

The value of certified tax credit awards by region is shown in the following chart. As indicated, more than three-fifths (64%) of the tax credits have been awarded to productions in the Southeast region. The Central East region has been awarded 31% of the tax credits while the remaining regions have been awarded five percent of the tax credits.

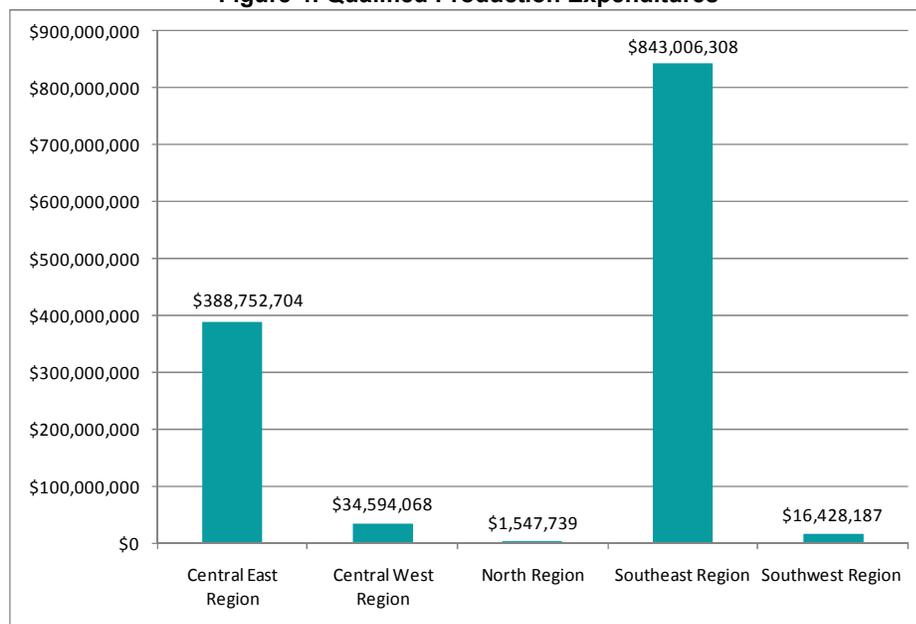
Figure 3: Value of Certified Tax Credits Awarded by Region



Source: Office of Film and Entertainment: Fiscal Year 2011/2012 Film and Entertainment Industry Financial Incentive Performance Report

To date, certified projects are projected to generate close to \$1.3 billion in qualified expenditures, with the majority of expenditures occurring in the Southeast and Central East regions.

Figure 4: Qualified Production Expenditures



Source: Office of Film and Entertainment: Fiscal Year 2011/2012 Film and Entertainment Industry Financial Incentive Performance Report

4. ECONOMIC IMPACT ANALYSIS

4.1 ECONOMIC IMPACT ANALYSIS METHODOLOGY

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

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

- **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 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.
- **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 dividend tax, social insurance tax, sales tax, property tax, motor vehicle license fees, corporate income tax, severance tax, fishing and hunting licenses and other 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.

4.2 MNP’S ECONOMIC IMPACT ANALYSIS

MNP’s analysis of the Florida Film and Entertainment Industry Incentive Program is meant to build on the previous economic impact modelling work performed in 2012. In this section we examine the economic impacts of production and infrastructure spending. Economic impacts of FIT are described later in 5.4.2.

4.2.1. ECONOMIC IMPACTS OF FILM AND ENTERTAINMENT PRODUCTION SPENDING

To estimate the economic impact on Florida from the film and entertainment production spending arising as a result of the incentive program, we have used the IMPLAN economic impact model. As the study aims to expand on the previous economic analysis conducted in 2012, we have based our analysis on the production expenditures schedule used in that study. Details of the modelling methodology and assumptions are contained in Appendix 3.

MNP has estimated the economic impacts arising from the \$3.7 billion in qualified and associated non-qualified production spending in Florida that result from the \$296 million in funding beginning in 2011. Presented in the table below are estimates based on the mid-point between the IMPLAN model estimates and the estimates of the REMI Tax-PI that was used in the earlier study⁵³.

Table 6: Midpoint of IMPLAN and REMI TAX-PI Estimated Florida Economic Impacts of Production Spending

Florida Impacts (2011-2016)	IMPLAN Estimates	REMI Tax-PI Estimates	Midpoint
Production Expenditure ⁵⁴ (\$2005 millions)	\$3,769	\$3,769	\$3,769
Output (\$2005 millions)	\$6,235	\$6,389	\$6,321
Gross State Product (\$2005 millions)	\$3,631	\$3,885	\$3,758
Employment (FTEs)	53,466	42,803	48,134
Labor Income (\$2005 millions)	\$1,984	\$1,812	\$1,898
State and Local Taxes (Nominal \$ millions)	\$350.1	Not Reported	\$350.1

To illustrate the economic impacts of production spending on an annual basis, we have examined the incentive program’s performance in fiscal 2011/2012. In that year \$118.7 million in tax credits were awarded and certified⁵⁵. MNP has estimated the economic impacts arising from the qualified and non-qualified production spending in Florida that results from the \$118.7 million in tax credits awarded and certified in 2011/2012.⁵⁶

⁵³ To ensure comparability we have followed the reporting metrics used in the earlier report. As a result, tax revenues are reported in nominal dollars and all other measures in \$2005 constant dollars.

⁵⁴ Estimated production expenditures were provided in the 2012 study and were used as the basis for IMPLAN economic impact modelling. Please see Appendix 3 for more details.

⁵⁵ Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

⁵⁶ We have assumed the economic impacts are proportional to spending.

Table 7: Estimated Florida Economic Impacts of Production Spending in FY 2011/2012

Florida Impacts FY 2011/2012	Production Impacts
Production Expenditure (\$2005 millions)	\$1,512
Output (\$2005 millions)	\$2,536
Gross State Product (\$2005 millions)	\$1,507
Employment (FTEs)	19,308
Labor Income (\$2005 millions)	\$761
State and Local Taxes (Nominal \$ millions)	\$140.44

4.2.2. ECONOMIC IMPACTS OF INFRASTRUCTURE SPENDING

Film and entertainment production that has been encouraged through the Florida Film and Entertainment Industry Incentive Program has helped spur infrastructure investments in the state that can generate substantial economic impacts. It is commonplace for the industry to invest in repurposing under used or vacant facilities for film production. While Florida does not provide infrastructure tax credits it has been successful in developing local infrastructure as a result of the growth in the film and entertainment industry. Examples of infrastructure investments that have been made include:

- The series *Magic City* leases the former Bertram Yacht facility for its production and has converted the space into sound stages and production offices. The producers of the series spent \$8 million in four months to convert a vacant facility into a fictional hotel where the majority of the series is shot.⁵⁷
- The television series *Burn Notice* is filmed in the Coconut Grove Convention Center, a facility that was once scheduled for demolition but that has been purposed as a production facility.⁵⁸
- An industrial warehouse space at Pembroke Park has been converted into a studio for the television series *The Glades*.⁵⁹
- The Golf Channel has acquired 30,000 square feet in an office park to convert to digital media space for increased interactive website production in Orange County.⁶⁰
- Telemundo Studios acquired and renovated 175,000 square feet of industrial space in Hialeah to create five soundstages and office space to accommodate increased Novela production activity in South Florida.⁶¹
- Universal Studios Group has invested in soundstage and production office upgrades as a result of film production and post-production demand in Orange County.⁶²
- Electronic Arts is adding a 15,000 square foot expansion to its Maitland digital media campus and, in partnership with the University of Central Florida’s Florida Interactive Entertainment

⁵⁷ Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

⁵⁸ Ibid

⁵⁹ Ibid

⁶⁰ Information provided by The Golf Channel

⁶¹ Information provided by Telemundo Communications Group

⁶² Information provided by Universal Studios Florida Production Group

Academy, has established the EA Sports Innovation Lab for students to develop skills in emerging technologies in digital media production.⁶³

4.3 ECONOMIC BENEFITS

4.3.1. CREATION OF OPPORTUNITIES FOR TRAINEES OR INTERNS

Various opportunities exist through which residents of Florida are able to obtain film and entertainment related training and work-experiences. These opportunities arise through educational programs offered in the state and the film and entertainment industry itself.

Florida offers numerous training and educational programs to encourage youth to enter the film and entertainment industry. The following table highlights some of the educational institutions in Florida that offer certificate and degree programs in film and entertainment-related disciplines.

