Economic Impact of a Proposed US Federal Production Incentive

Report for the
Motion Picture Association
by Olsberg•SPI

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OLSBERG • SPI

Contents

1. GLOSSARY OF KEY TERMS

Above-the-Line ("ATL") and Below-the-Line ("BTL") refer to screen production workers and the different types of roles across talent, cast, and crew. ATL refers to key talent, such as directors, writers, and actors; BTL refers to other crew, such as in technical production roles.

Direct impact refers to the economic activity of companies directly engaged in screen production. In the context of this Study, this relates to activity directly supported by the proposed federal incentive.

Indirect impacts capture the economic activity created in companies that supply goods and services to those directly engaged in screen production activity, e.g. catering and accommodation.

Induced impacts refer to the wider economic activity that arises from the spending of labor income by workers directly engaged in incentivized screen productions (direct impact channel), and those in the associated supply chain (indirect impact channel). For example, a crew member or a worker at an equipment rental company spending money in a local restaurant.

Total impact is the sum of all three channels of impact, namely the direct, indirect, and induced.

Input-Output (I-O) analysis is an economic modelling approach that estimates the direct, indirect, and induced economic effects of changes in demand by tracing how spending flows through interconnected industries and supply chains.

Full-time (FTE) employment accounts for part-time and full-time working patterns and temporary or contract-based workers. It is based on a year-round and "permanent" definition of FTE employment, which means that, for example, if one person is working full-time on a three-month contract, it is counted as 0.25 of an FTE worker.

Gross Value Added (GVA) is a key measure of economic performance, used to calculate Gross Domestic Product (GDP). GVA represents the value added to the economy by an individual company, industry, or sector. Essentially, GVA measures the difference between the income generated from selling goods and services and the costs incurred in producing them. By quantifying this additional value, GVA helps assess the contribution of specific economic entities to the overall economy.

Labor income reflects the combined cost of total payroll paid to employees (known as employee compensation) – i.e. wages and salaries, supplements to wages, and payroll taxes – and self-employed income (known as proprietor income).

Nominal prices measure the value of goods and services in a given year, using the (current) prices of that year.

Real prices are adjusted for inflation over time and reflect constant price terms. It enables accurate and long-term comparisons, while nominal prices can mislead due to inflationary growth.

Qualifying Production Expenditure (QPE) is the eligible spend associated with the production of incentivized screen content. For a proposed federal incentive, qualifying expenditure relates to US resident labor only.

2. EXECUTIVE SUMMARY

2.1. Introduction

The Motion Picture Association ("**MPA**") commissioned global screen sector consultancy Olsberg•SPI ("**SPI**") to undertake an analysis (the "**Study**") of the economic impact that would be generated by a proposed new US federal production incentive for domestic film and television.

At present, the US offers production incentives at the state level, while an increasing number of competing jurisdictions worldwide operate national programs that can be 'stacked' with state- or province-level programs. This Study models the economic impact of introducing a federal incentive in the US that would sit alongside existing state programs, comparing two scenarios over the period 2027 to 2035: one in which a federal incentive is not introduced, and one in which a federal incentive takes effect from 2027. The difference between the two scenarios is the additional impact associated with the incentive.

It should be noted that these forecasts have been undertaken by SPI using a number of illustrative modelling assumptions from third parties. These assumptions are set out in Table 4.

2.2. Federal Incentive Policy Assumptions

As of August 2026, 39 states operate active film and television incentive programs, supplemented in some cases by regional or county-level mechanisms.[1] At the national level, however, the US does not operate an incentive and the lack of such a program has been the subject of significant attention in recent years.

Mirroring the sharp rise in global production spending over the past decade, a growing number of jurisdictions worldwide have introduced or expanded incentive programs aimed at stimulating growth in the film and television production sector. Between 2017 and 2025, the number of production incentives operating at national, state, and provincial level rose from 86 to 121 – an increase of roughly 40%.[2] In several other major production markets, such as Canada and Australia, national and sub-national incentives are commonly layered together.

At this stage, there is no formal government proposal for the federal incentive, so for the purposes of this research SPI has assumed an incentive model in line with a publicly-reported industry-supported proposal.[3]

Table 1 – Assumed Federal Incentive Parameters

Parameter	Proposed
Type	Transferable Tax Credit
Rate	20% with uplifts: 5% for labor costs incurred in a Federal Emergency Management Agency (FEMA) declared disaster area, and 5% for independent production companies
Qualifying expenditure	US resident labor only
Minimum spend threshold	$1 million

[1] SPI research
[2] SPI research
[3] *Hollywood's Push for Federal Film Tax Credit Could Help Boost Production in All States*. Variety, 19th August 2026. Accessible at: https://variety.com/2026/film/focus/federal-film-tax-credit-production-1236837623/

