

Economic Impacts of the Louisiana Motion Picture Investor Tax Credit

Prepared for:

Louisiana Film and Entertainment Association (LFEA)

Motion Picture Association of America, Inc. (MPAA)

April 6, 2015

Prepared by:

HR&A Advisors, Inc.

99 Hudson St, Third Floor

New York, NY 10013



Table of Contents

Table of Contents	2
List of Figures.....	4
Executive Summary.....	5
I. Introduction	7
Changes in the Credit Over Time	8
Credit Spending Trends.....	9
Past Economic Impact Studies	11
II. The Louisiana Motion Picture and Television Industry.....	13
Employment in the Motion Picture and Television Industry.....	13
Union Employment.....	15
Impacts to Independent Artists and Filmmakers.....	17
Education and Workforce Development	18
Motion Picture- and Television- Related Business Growth	19
Motion Picture and Television Production Infrastructure	20
Success Factors and Opportunities for the Louisiana Production Industry	23
III. Motion Picture- and Television- Induced Tourism in Louisiana	26
Motion Picture- And Television- Induced Tourism Generally	27
Motion Picture- And Television- Induced Tourism in Louisiana.....	28
Tourism Survey Findings.....	29
IV. Economic Impact Analysis.....	33
Economic Impact Analysis: Production Spending.....	33
Methodology.....	33
Production Spending Impacts.....	35
Economic Impact Analysis: Motion Picture- and Television- Induced Tourism	36
Methodology.....	36
Motion Picture- and Television- Induced Tourism Impacts	38
Combined Impacts of Production Spending and Visitor Spending Associated with Motion Picture- and Television- Induced Tourism.....	38
Economic Impact Analysis: Infrastructure Capital Investments	39
Methodology.....	39
Infrastructure Capital Investments Impacts.....	39
Other Benefits of the Credit Program Not Quantified in This Economic Impact Analysis.....	40
V. Fiscal Impacts of Production Spending and Motion Picture- and Television- Induced Tourism	42

Fiscal Impact Analysis.....	42
State and Local Tax Revenue Generated	42
Cost of Credits.....	42
VI. Technical Appendix.....	44
Overview of Economic Impact Modeling Process	44
Data Collection.....	44
Motion Picture and Television Industry Employment Definition	45
Economic Impacts of Production Spending Analysis	45
Economic Impacts of Motion Picture- and Television- Induced Tourism Analysis.....	48
Economic Impacts of Infrastructure Capital Investments Analysis	49
VII. General Appendix.....	51
Competitive Tax Credit Landscape.....	51
Overview of the Canadian and British Columbian Incentive Programs.....	51
Performance of the Canadian and British Columbian Production Industry	53
Overview of the United Kingdom and London Incentive Programs.....	56
Performance of the United Kingdom and London Production Industry.....	58
Sample of Recent Motion Pictures and Television Shows Featuring Louisiana.....	60
Tourism Survey Questions	62
Cumulative Production Infrastructure Economic Impacts	65
Methodology.....	65
Results.....	65
Studio Profiles.....	66
<i>Second Line Stages, New Orleans</i>	66
<i>Celtic Media Centre, Baton Rouge</i>	66
<i>Millennium Studios, Shreveport</i>	67
<i>Robert E. Nims Center for Entertainment Arts, Jefferson Parish</i>	68
XIII. General and Limiting Conditions	69

List of Figures

- Figure 1. Significant Changes in the Motion Picture Investor Tax Credit Program Over Time 8
- Figure 2. Number of Productions Participating in the Credit by Credit Year, 2002-2013..... 9
- Figure 3. Production Spending by Credit Participants by Credit Year, 2002-2013..... 10
- Figure 4. Tax Credits Finally Certified, 2009-2014..... 11
- Figure 5. Motion Picture and Television Industry Employment, 2001-2013..... 14
- Figure 6. Comparison of Motion Picture and Television Employment Growth Relative to Other State Industries, 2002-2013, In Terms of Percent Growth and Net Jobs Added During That Period 14
- Figure 7. Occupations in the Motion Picture and Television Ecosystem..... 15
- Figure 8. Growth in Union Employment..... 16
- Figure 9. Purpose-Built Studios Constructed in Louisiana Since 2002..... 21
- Figure 10. Studios That Have Reused Private and Government Facilities in Louisiana Since 2002..... 23
- Figure 11. Louisiana Visitors, Domestic and Foreign, 2003-2013 26
- Figure 12. Respondents Who Are Aware of Productions and Consider Them Iconic..... 31
- Figure 13. Feedback on Louisiana Productions from Survey Respondents 32
- Figure 14. Economic Impacts of Production Spending Induced by the Credit in 2013 36
- Figure 15. Upper-Bound Impacts of 2013 Visitor Spending Associated With Motion Picture- and Television-Induced Tourism..... 38
- Figure 16. Upper-Bound Combined Impacts of 2013 Production Spending and Visitor Spending Associated with Motion Picture- and Television- Induced Tourism..... 38
- Figure 17. Impacts of 2012 and 2013 Infrastructure Investments Occurring without the Support of the Infrastructure Tax Credit 40
- Figure 18. Breakdown of Credit-Eligible vs. Non-Credit-Eligible Permits Issued by the City of New Orleans 41
- Figure 19. Databases Provided by OEID..... 44
- Figure 20. Summary of Challenges for Estimating Full Credit Year 2013 Production Spending Using Initially Certified Data 47
- Figure 21. Key Findings from New Mexico Motion Picture and Television Surveys..... 49
- Figure 22. Canada's Federal Motion Picture and Television Incentives 52
- Figure 23. British Columbia's Provincial Motion Picture and Television Incentives 53
- Figure 24. Foreign Location Services Production Spending in Canada..... 54
- Figure 25. Employment in the Vancouver Region Motion Picture & Video Industries 55
- Figure 26. Total Production Spending in British Columbia 56
- Figure 27. United Kingdom Motion Picture and Television Incentives..... 57
- Figure 28. Greater London Region Motion Picture and Television Employment Trends..... 58
- Figure 29. Recent Motion Pictures Featuring Louisiana..... 60
- Figure 30. Recent Television Shows Featuring Louisiana 61
- Figure 31. Impacts of Infrastructure Investment Occurring with the Support of the Infrastructure Tax Credit 65

Executive Summary

The Louisiana Film and Entertainment Association (“LFEA”) and Motion Picture Association of America, Inc. (“MPAA”) commissioned HR&A Advisors, Inc. (“HR&A”) to conduct a statewide economic and fiscal impact analysis of the Louisiana State Motion Picture Investor Tax Credit (the “Credit”). In its current state, the Credit consists of a 30% base tax credit on qualified production spending and an additional 5% credit for payroll expenditures to Louisiana residents.

For this analysis, HR&A examined three primary sources of economic impacts:

1. The ongoing economic impacts of production spending attributable to the Credit.
2. The ongoing visitor spending attributable to motion picture- and television- induced tourism.
3. The one-time economic impacts of infrastructure investments in facilities that support the motion picture and television production industry.

These economic impacts were measured in terms of employment, personal income, and economic output generated in Louisiana.

Summary of Findings

- Since the introduction of the Credit in 2002, qualified production spending in Louisiana has increased dramatically to an estimated full Credit Year 2013 production spend of **\$1.039 billion**.
- Following the enactment of the Louisiana Motion Picture Investor Tax Credit, total Louisiana motion picture and television employment increased by **594.4%** from **868 jobs in 2002** to **6,029 jobs in 2013**. During the same period, total U.S. motion picture and television employment increased by only **12.4%**.
- The Credit has enabled Louisiana to capitalize on a number of success factors, including diverse locations; rich culture and quality of life; low operating costs, including low cost of living for crew; presence of crew, equipment suppliers, and infrastructure; ease of filming; temperate weather; and positive word of mouth and “repeat business.”
- In 2013, production spending associated with the Credit supported **10,800 jobs** in Louisiana across all industries, generating **\$471.2 million** in personal income and **\$1.586 billion** in economic output in Louisiana.
- Based on a survey of 1,381 recent visitors to Louisiana, **14.5%** of domestic, out-of-state, leisure visitors can be considered motion picture- and/or television- induced tourists. This figure is based on the percentage of survey respondents who indicated that their awareness **positively affected** their decision to visit Louisiana, was **“very important”** to their decision, did **at least one film- or television-related activity** while they were in the state; and chose to **extend their stay** for reasons related to things they had seen on films, television shows, and/or documentaries shot there.
- In 2013, visitor spending attributable to motion picture- and television- induced tourism in the state supported up to **22,720 jobs** in Louisiana across all industries, generating up to **\$766.6 million** in personal income and up to **\$2.401 billion** in economic output in Louisiana.
- Overall, in 2013, including both production spending and visitor spending attributable to motion picture- and television- induced tourism, the Credit supported up to **33,520 jobs** in Louisiana across all industries, generating up to **\$1.238 billion** in personal income and up to **\$3.987 billion** in economic output in Louisiana.

- The one-time economic impacts of upgrades to production infrastructure in 2012 and 2013 supported **160** jobs across all industries, generating **\$8.7 million** in Louisiana personal income and **\$21.7 million** in economic output in Louisiana.
- In 2013, production spending and visitor spending associated with motion picture- and television-induced tourism together generated state tax revenues of up to **\$95.1 million** and local tax revenues of up to **\$85.9 million**, for a **combined total of up to \$181.0 million in state and local tax revenues**.
- This total tax revenue of up to \$181.0 million generated by Motion Picture Investor Tax Credit can be compared against the cost to the state as measured in one of two ways. The first method, used by the Louisiana Department of Revenue, is to consider the total Motion Picture Investor Tax Credits *redeemed* (applied to tax returns or bought back) in 2013. In 2013, these credits totaled **\$178.9 million**. The second way, used by Louisiana Economic Development, is to consider the total Motion Picture Investor Tax Credits *finally certified* in 2013, discounted to reflect the buy-back program. In 2013, these credits totaled **\$246.6 million**.

I. Introduction

The Louisiana State Legislature introduced the Motion Picture Investor Tax Credit Program (“Credit”) in 2002 to enhance the state’s competitiveness as a place to produce motion picture and television productions. As defined in Louisiana Revised Statute 47:6007, the Credit has several core goals, including to “attract private investment for production of motion pictures in Louisiana, develop a tax and capital infrastructure which encourages private investment,... encourage increased employment opportunities in [the motion picture] sector, increase [Louisiana’s] global competitiveness within this sector,... and encourage new education curricula in order to provide a labor force trained in all aspects of film and digital production.”¹ The Credit, which was modified to its current form in 2009, is today considered one of the most attractive production incentive programs available in the U.S.² In its current form, the Credit consists of the following:

- **A 30% base tax credit on qualified in-state production expenditures (“Louisiana Spend”)**, with a minimum production spend of \$300,000 and no cap. Louisiana Spend refers to pre-production, production, and post-production expenditures directly related to a state-certified production and incurred within Louisiana, including both above- and below-the-line costs.³ To be eligible, the production must be certified by Louisiana’s State Office of Entertainment Industry Development, be located and headquartered in Louisiana, and have a viable multimarket commercial distribution plan.
- **An additional 5% tax credit on Louisiana resident payroll expenditures**, limited to the first \$1 million of any individual resident’s salary (per project). To be considered residents of Louisiana, individuals must maintain a permanent residence in the state and spend, in the aggregate, more than 6 months of each year in the state.

There is no annual or per-project cap on production and payroll spending in the state. To attract out-of-state production companies without Louisiana personal or corporate tax liabilities, the credits are both transferable and partially refundable. The credits are transferable in that the credit recipients can sell them to other taxpayers with Louisiana tax liabilities. Currently, there are secondary markets for selling the credits both before and after they are earned. The credits are partially refundable in that the recipients of the credits can choose to sell them back to the state at a discount to face value (85 cents to the dollar), via the state’s statutorily established buy-back program. The buy-back provision is an important component of Louisiana’s program for two reasons. First, it introduces certainty into the program by creating a price floor for the credits. Second, when production companies elect to use this option, it reduces the impact of the credits on the state budget by 15%. Use of the buy-back provision has varied over time.

In addition to the production spending tax credit, from 2005 to 2009, Louisiana offered a motion picture- and television-related infrastructure tax credit for 40% of qualified expenditures. The infrastructure tax credit was designed to support the development of motion picture and television infrastructure within the state necessary to ensure the long-term longevity of the industry. The infrastructure program tax credit closed

¹ Louisiana Revised Statute 47:6007.

² As defined by LA RS 47:6007, productions that are eligible for the Credit include nationally or internationally distributed feature-length films, videos, television pilots, television series, television movies of the week, animated feature films, animated television series, or commercials made in Louisiana, in whole or in part, for theatrical or television viewing. Television coverage of news and athletic events is not eligible for the Credit.

³ As defined by LA RS 47:6007, it does not include expenditures for marketing and distribution, non- production-related overhead, amounts reimbursed by the state or any other governmental entity, costs related to the transfer of tax credits, amounts that are paid to persons or entities as a result of their participation in profits from the exploitation of the production, the application fee, or state or local taxes.

to new applicants on January 1, 2009. However, projects that were qualified before this deadline continued to claim credits after this date as they proceeded with their approved spending.

CHANGES IN THE CREDIT OVER TIME

The Louisiana State Motion Picture Investor Tax Credit program has experienced significant modifications and additions over its history, as documented in the following table.⁴

Figure 1. Significant Changes in the Motion Picture Investor Tax Credit Program Over Time

Year	Change
2002	<p>Louisiana State Legislature passed Motion Picture Incentive Act:</p> <ul style="list-style-type: none"> For projects from \$300,000 – \$1 million, established a 10% credit on production spending (including out-of-state) and an additional 10% credit on Louisiana resident payroll. For projects of more than \$1 million, established a 15% credit on production spending (including out-of-state) and an additional 20% credit on Louisiana resident payroll. Instituted sales tax exemption for purchases totaling \$250,000 or more in Louisiana.
2003	<p>State Legislature:</p> <ul style="list-style-type: none"> Made tax credit transferrable. Changed production spending thresholds. Established a 10% credit on production spending for projects from \$300,000 – \$8 million and a 15% credit on production spending for projects of more than \$8 million. Resident payroll credits remained the same.
2005	<p>State Legislature:</p> <ul style="list-style-type: none"> Established a 25% credit on in-state production spending for the period January 1, 2006-December 31, 2009; a 20% credit on in-state production spending from January 1, 2010-December 31, 2011, and a 15% credit from January 1, 2012 onwards. Established a 10% credit on Louisiana resident payroll expenditures for all qualified production spending. Removed sales tax exemption. Made a full audit necessary for any production seeking credits. Added a buy-back provision, under which the state agreed to buy back tax credits from investors for a set percentage of face value, starting at 72% and increasing 2% every two years starting in 2009 until the percentage reached 80%. Added a 40% credit for spending on motion picture- and television-related infrastructure, to sunset on January 1, 2008.
2007	<p>State Legislature:</p> <ul style="list-style-type: none"> Extended the sunset on the infrastructure tax credit program to January 1, 2009 and grandfathered in infrastructure projects that applied by August 1, 2007. Set a minimum spending threshold (\$300,000) on infrastructure projects and created a \$25 million per project credit cap for new infrastructure applications.
2009	<p>State Legislature:</p> <ul style="list-style-type: none"> Raised the credit on in-state production spending to 30% for all state-certified productions initially certified on or after July 1, 2009, with no sunset. Lowered the credit on Louisiana resident payroll expenditures to 5% for all state-certified productions initially certified on or after July 1, 2009, with no sunset. Adjusted the buy-back provision to 85% of the face value of the credits.

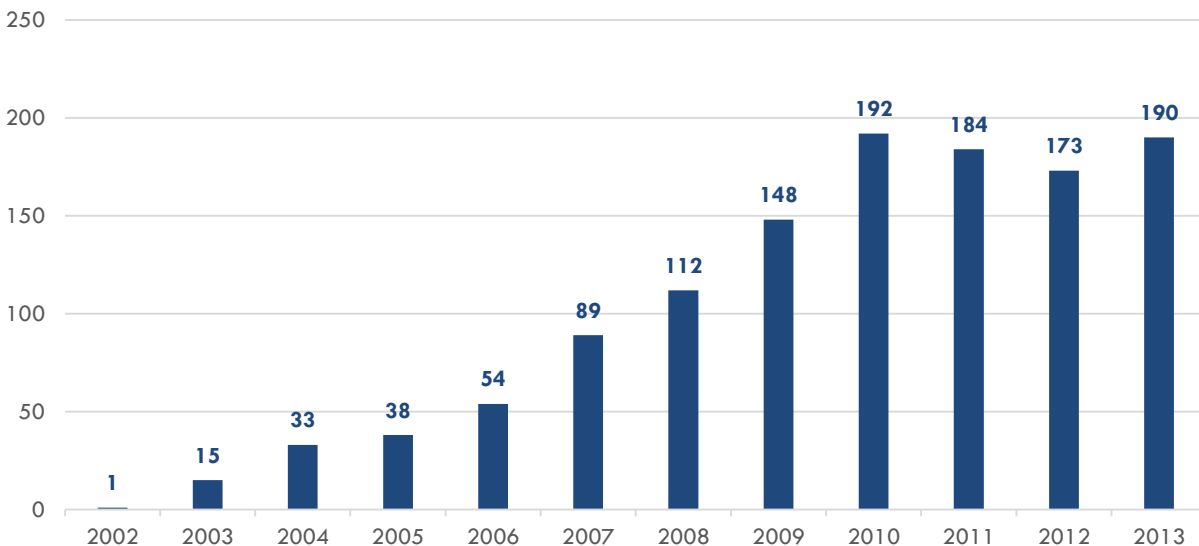
⁴ Loren C. Scott & Associates, Inc. *The Economic Impact Analysis of Louisiana's Entertainment Tax Credit Programs*. Office of Entertainment Industry Development, Louisiana Department of Economic Development, April 2013.

CREDIT SPENDING TRENDS

Motion Picture and Television Productions

As shown in **Figure 2**, the number of eligible productions participating in the Credit each year has increased over time. The figure shows the number of productions by Credit Year, the year in which spending actually occurred. The number of productions shot in Louisiana has risen as production companies have become more familiar with the Credit; a network of infrastructure, equipment suppliers, and crew has developed; and the industry has gained momentum.

Figure 2. Number of Productions Participating in the Credit by Credit Year, 2002-2013



Source: Louisiana Office of Entertainment Industry Development.⁵

Spending

Qualified spending by motion picture and television productions participating in the Credit each year has generally increased over time, for two reasons. First, more and larger productions have moved into the state. For example, since 2009, Louisiana has hosted fifteen feature motion pictures with qualified Louisiana spending over \$50 million, including *Green Lantern*, *Twilight Saga: Breaking Dawn*, *Django Unchained*, *Ender's Game*, *Battleship*, and *Battle: Los Angeles*. Second, productions have been able to accomplish more of their work in state as a network of infrastructure, equipment suppliers, and crew has developed. According to the 2011 Baxstarr study of the Credit's economic impacts, in 2006, productions spent approximately 34% of their budgets on in-state expenditures. By year-end 2010, they spent 64%.⁶

The increase in the share of production spending occurring in-state is a direct reflection of the growth of crew, equipment and service providers, and production facilities in state. Since 2002, three large purpose-built studios—Second Line Stages, Celtic Media Centre, and Millennium Studios—have been built in Louisiana. New equipment and service providers, such as Hollywood Trucks and Silver Screen, have emerged to meet the demands of productions at these facilities and elsewhere. The state received more than \$163

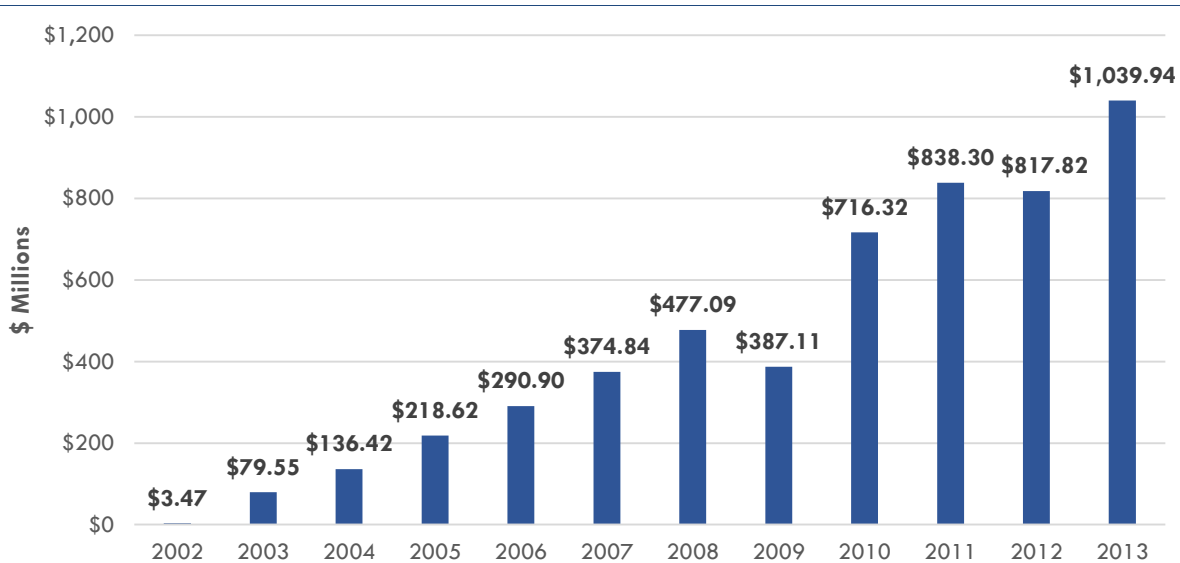
⁵ Includes only production spending data that has been finally certified to date, with the exception of Credit Year 2013, which has been adjusted to reflect production spending that will likely be finally certified.

⁶ Cheryl Louise Baxter and BaxStarr Consulting Group. Fiscal and Economic Impact Analysis of Louisiana's Entertainment Incentives. Office of Entertainment Industry Development, Louisiana Department of Economic Development, April 18, 2011.

million of investment in motion picture- and television-related infrastructure associated with the infrastructure tax credit, in place from 2005-2009. In addition, there has been significant development of the crew base in-state. The availability of skilled crew has increasingly enabled productions to forego importing non-Louisiana-based crew, ensuring that more of the income generated by productions filming in Louisiana remains in State and circulates through the local economy. In practical terms, as more production activity can be accomplished in Louisiana using Louisiana-based workers, the economic and fiscal impacts of the Credit for the State are amplified.

As shown in **Figure 3**, which shows the spending amount by Credit Year, spending grew steadily from 2002 to 2008, supported by the development of infrastructure that occurred during this time. However, it dropped in 2009, likely due to a range of factors: two hurricanes in the previous fall (Gustav and Ike), the Great Recession, a potential writer’s strike, an actor’s strike, and uncertainty about the tax incentives’ future, given that they were up for review by the State Legislature. In 2009, the state increased the credit on qualified production expenditures from 25% to 30%, removed the sunset, and adjusted the buy-back provision to 85% of face value. Subsequently, spending recovered.

Figure 3. Production Spending by Credit Participants by Credit Year, 2002-2013



Source: Office of Entertainment Industry Development.⁷

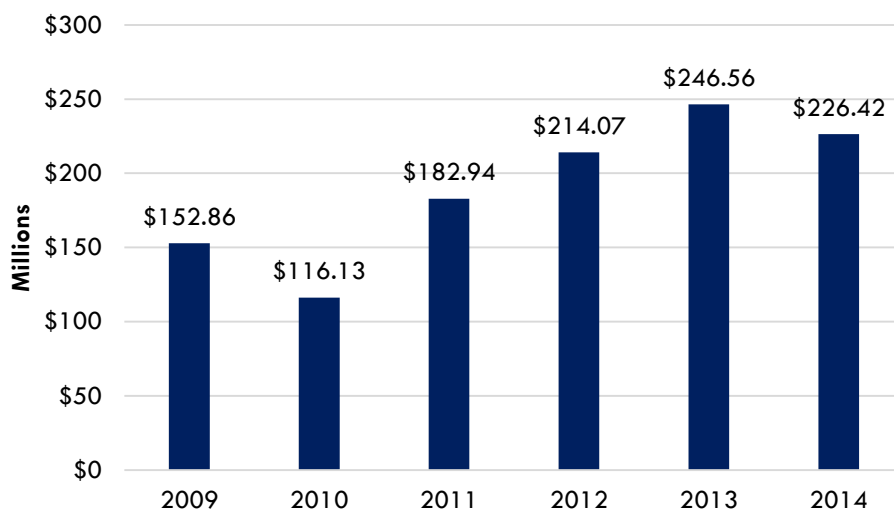
Tax Credits

Figure 4 shows the tax credits by Final Certification Year. This reflects the fact that, while credits are earned when the money is spent, the credits are not actually issued until Final Certification is complete.⁸ The credits are discounted to reflect the buy-back program.