Table 8: Florida Educational Institutions with Film and Entertainment Related Disciplines

Institution	Program
Art Institute of Fort Lauderdale	Various Media Arts programs: <ul style="list-style-type: none"> • Bachelor of Science; Associate of Science; Diploma
Florida Interactive Entertainment Academy at the University of Central Florida	<ul style="list-style-type: none"> • Master’s degrees in interactive entertainment with specialization in game design, art, programming or production.
Brevard Community College	<ul style="list-style-type: none"> • Associate of Science in Digital Television/Digital Media Production • Certificates in Digital Video Fundamentals and Production; Television Studio Production
Florida State College	<ul style="list-style-type: none"> • Technical Certificate in Digital Media/Multimedia Video Production
Florida State University, College of Motion Picture Arts	<ul style="list-style-type: none"> • Bachelor of Fine Arts in Animation and Digital Arts • Bachelor of Fine Arts in Production • Minor in Film Studies • Masters of Fine Arts in Production • Masters of Fine Arts in Writing • Torchlight Program (non-degree granting)
Full Sail University	<ul style="list-style-type: none"> • Master of Science: Entertainment Business; Game Design • Bachelor of Fine Arts: Creative Writing for Entertainment • Bachelor of Science: Entertainment Business; Film; Game Art; Game Development
Hillsborough Community College	<ul style="list-style-type: none"> • Associate in Science/Associate in Applied Science in Digital Media/Multimedia Technology; Digital Television and Media Production • Various Certificates: <ul style="list-style-type: none"> ○ Broadcast Productions ○ Digital Media/Multimedia Game Authoring ○ Digital Media/Multimedia Production

⁶³ “New EA Sports, UCF Partnership to Provide Students a Pathway for Jobs”, Orlando Business Journal, 22 June 2012.

Institution	Program
	<ul style="list-style-type: none"> ○ Digital Video Production ○ Television Production ○ Video Editing and Post-Production
Barry University	<ul style="list-style-type: none"> ● Bachelor of Arts in Broadcast Communication; Communication Studies ● Masters of Arts in Communication ● Film Studies Minor (Non-degree program)
Eckerd College	<ul style="list-style-type: none"> ● Communications courses
Flagler College	<ul style="list-style-type: none"> ● Media Production ● Cinema and Media Studies
Florida Atlantic University	<ul style="list-style-type: none"> ● Bachelor of Arts in Multimedia Studies ● Master of Fine Arts in Media, Technology & Entertainment
International Academy of Design and Technology	<ul style="list-style-type: none"> ● Associate’s Degree in Film, Video & Animation Post Production ● Bachelor’s Degree in Cinema Production; Digital Media Production; Film, Video & Animation Post Production; Game Design & Production
University of Florida	<ul style="list-style-type: none"> ● MA in Digital Arts & Sciences ● BA in Digital Arts & Sciences
University of Miami	<ul style="list-style-type: none"> ● Master’s of Fine Arts in Motion Pictures ● B.S. Electronic Media ● B.S. Broadcast Journalism ● B.S. Media Management ● M.A. Broadcast Journalism ● B.S. Visual Journalism ● M.A. Multimedia Journalism

There are a variety of opportunities for youth to gain exposure to the film and entertainment industry prior to having to decide on a career. One such opportunity is provided by the Florida Film Institute (FFI) which was created in 1992 to offer students an encouraging hands-on environment in Media Arts. Since its establishment, FFI has mentored over 5,600 middle and high school students from Miami-Dade and Broward Counties. Through this mentorship students are taught the art, business and science of filmmaking in order to develop the confidence and experience that will aid them in making career choices.⁶⁴

Florida’s G-Star School of the Arts for Film, Animation and Performing Arts is the largest film, digital media production, and acting high school in the US. It is also the world’s only high school containing a commercial motion picture studio, which at over 110,000 square feet is the largest motion picture studio in the state. The school also boasts the largest motion picture sound stage in Florida. More than 50 feature films have been produced there, as well as numerous commercials (such as NIKE, NFL and Abercrombie & Fitch) and music videos and rehearsals (by Celine Dion, Rod Stewart, Stevie Nicks and Radiohead).⁶⁵

⁶⁴ About Us. Florida Film Institute, Inc. http://www.ffilminstitute.org/about_us.html

⁶⁵ Who We Are. G-Star School of the Arts. <http://www.gstarschool.org/newsite/about.html>

The school also differentiates itself by offering⁶⁶:

- International Baccalaureate Diploma Programme courses
 - It is the only IB Programme in the world emphasizing film and theatre
- Digital Imaging Career Path Program in Special Visual Effects, 3-D Animation, and Gaming
 - The program was designed by Florida State University's Film School and, with G-Star's film department, the eight-time Academy Award winning special effects company Digital Domain
- Dual enrollment with Florida Atlantic University, Palm Beach State College, and Lynn University
- Training in writing, directing, producing, editing and all aspects of film and digital media production in front of and behind the camera

As a result of its accomplishments, the school was named "The Number One High School for Film in the World" in London, England by the Raindance Film Festival, the largest independent film festival in Europe. Graduating students have been awarded scholarships to top film and acting programs and academic honors programs at universities such as University of California, Los Angeles, University of Southern California, New York University, Boston University, Syracuse University, Florida State University, University of Florida, and University of Miami, amongst numerous others.⁶⁷

The film and entertainment industry in Florida also provides local students with internship opportunities. For example, Universal Orlando Resort hires production interns with backgrounds in film and television production, production design, architecture, media arts and entertainment technology. Through its internships, students are exposed to the development and creative phases of a variety of production processes.⁶⁸

⁶⁶ Ibid

⁶⁷ Who We Are. G-Star School of the Arts. <http://www.gstarschool.org/newsite/about.html>

⁶⁸ Internships. Intern March. <http://www.internmatch.com/internships/universal-orlando-resort/internship--56?i=1&location=87337&page=-1&s=-1>

Florida Integrative Entertainment Academy

The Florida Interactive Entertainment Academy (FIEA), a University of Central Florida campus in Orlando, instructs students in video-game design and implementation, offering an industry-based video game career education. FIEA provides exposure to industry-based curriculum in a state-of-the-art facility which simulates production environments of successful gaming studios.

In 16 months, students can earn a Master's of Interactive Entertainment degree. Upon graduation, students are provided with opportunities for internships and job interviews with game and media companies nationwide. There are three tracks to choose from:

- Art – tools to become a video game artist (including modeling, shading, rigging, lighting, texturing and motion capture editing)
- Programming – tools to write game engines, port games to the XBOX development platform and deal with current video game industry issues (i.e. memory management)
- Production – tools to develop game ideas, manage developer teams, and address issues such as marketing, distribution and low team morale

While students have to choose from one of three tracks students often develop skills in more than one area.

In December 2011, FIEA's 7th class graduated. As of that time, the following applied:

- 249 graduated students from 83 undergraduate schools, with an average GRE score of 1105 and an average undergrad GPA of 3.31
- 68% of the graduates are from Florida, and 32% are from out of state or international
- 111 companies have hired the school's graduates
- 14 of FIEA's student games have won awards

Source: Florida Interactive Entertainment Activity. <http://www.fiea.ucf.edu/>

DAVE School

The DAVE School is a Digital Animation and Visual Effects School based in Orlando, Florida. It offers a complete program including four three-month terms in the following areas:

- Digital Modeling and Texturing;
- Fundamentals of Computer Animation;
- Film Magic – The Art of Visual Effects; and
- Stereoscopic 3D Production.

Courses focus on the major disciplines within the computer graphics industry and exercises are based on actual work assignments and procedures used in the industry, offering extensive hands-on practice under trained supervision.

The DAVE School's program is designed to equip students with multifaceted skills in the industry. Its diversity enables students to pursue a wide range of jobs in industry – from film and television effects to game art. Program instructors are specialists in their respective fields. Jeff Scheetz, the founder and director of the DAVE School, was employed as an Animator and Visual Effects Supervisor at one of Hollywood's top visual effects organizations prior to opening this school.

The DAVE School's current placement rating for 2010/2011 is 68% and it is not uncommon for DAVE school graduates to be hired before program completion. DAVE School graduates have worked on popular films and television shows such as Avatar, The Expendables, and Lost.