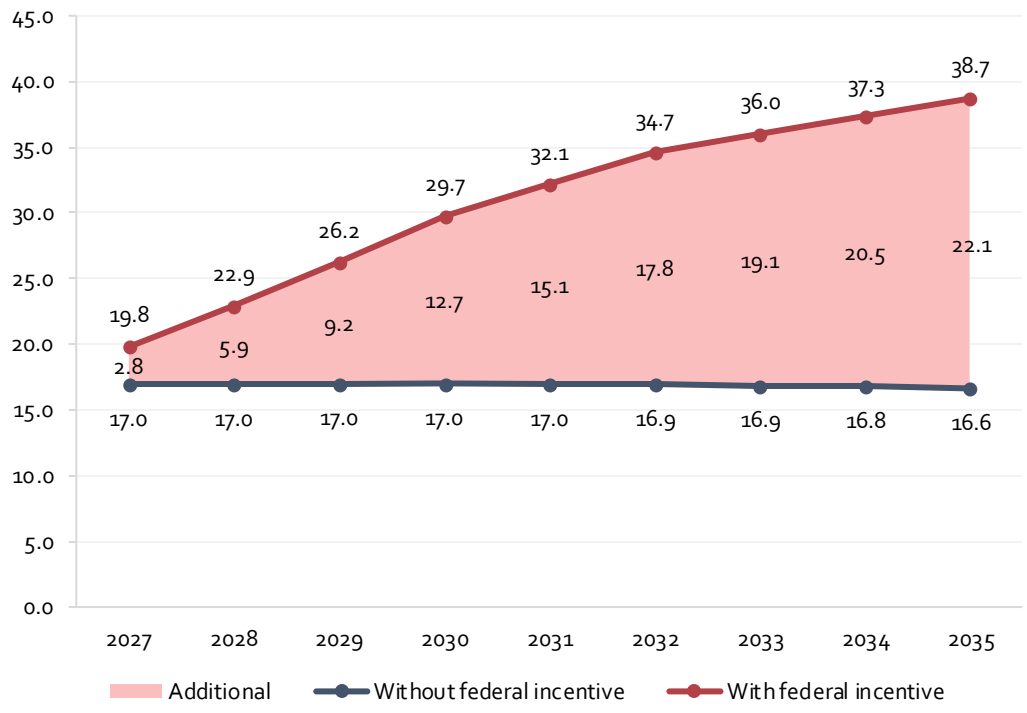
Assumed effective date	1st January 2027

2.3. Scenario Modeling

The Study's modeling has two stages. First, a spend forecast estimates US production expenditure to 2035 under each of the two scenarios. The difference between them is the additional expenditure associated with the proposed federal incentive. Second, that additional expenditure is used as the input to an economic model, which estimates the resulting gross value added (GVA), labor income, and employment. The full approach is outlined in Appendix One – Outline of Economic Impact Methodology. For the avoidance of doubt, the forecast assumes all else remains equal, including that all existing state-level incentives remain in place unchanged. As mentioned, these forecasts have been undertaken by SPI using a number of illustrative modelling assumptions from third parties as set out in Table 4.

Based on the assumptions used in the scenario modeling for this report, the federal incentive is associated with additional US production expenditure of $125.3 billion between 2027 and 2035.

Figure 1 – US Production Expenditure Forecast, 2027–35 (US$ billions)



Source: Olsberg•SPI, using illustrative modelling assumptions

The additional expenditure of $125.3 billion is used as the direct input to SPI's economic model, which is built on IMPLAN's input-output (I-O) model – a widely used tool that models how spending flows through the wider economy. The model captures the direct activity of productions themselves, the indirect activity generated among their suppliers, and the induced activity supported as wages are re-spent.

On this basis, the incentive is associated with additional GVA of $249.1 billion over 2027 to 2035, comprising $133.1 billion of labor income over the nine years, together with around 143,500 full-time equivalent (FTE) jobs annually. Table 2 also includes the annual average of total jobs supported (153,700), which counts each role regardless of its duration.

Table 2 – Summary of Estimated Economic Impact, 2027–2035

	Without Incentive	With Incentive	Additional Impact
US-Based Production Spend (cumulative)	$152.22bn	$277.49bn	$125.27bn
GVA contribution (cumulative)			$249.06bn
Labor income (cumulative)			$133.07bn
Employment (annual average)			153,700
FTE Employment (annual average)			143,500

Source: Olsberg•SPI, using illustrative modelling assumptions

3. THE GLOBAL FILM AND TELEVISION PRODUCTION AND INCENTIVES LANDSCAPE

3.1. Growth of Film and Television Production

Over the past decade, the scale of global film and television production has expanded significantly to meet unprecedented audience demand for new original content (though it should be noted that this growth has levelled off somewhat in recent years due to a range of factors). Studios and broadcasters have steadily increased their production activity in response, ramping up the volume and scale of projects across both traditional and emerging formats. At the same time, the rise of online streaming platforms has injected substantial new investment into the production sector and given original productions an increasingly global reach.

As a result, film and television production has become increasingly recognized as a major economic opportunity and strategic driver, with many countries and regions around the world actively developing their infrastructure, incentives, and talent pipelines to build the value of the sector. This can be done through increasing domestic activity and also through attracting international production investment. Governments and other public stakeholders recognize the sector's ability to generate employment, attract foreign investment, and deliver strategic gains such as building soft power, prompting targeted policies that range from production incentives to infrastructure investments and skills training programs (e.g. the California Film Commission's Career Readiness program[4], or the Georgia Film Academy[5]). As a result, production activity is occurring across a widening map of global locations.

In this globalized production market, studios, streamers, and other production investors based in the US have multiple options at the state level in the US and around the world to place mobile productions – and often do this, based on the strongest combination of talent, infrastructure, and cost-competitiveness. It should also be noted that the multi-directional nature of global production means that these same US production investors have also become major embedded players in the domestic industries of various countries, such as Australia or the UK. Their long-term role in commissioning and co-producing content for local audiences has strengthened these businesses and also helped deepen local creative ecosystems, support independent producers, and expand the range of stories reaching both domestic and worldwide audiences.

3.2. Growth of Film and Television Production Incentives

Mirroring the sharp rise in global production spending over the past decade, a growing number of jurisdictions worldwide have introduced or expanded incentive programs aimed at stimulating growth in the film and television production sector, through stimulating domestic activity and attracting foreign investment. The expansion of production incentives has also been seen at the US state level.

Production incentives typically offer qualifying projects a percentage return on eligible expenditure, subject to each program's specific administrative rules. Most incentives set clear eligibility criteria, define which costs count as qualifying spend, and impose minimum expenditure thresholds, or local labor requirements.

Between 2017 and 2026, the number of production incentives operating at national, state, and provincial level rose from 86 to 121 – an increase of roughly 40% (Figure 2). There are 65 countries with national incentives.