⁷ Includes only production spending data that has been finally certified to date, with the exception of Credit Year 2013, which has been adjusted to reflect production spending that will likely be finally certified.

⁸ Louisiana Revised Statute 47:6007.

Figure 4. Tax Credits Finally Certified, 2009-2014



Source: Office of Entertainment Industry Development. Tax credits discounted to reflect buy-back.

PAST ECONOMIC IMPACT STUDIES

In preparation for conducting its economic impact analysis of the Louisiana Motion Picture Investor Tax Credit—and, in particular, to understand benefits of the Credit that might not have been included in previous analyses—HR&A reviewed recent studies, examining their methodology, assumptions, and results. The studies that HR&A considered included “The Economic Impact of Louisiana’s Entertainment Tax Credit Programs, 2010-2012” by Loren C. Scott & Associates (2013), “Fiscal and Economic Impact Analysis of Louisiana’s Entertainment Incentives, 2008-2010” by BaxStarr Consulting (2011), and the “Louisiana Motion Picture, Sound Recording, and Digital Media Industries” by Economic Research Associates (2009). These three studies were commissioned by the Office of Entertainment Industry Development as part of a statutory requirement to provide a report on the economic impact of the Credit every other year. HR&A focused its review on the Loren Scott study, as the most recent analysis available.

The Loren Scott study estimated the economic and fiscal impacts of entertainment spending certified in calendar years 2010-2012. The study considered tax credit incentive programs for the entire entertainment industry, examining seven programs in film, digital media, sound recording, and live performance. For film specifically, Loren Scott considered both the film production and film infrastructure tax credit programs. In addition to conducting economic impact analysis, fiscal impact analysis, and cost-benefit analysis, Loren Scott summarized legislative changes and administrative improvements and defined trends in spending and tax credits issued from 2008-2012 for each program. It also made some recommendations for program improvement.

Economic impact analysis: Loren Scott evaluated the economic impacts of the Motion Picture Investor Tax Credit in terms of sales at Louisiana firms, household earnings for Louisiana residents, and jobs for Louisiana residents. It estimated the indirect economic effects from direct spending by using an input-output table constructed for Louisiana by the Bureau of Economic Analysis (BEA). To assign production spending to years, Loren Scott used the year in which the expenditures were finally certified.

Fiscal impact analysis: Loren Scott also estimated state and local tax impacts from the programs. To calculate state and local tax impacts, Loren Scott relied on estimates from officials in Louisiana's Legislative Fiscal Office that indicated for every dollar of household earnings generated in Louisiana, the State Treasury collects seven cents in taxes and fees—such as sales taxes, income taxes, and gasoline taxes—and local governments collect 4.5 cents.

In its analysis, described in greater depth in subsequent chapters, HR&A elected to diverge from the Loren Scott report's methodology in four ways.

- **Model used to estimate economic impacts:** The Loren Scott report did not identify the model used for its analysis, beyond stating that it relied on an input-output table provided by the BEA. HR&A used the IMPLAN model to estimate all economic impacts.
- **Timing of spending:** The Loren Scott report assigned production spending to years based on the date that it was finally certified, or the Final Certification Year. However, under the Credit program, spending always occurs before it is finally certified, sometimes years before. As a result, HR&A elected to assign production spending to years based on Credit Year, the actual time at which the expenditures were incurred.
- **Method of estimating direct employment:** For each calendar year, the Loren Scott report estimated direct jobs by taking the total resident payroll finally certified in that year—including all Louisiana residents employed directly by the production company and issued the traditional W2—and dividing it by the average annual wage for persons working in the relevant industries. HR&A elected to estimate the direct jobs using IMPLAN.
- **Inclusion of motion picture- and television- induced tourism as a source of economic impact:** The Loren Scott report did not consider the economic impacts of motion picture- and television-induced tourism.

II. The Louisiana Motion Picture and Television Industry

Since 2002, Louisiana has developed a vibrant motion picture and television production industry, competitive with other top shooting locations around the world, including California, Georgia, the Greater Vancouver region, and the Greater London region. For this reason, the state has been nicknamed “Hollywood South” or “LA South.” In 2014, Film LA study published a study examining shooting locations for motion pictures released in 2013 by the six major movie studios and five leading independent studios. The study found that Louisiana had the highest number of shoots, with 18 out of 108 feature films, followed by Canada (15), California (15), United Kingdom (12), and Georgia (9).⁹

The industry’s presence is felt across the state, and especially around its major hubs—New Orleans, Shreveport, and Baton Rouge. In addition, West Monroe is home to the *Duck Dynasty* empire. Prior to Hurricane Katrina in 2005, almost all production was located in New Orleans. Following the storm, almost all of this activity relocated to Shreveport, as production companies set up satellite offices and brought crews and equipment north.¹⁰ As New Orleans recovered, production companies returned, and Shreveport experienced a decline in production. However, facilities like Millennium Studios, StageWorks, and MoonBot Studios continue to support motion pictures and television shows there, with the Fox show *Salem* now shooting in Shreveport.

Currently, New Orleans remains the first-choice destination for many production companies, with activity tending to go to Baton Rouge and Shreveport when the New Orleans facilities are full and/or unable to accommodate productions because of size. Big Easy (New Orleans) and Celtic Media Centre (Baton Rouge), the two largest facilities in the state, are the only ones capable of accommodating major “tent-pole” or widely released blockbuster features. For example, with eight soundstages in total, Celtic was able to host *Battleship* and *The Twilight Saga: Breaking Dawn* at the same time.¹¹

EMPLOYMENT IN THE MOTION PICTURE AND TELEVISION INDUSTRY

The introduction of the Credit has enabled Louisiana to fully capitalize on its existing advantages and led to a significant expansion of motion picture and television production employment. Since 2002, when the Credit was introduced, motion picture and television jobs in the state increased by 594.4%, outpacing national growth of 12.4%.

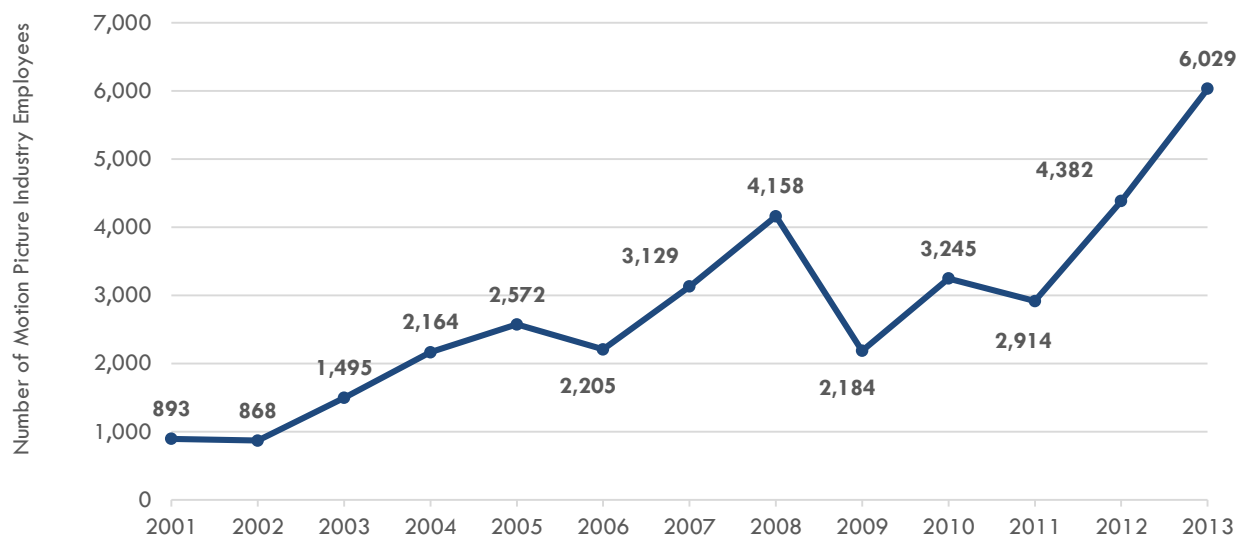
With the exception of three years (2006, 2009, and 2011), employment has grown every year since 2002. Since 2011, employment has grown at an extremely rapid rate, confirming interviewees’ perceptions that the industry has experienced a surge in momentum in the last two years.

⁹ FilmLA Research. 2013 Feature Film Production Report, 2014.

¹⁰ White, Jaquetta. “Film Production Moving to Shreveport.” Times-Picayune, September 13, 2005. http://www.nola.com/katrina/index.ssf/2005/09/film_production_moving_to_shreveport.html.

¹¹ Mike, Scott. “Multi-Million-Dollar ‘Battleship’ Shoot Underscores Maturation of Louisiana Film Industry.” Times-Picayune, May 22, 2012. http://www.nola.com/movies/index.ssf/2012/05/multi-million-dollar_battleshi.html.

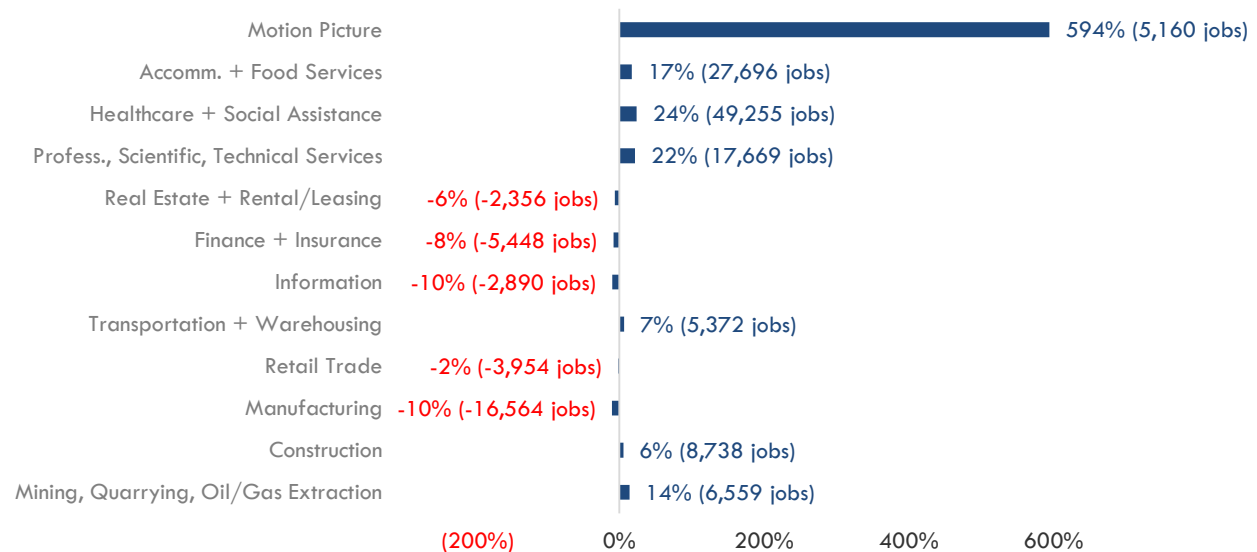
Figure 5. Motion Picture and Television Industry Employment, 2001-2013



Source: EMSI, HR&A Analysis

The performance of the motion picture and television industry is even more impressive when considered in the context of the performance of other industries in Louisiana. As indicated in **Figure 6**, from 2002-2013, many industries in Louisiana experienced more modest employment growth rates, or actually declined.

Figure 6. Comparison of Motion Picture and Television Employment Growth Relative to Other State Industries, 2002-2013, In Terms of Percent Growth and Net Jobs Added During That Period



Source: EMSI, HR&A Analysis

As shown in **Figure 7**, a number of occupations have benefitted from the growth in employment. Attesting to the diverse opportunities created by the expansion of the motion picture and television production industry, entry-level positions in these occupations require a range of educational backgrounds.

Figure 7. Occupations in the Motion Picture and Television Ecosystem

Position	Employed 2001	Employed 2013	Change (2001 - 2013)	% Change (2001 - 2013)	Median Hourly Earnings	Typical Entry Level Education
Entertainers and Performers, Sports and Related Workers, All Other	72	1,344	1,272	1767%	\$17.79	High school diploma or equivalent
Actors	134	1,144	1,010	754%	\$14.91	Some college, no degree
Producers and Directors	120	475	355	296%	\$26.10	Bachelor's degree
Camera Operators, Television, Video, and Motion Picture	38	310	272	716%	\$21.88	Bachelor's degree
Film and Video Editors	55	189	134	244%	\$24.61	Bachelor's degree
Laborers and Freight, Stock, and Material Movers, Hand	25	153	128	512%	\$11.37	Less than high school
Multimedia Artists and Animators	32	143	111	347%	\$19.30	Bachelor's degree
Audio and Video Equipment Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	25	127	102	408%	\$16.68	Postsecondary non-degree award
Office Clerks, General	14	97	83	593%	\$13.38	High school diploma or equivalent
	21	96	75	357%	\$10.63	High school diploma or equivalent

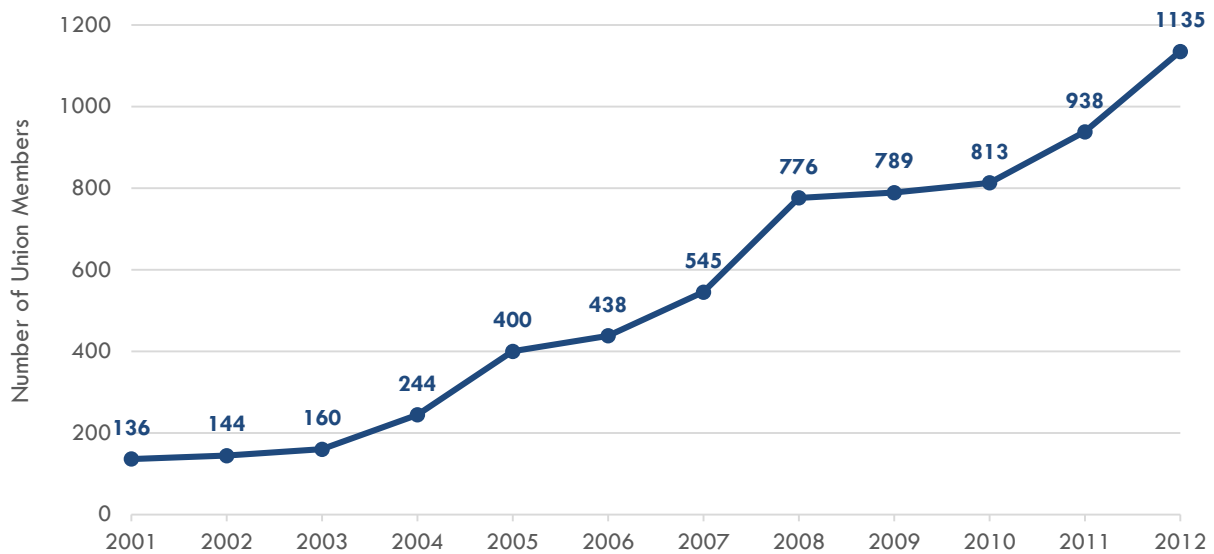
Source: EMSI, HR&A Analysis

HR&A also analyzed wage and salary data for the motion picture and television production industry. From 2002-2013, wages increased at a compound annual growth rate of 3%, keeping pace with the overall rate of wage growth in the state. In 2013, the average wage in the motion picture and television industry (\$48,497) was roughly 14% higher than the average wage in Louisiana (\$42,521).

UNION EMPLOYMENT

Employment growth in the Louisiana motion picture and television production industry has benefitted unionized workers active in International Alliance of Theatrical Stage Employees (IATSE Local 478) and International Cinematographer's Guild (Local 600). IATSE Local 478 represents motion picture and television technicians and craftspeople in all of Louisiana and southern Mississippi. IATSE's members specialize in several production-related disciplines, including set construction, set lighting, grip, special effects, and sound. As shown in **Figure 8**, IATSE Local 478 membership increased significantly from 2002 to 2012, the last year for which formal data is available.

Figure 8. Growth in Union Employment



Source: IATSE Local 478.

IATSE leadership estimates that today the Local 478 chapter currently has about 1,300 members in good standing: 1,000 in New Orleans, 200 in Shreveport, and 100 in Baton Rouge. According to International Cinematographer's Guild leadership, the Local 600 chapter grew from about a dozen members in the late 1990s to 150 now, with 50% of members in New Orleans, 30% in Baton Rouge, and one crew in Shreveport. Membership growth has been driven by several different factors, including:

- **Local people** who entered the motion picture and television industry after the Credit passed. These individuals made the commitment to formally join the union as they saw the industry growing.
- **College graduates** moving to Louisiana because of the opportunities in the motion picture and television industry attributable to the Credit. Interviewees indicated that there are strong opportunities for upward career mobility in Louisiana, for instance with people able to move up from Production Assistant to Production Coordinator more quickly than they would in other locations like New York or Los Angeles.
- **Established professionals** with significant work experience outside the state, coming to fast-track their careers. Some are Louisiana natives who took the opportunity to return to their home state as production activity expanded.
- **Migrants from other states** that implemented less competitive incentive programs. These people have moved to Louisiana to follow the jobs in the motion picture and television industry.

The workforce has benefitted from expanded opportunities to gain industry experience, leading to higher job quality. As local workers have built their skills through involvement in more productions, they have been able to take on higher-skill positions, reducing the need to import out-of-state workers to fill these roles. Over time, as the motion picture and television industry in Louisiana has matured, producers have been able to bring only department heads from Los Angeles and hire the rest of the crew locally. The depth and skill of Louisiana's crew base has contributed to its appeal as a place to produce motion pictures and television shows. The growing strength of the crew base is evidenced by the number of Louisiana-shot motion pictures that have recently received Academy Awards and other honors.

HR&A also considered union wage and salary data. In 2012, the last year for which data is available, the average IATSE member earned an annual income of \$62,576.

IMPACTS TO INDEPENDENT ARTISTS AND FILMMAKERS

In addition to union workers, the growth of the motion picture and television industry in Louisiana has benefitted independent artists, writers, and performers. From 2002, the number of independent artist, writer, and performer jobs in the state has increased moderately, from 2,261 to 2,481, with dips attributable to Hurricanes Katrina and Rita (2005-2006) and the Great Recession (2009).¹²

The presence of the motion picture and television industry in-state has benefitted local filmmakers. While a \$300,000 minimum Louisiana spend is required to qualify for Louisiana's tax credit program, lower-budget local filmmakers still benefit from the presence of a motion picture and television ecosystem in several ways, including:

- **Access to skilled crew:** Independent filmmakers can draw upon crew members in between larger projects.
- **Low-cost equipment from vendors whose core business is serving larger projects:** For example, Cineverse, a major camera supplier in New Orleans, offers discounts to local filmmakers. The New Orleans Video Access Center organizes low-cost access to production equipment and editing software through its Equipment Rental Program.¹³
- **Studio facilities:** Second Line Stages offers discounted space to local filmmakers when its space is not occupied by larger productions.
- **Film festivals, which offer venues for showing work, opportunities to network with key players in the film industry, and prizes.** The New Orleans Film Festival, which has become a major showcase for local, national, and international films, celebrated its 25th anniversary in 2014. In 2010, the NOFF included roughly 75 filmmakers; in 2014, that number increased to approximately 250 filmmakers, with roughly 2,100 films submitted for review.¹⁴ The Louisiana International Film Festival launched in New Orleans in 2013, and will shift to Baton Rouge in 2014.¹⁵ New Orleans hosted the 48 Hours Film Project, an annual competition that takes place in more than 100 cities around the world, in which teams have 48 hours to write, shoot and edit a seven-minute film based on a randomly drawn genre, character, prop and line of dialogue, in 2007 and 2008.¹⁶
- **Filmmaking grants and access to financing.** The growth of the motion picture and television industry in Louisiana has expanded the universe of people interested in investing in productions. For example, in 2013, Indywood, a tech startup that offers a platform for crowdfunding independent films, launched in Louisiana.¹⁷ In 2014, the Indywood team pivoted to open an art-house theater in

¹² HR&A analysis of EMSI data.

¹³ NOVAC. "NOVAC Equipment and Facility Rental." New Orleans Video Access Center. Accessed November 6, 2014. <http://novacvideo.org/for-filmmakers/shop-novac.html>.

¹⁴ Pinder, Jolene. New Orleans Film Festival Interview, October 28, 2014.

¹⁵ Brasted, Chelsea. "Louisiana International Film Fest 2014 to Take Place Entirely in Baton Rouge." *Times-Picayune*, March 2, 2014. http://www.nola.com/entertainment/baton-rouge/index.ssf/2014/03/louisiana_international_film_f.html.

¹⁶ Prevost, Brianna. "Movie Producers Tackle New Orleans 48-Hour Film Project." *Times Picayune*, July 31, 2008. http://blog.nola.com/tvfilm/2008/07/movie_producers_tackle_new_orl.html.

¹⁷ Ballard, Julia. "Startup Seeks Funding to Launch a New Model of Moviemaking." *Silicon Bayou News*, September 26, 2013. <http://siliconbayounews.com/2013/09/26/startup-seeks-funding-to-launch-a-new-model-of-moviemaking/>.

New Orleans to showcase independent films.¹⁸ In April 2011, Louisiana Entertainment launched the Louisiana Filmmakers Grant Fund Program. The program, financed by fees imposed on the transfer of Motion Picture Investor Tax Credits, offered \$90,000 in total for its first round of grants, with individual awards of up to \$25,000. In order to qualify for the program, the filmmaker had to be a resident of Louisiana for the past three years, have a project shot 100% in-state, and include a 100% local crew and 75% local cast.¹⁹ The program was subsequently discontinued. In 2011, the Shreveport community launched the Louisiana Film Prize, a juried short-film competition that offers a \$50,000 grand prize, the opportunity for the top five films to receive distribution through Shorts International, and \$15,000 in filmmaking grants to films produced in northwest Louisiana.²⁰

- **Support from film nonprofits:** The New Orleans Video Access Center (NOVAC) has become a clearinghouse for connecting independent filmmakers to resources and education. In particular, NOVAC offers local filmmakers fiscal sponsorship, meaning that they can partner with NOVAC to apply for grants and receive tax-deductible contributions available only to 501(c)(3) nonprofits.²¹

EDUCATION AND WORKFORCE DEVELOPMENT

Responding to the growth of the motion picture and television industry and the opportunities created by it, industry-specific education and workforce development programs have expanded in Louisiana. For example, Tulane University recently launched an interdisciplinary undergraduate major in Digital Media Production, offering students hands-on production experience.²² In 2012, the Louisiana State University's Department of Theatre partnered with Baton Rouge Community College to launch a film and television concentration, featuring courses in production technology, acting, and content creation.²³ In 2014, LSU hired its first-ever staff member focused exclusively on film. The University of New Orleans also has grown its film program significantly since 2004.²⁴ The expansion of the Robert E. Nims Center, a commercial studio affiliated with the university, has been critical to the film program's growth, offering UNO students internship and training opportunities.²⁵ Finally, in October 2014, the Loyola University Board of Trustees approved two new degree programs, a Bachelor of Fine Arts in Digital Filmmaking and a Bachelor of Science in Popular and Commercial Music, with the programs to officially start in August 2015. The Digital Filmmaking program is intended to take advantage of opportunities for students to become involved in the local motion picture and television industry.²⁶

¹⁸ Scott, Mike. "Indywood Film Group Christens a New NOLA Art-house Theater." *Times-Picayune*, January 21, 2014. http://www.nola.com/movies/index.ssf/2014/01/new_orleans_gets_a_new_arthous.html.

¹⁹ Scott, Mike. "Louisiana Launches Grant Program for Homegrown Filmmakers." *Times-Picayune*, April 13, 2011. http://www.nola.com/movies/index.ssf/2011/04/louisiana_launches_grant_progr.html.

²⁰ Smart, Jack. "Louisiana Film Prize Announces 20 Winning Finalists." *Backstage*, August 13, 2014. <http://www.backstage.com/news/louisiana-film-prize-announces-20-winning-finalists/>.

²¹ NOVAC. "NOVAC Fiscal Sponsorship." New Orleans Video Access Center. Accessed November 6, 2014. <http://novacvideo.org/for-filmmakers/fiscal-sponsorship.html>.

²² "Tulane Digital Media Production." Tulane University School of Liberal Arts. Accessed November 6, 2014. <http://tulane.edu/liberal-arts/digital-media-production/>.

²³ Craddock, Jacquelyn, and Aaron Looney. "LSU Department of Theatre Partners with Baton Rouge Community College to Offer Film and Television Concentration." *LSU Gold*. Accessed November 6, 2014. http://www.lsu.edu/departments/gold/2012/10/film_tv.shtml.

²⁴ Brasted, Chelsea. "More than 10 Years into Louisiana Film Tax Credits, Local Industry Still Has Ways to Grow." *Times-Picayune*, October 2, 2014. http://www.nola.com/entertainment/baton-rouge/index.ssf/2014/10/louisiana_film_tax_credits_10.html.

