

# **SUMMARY OF THE IMPACT OF FILM INCENTIVES ON THE COLORADO ECONOMY AND ON PUBLIC REVENUES**

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## **EXECUTIVE SUMMARY**

Despite growth in the national film industry, Colorado's film industry is in a state of decline, caused by the lack of competitive incentives similar to those in other states, as well as a small and centralized infrastructure. Colorado's film industry accounts for less than 1% of total state GDP, or roughly \$145 million in 2008. This provides Colorado with the opportunity to diversify the state's economy and revenues by growing an industry from a small base. Growing a primary industry – one that exports services, imports spending, and pays above-average wages – will have a positive ripple effect throughout Colorado's economy and communities. Given the current small size and scope of film in Colorado, new incentives will not be diluted by the existing industry.

Colorado's film industry pays above average wages and spans 72% of Colorado's 64 counties. However, wages are below the national average for this industry, suggesting that film workers are generally underemployed in Colorado. Incentives would create new opportunities for employees to work at their potential, resulting in a narrowing of the wage gap. Furthermore, given the mobility of the industry, potential exists for film to touch all 64 counties in the state. Higher wages are then spent in Colorado's communities, leading to increased employment in other industries, along with higher income tax revenues for the state. Spending on taxable goods leads to increased revenues for state, county, and local governments, including Colorado's school districts.

Incentives have proven successful in other states, with immediate positive impacts on employment, earnings, and state gross domestic output (e.g., New Mexico, Louisiana). While the industry continues to grow in the nation, market share remains a zero-sum game. States that have been on the losing end have passed aggressive legislation in the past two years to not only stop the decline, but take a larger share of the industry (e.g., Michigan, Alaska). As a leader in biotechnology and energy, Colorado was also once a trail blazer in film, having over 100 years of history in the industry and creating the first legislated film commission in 1969. Providing incentives to the industry will again allow Colorado to competitively bid on major film projects and further develop a film infrastructure.

Given the incentive's structure, tax credits only apply to film activity in Colorado after production and post-production have taken place; therefore, Colorado is paying only for activity that comes to fruition. The risk is that Colorado does nothing, leading to a \$44.2 million decline in the industry over the next five years and reducing direct employment by 381 jobs. The total opportunity cost from 2009 to 2013 associated with no new action is \$448.3 million in direct industry output, more than 1,000 employees, and \$20 million in new infrastructure. In 2009, the state's investment of \$10 million will increase direct film activity by \$63.0 million and indirect economic activity by \$74.7 million in 2009, or \$13.77 for each dollar invested.

## **INTRODUCTION**

This study examines the film industry in Colorado as it relates to employment, wages, taxes, and state GDP. The study found that incentives spent growing the film industry in Colorado have a net positive impact on the state's economy — total output, employment, wages, and taxes are all expected to grow in light of film tax credits. Colorado's disaggregated tax structure allocates a majority of sales taxes to counties, cities, and special districts; and all property taxes to counties, cities, school districts, and special districts. While the benefits permeate all levels of the economy and government, the smallest direct return is to the state budget because that entity is providing the tax relief.

The purpose of the study and methodology are discussed (page 2), followed by an examination of the film industry's impact on current and projected output (page 4), employment (page 9), earnings (page 12), and taxes (page 15). Concluding remarks (page 20), and a literature summary of other current film studies and news articles (Appendix 10) round out the paper.

## **PURPOSE OF THE STUDY**

The Business Research Division at the Leeds School of Business was asked by the Colorado Film Commission to conduct a study examining the economic and fiscal impacts associated with the a proposed tax credit initiative for the film industry. It was designed to examine the economic benefits and public revenues resulting from increased film activity in the state of Colorado, as well as the net effect of the tax credit on taxes. A literature review identified studies conducted on the impact of film on other states and other film-related articles. The study also examined the quantifiable changes in employment and GDP that relate to the timing of incentives enacted in other states. It builds on a project the Business Research Division completed in 2003 titled, *The Impact of the Film Industry on Colorado* (Wobbekind 2003).

## **METHODOLOGY**

Measuring the impact of the film industry starts with examining the historical and current industry contribution to state gross domestic product (GDP), the sum of industry employment, and the average film wages. Baseline estimates can then be produced to understand what has happened, and will likely happen over the next few years if business proceeds as usual.

A layer was then applied to the baseline that added tax incentives and resulting increases in total industry output. Regional Input-Output Modeling System (RIMS II) multipliers from the Bureau of Economic Analysis for the state of Colorado were applied to the additional output in order to model the relationship between output and employment. Multipliers were utilized further to show the relationship between direct employment and the auxiliary jobs associated with the industry.

Applying industry wage information to direct and indirect employment created the basis for applying ratios for tax analysis. The Consumer Expenditures Survey (CES) published by the

Bureau of Labor Statistics provides regional analysis on spending patterns by category. The analysis provides a glimpse into disposable income that is spent on taxable goods. Applying the CES ratios to direct and indirect employee earnings in Colorado yields the taxable base, to which state, county, city, and special tax rates can be applied. Furthermore, applying property mill levies at the county, city, and school district levels to the average home prices yields estimated residential property tax revenues at the different government levels. Similarly, applying mill levies to expected film-related commercial infrastructure at the higher assessment ratio provides an estimate for commercial property tax revenues associated with the incentives. The model underwent numerous iterations to model the sensitivities associated with differing amounts of incentive credit caps and tax rebate percentages.

Looking beyond state lines, the analysis examined other states' film GDP and employment, specifically identifying changes that occurred subsequent to film incentives being enacted.

This analysis examined detailed data to the extent that it was available. Regarding employment data, six-digit North American Industry Classification System (NAICS) codes were used, including motion picture and video production (512110) and postproduction and other related industries (512191) (See Appendix 1 for a list of Motion Picture and Sound Recording Industry NAICS codes.) GDP data for other states were provided at a more aggregated level, encompassing the entire motion picture and sound recording industry.

This study identifies the film industry as a primary employer. Primary employers refer to industries that produce more than can be consumed by the local economy, thus exporting goods or services to the national or global markets. These employers have particular importance because they infuse external funds into the local economy, and thus have a significant impact of output, employment, and earnings in the state.

Manufacturers are a common example of primary employers because they are producing goods to be consumed in the national and global marketplace. This, too, is inherent in the film industry, particularly motion pictures, which are "consumed" by global audiences. Consistent with this definition, the City of Boulder has a pilot incentive program to spur growth of primary employers, defining primary as "a business entity which generates at least 75 percent of revenues from outside Boulder County."<sup>1</sup>

For the purpose of this study, motion picture production and post-production are synonymous with "film." In instances where other states' employment and earnings are examined, "film" includes production, post-production, and distribution. Unless otherwise noted, impact figures presented in this report assume incentives of \$10 million in 2009 that step to \$20 million in 2013 in even increments, at a 20% tax credit rate.

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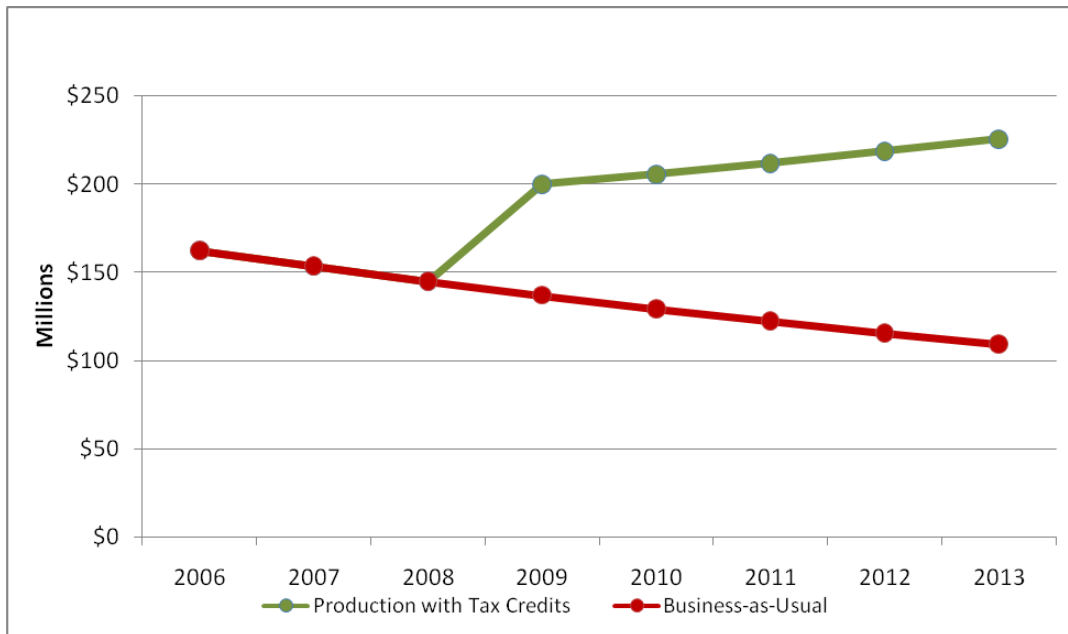
<sup>1</sup> [www.bouldercolorado.gov/files/guidelines\\_flexible\\_rebate\\_program\\_11-1.pdf](http://www.bouldercolorado.gov/files/guidelines_flexible_rebate_program_11-1.pdf), as of February 18, 2008.

## TOTAL OUTPUT

### Colorado

The national film industry is being disaggregated from California and New York, with nontraditional film states picking up greater percentages of film production and post-production. While film production and post-production is continuing to grow nationally, film in Colorado has been on the decline, and the current film incentive has gone virtually untapped and has not stopped the downward trend. Colorado has the opportunity to grow industry output by more than 55% by 2013, to nearly \$226 million given more competitive film incentives. The alternative is to keep business as usual – a scenario that would result in further decline, leaving the industry at an estimated \$109 million in 2013. (See Figure 1, Appendix 2, and Appendix 3).

FIGURE 1: COLORADO FILM PRODUCTION AND POST-PRODUCTION, 2006-2013



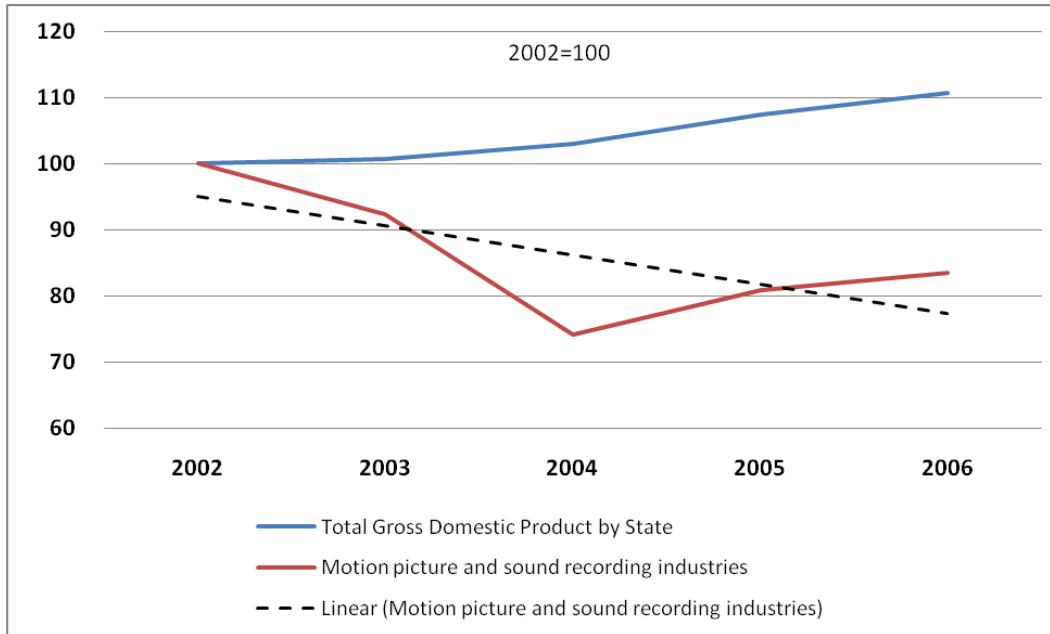
Note: 2006-2008 are estimated, 2009-2013 are forecasts. Industries based on 512110 Motion Picture and Video Production and 512191 Teleproduction and Other Postproduction Services.

Sources: Bureau of Labor Statistics; Business Research Division, Leeds School of Business, University of Colorado at Boulder; Bureau of Economic Analysis.

Motion Picture and Sound Recording Industries production, as measured in state GDP, declined in Colorado at a compound annual rate of 4.42% from 2002 to 2007. Inclusive of more than film production and postproduction, this measure also covers such businesses as movie theatres and sound recording industries, and enables state-to-state comparisons to be made. The inclusion of the theatres softened the decline of production and post-production because the state has added theatres with population growth. This comprehensive measure of the industry grew counter to growth in the state economy from 2002-2004 before showing positive growth from 2004 to 2006 (Figure 2 and Appendix 5).



**FIGURE 2: COLORADO GDP GROWTH, INDEXED 2002-2006**



Source: Bureau of Economic Analysis, [www.bea.gov](http://www.bea.gov), retrieved October 13, 2008.

In 2006, nearly 94% of the film industry activity occurred within the seven MSAs, leaving 6.1% for Colorado’s rural counties. While the industry was concentrated in urban areas, it touched nearly 72% of Colorado’s 64 counties, most of which are rural. (See Table 1.)

**TABLE 1: MARKET SHARE OF FILM INDUSTRY WITHIN COLORADO, 2001-2006**

Area name	2001	2002	2003	2004	2005	2006
Colorado	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Boulder, CO (MSA)	3.0	12.0	6.2	5.9	4.7	4.5
Colorado Springs, CO (MSA)	NA	NA	4.7	NA	6.0	5.1
Denver-Aurora, CO (MSA)	93.0	72.6	77.5	74.2	77.2	79.3
Fort Collins-Loveland, CO (MSA)	0.8	0.0	2.3	2.8	2.8	2.8
Grand Junction, CO (MSA)	0.1	0.5	0.0	0.6	0.6	0.7
Greeley, CO (MSA)	0.1	0.5	0.4	0.7	0.7	0.6
Pueblo, CO (MSA)	NA	NA	NA	NA	0.9	0.9
Total	96.9%	85.6%	91.1%	84.2%	92.9%	93.9%

*National*

In real terms, the national film industry grew at a 3.3% compounded rate from 2001 to 2006, compared to 2.7% for total GDP. The industry, however, was disaggregated from the traditional market share leaders to other states aggressively vying for a larger share of the film industry (see Appendix 6 and Appendix 7). Market share in California and Texas, two of the top three film states, experienced a decline from 2002 to 2006, while New York, the second-largest market, experienced only a slight increase. Of the market share leaders, Florida (fourth) fared best, increasing at a compound rate of 4.5% over the five years.

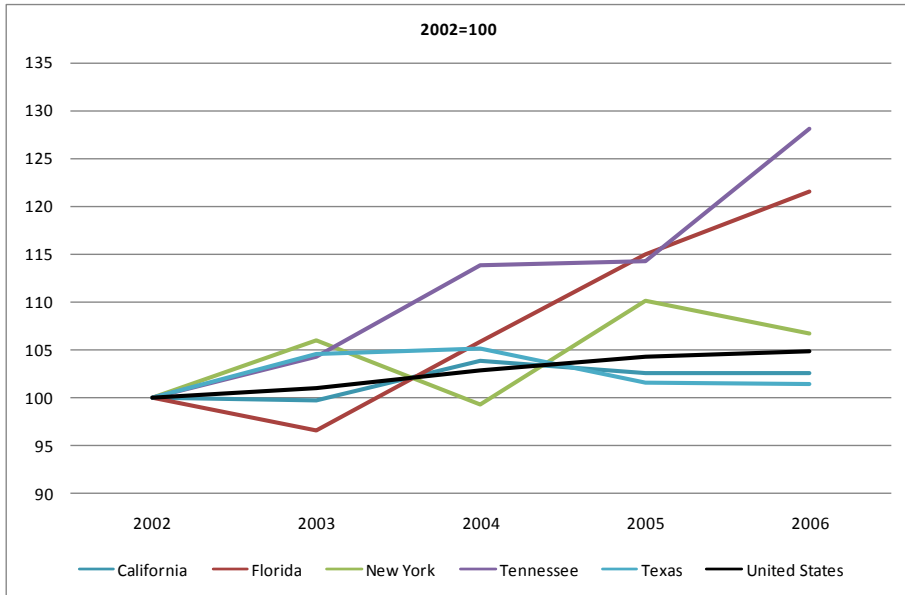
Collectively, these four markets comprised 82.4% of the industry and grew at a below-average rate of less than 1.0% annually. (See Figure 3 and Figure 7.)

While building on a small base, states that were early-movers in film incentives have shown gains in market share, most notably New Mexico and Louisiana. New Mexico has increased market share from 0.14% in 2002 to 0.39% in 2006. In nominal terms, New Mexico's film industry has grown more than 31% compounded year over year. Similarly, Louisiana's industry grew, increasing market share from 0.16% to 0.32%, effectively doubling the state's share of the industry. In nominal terms, Louisiana's film industry grew at a 24% compound rate from 2002 to 2006. Collectively, film in these states comprised 2.3% of the national industry and grew at a compound rate of 9.5% annually. (See Figure 4 and Figure 8.)

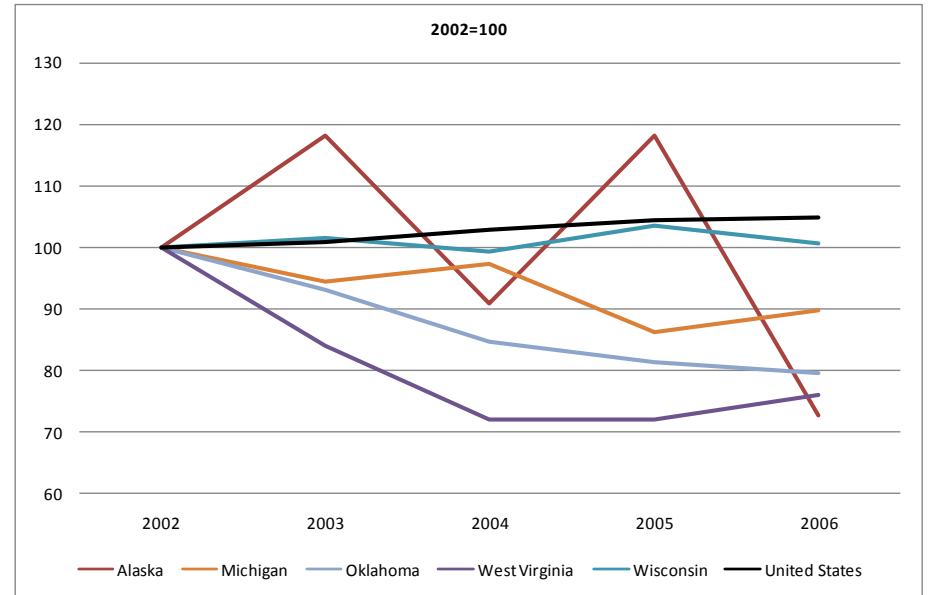
States that experienced contraction in the film industry, and thus market share loss, have been among the most aggressive in pursuing film incentives in 2007 and 2008. From 2002 to 2006, Michigan's film industry declined at a 2.7% compounded annual rate, while Alaska's decreased at a 7.7% compound annual rate. The market share in these two states had a small base, falling from 0.85% to 0.73% in Michigan and from 0.03% to 0.02% in Alaska from 2002 to 2006. Despite being small relative to the national film industry, these fractional percentages represent millions in their respective economies. Collectively, these states comprised 1.3% of the industry and experienced declines of 2.5% annually. (See Figure 5 and Figure 9.)