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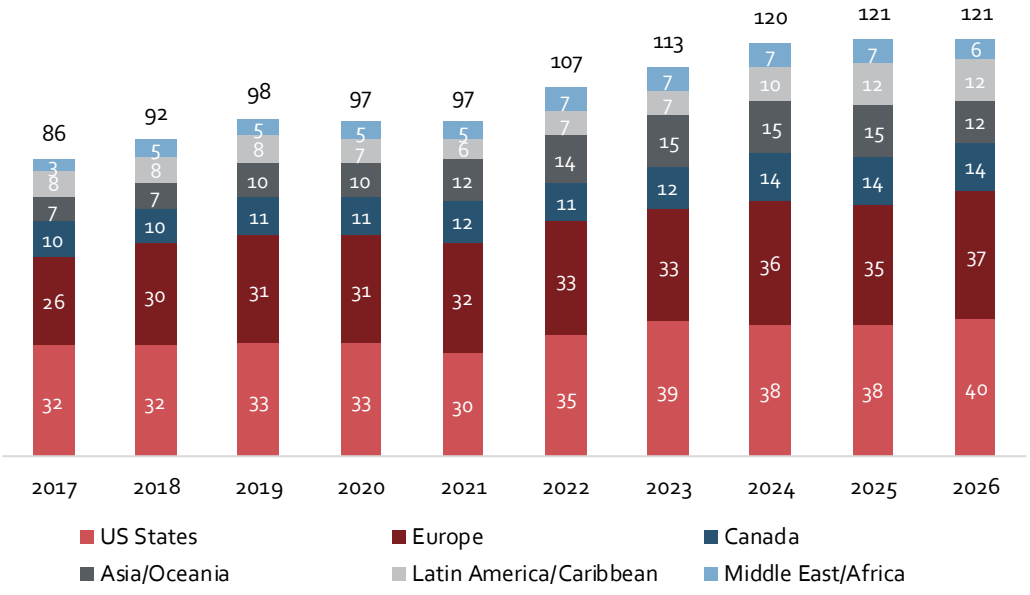
[4] For more information see the California Film Commission's Career Readiness webpage: https://film.ca.gov/tax-credit/career-readiness/

[5] For more information see the Georgia Film Academy website: https://georgiafilmacademy.edu/

Figure 2 – Number of Production Incentives in Operation, 2017-2026



Source: Olsberg•SPI

This expansion has been global: most US states, Canadian provinces, and European countries already operate established programs, while an increasing number of jurisdictions in Asia-Pacific, Latin America, the Middle East, and Africa are introducing competitive incentives in order to develop their local industries and attract international production spend.

3.2.1. Relationship Between National and Regional Incentives

At present, the US offers production incentives at the state level. As of August 2026, 39 states operate active film and television incentive programs, supplemented in some cases by regional or county-level mechanisms (for example, Savannah, Georgia's additional rebate).

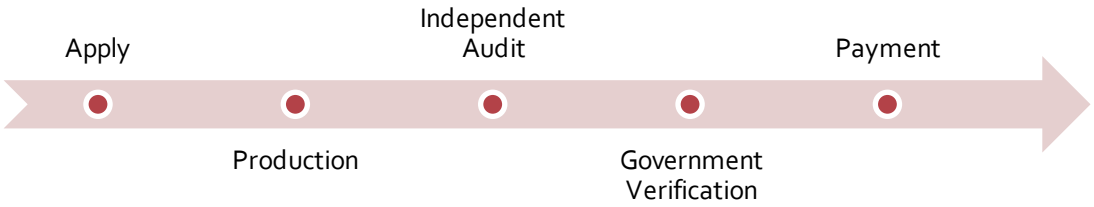
In several other major production markets, national and sub-national incentives are commonly layered together. Canada operates a national incentive (the Production Services Tax Credit at 16% of qualified Canadian labor, or the higher Canadian Film or Video Production Tax Credit for qualifying Canadian content), while the Canadian provinces typically have larger incentives that are 'stacked' with the national program. Australia, on the other hand, has a larger national incentive regime (the 30% Location Offset for international productions, and the 30% or 40% Producer Offset for Australian productions and official co-productions), with individual states and territories, such as New South Wales and Victoria, offering smaller top-up incentives.

A stackable model would likely be the structure adopted in the US if a federal incentive were introduced, allowing producers to combine state- and federal-level incentives.

3.3. How Production Incentives Work

Incentives function as strategic investments in the long-term growth of a jurisdiction's film and television production sector. At their core, they are designed to attract, stimulate, or retain production expenditure that would otherwise not have occurred in that location, or that would have been undertaken elsewhere. Importantly, the incentive is paid only after the expenditure has already taken place in the territory, after the production has hired and paid its workforce (often numbering in the hundreds), and only after robust verification that the claimed spend meets the program's eligibility rules.

Figure 3 – Typical Production Incentive Process Flow



As with any other form of economic development investment, the impact of production incentives should be assessed using standard economic metrics such as GVA and job creation, alongside indicators of infrastructure growth and broader sectoral development. Productions also typically spend across many other sectors (outside of the film and television production sector) and have a positive supply chain impact on local small businesses.[6] Wider strategic outcomes can also be taken into account, including effects on tourism and soft power.[7]

Production incentives are highly effective policy tools in part because of their relative simplicity, transparency, and ease of understanding. At the same time, they are also very flexible: each program operates under a detailed set of rules and regulations that give governments and public authorities significant control over how the investment is directed. These administrative controls typically include:

- Restrictions on the types of applicants and productions that are eligible
- Documentation and supporting evidence, together with external audit requirements
- The incentive rate, which may vary by project type, applicant, or other criteria
- Definitions of the costs that qualify toward the incentive
- The process and timing of incentive payment.

These design features allow policymakers to shape outcomes in line with local economic, industrial, and cultural priorities.

3.3.1. Benefits for Public Investors

The 121 film and television production incentive programs currently in operation globally are all based on a common structure – i.e. they provide a return to investors calculated as a percentage of a qualifying production expenditure. Beyond this, they can be designed to target a wide range of different economic or strategic objectives.