²⁵ University of New Orleans. *University of New Orleans: Strategic Plan (2011-2014)*, n.d. http://www.uno.edu/top_docs/strategicplan.pdf.

²⁶ Lipinski, Jed. "Loyola Launches New Degrees in Film and Pop Music." *Times-Picayune*, October 14, 2014. http://www.nola.com/education/index.ssf/2014/10/loyola_launches_new_degrees_in.html.

In addition to the programs above, the New Orleans Video Access Center, a nonprofit media arts organization created in 1972, provides grassroots film education. Post-Katrina, in an effort to support the development of the motion picture and television industry in the state, NOVAC received a CDBG Workforce Development Grant. From 2007-2011, NOVAC staff operated *Ready, Set, Film!*, a free intensive, hands-on program that trained 375 people in entry-level below-the-line trades. Subsequently, NOVAC began working with the City of New Orleans to develop targeted programs in response to incoming production needs. For example, in 2013, NOVAC partnered with the St. Bernard Parish Office of Film and Television and Film New Orleans (the Mayor's Office of Cultural Economy) to provide two days of in-depth production assistant training for a \$75 materials fee.²⁷ In February 2014, in collaboration with the Baton Rouge Film Commission and the Baton Rouge Mayor's Office of Community Development, NOVAC opened up BROVAC in Baton Rouge. BROVAC launched its offerings in March 2014 with 2-day production assistant boot camp at Celtic Media Centre. As of October 2014, BROVAC has trained 100 people in Baton Rouge, according to the Film Commission.²⁸

MOTION PICTURE- AND TELEVISION- RELATED BUSINESS GROWTH

As suggested in previous sections, the motion picture and television industry has supported the formation and/or expansion of related businesses across a wide range of sectors. In particular, the development of studio infrastructure in-state has created opportunities for firms offering many types of on-site production support. For example, Celtic Media Centre hosts a range of tenants focused on servicing the industry at its facility, including Turnkey Accommodations (lodging for cast and crew), CAT Entertainment Services (temporary power and HVAC), Division Camera (camera equipment), MBS Equipment Co. (grip and electric), Ragtime Rentals (grip and electric), Napper Law (legal services), Cast & Crew Entertainment Services (payroll services), Post Digital (post-production), Silver Screen Rentals (production rentals), Building Studios (sound), Hollywood Trucks (transportation), Associated Travel (travel coordination), and 3D Systems (visual effects).²⁹ Likewise, Second Line also supports an array of tenants, including a second outpost of Hollywood Trucks.

²⁷ "Film Production Is Having Major Economic Impact on St. Bernard." Times-Picayune, September 5, 2013.

http://blog.nola.com/new_orleans/2013/09/film_production_is_having_majo.html.

²⁸ Brasted, Chelsea. "Movie Job Training to Be Offered Free to Baton Rouge Residents." Times-Picayune, February 20, 2014.

http://www.nola.com/entertainment/baton-rouge/index.ssf/2014/02/movie_job_training_to_be_offer.html.

²⁹ Celtic Media Centre. Production Support. http://www.celticmediacentre.com/production_support/studio_vendors/.

Hollywood Trucks

Hollywood Trucks is an entertainment transportation company founded by Andre Champagne in 2007. After graduating from Louisiana State University in 2002, Mr. Champagne, a Louisiana native, moved to Los Angeles to work in the film industry. In 2007, he returned to Louisiana for a shoot, and noticed the lack of entertainment transportation options in the state. He also recognized the opportunity to use the infrastructure tax credit to support film-related capital investments. In October 2007, Mr. Champagne launched Hollywood Trucks with one employee, five vans, and two stake-bed trucks. He took a small office at Celtic Media Centre in Baton Rouge, and made an initial investment of \$100,000. Since then, Hollywood Trucks has expanded dramatically. As of 2014, it had a Louisiana fleet of over 300 specialized trucks, as well as a second office at Second Line Stages in New Orleans. It also had 10 full-time Louisiana employees, as well as contracts with union drivers in the state. Hollywood Trucks obtains the vehicles in its Louisiana fleet by either buying them directly from local vendors or by having these vendors source them from other locations. Mr. Champagne estimates that Hollywood Trucks spends \$3-4 million per year on maintenance of its full Louisiana fleet, with all vehicles serviced in state. The company also uses local vendors for items like signage. In addition, he is developing a line of environmentally friendly (“Ecoluxe”) trailers. In total, the company’s revenues have grown from about \$607,479 in 2008 to more than \$5 million in 2013.

Sources:

Powell, Farran. “Move over Hollywood! Louisiana Is Top for Film Production.” *CNNMoney*, July 25, 2014. <http://money.cnn.com/2014/07/25/smallbusiness/hollywood-south-louisiana/index.html>.

Lodge, Bill. “Entrepreneur Builds Thriving Business Serving La. Movie Business.” *The Advocate*, April 19, 2014. <http://theadvocate.com/home/8602526-125/entrepreneur-builds-thriving-business-serving>.

Champagne, Andre. Interview about Hollywood Trucks, October 14, 2014.

Profile: Silver Screen

Silver Screen is a production services rental company based in New Orleans and Baton Rouge. The firm serves the location needs of productions, including power, air conditioning, tents, flooring, and hair and makeup benches. It was founded in late 2008 by Casey Vosbein. Mr. Vosbein, a Louisiana native, was working in the oil and gas industry in Texas before he relocated to New Orleans to take part in the expansion of the film industry. The company started with three employees, Mr. Vosbein and two other individuals who moved from California, and 10,000 square feet of office and storage space. Currently, the company has 40-45 employees, 30,000 feet of office space, and 60,000 square feet of storage space in Louisiana. Mr. Vosbein estimates that 50-70% of his employees are people who relocated from other states to participate in the industry. The firm spends more than \$1 million annually on payroll in Louisiana. In addition, it spends approximately \$1 million per year updating its equipment, with 60 to 70 percent being spent with Louisiana vendors and the rest out-of-state.

Source: Vosbein, Casey. Interview about Silver Screen., October 16, 2014.

MOTION PICTURE AND TELEVISION PRODUCTION INFRASTRUCTURE

The growth of the motion picture and television industry has also supported significant infrastructure investment in Louisiana. The development of infrastructure not only stimulates the economy in the short term

by creating jobs related to design, construction, and permitting, but also provides a critical platform for future increases in production activity and spending over the long term.

Since 2002, there have been four major purpose-built studios constructed in Louisiana, as shown in **Figure 9**. These studios are profiled in the appendix. In addition, a specialized automatic wave-making production facility, the Louisiana Wave Studio, was built in 2005 for Walt Disney’s *The Guardian* in Shreveport. Though the Louisiana Wave Studio was initially scheduled for demolition after the production, investors elected to purchase it and keep it as a permanent facility in June 2006.³⁰ Beyond these purpose-built facilities, there have been a number of other spaces, including underutilized private warehouses and government buildings, converted fully or partially into studios. For example, in 2011, representing one of the largest and most high-profile conversions, Big Easy Studios began leasing space from NASA’s Michoud Assembly Facility.³¹

Figure 9. Purpose-Built Studios Constructed in Louisiana Since 2002

Studio	Location	Date Built
Second Line Stages	New Orleans	Phase I built January 2009-December 2009 Officially opened January 2010
Celtic Media Center	Baton Rouge	Phase I built 2006-2008 Officially opened in 2007
Millennium Studios	Shreveport	Phase I built December 2009-April 2011
Nims Center	Jefferson Parish	Phase I built in early 2000s

In addition to the production spending credit, which created demand for studio infrastructure in Louisiana, it is important to acknowledge the role of the state’s motion picture and television infrastructure tax credit, in place from 2005-2009, in attracting and supporting capital investment for motion picture and television production. The credit lowered the barriers to entry for studio construction by offering a 40% tax credit on qualified motion picture- and television- infrastructure capital investments. Both Second Line Stages and Celtic Media Centre received infrastructure tax credits. Under the infrastructure tax credit, projects whose applications were approved before the program ended on January 1, 2009 were able to claim their credits over time as they proceeded with their approved spending.³² Based on a list of projects provided by the Louisiana Office of Entertainment Industry Development, projects were still receiving final certifications into 2013-2014 as they closed out their spending. However, the number of projects claiming credits has significantly decreased each year, suggesting that infrastructure tax credit-associated spending is almost exhausted.

Demonstrating the strength of the industry, even with the infrastructure tax credit no longer in place, individuals and firms continue to make capital investments in motion picture and television production infrastructure. According to interviews conducted by HR&A, Second Line Stages, Celtic Media Centre, and Millennium Studios are all considering expanding their current facilities, assuming the Credit remains stable through the next Legislative session. In addition, Scott Niemeyer, a producer, co-owner of Gold Circle Entertainment, and Louisiana native, has proposed a \$63.5 million studio campus in Algiers, a New Orleans

³⁰ “A Brief History of the Louisiana Wave Studio.” Louisiana Wave Studio, 2014. <http://www.thelouisianawavestudio.com/press-room.html>.

³¹ “NASA Defends Deal with N.O. Film Studio.” Baton Rouge Business Report, September 17, 2012. <http://www.businessreport.com/article/nasa-defends-deal-with-n-o-film-studio>.

³² For applications received after August 1, 2007 and before January 1, 2009, to be eligible to earn credits, construction needed to begin within 6 months of initial certification. In addition, credits could not be earned until 25% of the initially certified investment had been expended, and no credits were allowed for expenditures made after December 31, 2008, unless 50 percent of the initially certified investment had been expended prior to that date.

neighborhood near the Crescent City Connection, to be called Deep South Studios. Deep South would be located on nearly 19 acres of land and comprise 262,000 square feet of space, with five sound stages, two production buildings and multiple other support structures. It would be the largest studio in the region.³³

The one-time economic impacts (jobs, household earnings, and economic output) associated with the construction of production infrastructure will be covered in Chapter IV. However, the development of production infrastructure has offered additional benefits to the state, which are summarized below.

Revitalization of Surrounding Areas

The purpose-built studios constructed in Louisiana have contributed to the revitalization of surrounding areas. Second Line Stages, Celtic Media Center, and Millennium Studios were all built in distressed neighborhoods. **Second Line Stages** brought two vacant historic buildings back into use, and attracted economic activity to the Magazine Corridor of New Orleans. Since **Celtic Media Centre** was built, the surrounding property has appreciated in value. In 2013, Celtic partnered with Costco to purchase a former Coke bottling plant site, which was being underutilized. Celtic upgraded and repurposed the building as a warehouse, and Costco has now built a retail store on the site. Likewise, **Millennium Studios** collaborated with the City of Shreveport to revitalize the Ledbetter Heights neighborhood. Finally, the expansion of the **Nims Center** through the “Louisiana StudioPlex Initiative” helped support the recovery of Jefferson Parish after Hurricanes Katrina and Rita.³⁴

Reuse of Underutilized Private and Government Facilities

In addition to the impacts on surrounding neighborhoods, several non- purpose-built facilities have returned underutilized space to productive use. These are summarized in **Figure 10**.

³³ Sayre, Katherine. “Deep South Studios, a Proposed \$63.5 Million Movie Campus in Algiers, Moves Forward.” Times-Picayune, June 10, 2014. http://www.nola.com/business/index.ssf/2014/06/deep_south_studios_a_635_milli.html.

³⁴ “Strategic Recovery Goal: Expansion of the Robert E. Nims Center.” Louisiana Parish Plans, 2006 2005. http://www.louisianaspeaks-parishplans.org/SecureSite/View_EntireLTRForm.cfm?ProjID=526.

Figure 10. Studios That Have Reused Private and Government Facilities in Louisiana Since 2002

Studio	Location	Former Use	Description
Big Easy Studios	New Orleans	NASA facility	Big Easy is an eight-stage, 242,000 square foot facility located at the Michoud Assembly Facility, where NASA built the space shuttle's external tanks. Big Easy began renting space from NASA in 2011. ³⁵
St. John Center	LaPlace	LaPlace Parish's community center	During construction, the community center experienced cost overruns that caused it to be \$2 million over budget. Parish officials elected to rent it out to cover operating costs. In 2011, production companies paid rental fees totaling \$312,000. ³⁶
StageWorks	Shreveport	Expo Hall, the old city convention center	City of Shreveport leased the facility to private investors in April 2006, after completing a new convention center. The investors then spent \$2 million constructing two large soundstages.
StageWest	Shreveport	Former factory	Its owner, Teri McGuire, spent \$2 million repurposing the facility into a studio.
Mansfield Studios		Former AT&T plant	Investors converted part of the one million square foot former AT&T plant into the Mansfield Studios. ³⁷

In addition, several productions have used the defunct Six Flags site in New Orleans, vacant since 2005 when it was severely damaged by Hurricane Katrina, as a shooting location.

SUCCESS FACTORS AND OPPORTUNITIES FOR THE LOUISIANA PRODUCTION INDUSTRY

In interviews, local stakeholders identified a number of success factors that have contributed to Louisiana's ability to attract and retain motion picture and television production. The Credit has enabled the state to fully capitalize on its locational advantages.

- **Diverse Locations:** The state provides a variety of geographic settings in relatively close proximity to each other, including urban environments, woodlands, swamps or bayous, beaches (Gulf of Mexico), and lakes. It also offers plantations, historic buildings, and the French Quarter.
- **Rich Culture & Quality of Life:** Louisiana has a rich hospitality tradition, with distinctive food, music, entertainment, and culture, which makes it an attractive destination for cast and crews. In particular, New Orleans offers numerous lodging, dining, retail, and nightlife options.
- **Low Operating Costs, including Low Cost of Living for Crew:** Louisiana offers affordable cost of living for crew members relative to other locations, such as Los Angeles, London, and Vancouver.
- **Ease of Filming:** Local governments assist with productions, offering streamlined permitting, assistance with closing down roadways, and access to locations. For example, the City of New Orleans has an Office of Cultural Economy, housed within the Mayor's Office, which focuses on supporting the local production industry. The City of Baton Rouge launched the Baton Rouge Film Commission in 2006.
- **Presence of Studio Infrastructure:** Since the Credit was instituted, three major purpose-built studios have been constructed in Louisiana—Celtic Media Centre in Baton Rouge, Second Line Stages in

³⁵ Lorek, Laurie. "NASA's On Track to Build the Most Powerful Rocket Ever." Silicon Hills, September 16, 2014. <http://www.siliconhillsnews.com/2014/09/16/nasas-on-track-to-build-the-most-powerful-rocket-ever/>.

³⁶ Scallan, Matt. "Fees from St. John Community Center Rental Could Fund New Building." Times-Picayune, April 26, 2012. http://www.nola.com/politics/index.ssf/2012/04/fees_from_st_john_community_ce.html.

³⁷ Kent, Alexandyr. "Northwest Louisiana Offers Versatile Locations, Adds Soundstages." Shreveport Times, June 24, 2007. <http://archive.shreveporttimes.com/article/99999999/NEWS01/706250308/Northwest-Louisiana-offers-versatile-locations-adds-soundstages>.

New Orleans, and Millennium Studios in Shreveport. In addition, the Nims Center has been significantly expanded, and Big Easy Studios has converted part of the Michoud Assembly Facility into a production facility.

- **Network of Suppliers and Crew:** In the ten-plus years since the Credit was first established in Louisiana, a network of suppliers accustomed to meeting the demands of the production industry has developed in the state. In addition, the state now has a substantial crew base, with estimates ranging from nine to eleven crews deep statewide.
- **Weather:** Louisiana has a temperate climate, so it is possible to shoot year-round. However, there can be some weather-related challenges with summer heat and hurricane season.
- **Positive Word of Mouth and “Repeat Business”:** Finally, the state has benefitted from positive word of mouth in the motion picture and television industry as production companies have come, had a good experience in the state, and returned to do more productions. The state has had a number of “repeat customers.” For example, on the motion picture side, Millennium Films, Gold Circle Entertainment, Signature Pictures, Active Entertainment, and Films in Motion have done significant work in the state. On the television side, HBO has shot a number of productions in the state, including *True Blood*, *Treme*, and *True Detective*.³⁸

While interviewees emphasized the growing strength of Louisiana’s production industry, they also identified some untapped or underutilized opportunities to further build out and enhance the industry in Louisiana. These include the following:

- **Overcoming Uncertainty Associated with the Biannual Review of the Credit:** The biannual review of the Credit by the Louisiana State Legislature adds uncertainty to, and therefore increases risk for, the industry. Major studios and independent production companies seek locations with stable incentive programs. Instability also discourages large investments in infrastructure, due to concerns about the impact of potential changes in the Credit on future demand.
- **Fostering Additional Television Production:** In recent years, the state has experienced an increase in television production, as production companies have become more cost-conscious, and this in turn has fostered the development of infrastructure. Series that have been shot in the state since 2009 include *Treme*, *Memphis Beat*, *True Blood*, *American Horror Story: Coven*, *True Detective*, *NCIS: New Orleans*, and *Salem*. In addition, multiple seasons of *Duck Dynasty* and *Swamp People* have been shot in-state. Television is an attractive option for the state because it offers stable, long-term employment and business opportunities.
- **Supporting a Stronger Post-Production and Visual Effects Industry:** Given the level of production activity and low operating costs in-state, Louisiana is well-positioned for the post-production and visual effects industry. In this realm, Worldwide FX, which also has a location in Sofia, Bulgaria, opened as part of the Millennium Studios complex in Shreveport in 2009.³⁹ Digital FX has built a post-production facility in Baton Rouge. Post-production facilities could offer additional employment.
- **Enhancing Network of Purpose-Built Infrastructure in Louisiana and Crew Base:** Several interviewees identified the need for more purpose-built studios in Louisiana to accommodate rising production demand. Interviewees also indicated the need to continue strengthening the permanent crew base to meet production demand.
- **Building out Financial Infrastructure:** Some interviewees indicated that the majority of film financing activity still occurs outside Louisiana. They expressed interest in having more local or

³⁸ Based on OEID data. Note that production company data is not available for all productions prior to 2011.

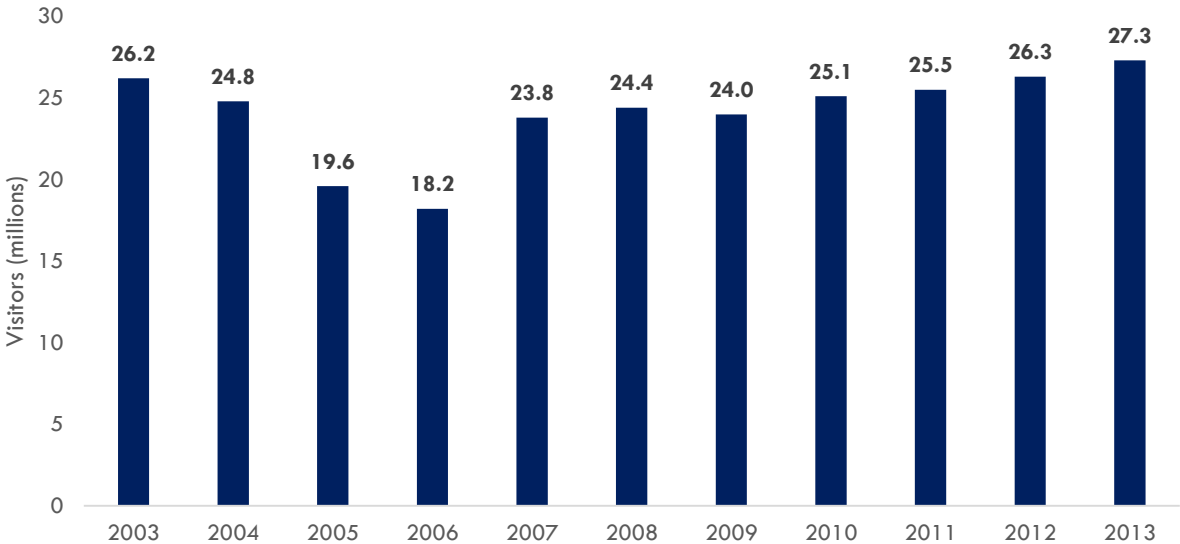
³⁹ Caranicas, Peter. “Millennium Studios Formally Opens.” *Variety*, April 1, 2011. <http://variety.com/2011/film/news/millennium-studios-formally-opens-1118034777/>.

regional banks become involved in the business. The financing challenge is linked to the instability of the Credit renewal process. Greater certainty that the State Legislature will continue to support the Credit would contribute to a more stable financing environment and support growing commercial lending.

III. Motion Picture- and Television- Induced Tourism in Louisiana

Tourism is an important contributor to Louisiana’s economy. The state is noted for its outstanding cuisine, nightlife and entertainment, music, and culture, and the tourism sector accounts for a significant portion of total state employment. Yet over the last decade, the state has suffered a number of adverse events, such as Hurricanes Katrina and Rita (2005), Hurricanes Gustav and Ike (2008), and the BP Horizon Oil spill (2010), which have hurt the tourism industry and reduced visitation and spending. For example, due to the effects of Hurricanes Katrina and Rita, Louisiana experienced a 34% decline in visitor spending from 2004 to 2006. However, the industry has recovered with the support of film-induced tourism, despite the effects of the Great Recession, with overall visitation and spending levels exceeding pre-Katrina levels in 2012.

Figure 11. Louisiana Visitors, Domestic and Foreign, 2003-2013



Source: University of New Orleans Hospitality Research Center. Louisiana Tourism Forecast: 2014-2017.

In 2013, an estimated 27.3 million people visited the state of Louisiana, a number greater than in 2012 (26.3 million) and 2003, the next-highest year (26.2 million). This number includes both domestic (25.5 million) and international (1.8 million) travelers. Total visitors to New Orleans in 2013 were estimated at 9.3 million, and total visitors to the rest of the state, including Alexandria, Baton Rouge, Lafayette, Lake Charles, Monroe, and Shreveport, were estimated at 18.0 million.

In 2013, total visitor spending, including both domestic and international travelers, was \$10.8 billion. On average, visitors spent nearly \$394 during their trip. By 2017, the University of New Orleans’ Hospitality Research Center predicts that the total number of visitors to Louisiana will reach 28.2 million and that spending will reach \$11.7 billion, based on an increase of approximately 2% annually up to that point.⁴⁰

⁴⁰ University of New Orleans Hospitality Research Center. Louisiana Tourism Forecast: 2014-2017. Louisiana Department of Culture, Recreation, and Tourism, April 2014.

MOTION PICTURE- AND TELEVISION- INDUCED TOURISM GENERALLY

Past studies have found that major motion pictures are influential in drawing tourists to the locations where they are shot. In a seminal 1998 study, Riley, Baker, and Van Doren measured the impact of 12 U.S. motion pictures on visitation to specific locations by comparing visitation after the motion pictures' release to what might have been expected based on prior trends. They found that the effect of the motion pictures was to increase tourist visits to the sites, on average, by 40 to 50% for at least four years following release.⁴¹ In a 2003 in-person survey of international visitors to New Zealand (n=774), 8.6% of international visitors indicated that the *Lord of the Rings Trilogy* was a factor in their decision to visit, while 89% of international visitors were at least aware the productions were shot in New Zealand before they arrived.⁴² Likewise, in a 2010 survey of overseas travelers by the Irish National Tourism Development Authority (n=4,816), 20% of total respondents identified films as an information source that influenced their choice to visit Ireland.⁴³ Similarly, in Visit Scotland's April 2012 survey of UK adults (n=2,085), 19% of respondents said that they had been inspired to visit or consider visiting Scotland by a film they had watched.⁴⁴ Finally, in a 2011 analysis based on a literature review and examination of visitation to specific film locations in the U.K., Oxford Economics estimated that approximately 12% of international visitors to the U.K. were motion picture and television- induced tourists, attracted by both studio productions (*Harry Potter*, *Sherlock Holmes*) and independent films (*The King's Speech*) featuring the country.⁴⁵

In an important early study, Riley and Doren identified a number of ways in which motion pictures could support tourism. Motion pictures offer prolonged exposure to locations; promote emotional connections to locations through engagement with movie storylines and their characters; provide compelling images of locations through cinematography, special effects, and the presence of actors; distribute images of locations through a popular medium; and function as a non-sales form of communication that potential tourists can experience from wherever they are.⁴⁶ In a qualitative evaluation of film- and television- induced tourism in Canada, Nordicity identified four possible categories of film- and television-induced tourism: "film location tourism," where individuals are attracted to a destination because they want to visit the actual filming location(s); "celebrity tourism," where individuals are attracted to a destination where productions are being filmed because they want to see stars on location; "film-induced destination tourism," where visitors are attracted to a destination not because of the actual filming location(s), but because they want to partake of the general landscapes and sense of place portrayed; and "film setting tourism," where both the intended setting and the film location that it represents receive visitors, such as Forks, Washington and Vancouver for part of the *Twilight* series.⁴⁷

⁴¹ Riley, Roger, Dwayne Baker, and Carlton S. Van Doren. "Movie induced tourism." *Annals of tourism research* 25, no. 4 (1998): 919-935.