Source: Dave School. <http://www.daveschool.com/>

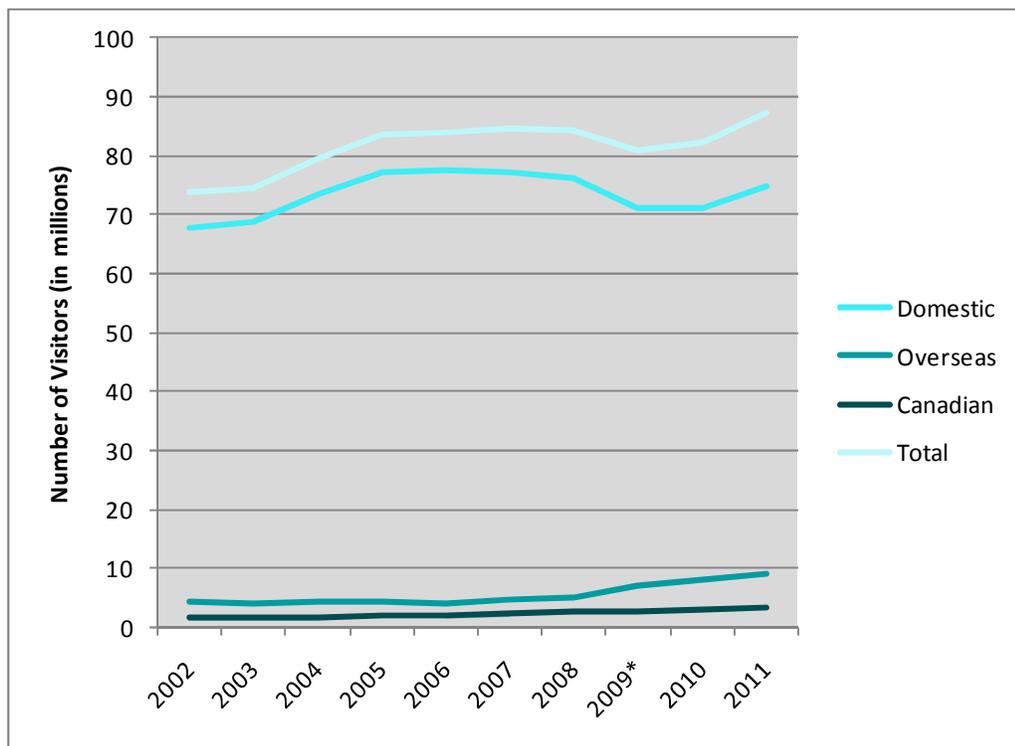
5. FLORIDA’S TOURISM INDUSTRY

5.1 FLORIDA’S TOURISM INDUSTRY

The tourism industry in Florida is one of the state’s key economic sectors. The state’s wide variety of attractions and activities, combined with its attractive climate, has placed Florida as one of the top vacation destinations for domestic and international visitors attracting millions of people each year.⁶⁹

The total number of visitors to Florida has fluctuated over the past decade, with total visitor volume increasing steadily since 2009, as indicated in the following chart. In 2011, there were approximately 87.3 million visitors to Florida, the majority of which comprised domestic visitors (74.7 million). About 3.3 million visitors arrived from Canada while 9.3 million arrived from international locations. In 2011, the top origin states (by percentage of total domestic visitors) were Georgia (10.6%), New York (8.9%) and Texas (5.7%). Top international markets (by number of visitors) in 2011 were Canada (3.3 million), Brazil (1.5 million) and the United Kingdom (1.3 million).⁷⁰

Figure 5: Visitors to Florida (millions) by Year



*In 2009, Visit Florida changed its visitor estimation methodology; therefore, estimates made prior to that year are not directly comparable.

Source: VISIT FLORIDA Research. <http://media.visitflorida.org/research.php>

The tourism industry in Florida has a significant impact on the State’s economy. Visitor related expenditures generate tax revenues and create jobs throughout the Florida economy. The following table

⁶⁹ Center for Competitive Florida – Florida Tax Watch. *Investing in Tourism: Analyzing the Economic Impact of Expanding Florida Tourism*

⁷⁰ Research. Visit Florida. <http://media.visitflorida.org/research.php>

demonstrates the historic direct economic impacts generated by Florida’s tourism industry from 2006 to 2011.

Table 9: Economic Impacts Generated by Visitor-Related Expenditures (2006 to 2011)

Year	Total Tourism Spending (Tourism/Recreation Taxable Sales) (billions)	Total State Sales Tax Revenues from Tourism (billions)	Number of Persons Directly Employed by Tourism Industry
2006	\$65.0	\$3.9	964,700
2007	\$65.5	\$3.9	991,300
2008	\$65.2	\$3.9	1,007,000
2009	\$60.9	\$3.7	973,800
2010	\$62.7	\$3.8	974,700
2011	\$67.2	\$4.0	1,013,100

Source: VISIT FLORIDA Research. <http://media.visitflorida.org/research.php>

5.2 LINK BETWEEN FILM AND TOURISM IN FLORIDA

Florida has been the backdrop for many well-known films and television shows that have been produced in the state over the years. Film and television productions such as CSI Miami, Miami Vice and Dolphin tale have made Florida well known for the beautiful settings and the various activities the state has to offer.

The following table highlights some of the films and television shows that have been filmed in Florida⁷¹.

Table 10: Films and Television Shows Produced in Florida

Film / Television Series	Year	Location
Where the Boys Are	1960	Fort Lauderdale
Flipper	1964-68	Miami
Caddyshack	1980	Boca Raton, For Lauderdale, Davie
Scarface	1983	Miami Beach
Miami Vice	1984-89	Miami
Edward Scissorhands	1990	Lutz, Lakeland
Days of Thunder	1990	Daytona International Speedway, Daytona Beach
My Girl	1991	Bartow, Orlando
Ace Ventura: Pet Detective	1993	Orange Bowl, Miami
True Lies	1994	The Keys and Key West
The Birdcage	1995	Miami Beach
Speed 2	1997	Key West, Miami
The Truman Show	1998	Seaside, Panama City
Waterboy	1998	Orlando, Palm Beach
Apollo 13	1998	Kennedy Space Center
Armageddon	1998	Kennedy Space Center
Any Given Sunday	1999	Miami
Ocean’s Eleven	2001	St. Petersburg

⁷¹ Filming in Orlando. Metro Orlando Film Commission. <http://www.filmorlando.com/Filming-in-Orlando/>

Film / Television Series	Year	Location
CSI: Miami	2002-Present	Miami
Dexter	2006-Present	Miami
The Glades	2010-Present	South Florida
Burn Notice	2007-Present	Miami

Production studios in Florida have for a long time recognized the linkage between film and television production and tourism in the state and consequently have provided visitors with the opportunity to revisit their favourite films and television shows while visiting the sets and partaking in the various associated amusement activities.⁷²

For example, Universal Studios Florida is a film and television production facility that provides its visitors with an array of activities and amenities, including movie set tours and attractions, shows that take visitors behind the scenes of the movie-making process, movie-related rides, dining and shopping.⁷³ The theme park hosted more than 5.9 million guests in 2010 and is ranked the eighth-most visited them park in the North America.⁷⁴

Universal Studios Florida continuously updates its attractions as movies move in and out of popularity with the public.⁷⁵ For instance, in June 2010 the theme park introduced the *Wizarding World of Harry Potter*, an attraction reported to have increased attendance at Universal’s two parks in Orlando by more than 1.7 million visitors in 2010.⁷⁶ As a result of its success in driving tourism, a second Harry Potter-themed attraction is scheduled to open in the near future.⁷⁷

5.3 ABOUT FILM INDUCED TOURISM

Film induced tourism (FIT) is the phenomenon of films and television programs encouraging viewers to visit the country or region where filming occurred.⁷⁸ 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. Films are especially likely to reach much larger audiences than specifically targeted tourism promotion.⁷⁹ The following table provides a summary of different forms and characteristics of FIT.

⁷² Alderman, Derek H., Stefanie Benjamin, and Paige P. Schneider, 2012. “Transforming Mount Airy into Mayberry: Film-Induced Tourism as Place-Making.” *Southeastern Geographer* 52(2): 212-239.

⁷³ Universal Studios Florida: The Experience. Universal Orlando. <http://www.universalorlando.com/Theme-Parks/Universal-Studios-Florida.aspx>

⁷⁴ AECOM. 2010 Theme Index – Global Attractions Attendance Report. <http://www.aecom.com/deployedfiles/Internet/Capabilities/Economics/ documents/2010%20Theme%20Index.pdf>

⁷⁵ History of Universal Orland. OrlandoVacation.com. <http://www.orlandovacation.com/universal-studios/articles/universal-theme-park-history/>

⁷⁶ AECOM. 2010 Theme Index – Global Attractions Attendance Report. <http://www.aecom.com/deployedfiles/Internet/Capabilities/Economics/ documents/2010%20Theme%20Index.pdf>

⁷⁷ Center for Competitive Florida – Florida Tax Watch. *Investing in Tourism: Analyzing the Economic Impact of Expanding Florida Tourism*

⁷⁸ Oxford Economics. *The Economic Impact of the UK Film Industry*. Oxford, 2007.

⁷⁹ Croy, Glen W. Monash University. *The Lord of the Rings, New Zealand, and Tourism: Image Building with Film*. March 2004.