For governments, legislators, and other public stakeholders who develop and manage incentives, the most important consideration of benefit is often economic. These impacts are typically – and ideally – measured in the way that any other economic sector or public

[6] As an example, SPI analysis of a mid-budget drama series in Illinois showed that, of below-the-line (BTL) spend, 37.4% was screen production specific, and that 62.6% was spent in other sectors. These included travel and transport (13.6%), location fees and real estate (16.5%) and health and medical (8.1%). *Economic Impact of the Illinois Film Production Services Tax Credit*, SPI for Illinois Production Alliance, 19th December 2023. Accessible at: https://mcusercontent.com/5390f7e6a503947b63c93d2df/files/15c6491c-a2a4-4d31-4730-44c689fa0240/Economic_Impact_of_the_Illinois_Film_Production_Services_Tax_Credit_Impact_Study__12_19_2023_compressed.pdf

[7] For examples of the economic and strategic benefits delivered by incentives, see *Global Film and Television Production Incentives – A White Paper by Olsberg•SPI.* November 2024 Accessible at: https://static1.squarespace.com/static/5f7708077cf66e15c7de89ee/t/672a0f3e19bbec0314b29213/1730809664861/Olsberg+SPI+Incentives+White+Paper+2024-11-05.pdf

investment intervention would be to enable comparison. This usually involves examining the GVA delivered across direct, indirect and induced phases of economic impact.[8]

There can also be significant impacts for sectors outside of the screen production sector. While a proportion of a production's expenditure is directed toward vendors that exclusively service the screen sector, a notable amount of spend is directed to other areas of the economy. From previous ripple analyses undertaken by SPI – which model the below-the-line (BTL) budgets of individual projects based on whether spend occurs in the screen production sector or other sectors – between 55% and 75% of a production's BTL expenditure will typically occur in non-screen specific sectors.[9]

Significant regional impacts can also occur, as spend flows around different parts of a jurisdiction beyond where a production is located. Given the locations and unique and sizeable supply chains required by productions, geographical impacts can be broad.[10]

Job creation is also a critical benefit. Most film and television production jobs require a highly skilled and well-trained workforce, including full-time employees and freelance workers. The sector's labor pool is mobile, productive, well-paid and flexible – with skills and abilities that can be transferred into other screen-based industries. According to MPA analysis of Bureau of Labor Statistics (BLS) data, salaries for direct production jobs in 2024 in the US were 52% higher than the national average for direct jobs overall.[11] In addition, US employees typically receive a competitive benefits package that includes employer-sponsored health insurance and retirement benefits.

A healthy production sector can also rapidly assist in developing production and post-production capabilities, through the transfer of skills and expertise from visiting professionals to locals and through talent development from on-the-job exposure to industry standards.

Film and television production can also deliver significant inward investment at both national and sub-national levels, through the attraction of projects from other jurisdictions. This can contribute to a positive trade balance.

A healthy production sector, underpinned by a stable incentive, can also attract private sector capital investment in facilities and infrastructure such as studios or equipment rental houses. For public investors, the attraction of private investment is a significant additional benefit of operating a production incentive.

Beyond economic benefits, a healthy film and television production sector delivers significant strategic impacts. For example, the global export of a jurisdiction's stories and locations through film and television can have a significant impact on visitors – a well-evidenced phenomenon known as screen tourism. For global audiences, the emotional impacts of film

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[8] For example, SPI's study on the impacts of Georgia's Entertainment Industry Tax Credit found that GVA supported by the incentive through combined production and studio construction activity was $5.5 billion in GVA in FY2022. *Economic Impact Study of Georgia's Entertainment Industry Tax Credit*. Report for Georgia Screen Entertainment Coalition by SPI, 6th November 2023. Accessible at: https://62be1ab4-fdab-4e67-a4ac-c55fd6f1acba.filesusr.com/ugd/18ed45_c5ca9791ffde4f36a4ac705491f56538.pdf

[9] *Economic Impact of the Illinois Film Production Services Tax Credit*. *Ibid*

[10] Analysis of vendor spend by a production undertaken by a production based in North Texas found that while the filming locations were predominantly in and around North Texas, production spend also stretched over 550 miles from Dallas, utilizing vendors based in El Paso, demonstrating a state-wide value chain and economic impact. *Reel Returns: The Economic Impact of the Texas Moving Image Industry Incentive Program*. Report for the Texas Film Commission and Texas Economic Development Corporation by SPI. Accessible at: https://static1.squarespace.com/static/5f7708077cf66e15c7de89ee/t/69b053c739bfd0363dfd42cb/1773163463924/Reel_Returns_The_Economic_Impact_of_the_Texas_Moving_Image_Industry_Incentive_Program.pdf

[11] *The American Motion Picture and Television Industry: Creating Jobs, Exporting Around The World*. MPA, 2024. Accessible at: https://www.motionpictures.org/wp-content/uploads/2026/02/MPA_Economic_Contribution_US_Infographic_030926.pdf

and television can build their interest in and knowledge of a jurisdiction – contributing to brand building and soft power. According to a recent study by 2CV, viewers of 'Made in US' content were 1.8x more interested than non-viewers in traveling to the US.[12]

Film and television productions deliver unique value to governments seeking to expand the broader creative industries, as they are known to be important drivers of activity across a range of other creative industries, as well as in non-creative service sectors. Productions normally spend their budgets on sectors that include theater, design, fashion, art, music, digital video, publishing, advertising, crafts and architecture, as well as requiring a range of non-creative services like construction, accommodation and catering.[13]

[12] *Impact of Filming on Cultural Affinity & Tourism*. 2CV, January 2026. Accessible at: https://www.motionpictures.org/wp-content/uploads/2026/08/Impact-of-Filming-Report-Made-in-US-content-Jan-14-Final-v2.pdf

[13] A 2017 SPI study evidenced how film and television drama productions drive activity in other creative industries. Analysis of a group of sample showed that between 38% (feature film) and 47% (television drama) of the expenditure impacted other creative industries. *Film and the Creative Economy: How Film and Television Drama Productions Grow the Creative Industries*. SPI, 31st July 2017. Accessible at: https://static1.squarespace.com/static/5f770807cf66e15c7de89ee/t/60282fe0afcfd77940746259/1613246442039/SPI-Creative-Industries-Report-2017-07-31.pdf

4. ECONOMIC IMPACTS OF PROPOSED FEDERAL INCENTIVE

4.1. Summary of Economic Impact Results

Based on the assumed federal incentive parameters outlined in the previous section, SPI's economic impact modeling compares two scenarios over the period 2027 to 2035: one in which a federal incentive is not introduced, and one in which a federal incentive takes effect from 2027. The modeling presents an illustrative scenario, conditional on the set of assumptions that are outlined in this section. The difference between the two scenarios is the additional impact associated with the incentive.

