California's Investment in an Iconic Industry and Jobs Driver

Motion Picture and Television Production

For almost 100 years, the motion picture business has flourished, making its "home" in California and growing to be one of America's greatest and most lucrative exports, a cultural touchstone known around the world, an economic engine for jobs and business, and a tourist magnet. But California is now at a crossroads—faced with the reality that the state's status as the epicenter for motion picture production is at risk. What started as isolated runaway film and television production to a few countries some 15 years ago has become an exodus of high quality middle-class jobs that comprise production work, not only to numerous foreign countries, but also to more than 30 states.

Here are the facts:

The Not So Pretty Picture

- While 85% of the nation's television episodes were filmed in Los Angeles just a few years ago, today that figure has fallen to the low 40s.

- Eleven of the twelve big action films expected to be the greatest box office draws of 2013 were shot outside of California. In 2003, seven of the twelve summer films that grossed over $100 million were shot primarily in California.

- Feature film production in Los Angeles has dropped nearly 60% in the last 15 years.

- Of the primetime scripted one-hour television programs, California currently hosts less than 40% of the production work.

- Imperial County has enjoyed, until recent years, an important and rich filmmaking history. Films like *Sahara*, *La Bamba*, *Return of the Jedi*, *Patriot Games*, *Scorpion King* and *Jarhead* have utilized the area's unique vistas and scenery. For example, in 2005, *Jarhead* brought an estimated economic impact of over $9 million to the county. The last feature to lens in Imperial County was in 2008 when *The Men Who Stare At Goats*, with George Clooney, filmed for a few days because their principal location in New Mexico was snowed in.

- San Francisco was a major production hub through the 1990s. But by the early 2000s, the number of productions fell off markedly due to competition from other states and countries. Every film production job lost results in an $112,000 loss to the S.F. economy, according to a 2005 study commissioned by the San Francisco Film Commission.

- Placer County/Lake Tahoe has been the backdrop for such classic films as Charlie Chaplin's *The Gold Rush* and *A Place in the Sun*. In the 1990s through 2003, this region played a "starring role" in more than twenty film projects, including *True Lies* and *XXX*. In the last ten years, only six projects, three of which were recipients of the tax incentive, did any filming in this iconic area.

- Motion picture and television production jobs in the Los Angeles area total approximately 122,000; this is down 12% from 2000.

What Some Other States Offer: Proven Job and Economic Development Results

- New York State's incentive is provided to all films and TV shows of any size with an annual program budget of $420 million. From 2004-2011, film and TV production in New York has risen 85% from 18 productions to 135. There has been a 40% growth in jobs -- a direct result of production growing in New York State (from 32,500 jobs in 2004 to 46,100 in 2011).

- Louisiana's incentive has vaulted the state to become the third largest production destination within the U.S., creating more than 14,000 jobs for Louisianans. The incentive affords productions up to 30% on all costs, with no annual cap. In 2012, film production generated more than $700 million in wages. The Louisiana Economic Development Department estimates that every job supports an additional 1.4 jobs in the state and that the production sector grew 85% between 2010 and 2012.

- Georgia's program includes an incentive of up to 30% on qualified production expenditures. In 2012, *Parental Guidance* and *Trouble with the Curve* were among the two dozen feature films made in the Peachtree state. More than 30 TV series were filmed in Georgia during 2011. In the last few years, a dozen companies have announced plans to build new studios or expand existing facilities, including Pinewood Shepperton (UK) building its first U.S. studio.

- The United Kingdom recently expanded its very competitive film incentive (which offers 80% deductibility on qualified expenses on films with budgets larger than $30,500,000 with no annual cap) to animation and television series. The UK has been home to many noted films, including Woody Allen's *Match Point, United 93*, and *Mamma Mia*. The new *Star Wars* film is expected to film in the UK.

- Already the filming location for *Breaking Bad* and *Longmire*, New Mexico, in 2013, increased the state's existing 25% incentive by 5% for TV series that film at least 6 episodes in the state.

A Snapshot of Where Production Has Gone

Since California's current incentive is limited to small and medium-sized budget films (total budget under $75 million), blockbusters that employ thousands ARE GONE:

Iron Man 3 (North Carolina)
White House Down (Canada)
The Lone Ranger (New Mexico and Utah)
The Amazing Spider-Man 2 (New York)
Fast and Furious 6 (United Kingdom)
The Twilight Saga: Breaking Dawn – Part 2 (Louisiana, Canada)
Ted (Massachusetts)
Snow White and the Huntsman (United Kingdom)
Oz: The Great and Powerful (Michigan)
The Great Gatsby (Australia)
Identity Thief (Georgia)
G.I. Joe: Retaliation (Louisiana)
World War Z (United Kingdom)

Since California's current incentive excludes TV series broadcast on network television or pay cable, these are some of the TV shows that had to be made OUTSIDE CALIFORNIA:

The Good Wife (New York)
Homeland (North Carolina)
Elementary (New York)
Rookie Blue (Canada)
Revolution (North Carolina)
Game of Thrones (Ireland)
Under the Dome (North Carolina)
Person of Interest (New York)
Blue Bloods (New York)
Motive (Canada)
Once Upon a Time (Canada)

The California Film & Television Production Incentive

California's production incentive was enacted in 2009 and provided a 5 year program, with an annual allocation of $100 million. The program was extended and currently has two more years to run. It is a unique tax credit--no production receives the incentive before all wages and payments to vendors have been made and verified by the California Film Commission. Even with its limitations in both funding and eligibility, the program has had a significant and proven impact on the state:

- Over $4.75 billion in direct aggregate in-state production spending by 269 films and TV series, including more than $1.48 billion in wages to Californians.

- 50,000 cast and crew members and more than 400,000 background actors employed.

Some of the films and TV programs that shot in California thanks to the incentive:

2013 Academy Award winning Best Picture ***Argo***

The Call

The Social Network

Gangster Squad

Moneyball

J. Edgar

The Muppets

Body of Proof (relocated to California from Rhode Island)

Justified

Rizzoli & Isles

Teen Wolf (relocated to California from Georgia)

Most importantly, DEMAND by productions that want to remain in California far exceeds the funds available:

- In 2012, 332 film and television projects applied for the tax credit program, an 83% increase over the number of applicants in 2011. Only 72 projects received tax credits.

- In June 2013, the number of applicants for the credit jumped 20% to 380 film and TV projects. Only 34 projects are set to receive credits.

- Of the many projects that are placed on a waiting list, many leave California and film elsewhere. For example, the Jonah Hill-Channing Tatum hit *21 Jump Street* was made in Louisiana taking with it $19 million in qualified wages (for below-the-line workers) that could have been paid to Californians. The TV show *Devious Maids* has attempted to relocate from Georgia to California, bringing with it more than $15 million in wages for each season. And the sequel to *Anchorman* – the Will Ferrell comedy about a San Diego newsman is being filmed in Georgia and with it, $22 million in wages has left California.

The current California Film & Television Tax Incentive Program will EXPIRE IN 2015.

We need your help and support to expand and extend the program in 2014.

We cannot be the ones to let this signature industry slip away from California forever.

California's loss is everyone else's gain.

Association of Talent Agents

California Teamsters Public Affairs Council

Directors Guild of America

FLICS – Film Liaisons in California Statewide

International Alliance of Theatrical Stage Employees

International Brotherhood of Teamsters, Local 399

Laborers' International Union of North America, Local 724

Motion Picture Association of America

Producers Guild of America

Professional Musicians Local 47

Recording Musicians Association

SAG-AFTRA