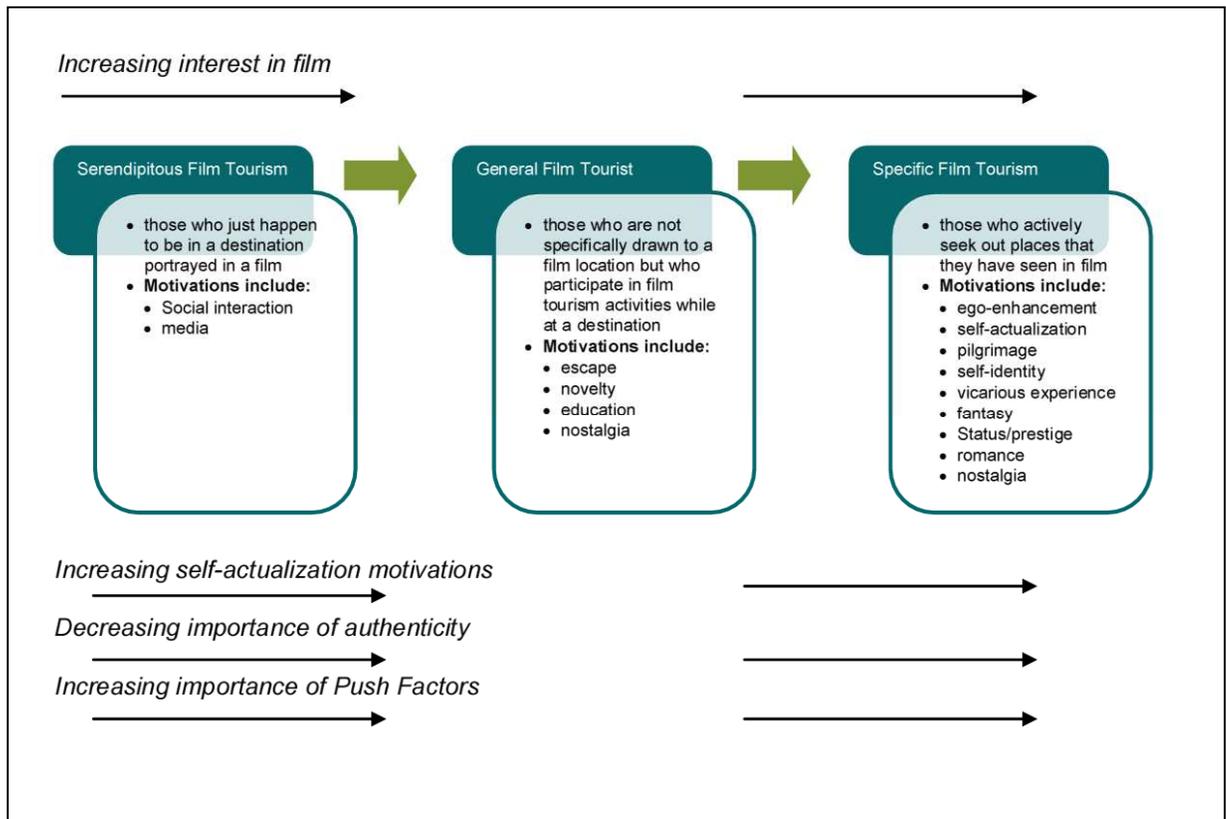
Table 11: Forms and Characteristics of FIT

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: serendipitous film tourist, general film tourist, and specific film tourist. Serendipitous film tourists are described as “those who just happen to be in a destination portrayed in a film,” general film tourists are “those who are not specifically drawn to a film location but who participate in film tourism activities while at a destination,” and specific film tourists are “those who actively seek out places that they have seen in film.”⁸⁰ The following table defines these categories of tourists and their motivations for travel.

⁸⁰ Understanding the Film-Induced Tourist by Niki Macionis, 2004, p. 86



Source: Macionis, 2004, p. 95

There have been few rigorous studies quantifying 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”.⁸¹

In the US, a more recent study in New Mexico surveyed visitors to gather information that was used to estimate the quantitative benefits of FIT. The study suggested that film tourism in New Mexico resulted in increased visitation and longer trips amongst visitors. More specifically, the study found that film tourism in New Mexico results in between a 1.4% and 6.3% increase in the number of trips taken and between a 1.2% and 12.4% increase in the average trip length. This was estimated to result in between \$132 million and \$950 million in visitor spending, between 1,450 and 10,400 in employment creation, and between \$8.4 million and \$60.3 million in state taxes generated.⁸²

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 an important vehicle for promoting specific destinations. Images seen in films and television shows are memorable, long-lasting and are more likely to reach broader audiences than focused tourism marketing.⁸³ Like ongoing or

⁸¹ Oxford Economics. *The Economic Impact of the UK Film Industry*. Oxford, 2007.

⁸² The Impact of Film Tourism on the State of New Mexico prepared for New Mexico Tourism Department. Southwest Planning & Marketing and CRC & Associates, December 2008.

⁸³ NZ Institute of Economic Research (Inc.), “Scoping the Lasting Effects of Lord of the Rings”, April 2002

refreshed tourism marketing campaigns, however, there is evidence that ongoing and new film and television productions help to reinforce the location as a desirable tourism location.

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 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.⁸⁴ More specific details on the analysis conducted by the New Zealand Tourism Board are provided in Appendix 5.

At the same time there have been an increasing number of case studies that have been used to suggest the degree to which FIT can affect communities and jurisdictions. The following table⁸⁵ summarizes some relevant case studies.

Table 12: 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 ⁸⁶
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

⁸⁴ Ibid

⁸⁵ Hudson, Simon and J.R.Brent Ritchie. “Promoting Destinations via Film Tourism: An Empirical Identification of Supporting Marketing Initiatives

⁸⁶ Tourism Gets a Da Vinci Boost. BBC.

http://news.bbc.co.uk/2/hi/uk_news/scotland/edinburgh_and_east/6054850.stm

Film/TV Series	Location	Impact
The Beach	Thailand	22% increase – youth market 2000
Saving Private Ryan	Normandy, France	40% increase – American tourists
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

The Hunger Games, which opened with a box office record of \$152.5 million in March 2012, is expected to have a significant impact on tourism in North Carolina, the state in which the entire movie was filmed. Just weeks after the film’s release, fans of *The Hunger Games* were already appearing in North Carolina, seeking out places that were featured in the film. For instance, two archery ranges located in the state have reported as much as a 75% increase in traffic since the buzz around the movie started.⁸⁷

Capitalizing on the impact on tourism in the state, the North Carolina Division of Tourism has designed a four-day self guided tour for fans. Also, a company called Hunger Games Fan Tours offers day and weekend trips that take visitors to film locations and have actors re-enact scenes from the film. Guests are also served food described in the story and have the chance to learn survival skills like those featured in the film.⁸⁸

Survey instruments are an increasingly popular and effective way at measuring the impact of FIT. As an example, in 2012 the Government of Northwest Territories added two questions relating the influence of specific Northwest Territories-based television series on tourism in its Trip Diary Survey. Preliminary results show 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.⁸⁹

⁸⁷ Chinese, Vera. “The Hunger Games’ Fans Filling up Lanes at Queens Archery Ranges”. NY Daily News.com, 30 March 2012.

⁸⁸ “Hunger Games Fans Flocking to North Carolina, Tourism Industry to Cash-in” The Australian, 29 March 2012

⁸⁹ Private communication with representatives of the Government of Northwest Territories

5.4 FILM INDUCED TOURISM IN FLORIDA

There has been a longstanding relationship between the film and television and tourism industries in Florida. Film and television productions do not bring only production jobs and business to Florida, but also help to attract tourists to the state. To date little formal research has been carried out on the state wide effects of FIT in Florida. While a well-designed and executed ongoing visitor survey may be the most effective method for determining the level of FIT, such a program is not currently in place. Consequently, in this section we review the available information regarding FIT in Florida and assess the level of economic contribution that it suggests. In particular, we examined existing evidence of FIT in Florida and information obtained through interviews and surveys of tourism industry representatives.

5.4.1. EXISTING EVIDENCE OF FIT IN FLORIDA

In conducting secondary research we identified some studies and anecdotal examples that exist to highlight the linkages between film and television and tourism in Florida and to demonstrate the impacts of FIT in specific regions of the state, as indicated in the following table.

Table 13: Evidence of FIT in Florida

Film/TV Series	Location	Linkage to Tourism
Miami Vice ⁹⁰	South Beach	<ul style="list-style-type: none"> According to the president of the Florida Hotel and Motel Association, the TV show has helped boost South Florida's image with potential tourists According to Pedro Mandoki, "Some people thought the show would be detrimental to the area. It has actually portrayed a good image. Maybe they are chasing somebody, but you see Miami Beach and how beautiful it is."
The Truman Show ⁹¹	Seaside beach cottage community in Seagrave Beach	<ul style="list-style-type: none"> Reel-Scout, a leading film-office business platform, recognized the Truman Show as one of the top 10 films made in the US to feature iconic movie locations. The film has played a role in attracting more tourists and visitors to its pristine beaches and town While visiting the town, visitors can see the yellow-peach-and-white "Truman House" on Natchez Street, where Jim Carrey filmed scenes in the movie
Dostana ⁹²	Miami	<ul style="list-style-type: none"> The first Bollywood movie to be shot entirely in South Florida is expected to have an impact on tourism through the "Bollywood effect" (i.e. Indian movies set on location have been credited with spikes in vacationers from one of the world fastest growing economies) The Greater Miami Tourism Bureau sponsored the Mumbai screening of the film to travel agents, tour operators and travel writers Indian travel agents offer "Dostana" travel packages to Miami, supporting the belief that the film will lead to increased tourism to South Florida from the sub-continent
Follow That Dream	Inglis	<ul style="list-style-type: none"> The parkway in Inglis was named after the film which was shot in the town in 1961 The parkway brings many tourists to the area and they stand

⁹⁰ Miami Vice Aids Tourism. SunSentinel. http://articles.sun-sentinel.com/1985-09-07/business/8502060854_1_hotel-industry-pedro-mandoki-tourism