The Colorado competitive region, including Arizona, Colorado, Nevada, Oregon, Utah, and Washington, has increased film GDP 2.1% annually from 2002 to 2004, despite a 4.4% annual decrease in Colorado alone. Only Colorado and Utah experienced growth below the national average, with Colorado's market share falling from 0.66% to 0.52%, and Utah's falling from 0.43% to 0.41% from 2002 to 2004. Collectively, this competitive region comprised 2.6% of the industry. (See Figure 6 and Figure 10.)

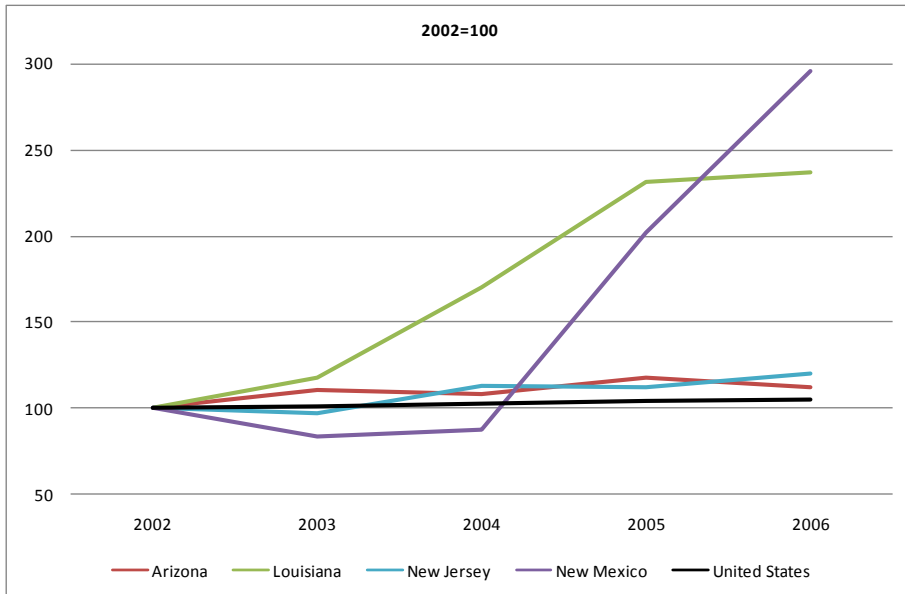
**FIGURE 3: MARKET SHARE LEADERS, INDEXED GDP GROWTH**



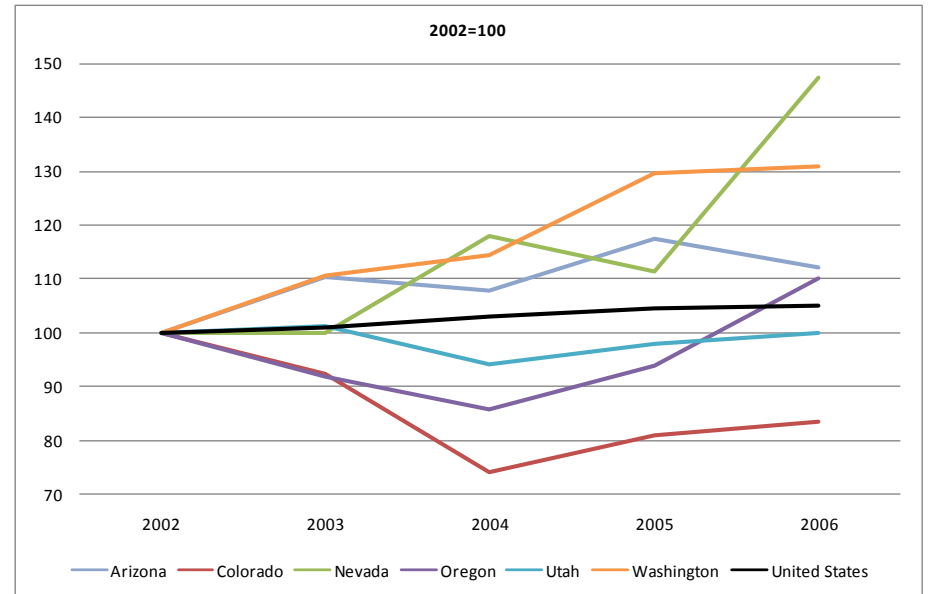
**FIGURE 5: STATES WITH NEW INCENTIVES 2007-2008, GDP GROWTH**



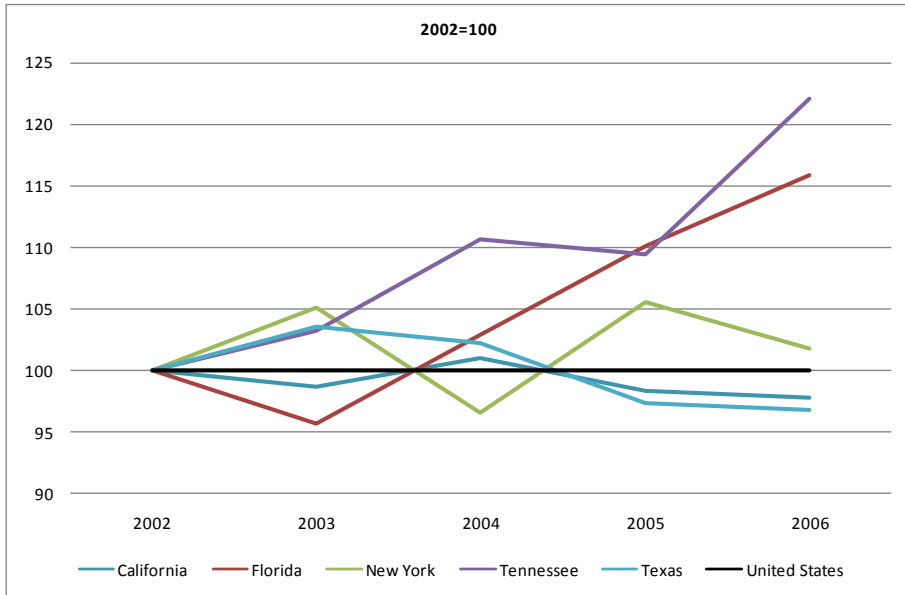
**FIGURE 4: EARLY FILM INCENTIVE STATES, GDP GROWTH**



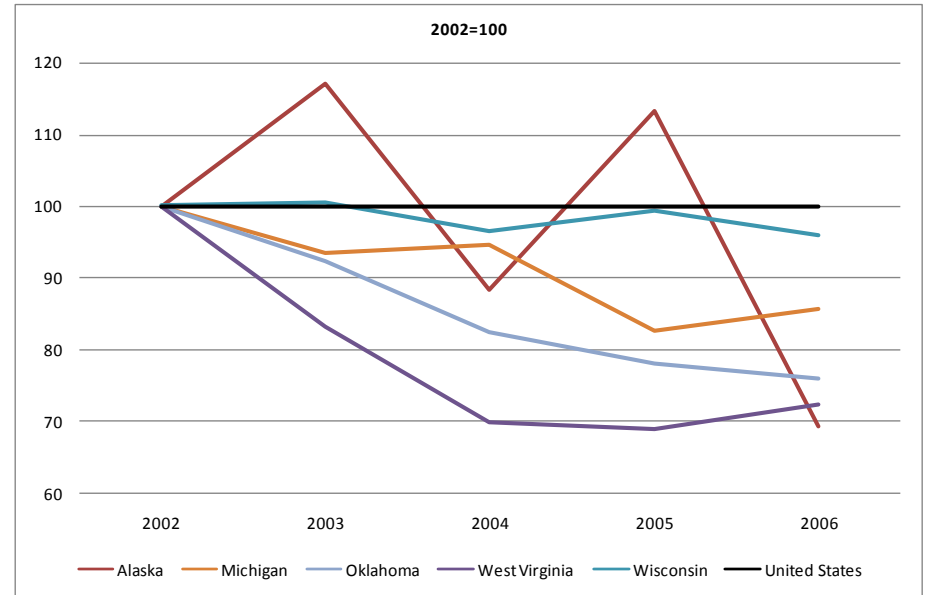
**FIGURE 6: COMPARABLE STATES, GDP GROWTH**



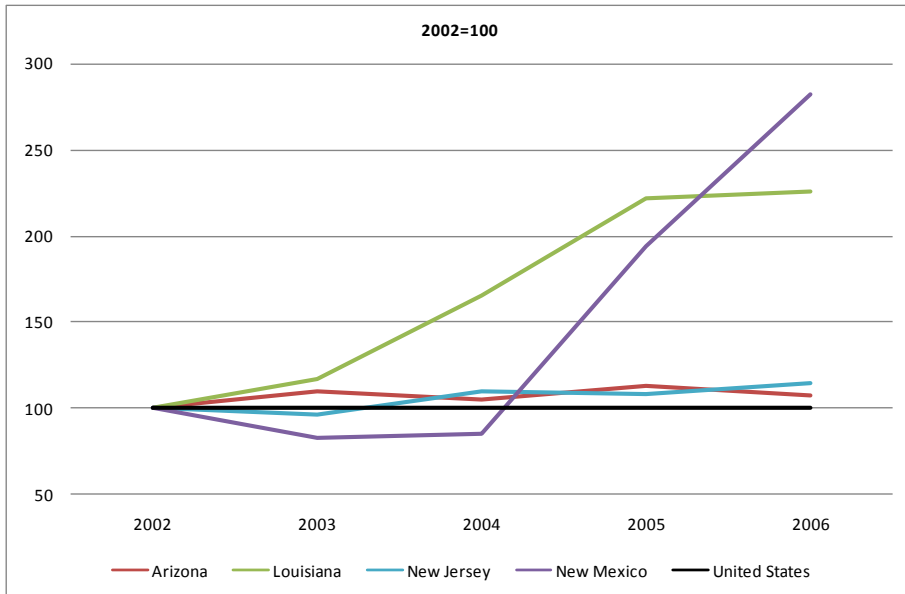
**FIGURE 7: MARKET SHARE LEADERS, MARKET SHARE GROWTH**



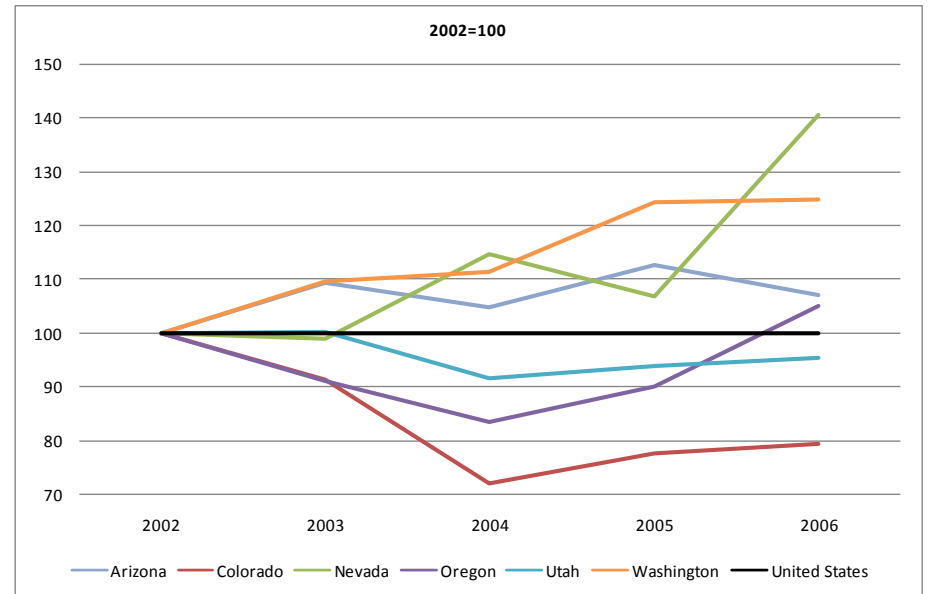
**FIGURE 9: STATES WITH NEW INCENTIVES 2007-2008, MARKET SHARE GROWTH**



**FIGURE 8: EARLY FILM INCENTIVE STATES, MARKET SHARE GROWTH**



**FIGURE 10: COMPARABLE STATES, MARKET SHARE GROWTH**



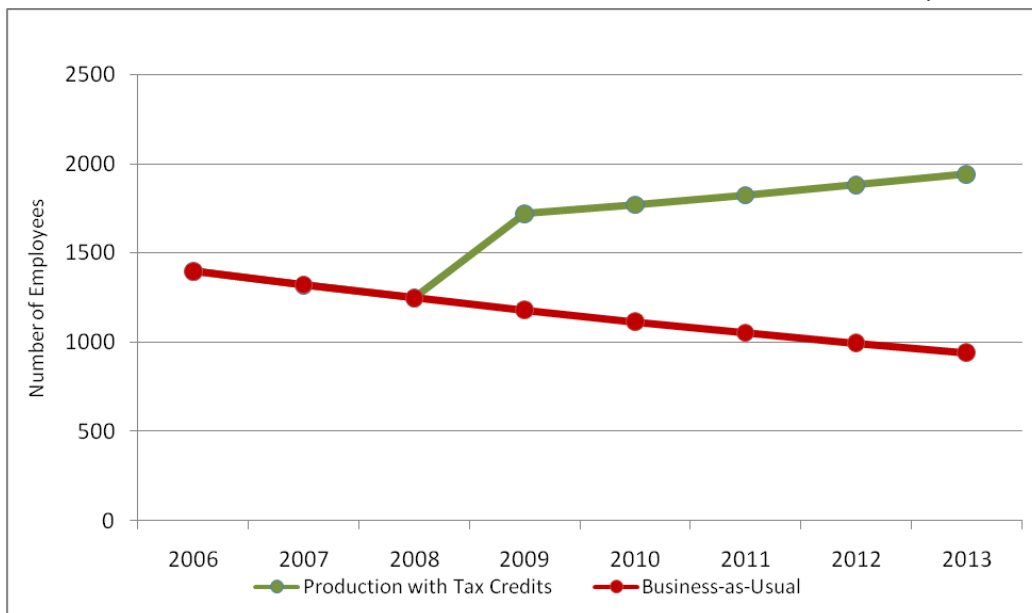
## EMPLOYMENT

### Colorado

Film industry employment totaled 1,323 employees in the motion picture and video production (NAICS 512110) and post-production and other related industries (NAICS 512191) in 2007, falling 5.7% from 2006 and declining at a compound annual rate of 2.1% from 2001. The employment standard deviation from 2001 through 2007 was 101.7, or roughly 7.7% of 2007 total employment, showing great volatility given the relative size and nature of the industry, thus making it susceptible to employment swings given the inclusion or completion of one major film. Growing production in the state diversifies the industry across numerous projects, lowering the employment variability. In addition, increased production keeps workers from being underemployed, as currently represented by their below-average wages compared to the national industry.

Greater domestic competition will further reduce Colorado's film employment over the next five years, with an estimated 940 total film employees projected in 2013, or 308 fewer than in 2008 (Figure 11). However, film incentives can reverse the trend, making Colorado truly competitive with other states, and leading to the development of this primary industry. Colorado can expect further development of film-related infrastructure in production and post-production studios. Employment attrition will cease, and the state will add film jobs over the next five years. Under this scenario, film employment will increase to 1,942 total direct employees by 2013 (Figure 11 and Appendix 5). In addition, the growth of the industry will lead to greater diversification of the state economy.

**FIGURE 11: COLORADO FILM PRODUCTION AND POSTPRODUCTION EMPLOYMENT, 2006-2013**



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, [www.bls.gov](http://www.bls.gov), retrieved Oct. 27, 2008.

Colorado’s film industry is intricately tied to many other industries in the state, relying on, for example, the construction industry for building and wiring film sets, the transportation industry to transport people and equipment to locations across the state, and the food services industry to feed the production crew during filming – all indirect employees. In addition, film employees spend their earnings on various household goods, which translates to greater employment in Colorado’s communities. These indirect activities will increase with growth in the film industry.

Indirect employment is estimated using RIMS II multipliers derived by the BEA. Given a multiplier of 2.3371 for the state of Colorado, Motion Picture and Sound Recording industry, for every one direct employee there is an additional 1.3371 indirect employees. Therefore, in a business-as-usual environment, as total direct employment declines, there is a compounding effect on indirect employment. Table 2 shows indirect employment decreasing from 1,869 in 2006 to 1,160 in 2013. While a loss of 709 employees may or may not sound significant in a state with more than 2.4 million employees, consider that these are higher-than-average paying jobs, resulting in a loss of more than \$25.1 million in earnings.

**TABLE 2: INDIRECT EMPLOYMENT, 2006-2013**

<b>Scenario</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Business-as-Usual</b>	1,869	1,766	1,572	1,480	1,393	1,311	1,233	1,160
<b>Business with Incentives</b>	1,869	1,766	1,572	2,302	2,368	2,440	2,516	2,597

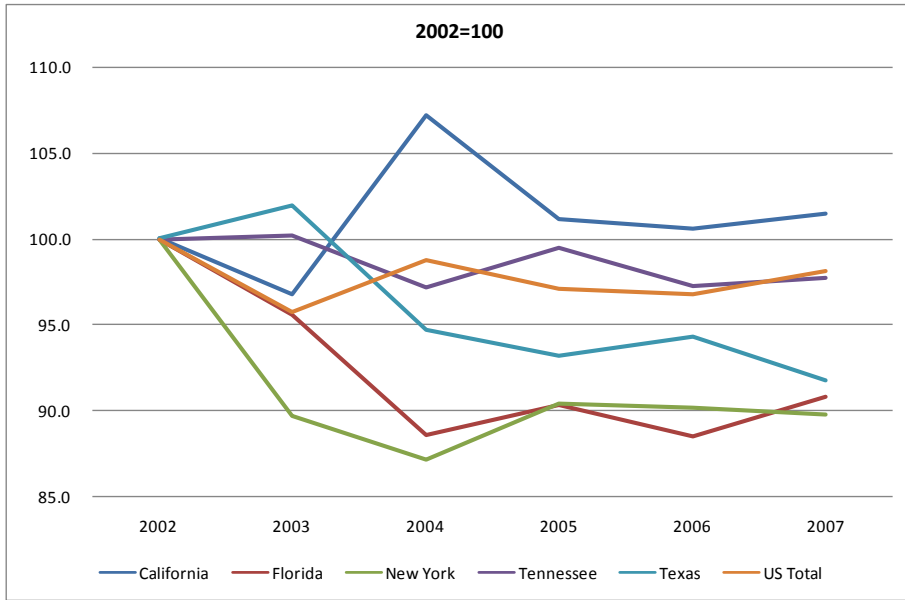
*National*

In 2007, film employment<sup>2</sup> totaled 221,386 nationally, growing at roughly 0.2% compounded annually. The leader states account for more than 77% of film industry workers, and employment fell by more than 0.1% annually (Figure 12).