⁴² Croy, Glen W. "The Lord of the Rings, New Zealand, and Tourism: Image Building with Film." Monash University, 2004.

⁴³ Millward Brown. *Faite Ireland Visitor Attitudes Survey 2010*. National Tourism Development Authority, 2010. http://www.failteireland.ie/FaiteIreland/media/WebsiteStructure/Documents/3_Research_Insights/3_General_SurveysReports/2010_Main_Markets.pdf?ext=.pdf and http://www.failteireland.ie/FaiteIreland/media/WebsiteStructure/Documents/3_Research_Insights/4_Visitor_Insights/Visitor-Attitudes-Survey-Exec-Summary.pdf?ext=.pdf.

⁴⁴ Insight Department, Visit Scotland & YouGov. *UK Consumer Attitudes: Film-Related Topics*, April 2012.

⁴⁵ Oxford Economics. *The Economic Impact of the U.K. Film Industry*, September 2012.

⁴⁶ Riley, Roger W., and Carlton S. Van Doren. "Movies as Tourism Promotion: A 'Pull' Factor in a 'Push' Location." *Tourism Management* 13, no. 3 (1992): 267-274.

⁴⁷ Nordicity. *The Economic Contribution of the Film and Television Sector in Canada*. Motion Picture Association - Canada and Canadian Media Production Association, July 2013.

MOTION PICTURE- AND TELEVISION- INDUCED TOURISM IN LOUISIANA

Since the introduction of the Motion Picture Investor Tax Credit, a number of motion pictures and television shows produced in Louisiana have featured local settings, culture, and characters, and contributed to tourism by exposing Louisiana to a global audience. For example, as discussed in the *New York Times*, Louisiana has experienced a “reality TV boom,” which began in 2010 with the premiere of *Swamp People* and has subsequently expanded to include shows like *Duck Dynasty* and *Cajun Pawn Stars*. This boom is based on the perceived uniqueness of Louisiana, its landscapes, and its culture.⁴⁸ Motion pictures shot in Louisiana since the Credit that have featured the state range from Academy Award-winning motion pictures (*The Curious Case of Benjamin Button*, *12 Years a Slave*), to animated productions (*The Fantastic Flying Books of Morris Lessmore*), to critically acclaimed independent films (*Beasts of the Southern Wild*). In addition to the reality shows mentioned, television shows featuring the state include *True Blood*, *Treme*, *American Horror Story: Coven*, and *NCIS: New Orleans*. **Figures 29 and 30** in the appendix identify a sample of motion pictures and television shows shot in Louisiana since the Credit that have highlighted the state, its landscapes, and culture.

NOLA Movie Tours, New Orleans

NOLA Movie Tours offers motion picture- and television-focused tours of New Orleans. Jonathan Ray started the company in April 2011. From April 2011 to October 2014, he has sold roughly 5,000 tickets. Mr. Ray sells tickets for \$45 per person. Mr. Ray initially focused the tour on older productions, but since 2013, he has included new productions due to interest in current shows like *American Horror Story* and *NCIS: New Orleans*.

Sources:

Ray, Jonathan. Interview about NOLA Movie Tours, October 16, 2014.

⁴⁸ Robertson, Campbell. “Louisiana Inspires Reality TV Shows.” *The New York Times*, May 15, 2013, sec. U.S. <http://www.nytimes.com/2013/05/16/us/louisiana-inspires-reality-tv-shows.html>.

Recognizing the power of motion pictures and television shows to attract people to the state, Louisiana Travel, the website of the state's official travel authority, includes a page focused on the state's film tradition and opportunities to experience some of the settings captured onscreen. In addition to describing the state's rich film history, which started before the Credit—with films including *Tarzan of the Apes* (1918), *A Streetcar Named Desire* (1951), *Easy Rider* (1969), *The Big Easy* (1986), *Steel Magnolias* (1989), and *Interview with a Vampire* (1994)— it highlights the state's continuing involvement in the motion picture and television industry.⁴⁹

Duck Dynasty, Monroe

Since it premiered in spring 2012, *Duck Dynasty* has become a crucial driver of tourism for West Monroe, a town of roughly 13,000 people, with tourists traveling to see the Duck Commander offices, warehouse, and retail outlet. The Monroe-West Monroe Convention and Visitors Bureau created the Duck Commander Hometown Tour to help tourists find locations from *Duck Dynasty*. As of May 2014, hotel-motel sales tax collections were up by 6% relative to the same period in the previous year. According to Alana Cooper, Executive Director of the Monroe-West Monroe Convention and Visitors Bureau, as quoted in a *News Star* article, "The biggest influence is still definitely people who want to see where *Duck Dynasty* is filmed... We haven't seen any decrease in those visitors. In fact, we've seen an uptick." Likewise, Bob Eisenstadt, director of the University of Louisiana at Monroe's Center for Business and Economic Research, stated in the *News Star* that *Duck Dynasty* "has created, really for the first time, a cultural identity for our community that attracts a brand of tourism we've never had before."

Demonstrating the power of the *Duck Dynasty* brand, it has become a major retail franchise across the country. A *Forbes* article estimated that product tie-ins would generate \$400 million in total revenues by the end of 2013, with sales in Walmart alone responsible for about half of that amount. Other large chains selling Robertson-themed merchandise include Target and Kohl's. At Walmart's annual shareholders' meeting in June 2013, company representatives indicated that their highest-selling piece of clothing across men's, women's and children's apparel for the past year was a *Duck Dynasty* t-shirt.

Sources:

Elay, Amy. "'Duck Dynasty' Fans Flock to West Monroe, La." *Today*, October 16, 2013.

<http://www.today.com/popculture/duck-dynasty-fans-flock-west-monroe-la-8C11393570>.

Hilburn, Greg. "Tourism Grows in Ouachita Parish." *The News Star*, July 8, 2014.

<http://archive.thenewsstar.com/article/20140708/BUSINESS/307080040/Tourism-grows-Ouachita-Parish>.

O'Connor, Clare. "Duck Dynasty's Brand Bonanza: How A&E (And Walmart) Turned Camo Into \$400 Million Merchandise Sales." *Forbes*, November 6, 2013. <http://www.forbes.com/sites/clareoconnor/2013/11/06/duck-dynastys-brand-bonanza-how-ae-and-walmart-turned-camo-into-400-million-merchandise-sales/>.

TOURISM SURVEY FINDINGS

To better understand the landscape of motion picture- and television- induced tourism in Louisiana, HR&A partnered with Federated Sample, a Louisiana-based market research company that specializes in programmatic sampling, to conduct a statistically valid survey of Louisiana visitors. The survey was designed to assess interest in and visitation to the state influenced by motion picture and television productions. The results of this survey form the basis for HR&A's analysis of the economic impacts of motion picture- and television- induced tourism in the state in Chapter IV. The sample (n=1,381) consisted of domestic, out-of-

⁴⁹ Lincoln, Eric. "Famous Movies Filmed in Louisiana." Louisiana Travel. Accessed November 6, 2014. <http://www.louisianatravel.com/articles/famous-movies-filmed-louisiana>.

state, leisure visitors to Louisiana, who needed to have been to the state within the last 2 years. In addition to the results required to perform the economic impact analysis, the survey also contained a number of other findings relevant to understanding the current state of and potential for film- and television-induced tourism in Louisiana. These are summarized below.

1. Louisiana receives significant exposure via motion picture and television productions.

- **72.0% of total respondents** are aware of film, television shows, and/or documentaries shot in or depicting Louisiana.
- In addition, **65.4% of total respondents** indicated that their awareness of films, television shows, and/or documentaries shot in or depicting Louisiana **increased** their interest in the state, its landscapes, and its culture.

2. For visitors, motion picture and television productions highlight what the state has to offer, encouraging visitation

- **57.3% of total respondents** indicated that their awareness of films, television shows, and/or documentaries shot in or depicting the state **positively** affected their decision to visit Louisiana.
- In addition, **22.9% of total respondents** indicated that their awareness was **“very important”** to their decision to visit.
- Respondents indicated that productions shot in or depicting Louisiana increase awareness of the state and introduce individuals to Louisiana’s unique landscapes, culture, and history. According to open-ended responses submitted by survey takers, these productions “give some idea of what Louisiana has to offer tourists,” and feature different aspects of the state, showing “what a varied state Louisiana is.” As one respondent noted, “All the shows I’ve seen—as well as movies—affected my want [sic] to visit Louisiana, from making it seem magically cultural (*The Princess and the Frog*) to adventurous (*21 Jump Street*).” Another said, “I had to see those swamps depicted in movies.” In this regard, motion picture and television productions may be especially important to first-time visitors, who have not seen the state: As one respondent said, for these visitors, these productions “may give an overview” to Louisiana.

“Almost every film in Louisiana is memorable... The food, people, and scenery is so unique.”

3. Motion picture and television productions also enhance the visitation experience, even if respondents are not coming for this reason alone.

Respondents indicated that these productions add excitement and interest to their trip by introducing the possibility of seeing something in person that they previously have seen on-screen. As one respondent noted, “I do enjoy seeing scenes from Louisiana in TV shows and movies... We visit family there every few years. It’s fun to see if we can identify the scene in the shows we watch!” Another respondent said, the chance of seeing an on-screen location in real life “just makes you notice all the individual places more.”

“I’ve really enjoyed seeing the sights that I have seen in films, especially the plantations.”

4. The motion picture and television industry is a significant part of everyday life—and therefore the visitor experience—in Louisiana.

- **44.9% of total respondents** had some type of encounter with the motion picture or television industry while they were in Louisiana, such as having a celebrity sighting, seeing crews filming, or visiting a place in person that they had previously seen onscreen, and/or having another type of encounter.

- **57.6% of total respondents** did at least one motion picture- or television-related activities while they were in Louisiana, such as visiting an active filming location, taking a movie tour, going to a place that they had previously seen onscreen, and/or attending a film festival or screening.

5. Since the enactment of the Credit, the state has benefitted from a number of “iconic” productions, as identified by respondents. Through an open-ended question, survey respondents had the opportunity to identify any films, television shows, and/or documentaries that they considered to “offer a particularly memorable or compelling portrait of Louisiana.” While respondents named a number of films made prior to the Credit, such as *A Streetcar Named Desire* (1951), *The Big Easy* (1986), *Interview with the Vampire* (1994), and *Steel Magnolias* (1989), as “iconic,” they also identified a large number of productions made since the Credit’s enactment, which are starred in the figure below. **Figure 12** shows the most “iconic” productions, identified by comparing the number of people who considered them iconic to the total number of people who recognized them as productions shot in or depicting Louisiana. Critically, some of these iconic productions have exposed Louisiana to a large number of viewers, as productions that are both iconic and broadly watched. In particular, *Duck Dynasty*, *NCIS: New Orleans*, and *Swamp People*, and *True Blood* stand out in this regard. In contrast, *Treme* is considered highly iconic, but less broadly watched.

Figure 12. Respondents Who Are Aware of Productions and Consider Them Iconic

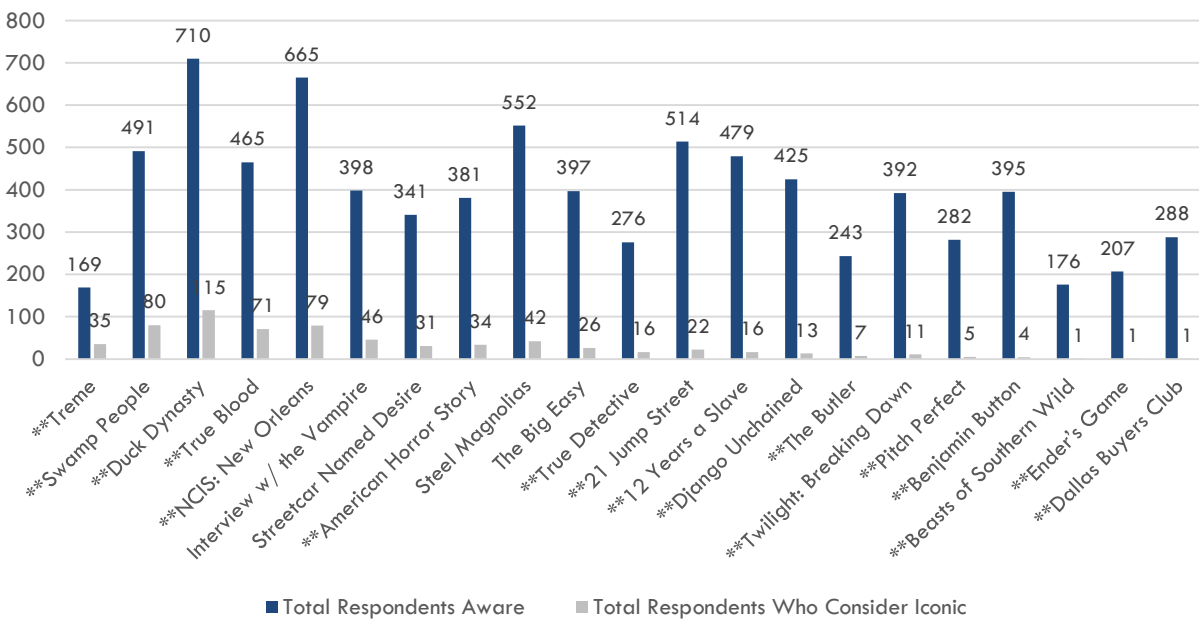


Figure 13 summarizes key feedback from respondents about these productions.

Figure 13. Feedback on Louisiana Productions from Survey Respondents

Production	Feedback
<i>Treme</i>	" <i>Treme</i> showed the wonderful music scene in New Orleans"
<i>Swamp People</i>	"Love <i>Swamp People</i> and the gator stories... Like watching them cook Cajun recipes and wanted to try it" " <i>Swamp People</i> offers a glimpse in the lives of regular [people], instead of the glamour of Hollywood"
<i>Duck Dynasty</i>	" <i>Duck Dynasty</i> ... I always want to visit after seeing the beautiful scenery they show" "I love <i>Duck Dynasty</i> and <i>Swamp People</i> ... seeing the people makes me want to visit to see if they are like that in real life"
<i>True Blood</i> ⁵⁰	"I like <i>True Blood</i> 's portrayal of a down-home, tight-knit community" " <i>True Blood</i> fits well with the culture of New Orleans" " <i>True Blood</i> is what I think of every time I hear about or see Louisiana"
<i>NCIS: New Orleans</i>	" <i>NCIS: New Orleans</i> offers a very good portrait of Louisiana. Every time I watch the show, it brings back great memories of my trip there" " <i>NCIS: New Orleans</i> shows a great deal of the sites I have been to other visits. They also talk a lot about the history and the music"
<i>American Horror Story</i>	"I found the scenery and stories from <i>American Horror Story</i> very exciting and memorable... encouraged me to visit" " <i>American Horror Story</i> made Louisiana look cool and spooky"

⁵⁰ *True Blood* has been filmed partially in Louisiana and partially in California.

IV. Economic Impact Analysis

Economic impact analysis is based on the concept of the “multiplier effect” of direct new activity in an area’s economy, such as new spending or new jobs owing to a policy change or investment. The multiplier effect reflects the fact that each dollar of direct spending or new job supports further spending and job creation in the area because businesses are interdependent and purchase goods and services from one another. For instance, in-state purchasing by a production attracted to Louisiana by the Motion Picture Investor Tax Credit stimulates additional spending by supplier businesses that must purchase additional inputs to meet new demand, which stimulates additional spending by that firm’s suppliers, and so forth. Economic impact analysis measures this “ripple effect” of economic activity throughout an area’s economy.

HR&A’s analysis of the economic impacts generated by the Louisiana Motion Picture Investor Tax Credit considers three sources of impacts:

1. The ongoing economic impacts of production spending attributable to the Credit.
2. The ongoing visitor spending attributable to motion picture- and television- induced tourism.
3. The one-time economic impacts of investments in production infrastructure to support the motion picture and television industry.

For all three sources, economic impacts are measured in terms of employment, personal income, and economic output (spending) generated in the Louisiana economy.

HR&A relies on the 2012 IMPLAN model of the Louisiana economy to calculate total economic impacts, including multiplier effects, of the three sources described above. This model estimates the impacts of new spending or employment within specific sectors of Louisiana’s economy through multiplier relationships between sectors and household spending. The economic impacts generated can be disaggregated into direct, indirect, and induced effects.

- The **direct effect** is the initial change in spending or employment attributable to a policy, investment, or event. For example, in this case, the direct effect is all of the in-state spending by production companies that come to Louisiana to make a motion picture or television show.
- The **indirect effect** is the change in spending or employment by businesses that supply the directly affected industry. In this case, the indirect effect includes spending and employment by film transportation companies that provide car and truck rentals, hotels that house cast and crew, and construction companies that provide set materials, among others.
- The **induced effect** is the change in household spending of employees who are compensated for working in the directly and indirectly affected industries.

ECONOMIC IMPACT ANALYSIS: PRODUCTION SPENDING

This analysis considers the economic impacts of new production activity generated by the Credit for 2013. HR&A used production data supplied by the Office of Entertainment Industry Development (OEID).

METHODOLOGY

In order to evaluate the economic impacts of production spending on Louisiana for 2013, it is important to understand the process for earning and receiving Motion Picture Investor Tax Credits in the state, per Louisiana Revised Statute 47:6007. This process involves three steps:

- *Step 1 – Initial Certification:* The production company applies to OEID to have its project qualified, including a proposed budget in its application. If the project qualifies, the state issues an initial certification letter indicating that it accepts the production company's preliminary budget and will provide tax credits if the company follows through with its approved and qualified spending. OEID is required to complete the initial certification approval process within 60 days of its receipt of all required information, and also assign a unique identifying number to each state-certified production.⁵¹
- *Step 2 – Spending:* The production company proceeds with its approved spending. According to statute, the credits are earned when the spending actually occurs. Depending on the project, the production company may complete its spending in one year, or spread its expenditures over multiple years.
- *Step 3 – Final Certification:* Once the production completes all or part of its approved spending, it can choose to pursue final certification of those expenditures. Final certification indicates that the expenditures have been verified by an independent audit. It is critical to note that the state does not issue tax credits against expenditures until they are finally certified. OEID is required to complete the final certification process within 120 days of the receipt of the production audit report and all required supporting information.⁵²

Based on the above, there are three important dates associated with this process:

- *Initial Certification Year:* The year in which the project is initially certified. There is one Initial Certification Year per project. According to state law, the Initial Certification Year determines the rate at which credits are calculated.
- *Credit Year(s):* The year(s) in which spending actually occurs, or expenditures are incurred by the production company. There can be one or more Credit Year(s) per project, because the production company can split up its spending across multiple years. The Credit Year determines the period of time for which the tax credits are valid. The taxpayer can carry the credits forward for up to 10 years from the date that they were earned by the production.⁵³
- *Final Certification Year(s):* The year(s) in which spending is finally certified. There can be one or more Final Certification Year(s) per project, because the production company can choose to pursue final certification on all or part of its approved spending at once, provided that the expenditures for which final certification is sought have been incurred. Tax credits are not actually issued against the spend until the Final Certification Year.

To evaluate the economic impacts of production spending on Louisiana for 2013, based on its understanding of the process for earning and receiving Motion Picture Investor Tax Credits in the state, HR&A elected to examine spending by Credit Year(s). HR&A chose to assign spending to years based on Credit Year(s), rather than Final Certification Year, because it represents the actual time at which the expenditures were

⁵¹ According to LA RS: 47:6007, "The initial certification shall be effective for a period twelve months prior to and twelve months after the date of initial certification, unless the production has commenced, in which case the initial certification shall be valid until the production is completed." This allows spending that occurred up to 12 months before a production was initially certified to be eligible for credits.

⁵² LA RS 47:6007 states, "The tax credit shall be earned by investors at the time expenditures are made by a motion picture production company in a state-certified production. However, credits cannot be applied against a tax or transferred until the expenditures are certified by the office and the secretary. For state-certified productions, expenditures shall be certified no more than twice during the duration of a state-certified production unless the motion picture production company agrees to reimburse the office for the costs of any additional certifications."

⁵³ Louisiana Legislative Auditor. Louisiana Department of Economic Development and Louisiana Department of Revenue: Motion Picture Tax Credit Program Performance Audit, April 24, 2013.

incurred, enabling the economic impact analysis to more accurately reflect the actual impact of that spending in any given year.

To analyze Credit Year 2013 production spending, HR&A obtained a database of all production spending finally certified to date, organized by Credit Year, from OEID. However, this database was incomplete, because it did not include Credit Year 2013 projects that had not been finally certified to date – i.e., projects that incurred expenditures in that year, but that had not yet been finally certified.

Consequently, to estimate full Credit Year 2013 production spending, HR&A combined finally certified Credit Year 2013 spending with spending initially certified in Calendar Year 2013. HR&A assigned initially certified spending to years based on Initial Certification Year, not on Credit Year, because Credit Year information is available for only expenditures that have been finally certified. To account for the difference between projects' proposed (initially certified) budgets and their ultimately realized (finally certified) budgets, HR&A discounted the initially certified production spending by the average "yield" of initially certified spending converted to finally certified spending across all years for which OEID had initially certified data. It is important to note that this method of estimating full 2013 Credit Year production spending creates some methodological challenges, discussed in full in the Technical Appendix. However, despite these challenges, HR&A elected to pursue this methodology because Credit Year is still the best indicator of when spending actually occurred.

To conduct the economic impact analysis, HR&A disaggregated total production spending for Credit Year 2013 into spending categories, using data on the breakdown of production spending for Calendar Year 2013 provided by OEID. The OEID data divided spending into "Above the Line," "Soft Costs," and "Below the Line" categories, and then further sub-categories within that. HR&A included only the direct effects of spending classified as "Above the Line Talent" in this analysis, assuming that the majority of wages associated with this production spending are earned by non-residents and multiplier effects of their spending are not realized within Louisiana.

PRODUCTION SPENDING IMPACTS

In 2013, HR&A estimates that production spending associated with the Motion Picture Investor Tax Credit had the following economic impacts in Louisiana:

- **Creation of 10,800 jobs**, of which 6,660 supported the direct activities of productions and 4,140 jobs were created by indirect and induced economic activity.
- **Generation of \$471.2 million in personal income**, of which \$298.6 million accrued to persons and businesses directly supporting productions and \$172.6 million accrued to persons and businesses involved with indirect and induced activities.
- **Generation of \$1.586 billion in economic output**, of which \$1.073 billion represents direct spending by productions, and \$513.3 million represents spending generated by indirect and induced economic activity.

Detailed results are shown in **Figure 14**.

Figure 14. Economic Impacts of Production Spending Induced by the Credit in 2013

<i>Impacts</i>	Employment	Income	Economic Output
<i>Direct</i>	6,660	\$298,600,000	\$1,072,700,000
<i>Indirect</i>	2,180	\$96,500,000	\$288,400,000
<i>Induced</i>	1,910	\$76,100,000	\$224,800,000
Total	10,800	\$471,200,000	\$1,586,000,000

Source: IMPLAN and HR&A analysis. Figures rounded to the nearest \$100k.

ECONOMIC IMPACT ANALYSIS: MOTION PICTURE- AND TELEVISION- INDUCED TOURISM

This analysis considers the economic impacts of visitor spending in 2013 attributable to motion picture- and television- induced tourism.

METHODOLOGY

To understand the share of visitor spending in Louisiana attributable to motion picture- and television-induced tourism, HR&A partnered with Federated Sample to conduct a statistically valid survey of recent visitors to Louisiana. The survey was designed to understand visitors' awareness of films, television shows, and/or documentaries shot in or depicting the state; the effect of their awareness on their interest in the state, its landscapes, and its culture, if any; and its effect, if any, on their decision to visit the state and their behavior while there. The purpose of the survey was to produce a valid estimate of the proportion of total domestic, non- Louisiana resident, leisure travelers who could be considered motion picture- and television-induced tourists, in order to derive the share and amount of visitor spending in Louisiana attributable to these tourists. To be considered motion picture- and television- induced tourists, respondents had to not only indicate that their awareness of productions shot in or depicting the state positively affected their interest in the state and their decision to visit (i.e., show a change in attitude), but also indicate that they had done at least one film- or television- related activity and stayed longer as a result (i.e., show a change in behavior).

The survey was conducted via an online panel of U.S. residents in early November 2014. It included both closed-end and open-ended questions. In order to qualify, respondents needed to be at least 18 years old, live in a state other than Louisiana, and have taken a trip to Louisiana within the last 2 years. HR&A conducted an initial "soft launch" of the survey in order to test the survey programming and fine-tune the questions (n=119). HR&A then conducted a full launch (n=1,381). The findings of this survey were discussed in Chapter III, but key points relevant to this analysis are summarized below.