⁹¹ Iconic Movie Locations: 10 US Film Locations We Can't Forget. Reelscout, <http://www.reel-scout.com/blog/post/438/iconic-movie-locations-10-us-film-locations-we-cant-forget>

⁹² Florida's New Tourist Draw: Bollywood. Tampa Bay Times, <http://www.tampabay.com/incoming/article921446.ece>

Film/TV Series	Location	Linkage to Tourism
Caddyshack ⁹³	St. Augustine	<ul style="list-style-type: none"> • underneath the sign to have their pictures taken • As visitors journey down the parkway, they are able to see the same sights as Elvis Presley did during the film • The Murray brothers who were involved in the writing and production of the comedy Caddyshack operate The Murray Bros. Caddy Shack Restaurant in St. Augustine • The restaurant is full of memorabilia from the film and tourists can purchase Caddyshack paraphernalia
My Girl ⁹⁴	Bartow, Florida	<ul style="list-style-type: none"> • The Stanford Inn, a bed and breakfast, was extensively featured as the Sultenfuss' residence in the 1991 film, "My Girl", starring Dan Aykroyd, Jamie Lee Curis, Anna Chlumsky and Macaulay Culkin. • The filming location is prominently promoted to film or movie enthusiasts through the Stanford Inn's website

Perhaps one of the most researched films in terms of FIT in Florida is *Dolphin Tale*. The film was produced by Warner Bros./Alcon Entertainment and stars Morgan Freeman, Ashley Judd, Harry Connick Jr., Kris Kristofferson, Nathan Gamble and "Winter" the dolphin. Based on true events, the film tells the story of a baby dolphin that gets caught in a crab trap line and is rescued and transported to the Clearwater Marine Aquarium. At the aquarium Winter goes through an extensive recovery process following the loss of her tail. Today Winter resides at the aquarium in Clearwater and represents a symbol of audacity and determination to millions of people around the world.⁹⁵

The film has had a major impact on visitation to the aquarium and the St. Petersburg/Clearwater area. In August 2012 a study was conducted by the University of South Florida St. Petersburg College of Business in collaboration with the Clearwater Marine Aquarium on the economic impact of *Dolphin Tale* on the St. Petersburg/Clearwater local economy. The study reports that 72.7% of visitors are driven to the aquarium as a result of the *Dolphin Tale* film and that the film is expected to continue to drive increased visitation. The model employed in the study projects that 800,000 visitors are expected to visit the aquarium in 2013, increasing to 2.3 million visitors in 2016. The study reports that these visitors will generate an overall economic impact to the local economy of roughly \$580 million in 2013, rising to \$1.7 billion in 2016.⁹⁶

Research has also been undertaken in Florida regarding the exposure value associated with specific productions. For example, the Greater Miami Convention and Visitors Bureau (GMCVB) conducted an analysis similar to the "Lord of the Rings" report, which estimated the promotional value of current television productions featuring Miami and concluded the promotional value to Miami of the fifteen television productions for 2011-12 was \$404,916,367. Notable projects analyzed ranged from "Burn Notice" which is seen in over 200 countries and had promotional value of \$26,518,500 for an entire season to the Telemundo novella, "Descontrol" which had a promotional value of \$8,256,672. Telemundo's Miami-production novellas are distributed in more than 100 countries and dubbed in over 35 languages.

⁹³ Murray Bros Caddyshack. <http://www.murraybroscaddyshack.com>

⁹⁴ The Stanford Inn. <http://www.thestanfordinn.com>

⁹⁵ The Clearwater Marine Aquarium. www.seewinter.com

⁹⁶ University of South Florida St. Petersburg College of Business in collaboration with Clearwater Marine Aquarium. *The Economic Impact of Dolphin Tale on the St. Petersburg/Clearwater Local Economy*, August 2012.

5.4.2. INTERVIEWS OF TOURISM INDUSTRY REPRESENTATIVES

To obtain more information on the relationship between film and television and tourism in Florida we collected information from tourism industry leaders in the state. Survey information was collected from key informants⁹⁷ in the tourism industry, representing various destination marketing organizations and travel groups throughout Florida.

Industry representatives interviewed believed that film and television production affects tourism in Florida in a number of ways:

- All industry representatives interviewed indicated that a proportion of visitors to Florida are drawn to the state because of images they have seen in films and television shows.
- The majority (75%) of industry representatives indicated that visitors come to Florida to actively seek out specific locations they have seen featured in a film or television show.
- Half of the industry representatives we interviewed noted that while some visitors are not drawn to the region because of film or television production, they sometimes participate in film-related tourism activities during their stay. Some of the activities mentioned by industry representatives include studio tours, film festivals and attractions such as Universal Studios.

Industry representatives interviewed indicated that film and television production in Florida plays a role in attracting visitors. Most industry representatives interviewed believed film and television attracts up to 10% to 20% of visitors to Florida. On average, industry representatives believe film and television attracts 11% of visitors to Florida.

To illustrate the impact of FIT in Florida, we have estimated the economic activity that would arise assuming 5% of visitors to Florida are influenced in whole or in part by film and/or television. It is important to note that this is a conservative assumption, as it represents less than half the amount of visitors found in our interviews and we have not included any impacts arising from increased spending due to general film tourism⁹⁸. Based on the assumption that 5% of Florida’s visitors in 2011 were influenced in whole or in part by film and/or television that would mean 4.37 million visitors to Florida can be attributed to FIT. The estimated direct economic activity generated by the tourism related expenditures of these visitors is presented in the following table.

Table 14: Estimated Direct Economic Activity Generated in Florida in 2011 by Film Induced Visitor Related Expenditures (Assuming 5% FIT)

	Total Tourism Spending (Tourism/Recreation Taxable Sales in \$2005 Millions)	Total State Sales Tax Revenues from Tourism (\$Nominal millions)	Number of Persons Directly Employed by Tourism
Total ⁹⁹	\$58,899	\$4,000.0	1,013,000
Estimated FIT Direct Impact (5% of Visitors to Florida)	\$2,945	\$200.0	50,650

⁹⁷ Interviews and surveys were conducted with 12 representatives of destination marketing organizations and travel groups

⁹⁸ General film tourism refers to visitors who are not specifically drawn to a film location but who participate in film tourism activities while at a destination.

⁹⁹ Research. Visit Florida Research. <http://media.visitflorida.org/research.php> (2011 dollars adjusted to 2005 constant dollars for comparative purposes).

Given that current estimates of the statewide indirect and induced economic impacts of tourism in Florida are not available, we have used a study¹⁰⁰ on the economic impact of travel and tourism in Palm Beach County to illustrate the total economic impact produced by 5% of visitors to Florida in 2011. The results of this analysis are presented in the following table.

Table 15: Total Economic Impacts Generated in Florida in 2011 by Film Induced Visitor Related Expenditures (Assuming 5% FIT)

Impacts	Direct	Indirect and Induced	Total
Output (\$2005 millions)	\$2,945	\$1,729	\$4,674
Gross State Product (\$2005 millions)	\$1,707	\$1,002	\$2,709
Employment (FTEs)	50,650	17,912	68,562
Labor Income (\$2005 millions)	\$1,014	\$554	\$1,568
State Taxes (Nominal \$ millions)	\$200.0	\$35.1	\$235.1
Local Taxes (Nominal \$ millions)	N/A	N/A	\$172.2

In addition to being drawn to Florida through images featured in films and television shows, some visitors to Florida participate in film and television related tourism activities once they are in the state. Tourism industry representatives indicated that up to 10% of visitors engage in film and television related tourism activities once in the state. Some activities cited by representatives include visiting Clearwater Marine Aquarium where *Dolphin Tale* was filmed, visiting the Kennedy Space Center which was a shooting location for *Transformers* and taking an Adlib Tour, which is a Jacksonville top-to-bottom tour that shows visitors Jacksonville’s film history.

Some comments provided by industry representatives interviewed regarding the linkage between film and television production and tourism in Florida include:

- *“The film and television industry is one of the biggest industries bringing in tourism.”*
- *“The film and entertainment industry has put Florida on the map.”*
- *“I wish we had attractions that showed off our film history. Our rich history doesn’t have an outlet for visitors at this time.”*
- *“In Panama City Beach they are currently filming East Side Story which will portray the region as a fun family destination and put Panama City Beach on the map for desirable vacation spots.”*
- *“Film and television productions play a significant role in attracting Miami’s large international visitor group – images seen in films and television shows are how international visitors come to know the city.”*

¹⁰⁰ Global Insight. *City Tourism Impact: The Economic Impact of Travel & Tourism in Palm Beach County, Florida*, September 2005.

6. COMMUNITY AND SOCIAL BENEFITS

6.1 INTRODUCTION

Benefits arising from the activities of the film and entertainment industry in Florida also include contributions to social development. Social contributions may have far reaching impacts on individuals and communities. Included in this are contributions (financial or otherwise) to industry members and impacts on the local community, the environment and culture.

6.2 CONTRIBUTIONS TO THE ENVIRONMENT

By choosing to make environmentally-friendly decisions at every production stage, Florida's film and entertainment industry has the potential to have a considerable positive impact on the state's environment.