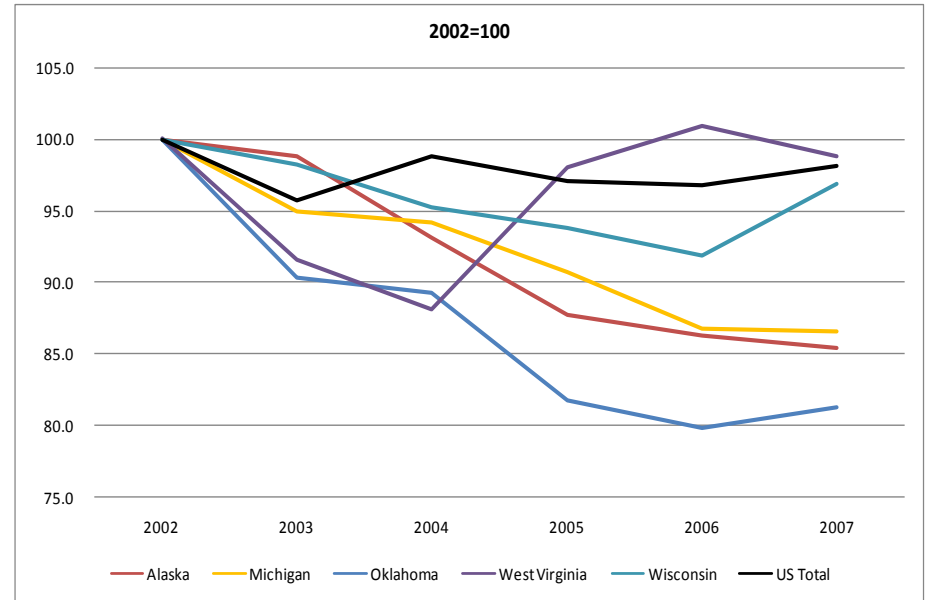
States that were early movers represented 4.2% of total film employment in 2006, adding employment at a rapid 14.2% annual compounded growth rate (Figure 13). States that experienced industry contraction from 2002 to 2006, causing a push for incentive initiatives in 2007 and 2008, experienced an annual employment decrease of 0.6% (Figure 14). Colorado’s competitive region added employment at 3.6% annually (Figure 15).

<sup>2</sup>Includes motion picture production, distribution, and post-production.

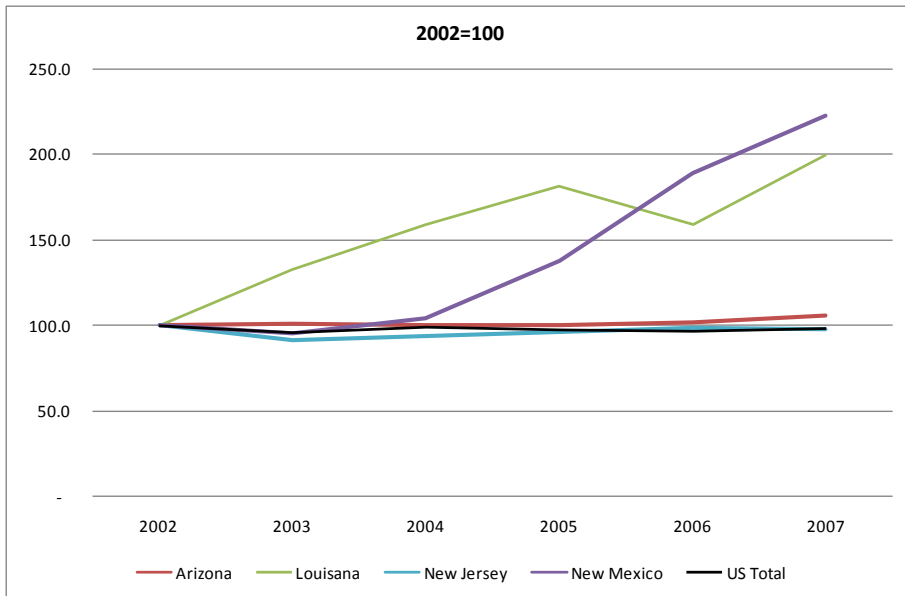
**FIGURE 12: MARKET SHARE LEADERS, EMPLOYMENT GROWTH**



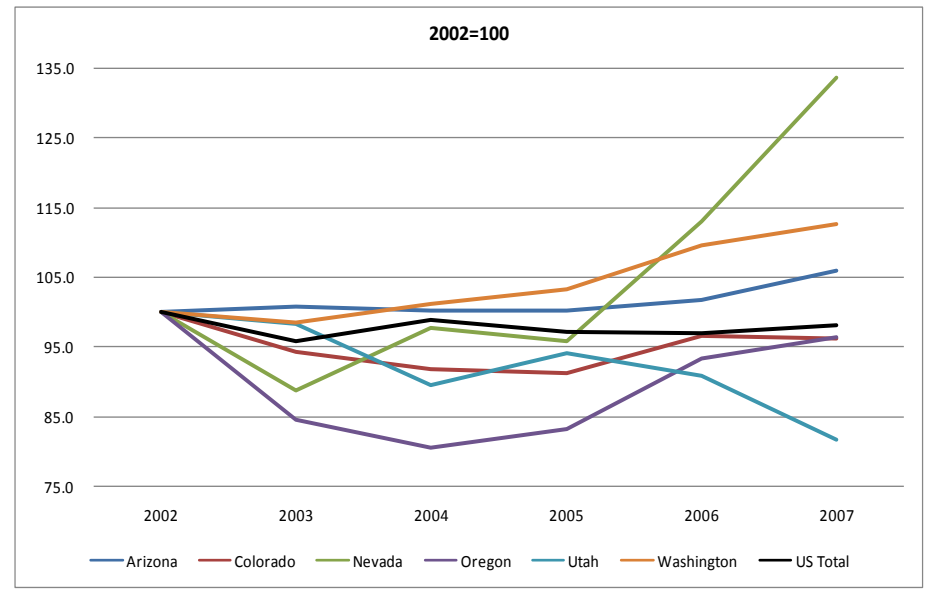
**FIGURE 14: STATES WITH NEW INCENTIVES 2007-2008, EMPLOYMENT GROWTH**



**FIGURE 13: EARLY FILM INCENTIVE STATES, EMPLOYMENT GROWTH**



**FIGURE 15: COMPARABLE STATES, EMPLOYMENT GROWTH**



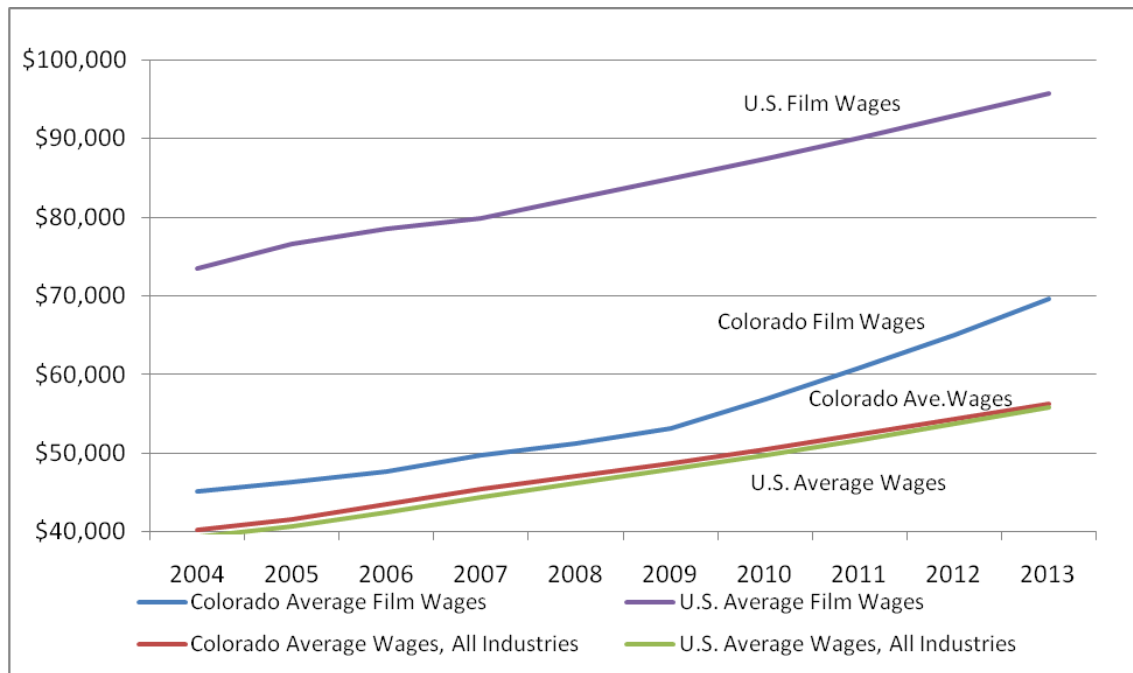
## WAGES

### Colorado

Average production and post-production wages in Colorado were 10.5% higher than the state average for all industries from 2004 to 2007; however, film wages grew at a slower rate than the state average (3.26% versus 4.07%). While average Colorado wages for all industries were 2.3% higher than the national average from 2004 to 2007, average film wages in Colorado were 38.9% below national film wages (Figure 16). This decline is due, in part, to underemployment in the state and the lack of infrastructure.

Given film incentives, the Colorado film industry can expect wage growth that outpaces the national film industry. However, from 2008 to 2013, Colorado's film wages are expected to remain far below the national average, making labor a competitive advantage with other states.

**FIGURE 16: AVERAGE ANNUAL WAGES, 2004-2013**



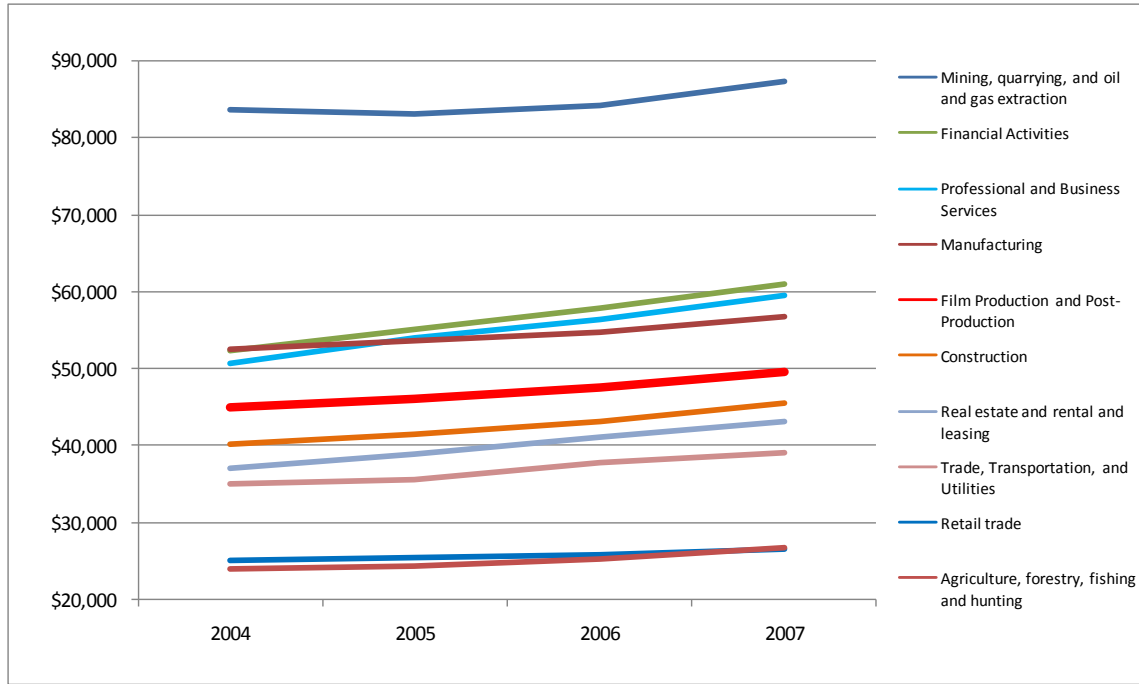
Note: 2006-2008 are estimated, 2009-2013 are forecasts. Industries based on 512110 Motion Picture and Video Production and 512191 Teleproduction and Other Postproduction Services.

Source: Bureau of Labor Statistics; Business Research Division, Leeds School of Business, University of Colorado at Boulder.

Production and post-production average wages were higher than the construction, real estate, transportation, retail, and agriculture industries from 2004 to 2007, and were just below manufacturing, financial activities, and professional business services. (See Figure 17.)



**FIGURE 17: COLORADO AVERAGE WAGES, 2004-2007**



Source: Bureau of Labor Statistics.

*National*

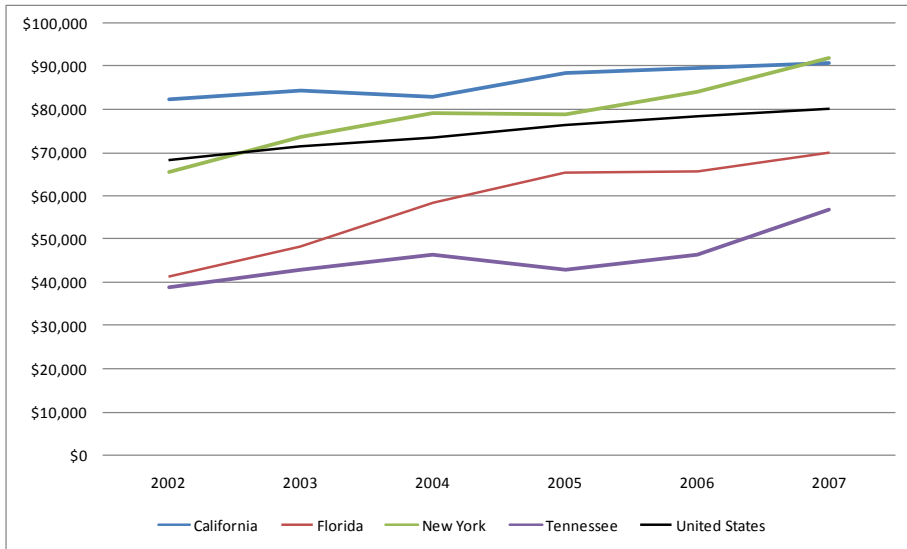
At \$80,232, national film wages<sup>3</sup> were more than 80% higher than the average for all industries (Appendix 8). However, California and New York, with over 52% of film employment and more than 77% of the GDP, have the highest average wages, at \$90,644 and \$91,962, respectively. The four market-share leaders had average wages of \$89,602 in 2006, rising at a 3.4% annual compounded rate from 2002 to 2006, while 35 states had average film wages below \$50,000. (See Figure 18.)

States that were early movers generally improved average wages for the film industry. From 2002 to 2006, Louisiana wages grew from \$24,682 to \$37,258. Similarly, New Mexico’s film wages grew from \$26,428 to \$31,785. Averages wages for early incentive states grew at a 1.6% compounded annual rate to \$46,049 in 2006. (See Figure 19.)

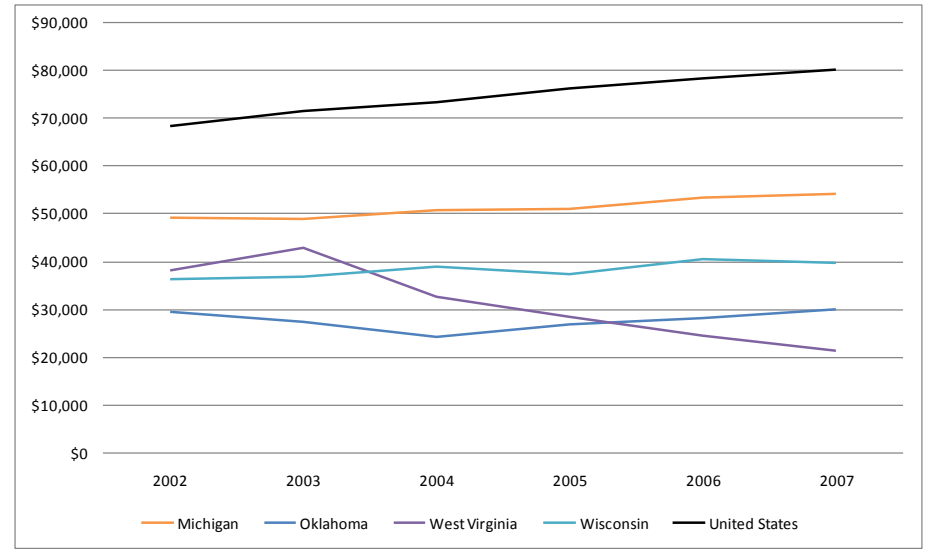
States that experienced industry contraction from 2002 to 2006, causing a push for incentive initiatives in 2007 and 2008, experienced an annual rise in wages of 1.3%, compounded to \$47,022 in 2006 (Figure 20). Meanwhile, Colorado’s competitive region increased at a 3.5% annual rate from 2002 to 2006, with wages growing from \$32,236 to \$38,327 (Figure 21).

<sup>3</sup>Includes motion picture production, distribution, and post-production.