Figure 4 – Summary of Economic Impact Results, cumulative 2027-2035

$125.3 billion Additional US production expenditure	**$249.1 billion** Additional GVA	**$133.1 billion** Additional labor income	**143,500** Additional FTE jobs (annual average)

Source: Olsberg•SPI, using illustrative modelling assumptions

Under the assumptions set out below, the incentive is associated with an additional $125.3 billion of US production expenditure over 2027 to 2035. This is estimated to support $249.1 billion in additional GVA, including $133.1 billion of labor income, and an annual average of 143,500 additional FTE jobs.

4.2. Assumed Model for a Federal Incentive

At this stage, there is no formal proposal for the federal incentive, so for the purposes of this research SPI has assumed an incentive model in line with a publicly-reported industry-supported proposal.[14] The economic modeling, set out in Section 4, is based on this incentive structure, outlined in the following table.

Table 3 – Assumed Federal Incentive Parameters

Parameter	Proposed
Type	Transferable Tax Credit
Rate	20% with uplifts: 5% for labor costs incurred in a FEMA-declared disaster area, and 5% for independent production companies
Qualifying expenditure	US resident labor only
Minimum spend threshold	$1 million
Assumed effective date	1st January 2027

4.3. Approach to Scenario Modeling

The modeling has two stages. First, a spend forecast estimates US production expenditure to 2035 under each of the two scenarios. The difference between them is the additional expenditure associated with the incentive. Second, that additional expenditure is used as the

[14] *Hollywood's Push for Federal Film Tax Credit Could Help Boost Production in All States*. Ibid

input to an economic model, which estimates the resulting GVA, labor income, and employment.

The assumptions are summarized below and explained in the sections that follow. While the sources used are well established in the sector, SPI has not independently verified the underlying third-party data. For the avoidance of doubt, the forecast assumes all else remains equal, including that all existing state-level incentives remain in place unchanged.

Table 4 – Modeling Assumptions

Assumption	Value used in the model	Source / rationale
Global production spend, 2025	$41.4bn ($13.7bn film; $27.7bn TV)	ProdPro[15] (*2026 TV & Film Industry Outlook Report*)
Growth in global spend	3.7% per year	SPI assumption based on Congressional Budget Office (CBO) and the Bureau of Labor Statistics (BLS)
US share of global spend, 2025	34% film; 42% TV	ProdPro (provided for the purposes of this Study)
US share – without proposed federal incentive	Declines to 25% film / 29% TV by 2035	Illustrative assumption based on ProdPro data (provided for the purposes of this Study)
US share – with proposed federal incentive	Rises to 65% (film by 2030, TV by 2032)	Illustrative assumption informed by FilmLA research on the level of US feature film production recorded in 2015, based on FilmLA's survey of 109 films.[16]
Economic model	IMPLAN model	Sector-standard economic impact model

4.4. Global Production Expenditure

The starting point is total global spending by major US-based distributors, platforms, and channels. ProdPro's *2026 TV & Film Industry Outlook Report* estimates that, in 2025, these companies committed $41.4 billion to production globally, split between $13.7 billion of film and $27.7 billion of series. [17] To project this forward, SPI assumes the total grows at 3.7% per year, as shown in Table 5.

[15] *2026 TV & Film Industry Outlook Report*. ProdPro, 2026. Accessible at: https://prodpro.com/blog/2026-tv-film-industry-outlook-report/

[16] *2015 Feature Film Study*. FilmLA, 2015. Accessible at: https://filmla.com/wp-content/uploads/2015_film_study_v5_WEB.pdf

[17] *2026 TV & Film Industry Outlook Report*. Ibid. 'ProdPro data tracking covers all scripted, live-action TV and feature film productions with estimated production budgets of $1M+, produced globally in English-language and/or non-English language productions commissioned by a major US-based distribution platform or channel (i.e., Netflix, HBO, Amazon, etc.). Committed production spend is calculated from the total estimated budgets of each film project and TV season and attributed to the period in which principal photography commenced. ProdPro estimates budgets based on its proprietary model trained on historical actuals, which takes into account production format, subgenre, cost of living, inflation and other attributes.'

Table 5 – Global Production Spend Forecast, 2025–2035

Year	Film ($bn)	TV ($bn)	Total ($bn)
2025	13.7	27.7	41.4
2026	14.2	28.7	42.9
2027	14.7	29.8	44.5
2028	15.3	30.9	46.2
2029	15.8	32.0	47.9
2030	16.4	33.2	49.6
2031	17.0	34.4	51.5
2032	17.7	35.7	53.4
2033	18.3	37.0	55.4
2034	19.0	38.4	57.4
2035	19.7	39.8	59.5