The Florida Film & Entertainment Advisory Council, comprised of 17 members appointed by the Governor, the President of the Senate, and the Speaker of the House of Representatives, serves as an advisory body to the DEO and to the Florida OFE. It provides industry insight and expertise related to Florida's entertainment industry's development, marketing, promotion, and service provision.¹⁰¹ One of the Council's aims is to facilitate and reinforce state-wide eco-friendly behaviour.¹⁰² The Council has formed a committee which aims to implement a 'green production plan'. The plan is comprised of the following two parts and planned initiatives:¹⁰³

Part 1 of the green production plan outlines ideas that productions can utilize to make their offices and sets more 'green'. Suggested initiatives include:

- **Recycling and supporting proper waste disposal.** For example, productions can purchase products with recycled content or donate all unwanted items to shelters, nonprofits, schools, and other organizations.
- **Utilizing Florida's Green Lodging Program.** This program encourages talent and crew to stay in environmentally conscious hotels and motels (i.e. "green lodges").
- **Purchasing with the environment in mind.** For example, using locally produced products and materials to reduce the pollution associated with transporting the items.
- **Implementing eco-friendly set designs and construction.** For example, reusing and recycling sets and donating unwanted supplies to local organizations.
- **Implementing eco-friendly transportation modes.** For example, encouraging carpooling and the use of public transportation.

Phase 2 outlines ways in which productions can convey messages about the importance of environmental preservation and sustainability. For instance, producers, writers and directors can show 'green' practices in scripts or games by having characters in the script exhibit environmentally conscious behaviours such as recycling, driving electric/hybrid cars or donating old items. These demonstrated activities can have an effect on the audience.

¹⁰¹ About Us: Film & Entertainment Advisory Council. The Florida Office of Film & Entertainment. <http://www.filminflorida.com/about/feac.asp>

¹⁰² Florida Film & Entertainment Advisory Council. 3rd Quarter Meeting Minutes. September 7, 2007
HYATT REGENCY RIVERFRONT HOTEL. JACKSONVILLE, FL
<http://www.filminflorida.com/.../minutes/3rdQtrFFEACMeetings9-7-07.doc>

¹⁰³ About Us: Film & Entertainment Advisory Council. The Florida Office of Film & Entertainment. <http://www.filminflorida.com/about/feac.asp>

The Council's committee will keep improving this plan and encourage productions to implement it. Florida is currently one of the first states to implement a green production plan.

6.3 CONTRIBUTIONS TO LOCAL FILMMAKERS AND ORGANIZATIONS

Florida's film, television and digital media industry provides scholarships and in-kind production services to filmmakers and organizations that support film education. Two of such contributions are outlined below.

Don Davis Film Finishing Fund¹⁰⁴

The Don Davis Film Finishing Fund aims to:

- Promote the creation of jobs in the film & entertainment production industries; and
- Promote economic development and tourism for the State of Florida.

The Fund provides filmmakers that need help to complete their film projects with financial and/or in-kind production service support on an annual basis. Projects submitted for consideration encompass a broad range of subject matter, including short and long formats in all genres (i.e. documentary, dramatic, educational, narrative, animated and experimental). Proposed projects are judged by a committee of industry professionals.

The sponsors of in-kind grants are continuously developing. In the Fund's inception year, it was awarded a donation of \$10,000 from the Universal Studios Florida Production Group and its parent company, NBC Universal. The number of grants varies annually and cash awards range from \$1,500 to \$5,000. In-kind awards are currently being established and will include post-production services.

Sara Fuller Scholarship¹⁰⁵

In honour of a pioneer in Florida's production Industry, Sara Fuller, this Scholarship was created by Film Florida, Inc. to recognize organizations that support film education and encouraging excellence in the field of motion picture education.

Three scholarships are awarded annually in the amount of \$500.00 by Film Florida, Inc. to organizations that support film education. It is expected that awarded organizations will then award the scholarship to a student of their choice.

¹⁰⁴ Don Davis Film Finishing Fund. Film Florida. http://www.filmflorida.org/about/dondavis_fund.aspx

¹⁰⁵ The Sara Fuller Scholarship. Film Florida. <http://www.filmflorida.org/about/scholarships.aspx>

6.4 COMMUNITY AND CULTURE

Benefits generated by the Florida film and entertainment industry also include contributions to local communities and culture across the state. Film festivals and related community events are one way in which the industry in Florida generates benefits for local communities. Florida hosts a number of film festivals and related community events such as the Florida Film Festival and a number of smaller and regionally focused festivals, including (but not limited to):

- Tallahassee Film Festival
- Daytona Beach Film Festival
- Orlando Film Festival
- Orlando Latin-American Film Festival
- Central Florida Film Festival
- Amelia Island Film Festival
- Jacksonville Film Festival
- Melbourne Independent Filmmakers Festival
- Canes Film Festival
- Clearwater Film Festival
- Sarasota Film Festival
- Sunscreen Film Festival
- Peace River Film Festival
- Motion Film Festival
- Independent's Film Festival
- Gasparilla Film Festival
- Fort Myers Film Festival
- Women's International Film Festival
- Miami Short Film Festival

In addition to these smaller and more regionally focused festivals, Florida hosts a number of international film festivals that showcase award-winning films and draw filmmakers, actors, industry professionals and press from around the globe. One such festival is the Florida Film Festival which highlights the best American independent and foreign films. The event has become one of the most valued regional film events in the US and is considered one of the "Big 15" as a win at this festival qualifies a film for Academy Award consideration.¹⁰⁶

Another major festival is the Miami International Film Festival (MIFF) which draws roughly 70,000 visitors annually.¹⁰⁷ MIFF, which is now in its 29th year, is designed to build cultural understanding and promote artistic development and brilliance by provoking thought through film.¹⁰⁸ In 2012, MIFF had more than three billion worldwide media impressions and, as a result, offers film producers an excellent platform for exposure both during and after the festival.¹⁰⁹

Other international film festivals hosted in Florida include the Fort Lauderdale International Film Festival (FLIFF), the Palm Beach International Film Festival (PBIFF), and the DocMiami International Film Festival.

Digital media events also contribute to local communities and culture in Florida. Launching in the summer of 2013, the Future Arts Festival is aimed at enriching the Orlando community by celebrating the city's top digital artists and providing them with an opportunity to display their work.¹¹⁰ The festival aims to attract Orlando's top media companies that specialize in cutting-edge art and entertainment to highlight the community's rising influence in the world of digital media. Exhibits at the festival will range from printed digital art, 3D animations, digital video effects, websites, mobile applications, video games, simulators, and costumes.

¹⁰⁶ Orlando Life. Orlando Home & Leisure. <http://www.ohlmag.com/topics/features/cant-miss-list>

¹⁰⁷ Miami International Film Festival's Latin Love. Miami New Times. <http://www.miaminewtimes.com/2012-03-01/film/miami-international-film-festival-s-latin-love>

¹⁰⁸ Mission and History. Miami International Film Festival. <http://www.miamifilmfestival.com/about/default.aspx>

¹⁰⁹ Miami International Film Festival. University Film & Video Association. <http://www.ufva.org/news/miami-international-film-festival>

¹¹⁰ About. The Future Arts Festival. <http://futureartsfestival.com/about/>

Film and entertainment festivals are cultural events which typically attract local community members, filmmakers, producers, actors, artists, industry professionals and tourists. Community events and festivals contribute to the quality of life and strengthen communities across Florida by building awareness of diverse cultures and identities, providing opportunities for volunteerism and networking, and by providing a source of community pride.

7. SUMMARY

The Florida film and entertainment industry is a significant contributor to the state economy through the creation of jobs and the generation of income for Florida residents and Florida businesses and tax revenues. The estimated total impacts arising from production spending and FIT between 2011 and 2016 are shown in the following table. It is important to note that infrastructure impacts have not been included in this table. Also, it is important to note that the FIT impacts are based on the assumption that 5% of visitors are influenced in whole or in part by film and/or television¹¹¹.

Table 16: Summary of Economic Impacts from Production Spending and FIT (2011-2016)

Impacts (2011-2016)	Production	Infrastructure	FIT (assuming 5%)	Totals (2011-2016)
Production Expenditure (\$2005 millions)	\$3,769	TBD	N/A	\$3,769
Output (\$2005 millions)	\$6,321	TBD	\$28,044	\$34,365
Gross State Product (\$2005 millions)	\$3,758	TBD	\$16,254	\$20,015
Employment (FTEs)	48,134	TBD	411,372	459,506
Labor Income (\$2005 millions)	\$1,898	TBD	\$9,408	\$11,306
State Taxes (Nominal \$ millions)	\$123.1	TBD	\$1,410.6	\$1,553.7
State and Local Taxes (Nominal \$ millions)	\$350.1	TBD	\$2,443.8	\$2,793.9

To illustrate the total economic impacts arising from production spending and FIT on an annual basis, we show in the following table our analysis for fiscal 2011/2012. As above, infrastructure impacts have not been included in the following table and FIT impacts are based on the assumption that 5% of visitors can be attributed to FIT.