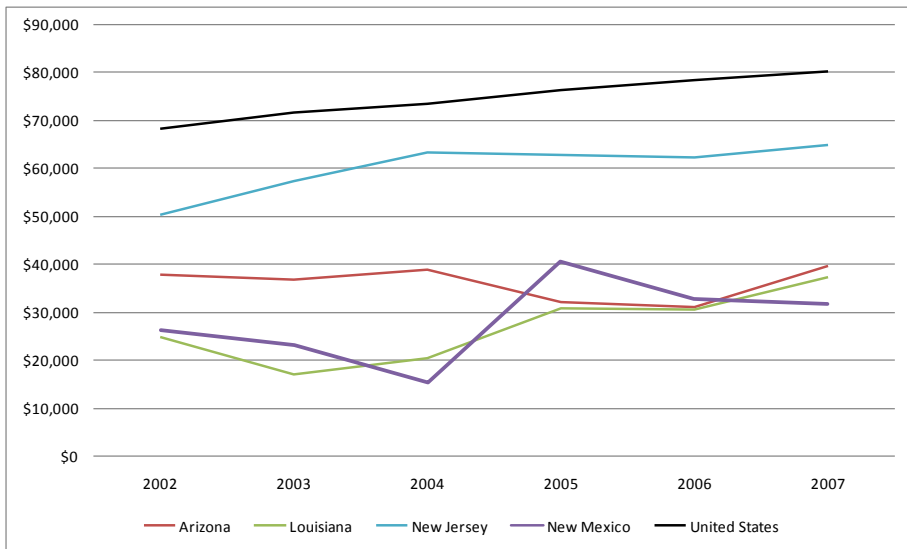
**FIGURE 18: MARKET SHARE LEADERS, AVERAGE WAGES**



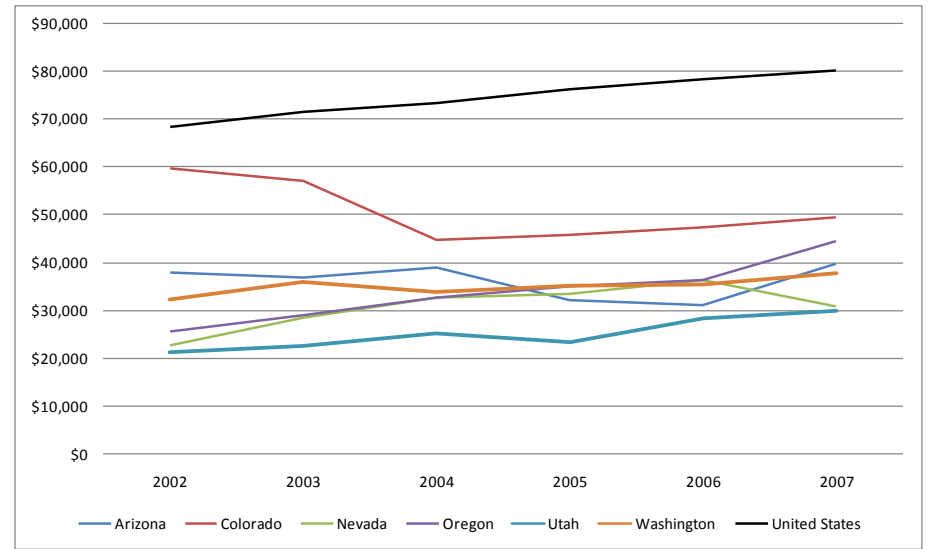
**FIGURE 20: STATES WITH NEW INCENTIVES 2007-2008, AVERAGE WAGES**



**FIGURE 19: EARLY FILM INCENTIVE STATES, AVERAGE WAGES**



**FIGURE 21: COMPARABLE STATES, AVERAGE WAGES**



## TAXES

### *Impact of Incentives on Taxes*

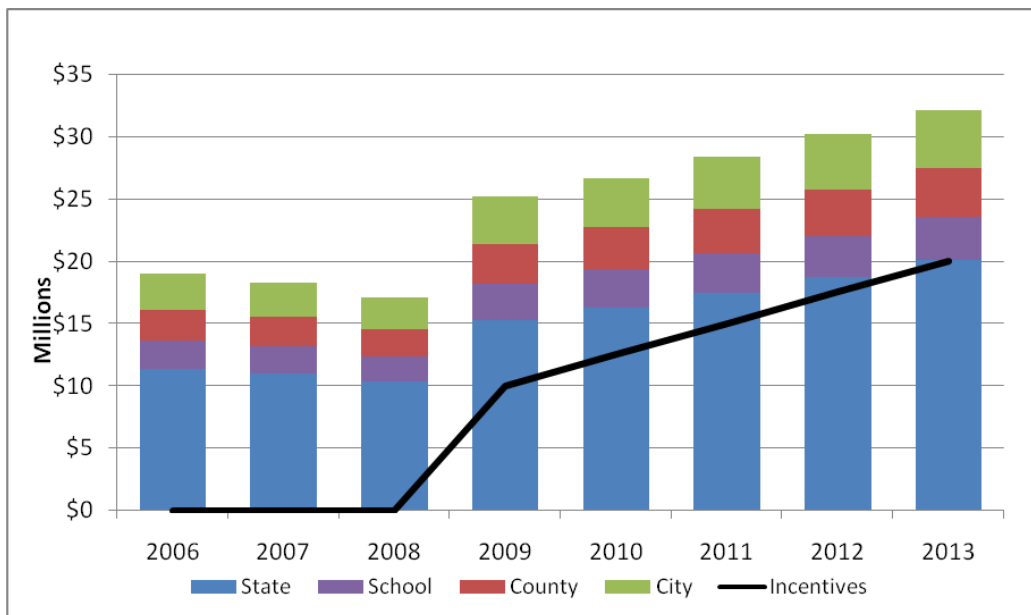
Film credits would undoubtedly spur economic growth in Colorado, with the greatest measurable impact on direct and indirect output. However, understanding the impact of film credits on fiscal revenues at all levels of government in Colorado must also be considered, with greater scrutiny of surpluses and shortfalls during periods of economic contraction.

The greatest amounts of taxes generated by the film industry are sales and personal and corporate income taxes. Counties and cities also collect sales taxes and property taxes, while school districts levy only property taxes.

Based on estimated direct, indirect, and induced film industry effects, total film-related taxes collected in Colorado (state, county, city, school district) declined from nearly \$19.0 million in 2006 to \$17.1 million in 2008. Given the greater industry activity that would result from tax incentives, it is expected that tax revenues would grow to \$26.3 million in 2009 and increase to \$33.5 million in 2013. (See Figure 22 and Appendix 2.)

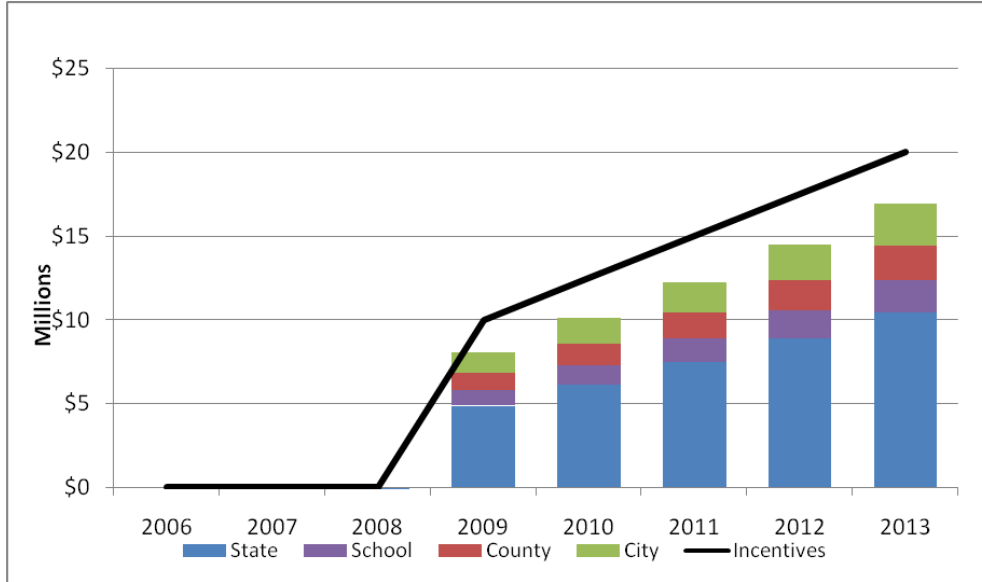
It is estimated that the state's portion of film-related taxes decreased by nearly \$1 million from 2006 to 2008. Film incentives would lead to greater film activity in the state, and thus grow these revenues from \$15.2 million in 2009 to \$20.1 million in 2013 prior to incentives being paid. (See Figure 22 and Appendix 2.)

**FIGURE 22: TOTAL IN-STATE FILM-RELATED TAX COLLECTED, 2006-2013**



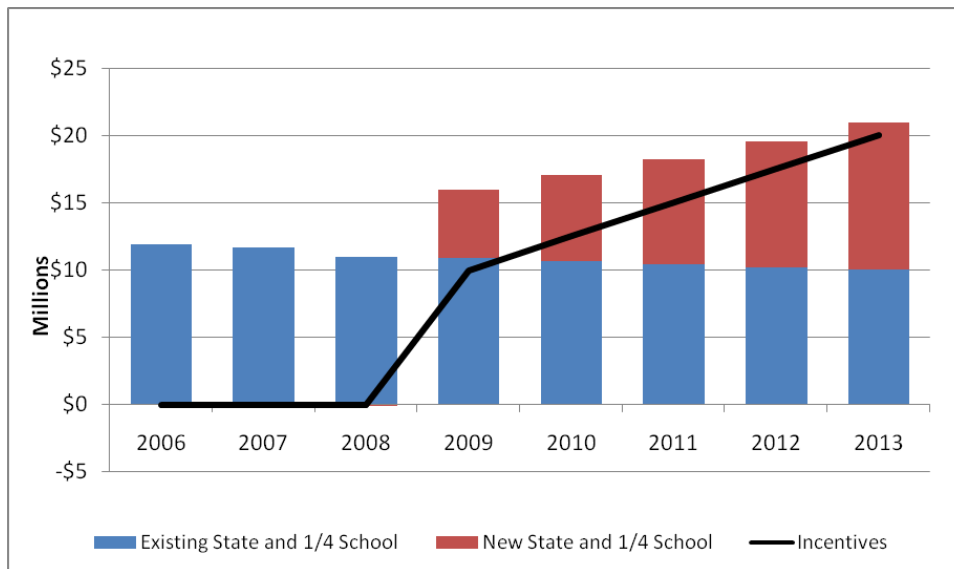
Prior to paying incentives, new film-related taxes collected and taxes retained from stopping industry attrition will total an estimated \$8.5 million in 2009, climbing to \$17.6 million in new taxes generated by 2013 (See Figure 23 and Appendix 2).

**FIGURE 23: TOTAL NEW FILM-RELATED TAXES COLLECTED (DIRECT AND INDIRECT), 2006-2013**



New taxes that are generated are expected to impact the state budget (state revenues and one-quarter of school-district revenues) by an additional \$5.1 million in 2009, growing to \$10.9 million in 2013 (Figure 24).

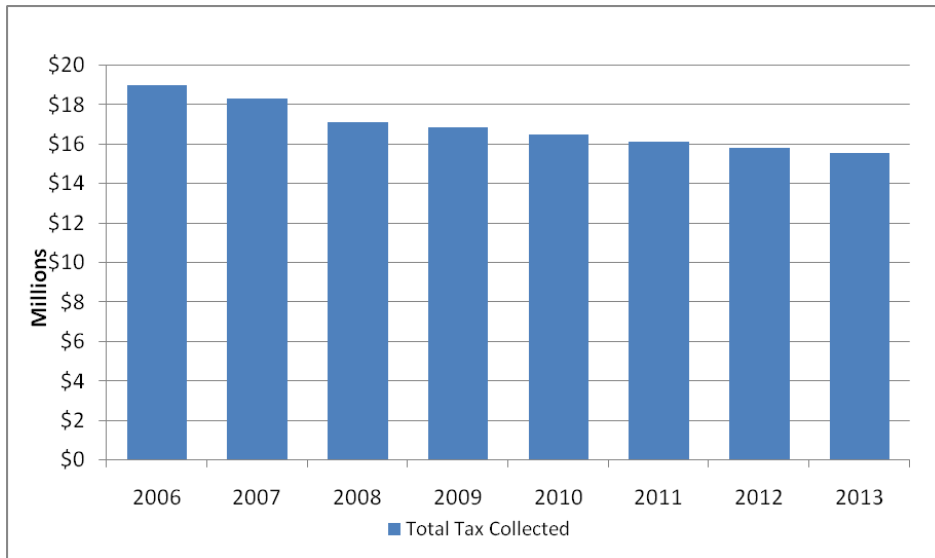
**FIGURE 24: STATE AND ¼ SCHOOL DISTRICT FILM REVENUES, 2006-2013**



*Impact of Business-as-Usual on Taxes*

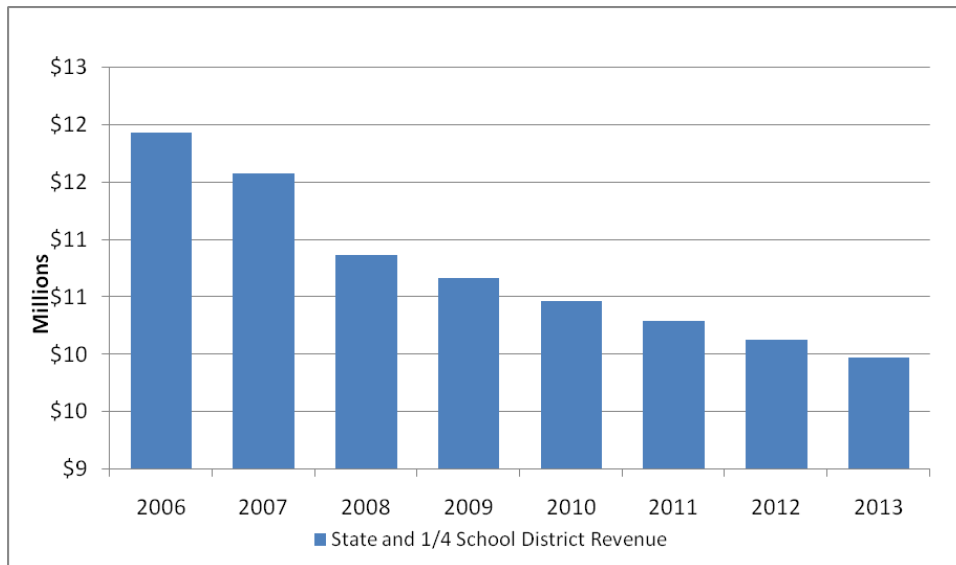
In the event that business continues as usual, a slow and steady decline will occur in Colorado’s film industry, thus resulting in a decrease in total tax revenues. From 2006 to 2008, it is estimated that total tax revenues in Colorado (state, county, city, school, and special) fell from nearly \$19.0 million to \$17.1 million. This trend would be expected to continue, resting at \$15.5 million in 2013. (Figure 26 and Appendix 9.)

**FIGURE 25: BUSINESS-AS-USUAL, TOTAL COLORADO TAX REVENUE**



State and one-quarter of school district revenues would face a similar decline, decreasing from \$11.9 million in 2006 to \$10.0 million in 2013 (Figure 26).

**FIGURE 26: BUSINESS-AS-USUAL, STATE AND ONE-QUARTER SCHOOL DISTRICT REVENUE**



## Return on Investment

In terms of total output, the state's investment of \$10 million will increase film activity by \$55 million, stave off nearly \$8 million in attrition, and increase indirect economic activity by \$74.7 million in 2009. This will result in a direct return \$6.30 for each dollar invested in 2009, and a total return of \$13.77 for each dollar invested. The return on investment in terms of total new tax revenues is \$0.85 in 2009.

## Sensitivities

Fiscal returns are sensitive to the total tax credit pool (incentive), and also the tax credit percentage. Considering incentives that start at \$10 million in 2009 and grow to \$20 million in 2013, the break-even tax credit is at 16.9% in order for new tax revenues to offset tax credits over the five years (Table 3). Alternatively, considering incentives that start at \$5 million in 2009 and grow to \$15 million in 2013, the break-even tax credit is at 18.0% in order for new tax revenues to offset tax credits over the five years (Table 5). The break-even tax credit percentage differential is not substantial (16.9% versus 18.0%) because the tax revenues are driven as a percentage of new activity. (Tax detail at a 20% credit is provided in Appendix 2, and detail at an 18% credit is provided in Appendix 4.)

**TABLE 3: ALL IN-STATE GOVERNMENT REVENUES, SENSITIVITY ANALYSIS**

Year	2009	2010	2011	2012	2013	
Incentive	\$10,000,000	\$12,500,000	\$15,000,000	\$17,500,000	\$20,000,000	
Tax Credit	8%	19,174,887	24,309,668	29,740,977	35,493,407	41,593,739
	10%	15,599,775	19,720,351	24,081,488	28,703,333	33,607,854
	12%	13,216,367	16,660,806	20,308,496	24,176,617	28,283,931
	14%	11,513,933	14,475,416	17,613,502	20,943,249	24,481,129
	16%	10,237,108	12,836,374	15,592,256	18,518,222	21,629,028
	18%	9,244,021	11,561,564	14,020,176	16,632,090	19,410,726
	20%	8,449,552	10,541,715	12,762,512	15,123,185	17,636,085
	22%	7,799,532	9,707,294	11,733,514	13,888,626	16,184,106
	24%	7,257,848	9,011,943	10,876,016	12,859,827	14,974,124

**TABLE 4: ALL IN-STATE GOVERNMENT REVENUES, SENSITIVITY ANALYSIS**

Year	2009	2010	2011	2012	2013	
Incentive	\$5,000,000	\$7,500,000	\$10,000,000	\$12,500,000	\$15,000,000	
Tax Credit	8%	10,237,108	15,131,033	20,308,496	25,793,302	31,611,383
	10%	8,449,552	12,377,442	16,535,504	20,943,249	25,621,970
	12%	7,257,848	10,541,715	14,020,176	17,709,880	21,629,028
	14%	6,406,631	9,230,482	12,223,513	15,400,331	18,776,926
	16%	5,768,218	8,247,056	10,876,016	13,668,169	16,637,850
	18%	5,271,675	7,482,170	9,827,962	12,320,932	14,974,124
	20%	4,874,441	6,870,261	8,989,520	11,243,143	13,643,143
	22%	4,549,430	6,369,608	8,303,521	10,361,315	12,554,159
	24%	4,278,589	5,952,398	7,731,856	9,626,458	11,646,672

State revenues need to be considered since the state is effectively paying for the tax credit. While the return on investment is positive when examining total economic activity, the return on state revenues has a lower breakeven point.

Considering incentives that start at \$10 million in 2009 and grow to \$20 million in 2013, the break-even tax credit is at 10.0% in order for new state and ¼ school district tax revenues to offset tax credits over the five years (Table 3). Alternatively, considering incentives that start at \$5 million in 2009 and grow to \$15 million in 2013, the break-even tax credit is at 10.4% in order for new state and ¼ school district tax revenues to offset tax credits over the five years (Table 6). Again, the break-even tax credit percentage differential is not substantial (10.4% versus 10.0%) because the tax revenues are driven as a percentage of new activity, and state revenues are only a fraction of the total revenues.

**TABLE 5: STATE & ONE-QUARTER SCHOOL DISTRICT REVENUES, SENSITIVITY ANALYSIS**

Year:	2009	2010	2011	2012	2013	
Incentive:	\$10,000,000	\$12,500,000	\$15,000,000	\$17,500,000	\$20,000,000	
Tax Credit	8%	11,653,779	14,883,399	18,345,746	22,059,584	26,045,245
	10%	9,472,576	12,058,807	14,832,181	17,807,838	21,002,193
	12%	8,018,440	10,175,745	12,489,804	14,973,341	17,640,159
	14%	6,979,772	8,830,701	10,816,678	12,948,700	15,238,705
	16%	6,200,771	7,821,918	9,561,834	11,430,220	13,437,615
	18%	5,594,881	7,037,309	8,585,843	10,249,179	12,036,768
	20%	5,110,169	6,409,622	7,805,051	9,304,347	10,916,090
	22%	4,713,587	5,896,059	7,166,221	8,531,302	9,999,171
	24%	4,383,102	5,468,091	6,633,863	7,887,098	9,235,072

**TABLE 6: STATE & ONE-QUARTER SCHOOL DISTRICT REVENUES, SENSITIVITY ANALYSIS**

Year:	2009	2010	2011	2012	2013	
Incentive:	\$5,000,000	\$7,500,000	\$10,000,000	\$12,500,000	\$15,000,000	
Tax Credit	8%	6,200,771	9,234,214	12,489,804	15,985,662	19,741,430
	10%	5,110,169	7,539,459	10,147,428	12,948,700	15,959,141
	12%	4,383,102	6,409,622	8,585,843	10,924,060	13,437,615
	14%	3,863,768	5,602,595	7,470,426	9,477,888	11,636,526
	16%	3,474,267	4,997,325	6,633,863	8,393,259	10,285,708
	18%	3,171,322	4,526,560	5,983,202	7,549,658	9,235,072
	20%	2,928,966	4,149,947	5,462,674	6,874,778	8,394,564
	22%	2,730,675	3,841,810	5,036,788	6,322,603	7,706,875
	24%	2,565,433	3,585,029	4,681,882	5,862,458	7,133,801

## **CONCLUSION**

Investment in the film industry by the state of Colorado will quantifiably reward the state in terms of increased GDP, employment, wages, and taxes. In addition, growth of the film industry will further economic and cultural diversity of the state.