Source: Olsberg•SPI, ProdPro

4.5. US Production Expenditure

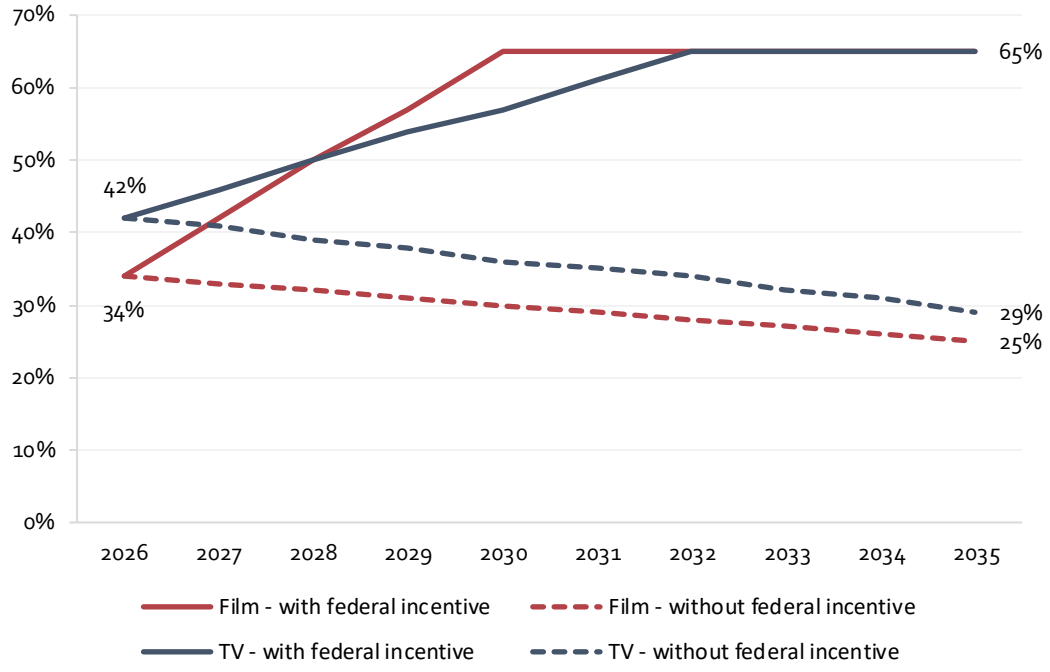
To estimate US production spend, SPI used ProdPro data on the US location share of global spending (provided to MPA, not part of a public report) – 34% for film and 42% for TV in 2025.[18]

A set of illustrative assumptions were used for the forecast. Without the incentive, SPI assumed the US location share continues a gradual decline seen in recent years, reaching 25% for film and 29% for TV by 2035. With the incentive, we assumed the US share increases to 65%, reaching that level by 2030 for film and 2032 for TV, and holding there thereafter. For comparison, FilmLA's 2015 survey of 109 feature films found that 65% of the films surveyed that year were produced in the US.[19] In addition, an analysis of 20 MPA member company productions found that a 20% labor credit would make 16 of them (or 80%) competitive to produce in the US compared to the non-US locations, suggesting the credit would produce a substantial uptick.

While a change in US share is the mechanism the model uses to account for additional activity associated with the incentive, the increased spend could also reflect net new production from both domestic and foreign productions.

[18] The 2025 estimates was also brought forward to 2026 to provide a baseline
[19] *2015 Feature Film Study*. Ibid

Figure 5 – Assumed US Share of Global Production Expenditure, 2026–2035

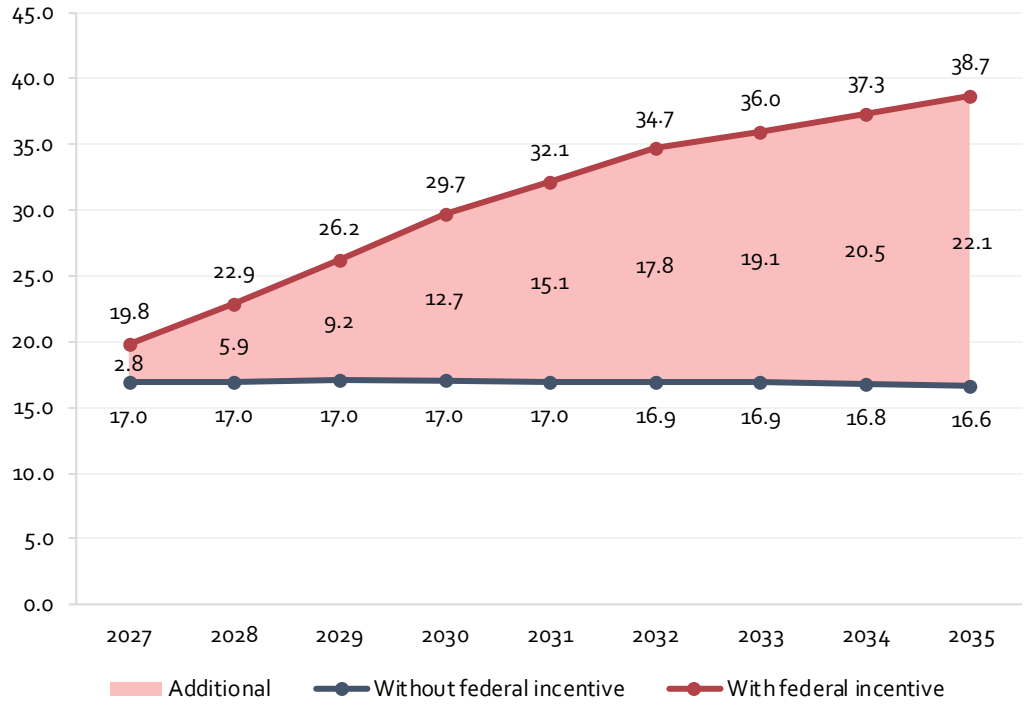


Source: Olsberg•SPI, ProdPro (2025)

4.6. Additional US Production Expenditure

Applying these shares to the global spend forecast gives US production expenditure under each scenario. The difference between them is the additional expenditure – the activity that occurs only because the incentive is introduced. The remainder is expenditure that would have occurred in the absence of the incentive. As shown in Figure 6 and Table 6, additional US production expenditure builds to $22.1 billion in 2035 and totals $125.3 billion over 2027 to 2035.

Figure 6 – US Production Expenditure Forecast, 2027–35 (US$ billions)



Source: Olsberg•SPI

Because the underlying ProdPro data covers only productions spending more than $1 million, all of the modeled activity would meet the proposed $1 million minimum threshold and is treated as qualifying.