Table 17: Estimated Florida Economic Impacts of Production Spending and FIT (FY 2011/2012)

Florida Impacts FY 2011/2012	Production	Infrastructure	FIT (assuming 5%)	Total (FY 2011/2012)
Production Expenditure (\$2005 millions)	\$1,512	TBD	N/A	\$1,512
Output (\$2005 millions)	\$2,536	TBD	\$4,674	\$7,210
Gross State Product (\$2005 millions)	\$1,507	TBD	\$2,709	\$4,216
Employment (FTEs)	19,308	TBD	68,562	87,870
Labor Income (\$2005 millions)	\$761	TBD	\$1,568	\$2,329
State Taxes (Nominal \$ millions)	\$49.38	TBD	\$235.1	\$284.5
State and Local Taxes (Nominal \$ millions)	\$140.44	TBD	\$407.3	\$547.7

¹¹¹ The total FIT impacts are over the period from 2011 to 2016, and assume the number of visitors to Florida remains constant from year to year.

To compare the amount of tax credits earned with tax revenues generated it is important to recognize that, due to timing issues, credits are not usually claimed in the year they are earned. We have confirmed with industry representatives that, on average, there is a two and a half year time lag between the time tax credits are claimed and the time they are earned. Consequently, a comparison of tax credits earned with tax revenues generated requires discounting to reflect the present value of the tax credit.

Table 18: ROI Estimates¹¹² (2011-2016)

Impacts	Totals (2011-2016)	Tax Credit (Nominal \$millions)	Present Value of Tax Credit (Nominal \$millions) ¹¹³	ROI ¹¹⁴
State Tax Revenues (Nominal \$ millions)	\$1,553.7	\$296.0	\$292.0	5.3
State and Local Tax Revenues (Nominal \$ millions)	\$2,793.9	\$296.0	\$292.0	9.6

The ROI for 2011/2012 is presented in the following table. Again, we have discounted the value of tax credits to reflect present value of the tax credit.

Table 19: ROI Estimates FY 2011/2012

Impacts	Totals FY 2011/2012	Tax Credit (Nominal \$millions)	Present Value of Tax Credit (Nominal \$millions) ¹¹⁵	ROI
State Tax Revenues (Nominal \$ millions)	\$284.5	\$118.7	\$117.1	2.4
State and Local Tax Revenues (Nominal \$ millions)	\$547.7	\$118.7	\$117.1	4.7

¹¹² The ROI has been calculated by dividing tax revenues generated by the present value of the tax credit.

¹¹³ MNP has assumed there is a 2.5 year lag between the time tax credits are claimed and when they are earned and has used an annual rate of 0.55 percent, which corresponds to the yield rate on the Series A Florida State Department Transportation Right of Way bond that matures in 2015 (CUSIP 341150YN4) as at February 28, 2013.

¹¹⁴ Even under the most conservative assumption where 1% of visitors to Florida can be attributed to FIT, the ROI is positive at 1.2 for state tax revenues and 2.5 for state and local tax revenues.

¹¹⁵ MNP has assumed there is a 2.5 year lag between the time tax credits are claimed and when they are earned and has used an annual rate of 0.55 percent, which corresponds to the yield rate on the Series A Florida State Department Transportation Right of Way bond that matures in 2015 (CUSIP 341150YN4) as at February 28, 2013.

8. LEGAL MATTERS

This report is not to be published in whole or in part without the prior written consent of MNP LLP ("MNP"). 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 advice.

We have relied upon the completeness, accuracy and fair presentation of all information and data obtained from 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.

The reader must understand that our analysis is based upon projections, 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, we express no assurance as to whether projections underlying the economic and financial analysis 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.

APPENDIX 1- ABOUT MNP

MNP is the fastest growing chartered accountancy and business advisory firm in Canada. Founded in 1945, MNP has grown from a single office in Manitoba to more than 70 offices and nearly 3,000 team members. MNP is a member of Praxity, a global alliance of leading business advisory firms.

MNP's Economics and Research practice is one of the largest of its kind, and its team members have a long and established track record in conducting economic impact and industry studies, including studies involving the film and television production industry.

Examples of similar studies conducted by MNP include economic impact studies for film and television industries in jurisdictions across North America. In addition, MNP has a long track record in carrying out economic and statistical studies within the North American tourism, travel and major event sectors.

APPENDIX 2 - ABOUT THE MPAA

The Motion Picture Association of America, Inc. (MPAA) serves as the voice and advocate of the American motion picture, home video and television industries. Its members include: Walt Disney Studios Motion Pictures; Paramount Pictures Corporation; Sony Pictures Entertainment Inc.; Twentieth Century Fox Film Corporation; Universal City Studios LLC; and Warner Bros. Entertainment Inc.

APPENDIX 3- ECONOMIC IMPACT METHODOLOGY

Economic Impacts of Production Spending

The economic impact of film, television and digital media production stimulated by the State of Florida’s tax credit incentive program was estimated using the 2011 IMPLAN input-output model, which was the latest available model. The IMPLAN model is the most 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 Florida economy of expenditures related to motion picture, television, digital media and commercial production. Each production will have an amount of direct expenditure, such as equipment rentals, which will in turn stimulate so-called indirect impacts across the supply chain of the equipment rental industry. These expenditures will also create new jobs as firms add labor to meet rising demand, which in turn will raise incomes and stimulate what are known as induced impacts as higher incomes flow through to consumption. 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.

This study aims to expand on a 2012 study that estimated the economic impacts of the incentive program on the Florida economy and on state government revenue collections. Therefore we have based the analysis on the production expenditures (qualified and non-qualified) used in the earlier study as shown below. It is our understanding that in the previous study qualified expenditures were used to estimate non-qualified expenditures associated with projects certified under the incentive program.

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Total
Adjusted Qualified and Non-Qualified Expenditures (Fixed 2005 \$millions)	\$353.1	\$870.6	\$1,074.2	\$811.9	\$478.7	\$180.9	\$3,769.4

Because only aggregated production expenditure data was provided in the earlier study, and because a breakdown of production spending for each of the project categories (i.e. motion picture, television, digital media and commercials) was not available in Florida, MNP applied industry average distributions of spending based on film and entertainment spending data. The distribution of spending is based on data that we have reviewed from other states and Canadian provinces, data from specific film productions, and discussions with industry representatives. The data are generally consistent across jurisdictions. Aggregate expenditures were broken down into the various project categories based on data provided in the *2011/2012 Film and Entertainment Industry Financial Incentive Performance Report* and subsequently broken down into individual spend categories using the industry average spending schedules for individual project categories, as shown below. Once disaggregated, industry production expenditures were mapped to appropriate IMPLAN industry codes.

Spending Breakdown	IMPLAN Code	2007 NAICS Code	Feature Films	Television	Documentary	Commercials	Infomercials	Other Digital Media
Accounting, Legal, and Management Fees, Payroll	368	5412	1.5%	3.0%	3.8%	3.3%	0.0%	5.0%
Band, Bond, Insurance and Film Finances	358	5242	8.3%	1.8%	0.9%	0.1%	0.0%	4.3%
Crew	346	5121	2.6%	8.1%	20.5%	32.2%	7.5%	14.5%
Cars, Picture Cars & Van and Truck Rentals	362	5321	3.6%	1.0%	0.8%	6.6%	0.0%	0.0%
Carting, Cleaning, Sanitation, Environmental	390	562	0.9%	2.3%	0.0%	0.0%	0.0%	0.3%
Construction Contractors, Plumbing and HVAC	36	23	1.6%	3.5%	0.0%	0.0%	0.0%	0.2%
Costume/Wardrobe, Dry Cleaning & Laundry, Hair & Beauty Supplies	421	8123	0.1%	0.2%	0.1%	0.8%	0.0%	0.0%
Equipment, Electronics and Expendables	322	443	8.3%	6.5%	7.2%	17.4%	2.7%	2.5%
Food and Beverage	324	445	5.8%	2.7%	3.3%	6.4%	4.3%	0.8%
Gas/Service Station	326	447	3.7%	1.4%	0.7%	1.8%	0.0%	0.0%
Hotel/Lodging	411	72111-2	23.9%	11.4%	0.2%	6.4%	0.0%	0.2%
Limo, Air Service, and Travel	336	485	0.5%	2.4%	0.7%	1.4%	0.0%	0.9%
Locations	360	531	18.2%	5.1%	4.6%	9.0%	0.3%	0.3%
Locksmith	388	5617	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Lumber & Building Supplies	323	444	0.3%	0.6%	0.2%	0.0%	0.0%	0.0%
Municipal / State (Permits, Fees, Police and Fire)	N/A	N/A	3.1%	1.1%	0.3%	0.0%	0.0%	0.1%
Florist, Nurseries and Landscaping	330	453	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%
Office Supplies, Furniture & Equipment	330	453	1.7%	2.2%	2.5%	2.4%	0.0%	4.7%
Office Space	360	531	2.7%	1.1%	1.0%	0.0%	0.0%	24.4%
Production Services	346	5121	3.0%	20.3%	48.8%	3.7%	80.8%	17.8%
Security	387	5616	1.4%	2.7%	0.2%	0.0%	0.0%	0.0%
Set Dress & Props	321	442	0.9%	0.5%	1.6%	2.5%	0.0%	0.5%
Shipping & Courier	339	492	0.8%	2.0%	0.3%	0.2%	0.0%	0.7%
Storage & Moving	340	493	0.6%	2.0%	0.0%	0.0%	0.0%	0.0%
Studio/Stage	346	5121	3.5%	4.6%	0.0%	5.6%	4.5%	0.1%