- **57.3% of total respondents** indicated that their awareness of films, television shows, and/or documentaries shot in or depicting the state **positively affected their decision to visit Louisiana**.
- **22.9% of total respondents** indicated that their **awareness was "very important"** to their decision to visit.
- **14.5% of total respondents** indicated that their awareness **positively affected** their decision to visit Louisiana, was **"very important"** to their decision, did **at least one film- or television-related activity** while they were in the state; and chose to **extend their stay** for reasons related to things they had seen on films, television shows, and/or documentaries shot there.

Based on the survey findings, HR&A estimated that **14.5% of total domestic, non- Louisiana resident, leisure travelers can be considered motion picture- and/or television- induced tourists**.

Having used the survey to estimate the share (percentage) of out-of-state, leisure visitors positively influenced to come to Louisiana because of depictions of the state on film or television, HR&A then used three recent studies performed on behalf of Louisiana Tourism, the state tourism agency, to determine the actual number and spending of visitors falling into this category. These studies are summarized below:

- *The Louisiana Tourism Forecast for 2014-2019* (University of New Orleans/U.N.O. Hospitality Research Center), April 2014: Included an economic impact analysis of all visitor spending in the state in 2013. Sample included all domestic and international travelers.
- *The Economic Impact of Travel to Louisiana Parishes* (Research Department of the U.S. Travel Association/U.S.T.A.), September 2014: Included an economic impact analysis of all domestic visitor (U.S. resident traveler) spending in the state in 2013. Sample included all domestic travelers to Louisiana, including both state residents and out-of-state visitors either traveling away from home overnight in paid accommodations or going on any overnight or day trips to places 50 miles or more away from home.
- *Louisiana Visitor Conversion Report* (TNS), April 2014: Described the findings of a study conducted in early 2014 to measure the factors that encourage visitors to come to Louisiana. Sample consisted of adults at least 18 years old, who had visited Louisiana in the past 24 months (2012-2013). It is worth noting that this survey's sample almost exactly paralleled that of HR&A's survey, making them highly comparable.

Using data from these studies, HR&A estimated the total number of domestic visitors to Louisiana in 2013, and adjusted this number downward to include only out-of-state, leisure travelers.⁵⁴ HR&A used the TNS study to determine first the percentage of domestic visitors who are non-Louisiana residents (73%) and then the percentage of those who travel for leisure (92%). Out of the 25.5 million domestic travelers to Louisiana, 17.1 million were out-of-state, leisure travelers, matching the sample of the HR&A/Federated Sample survey. Of these, based on the survey results, 14.5% were film- and television- induced tourists. HR&A then calculated the total spending of these visitors, using information from the TNS study on the average spend per visitor, factoring in the relative percentage of overnight versus daytripper visitors for non- Louisiana residents. Finally, in order to conduct the economic impact analysis, HR&A disaggregated the total spending into spending categories, using the spending breakout provided in the U.S.T.A. study. The U.S.T.A. broke total domestic visitor spending down into six categories: public transportation, auto transportation, food service, lodging, entertainment and recreation, and general retail trade.⁵⁵ HR&A excluded public transportation spending, representing 10% of spending, because it included airfare and therefore may include spending out-of-state.

It is important to note that the motion picture and television- induced tourism economic impacts cited below should be considered upper-bound estimates, because they have been calculated on the basis of the full spending in Louisiana of visitors classified as motion picture- and television- induced tourists. However, while motion picture and television depictions of the state are demonstrably *very important* to these visitors' decision to visit and behavior while in-state, given the complexity of travel decision-making, there may be other factors that contributed to their visitation and spending patterns.

⁵⁴ HR&A reconciled a slight difference between the U.N.O. domestic visitor numbers and spending and U.S.T.A. spending by using the more conservative estimate of 25.5M domestic visitors to the state in 2013 (the 2012 U.N.O. number).

⁵⁵ In the IMPLAN model, retail trade was entered in terms of Gross Retail Sales (purchaser prices), so that the appropriate margin would be applied and impact results would only reflect the margined value.

MOTION PICTURE- AND TELEVISION- INDUCED TOURISM IMPACTS

In 2013, visitor spending attributable to motion picture- and television-induced tourism had the following economic impacts in Louisiana:

- **Creation of up to 22,720 jobs**, of which up to 15,690 jobs supported the direct activities of tourism and up to 7,030 jobs were created by indirect and induced economic activity.
- **Generation of up to \$145.3 million in personal income**, of which up to \$468.3 million accrued to persons and businesses directly supporting tourism and up to \$298.3 million accrued to persons and businesses involved with indirect and induced activities.
- **Generation of up to \$2.401 billion in economic output**, of which up to \$1.518 billion represents direct spending and up to \$883.5 million represents spending generated by indirect and induced economic activity.

Figure 15. Upper-Bound Impacts of 2013 Visitor Spending Associated With Motion Picture- and Television- Induced Tourism

<i>Impacts</i>	Employment	Income	Economic Output
<i>Direct</i>	15,690	\$468,300,000	\$1,517,900,000
<i>Indirect</i>	3,380	\$153,000,000	\$454,100,000
<i>Induced</i>	3,650	\$145,300,000	\$429,500,000
Total	22,720	\$766,600,000	\$2,401,400,000

Source: IMPLAN and HR&A analysis. Figures rounded to the nearest \$100k.

COMBINED IMPACTS OF PRODUCTION SPENDING AND VISITOR SPENDING ASSOCIATED WITH MOTION PICTURE- AND TELEVISION- INDUCED TOURISM

HR&A combined the economic impacts of production spending and visitor spending attributable to motion picture and television-induced tourism to estimate the full economic impacts of the Credit in 2013. Combined, these activities had the following economic impacts:

- **Creation of up to 33,520 jobs**, of which up to 10,800 jobs are associated with production spending and up to 22,720 jobs with visitor spending linked to motion picture- and television- induced tourism.
- **Generation of up to \$1.234 billion in personal income**, of which up to \$471.2 million is associated with production spending and up to \$766.6 million with visitor spending linked to motion picture- and television- induced tourism
- **Generation of up to \$3.987 billion in economic output**, of which up to \$1.586 billion is associated with production spending and up to \$2.401 billion with visitor spending linked to motion picture- and television- induced tourism.

Figure 16. Upper-Bound Combined Impacts of 2013 Production Spending and Visitor Spending Associated with Motion Picture- and Television- Induced Tourism

<i>Impacts</i>	Employment	Income	Economic Output
<i>Production Spending</i>	10,800	\$471,200,000	\$1,586,000,000
<i>Film- and Television-Induced Tourism</i>	22,720	\$766,600,000	\$2,401,400,000
Total	33,520	\$1,237,800,000	\$3,987,400,000

Source: IMPLAN and HR&A analysis. Figures rounded to the nearest \$100k.

ECONOMIC IMPACT ANALYSIS: INFRASTRUCTURE CAPITAL INVESTMENTS

This analysis considers the economic impacts of one-time capital investments in motion picture and television production infrastructure generated by the Credit, focusing on infrastructure investments that occurred without the support of the infrastructure tax credit in 2012-2013. The economic impacts of infrastructure capital investments flow from spending related to the design, permitting, and construction of facilities. HR&A considered only capital investments in facilities, and not their operations spending, as this spending is already counted in the economic analysis of production spending.

METHODOLOGY

To analyze the economic impacts of infrastructure spending that occurred without the support of the infrastructure tax credit in 2012-2013, HR&A requested data on capital investments made from 2012-2013 without the support of the infrastructure tax credit from the four purpose-built studio facilities in the state and Hollywood Trucks. HR&A was able to obtain data from all facilities except Millennium Studios. Since all purpose-built facilities were constructed before 2012, their capital investments mainly involved additions and renovations. A brief summary of investments follows below:

- *Second Line Stages* (New Orleans): Renovation of a 60,000-square-foot production building (“the Annex”) across the street from their Phase I facility.
- *Celtic Media Center* (Baton Rouge): Improvements associated with the acquisition of seven acres of the old Coke bottling plant.
- *Nims Center* (Jefferson Parish): Construction of a 10,000 square foot soundstage and sound recording studio.
- *Hollywood Trucks* (New Orleans and Baton Rouge): Investment in 2012-2013 occurred with the support of the infrastructure tax credit, so it was not included in this analysis to avoid double-counting.

INFRASTRUCTURE CAPITAL INVESTMENTS IMPACTS

From 2012-2013, infrastructure capital investments not supported by the infrastructure tax credit had the following economic impacts in Louisiana:

- **Creation of 160 jobs**, of which 90 jobs supported the direct activities of infrastructure spending and 70 jobs were created by indirect and induced economic activity.
- **Generation of \$8.7 million in personal income**, of which \$5.3 million accrued to persons and businesses directly supporting infrastructure spending and \$3.4 million accrued to persons and businesses involved with indirect and induced activities.
Generation of \$21.7 million in economic output, of which \$11.7 million represents direct spending and \$10.0 million represents spending generated by indirect and induced economic activity.

Figure 17. Impacts of 2012 and 2013 Infrastructure Investments Occurring without the Support of the Infrastructure Tax Credit

<i>Impacts</i>	Employment	Income	Economic Output
<i>Direct</i>	90	\$5,300,000	\$11,700,000
<i>Indirect</i>	30	\$1,800,000	\$5,200,000
<i>Induced</i>	40	\$1,700,000	\$4,900,000
Total	160	\$8,700,000	\$21,700,000

Source: IMPLAN and HR&A analysis. Figures rounded to the nearest \$100k.

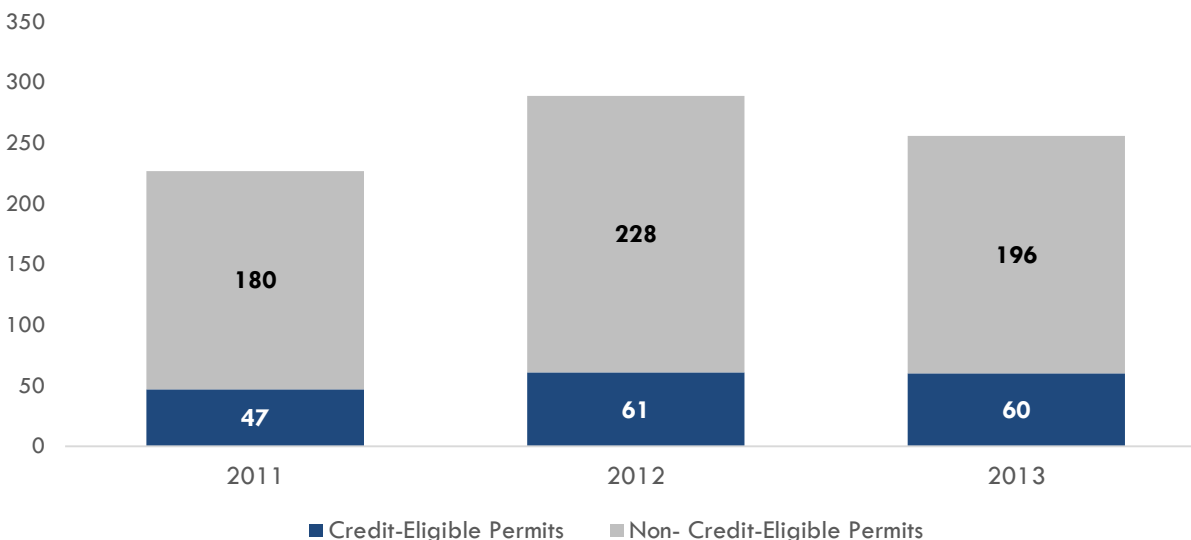
OTHER BENEFITS OF THE CREDIT PROGRAM NOT QUANTIFIED IN THIS ECONOMIC IMPACT ANALYSIS

In addition to reviewing past studies, HR&A identified a number of other potential sources of economic benefits of the Credit through stakeholder interviews. Though some of these benefits are difficult to quantify due to data limitations and other factors, they are worth acknowledging qualitatively. While HR&A chose to focus its analysis on the economic impacts of production spending, infrastructure investment, and motion picture and television- induced tourism, a list of these benefits follows:

- **In-migration of talent and reversal of the “brain drain”:** As the motion picture and television industry has expanded in Louisiana, it has attracted new residents and retained existing residents seeking to work in it. In a 2014 analysis conducted by *Fortune*, New Orleans tied with San Antonio as the metro area that gained college graduates most rapidly from 2007 to 2012, due to the combination of strong job growth and relatively low cost of living. Demographer Wendell Cox analyzed the change in the number of holders of bachelor’s degrees and above between 2007 and 2012 in the 51 metropolitan statistical areas with over a million people. The New Orleans metro area’s population of college graduates grew by 44,000 from 2007 to 2012, a 25% increase, double the national average of 12.2%.⁵⁶
- **Emergence of economic clustering impacts:** As the motion picture and television industry has expanded in Louisiana, it has attracted productions that may not be eligible for the tax credit (often due to budgets that fall below the \$300,000 minimum), but seek the benefits of clustered production, such as access to crew, suppliers, and infrastructure. According to permitting data from the Mayor’s Office of Cultural Economy for the City of New Orleans, from 2011 to 2013, as the total number of permits issued to credit-eligible projects has increased over time, so has the number of permits issued to non- credit-eligible projects, as shown by **Figure 18**. The Office of Cultural Economy requires a permit for any filming activity in the City of New Orleans, including not only feature motion pictures and television series/pilots, but also commercials, documentaries, music videos, and student productions. These productions support additional direct employment in the motion picture and television industry.

⁵⁶ Kotkin, Joel. “America’s New Brainpower Cities.” *Forbes*, April 3, 2014. <http://www.forbes.com/sites/joelkotkin/2014/04/03/americas-new-brainpower-cities/2/>.

Figure 18. Breakdown of Credit-Eligible vs. Non-Credit-Eligible Permits Issued by the City of New Orleans



Source: New Orleans Mayor's Office of Cultural Economy

- Development of ancillary creative industries:** Due to the synergies between the two industries, the expansion of the motion picture and television industry in Louisiana has supported the expansion of the technology industry. In particular, visual effects skills are highly transferrable between the motion picture and television and gaming industries. New Orleans has become a technology start-up hub, benefitting from the in-migration of a talented workforce, motivated by a digital tax credit incentive modeled after the motion picture program. The Louisiana State Legislature enacted the Digital Interactive Media Tax Credit in 2005 to support the gaming and digital animation sector, and broadened it in 2009 to include a range of digital media start-ups, not just gaming and digital animation. One firm that has benefitted from this creative ecosystem is TurboSquid, which operates the largest online catalog of 3-D models, used by both game and motion picture and television production companies. It launched in New Orleans, and currently has 85 employees. FatHappy Media, which creates rich video content for distribution online, is another. Larger digital companies, such as France-based GlobalStar and GameLoft, have also opened offices in Louisiana.⁵⁷
- Educational investments:** As previously discussed in Chapter II, the University of New Orleans, Tulane, Loyola, and Louisiana State University have all launched efforts to increase their offerings to provide skilled labor in response to the growing needs of the entertainment and digital production industries. These efforts have included hiring additional faculty, expanding their facilities, and/or adding new majors or concentrations.

⁵⁷ Johnson, Chris. "The Big Easiest Place To Build A Startup." Fast Company, September 11, 2012. <http://www.fastcompany.com/3001140/big-easiest-place-build-startup>.

V. Fiscal Impacts of Production Spending and Motion Picture- and Television- Induced Tourism

FISCAL IMPACT ANALYSIS

HR&A considered the ongoing fiscal impacts of the Motion Picture Investor Tax Credit in terms of the state and local tax revenues generated from production spending and visitor spending associated with motion picture- and television-induced tourism. HR&A did not consider or incorporate the fiscal impacts of infrastructure capital investments because while construction contributes to the economic impact on the state, it is a one-time event, not an ongoing activity.

STATE AND LOCAL TAX REVENUE GENERATED

To determine the state and local tax revenue impacts of production spending and visitor spending attributable to motion picture- and television- induced tourism that occurred in 2013, HR&A used data from the U.S. Census Annual Surveys of State and Local Government Finances to calculate the ratio of total value added in the State of Louisiana to major state and local tax revenues.⁵⁸ It then applied these ratios to the total value added by production spending and visitor spending attributable to motion picture- and television-induced tourism, as estimated by the IMPLAN model, to calculate the state and local tax revenues generated by these activities.

HR&A found that in 2013:

- Production spending generated state tax revenues of **\$38.0 million** and local tax revenues of **\$34.4 million**.
- Visitor spending associated with motion picture- and television- induced tourism generated state tax revenues of up to **\$57.1 million** and local tax revenues of up to **\$51.6 million**.
- Together, production spending and visitor spending associated with motion picture- and television-induced tourism generated state tax revenues of up to **\$95.1 million** and local tax revenues of up to **\$85.9 million**, for a combined total of up to **\$181.0 million** in state and local tax revenues generated.

COST OF CREDITS

The costs of the Motion Picture Investor Tax Credit to the state can be measured in **two ways**.

The first method is to consider the total Motion Picture Investor Tax Credits *redeemed* (applied against tax liabilities or bought back by the state at 85 cents to the dollar) in 2013.⁵⁹ This reflects the way in which the Louisiana Department of Revenue records the annual fiscal impact of the Credit. LDR records the impact in

⁵⁸ For state taxes, the taxes considered included the individual income tax, corporate income tax, general sales tax, and selective sales tax. For local taxes, the taxes considered included the property tax, general sales tax, and selective sales tax. HR&A considered local taxes because, due to transfers between local and state governments, increased local tax revenues can benefit state budgets if they lead to reductions in the amount of state aid granted.

⁵⁹ Under Chapter 16, Title 17 of the Louisiana Administrative Code, “an owner of tax credits may apply the credits to offset an outstanding Louisiana income tax liability for any tax year beginning in the year that the investor earned the tax credit or in any year thereafter within the 10 year carry forward period,” so credit-recipients can bring the credits forward for some time.

this way because the time at which credits are redeemed reflects the point at which they are experienced as an actual revenue loss by the state.

To consider the total Motion Picture Investor Tax Credits *redeemed*, HR&A used data on credits applied to liabilities from the Louisiana Department of Revenue's 2013-2014 Tax Exemption Budget. In Louisiana, tax credits and rebates are not funded through a General Appropriations Bill, but rather treated as tax dollars not collected, and therefore resulting in a lack of revenue for the State's General Fund. As a result, LDR is required to produce an annual report on revenue loss due to tax exemptions. Revenue loss represents the difference between total potential tax collections and actual tax collections, or credits applied.⁶⁰ Thus, to find credits applied in 2013, HR&A found the average revenue loss associated with the Fiscal Years ending June 2013 and June 2014 for the Credit,⁶¹ taking the average to correct for the fact that the production and visitor spending tax revenues are reported by Credit/Calendar Year, whereas applied credits are reported by Fiscal Year. HR&A combined credits applied in 2013 with the discounted value of credits sold back to the state in that year to find the total cash impact on the state, or money not received and/or directly paid out, in 2013.

In 2013, the estimated total Motion Picture Investor Tax Credits *redeemed* were **\$178.9 million**. Of these, **\$152.9 million** consisted of credits applied against tax liabilities, and **\$26.0 million** consisted of credits bought back by the state at a 15% discount.

The second way is to consider the total Motion Picture Investor Tax Credits *finally certified* in 2013, discounted to reflect the buy-back program.⁶² This reflects the way that the Louisiana Office of Entertainment Industry Development records the annual impacts of the Credit. OEID records the impacts in this way because the Final Certification Date marks the point at which the credits are issued and eligible to be used, and therefore become an obligation to the state. HR&A considered all credits with a Final Certification Year of 2013, and then discounted the finally certified credits to reflect those that were entered into the buy-back program.⁶³

In 2013, the total Motion Picture Investor Tax Credits finally certified were **\$251.4 million**. Adjusted to reflect the buy-back program, the cost of the total Tax Credits finally certified was **\$246.6 million**.

⁶⁰ Louisiana Department of Revenue, 2013-2014 Tax Exemption Budget, p. 38.

<http://www.revenue.louisiana.gov/publications/TEB%282013%29.pdf>

⁶¹ HR&A combined the revenue losses associated with the production spending credits and payroll credits for each fiscal year. LDR reports them separately as the Motion Picture Investor Tax Credit and the Louisiana Motion Picture Incentive Program, respectively.

⁶² The timing of final certification depends on capital allocation decisions by production companies, as well as the administrative time associated with the certification process.

⁶³ Since the buy-back program was instituted in 2009, the percentage of total tax credits bought back by the state has been highly variable. According to OEID, as of October 21, 2014, \$30.6M of credits finally certified in 2013 have bought back to date were repurchased by the state, yielding a savings of \$4.6M and representing 12.2% of total credits certified that year. This percentage is relatively low compared to the average percentage of credits bought back across all years from 2009-2012 (39.9%), suggesting that additional credits finally certified by the state may be bought back in the future, thus yielding a greater savings to the state.

VI. Technical Appendix

OVERVIEW OF ECONOMIC IMPACT MODELING PROCESS

HR&A was commissioned by the LFEA and the MPAA to conduct an economic and fiscal assessment of Louisiana’s Motion Picture Investor Tax Credit for 2013, the most recent year for which full (initial certification) data was available. HR&A used the 2012 IMPLAN economic model of the Louisiana economy to conduct this analysis. For each dollar of spending in the Louisiana economy, IMPLAN traces the pattern of commodity purchases and sales between 440 industries within the State.

DATA COLLECTION

HR&A’s analysis of economic impacts due to production spending, motion picture and television- induced tourism, and one-time capital investments in motion picture- and television-related infrastructure is based on information provided by the Office of Entertainment Industry Development, within Louisiana Economic Development. This office tracks the amount of money spent in Louisiana – both total Louisiana spend and Louisiana resident payroll – by production companies that have applied for Motion Picture Investor Tax Credits. HR&A requested finally certified production spending data in October 2014, and received two databases including spending finally certified up to October 21, 2014. HR&A requested initially certified production spending data in November 2014, and received a database including spending initially certified up to October 17, 2014. The databases provided by OEID are summarized below.

Figure 19. Databases Provided by OEID

Content	Mode of Organization	Data Challenges
Database 1: Finally certified production spending from 2002-2010	Credit Year	Did not include Project Codes (unique identifiers) for any expenditures Included Final Certification Years for only some expenditures
Database 2: Finally certified production spending from 2009-2014	Credit Year Final Certification Year Project Code (unique identifier)	Most critically, did not include Initial Certification Years for any expenditures
Database 3: Initially certified production spending from 2010-2014	Initial Certification Year Project Code (unique identifier)	Most critically, did not include estimated Credit Years for any expenditures

OEID also provided a database of infrastructure spending supported by the infrastructure tax credit.

In addition to working with OEID to obtain data, HR&A also conducted interviews with key motion picture and television industry stakeholders to further understand the production industry in Louisiana and gather additional qualitative and quantitative inputs for its analysis. These stakeholders included production and post-production facility (studio) owners, production equipment and services vendors, trade union and industry group representatives, state and local government officials, tourism associations, and individuals involved in educational/training programs for the industry.

MOTION PICTURE AND TELEVISION INDUSTRY EMPLOYMENT DEFINITION

As part of its methodology, HR&A defined the motion picture and television production industry to include the following five digit NAICS (North American Industry Classification System) codes:

- NAICS 51211: “Motion picture and video production”
- NAICS 51212: “Motion picture and video distribution”
- NAICS 51219: “Post production and other motion picture and video industries”

HR&A does not include employment in NAICS 51213: “Motion picture and video exhibition” because this sector is related more to the consumption of motion pictures and television shows than their production.

To understand employment trends in the motion picture and television industry, HR&A used data from EMSI, a commercial data provider, which includes QCEW employees, non-QCEW employees, and self-employed individuals. The third category is especially important given the number of independent contractors who work in the industry. To track QCEW employees, EMSI uses data from the U.S. Census Bureau’s Quarterly Census of Employment and Wages, which includes every worker who receives a paycheck during the pay period that includes the 12th of the month, generates a W-2 form, and is therefore covered by unemployment insurance. To track non-QCEW employees, EMSI uses a number of sources, including Current Employment Statistics, County Business Patterns, Bureau of Economic Analysis State and Local Personal Income reports, the National Industry-Occupation Employment Matrix, the American Community Survey, and Railroad Retirement Board statistics. To track self-employed individuals, EMSI uses the American Community Survey, Non-Employer Statistics, and BEA State and Local Personal Income Reports.

ECONOMIC IMPACTS OF PRODUCTION SPENDING ANALYSIS

As summarized in Chapter IV, HR&A assigned production spending to years based on Credit Year, and estimated full production spending for Credit Year 2013 using a combination of finally and initially certified data. In this regard, it diverged from the methodology used by Loren Scott for its economic impact analysis of production spending in 2010-2012. Loren Scott used the Final Certification Year to assign spending to years. However, HR&A’s methodology appears relatively aligned with that used by Baxstarr for its economic impact analysis of production spending in 2008-2010. While Baxstarr provided limited detail on its methodology, for 2010, because OEID did not yet have final in-state spending figures for the year at the time that the analysis was done, Baxstarr estimated 2010 spending based on trends from prior years and initial certification data. To do so, Baxstarr considered the historic range of initially certified spending that was converted to finally certified spending, which ranged from 73-93%, and then applied a conservative estimate of 75% of initially certified spending converted to finally certified spending to 2010 initially certified spending.