Table 6 – US Production Expenditure Forecast, 2027–2035

Year	Without the incentive	With the incentive	Additional expenditure
2027 (incentive introduced)	17.0	19.8	2.8
2028	17.0	22.9	5.9
2029	17.0	26.2	9.2
2030	17.0	29.7	12.7
2031	17.0	32.1	15.1
2032	16.9	34.7	17.8
2033	16.9	36.0	19.1
2034	16.8	37.3	20.5
2035	16.6	38.7	22.1
Total 2027–35	**152.2**	**277.5**	**125.3**

Source: Olsberg•SPI, using illustrative modelling assumptions

4.7. Economic Impact

The additional expenditure of $125.3 billion is used as the direct input to SPI's economic model, which is built on IMPLAN's I-O model – a widely used tool that models how spending flows

through the wider economy. The model captures the direct activity of the productions themselves, the indirect activity generated among their suppliers, and the induced activity supported as wages are re-spent.

On this basis, the incentive is associated with additional GVA of $249.1 billion over 2027 to 2035, comprising $133.1 billion of labor income over the nine years, together with around 143,500 FTE jobs annually. Table 7 also includes the annual average of total jobs supported (153,700), which counts each role regardless of its duration.

Table 7 – Summary of Estimated Economic Impact, 2027–2035

	Without Incentive	With Incentive	Additional Impact
US-Based Production Spend (cumulative)	$152.22bn	$277.49bn	$125.27bn
GVA contribution (cumulative)			$249.06bn
Labor income (cumulative)			$133.07bn
Employment (annual average)			153,700
FTE Employment (annual average)			143,500

Source: Olsberg•SPI, using illustrative modelling assumptions

5. APPENDIX ONE – OUTLINE OF ECONOMIC IMPACT METHODOLOGY

This section provides detail on the methodology used to forecast the potential economic impact of a proposed new US federal production incentive for domestic film and television.

5.1. Overview of Economic Impact Modeling

The Study's economic modeling was undertaken using IMPLAN. This is a widely used economic impact modeling software and data application that analyses how specific economic activities (like new projects, investments, or policy changes) influence different sectors, industries, and regions. It uses I-O [20] analysis to calculate direct, indirect, and induced economic effects, including jobs, income, and GVA.

IMPLAN provides several flexible methods for running economic impact analyses, allowing users to tailor their approach to the available data and the specific nature of the sector. For this Study, the 'Industry Impact Analysis – Detailed (IIA)' event functionality within IMPLAN was used. An IIA approach relies on standard IMPLAN coefficients, established production functions and built-in Regional Purchasing Coefficients. The use of an IIA approach has been informed by SPI's knowledge of the specific nature of screen production activity, and also through advice from IMPLAN economists.

Using production data from ProdPro and the MPA – as outlined in the main Study and later in this section – the following steps were adopted for the economic impact modeling:

- For sector 411 (Motion picture and video industries), SPI:
  - entered the estimated vendor spend in the 'intermediate inputs' field in IMPLAN (see Section 2 related to this assumption)
  - entered the estimated eligible labor expenditure in the 'total labor income' [21] field in IMPLAN (see Section 2 related to this assumption).

The estimates and key relationships from IMPLAN using the latest available data year (2024) are then carried forward through the Study period as fixed modeling assumptions. For example, a fixed Type II multiplier for value added (2.05) and employment (2.33) is applied throughout the study period. Therefore, the model is not dynamic – i.e. it does not assume any wider changes, for example other policy introductions, macroeconomic changes, or potential responses from other countries outside of the US such as strengthened incentive offerings.

In terms of employment estimates, IMPLAN applies sector-specific employment coefficients to estimate the number of jobs directly within sector 411 (Motion picture and video industries). In addition, the model estimates indirect effects generated through purchases from domestic suppliers and induced effects resulting from household spending supported by labor income. As the analysis is undertaken at the national (US) level, the model captures supply-chain relationships across the domestic economy while also accounting for international trade. sector-specific estimates of imported goods and services are embedded within IMPLAN's production functions, meaning that expenditures on imported inputs are treated as leakages from the US economy and do not generate additional indirect or induced effects. Consequently, the reported employment impacts reflect the economic activity supported within the US after accounting for these import leakages.

In IMPLAN, employment impact is based on the number of jobs regardless of work patterns – i.e. it includes both part- and full-time jobs. To move from jobs to FTE jobs, IMPLAN provides a conversion ratio (at the national level) by detailed sector. The number of FTE jobs is the

[20] I-O analysis is an economic modelling approach that estimates the direct, indirect, and induced economic effects of changes in demand by tracing how spending flows through interconnected industries and supply chains

[21] 'Total Labor Income includes both 'Employee Compensation' (wages and salaries paid to employees) and 'Proprietor Income' (income earned by owners of sole proprietorships)

product of the total number of jobs (part- plus full-time) and the ratio of average weekly hours per job for all jobs to the average weekly hours per full-time job.

SPI applied a sector-specific FTE conversion ratio for the motion picture sector to the direct employment estimates (0.919) – reflecting the frequency of temporary working in the sector – and an economy-wide FTE conversion ratio for the indirect and induced impacts (0.946).

5.2. Key Model Assumptions

As described in the Study, the assumed structure of the proposed incentive is in line with a publicly-reported industry-supported proposal.[22] It is important to highlight that if the structure and/or characteristics of a federal incentive were introduced in a different way – e.g. at a lower or higher headline incentive rate – the modeled impacts would change compared to those presented in the Study.

The Study utilizes data from ProdPro's *2026 TV & Film Industry Outlook Report*[23] to estimate a baseline of total global production spend undertaken by major US-based distributors, platforms, and channels in 2025 of $41.4 billion. To estimate US production spend, SPI used ProdPro data on the US location share of global spending (provided for the purposes of this Study). This 2025 US share of global production was 42% for television and 34% for feature films. This has been extended to 2026 – the baseline for the modeling.