The film industry in Colorado has been competing on an uneven national and international playing field in recent years due to aggressive incentives rolled out by other states, as well as favorable exchange rates from suitor countries (e.g., Canada). While this industry represents less than 1% of the state GDP, it is still in excess of \$145 million (2008 estimate). With industry incentives, film has the opportunity to grow to nearly \$226 million by 2013. Given that production and postproduction budgets derive from out-of-state studios, this represents new money to Colorado paying above-average wages, which are then circulated and re-circulated through the Colorado economy.

The film industry is important to Colorado's rural and urban economies alike. Film activity occurred in 72% of Colorado's 64 counties, and production and postproduction employers paid above-average wages in 2006. Wages are, in turn, spent on homes and rents, services, and taxable goods, leading the employment in other sectors and tax revenues at all levels of government. Therefore, this industry, like all industries, helps support state, county, and local government; school districts; and special districts.

Enacting new film incentives would allow Colorado to compete in an industry that operates under the auspices of incentives. New aggressive incentives will lead to new film activity in the state, greater development of infrastructure, and higher levels of employment and wages compared to the current status of the industry, while managing the fiscal constraints put forth by the legislature.



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## APPENDICES

### APPENDIX 1: NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) CODES

NAICS Code	Description
512	Motion Picture and Sound Recording Industries
5121	Motion Picture and Video Industries
51211	Motion Picture and Video Production
512110	Motion Picture and Video Production
51212	Motion Picture and Video Distribution
512120	Motion Picture and Video Distribution
51213	Motion Picture and Video Exhibition
512131	Motion Picture Theaters (except Drive-Ins)
512132	Drive-In Motion Picture Theaters
51219	Postproduction Services and Other Motion Picture and Video Industries
512191	Teleproduction and Other Postproduction Services
512199	Other Motion Picture and Video Industries
5122	Sound Recording Industries
51221	Record Production
512210	Record Production
51222	Integrated Record Production/Distribution
512220	Integrated Record Production/Distribution
51223	Music Publishers
512230	Music Publishers
51224	Sound Recording Studios
512240	Sound Recording Studios
51229	Other Sound Recording Industries
512290	Other Sound Recording Industries



**APPENDIX 2: FILM INDUSTRY INCENTIVE ANALYSIS WITH 20% TAX CREDIT**

A	B	C	D	E	F	G	H	I	J	K		
1	<b>FILM INDUSTRY INCENTIVE ANALYSIS</b>		<b>Tax Credit Rate:</b>		<b>New Activity by Year:</b>		<b>55,000,000</b>	<b>68,750,000</b>	<b>82,500,000</b>	<b>96,250,000</b>	<b>110,000,000</b>	<b>412,500,000</b>
2	<b>- Film Production and Post-Production Industries -</b>		<b>20.00%</b>		<b>Incentive:</b>		<b>10,000,000</b>	<b>12,500,000</b>	<b>15,000,000</b>	<b>17,500,000</b>	<b>20,000,000</b>	<b>75,000,000</b>
3	<b>Total Output</b>	<b>Output</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>5-Year Total</b>	
4		Base Film Spending (Baseline)	162,399,517	162,399,517	153,454,765	137,016,121	129,469,453	122,338,446	115,600,205	109,233,098	613,657,323	
5		New Film Spending and Avoided Attrition	(8,944,087)	(8,944,752)	(8,452,087)	62,986,557	76,296,668	89,631,007	102,988,241	116,367,107	448,269,581	
6		<b>Total Film Spending</b>	<b>162,399,517</b>	<b>153,454,765</b>	<b>145,002,678</b>	<b>200,002,678</b>	<b>205,766,121</b>	<b>211,969,453</b>	<b>218,588,446</b>	<b>225,600,205</b>	<b>1,061,926,904</b>	
7		Additional Output (Multiplier on Base)	192,573,347	181,966,660	171,944,176	162,473,717	153,524,878	145,068,929	137,078,723	129,528,607	727,674,854	
8		Additional Output (Multiplier on New Spending)	-	-	-	74,689,459	90,472,589	106,284,449	122,123,456	137,988,116	531,558,069	
9		<b>Total Output (Direct and Indirect)</b>	<b>354,972,864</b>	<b>335,421,425</b>	<b>316,946,854</b>	<b>437,165,854</b>	<b>449,763,588</b>	<b>463,322,831</b>	<b>477,790,625</b>	<b>493,116,928</b>	<b>2,321,159,827</b>	
10		<b>Direct Employment</b>	<b>Direct Employment</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>5-Year Total</b>
11			Base Direct Employment (Baseline)	1,398	1,398	1,321	1,179	1,115	1,053	995	940	5,283
12	Direct New Employment		-	(77)	(73)	542	657	772	887	1,002	3,859	
13	<b>Total Direct Employment</b>		<b>1,398</b>	<b>1,321</b>	<b>1,248</b>	<b>1,722</b>	<b>1,771</b>	<b>1,825</b>	<b>1,882</b>	<b>1,942</b>	<b>9,141</b>	
14	Average Earnings		47,590	49,646	51,135	53,121	56,840	60,818	65,076	69,631	69,631	
15	Total Earnings		66,530,820	65,582,366	63,829,281	91,458,967	100,681,141	110,976,574	122,452,883	135,227,519	560,797,084	
16	State Direct Income Taxes		3,080,377	3,036,464	2,955,296	4,234,550	4,661,537	5,138,215	5,669,568	6,261,034	25,964,905	
17	<i>New State Income Taxes</i>					<i>1,333,581</i>	<i>1,728,466</i>	<i>2,172,688</i>	<i>2,671,225</i>	<i>3,229,511</i>	<i>11,135,471</i>	
18	State Sales Taxes on Taxable Purchases		449,163	442,760	430,924	617,458	679,719	749,225	826,704	912,948	3,786,053	
19	<i>New State Sales Taxes on Taxable Purchases</i>					<i>194,455</i>	<i>252,035</i>	<i>316,809</i>	<i>389,503</i>	<i>470,909</i>	<i>1,623,710</i>	
20	County Sales Taxes on Taxable Purchases		233,874	230,540	224,378	321,504	353,922	390,114	430,456	475,363	1,971,359	
21	<i>New County Sales Taxes on Taxable Purchases</i>					<i>101,251</i>	<i>131,232</i>	<i>164,959</i>	<i>202,810</i>	<i>245,197</i>	<i>845,449</i>	
22	City Sales Tax on Taxable Purchases		421,284	415,278	404,177	579,133	637,529	702,721	775,391	856,282	3,551,057	
23	<i>New City Sales Tax on Taxable Purchases</i>					<i>182,385</i>	<i>236,391</i>	<i>297,145</i>	<i>365,327</i>	<i>441,680</i>	<i>1,522,928</i>	
24	County Property Taxes		481,103	454,604	429,565	610,276	627,862	646,791	666,987	688,383	3,240,298	
25	<i>New County Property Taxes</i>					<i>192,193</i>	<i>232,807</i>	<i>273,495</i>	<i>314,252</i>	<i>355,075</i>	<i>1,367,822</i>	
26	City Property Taxes		201,326	190,237	179,759	255,380	262,739	270,660	279,112	288,065	1,355,957	
27	<i>New City Property Taxes</i>					<i>80,427</i>	<i>97,422</i>	<i>114,448</i>	<i>131,504</i>	<i>148,587</i>	<i>572,388</i>	
28	School District Property Taxes		970,862	917,388	866,860	1,231,532	1,267,021	1,305,219	1,345,976	1,389,151	6,538,899	
29	<i>New School District Property Taxes</i>					<i>387,845</i>	<i>469,803</i>	<i>551,910</i>	<i>634,158</i>	<i>716,540</i>	<i>2,760,255</i>	
30	Special District Taxes		148,688	146,569	142,651	204,400	225,010	248,019	273,667	302,217	1,253,314	
31	<i>New Special District Taxes</i>		<i>(8,543)</i>	<i>(8,315)</i>	<i>64,371</i>	<i>83,432</i>	<i>104,875</i>	<i>128,939</i>	<i>155,887</i>	<i>537,504</i>		
32	<b>Indirect Employment</b>	<b>Indirect Employment</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>5-Year Total</b>	
33		Current Indirect Employment	1,869	1,869	1,669	1,577	1,490	1,408	1,331	1,257	1,257	
34		New Indirect Employment	-	(103)	(97)	725	878	1,032	1,185	1,339	1,339	
35		<b>Total Indirect Employment</b>	<b>1,869</b>	<b>1,766</b>	<b>1,572</b>	<b>2,302</b>	<b>2,368</b>	<b>2,440</b>	<b>2,516</b>	<b>2,597</b>	<b>2,597</b>	
36		Average Indirect Earnings	57,093	58,823	60,605	62,442	64,334	66,283	68,291	70,361	70,361	
37		Total Indirect Earnings	106,722,088	103,899,549	95,255,611	143,746,240	152,369,574	161,719,117	171,822,085	182,706,909	812,363,925	
38		State Indirect Income Tax	4,941,233	4,810,549	4,410,335	6,655,451	7,054,711	7,487,595	7,955,363	8,459,330	37,612,450	
39		<i>New State Income Tax</i>				<i>2,095,992</i>	<i>2,615,839</i>	<i>3,166,120</i>	<i>3,748,180</i>	<i>4,363,417</i>	<i>15,989,547</i>	
40		State Sales Taxes on Taxable Purchases	720,502	701,447	643,090	970,460	1,028,677	1,091,798	1,160,005	1,233,491	5,484,431	
41		<i>New State Sales Taxes on Taxable Purchases</i>				<i>305,625</i>	<i>381,427</i>	<i>461,665</i>	<i>546,538</i>	<i>636,248</i>	<i>2,331,504</i>	
42		County Sales Taxes on Taxable Purchases	375,158	365,236	334,850	505,308	535,622	568,488	604,003	642,266	2,855,687	
43		<i>New County Sales Taxes on Taxable Purchases</i>				<i>159,136</i>	<i>198,605</i>	<i>240,384</i>	<i>284,577</i>	<i>331,288</i>	<i>1,213,990</i>	
44		City Sales Taxes on Taxable Purchases	675,781	657,909	603,174	910,224	964,829	1,024,031	1,088,005	1,156,929	5,144,018	
45		<i>New City Sales Taxes on Taxable Purchases</i>				<i>286,656</i>	<i>357,752</i>	<i>433,010</i>	<i>512,615</i>	<i>596,757</i>	<i>2,186,790</i>	
46		County Property Taxes	643,283	607,851	540,892	816,000	839,514	864,824	891,829	920,436	4,332,603	
47		<i>New County Property Taxes</i>				<i>256,982</i>	<i>311,286</i>	<i>365,690</i>	<i>420,186</i>	<i>474,771</i>	<i>1,828,915</i>	
48		City Property Taxes	269,192	254,366	226,345	341,469	351,309	361,900	373,201	385,172	1,813,051	
49	<i>New City Property Taxes</i>				<i>107,538</i>	<i>130,263</i>	<i>153,029</i>	<i>175,834</i>	<i>198,676</i>	<i>765,340</i>		
50	School District Property Taxes	1,298,140	1,226,640	1,091,516	1,646,682	1,694,134	1,745,208	1,799,704	1,857,434	8,743,162		
51	<i>New School District Property Taxes</i>				<i>518,587</i>	<i>628,173</i>	<i>737,959</i>	<i>847,933</i>	<i>958,085</i>	<i>3,690,737</i>		
52	Special District Taxes	238,511	232,203	212,885	321,256	340,528	361,423	384,002	408,328	1,815,536		
53	<i>New Special District Taxes</i>		<i>(13,535)</i>	<i>(13,177)</i>	<i>101,173</i>	<i>126,265</i>	<i>152,827</i>	<i>180,923</i>	<i>210,620</i>	<i>771,808</i>		

A	B	C	D	E	F	G	H	I	J	K
54	<b>Operations</b>	2006	2007	2008	2009	2010	2011	2012	2013	5-Year Total
55	Production-Related Taxable Expenditures	48,719,855	46,036,429	43,500,803	60,000,803	61,729,836	63,590,836	65,576,534	67,680,062	318,578,071
56	State Production Sales Taxes	1,412,876	1,335,056	1,261,523	1,740,023	1,790,165	1,844,134	1,901,719	1,962,722	9,238,764
57	<i>New State Production Sales Taxes</i>	-	(77,819)	(73,533)	547,983	663,781	779,790	895,998	1,012,394	3,899,945
58	County Production Sales Taxes	735,670	695,150	656,862	906,012	932,121	960,222	990,206	1,021,969	4,810,529
59	<i>New County Production Sales Taxes</i>	-	(40,520)	(38,288)	285,329	345,624	406,028	466,537	527,143	2,030,661
60	City Production Sales Taxes	1,325,180	1,252,191	1,183,222	1,632,022	1,679,052	1,729,671	1,783,682	1,840,898	8,665,324
61	<i>New City Production Sales Taxes</i>	-	(72,989)	(68,969)	513,970	622,581	731,389	840,384	949,556	3,657,880
62	State Production Income Taxes	751,910	710,496	671,362	926,012	952,697	981,419	1,012,065	1,044,529	4,916,722
63	<i>New State Production Income Taxes</i>	-	(41,414)	(39,133)	291,628	353,254	414,992	476,836	538,780	2,075,488
64	Special District Taxes	467,711	441,950	417,608	576,008	592,606	610,472	629,535	649,729	3,058,349
65	<i>New Special District Taxes</i>	-	(25,761)	(24,342)	181,401	219,734	258,137	296,606	335,137	1,291,016
66	<b>Postproduction-Related Construction</b>	2006	2007	2008	2009	2010	2011	2012	2013	5-Year Total
67	Cumulative Infrastructure				2,850,500	6,157,080	9,992,713	14,442,047	19,603,274	
68	Hard Costs				2,500,000	2,900,000	3,364,000	3,902,240	4,526,598	17,192,838
69	<i>Hard Costs Multiplier Effect</i>				3,775,750	4,379,870	5,080,649	5,893,553	6,836,522	25,966,344
70	<i>Hard Earnings</i>				937,500	1,087,500	1,261,500	1,463,340	1,697,474	6,447,314
71	<i>Hard Employment</i>				23	27	31	36	42	42
72	Soft Costs Direct Output				350,500	406,580	471,633	547,094	634,629	2,410,436
73	<i>Soft Costs Multiplier Effect</i>				463,396	537,539	623,546	723,313	839,043	3,186,837
74	<i>Soft Earnings</i>				161,966	187,881	217,942	252,812	293,262	1,113,862
75	<i>Soft Employment</i>				3	4	4	5	6	6
76	Total Direct Output				2,850,500	3,306,580	3,835,633	4,449,334	5,161,227	19,603,274
77	<i>Total Direct and Indirect Output</i>				7,089,646	8,223,989	9,539,828	11,066,200	12,836,792	48,756,456
78	State Income Taxes				50,905	59,050	68,498	79,458	92,171	350,082
79	State Sales Taxes on Building Materials				43,500	50,460	58,534	67,899	78,763	299,155
80	County Sales Taxes on Building Materials				22,650	26,274	30,478	35,354	41,011	155,767
81	City Sales Taxes on Building Materials				40,800	47,328	54,900	63,685	73,874	280,587
82	County Property Taxes on Commercial Property				15,345	33,145	53,793	77,745	105,530	285,559
83	City Property Taxes on Commercial Property				6,421	13,870	22,511	32,534	44,161	119,497
84	School District Property Taxes on Commercial Property				30,966	66,887	108,555	156,890	212,958	576,256
85	State Sales Taxes on Employee Taxable Purchases				7,423	8,610	9,988	11,586	13,440	51,047
86	County Sales Taxes on Employee Taxable Purchases				3,865	4,483	5,201	6,033	6,998	26,580
87	City Sales Taxes on Employee Taxable Purchases				6,962	8,076	9,368	10,867	12,606	47,879
88	County Property Taxes on Residences				9,372	10,872	12,611	14,629	16,969	64,453
89	City Property Taxes on Residences				3,922	4,549	5,277	6,122	7,101	26,971
90	School District Property Taxes on Residences				18,913	21,939	25,449	29,521	34,244	130,066