The following paragraphs summarize HR&A’s methodology in greater detail.

Task 1. Preliminary processing of finally certified spending data

Since finally certified production spending data was split between Database 1 and Database 2, HR&A performed data processing to reconcile the two and generate a compiled, non-duplicative list of finally certified production spending from 2002-2014, organized by Credit Year.

To do this, HR&A cross-referenced the expenditures in Database 1 (2002-2010) with those in Database 2 (2009-2014) to confirm that there were no duplicate entries for 2009 or 2010. HR&A defined duplicate

entries as expenditures with the same project name, same Credit Year, same expenditure amount, and same tax credits earned. HR&A did not identify any duplicate entries between Database 1 and Database 2.

HR&A then combined Database 1 and Database 2 to create a compiled, non-duplicative list of finally certified production spending from 2002-2014, organized by Credit Year. Furthermore, to enable the list to be easily sorted by Final Certification Year, as well as by Credit Year, for Database 1 expenditures with multiple Final Certification dates listed, HR&A assigned these expenditures single Final Certification Years based on their latest Final Certification date. In addition, HR&A completely removed spending associated with three productions challenged as invalid (*Xtinction: Predator X*, Credit Year 2009; *Sports Trivia Clash*, Credit Year 2010; and *Mysterious Island*, Credit Year 2010).⁶⁴

Task 2. Estimation of full Credit Year 2013 production spending

However, the compiled, non-duplicative list generated in Task 1 is insufficient for evaluating full Credit Year 2013 production spending, because it contains only projects that have been finally certified to date, and therefore is missing spending by productions that were initially certified, but have not been finally certified, within the time frame of the data (up to October 21, 2014). The OEID estimates a two-year timeframe from initial certification to final certification, which means that some of the projects that took place in 2013 were likely to have not been finally certified yet.

To obtain the full list of productions that might have spent in a particular year, and not just those finally certified to date, HR&A combined finally and initially certified production spending data in order to generate a complete, non-duplicative list of potential production spending by Credit Year. To do so, it performed the following steps:

1. *Combining finally and initially certified data to create a non-duplicative list of production spending by Initial Certification Year:* For each year from 2010 to 2013, HR&A combined the full list of projects initially certified in that year (Database 3) with the full list of projects finally certified across all years (compiled Database 1 and 2 from Task 1). HR&A then addressed duplication of spending data by deleting the initial certification entries for all projects that had initial and final certification data. HR&A identified duplication by comparing the Project Codes for initially and finally certified data. After addressing duplication, HR&A also removed finally certified spending initially certified in years other than 2010 to 2013. For each year, the result was a list of all projects initially certified in that year, broken out into those that have been finally certified to date and those that have not.
2. *Calculating the average yield of initially certified vs. finally certified spending:* For all spending initially certified from 2010 to 2012, HR&A calculated the average “yield” of initially certified production spending converted to finally certified production spending. Recognizing that not every initially certified project will, in fact, be finally certified, HR&A determined the yield based not just on the productions for which it had initial and final certification data, but rather on all initially certified productions, to account for the negative effects of productions that are not finally certified on the total yield. HR&A found an average yield of 82%. It is important to note that this yield is in line with the yield used in the Baxstarr study. Baxstarr used a yield of 75%, but noted that this was a conservative estimate.
3. *Calculating estimated full Credit Year 2013 production spending:* HR&A then took all production spending initially certified in 2013 that has been not been finally certified to date, and discounted it by the average “yield” of 82%. It then added it to all Credit Year 2013 finally certified

⁶⁴ Mustian, Jim. “FBI Widens La. Film Tax Credit Probe, Records Show.” *The Advocate*, November 11, 2014. <http://theadvocate.com/news/neworleans/neworleansnews/10774283-123/fbi-widens-la-film-tax>.

production spending, the spending that is known to have occurred in 2013, to get the estimated full production spending for Credit Year 2013.

It is important to note that this method of estimating full 2013 Credit Year production spending rests on two simplifying assumptions, each of which creates a challenge.

- **The first assumption is that productions do not spend until they are initially certified.** However, based on a review of the productions for which both initial certification data, indicating the Initial Certification Year, and final certification data, indicating the Credit Year(s), is available, it is evident that some production companies spend money before they are initially certified. This is shown by expenditures with Credit Year(s) that fall before their Initial Certification Year. This assumption results in spending not being included in Credit Year 2013 when it should be, artificially increasing the full Credit Year 2013 production spending estimate.
- **The second assumption is that all productions initially certified in 2013, but not finally certified to date, did in fact spend in 2013, and will be assigned that Credit Year when finally certified.** However, productions sometimes spend later than the year in which they are initially certified. This assumption results in spending being included in Credit Year 2013 that should not be, artificially lowering the full Credit Year 2013 production spending estimate.

In theory, these two sources of error should cancel each other out to some degree and bring the full estimate of Credit Year 2013 production spending closer to its true value.

Figure 20. Summary of Challenges for Estimating Full Credit Year 2013 Production Spending Using Initially Certified Data

Expenditures that are included in Credit Year 2013 that should not be	Expenditures that are not included in Credit Year 2013 that should be
<ul style="list-style-type: none"> • Initially certified in 2013, but actually spent in 2014 • Not finally certified to date 	<ul style="list-style-type: none"> • True 2013 Credit Year expenditures initially certified in 2014 • Not finally certified to date <p><i>Under the methodology used, these expenditures are associated with 2014, and not with 2013.</i></p>
<ul style="list-style-type: none"> • Initially certified in 2013, but actually spent pre-2013 • Not finally certified to date 	<ul style="list-style-type: none"> • True 2013 Credit Year expenditures initially certified pre-2013 • Not finally certified to date <p><i>Under the methodology used, these expenditures are associated with their pre-2013 Initial Certification Years, and not with 2013.</i></p>

Task 3. Generation of Economic Impacts

For the IMPLAN model, HR&A broke down total production spending into specific budget categories based on information provided by OEID. OEID provided a spending breakdown for productions in Calendar Year 2012, which disaggregated qualified Louisiana spend into “Above the Line,” “Soft Costs,” and “Below the Line” categories, and further subcategories within that. HR&A used the average percentage for each category to break down production spending for 2013, assuming that the distribution across categories would not vary much from year to year. For spending classified as “Above the Line – Talent,” HR&A considered only the direct economic impacts as part of this analysis, assuming that the majority of wages associated with this production spending are earned by non-residents and multiplier effects of their spending are not realized within Louisiana.

ECONOMIC IMPACTS OF MOTION PICTURE- AND TELEVISION- INDUCED TOURISM ANALYSIS

In considering the role of individual productions in supporting motion picture and television-induced tourism, there are several relevant factors. First, for a particular production, motion picture and television-induced tourism is likely to demonstrate a lag relative to when production takes place, as a film or television series must be released and viewed before it can serve as an impetus for booking travel. The one exception to this is “celebrity tourism,” wherein individuals visit a production location with the intent of seeing actors during filming. Second, the production’s attracting effect may decay over time, as interest, high after the initial release, declines over time as the production becomes less top-of-mind. However, as evidenced by the survey results, there are some “iconic” productions that continue to bring in visitors even many years later. Third, the ability of a particular production to advance motion picture- and television- induced tourism is likely to reflect both the extent to which the production features a particular location and is broadly popular. In this regard, the ideal production is one that is both deeply tied to a particular place and widely viewed.⁶⁵

To estimate the economic impacts of motion picture- and television- induced tourism, HR&A partnered with Federated Sample to conduct a survey of recent visitors to Louisiana in order to estimate the percentage of tourists who came to the state at least partially due to productions shot in or depicting Louisiana. The online survey consisted of 1,500 individuals ages 18+ who had visited Louisiana in the last 2 years. HR&A conducted an initial “soft launch” of the survey in order to test the survey programming (n=119). HR&A then conducted a full launch (n=1,381). The survey examined their awareness of films, television shows, and/or documentaries filmed in Louisiana; whether this awareness affected their interest in the state, its landscapes, and its culture; and whether it affected their decision to visit. The survey was modeled after surveys used in previous economic impact analyses of motion picture- and television- induced tourism in Florida (2013) and New Mexico (2008).

The Florida study (2013) was performed by MNP to estimate the economic impacts of motion picture- and television- induced tourism in the state.⁶⁶ MNP used the results of a visitor survey conducted by Visit Florida, the state’s official tourism marketing corporation, in August 2013 to estimate the share of leisure visitors to the state at least partially attributable to motion pictures and television. The survey asked respondents who took a vacation to Florida in the past year (n=269) if they were aware of movies or television series filmed in Florida, and the extent to which, if any, viewing a movie or television series filmed in Florida influenced their decision to vacation in Florida. Of total respondents, 36.4% (98) were aware of movies or television series filmed in Florida, and 22.7% (61) stated that viewing a movie or television series viewed in Florida was either “extremely important” or “very important” to their decision to visit. Since the survey sample included only people who had vacationed in Florida in the past year, MNP assumed that the findings applied only to leisure visitors. In 2011, according to visitor data reported by Visit Florida, leisure visitors accounted for 86% of all visitors, suggesting that 19.5% (86% of 22.7%) of total annual visitors to Florida were influenced in whole or in part by motion pictures and/or television. To determine the economic impacts generated by the tourism-related expenditures of these visitors, MNP estimated the actual number and spending of these visitors. Since current estimates of the statewide indirect and induced economic impacts of tourism in Florida were not available, MNP extracted multipliers from a study on the economic impact of travel and tourism in Palm Beach County and used them to determine the total statewide economic impacts of motion picture- and television- induced tourism in 2012. In addition to the 19.5% scenario, MNP also ran a second, more conservative scenario, where it estimated that 5% of visitors to Florida were influenced in

⁶⁵ Oxford Economics. *The Economic Impact of the U.K. Film Industry*, September 2012.

⁶⁶ MNP. *Economic Impacts of the Florida Film and Entertainment Industry Financial Incentive Program: Supplementary Report on Film- Induced Tourism*, January 2014.

whole or in part by motion pictures and/or television. It based this estimate on the experiences of other jurisdictions, case studies from specific regions in Florida, and interviewees with Florida tourism industry leaders.

The New Mexico study (2008) was performed by Southwest Planning and Marketing (SWPM) to estimate the economic impacts of motion picture- and television- induced tourism visitation and longer trips in the state.⁶⁷ SWPM conducted two separate surveys to assess awareness of New Mexico motion pictures and television shows and the effect of this awareness on visitation and trip length. The first survey was a random survey of people stopping at New Mexico Visitor Information Centers (VICs) during November 2008 (n=2,018). The second was an email survey of people who had requested New Mexico vacation guides on the Tourism Department website or by email during the first eight months of 2008 (n=3,116 potential visitors, including 1,769 who had already visited New Mexico). The key findings are summarized below:

Figure 21. Key Findings from New Mexico Motion Picture and Television Surveys

Question Responses	Email Survey Respondents	Visitor Information Center Respondents
Aware of films, television shows, and/or documentaries filmed in New Mexico	45% of total respondents	35% of total respondents
Indicated that awareness had a “great influence” on their decision to visit	3.2% of respondents who had visited	10.3% of total respondents
Indicated that awareness had “some influence” on their decision to visit	25.6% of respondents who had visited	31.2% of total respondents
Indicated that awareness caused them to increase their trip length	3.6% of respondents who had visited	10.3% of total respondents
Average trip length increase	0.09 days (1.2% increase)	0.33 days (12.4% increase)

SWPM then applied these findings to a Travel Industry Association of America study of the economic impacts of domestic travel on the State of New Mexico in 2007, running three different scenarios. The low (conservative) scenario included only 100% of email survey respondents who said that their awareness had a “great influence” on their decision to visit, for a total tourism spending increase of \$132M per year. The middle scenario included 100% of email survey respondents who said that their awareness had a “great influence” and 25% of those who said it had “some influence.” The high scenario included 100% of email and VIC survey respondents who said that their awareness had a “great influence” or 25% who said it had “some influence,” for a total tourism spending increase of \$950M per year.

ECONOMIC IMPACTS OF INFRASTRUCTURE CAPITAL INVESTMENTS ANALYSIS

To calculate the one-time economic impacts of infrastructure capital investments, HR&A drew on two data sources. To estimate the one-time economic impacts of infrastructure additions and upgrades not supported by the infrastructure tax credit in 2012-2013 (included in the report), HR&A conducted interviews with the 4 major purpose-built studios and Hollywood Trucks to understand their overall histories, as well as the capital investments undertaken in those years. HR&A then submitted formal data requests to these vendors to confirm their capital investments. HR&A then inputted spending data from the studios into the IMPLAN modeling software in appropriate categories to calculate the economic impacts. To estimate the one-time

⁶⁷ Southwest Planning and Marketing and CRC & Associates. *The Impact of Film Tourism on the State of New Mexico*. New Mexico Tourism Department, December 2008.

economic impacts of infrastructure capital investments supported by the infrastructure tax credit (included in the General Appendix), HR&A used an OEID list of infrastructure capital investments that received credits.

VII. General Appendix

COMPETITIVE TAX CREDIT LANDSCAPE

The motion picture and television tax credit landscape is competitive and constantly evolving. With a mobile workforce and project-based work, production companies can relocate to jurisdictions with lower production costs. As of 2014, thirty-nine states and Puerto Rico, as well as a number of foreign countries, offered production incentives.⁶⁸ When productions choose where to shoot, they consider incentive programs, labor costs, and the state of the currency market. For incentive programs, the effective credit rate is critical. Currently, Louisiana competes most intensely for productions with California and Georgia in the United States and Vancouver and London internationally. The California and Georgia programs are briefly summarized below, and the Vancouver/Canadian and London/U.K. programs covered in depth subsequently.

- *California*: In August 2014, concerned about productions leaving the state, California significantly increased its incentive program to offer \$330 million in tax credits for motion picture and television production per year for the next five years. In doing so, it more than tripled the credits that it offers, as its original incentive program passed in 2009 provided only \$100 million in tax credits per year. The new incentive program also expands the projects eligible for credits to include large-budget movies, network television dramas, and television pilots. Previously, credits were only available for motion pictures with budgets under \$75 million. In addition, the new program eliminates the lottery system used to assign credits; instead, they will be allocated based on a ratio of wages paid to credits earned when the new program takes effect in July 2015.⁶⁹
- *Georgia*: Like Louisiana, Georgia offers a 30% tax credit. The credit consists of a base 20% on qualified production spend, via the Georgia Entertainment Industry Investment Act, plus an additional 10% if the production company includes a Georgia logo and a link to www.TourGeorgiaFilm.com on the product and collateral, via the Georgia Entertainment Promotion Act. To qualify for the credit, productions must demonstrate a minimum spend of \$500,000 in-state. The credit is transferrable, but not refundable. The credit is capped at \$500,000 per W2 employee per production, with no cap on 1099 or service contractors. In Georgia, credits can be sold to third parties or assigned to affiliated entities and can be sold to multiple entities, but can only be sold once. They have a five-year carry-forward provision.⁷⁰

OVERVIEW OF THE CANADIAN AND BRITISH COLUMBIAN INCENTIVE PROGRAMS

Canada has offered incentives to support a strong domestic motion picture and television production industry – Canadian content produced by Canadian production companies – since 1974, when it introduced the Capital Cost Allowance (CCA), replaced with the Canadian Production Tax Credit in 1995.⁷¹ In 1997, Canada introduced film tax credit incentives for foreign producers. Currently, the nation has two levels of motion picture and television tax credit incentives, federal and provincial, with separate credits within these

⁶⁸ *State Film Production Incentive Programs*. National Conference of State Legislatures, March 28, 2014.

<http://www.ncsl.org/research/fiscal-policy/state-film-production-incentives-and-programs.aspx>.

⁶⁹ Verrier, Richard. "California to Hike Film Tax Credits." *Los Angeles Times*, August 28, 2014.

<http://www.latimes.com/entertainment/envelope/cotown/la-et-ct-fi-film-tax-brown-20140828-story.html>.

⁷⁰ MNP. *Economic Contributions of the Georgia Film and Television Industry*, February 28, 2011.

⁷¹ Office of the Chief Audit and Evaluation Executive. *Economic Analysis of the Canadian Film or Video Production Tax Credit*. Evaluation Services Directorate, September 2008.

categories targeted to domestic and foreign producers. In addition, for special effects-heavy productions, producers can layer digital, animation, and visual effects production incentives on top of federal and provincial motion picture and television tax credits.⁷²

Canada's federal program consists of two mutually exclusive components, summarized in the table below. The Canadian Production Tax Credit (CPTC) is intended to support domestic producers. The Canadian Production Services Tax Credit Program (PSTC) is intended to attract foreign producers.

Figure 22. Canada's Federal Motion Picture and Television Incentives

Credit	Structure	Eligibility Requirements
Canadian Production Tax Credit	Refundable tax credit of 25% on qualified labor expenditures. However, these expenditures cannot be more than 60% of production cost, net of any assistance received or entitled to receive, so the maximum credit available is 15% of production cost.	<ul style="list-style-type: none"> Available only to qualified Canadian-controlled production corporations producing Canadian content. To be eligible, a project must be certified as Canadian by the Canadian Audio-Visual Certification Office. For a project to qualify, its producer must be a Canadian citizen or permanent resident; enough other Canadians must occupy key production roles to meet a "points" test; at least 75% of the total cost of production services must be provided to/by Canadians; at least 75% of the total post-production service cost must be incurred in Canada; and a Canadian corporation must hold the international copyright for at least 25 years. Exclusive, in that a producer cannot claim the CPTC for a project that receives a benefit under the Production Services Tax Credit Program.⁷³
Canadian Production <u>Services</u> Tax Credit Program	Refundable tax credit for 16% of the qualified labor expenditures paid to Canadian residents during a qualified production, net of any assistance received or entitled to receive, including provincial tax incentives.	<ul style="list-style-type: none"> To be eligible, a project must have a minimum budget of at least \$1 million (for a feature film), at least \$100,000 (for a television episode less than 30 minutes), or at least \$200,000 (for any other episode). Applicant must be a corporation with more than 50% of its activities consisting of conducting film or video production or production services business through a permanent establishment in Canada. Applicant must also own the copyright of the production or have contracted directly with the copyright owner for production services. Exclusive, in that a producer cannot claim the PSTC for a project that receives a benefit under the Canadian Production Tax Credit.⁷⁴

Like that of the federal government, the British Columbia (B.C.) program has two components. The Film Incentive BC Tax Credit is intended to support domestic producers.

⁷² Vlessing, Ethan. "How Canada Plans to Compete with California's Increased Film Tax Incentives." The Hollywood Reporter, August 27, 2014. <http://www.hollywoodreporter.com/news/how-canada-plans-compete-californias-728676>.

⁷³ Canada Revenue Agency. "Canadian Film or Video Production Tax Credit Program." Accessed November 7, 2014. <http://www.cra-arc.gc.ca/tx/nrsdnts/flm/ftc-cip/menu-eng.html>.

⁷⁴ Canada Revenue Agency. "Film or Video Production Services Tax Credit Program," March 6, 2012. <http://www.cra-arc.gc.ca/tx/nrsdnts/flm/pstc-cisp/menu-eng.html>.

Figure 23. British Columbia's Provincial Motion Picture and Television Incentives

Credit	Structure	Eligibility Requirements
<p>Film Incentive B.C. Tax Credit</p>	<p>Five refundable tax credits:</p> <ol style="list-style-type: none"> 1. A basic credit for 35% of qualified BC labor expenditure 2. A regional tax credit for 12.5% of qualified BC labor expenditures, prorated by the number of days of principal photography in BC outside of the Vancouver area over the total number of days of principal photography in BC overall 3. A distant location tax credit for 6% of qualified BC labor expenditures, prorated by the number of days of principal photography in a distant location in BC over the total number of days of principal photography in BC overall 4. A film training credit for 30%, if the production employs BC-based individuals in an approved training program, to support skills building 5. A digital animation and visual effects (DAVE) tax credit for 17.5% of BC labor expenditures directly attributable to DAVE activities, to support DAVE industry development. 	<ul style="list-style-type: none"> • Available only to Canadian-controlled production corporations producing Canadian content with a permanent establishment in BC. • In addition, at least 75% of principal photography days must occur in BC; 75% of the total production cost must be for goods or services provided in BC; and at least 75% of the total post-production cost must be incurred in BC • Exclusive, in that a producer cannot claim the Film BC Tax Credit for a project that receives a benefit under the B.C. Production Services Tax Credit Program.⁷⁵
<p>B.C. Production Services Tax Credit Program</p>	<p>Four refundable tax credits:</p> <ol style="list-style-type: none"> 1. A basic tax credit for 33% of qualified BC labor expenditure 2. A regional tax credit for 6% of qualified BC labor expenditure, prorated by the number of days of principal photography done in BC outside of the Vancouver area over the total number of days of principal photography in BC 3. A distant location tax credit for 6% on qualified BC labor expenditures, prorated by the number of days of principal photography done in a distant location in BC over the total number of days of principal photography in BC 4. A digital animation or visual effects for 17.5% of qualified BC labour expenditure directly attributable to DAVE activities 	<ul style="list-style-type: none"> • Available to both domestic and foreign producers, with no Canadian content requirement. • To be eligible, a project must have a minimum budget of at least \$1 million (for a feature film), at least \$100,000 (for a television episode less than 30 minutes), or at least \$200,000 (for any other episode). • Applicant must be a corporation with more than 50% of its activities consisting of conducting film or video production or production services business through a permanent establishment in BC.⁷⁶

PERFORMANCE OF THE CANADIAN AND BRITISH COLUMBIAN PRODUCTION INDUSTRY

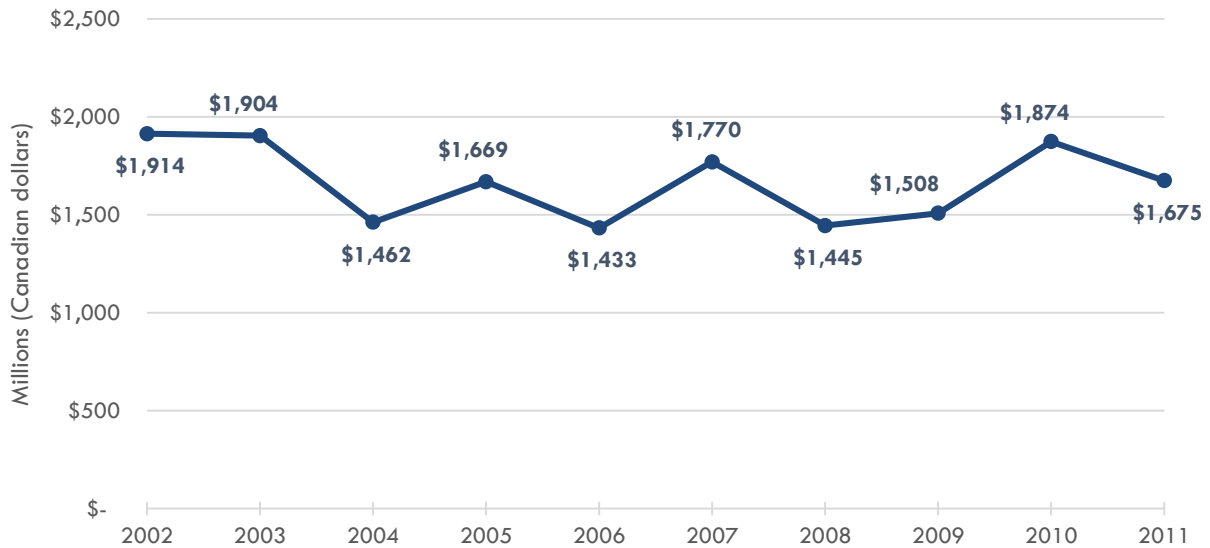
Since the tax credits were enacted, the production industry in Canada has experienced both expansions and contractions, reflecting the relative competitiveness of its total incentive programs and currency to that of other locations. While the federal government has kept its incentive program stable for almost a decade, other locations have introduced competitive production incentives, and the Canadian dollar has appreciated,

⁷⁵ Ministry of Finance, and Revenue Division - Income Taxation Branch. "British Columbia Film and Television Tax Credit." Accessed November 5, 2014. <http://www2.gov.bc.ca/gov/topic.page?id=13D4A99308634A49A133B75E2311DB9E>.