ProdPro's data includes productions in the English language and non-English productions commissioned by major US-based distribution platforms with an estimated budget of above $1 million. It is therefore assumed that 100% of modeled US share of additional production spend would meet the domestic threshold criteria based on the proposed incentive rules and the minimum expenditure threshold of $1 million.

The modeling approach was based on two scenarios:

1. A 'without federal incentive' scenario where the US share of both feature film and television global production continues to decline from its current baseline position. As an illustrative assumption, feature film share is assumed to decline to 25% by 2035 and television share is assumed to decline to 29% by 2035. This rate of decline is based on the ProdPro share data provided for the Study.
2. A 'with federal incentive scenario' where the US share of both feature film and television grows from its current baseline position, with both increasing to 65% by 2035. This is an illustrative assumption informed by FilmLA research on the level of US feature film production recorded in 2015, based on FilmLA's survey of 109 films, which found that 65% of the films surveyed that year were produced in the US,[24] as well as an analysis of 20 MPA member company productions, which found that a 20% labor credit would make 16 of them (or 80%) competitive to produce in the US compared to the non-US locations. While a change in US share is the mechanism the model uses to account for additional activity associated with the incentive, the increased spend could also reflect net new production from both domestic and foreign productions.

The economic modeling of the potential impact of the introduction of a federal incentive has been based on the additional production expenditure i.e. the estimated difference between the two scenarios over the study period.

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[22] *Hollywood's Push for Federal Film Tax Credit Could Help Boost Production in All States*. Ibid
[23] *2026 TV & Film Industry Outlook Report*. Ibid
[24] *2015 Feature Film Study*. Ibid

Overall, global projection expenditure has been modeled to grow by 3.7% in nominal terms over the study period, broadly following macroeconomic trends – informed by projections from the Bureau of Labor Statistics (BLS) and Bureau of Economic Analysis (BEA).

Users can adjust IMPLAN's pre-built assumptions if available information justifies those changes. A key assumption in the economic modeling is the proportion of production expenditure represented by labor costs versus expenditure on goods and services supplied by vendors. For the purposes of this analysis, it is assumed that 53% of production expenditure is represented by labor costs and 47% by vendor (supply chain) expenditure. This is based on an average calculated by MPA based on data from its members' films and series. For comparison, the equivalent figures in the underlying structure of the broader sector in IMPLAN are 38%/62%.

The IMPLAN sector used as the basis for the analysis is sector 411 (Motion picture and video industries). However, this sector classification is broader than the screen production activity that is the focus of this Study. The corresponding NAICS sector grouping encompasses establishments engaged not only in the production of motion pictures and television programs, but also in distribution, exhibition and other related activities.

The standard production function for sector 411 (Motion picture and video industries) should therefore not be interpreted as representing the expenditure profile of screen production, which is a relatively labor-intensive activity, involving substantial expenditure on cast, crew and other production personnel, alongside expenditure on production-related goods and services.

There is also empirical evidence at state level in the US that supports adjusting the standard IMPLAN production function when modeling screen production specifically. For example, SPI's analysis of the Georgia Entertainment Industry Tax Credit found that – based on analysis of 21 production community-spend reports – ~63% of total production expenditure was attributable to payroll, with the remaining ~37% attributable to vendor expenditure.[25]

Similarly, SPI's analysis of productions supported through the Texas Moving Image Industry Incentive Program found that ~46% was attributable to payroll and ~54% to vendor expenditure.[26] These studies demonstrate that production-specific payroll/vendor expenditure patterns can differ materially from the generic production function of the broader motion picture and video sector used within IMPLAN, and that adjusting the production function where better production-specific evidence is available is an accepted approach in screen production-sector economic impact analysis.

The remaining components of the production function[27] are then rebalanced by IMPLAN using the underlying relationships for sector 411 (Motion picture and video industries). The adjustment therefore does not seek to redefine all elements of the Sector 411 production function, but rather to replace the two components for which more activity-specific evidence is available.

5.3. General Limitations of I-O Frameworks in Economic Impact Analyses

I-O analysis is a commonly used method of establishing the economic contribution or economic impact of a particular firm, investment or wider sector. It is used around the world by governments and the private sector to communicate the significance of a sector and the effect of investments and policies. SPI's approach to undertaking economic impact analyses is aligned to international best practice.

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[25] *Economic Impact Study of Georgia's Entertainment Industry Tax Credit*. Ibid

[26] *Reel Returns: The Economic Impact of the Texas Moving Image Industry Incentive Program*. Ibid

[27] For example, 'Other Property Income' (OPI) and 'Taxes on Production and Imports of Net Subsidies' (TOPI) – other components of Value Added

As with all modeling approaches, there are limitations to the approach. Specifically, I-O analysis makes the following assumptions:

- Economic impact analyses assume there are no supply constraints in terms of inputs, raw materials, and employment. This means that modeling a change in the sector needs to be undertaken sensitively, given this assumption might not hold. The model is not dynamic. There are no embedded feedback loops or price effects dampening demand. As such, economic impact analyses do not account for the counteracting or balancing effects of a change being offset or counterbalanced by a change in another sector.
- Economic impact analyses assume constant returns to scale, whereby the same quantity of inputs is needed per unit of output, regardless of the level of production.
- The input structure is fixed. It is assumed that changes in the economy will affect the level of inputs and outputs but not the mix.
- The use of Type II multipliers[28] does not in itself result in double counting, as indirect and induced effects represent successive economic effects arising from the initial activity. Double counting can arise if the same underlying economic activity is included more than once - for example, by including an activity as a direct effect while also capturing the same activity through indirect or induced effects. IMPLAN therefore distinguishes the direct activity from the subsequent supply-chain and household-spending effects.
- The modeling also does not consider any economic benefits that may have accrued through an alternative use of the potential funding for the proposed federal incentive i.e. the 'opportunity cost'. This was not in the scope of this Study and would be difficult to robustly quantify, given considerable uncertainties.

[28] A Type II multiplier captures the direct and indirect effects of an economic activity, together with the induced effects arising from household spending by workers whose earnings are affected by that activity