A	B	C	D	E	F	G	H	I	J	K
91	Tax Detail	2006	2007	2008	2009	2010	2011	2012	2013	5-Year Total
92	<b>Total Tax Collected</b>	<b>18,986,913</b>	<b>18,304,161</b>	<b>17,114,131</b>	<b>26,262,204</b>	<b>27,826,848</b>	<b>29,547,312</b>	<b>31,433,501</b>	<b>33,496,502</b>	<b>148,566,367</b>
93	Total Direct Taxes	10,063,624	9,680,164	9,263,928	13,993,993	14,899,945	15,905,653	17,019,175	18,249,586	80,068,351
94	<i>Total New Direct Taxes</i>	-	(232,742)	(219,923)	4,516,502	5,674,526	6,915,435	8,248,184	9,682,693	35,037,340
95	Total Indirect Taxes	8,923,289	8,623,997	7,850,202	12,268,211	12,926,904	13,641,659	14,414,326	15,246,916	68,498,015
96	<i>Total New Indirect Taxes</i>	-	-	-	3,933,050	4,867,189	5,847,077	6,875,001	7,953,393	29,475,709
97	<b>Total New Taxes - Direct and Indirect</b>	<b>-</b>	<b>(232,742)</b>	<b>(219,923)</b>	<b>8,449,552</b>	<b>10,541,715</b>	<b>12,762,512</b>	<b>15,123,185</b>	<b>17,636,085</b>	<b>64,513,050</b>
98	<b>Return on Investment, Total Revenue</b>	<b>(1,550,448)</b>	<b>(1,958,285)</b>	<b>(2,237,488)</b>	<b>(2,237,488)</b>	<b>(2,237,488)</b>	<b>(2,376,815)</b>	<b>(2,363,915)</b>	<b>(10,486,950)</b>	
99	<b>State - Total Tax Collected</b>	<b>11,356,060</b>	<b>11,036,771</b>	<b>10,372,530</b>	<b>15,245,782</b>	<b>16,285,627</b>	<b>17,429,406</b>	<b>18,684,367</b>	<b>20,058,427</b>	<b>87,703,610</b>
100	Total Direct Taxes	5,694,325	5,524,775	5,319,106	7,561,544	8,134,578	8,771,527	9,477,955	10,259,996	44,205,599
101	<i>Total New Direct Taxes</i>	-	(119,234)	(112,666)	2,411,147	3,047,995	3,742,811	4,501,460	5,330,357	19,033,770
102	Total Indirect Taxes	5,661,735	5,511,996	5,053,424	7,684,239	8,151,049	8,657,879	9,206,412	9,798,432	43,498,011
103	<i>Total New Indirect Taxes</i>	-	-	-	2,459,945	3,064,926	3,706,271	4,385,762	5,105,276	18,722,180
104	<b>Total New Taxes - Direct and Indirect</b>	<b>-</b>	<b>(119,234)</b>	<b>(112,666)</b>	<b>4,871,092</b>	<b>6,112,921</b>	<b>7,449,083</b>	<b>8,887,221</b>	<b>10,435,633</b>	<b>37,755,950</b>
105	<b>Return on Investment, Total Revenue</b>	<b>(5,128,908)</b>	<b>(3,887,079)</b>	<b>(2,550,917)</b>	<b>(1,112,779)</b>	<b>(435,633)</b>	<b>(37,244,050)</b>			
106	<b>State and 1/4 School - Total Tax Collected</b>	<b>11,923,311</b>	<b>11,572,778</b>	<b>10,862,124</b>	<b>15,977,805</b>	<b>17,048,122</b>	<b>18,225,514</b>	<b>19,517,390</b>	<b>20,931,874</b>	<b>91,700,705</b>
107	Total Direct Taxes	5,937,041	5,754,122	5,535,821	7,877,168	8,468,055	9,124,970	9,853,672	10,660,523	45,984,388
108	<i>Total New Direct Taxes</i>	-	(119,234)	(112,666)	2,515,849	3,182,168	3,907,928	4,699,222	5,562,731	19,867,898
109	Total Indirect Taxes	5,986,270	5,818,656	5,326,304	8,100,637	8,580,067	9,100,544	9,663,718	10,271,351	45,716,317
110	<i>Total New Indirect Taxes</i>	-	-	-	2,594,320	3,227,454	3,897,123	4,605,125	5,353,359	19,677,381
111	<b>Total New Taxes - Direct and Indirect</b>	<b>-</b>	<b>(119,234)</b>	<b>(112,666)</b>	<b>5,110,169</b>	<b>6,409,622</b>	<b>7,805,051</b>	<b>9,304,347</b>	<b>10,916,090</b>	<b>39,545,279</b>
112	<b>Return on Investment, Total Revenue</b>	<b>(4,889,831)</b>	<b>(3,590,378)</b>	<b>(2,194,949)</b>	<b>(695,653)</b>	<b>(916,090)</b>	<b>(35,454,721)</b>			
113	<b>County - Total Tax Collected</b>	<b>2,469,088</b>	<b>2,353,382</b>	<b>2,186,547</b>	<b>3,210,332</b>	<b>3,363,815</b>	<b>3,532,521</b>	<b>3,717,242</b>	<b>3,918,925</b>	<b>17,742,834</b>
114	Total Direct Taxes	1,450,647	1,380,295	1,310,805	1,875,787	1,973,324	2,081,397	2,200,749	2,332,255	10,463,512
115	<i>Total New Direct Taxes</i>	-	(40,520)	(38,288)	616,768	769,082	928,753	1,096,698	1,273,956	4,685,259
116	Total Indirect Taxes	1,018,441	973,087	875,742	1,334,545	1,390,491	1,451,123	1,516,493	1,586,670	7,279,322
117	<i>Total New Indirect Taxes</i>	-	-	-	429,355	525,246	623,886	725,425	830,027	3,133,938
118	<b>Total New Taxes - Direct and Indirect</b>	<b>-</b>	<b>(40,520)</b>	<b>(38,288)</b>	<b>1,046,123</b>	<b>1,294,328</b>	<b>1,552,639</b>	<b>1,822,123</b>	<b>2,103,983</b>	<b>7,819,196</b>
119	<b>City - Total Tax Collected</b>	<b>2,892,763</b>	<b>2,769,980</b>	<b>2,596,677</b>	<b>3,776,333</b>	<b>3,969,281</b>	<b>4,181,041</b>	<b>4,412,598</b>	<b>4,665,088</b>	<b>21,004,341</b>
120	Total Direct Taxes	1,947,789	1,857,706	1,767,158	2,513,756	2,640,518	2,780,464	2,934,403	3,103,280	13,972,422
121	<i>Total New Direct Taxes</i>	-	(72,989)	(68,969)	824,004	1,017,592	1,220,394	1,433,433	1,657,858	6,153,280
122	Total Indirect Taxes	944,974	912,274	829,519	1,262,577	1,328,763	1,400,577	1,478,194	1,561,808	7,031,919
123	<i>Total New Indirect Taxes</i>	-	-	-	405,078	500,640	600,685	705,438	815,140	3,026,980
124	<b>Total New Taxes - Direct and Indirect</b>	<b>-</b>	<b>(72,989)</b>	<b>(68,969)</b>	<b>1,229,081</b>	<b>1,518,232</b>	<b>1,821,078</b>	<b>2,138,871</b>	<b>2,472,998</b>	<b>9,180,261</b>
125	<b>School District - Total Tax Collected</b>	<b>2,269,002</b>	<b>2,144,028</b>	<b>1,958,376</b>	<b>2,928,093</b>	<b>3,049,981</b>	<b>3,184,430</b>	<b>3,332,090</b>	<b>3,493,787</b>	<b>15,988,382</b>
126	Total Direct Taxes	970,862	917,388	866,860	1,262,498	1,333,908	1,413,773	1,502,865	1,602,109	7,115,155
127	<i>Total New Direct Taxes</i>	-	-	-	418,811	536,690	660,465	791,048	929,498	3,336,511
128	Total Indirect Taxes	1,298,140	1,226,640	1,091,516	1,665,595	1,716,073	1,770,657	1,829,225	1,891,678	8,873,227
129	<i>Total New Indirect Taxes</i>	-	-	-	537,500	650,112	763,408	877,454	992,329	3,820,803
130	<b>Total New Taxes - Direct and Indirect</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>956,311</b>	<b>1,186,802</b>	<b>1,423,873</b>	<b>1,668,502</b>	<b>1,921,827</b>	<b>7,157,314</b>
131	<b>Special District - Total Tax Collected</b>	<b>854,910</b>	<b>820,721</b>	<b>773,143</b>	<b>1,101,663</b>	<b>1,158,144</b>	<b>1,219,914</b>	<b>1,287,204</b>	<b>1,360,274</b>	<b>6,127,200</b>
132	Total Direct Taxes	616,399	588,518	560,258	780,408	817,617	858,491	903,202	951,946	4,311,664
133	<i>Total New Direct Taxes</i>	-	(34,304)	(32,657)	245,773	303,167	363,012	425,545	491,024	1,828,521
134	Total Indirect Taxes	238,511	232,203	212,885	321,256	340,528	361,423	384,002	408,328	1,815,536
135	<i>Total New Indirect Taxes</i>	-	(13,535)	(13,177)	101,173	126,265	152,827	180,923	210,620	771,808
136	<b>Total New Taxes - Direct and Indirect</b>	<b>-</b>	<b>(47,839)</b>	<b>(45,834)</b>	<b>346,945</b>	<b>429,432</b>	<b>515,839</b>	<b>606,468</b>	<b>701,644</b>	<b>2,600,329</b>
137	<b>County, City, School, and Special - Total Tax Collected</b>	<b>8,485,762</b>	<b>8,088,112</b>	<b>7,514,744</b>	<b>11,016,421</b>	<b>11,541,222</b>	<b>12,117,906</b>	<b>12,749,134</b>	<b>13,438,074</b>	<b>60,862,757</b>
138	Total Direct Taxes	4,985,698	4,743,907	4,505,081	6,432,449	6,765,367	7,134,126	7,541,220	7,989,590	35,862,752
139	<i>Total New Direct Taxes</i>	-	(147,813)	(139,914)	2,105,355	2,626,531	3,172,624	3,746,725	4,352,336	16,003,571
140	Total Indirect Taxes	3,500,065	3,344,204	3,009,663	4,583,972	4,775,854	4,983,780	5,207,914	5,448,484	25,000,005
141	<i>Total New Indirect Taxes</i>	-	(13,535)	(13,177)	1,473,105	1,802,263	2,140,805	2,489,239	2,848,116	10,753,529
142	<b>Total New Taxes - Direct and Indirect</b>	<b>-</b>	<b>(161,348)</b>	<b>(153,091)</b>	<b>3,578,460</b>	<b>4,428,794</b>	<b>5,313,429</b>	<b>6,235,964</b>	<b>7,200,453</b>	<b>26,757,100</b>

### APPENDIX 3: ANALYSIS ASSUMPTIONS

Assumptions	
512110 Motion Picture and Video Production	North American Industry Classification System, 2007, <a href="http://www.census.gov/epcd/www/naics.html">http://www.census.gov/epcd/www/naics.html</a> , Retrieved August 2007.
512191 Teleproduction and Other Postproduction Services	North American Industry Classification System, 2007, <a href="http://www.census.gov/epcd/www/naics.html">http://www.census.gov/epcd/www/naics.html</a> , Retrieved August 2007.
Attrition:	<b>-5.51%</b>
Output Multiplier	<b>1.1858</b> Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis.
Direct Employees Per \$1M Expenditures	<b>8.6084</b> "Motion Picture and Sound Recording" Output Multiplier for Colorado, Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis.
2007 Colorado Average Film Earnings	<b>49646</b> Weighted average of "Motion Picture and Sound Recording" sector and "Teleproduction and Other Postproduction Services" sector, Bureau of Labor Statistics, QCEW, <a href="http://www.bls.gov">www.bls.gov</a> .
Earnings Growth Rate	<b>7.0%</b> Based on employment trends from
Colorado Income Tax Rate	<b>4.63%</b> Colorado Department of Revenue.
Colorado State Sales Tax Rate	<b>2.90%</b> Colorado Department of Revenue.
Taxable Expenditures based on CES*	<b>23.3%</b> Bureau of Labor Statistics, Consumer Expenditures Survey, Denver 2004, <a href="http://www.bls.gov">www.bls.gov</a> , Retrieved December 2007.
County Sales Tax Rate	<b>1.51%</b> Colorado Department of Revenue.
Average County Mill Levy	<b>18.563</b> Department of Local Affairs, Division of Property Taxation, 2006.
Average Home Value	\$ <b>232,900</b> Census, American Fact Finder, Colorado, <a href="http://factfinder.census.gov/home/saff/main.html?_lang=en">http://factfinder.census.gov/home/saff/main.html?_lang=en</a> , Retrieved September 2008.
Home Value Growth Rate	<b>3.0%</b>
City Sales Tax Rate	<b>2.72%</b> Colorado Department of Revenue.
Residential Property Assessment Ratio	<b>7.96%</b> Colorado Residential Assessment Ratio, <a href="http://www.coloradobudget.com/gallagher_101.cfm">http://www.coloradobudget.com/gallagher_101.cfm</a> , Retrieved September 2008.
Average City Mill Levy	<b>7.768</b> Department of Local Affairs, Division of Property Taxation, 2006.
Average School District Levy	<b>37.46</b> Department of Local Affairs, Division of Property Taxation, 2006.
Employment Multiplier	<b>1.3371</b> "Motion Picture and Sound Recording" Employment Multiplier for Colorado, Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis.
Earnings Multiplier	<b>1.6041</b> "Motion Picture and Sound Recording" Earnings Multiplier for Colorado, Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis.
% of Production Spent on Taxable Goods	<b>30%</b> Based on conversation with Colorado film company.
Construction Output Multiplier	<b>1.5103</b> Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis.
Construction Earnings Multiplier	<b>0.3750</b> Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis.
Construction Employment Multiplier	<b>9.3414</b> Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis.
Percent of Soft Costs in Addition to Hard Costs	<b>14.02%</b> RS Means CostWorks 2007.
Management	<b>4.63%</b> RS Means CostWorks 2007.
Architectural and Engineering	<b>6.20%</b> RS Means CostWorks 2007.
Site Preparation	<b>3.19%</b> RS Means CostWorks 2007.
Soft Costs Output Multiplier	<b>1.3221</b> Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis.
Soft Costs Earnings Multiplier	<b>0.4621</b> Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis.
Soft Costs Employment Multiplier	<b>8.8071</b> Regional Input-Output Modeling System (RIMS II), U.S. Department of Commerce, Bureau of Economic Analysis.
Commercial Property Assessment Ratio	<b>29.0%</b>
Percentage of Construction on Taxable Purchases	<b>60.0%</b>
Special District Taxes:	<b>1.20%</b> State of Colorado - Sales Tax Information System, Department of Revenue, <a href="http://www.taxview.state.co.us">www.taxview.state.co.us</a> .
Regional Transportation District	<b>1.00%</b> State of Colorado - Sales Tax Information System, Department of Revenue, <a href="http://www.taxview.state.co.us">www.taxview.state.co.us</a> .
Scientific and Cultural Facilities District	<b>0.10%</b> State of Colorado - Sales Tax Information System, Department of Revenue, <a href="http://www.taxview.state.co.us">www.taxview.state.co.us</a> .
Metropolitan Football Stadium District	<b>0.10%</b> State of Colorado - Sales Tax Information System, Department of Revenue, <a href="http://www.taxview.state.co.us">www.taxview.state.co.us</a> .
Percent of Production to Special District Taxes	<b>80%</b> Percent of film GDP in Special District region.

**APPENDIX 4: TAXES ANALYSIS AT 18% CREDIT**

	A	B	C	D	E	F	G	H	I	J	K
	Tax Detail		2006	2007	2008	2009	2010	2011	2012	2013	5-Year Total
91	<b>Total Tax Collected</b>		<b>18,986,913</b>	<b>18,304,161</b>	<b>17,114,131</b>	<b>27,056,673</b>	<b>28,846,697</b>	<b>30,804,976</b>	<b>32,942,406</b>	<b>35,271,143</b>	<b>154,921,895</b>
92	Total Direct Taxes		10,063,624	9,680,164	9,263,928	14,416,702	15,444,258	16,579,278	17,830,600	19,208,146	83,478,985
93	<i>Total New Direct Taxes</i>		-	(232,742)	(219,923)	4,939,211	6,218,840	7,589,061	9,059,609	10,641,253	38,447,974
94	Total Indirect Taxes		8,923,289	8,623,997	7,850,202	12,639,971	13,402,439	14,225,697	15,111,806	16,062,997	71,442,910
95	<i>Total New Indirect Taxes</i>		-	-	-	4,304,810	5,342,724	6,431,115	7,572,481	8,769,474	32,420,604
96	<b>Total New Taxes - Direct and Indirect</b>		<b>-</b>	<b>(232,742)</b>	<b>(219,923)</b>	<b>9,244,021</b>	<b>11,561,564</b>	<b>14,020,176</b>	<b>16,632,090</b>	<b>19,410,726</b>	<b>70,868,578</b>
97	<b>Return on Investment, Total Revenue</b>					<b>(755,979)</b>	<b>(938,436)</b>	<b>(979,824)</b>	<b>(867,910)</b>	<b>(589,274)</b>	<b>(4,131,422)</b>
98	<b>State - Total Tax Collected</b>		<b>11,356,060</b>	<b>11,036,771</b>	<b>10,372,530</b>	<b>15,708,508</b>	<b>16,885,832</b>	<b>18,177,219</b>	<b>19,590,724</b>	<b>21,135,133</b>	<b>91,497,416</b>
99	Total Direct Taxes		5,694,325	5,524,775	5,319,106	7,791,259	8,434,694	9,148,322	9,938,343	10,811,579	46,124,196
100	<i>Total New Direct Taxes</i>		-	(119,234)	(112,666)	2,640,862	3,348,111	4,119,607	4,961,847	5,881,940	20,952,366
101	Total Indirect Taxes		5,661,735	5,511,996	5,053,424	7,917,249	8,451,138	9,028,897	9,652,381	10,323,555	45,373,220
102	<i>Total New Indirect Taxes</i>		-	-	-	2,692,956	3,365,014	4,077,289	4,831,731	5,630,399	20,597,390
103	<b>Total New Taxes - Direct and Indirect</b>		<b>-</b>	<b>(119,234)</b>	<b>(112,666)</b>	<b>5,333,818</b>	<b>6,713,126</b>	<b>8,196,896</b>	<b>9,793,578</b>	<b>11,512,339</b>	<b>41,549,756</b>
104	<b>Return on Investment, Total Revenue</b>					<b>(4,666,182)</b>	<b>(3,286,874)</b>	<b>(1,803,104)</b>	<b>(206,422)</b>	<b>1,512,339</b>	<b>(33,450,244)</b>
105	<b>State and 1/4 School - Total Tax Collected</b>		<b>11,923,311</b>	<b>11,572,778</b>	<b>10,862,124</b>	<b>16,462,517</b>	<b>17,675,809</b>	<b>19,006,306</b>	<b>20,462,222</b>	<b>22,052,552</b>	<b>95,659,407</b>
106	Total Direct Taxes		5,937,041	5,754,122	5,535,821	8,116,291	8,779,930	9,515,877	10,330,522	11,230,921	47,973,540
107	<i>Total New Direct Taxes</i>		-	(119,234)	(112,666)	2,754,972	3,494,043	4,298,834	5,176,072	6,133,129	21,857,050
108	Total Indirect Taxes		5,986,270	5,818,656	5,326,304	8,346,227	8,895,880	9,490,429	10,131,700	10,821,631	47,685,867
109	<i>Total New Indirect Taxes</i>		-	-	-	2,839,910	3,543,266	4,287,009	5,073,107	5,903,639	21,646,931
110	<b>Total New Taxes - Direct and Indirect</b>		<b>-</b>	<b>(119,234)</b>	<b>(112,666)</b>	<b>5,594,881</b>	<b>7,037,309</b>	<b>8,585,843</b>	<b>10,249,179</b>	<b>12,036,768</b>	<b>43,503,980</b>
111	<b>Return on Investment, Total Revenue</b>					<b>(4,405,119)</b>	<b>(2,962,691)</b>	<b>(1,414,157)</b>	<b>249,179</b>	<b>2,036,768</b>	<b>(31,496,020)</b>
112	<b>County - Total Tax Collected</b>		<b>2,469,088</b>	<b>2,353,382</b>	<b>2,186,547</b>	<b>3,306,859</b>	<b>3,485,918</b>	<b>3,680,871</b>	<b>3,892,564</b>	<b>4,122,001</b>	<b>18,488,212</b>
113	Total Direct Taxes		1,450,647	1,380,295	1,310,805	1,931,941	2,044,376	2,167,763	2,302,887	2,450,669	10,897,637
114	<i>Total New Direct Taxes</i>		-	(40,520)	(38,288)	672,922	840,134	1,015,120	1,198,837	1,392,371	5,119,383
115	Total Indirect Taxes		1,018,441	973,087	875,742	1,374,918	1,441,542	1,513,107	1,589,677	1,671,331	7,590,575
116	<i>Total New Indirect Taxes</i>		-	-	-	469,727	576,297	685,870	798,608	914,688	3,445,190
117	<b>Total New Taxes - Direct and Indirect</b>		<b>-</b>	<b>(40,520)</b>	<b>(38,288)</b>	<b>1,142,650</b>	<b>1,416,431</b>	<b>1,700,989</b>	<b>1,997,445</b>	<b>2,307,059</b>	<b>8,564,574</b>
118	<b>City - Total Tax Collected</b>		<b>2,892,763</b>	<b>2,769,980</b>	<b>2,596,677</b>	<b>3,889,944</b>	<b>4,113,897</b>	<b>4,357,870</b>	<b>4,622,946</b>	<b>4,910,364</b>	<b>21,895,020</b>
119	Total Direct Taxes		1,947,789	1,857,706	1,767,158	2,589,122	2,736,273	2,897,358	3,073,262	3,265,010	14,561,025
120	<i>Total New Direct Taxes</i>		-	(72,989)	(68,969)	899,369	1,113,347	1,337,288	1,572,291	1,819,588	6,741,883
121	Total Indirect Taxes		944,974	912,274	829,519	1,300,823	1,377,623	1,460,512	1,549,684	1,645,354	7,333,995
122	<i>Total New Indirect Taxes</i>		-	-	-	443,323	549,501	660,620	776,927	898,686	3,329,056
123	<b>Total New Taxes - Direct and Indirect</b>		<b>-</b>	<b>(72,989)</b>	<b>(68,969)</b>	<b>1,342,692</b>	<b>1,662,848</b>	<b>1,997,907</b>	<b>2,349,219</b>	<b>2,718,273</b>	<b>10,070,940</b>
124	<b>School District - Total Tax Collected</b>		<b>2,269,002</b>	<b>2,144,028</b>	<b>1,958,376</b>	<b>3,016,037</b>	<b>3,159,911</b>	<b>3,316,347</b>	<b>3,485,993</b>	<b>3,669,676</b>	<b>16,647,964</b>
125	Total Direct Taxes		970,862	917,388	866,860	1,300,128	1,380,945	1,470,218	1,568,717	1,677,369	7,397,377
126	<i>Total New Direct Taxes</i>		-	-	-	456,440	583,727	716,909	856,900	1,004,757	3,618,733
127	Total Indirect Taxes		1,298,140	1,226,640	1,091,516	1,715,909	1,778,966	1,846,129	1,917,275	1,992,307	9,250,587
128	<i>Total New Indirect Taxes</i>		-	-	-	587,815	713,005	838,880	965,504	1,092,959	4,198,163
129	<b>Total New Taxes - Direct and Indirect</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,044,255</b>	<b>1,296,732</b>	<b>1,555,789</b>	<b>1,822,404</b>	<b>2,097,716</b>	<b>7,816,896</b>
130	<b>Special District - Total Tax Collected</b>		<b>854,910</b>	<b>820,721</b>	<b>773,143</b>	<b>1,135,325</b>	<b>1,201,140</b>	<b>1,272,670</b>	<b>1,350,180</b>	<b>1,433,969</b>	<b>6,393,283</b>
131	Total Direct Taxes		616,399	588,518	560,258	804,253	847,970	895,617	947,391	1,003,519	4,498,750
132	<i>Total New Direct Taxes</i>		-	(34,304)	(32,657)	269,618	333,520	400,138	469,734	542,597	2,015,607
133	Total Indirect Taxes		238,511	232,203	212,885	331,072	353,170	377,053	402,789	430,450	1,894,533
134	<i>Total New Indirect Taxes</i>		-	(13,535)	(13,177)	110,989	138,907	168,457	199,710	232,742	850,805
135	<b>Total New Taxes - Direct and Indirect</b>		<b>-</b>	<b>(47,839)</b>	<b>(45,834)</b>	<b>380,607</b>	<b>472,427</b>	<b>568,595</b>	<b>669,444</b>	<b>775,339</b>	<b>2,866,412</b>
136	<b>County, City, School, and Special - Total Tax Collected</b>		<b>8,485,762</b>	<b>8,088,112</b>	<b>7,514,744</b>	<b>11,348,165</b>	<b>11,960,865</b>	<b>12,627,757</b>	<b>13,351,683</b>	<b>14,136,009</b>	<b>63,424,478</b>
137	Total Direct Taxes		4,985,698	4,743,907	4,505,081	6,625,444	7,009,565	7,430,956	7,892,258	8,396,567	37,354,789
138	<i>Total New Direct Taxes</i>		-	(147,813)	(139,914)	2,298,350	2,870,728	3,469,454	4,097,762	4,759,313	17,495,607
139	Total Indirect Taxes		3,500,065	3,344,204	3,009,663	4,722,721	4,951,301	5,196,800	5,459,425	5,739,442	26,069,690
140	<i>Total New Indirect Taxes</i>		-	(13,535)	(13,177)	1,611,854	1,977,710	2,353,826	2,740,750	3,139,075	11,823,214
141	<b>Total New Taxes - Direct and Indirect</b>		<b>-</b>	<b>(161,348)</b>	<b>(153,091)</b>	<b>3,910,204</b>	<b>4,848,438</b>	<b>5,823,280</b>	<b>6,838,512</b>	<b>7,898,388</b>	<b>29,318,821</b>
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**APPENDIX 5: COLORADO INDUSTRY PERCENTAGE OF GDP, 2002-2006**