⁷⁶ Ministry of Finance, and Revenue Division - Income Taxation Branch. "British Columbia Production Services Tax Credit." Accessed November 7, 2014. <http://www2.gov.bc.ca/gov/topic.page?id=E4A16E1E1ED54746ADE73734A27AB5B7&title=Production%20Services%20Tax%20Credit>.

making Canada less attractive as a low-cost destination.⁷⁷ In a 2012 study, the Canadian Media Producer's Association tracked the performance of the Foreign Location and Service (FLS) production sector, comprising feature motion pictures and television shows filmed in Canada by foreign producers or Canadian service providers. Demonstrating the long-term trends in the industry, Canada's level of FLS production volume in 2011 was significantly below early 2000s levels. On a nominal-dollar basis, FLS production was 12% lower in 2011 than at its ten-year peak of \$1.91 billion in 2002. On a real-dollar basis, FLS production in 2011 was 27% below its 2002 peak.⁷⁸ **Figure 24** shows trends in FLS production numbers and spending.

Figure 24. Foreign Location Services Production Spending in Canada



Source: Profile 2012 - Screen-Based Production in Canada

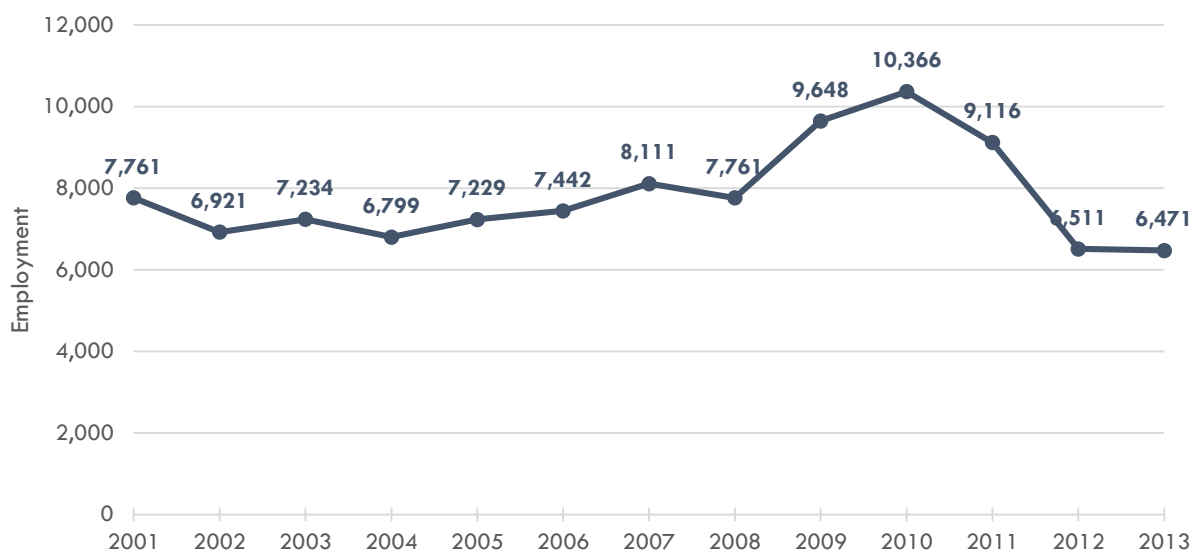
Since Canadian incentives were instituted, Vancouver has been a major shooting destination for FLS, especially for TV series aired in the US. Vancouver is an attractive location because of its proximity to Los Angeles, presence in the West Coast time zone, temperate climate, and wide range of distinctive locations. During the early to mid-2000s, British Columbia benefitted from the trend towards geographic concentration in the FLS sector, with British Columbia, Ontario, and Quebec becoming the major production centers.⁷⁹ However, in recent years, British Columbia has experienced several setbacks in the development of its industry, reflected in **Figure 25**.

⁷⁷ Friend, David, and Brendan Kelly. "Canucks Give U.S. a Break." *Variety*, September 6, 2012. <http://variety.com/2012/film/news/canucks-give-u-s-a-break-1118058579/>.

⁷⁸ Canadian Media Production Association. *Profile 2012: An Economic Report on the Screen-Based Production Industry in Canada*, 2012.

⁷⁹ Canadian Media Production Association. *Profile 2012: An Economic Report on the Screen-Based Production Industry in Canada*, 2012.

Figure 25. Employment in the Vancouver Region Motion Picture & Video Industries



Source: EMSI, HR&A Analysis. This data includes employees and self-employed individuals working in the 4-digit NAICS code 5121 ("Motion Picture and Video Industry").

First, since the late 2000s, British Columbia has faced intensified competition from other provinces in Canada, seeking to increase their share of production.⁸⁰ In 2009, Quebec expanded its tax credit beyond labor expenditures to be a 25% credit on all production spending. It also removed all caps on production spending and added a 20% bonus credit on labor expenses for all digital effects and animation work performed in Quebec. With these changes, Quebec effectively doubled its existing tax credits.⁸¹ Similarly, in 2009, Ontario also changed its 25% production services tax credit to an all-spend incentive. Due to this competition from Ontario and Quebec, British Columbia, which offers a 33% credit only on qualified labor expenditures, experienced a slowdown in production, shown in the decreases in employment in 2011, 2012, and 2013. Adding to British Columbia's difficulties in maintaining its motion picture industry at that time, it also faced the phase-out of its harmonized sales tax (HST) on April 1, 2013. The harmonized sales tax made both the 7% provincial sales tax (PST) and 5% federal goods and services sales tax (GST) refundable; with its removal, productions lost the ability to receive a refund on the PST.⁸² Some production companies in British Columbia closed, or relocated to where they could receive better incentives.⁸³ Second, British Columbia, as well as Ontario and Quebec, was hurt by rising competition from locations in the U.S., such as Louisiana; the effects of the Great Recession, which made it more difficult to get production funding; and the appreciation of Canadian currency relative to the dollar. **Figure 26** shows the volatility in foreign spending in British Columbia since the incentives were introduced.

⁸⁰ Canadian Media Production Association. *Profile 2012: An Economic Report on the Screen-Based Production Industry in Canada*, 2012.

⁸¹ Egan, Jack. "Canada at War over Tax Incentives." *Variety*, September 11, 2009.

<http://variety.com/2009/film/news/canada-at-war-over-tax-incentives-1118008490/>.

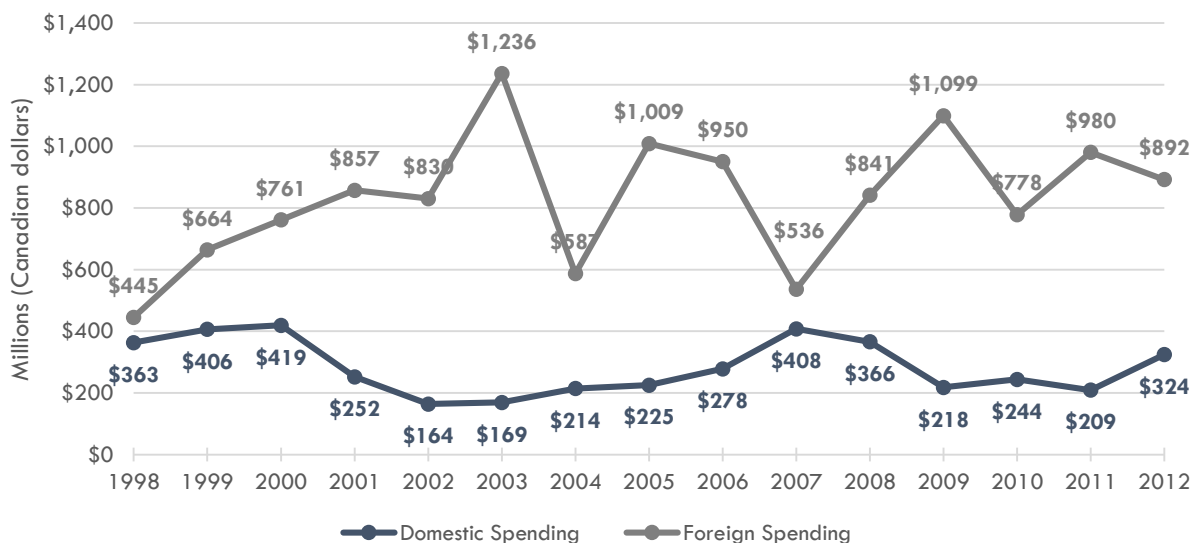
⁸² Friend, David, and Brendan Kelly. "Canucks Give U.S. a Break." *Variety*, September 6, 2012.

<http://variety.com/2012/film/news/canucks-give-u-s-a-break-1118058579/>.

⁸³ Lederman, Marsha. "Inside the Fight to Salvage B.C.'s Film Industry." *The Globe and Mail*, January 20, 2013.

<http://www.theglobeandmail.com/arts/film/inside-the-fight-to-salvage-bcs-film-industry/article7555156/>.

Figure 26. Total Production Spending in British Columbia



Source: British Columbia Film Commission Production Statistics 2012

In January 2013, in response to declining employment, the industry formed “Save BC Film” in January 2013 in order to request enhanced incentives from the provincial government.⁸⁴ In late 2013 and 2014, the industry started to stabilize, due to an increase in visual effects work and a falling Canadian dollar. In the first quarter of 2014, the province experienced a 36 percent increase in motion picture, television, and digital production activity. Sony Imageworks shifted headquarters from California to Vancouver, and Industrial Light & Magic opened a permanent studio there. Digital and visual effects firms have been attracted to Vancouver by the talent pool in place there. In addition, Vancouver also benefitted from Quebec’s proposal to reduce the value of its motion picture and television tax credits beyond an all-spend base rebate by 20%.⁸⁵

OVERVIEW OF THE UNITED KINGDOM AND LONDON INCENTIVE PROGRAMS

In addition to Canada, the U.K. has also re-emerged as an important competitor for motion picture and television production. The U.K. introduced a motion picture tax credit program in 1997, and expanded the program in 2006, with the changes taking effect at the start of 2007.⁸⁶ In April 2013, the U.K. government launched the High-End Television Tax Credit, modeled after the motion picture tax credit incentive program. The government was motivated to do so by the success of Northern Ireland, which had offered TV production incentives (grants) earlier and attracted HBO’s *Game of Thrones*. In addition to the High-End Television Tax Credit, the U.K. government also launched an Animation Tax Credit in 2013.⁸⁷ The government elected to

⁸⁴ Brodsky, Katherine. “Save BC Film: Vancouver Lobby Helps Local Biz.” *Variety*, November 5, 2013.

<http://variety.com/2013/biz/news/save-bc-film-vancouver-lobby-helps-local-biz-1200799390/>.

⁸⁵ Vlesing, Etan. “Canadian Seesaw Battle to Woo Hollywood Has Vancouver Booming Again.” *The Hollywood Reporter*, June 26, 2014. <http://www.hollywoodreporter.com/news/canadian-seesaw-battle-woo-hollywood-715076>.

⁸⁶ Oxford Economics. *The Economic Impact of the U.K. Film Industry*, September 2012.

⁸⁷ Kemp, Stuart. “British Government to Introduce Tax Credits For Million Dollar-Plus Budgeted TV Shows.” *The Hollywood Reporter*, March 21, 2012. <http://www.hollywoodreporter.com/news/disney-hbo-tv-uk-tax-credit-302849>.

pursue the animation credit due to concerns about the decline in U.K.-produced content in recent years, with *Bob the Builder* now made in the U.S., *Thomas the Tank Engine* in Canada, and *Noddy* in Ireland.⁸⁸ Finally, in April 2014, the U.K. implemented significant changes to the U.K. Film Tax Relief Program. These changes included increasing the credit from 20% to 25% on the first £20 million of qualifying U.K. expenditure; lowering the minimum U.K. spend from 25% to 10%; and updating the “cultural test” to support European, as well as British, culture.⁸⁹

Figure 27. United Kingdom Motion Picture and Television Incentives

Credit	Structure	Eligibility Requirements
U.K. Film Tax Relief Program (as of April 1, 2014)	25% tax credit on the first £20 million of qualifying U.K. expenditure and a 20% tax credit on additional qualifying U.K. expenditure for films with a qualifying budget of at least £20 million. Tax credit is available on the lower of either 80% of total core expenditure or the actual U.K. core expenditure incurred, with no cap on the amount that can be claimed.	<ul style="list-style-type: none"> Production company must spend at least 10% of the total budget on U.K. qualified expenditures, defined as costs incurred on activities that take place within the U.K. Project must qualify as British by passing the so-called “cultural test” or being qualified as an official co-production. The “cultural test” considers the project’s setting, lead characters, subject matter, and language, as well as the location of principal photography and special and visual effects. Production company must be in the U.K. corporation tax net.⁹⁰
High-End Television Tax Relief	Tax credit of up to 25% on qualifying U.K. expenditure for scripted television projects. Tax credit is available on the lower of either 80% of total core expenditure or the actual U.K. core expenditure incurred, with no cap on the amount that can be claimed.	<ul style="list-style-type: none"> Production company must spend at least £1 million per hour of production length, on average; be a drama, comedy, or documentary; and spend at least 25% of the total budget on U.K. qualified production expenditures. Project must qualify as British by passing the “cultural test” or being defined as an official co-production. Production company must be within the U.K. corporation tax net.⁹¹
Animation Tax Relief	Tax credit of up to 25% of qualifying U.K. expenditure for animation productions.	<ul style="list-style-type: none"> Project must qualify as British by passing the “cultural test” or being defined as an official co-production. Production must spend at least 51% of the total core expenditure on animation, and at least 25% of the total production budget on U.K. qualified production expenditures. Production company must be within the U.K. corporation tax net.⁹²

In addition to the country-level incentives, to attract high-end television production and animation to London specifically, the Mayor of London, Boris Johnson, indicated that he would direct £2 million to Film London to expand the organization’s reach, with £750,000 reserved for the promotion of those sectors.⁹³

⁸⁸ Sabbagh, Dan. “Budget 2012: Tax Breaks Extended to Animation and Games Industries.” *The Guardian*, March 21, 2012. <http://www.theguardian.com/uk/2012/mar/21/budget-2012-tax-breaks-animation-video-games>.

⁸⁹ Tartaglione, Nancy. “UK’s Increased Film Tax Breaks Approved, Go Into Effect April 1.” *Deadline*, March 19, 2014. <http://deadline.com/2014/03/uks-increased-film-tax-breaks-approved-go-into-effect-on-april-1-701288/>.

⁹⁰ British Film Commission. “UK Film Tax Relief.” Accessed November 5, 2014. <http://www.britishfilmcommission.org.uk/film-production/uk-film-tax-relief/#sthash.hpygVP4r.dpuf>.

⁹¹ British Film Commission. “UK High-End TV Tax Relief.” Accessed November 5, 2014. <http://www.britishfilmcommission.org.uk/tv-production/uk-high-end-tv-tax-relief/>.

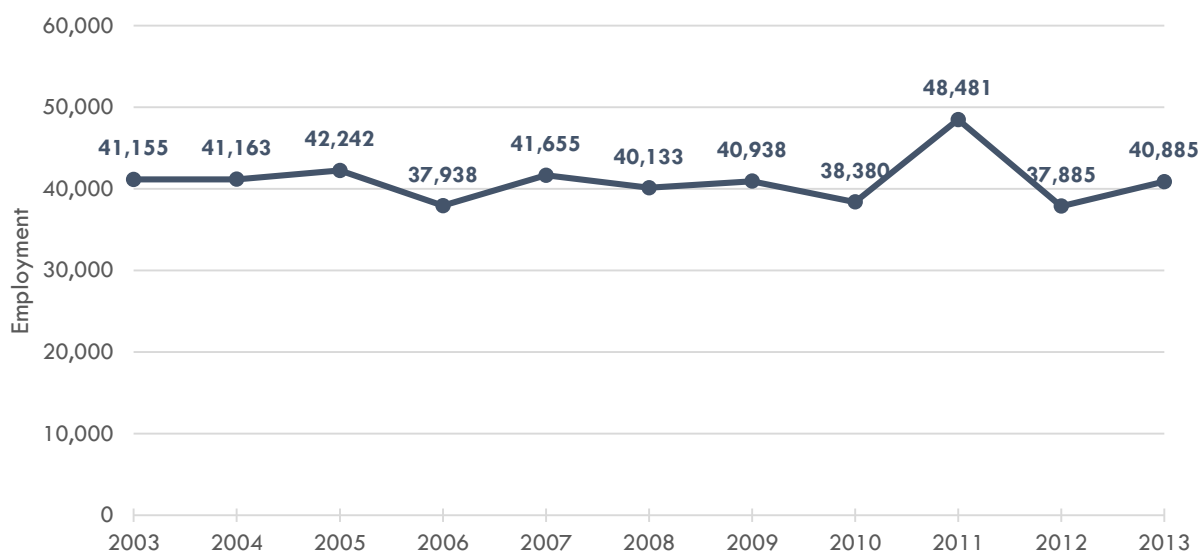
⁹² British Film Institute. “High End Television and Animation Programme Tax Reliefs.” Accessed November 5, 2014. <http://www.bfi.org.uk/film-industry/british-certification-tax-relief/about-tax-relief#television-animation>.

⁹³ Kemp, Stuart. “Mayor of London Pumps \$3 Million into Film London Agency.” *The Hollywood Reporter*, April 4, 2013. <http://www.hollywoodreporter.com/news/mayor-london-pumps-3-million-432970>.

PERFORMANCE OF THE UNITED KINGDOM AND LONDON PRODUCTION INDUSTRY

The introduction of the enhanced film tax credits in 2006 helped stabilize the motion picture industry in the United Kingdom. In 2012, the British Film Institute commissioned Oxford Economics to produce an economic impact study of the motion picture and television industry. Oxford found that the core UK motion picture and television industry, including all production activities carried out the U.K., as well as distribution and exhibition activities for only U.K.-made motion pictures, directly contributed 43,900 full time equivalent (FTE) jobs, £1.6 billion to national GDP, and £498 million to the Exchequer in 2011. However, Oxford estimated that, without the Film Tax Relief Program, U.K. film production would be around 71% smaller, reducing GDP by around £1.4 billion and Exchequer revenues by £430 million a year.⁹⁴ London's fortunes have followed that of the UK generally, because, according to the British Film Institute, the production and post-production sectors are heavily concentrated in London and the South East.⁹⁵

Figure 28. Greater London Region Motion Picture and Television Employment Trends



Source: EMSI, HR&A Analysis. This data includes employees and self-employed individuals working in the NACE codes 5911 ("Motion picture, video, and television programme production activities"), 5912 ("Motion picture, video, and television programme post-production activities"), and 5913 ("Motion picture, video, and television programme distribution activities").

The new television incentives and revised motion picture incentives passed in the last two years may increase Britain's competitiveness and foster industry development. According to the British Film Institute, for the first nine months of the High-End Television Tax Relief program (April 2013–end of 2013), the UK production spend of qualifying productions was £233 million. Of this, 64% was attributed to inward investment productions. Television dramas that took advantage of the credit to shoot in the UK include Fox's *24: Live Another Day*, Starz' *Outlander*, and ABC's *Galavant*.⁹⁶ The animation sector is also benefitting from the new

⁹⁴ Oxford Economics. *The Economic Impact of the U.K. Film Industry*, September 2012.

⁹⁵ British Film Institute Statistical Yearbook 2014.

⁹⁶ British Film Institute Statistical Yearbook 2014.

credits, with Cbeebies, the UK's most popular pre-school channel, doubling its output of new series in 2014.⁹⁷ Spend on feature motion pictures in the UK reached over £1 billion in 2013, with over £868 million generated from 37 inward investment features, making up 81% of all feature motion picture spend.⁹⁸ The effects of the revised motion picture tax credits are still being felt. However, the changes are expected to especially benefit the visual effects sector, due to adjustments in the cultural test, which will give applicants more points for performing visual effects work in the UK. While Britain has a relatively strong visual effects sector, at least partially due to the *Harry Potter* franchise, like the US and Canada, it is facing new competition from low-cost suppliers, especially in Asia, which has contributed to contraction and consolidation in the industry.⁹⁹ Currently, due to the incentives, there is a shortage of studio space in the UK, with Pinewood, Shepperton, and Leavesden all completely full. Pinewood is planning to add five soundstages in 2016, and Leavesden is adding three stages.¹⁰⁰

⁹⁷ Brown, Maggie. "British Cartoons Boom as Industry Is Reanimated by Tax Relief Deal." *The Guardian*, April 12, 2014. <http://www.theguardian.com/tv-and-radio/2014/apr/13/british-cartoon-industry-cbeebies-boom-tax-break>.

⁹⁸ British Film Institute Statistical Yearbook 2014.

⁹⁹ Kemp, Stuart. "U.K. Bolsters Tax Credits for Big Movies, Extends Incentives to VFX - Hollywood Reporter." *The Hollywood Reporter*, December 5, 2013. <http://www.hollywoodreporter.com/news/uk-bolsters-tax-credits-big-662658>.

¹⁰⁰ Barraclough, Leo. "Production Glut Keeps U.K. Soundstages Packed." *Variety*. Accessed November 17, 2014. <http://variety.com/2014/artisans/production/production-glut-keeps-u-k-soundstages-packed-1201353866/>.

SAMPLE OF RECENT MOTION PICTURES AND TELEVISION SHOWS FEATURING LOUISIANA

Figure 29. Recent Motion Pictures Featuring Louisiana

Title	Domestic Box Office Gross¹⁰¹	Estimated Tickets Sold¹⁰²	Awards	Connection to Louisiana
<i>The Curious Case of Benjamin Button</i> (2008)	\$127.5M (USA)	15,607,017	2009 Academy Award for Best Achievement in Art Direction 2009 Academy Award for Best Achievement in Makeup 2009 Academy Award for Best Achievement in Visual Effects	The film begins in a New Orleans hospital, as Hurricane Katrina is about to strike the city. The film was shot largely in and around New Orleans from late 2006 to early 2007. Featured locations include City Park, the French Quarter, the Garden District, and Coliseum Street. Producers Frank Marshall and Kathleen Kennedy indicated that they brought the film to New Orleans, even though the story was originally set in Baltimore, because of the benefits of Motion Picture Investor Tax Credit. They also recognized that it would have been extremely expensive to shoot on location in Baltimore, and felt that the distinctive setting and atmosphere of New Orleans were appropriate for the magical realism of the plot. ¹⁰³
<i>The Fantastic Flying Books of Mr. Morris Lessmore</i> (2011)	Not available	Not available	2011 Academy Award for Best Short Film, Animated	The animated short film was created by Shreveport-based Moonbot Studios. The first scene is set in the French Quarter as Hurricane Katrina strikes. The film was directed by Louisiana residents William Joyce and Brandon Oldenburg, and produced by Louisiana residents Lampton Enochs and Alissa Kantrow. ¹⁰⁴
<i>Beasts of the Southern Wild</i> (2012)	\$12.8M (USA)	1,566,187	Grand Jury Prize for narrative feature and cinematography honors at Sundance Film Festival Camera D'Or and Un Certain Regard prizes at the Cannes Film Festival	The film was set and shot in Louisiana by director Benh Zeitlin, a New Orleans resident since 2006. It featured a behind-the-levee community. The film received significant critical acclaim, and the filmmakers signed a distribution deal with Fox Searchlight before leaving Sundance. ¹⁰⁵
<i>12 Years a Slave</i> (2013)	\$56.7M (USA)	6,936,596	2014 Academy Award for Best Picture	The film was set and shot in Louisiana, with Solomon Northrup, the protagonist, being brought to the state his kidnapping and sale into slavery. The film was primarily shot at four historic Louisiana plantations, with other local shooting locations included the Columns Hotel on St. Charles Avenue and Madam John's Legacy House in the French Quarter. ¹⁰⁶

¹⁰¹ Domestic box office data sourced from Box Office Mojo.

¹⁰² Domestic tickets estimated using NATO 2014 average ticket price of \$8.17.

¹⁰³ Scott, Mike. "New Orleans Proves It's Ready for Its Close-up in 'Benjamin Button.'" Times-Picayune, December 26, 2008. http://blog.nola.com/mikescott/2008/12/new_orleans_is_ready_for_its_c.html.

¹⁰⁴ Scott, Mike. "Oscar Nod for Animated 'Morris Lessmore' Could Be Just the Start for Shreveport's Moonbot Studios." Times-Picayune, February 5, 2012. http://www.nola.com/movies/index.ssf/2012/02/fantastic_flying_books_of_mr_m.html

¹⁰⁵ Scott, Mike. "'Beasts of the Southern Wild' Review: A Stirring Tribute to Fighters and Fringe-Dwellers." Times-Picayune. Accessed November 3, 2014. http://www.nola.com/movies/index.ssf/2012/07/beasts_of_the_southern_wild_re.html.

¹⁰⁶ Scott, Mike. "'12 Years a Slave': Five Cool Things to Know about the New Orleans-Shot Historical Epic." Times-Picayune, October 28, 2013. http://www.nola.com/movies/index.ssf/2013/10/12_years_a_slave_five_cool_thi.html.