Spending Breakdown	IMPLAN Code	2007 NAICS Code	Feature Films	Television	Documentary	Commercials	Infomercials	Other Digital Media
Tent Rental, Fencing & Party Supplies	363	53221-2, 53229, 5323	0.4%	0.1%	0.0%	0.0%	0.0%	0.1%
Utilities: Energy & Other	31	2211	0.4%	5.5%	0.4%	0.0%	0.0%	0.9%
Utilities: Communications	351	517	1.4%	7.4%	1.9%	0.3%	0.0%	5.3%
Medical / Safety	394	6211-3	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%
Pet & Childcare	399	6244	0.0%	0.0%	0.0%	0.0%	0.0%	16.6%
Advertising, Promotion, Marketing & Media	377	5418	0.1%	0.3%	0.1%	0.0%	0.0%	0.0%
Total	N/A	N/A	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

MNP’s estimates generated using the approach outlined above are presented in the following table. It is important to note that since employment estimates generated by IMPLAN include both full-time and part-time employees, MNP adjusted employment impacts to reflect full-time equivalent employment using adjustment factors published by MIG Inc, the producers of IMPLAN.

Florida Impacts (2011-2016)	IMPLAN Estimates
Production Expenditure (\$2005 millions)	\$3,769
Output (\$2005 millions)	\$6,235
Gross State Product (\$2005 millions)	\$3,631
Employment (FTEs)	53,466
Labor Income (\$2005 millions)	\$1,984
State Taxes (Nominal \$ millions)	\$131.0
State and Local Taxes (Nominal \$ millions)	\$350.1

MNP compared the estimates produced using the IMPLAN model with the estimates produced with the REMI Tax-PI model that was used in the earlier study. The major difference in the results was the estimation of local tax revenues, which were not reported in the previous study.

Florida Impacts (2011-2016)	IMPLAN Estimates	REMI Tax-PI Estimates	Midpoint
Production Expenditure (\$2005 millions)	\$3,769	\$3,769	\$3,769
Output (\$2005 millions)	\$6,235	\$6,389	\$6,321

Florida Impacts (2011-2016)	IMPLAN Estimates	REMI Tax-PI Estimates	Midpoint
Gross State Product (\$2005 millions)	\$3,631	\$3,885	\$3,758
Employment (FTEs)	53,466	42,803	48,134
Labor Income (\$2005 millions)	\$1,984	\$1,812	\$1,898
State Taxes (Nominal \$ millions)	\$131.0	\$115.3	\$123.1
State and Local Taxes (Nominal \$ millions)	\$350.1	Not Reported	\$350.1

Economic Impacts of Film Induced Tourism

To obtain information on the relationship between film and television and tourism in Florida we conducted surveys and telephone interviews with 12 key informants in the tourism industry, representing various destination marketing organizations and travel groups in the state.

Industry representatives interviewed indicated that film and television production in Florida plays a role in attracting visitors to the state. Most industry representatives believed film and television attracts in the range of 2% to 20% of visitors to Florida. On average, industry representatives believed film and television attracts 11% of visitors to Florida

To illustrate the impact of FIT in Florida, we have estimated the economic activity that would arise assuming 5% of visitors to Florida are influenced in whole or in part by film and/or television. We have selected 5% to illustrate the effect of FIT under a conservative assumption, as it represents less than half the amount of visitors found in our interviews and we have not included any impacts arising from increased spending due to general film tourism¹¹⁶. Based on Visit Florida visitor research and the assumption that 5% of Florida’s visitors in 2011 were influenced in whole or in part by film and/or television that would mean 4.37 million visitors to Florida can be attributed to FIT. The estimated direct economic activity generated by the tourism related expenditures of these visitors is presented in the following table.

	Total Tourism Spending (Tourism/Recreation Taxable Sales in \$2005 Millions)	Total State Sales Tax Revenues from Tourism (\$Nominal millions)	Number of Persons Directly Employed by Tourism
Total ¹¹⁷	\$58,899	\$4,000.0	1,013,000
Estimated FIT Direct Impact (5% of Visitors to Florida)	\$2,945	\$200.0	50,650

¹¹⁶ General film tourism refers to visitors who are not specifically drawn to a film location but who participate in film tourism activities while at a destination.

¹¹⁷ VISIT FLORIDA Research. <http://media.visitflorida.org/research.php> with dollar figures fixed to 2005 dollars.

Given that current estimates of the statewide indirect and induced economic impacts of tourism in Florida are not available, we have used a study¹¹⁸ on the economic impact of travel and tourism in Palm Beach County to illustrate the total economic impact produced by 5% of visitors to Florida in 2011. The economic impact ratios calculated from the Palm Beach County study are provided in the following table.

Impacts	Direct	Indirect	Induced	Total
Output	1.0	Not reported	Not reported	Not reported
Gross State Product	0.58	0.14	0.20	0.92
Employment (per \$million)	13.98	1.84	3.11	18.92
Labor Income	0.34	0.08	0.11	0.53
State Taxes	Not reported	Not reported	Not reported	0.07
Local Taxes	Not reported	Not reported	Not reported	0.05

The results of our analysis using these ratios and the estimated direct tourism impact produced by Visit Florida are presented in the following table.

Impacts	Direct	Indirect and Induced	Total
Output (\$2005 millions)	\$2,945	\$1,729	\$4,674
Gross State Product (\$2005 millions)	\$1,707	\$1,002	\$2,709
Employment (FTEs)	50,650	17,912	68,562
Labor Income (\$2005 millions)	\$1,014	\$554	\$1,568
State Taxes (Nominal \$ millions)	\$200.0	\$35.1	\$235.1
Local Taxes (Nominal \$ millions)	N/A	N/A	\$172.2

¹¹⁸ Global Insight. *City Tourism Impact: The Economic Impact of Travel & Tourism in Palm Beach County, Florida*, September 2005.

APPENDIX 4 - GLOSSARY OF ECONOMIC IMPACT TERMS

Term	Definition
Direct Impacts	<ul style="list-style-type: none"> • 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. • <i>Example: In the case of film and entertainment production, direct impacts are related to the direct expenditures made by production companies, for example, equipment rentals.</i>
Indirect Impacts	<ul style="list-style-type: none"> • Indirect impacts arise from changes in activity for suppliers of the “front-end” businesses • <i>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.</i>
Induced Impacts	<ul style="list-style-type: none"> • 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. • <i>Example: In the case of film and entertainment 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.</i>
Total Impacts	<ul style="list-style-type: none"> • Total impacts are calculated by adding the direct, indirect and induced economic impacts.
Output	<ul style="list-style-type: none"> • 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)	<ul style="list-style-type: none"> • 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)	<ul style="list-style-type: none"> • Employment is the number of additional jobs created. Employment is measured in terms of full-time equivalents (FTEs).
Labor Income	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • State and local tax revenues are estimates comprised of dividend tax, social insurance tax, sales tax, property tax, motor vehicle license fees, corporate income tax, severance tax, fishing and hunting licenses and other fines and fees.

APPENDIX 5- ESTIMATING EXPOSURE VALUE OF LORD OF THE RINGS

This material was sourced from Ian Macfarlane, New Zealand Tourism Board.

He used attendance figures that were supplied by Three Foot Six Limited covering audiences up to 12 March, for the following countries:

Japan	5,499,006 (first ten days of release)
North America (US/Canada)	50,989,397 *
UK	13,771,517
Australia	4,962,725
Germany	10,663,180
South Korea	3,864,447

* This number was calculated by dividing the cumulative gross box office for North America by the average ticket price in North America.

Further assumptions were made about the following:

1. Average cinema size	500
2. Average sessions per week	35
3. Total people per cinema week	10500
4. Cost of 60 sec commercial	Varies by country. See table below.
5. Total minutes of destination coverage	22
6. Dilution factor	30%
7. Total promotion minutes	11

This allowed the calculation of the worth of the exposure:

Country	Audience	Cinema weeks	Equivalent ads	Total Ads/ cinema week	\$/ advert/ cinema week	Total value
USA	50989397	4856	15	74784	\$300	\$22,435,335
Japan	5499006	170	15	2625	\$590	\$4,758,473
UK	13771517	1312	15	20198	\$580	\$11,714,970
Australia	4962725	473	15	7279	\$125	\$909,833
Germany	1066180	102	15	1564	\$260	\$406,570
Korea	3864447	368	15	5668	\$300	\$1,700,357
Total	76,443,824	7280	92	112118		\$US41,925,538