Industry	2002	2003	2004	2005	2006
Total Gross Domestic Product by State	100.0%	100.0%	100.0%	100.0%	100.0%
Private industries	88.5%	88.7%	89.0%	89.3%	89.6%
Agriculture, forestry, fishing, and hunting	0.9%	0.8%	0.8%	0.9%	0.8%
Crop and animal production (Farms)	0.7%	0.7%	0.7%	0.8%	0.7%
Forestry, fishing, and related activities	0.1%	0.1%	0.1%	0.1%	0.1%
Mining	1.7%	2.1%	2.2%	2.4%	2.2%
Oil and gas extraction	1.3%	1.7%	1.7%	1.7%	1.5%
Mining, except oil and gas	0.5%	0.5%	0.4%	0.7%	0.5%
Support activities for mining	0.1%	0.1%	0.2%	0.2%	0.2%
Utilities	1.2%	1.2%	1.2%	1.2%	1.2%
Construction	5.8%	5.2%	4.9%	4.9%	4.6%
Manufacturing	8.0%	7.5%	7.9%	8.1%	8.4%
Durable goods	5.5%	5.1%	5.6%	5.6%	6.1%
Wood product manufacturing	0.1%	0.1%	0.1%	0.1%	0.1%
Nonmetallic mineral product manufacturing	0.4%	0.4%	0.5%	0.4%	0.4%
Primary metal manufacturing	0.1%	0.2%	0.3%	0.1%	0.1%
Fabricated metal product manufacturing	0.6%	0.6%	0.6%	0.5%	0.5%
Machinery manufacturing	0.4%	0.3%	0.4%	0.4%	0.4%
Computer and electronic product manufacturing	2.7%	2.6%	2.8%	3.0%	3.8%
Electrical equipment and appliance manufacturing	0.1%	0.1%	0.1%	0.1%	0.1%
Motor vehicle, body, trailer, and parts manufacturing	0.1%	0.1%	0.1%	0.1%	0.1%
Other transportation equipment manufacturing	0.4%	0.2%	0.2%	0.4%	0.4%
Furniture and related product manufacturing	0.2%	0.2%	0.2%	0.2%	0.2%
Miscellaneous manufacturing	0.5%	0.5%	0.5%	0.5%	0.6%
Nondurable goods	2.5%	2.5%	2.4%	2.5%	2.4%
Food product manufacturing	1.1%	1.0%	1.0%	1.0%	1.1%
Textile and textile product mills	0.1%	0.1%	0.1%	0.1%	0.1%
Apparel manufacturing	0.1%	0.1%	0.0%	0.0%	0.0%
Paper manufacturing	0.1%	0.1%	0.1%	0.1%	0.1%
Printing and related support activities	0.4%	0.3%	0.4%	0.4%	0.3%
Petroleum and coal products manufacturing	0.1%	0.1%	0.1%	0.1%	0.1%
Chemical manufacturing	0.4%	0.4%	0.4%	0.4%	0.4%
Plastics and rubber products manufacturing	0.2%	0.3%	0.3%	0.3%	0.2%
Wholesale trade	6.0%	5.9%	5.8%	5.6%	5.6%
Retail trade	6.9%	6.9%	6.9%	7.0%	7.1%
Transportation and warehousing, excluding Postal Service	2.9%	2.9%	3.0%	3.0%	3.2%
Air transportation	1.0%	1.0%	1.0%	1.0%	1.3%
Rail transportation	0.3%	0.3%	0.3%	0.2%	0.3%
Water transportation	0.0%	0.0%	0.0%	0.0%	0.0%
Truck transportation	0.6%	0.6%	0.6%	0.7%	0.7%
Transit and ground passenger transportation	0.1%	0.1%	0.1%	0.1%	0.1%
Pipeline transportation	0.1%	0.1%	0.1%	0.1%	0.1%
Other transportation and support activities	0.6%	0.5%	0.6%	0.6%	0.6%
Warehousing and storage	0.2%	0.3%	0.2%	0.2%	0.2%
Information	10.2%	10.2%	10.6%	11.0%	11.8%
Publishing including software	2.1%	2.2%	2.4%	2.6%	2.6%
Motion picture and sound recording industries	0.1%	0.1%	0.1%	0.1%	0.1%
Broadcasting and telecommunications	7.4%	7.3%	7.4%	7.6%	8.3%
Information and data processing services	0.5%	0.5%	0.6%	0.7%	0.8%
Finance and insurance	6.5%	6.5%	6.1%	6.2%	6.3%
Federal Reserve banks, credit intermediation and related services	3.1%	3.0%	2.9%	2.8%	2.8%
Securities, commodity contracts, investments	1.3%	1.3%	1.3%	1.5%	1.8%

Insurance carriers and related activities	2.0%	1.9%	1.7%	1.7%	1.6%
Funds, trusts, and other financial vehicles	0.2%	0.2%	0.2%	0.2%	0.2%
Real estate and rental and leasing	13.4%	13.6%	13.4%	12.9%	12.6%
Real estate	12.2%	12.5%	12.3%	11.9%	11.7%
Rental and leasing services and lessors of intangible assets	1.2%	1.1%	1.1%	1.0%	1.0%
Professional and technical services	8.4%	8.5%	9.1%	9.4%	9.7%
Legal services	1.0%	1.0%	1.0%	1.0%	0.9%
Computer systems design and related services	2.3%	2.1%	2.2%	2.2%	2.3%
Other professional, scientific and technical services	5.0%	5.4%	5.9%	6.2%	6.5%
Management of companies and enterprises	1.1%	1.3%	1.3%	1.4%	1.4%
Administrative and waste services	3.1%	3.2%	3.1%	3.1%	3.1%
Administrative and support services	2.5%	2.6%	2.6%	2.6%	2.6%
Waste management and remediation services	0.6%	0.6%	0.5%	0.5%	0.4%
Educational services	0.5%	0.5%	0.5%	0.5%	0.5%
Health care and social assistance	5.4%	5.6%	5.6%	5.5%	5.5%
Ambulatory health care services	3.3%	3.4%	3.4%	3.3%	3.4%
Hospitals and nursing and residential care facilities	1.6%	1.6%	1.7%	1.6%	1.6%
Social assistance	0.5%	0.6%	0.6%	0.6%	0.6%
Arts, entertainment, and recreation	1.4%	1.3%	1.3%	1.2%	1.2%
Performing arts, museums, and related activities	0.5%	0.5%	0.5%	0.4%	0.4%
Amusement, gambling, and recreation	0.9%	0.8%	0.8%	0.8%	0.8%
Accommodation and food services	2.9%	2.9%	3.0%	2.9%	2.9%
Accommodation	1.0%	1.0%	1.0%	1.0%	1.0%
Food services and drinking places	1.9%	1.9%	2.0%	1.9%	1.9%
Other services, except government	2.2%	2.3%	2.2%	2.2%	2.1%
Government	11.5%	11.3%	11.1%	10.8%	10.5%
Federal civilian	2.2%	2.2%	2.1%	2.0%	2.0%
Federal military	1.3%	1.3%	1.3%	1.3%	1.2%
State and local	8.0%	7.9%	7.7%	7.4%	7.3%

**APPENDIX 6: NOMINAL FILM GDP BY STATE, IN MILLION, 2002-2006**

<b>State</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
United States	\$35,793	\$36,142	\$36,819	\$37,355	\$37,554
Alabama	38	43	37	37	40
Alaska	11	13	10	13	8
Arizona	114	126	123	134	128
Arkansas	41	45	43	47	49
California	21,769	21,697	22,621	22,336	22,336
Colorado	236	218	175	191	197
Connecticut	165	170	128	127	117
Delaware	12	13	12	13	11
D.C.	139	150	165	120	127
Florida	682	659	722	784	829
Georgia	308	291	290	290	334
Hawaii	79	57	116	85	89
Idaho	22	23	23	30	29
Illinois	531	532	561	603	637
Indiana	108	102	108	108	113
Iowa	59	61	61	70	69
Kansas	51	50	48	49	49
Kentucky	51	49	50	48	46
Louisiana	57	67	97	132	135
Maine	46	42	46	53	67
Maryland	165	193	193	217	200
Massachusetts	247	240	238	243	251
Michigan	304	287	296	262	273
Minnesota	211	218	220	191	180
Mississippi	21	21	23	22	23
Missouri	143	146	133	139	133
Montana	16	17	17	20	15
Nebraska	30	39	29	35	22
Nevada	78	78	92	87	115
New Hampshire	26	33	27	28	30
New Jersey	388	376	437	436	466
New Mexico	49	41	43	99	145
New York	6,273	6,655	6,229	6,911	6,698
North Carolina	120	132	118	129	128
North Dakota	7	8	9	10	9
Ohio	200	199	188	185	183
Oklahoma	59	55	50	48	47
Oregon	148	136	127	139	163
Pennsylvania	361	363	372	346	360
Rhode Island	22	21	24	24	74
South Carolina	57	46	40	42	48
South Dakota	13	14	13	14	16
Tennessee	541	564	616	618	693
Texas	1,069	1,118	1,124	1,086	1,085
Utah	154	156	145	151	154
Vermont	13	15	14	13	13
Virginia	229	217	222	215	245
Washington	159	176	182	206	208
West Virginia	25	21	18	18	19
Wisconsin	139	141	138	144	140
Wyoming	9	7	7	9	9



**APPENDIX 7: MARKET SHARE BY STATE, 2002-2006**

State	2002	2003	2004	2005	2006
United States	100.00%	100.00%	100.00%	100.00%	100.00%
Alabama	0.11	0.12	0.10	0.10	0.11
Alaska	0.03	0.04	0.03	0.03	0.02
Arizona	0.32	0.35	0.33	0.36	0.34
Arkansas	0.11	0.12	0.12	0.13	0.13
California	60.82	60.03	61.44	59.79	59.48
Colorado	0.66	0.60	0.48	0.51	0.52
Connecticut	0.46	0.47	0.35	0.34	0.31
Delaware	0.03	0.04	0.03	0.03	0.03
District of Columbia	0.39	0.42	0.45	0.32	0.34
Florida	1.91	1.82	1.96	2.10	2.21
Georgia	0.86	0.81	0.79	0.78	0.89
Hawaii	0.22	0.16	0.32	0.23	0.24
Idaho	0.06	0.06	0.06	0.08	0.08
Illinois	1.48	1.47	1.52	1.61	1.70
Indiana	0.30	0.28	0.29	0.29	0.30
Iowa	0.16	0.17	0.17	0.19	0.18
Kansas	0.14	0.14	0.13	0.13	0.13
Kentucky	0.14	0.14	0.14	0.13	0.12
Louisiana	0.16	0.19	0.26	0.35	0.36
Maine	0.13	0.12	0.12	0.14	0.18
Maryland	0.46	0.53	0.52	0.58	0.53
Massachusetts	0.69	0.66	0.65	0.65	0.67
Michigan	0.85	0.79	0.80	0.70	0.73
Minnesota	0.59	0.60	0.60	0.51	0.48
Mississippi	0.06	0.06	0.06	0.06	0.06
Missouri	0.40	0.40	0.36	0.37	0.35
Montana	0.04	0.05	0.05	0.05	0.04
Nebraska	0.08	0.11	0.08	0.09	0.06
Nevada	0.22	0.22	0.25	0.23	0.31
New Hampshire	0.07	0.09	0.07	0.07	0.08
New Jersey	1.08	1.04	1.19	1.17	1.24
New Mexico	0.14	0.11	0.12	0.27	0.39
New York	17.53	18.41	16.92	18.50	17.84
North Carolina	0.34	0.37	0.32	0.35	0.34
North Dakota	0.02	0.02	0.02	0.03	0.02
Ohio	0.56	0.55	0.51	0.50	0.49
Oklahoma	0.16	0.15	0.14	0.13	0.13
Oregon	0.41	0.38	0.34	0.37	0.43
Pennsylvania	1.01	1.00	1.01	0.93	0.96
Rhode Island	0.06	0.06	0.07	0.06	0.20
South Carolina	0.16	0.13	0.11	0.11	0.13
South Dakota	0.04	0.04	0.04	0.04	0.04
Tennessee	1.51	1.56	1.67	1.65	1.85
Texas	2.99	3.09	3.05	2.91	2.89
Utah	0.43	0.43	0.39	0.40	0.41
Vermont	0.04	0.04	0.04	0.03	0.03
Virginia	0.64	0.60	0.60	0.58	0.65
Washington	0.44	0.49	0.49	0.55	0.55
West Virginia	0.07	0.06	0.05	0.05	0.05
Wisconsin	0.39	0.39	0.37	0.39	0.37
Wyoming	0.03	0.02	0.02	0.02	0.02

**APPENDIX 8: AVERAGE ANNUAL WAGES, BY STATE**

	2002	2003	2004	2005	2006	2007		2002	2003	2004	2005	2006	2007
Alabama	\$38,672	\$48,151	\$34,580	\$37,074	\$42,021	\$39,589	Montana	\$28,975	\$28,733	\$33,803	\$32,987	\$30,901	\$33,699
Alaska	20,942	20,049	25,676	NA	NA	NA	Nebraska	37,310	39,025	40,243	38,624	32,747	37,639
Arizona	37,978	36,875	38,990	32,038	31,078	39,837	Nevada	22,518	28,299	32,737	33,383	36,381	30,871
Arkansas	33,325	33,169	34,174	37,577	42,827	43,712	New Hampshire	61,955	84,268	53,795	59,908	69,570	72,163
California	82,443	84,308	82,973	88,304	89,399	90,664	New Jersey	50,367	57,484	63,542	62,982	62,422	65,080
Colorado	59,552	56,867	44,744	45,823	47,248	49,431	New Mexico	26,428	23,115	15,389	40,731	32,899	31,785
Connecticut	84,037	71,685	71,879	72,821	74,619	48,455	New York	65,702	73,860	79,258	79,068	84,172	91,962
Delaware	NA	37,429	30,122	NA	39,100	42,491	North Carolina	25,020	26,084	29,655	37,782	45,429	49,776
District of Columbia	NA	68,839	71,340	72,879	73,092	85,758	North Dakota	NA	NA	NA	NA	NA	NA
Florida	41,481	48,497	58,378	65,426	65,697	69,951	Ohio	39,058	41,321	41,075	43,830	44,486	44,002
Georgia	36,960	43,154	46,399	47,397	56,052	61,079	Oklahoma	29,461	27,244	24,126	26,737	28,152	29,976
Hawaii	23,614	21,651	34,516	26,835	33,788	42,189	Oregon	25,551	28,922	32,535	34,916	36,206	44,434
Idaho	25,789	24,822	26,632	23,529	24,330	24,180	Pennsylvania	53,669	55,397	60,805	57,338	61,869	60,683
Illinois	48,366	51,979	54,978	64,823	69,170	69,455	Rhode Island	31,909	32,672	36,990	NA	66,780	NA
Indiana	41,833	39,708	41,230	44,680	43,581	43,186	South Carolina	19,300	36,312	40,117	33,489	32,302	27,256
Iowa	37,040	37,722	38,662	39,348	44,747	44,896	South Dakota	NA	18,830	21,354	21,703	30,881	NA
Kansas	40,009	39,758	38,553	40,563	42,362	44,585	Tennessee	38,946	42,886	46,614	42,968	46,508	56,948
Kentucky	41,902	39,037	48,424	36,756	34,731	36,445	Texas	40,706	40,688	43,193	48,238	53,943	60,754
Louisiana	24,682	17,029	20,499	30,726	30,565	37,258	Utah	21,098	22,318	24,920	23,126	28,267	29,757
Maine	NA	NA	33,905	38,823	40,454	42,030	Vermont	30,821	NA	38,882	36,027	39,744	41,972
Maryland	39,187	39,508	40,679	40,867	41,367	37,110	Virginia	49,151	47,767	55,433	51,867	61,275	47,452
Massachusetts	45,270	51,126	52,051	54,703	60,341	45,873	Washington	32,146	35,930	33,875	35,215	35,320	37,757
Michigan	49,185	48,970	50,675	50,873	53,280	54,033	West Virginia	38,301	42,948	32,566	28,354	24,469	21,341
Minnesota	38,923	40,979	49,504	42,062	42,451	43,742	Wisconsin	36,368	36,801	38,980	37,299	40,479	39,652
Mississippi	27,972	24,549	31,054	26,557	26,750	29,153	Wyoming	NA	NA	NA	53,133	51,914	57,422
Missouri	41,157	37,231	36,356	37,098	41,625	46,110	United States	68,235	71,525	73,430	76,282	78,405	80,232

Note: This measure of employment was derived by taking the four-digit Motion Picture and Video Industries NAICS (4121), less the five-digit Motion Picture and Video Exhibition NAICS (51213), thus resulting in production, distribution, and post-production.