Figure 30. Recent Television Shows Featuring Louisiana

Title	U.S. Estimated Viewership	Connection to Louisiana
<i>True Blood</i> (2008-2014)	4.5 million viewers for its Season 7 finale HBO's most popular show from 2009-2012 ¹⁰⁷	The HBO show was set and partially shot in Louisiana, with some portions filmed in California. The series focused on the co-existence of humans and vampires in the fictional town of Bon Temps in northwest Louisiana. It ran for seven seasons and 80 episodes.
<i>Treme</i> (2010-2013)	Season 2 averaged about 500,000 viewers per episode ¹⁰⁸	The HBO show, co-created by "The Wire" veterans David Simon and Eric Overmyer, told the story of New Orleans' post-Katrina recovery, focusing on the working-class neighborhood of Treme. The show celebrated numerous aspects of New Orleans music and culture, including Mardi Gras Indians and second-line organizations. It ran for four seasons and 36 episodes. ¹⁰⁹
<i>Swamp People</i> (2010-)	5.5 million total viewers for its Season 2 finale ¹¹⁰	The History Channel reality show follows the day-to-day activities of Cajun residents of the swamps of the Atchafalaya River Basin who hunt alligators. The program has run for five seasons to date.
<i>American Horror Story</i> (2011-)	4.2 million viewers for its Season 3 finale ¹¹¹	The third season of <i>American Horror Story</i> , "Coven," was set and shot in New Orleans. It focused on a New Orleans finishing school for witches. Locations included the French Quarter and the Garden District. The FX show has run for 4 seasons to date.
<i>Duck Dynasty</i> (2012-)	11.8 million viewers for its Season 5 premiere (August 2013), then the largest audience for a nonfiction series telecast in cable history ¹¹²	The A&E reality show focuses on the Robertson family, who run a family business (Duck Commander) manufacturing premium duck calls in West Monroe, Louisiana. The show is currently in its fourth season.
<i>NCIS: New Orleans</i> (2014-)	Through October 27, 2014, averaged 18.2 million viewers ¹¹³	<i>NCIS: New Orleans</i> launched as a spin-off from its parent series <i>NCIS</i> in 2014. The program and its characters were introduced in a 2-episode arc during the eleventh season of <i>NCIS</i> . The show is set and shot in New Orleans. It has run for one season to date.
<i>True Detective</i> (2014-)	3.5 million viewers for Season 1 finale ¹¹⁴	The HBO show is set and shot in Louisiana. It follows Louisiana State Police Criminal Investigations Division homicide detectives' hunt for a serial killer in Louisiana across seventeen years. The show has run for one season to date.

¹⁰⁷ Kissell, Rick. "HBO's 'True Blood' Finale Draws Season-Best 4.1 Million Viewers." *Variety*, August 25, 2014.

<http://variety.com/2014/tv/ratings/hbos-true-blood-finale-draws-season-best-4-1-million-viewers-1201289795/>.

¹⁰⁸ "'Treme': Season 4 Will End Series Says David Simon." *Huffington Post*, September 23, 2012.

http://www.huffingtonpost.com/2012/09/23/treme-season-4-david-simon_n_1907269.html.

¹⁰⁹ Simon, David. "David Simon on What HBO's 'Treme' Meant to Him and What He Hopes It Meant to New Orleanians." *Times-Picayune*, December 28, 2013. http://www.nola.com/treme-hbo/index.ssf/2013/12/david_simon_on_what_hbos_treme.html.

¹¹⁰ Kepler, Adam. "'Swamp People' Haul In Big Ratings." *New York Times*, July 26, 2011.

<http://artsbeat.blogs.nytimes.com/2011/07/26/swamp-people-haul-in-big-ratings/>.

¹¹¹ O'Connell, Michael. "TV Ratings: 'American Horror Story: Coven' Wraps with Series' Biggest Finale." *The Hollywood Reporter*, January 30, 2014. <http://www.hollywoodreporter.com/live-feed/tv-ratings-american-horror-story-675853>.

¹¹² Kissell, Rick. "Ratings: 'Duck Dynasty' Wraps Season Down Sharply From 2013." *Variety*, March 27, 2014.

<http://variety.com/2014/tv/news/ratings-duck-dynasty-wraps-season-down-sharply-from-2013-1201148834/>.

¹¹³ Andreeva, Nellie. "'Scorpion', 'NCIS: New Orleans', 'Madam Secretary' & 'Stalker' Get Full-Season Orders By CBS." *Deadline*, October 27, 2014. <http://deadline.com/2014/10/scorpion-ncis-new-orleans-madam-secretary-stalker-full-season-orders-cbs-863128/>.

¹¹⁴ De Moraes, Lisa. "'True Detective' Unearths Record HBO Ratings In Finale." *Deadline*, March 10, 2014.

<http://deadline.com/2014/03/true-detective-unearts-record-hbo-ratings-in-finale-696580/>.

TOURISM SURVEY QUESTIONS

Demographic background

1. Please indicate your gender.
 - a. Male
 - b. Female

2. Please indicate your age.
 - a. Under 18
 - b. 18–24 years
 - c. 25–34 years
 - d. 35–44 years
 - e. 45–54 years
 - f. 55–64 years
 - g. 65 years or older

Respondents who indicate “Under 18” will be terminated.

3. Please indicate your race/ethnicity.
 - a. White
 - b. Black/African-American
 - c. Hispanic/Latino
 - d. Asian
 - e. Other

4. Please indicate your total annual household income, before taxes.
 - a. Under \$20,000
 - b. \$20,000 – \$49,999
 - c. \$50,000 – \$74,999
 - d. \$75,000 – \$99,999
 - e. \$100,000 – or more

5. In which state do you live?
 - a. [Drop-down menu: States] – *Respondents who indicate “Louisiana” will be terminated.*

Travel qualifying questions

6. Have you travelled to any of the following states in the last 2 years?
 - a. New York
 - b. California
 - c. Florida
 - d. Nevada
 - e. Louisiana
 - f. Texas

Respondents must indicate “Louisiana” for Question 6 to qualify for the 1,500-person sample.

7. Was this your first trip to Louisiana?
 - a. Yes
 - b. No

8. How would you describe your recent trip to Louisiana?
 - a. Primarily for leisure
 - b. An equal mix of business and leisure
 - c. Primarily for business

Respondents must indicate “Primarily for leisure” or “An equal mix of business and leisure” to qualify for the 1,500-person sample.

Film- and television- induced tourism qualifying questions

9. Are you aware of any films, television shows, and/or documentaries shot in or depicting Louisiana?
 a. Yes
 b. No

10. Do you recall seeing any of the following films or shows featuring Louisiana? [check box]

Film/Show	Recall
12 Years a Slave	
21 Jump Street	
American Horror Story: Coven	
Beasts of the Southern Wild	
Dallas Buyers Club	
Django Unchained	
Duck Dynasty	
Ender's Game	
Interview With the Vampire	
NCIS: New Orleans	
Pitch Perfect	
Steel Magnolias	
Streetcar Named Desire	
Swamp People	
The Big Easy	
The Butler	
The Curious Case of Benjamin Button	
The Twilight Saga: Breaking Dawn - Part 2	
Treme	
True Blood	
True Detective	
[Other] _____ Please enter any other films, television shows, and/or documentaries featuring Louisiana that you recall here.	

11. Did your awareness of films, television shows, and/or documentaries shot in or depicting Louisiana affect your interest in the state, its landscapes, and its culture?

- a. Yes – increased my interest.
 b. Yes – decreased my interest.
 c. No – did not affect my interest.

12. Did your awareness of Louisiana from films, television shows, and/or documentaries shot in or depicting the state affect your decision to visit Louisiana?

- a. Yes – positively affected my decision.
 b. Yes – negatively affected my decision.
 c. No – did not affect my decision.

13. How long did you stay in Louisiana?

- a. Less than a day
 b. [Dropdown menu: 1 day, 2 days, 3 days,... 14 days, More than 14 days]

14. a. For each of the following spending categories, please estimate how much you spent **per day**, on average, during your recent trip to Louisiana.

- a. Lodging
 b. Meals

- c. Shopping
 - d. Entertainment
 - e. Travel in and around Louisiana
- b. Please estimate how much you spent, **in total**, traveling to and from the state for your recent trip to Louisiana. _____

15. Did you have any encounters with the film or television industry while you were in Louisiana, such as having a celebrity sighting, seeing crews filming, or seeing a place in person that you had previously seen onscreen?
- a. Yes. If so, what _____ [Drop-down menu: 1. Had a celebrity sighting, 2. Saw crews filming, 3. Saw a location from a film, 4. Other]
 - b. No

16. Did you do any film- or television- related activities while you were in Louisiana, such as visiting an active filming location, taking a movie tour, going to a place that you'd previously seen onscreen, or attending a film festival or screening?
- a. Yes. If so, what _____ (Drop-down menu: 1. Visited an active filming location, 2. Took a movie tour, 3. Went to a place previously seen onscreen, 4. Attended a film festival or screening, 5. Other)
 - b. No

17.

17a. Did you do any of the following activities or visit any of the following locations during your trip to Louisiana?	17b. Have you seen this activity or location depicted on film, television shows, and/or documentaries?	17c. Did seeing it on film affect your interest?
Cemetery tour		
Plantation tour		
Swamp tour		
Streetcar ride		
Attend a Mardi Gras parade or party		
Attend a jazz festival or club		
Eat Creole and/or Cajun food		
Visit Bourbon Street		

18. Did you choose to stay longer in Louisiana for any reasons related to things you had seen on films, television shows, and/or documentaries shot there?
- a. Yes
 - b. No – *Skip to Question 20*

19. If so, by how long?

- a. Less than one day
- b. 1
- c. 2
- d. 3
- e. 4
- f. 5
- g. 6 or more days

20. Do you consider any films, television shows, and/or documentaries to offer a particularly memorable or compelling portrait of Louisiana? If so, what are they? [Free response]. *Please enter those films, television shows, and/or documentaries below.*

CUMULATIVE PRODUCTION INFRASTRUCTURE ECONOMIC IMPACTS

In addition to analyzing the one-time economic impacts of motion picture and television production infrastructure constructed without the support of the infrastructure tax credit in 2012-2013, HR&A also analyzed the cumulative economic impacts of infrastructure spending supported by the infrastructure tax credit.

METHODOLOGY

To do so, HR&A used a list of projects that received infrastructure tax credits provided by OEID. Due to limited data about when the infrastructure spending actually occurred (i.e., HR&A had only Final Certification Years for infrastructure expenditures, as opposed to Credit Years), HR&A assigned infrastructure expenditures to the years in which they were finally certified, recognizing that the spending would have occurred prior to the final certification date. For projects with multiple final certification dates listed, HR&A used the latest final certification date to assign them to years, using the most conservative approach based on the time value of money.¹¹⁵

Since the infrastructure expenditure data did not separate land acquisition and financing costs from construction costs, instead just showing total qualified expenditures, the results of the economic impact analysis, in terms of jobs, personal income, and economic output generated, should be considered upper-bound estimates.¹¹⁶

RESULTS

Cumulative infrastructure spending supported by the infrastructure tax credit had the following economic impacts in Louisiana:

- **Creation of 2,350 jobs**, of which 1,330 supported the direct activities of infrastructure spending and 1,020 jobs were created by indirect and induced economic activity.
- **Generation of \$123.2 million in personal income**, of which \$74.4 million accrued to persons and businesses directly supporting infrastructure spending and \$48.8 million accrued to persons and businesses involved with indirect and induced activities.
- **Generation of \$314.6 million in economic output**, of which \$171.7 million represents direct spending, and \$142.9 million represents spending generated by indirect and induced economic activity.

Figure 31. Impacts of Infrastructure Investment Occurring with the Support of the Infrastructure Tax Credit

Impacts	Employment	Income	Economic Output
Direct	1,330	\$74,400,000	\$171,700,000
Indirect	440	\$25,500,000	\$74,000,000
Induced	590	\$23,300,000	\$68,900,000
Total	2,350	\$123,200,000	\$314,600,000

Source: IMPLAN and HR&A analysis. Figures rounded to the nearest \$100k.

¹¹⁵ HR&A removed expenditures by Seven Arts Post from this list, as the facility is currently under investigation for fraud.

¹¹⁶ According to Louisiana Administrative Code, Title 61, Revenue and Taxation, Chapter 16, Rules for the Motion Picture Investor Tax Credit Program, qualified spending includes “land acquisition and closing costs... and financing costs.”

STUDIO PROFILES

Second Line Stages, New Orleans

Second Line Stages is a purpose-built 220,000 square foot production facility, with three soundstages totaling 37,700 square feet. At capacity, it can serve one medium-sized studio film at a time.

Susan Brennan acquired the site in the Lower Garden District at Richard and Chippewa Streets in 1998. The site contained a fire-damaged warehouse, which she originally intended to turn into condos. Post-Katrina, with the increase in construction costs, the condos became economically unfeasible. The state's film infrastructure tax credit also became available. In 2008, Ms. Brennan hired film consultants Trey Burvant and Diane Wheeler-Nicholson to convert the site into a production studio by restoring the existing warehouse and adding a new structure on additional land.¹¹⁷

The team began construction of Phase I in January 2009 and completed it in December 2009. Phase I consisted of a 90,000-square-foot complex, which included 3 sound stages, a 49-seat digital screening theater, and almost 50,000 square feet of space for offices and production support. The team developed the facilities in compliance with the U.S. Green Building Council's Leadership in Energy and Environmental Design silver certification.¹¹⁸ According to Louisiana Economic Development records and interviews with Second Line Stages leadership, the total cost of Phase I was roughly \$35 million, with land acquisition accounting for approximately \$3 million, construction for \$26 million, and architecture, legal, and special design services and equipment accounting for \$6 million. The team received roughly \$14 million of infrastructure tax credits, as well as federal and state historic tax credits. With Phase I complete, the studio officially opened in January 2010, with the production of *The Green Lantern* (2011). The producers were originally planning an Australia shoot, but the declining value of the dollar and the presence of the state's film tax credit program brought the project to Louisiana. *Green Lantern* was a \$150 million production, with about 75% (\$113 million) spent in Louisiana.¹¹⁹

From 2011-2013, Second Line expanded. It converted an existing 60,000 square-foot production building (the Annex) on Constance Street, across the way from its existing facilities. The cost of this project was roughly \$5 million. The team received historic tax credits for the construction of this office annex.

Currently, Second Line Stages has 10 employees. It also supports a team of on-site vendors, including grip and lighting, post-production services, and transportation. In terms of its effects on its surrounding neighborhood, the studio has restored economic activity to the Magazine Corridor, and brought two vacant buildings back into commerce. In total, Second Line Stages has supported 82 productions since it opened. The team is interested in adding two more stages, at an estimated cost of at least \$15 million, if the film tax credit remains stable.

Celtic Media Centre, Baton Rouge

Celtic Media Centre is the largest purpose-built production facility in Louisiana, with 148,160 square feet of production space across a total of eight stages, six large and two small. The two largest stages are 30,800 square feet each. The closest purpose-built facilities of similar size are in North Carolina and New Mexico. For this reason, Celtic attracts large "tent-pole" productions that require significant space.

¹¹⁷ Quillen, Kimberly. "Lower Garden District Warehouse Being Converted into Film Studio." Times-Picayune, January 25, 2009. http://www.nola.com/business/index.ssf/2009/01/lower_garden_district_warehous.html.

¹¹⁸ Quillen, Kimberly. "Lower Garden District Warehouse Being Converted into Film Studio." Times-Picayune, January 25, 2009. http://www.nola.com/business/index.ssf/2009/01/lower_garden_district_warehous.html.

¹¹⁹ Scott, Mike. "'Green Lantern' Is Big Business for Warner Bros. and for the Louisiana Film Industry." Times-Picayune, June 11, 2011. http://www.nola.com/movies/index.ssf/2011/06/green_lantern_is_big_both_for.html.

The Celtic Group, a Baton Rouge-based offshoot of the Celtic Marine Corporation, constructed Phase I of Celtic from 2006 to 2008, and Phase II from 2008 and 2010. The Phase I and II facilities occupy a 23-acre site at the edge of Baton Rouge, between Airline Highway and I-10 in Baton Rouge. During Phase I, the Celtic Group took over an abandoned, partially completed music recording studio and converted it into the O'Connor Building, the operational hub of Celtic, which houses the smaller Stages 1 and 2. It then built its first large soundstage, Stage 8, which opened in 2008. In 2010, CMC completed Phase II, adding Stages 4, 6, and 7 to the studio lot. According to records from Louisiana Economic Development and interviews with Celtic leadership, the cost of the Phase I and II facilities was approximately \$35.5 million. The Celtic Group received \$14 million of state infrastructure tax credits, and also leveraged federal GoZone bonds. To market the new studio to domestic and international production companies, the Celtic Group established a partnership with California-based Raleigh Studios in 2007. In February 2014, Celtic Group terminated this agreement and began marketing Celtic directly, believing that Celtic now had sufficient brand awareness to stand alone.

Following its initial Phase I and II investments, the Celtic Group has improved and expanded the studio. Since 2010, Celtic leadership estimate that they have spent at least an additional \$1.5 million on equipment, repairs, and improvements to the studio. Furthermore, in 2013, the Celtic Group partnered with Costco to acquire seven acres of a 28-acre former Coke bottling plant, with Costco taking the other 21 acres. The Celtic Group spent over \$3 million to acquire the land from Costco, and put in \$600,000 of capital improvements to the road and existing warehouse. It did not receive infrastructure tax credits on these investments.

Currently, Celtic employs 13 full-time employees and another 6 part-time employees, consisting of junior stage managers and interns. The Celtic Group also pays for additional security on as-needed basis. Since construction, Celtic has played an important role in appreciating land values in the surrounding area. It also helped attract Costco to the neighborhood, which benefits from production companies purchasing supplies during filming. The Celtic Group elected to have the studio, formerly split between City and unincorporated land, fully annexed into the City of Baton Rouge in 2014. The Celtic team estimates that over 50 feature films and television projects have used its stages and/or offices during production over the past seven years. Major productions filmed at CMC include the television series *True Blood* (2008-2014) and the films *Battle: Los Angeles* (2011), *Battleship* (2012), *The Twilight Saga: Breaking Dawn – Parts 1 and 2* (2011, 2012), *Battleship* (2012), and *Fantastic Four* (2015). CMC hosted *Twilight* and *Battleship* simultaneously. Celtic is also open to potential expansion.

Millennium Studios, Shreveport

Millennium Studios is a 70,000 square foot facility, with two sound stages, 14,000 square feet of production offices, a construction mill, and a prop house. The property also contains Worldwide FX. The studio is owned by Nu Image/Millennium Films, a production company. At the time that the studio opened in 2011, Millennium Films had done 16 productions in-state, with 13 in the Shreveport area specifically.¹²⁰

In 2008, Millennium developed the plan for the studio with the City of Shreveport. The city sought to bring prosperity back to the Ledbetter Heights neighborhood, which had steadily lost population and building stock in recent decades. The City Council acquired a blighted 6.7-acre parcel, and leased it to Millennium for 49 years at \$1,200 annually. The ground-breaking occurred in 2008, but work was delayed until December 2009 due to the recession and weather issues.¹²¹ The Phase I facility completed in April 2011.

¹²⁰ Caranicas, Peter. "Millennium Studios Formally Opens." *Variety*, April 1, 2011.

<http://variety.com/2011/film/news/millennium-studios-formally-opens-1118034777/>.

¹²¹ Causey, Adam Kealoha. "Shreveport's Millennium Studios Debuts." *Shreveport Times*, April 1, 2011.

<http://archive.shreveporttimes.com/article/20110401/NEWS01/104010310/Shreveport-s-Millennium-Studios-debuts>.

According to Millennium leadership, the total cost of the Phase I facility was more than \$10 million. The team received infrastructure tax credits on this investment.

Currently, Millennium employs 8 staff. The facility has housed 12 feature films, a music video, and 4 commercial or photo shoots. It has also rented out equipment and services to a number of productions in Shreveport and other areas of the state. Major films completed at the studio include *Olympus Has Fallen* (2013) and *The Expendables 2* (2012). Depending on the stability of the film tax credit program, Millennium is considering adding a second phase to the studio and expanding into the surrounding area to create a backlot.

Robert E. Nims Center for Entertainment Arts, Jefferson Parish

The Nims Center is a production facility owned by the University of New Orleans Foundation, a non-profit educational foundation. Currently, the studio has five soundstages, including one 20,000 square foot stage, three 10,000 square foot stages, and one 7,000 square foot stage. The facility also includes office and production support space, as well as a variety of post-production services.

The Nims Center marked the first effort to create production infrastructure in-state, and helped launch “Hollywood South” in the early 2000s. To construct Phase I of the studio, the University of New Orleans worked with Jefferson Parish and the Lieutenant Governor’s Office on a three-year joint project. UNO took over the original site, which contained a Campo furniture warehouse with no production amenities, from a failed private venture called New Orleans Studios. Following the completion of the initial facility, the Nims Center attracted the first blockbuster filmed in Louisiana, *Runaway Jury* (2003).¹²²

In 2005, UNO developed a master plan, the Louisiana Studioplex Infrastructure Initiative, with the Jefferson Parish Council and the Nims Family Foundation. As part of this initiative, the Jefferson Parish Council agreed to acquire an approximately 100,000 square foot parcel adjacent to the Nims Center (the “Mac Paper” site) from the owner for \$825,000, to enable the construction of two additional soundstages and production offices. Jefferson Parish paid this amount in three installments from 2005 to 2007, using dedicated economic development funds. In addition, the Nims Family Foundation, led by Myrtis (Jeri) Nims, one of UNO’s largest donors, agreed to acquire the 38,000 square foot Paul Prudhomme’s Magic Seasoning Blends property, directly adjacent to the “Mac Paper” site, to enable the construction of an additional soundstage and production offices.¹²³ From 2012-2014, UNO carried out another significant expansion to the Nims Center to meet growing demand for production space in Jefferson Parish. As part of this expansion, it added another 10,000 square foot stage, as well as a major sound recording studio.

According to Nims Center leadership, since 2002, the studio has made capital investments exceeding \$7.65 million, using grants from the US Department of Commerce’s Economic Development Administration and Louisiana Economic Development. The most recent expansion involved \$4.5 million in state and federal grants. Since it opened, the Nims Center has hosted 55 productions, including *Ray* (2004), *The Curious Case of Benjamin Button* (2008), *12 Years a Slave* (2013), and *Dallas Buyer’s Club* (2013). The studio is a go-to facility for dialogue replacement recording (ADR) in the New Orleans metropolitan area. Currently, the Nims Center is booked at least two years into the future with the television series *NCIS: New Orleans* (2014).

¹²² Murret, Patricia. “Doubly Blessed.” UNO Magazine, January 11, 2013. <http://magazine.uno.edu/doubly-blessed/>.

¹²³ Jefferson Parish. “Jefferson Parish News Release - Nims Center,” April 27, 2005. <http://www.jeffparish.net/index.aspx?page=2414.s>

XIII. General and Limiting Conditions

1. Any person who relies on or otherwise uses this Study is required to have first read, understood and accepted the following disclosures, limitations and disclaimers, and will, by reason of such reliance or other use, be deemed to have read, understood and accepted the same.
2. HR&A Advisors, Inc. (HR&A) has been engaged and compensated by the Motion Picture Association of America, Inc. (MPAA) and the Louisiana Film and Entertainment Association (LFEA) to prepare this Study. In preparing this Study, HR&A has used its independent professional judgment and skills in good faith, subject to the limitations, disclosures and disclaimers herein.
3. This Study is based on estimates, assumptions and other information developed by HR&A based upon data provided by other parties, including individual production companies and studios. Every reasonable effort has been made to ensure that the data contained in this Study are accurate as of the date of this Study; however, factors exist that are outside the control of HR&A and that may affect the estimates and/or projections noted herein.
4. HR&A reviewed the information and projections provided by third parties using its independent professional judgment and skills in good faith, but assumes no liability resulting from errors, omissions, or any other inaccuracies with respect to the information provided by such third parties referenced in this Study.
5. HR&A also relied on data provided by or purchased from MIG Inc., EMSI, the United States Bureau of Labor Statistics, individual production companies and studios, and the Louisiana Office of Entertainment Industry Development in order to generate estimates of economic impacts. HR&A assumes no liability resulting from errors, omissions or any other inaccuracies with respect to the information provided by these parties.
6. In addition to relying on data, information, projections and forecasts of others as referred to above, HR&A has included in this Study estimates and assumptions made by HR&A that HR&A believes are appropriate, but HR&A makes no representation that there will be no variances between actual outcomes and such estimates and assumptions.
7. No summary or abstract of this Study, and no excerpts from this Study, may be made for any purpose without HR&A's prior written consent.
8. No opinion is intended to be expressed and no responsibility is assumed for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of an economic development consultant.
9. This Study is qualified in its entirety by, and should be considered in light of these General and Limiting Conditions. By use of this Study, each party that uses this Study agrees to be bound by all of the General and Limiting Conditions stated herein.