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, [www.bls.gov](http://www.bls.gov), retrieved October 27, 2008.

**APPENDIX 9: FILM INDUSTRY BUSINESS-AS-USUAL ANALYSIS**

FILM INDUSTRY INCENTIVE ANALYSIS												
- Business-as-Usual -		Tax Credit Rate:			New Activity by Year:			Business as Usual (No New Activity)				
		Incentive:										
Total Output	Output	2006	2007	2008	2009	2010	2011	2012	2013	5-Year Total		
		Base Film Spending (Baseline)	162,399,517	162,399,517	153,454,765	145,002,678	137,016,121	129,469,453	122,338,446	115,600,205	649,426,904	
		New Film Spending and Avoided Attrition	(8,944,752)	(8,944,752)	(8,452,087)	(7,986,557)	(7,546,668)	(7,131,007)	(6,738,241)	(6,367,107)	(35,769,581)	
		<b>Total Film Spending</b>	<b>162,399,517</b>	<b>153,454,765</b>	<b>145,002,678</b>	<b>137,016,121</b>	<b>129,469,453</b>	<b>122,338,446</b>	<b>115,600,205</b>	<b>109,233,098</b>	<b>613,657,323</b>	
		Additional Output (Multiplier on Base)	192,573,347	181,966,660	171,944,176	171,944,176	162,473,717	153,524,878	145,068,929	137,078,723	770,090,423	
		Additional Output (Multiplier on New Spending)	-	-	-	(9,470,459)	(8,948,839)	(8,455,949)	(7,990,206)	(7,550,116)	(42,415,569)	
		<b>Total Output (Direct and Indirect)</b>	<b>354,972,864</b>	<b>335,421,425</b>	<b>316,946,854</b>	<b>299,489,838</b>	<b>282,994,331</b>	<b>267,407,375</b>	<b>252,678,928</b>	<b>238,761,705</b>	<b>1,341,332,178</b>	
	Direct Employment	Direct Employment	2006	2007	2008	2009	2010	2011	2012	2013	5-Year Total	
			Base Direct Employment (Baseline)	1,398	1,398	1,321	1,248	1,179	1,115	1,053	995	995
			Direct New Employment	-	(77)	(73)	(69)	(65)	(58)	(55)	(55)	(55)
		<b>Total Direct Employment</b>	<b>1,398</b>	<b>1,321</b>	<b>1,248</b>	<b>1,179</b>	<b>1,115</b>	<b>1,053</b>	<b>995</b>	<b>940</b>	<b>940</b>	
		Average Earnings	47,590	49,646	51,135	53,121	56,840	60,818	65,076	69,631		
		Total Earnings	66,530,820	65,582,366	63,829,281	62,655,925	63,349,264	64,050,274	64,759,042	65,475,653	320,290,159	
		State Direct Income Taxes	3,080,377	3,036,464	2,955,296	2,900,969	2,933,071	2,965,528	2,998,344	3,031,523	14,829,434	
		<i>New State Income Taxes</i>				(169,095)	(170,966)	(172,858)	(174,771)	(176,705)	(864,396)	
		State Sales Taxes on Taxable Purchases	449,163	442,760	430,924	423,003	427,684	432,416	437,201	442,039	2,162,343	
		<i>New State Sales Taxes on Taxable Purchases</i>				(24,656)	(24,929)	(25,205)	(25,484)	(25,766)	(126,041)	
	County Sales Taxes on Taxable Purchases	233,874	230,540	224,378	220,253	222,690	225,155	227,646	230,165	1,125,910		
	<i>New County Sales Taxes on Taxable Purchases</i>				(12,838)	(12,980)	(13,124)	(13,269)	(13,416)	(65,628)		
	City Sales Tax on Taxable Purchases	421,284	415,278	404,177	396,747	401,138	405,577	410,065	414,602	2,028,129		
	<i>New City Sales Tax on Taxable Purchases</i>				(23,126)	(23,382)	(23,641)	(23,902)	(24,167)	(118,218)		
	County Property Taxes	481,103	454,604	429,565	418,083	395,055	373,296	352,735	333,307	1,872,476		
	<i>New County Property Taxes</i>				(24,370)	(23,027)	(21,759)	(20,561)	(19,428)	(109,145)		
	City Property Taxes	201,326	190,237	179,759	174,954	165,317	156,212	147,608	139,478	783,569		
	<i>New City Property Taxes</i>				(10,198)	(9,636)	(9,105)	(8,604)	(8,130)	(45,674)		
	School District Property Taxes	970,862	917,388	866,860	843,688	797,218	753,309	711,817	672,611	3,778,643		
	<i>New School District Property Taxes</i>				(49,178)	(46,469)	(43,910)	(41,491)	(39,206)	(220,254)		
Indirect Employment	Indirect Employment	2006	2007	2008	2009	2010	2011	2012	2013	5-Year Total		
		Current Indirect Employment	1,869	1,869	1,669	1,572	1,480	1,393	1,311	1,233	1,233	
		New Indirect Employment	-	(103)	(97)	(92)	(87)	(82)	(78)	(73)	(73)	
		<b>Total Indirect Employment</b>	<b>1,869</b>	<b>1,766</b>	<b>1,572</b>	<b>1,480</b>	<b>1,393</b>	<b>1,311</b>	<b>1,233</b>	<b>1,160</b>	<b>1,160</b>	
		Average Indirect Earnings	57,093	58,823	60,605	62,442	64,334	66,283	68,291	70,361		
		Total Indirect Earnings	106,722,088	103,899,549	95,255,611	92,401,745	89,613,219	86,887,998	84,224,090	81,619,549	434,746,602	
		State Indirect Income Tax	4,941,233	4,810,549	4,410,335	4,278,201	4,149,092	4,022,914	3,899,575	3,778,985	20,128,768	
		<i>New State Income Tax</i>				(265,767)	(258,738)	(251,895)	(245,233)	(238,747)	(1,260,381)	
		State Sales Taxes on Taxable Purchases	720,502	701,447	643,090	623,823	604,997	586,598	568,614	551,030	2,935,061	
		<i>New State Sales Taxes on Taxable Purchases</i>				(38,753)	(37,728)	(36,730)	(35,758)	(34,813)	(183,782)	
	County Sales Taxes on Taxable Purchases	375,158	365,236	334,850	324,818	315,016	305,436	296,071	286,916	1,528,256		
	<i>New County Sales Taxes on Taxable Purchases</i>				(20,178)	(19,644)	(19,125)	(18,619)	(18,127)	(95,693)		
	City Sales Taxes on Taxable Purchases	675,781	657,909	603,174	585,103	567,445	550,189	533,320	516,828	2,752,885		
	<i>New City Sales Taxes on Taxable Purchases</i>				(36,347)	(35,386)	(34,450)	(33,539)	(32,652)	(172,374)		
	County Property Taxes	643,283	607,851	540,892	524,534	493,744	464,650	437,158	411,181	2,331,268		
	<i>New County Property Taxes</i>				(32,585)	(30,790)	(29,094)	(27,492)	(25,977)	(145,938)		
	City Property Taxes	269,192	254,366	226,345	219,500	206,616	194,441	182,936	172,066	975,558		
	<i>New City Property Taxes</i>				(13,636)	(12,885)	(12,175)	(11,504)	(10,871)	(61,070)		
	School District Property Taxes	1,298,140	1,226,640	1,091,516	1,058,506	996,372	937,660	882,182	829,760	4,704,481		
	<i>New School District Property Taxes</i>				(65,756)	(62,134)	(58,712)	(55,478)	(52,422)	(294,502)		

A	B	C	D	E	F	G	H	I	J	K
50	<b>Operations</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>5-Year Total</b>
51	Production-Related Taxable Expenditures	48,719,855	46,036,429	43,500,803	41,104,836	38,840,836	36,701,534	34,680,062	32,769,929	184,097,197
52	State Production Sales Taxes	1,412,876	1,335,056	1,261,523	1,192,040	1,126,384	1,064,344	1,005,722	950,328	5,338,819
53	<i>New State Production Sales Taxes</i>	-	(77,819)	(73,533)	(69,483)	(65,656)	(62,040)	(58,623)	(55,394)	(311,195)
54	County Production Sales Taxes	735,670	695,150	656,862	620,683	586,497	554,193	523,669	494,826	2,779,868
55	<i>New County Production Sales Taxes</i>	-	(40,520)	(38,288)	(36,179)	(34,186)	(32,303)	(30,524)	(28,843)	(162,036)
56	City Production Sales Taxes	1,325,180	1,252,191	1,183,222	1,118,052	1,056,471	998,282	943,298	891,342	5,007,444
57	<i>New City Production Sales Taxes</i>	-	(72,989)	(68,969)	(65,170)	(61,581)	(58,189)	(54,984)	(51,956)	(291,880)
58	State Production Income Taxes	751,910	710,496	671,362	634,385	599,444	566,427	535,229	505,749	2,841,233
59	<i>New State Production Income Taxes</i>	-	(41,414)	(39,133)	(36,978)	(34,941)	(33,017)	(31,198)	(29,480)	(165,613)
60	<b>Postproduction-Related Construction</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>5-Year Total</b>
61	Cumulative Infrastructure				2,850,500	6,157,080	9,992,713	14,442,047	19,603,274	
62	Hard Costs				2,500,000	2,900,000	3,364,000	3,902,240	4,526,598	17,192,838
63	<i>Hard Costs Multiplier Effect</i>				3,775,750	4,379,870	5,080,649	5,893,553	6,836,522	25,966,344
64	<i>Hard Earnings</i>				937,500	1,087,500	1,261,500	1,463,340	1,697,474	6,447,314
65	<i>Hard Employment</i>				23	27	31	36	42	42
66	Soft Costs Direct Output				350,500	406,580	471,633	547,094	634,629	2,410,436
67	<i>Soft Costs Multiplier Effect</i>				463,396	537,539	623,546	723,313	839,043	3,186,837
68	<i>Soft Earnings</i>				161,966	187,881	217,942	252,812	293,262	1,113,862
69	<i>Soft Employment</i>				3	4	4	5	6	6
70	Total Direct Output				2,850,500	3,306,580	3,835,633	4,449,334	5,161,227	19,603,274
71	<i>Total Direct and Indirect Output</i>				7,089,646	8,223,989	9,539,828	11,066,200	12,836,792	48,756,456
72	State Income Taxes				50,905	59,050	68,498	79,458	92,171	350,082
73	State Sales Taxes on Building Materials				43,500	50,460	58,534	67,899	78,763	299,155
74	County Sales Taxes on Building Materials				22,650	26,274	30,478	35,354	41,011	155,767
75	City Sales Taxes on Building Materials				40,800	47,328	54,900	63,685	73,874	280,587
76	County Property Taxes on Commercial Property				15,345	33,145	53,793	77,745	105,530	285,559
77	City Property Taxes on Commercial Property				6,421	13,870	22,511	32,534	44,161	119,497
78	School District Property Taxes on Commercial Property				30,966	66,887	108,555	156,890	212,958	576,256
79	State Sales Taxes on Employee Taxable Purchases				7,423	8,610	9,988	11,586	13,440	51,047
80	County Sales Taxes on Employee Taxable Purchases				3,865	4,483	5,201	6,033	6,998	26,580
81	City Sales Taxes on Employee Taxable Purchases				6,962	8,076	9,368	10,867	12,606	47,879
82	County Property Taxes on Residences				9,372	10,872	12,611	14,629	16,969	64,453
83	City Property Taxes on Residences				3,922	4,549	5,277	6,122	7,101	26,971
84	School District Property Taxes on Residences				18,913	21,939	25,449	29,521	34,244	130,066

A	B	C	D	E	F	G	H	I	J	K
85	Tax Detail	2006	2007	2008	2009	2010	2011	2012	2013	5-Year Total
86	<b>Total Tax Collected</b>	<b>18,986,913</b>	<b>18,304,161</b>	<b>17,114,131</b>	<b>16,818,385</b>	<b>16,399,794</b>	<b>16,021,789</b>	<b>15,685,514</b>	<b>15,392,563</b>	<b>80,318,044</b>
87	<b>Total Tax</b>									
88	Total Direct Taxes	10,063,624	9,680,164	9,263,928	9,102,538	8,948,933	8,823,509	8,727,441	8,662,268	44,264,689
89	Total Indirect Taxes	8,923,289	8,623,997	7,850,202	7,715,846	7,450,861	7,198,280	6,958,073	6,730,295	36,053,355
90	<i>Total New Direct Taxes</i>		<i>(232,742)</i>	<i>(219,923)</i>	<i>(361,589)</i>	<i>(269,791)</i>	<i>(166,380)</i>	<i>(49,305)</i>	<i>83,806</i>	<i>(763,259)</i>
91	<i>Total New Indirect Taxes</i>				<i>(371,660)</i>	<i>(339,725)</i>	<i>(305,789)</i>	<i>(269,409)</i>	<i>(230,080)</i>	<i>(1,516,662)</i>
92	<b>Total New Taxes - Direct and Indirect</b>		<b>(232,742)</b>	<b>(219,923)</b>	<b>(733,249)</b>	<b>(609,516)</b>	<b>(472,169)</b>	<b>(318,713)</b>	<b>(146,274)</b>	<b>(2,279,921)</b>
93	<b>Return on Investment, Total Revenue</b>				<b>(733,249)</b>	<b>(609,516)</b>	<b>(472,169)</b>	<b>(318,713)</b>	<b>(146,274)</b>	<b>(2,279,921)</b>
94	<b>State - Total Tax Collected</b>	<b>11,356,060</b>	<b>11,036,771</b>	<b>10,372,530</b>	<b>10,154,248</b>	<b>9,958,792</b>	<b>9,775,248</b>	<b>9,603,628</b>	<b>9,444,028</b>	<b>48,935,943</b>
95	<b>State Tax</b>									
96	Total Direct Taxes	5,694,325	5,524,775	5,319,106	5,193,897	5,137,042	5,087,249	5,044,395	5,008,402	25,470,985
97	Total Indirect Taxes	5,661,735	5,511,996	5,053,424	4,960,351	4,821,749	4,687,999	4,559,233	4,435,626	23,464,958
98	<i>Total New Direct Taxes</i>		<i>(119,234)</i>	<i>(112,666)</i>	<i>(256,712)</i>	<i>(246,033)</i>	<i>(234,586)</i>	<i>(222,177)</i>	<i>(208,582)</i>	<i>(1,168,090)</i>
99	<i>Total New Indirect Taxes</i>				<i>(246,192)</i>	<i>(228,805)</i>	<i>(210,139)</i>	<i>(189,948)</i>	<i>(167,949)</i>	<i>(1,043,033)</i>
100	<b>Total New Taxes - Direct and Indirect</b>		<b>(119,234)</b>	<b>(112,666)</b>	<b>(502,904)</b>	<b>(474,838)</b>	<b>(444,725)</b>	<b>(412,125)</b>	<b>(376,531)</b>	<b>(2,211,123)</b>
101	<b>Return on Investment, Total Revenue</b>				<b>(502,904)</b>	<b>(474,838)</b>	<b>(444,725)</b>	<b>(412,125)</b>	<b>(376,531)</b>	<b>(2,211,123)</b>
102	<b>State Plus 1/4 School - Total Tax Collected</b>	<b>11,923,311</b>	<b>11,572,778</b>	<b>10,862,124</b>	<b>10,642,267</b>	<b>10,429,396</b>	<b>10,231,491</b>	<b>10,048,730</b>	<b>9,881,421</b>	<b>51,233,305</b>
103	<b>State Plus 1/4 School</b>									
104	Total Direct Taxes	5,937,041	5,754,122	5,535,821	5,412,560	5,353,069	5,302,715	5,261,571	5,229,794	26,559,710
105	Total Indirect Taxes	5,986,270	5,818,656	5,326,304	5,229,706	5,076,327	4,928,776	4,787,159	4,651,627	24,673,595
106	<i>Total New Direct Taxes</i>		<i>(119,234)</i>	<i>(112,666)</i>	<i>(261,265)</i>	<i>(240,928)</i>	<i>(218,425)</i>	<i>(193,327)</i>	<i>(165,144)</i>	<i>(1,079,089)</i>
107	<i>Total New Indirect Taxes</i>				<i>(257,903)</i>	<i>(238,854)</i>	<i>(218,455)</i>	<i>(196,437)</i>	<i>(172,494)</i>	<i>(1,084,142)</i>
108	<b>Total New Taxes - Direct and Indirect</b>		<b>(119,234)</b>	<b>(112,666)</b>	<b>(519,168)</b>	<b>(479,783)</b>	<b>(436,879)</b>	<b>(389,764)</b>	<b>(337,637)</b>	<b>(2,163,232)</b>
109	<b>Return on Investment, Total Revenue</b>				<b>(519,168)</b>	<b>(479,783)</b>	<b>(436,879)</b>	<b>(389,764)</b>	<b>(337,637)</b>	<b>(2,163,232)</b>
110	<b>County - Total Tax Collected</b>	<b>2,469,088</b>	<b>2,353,382</b>	<b>2,186,547</b>	<b>2,159,603</b>	<b>2,087,776</b>	<b>2,024,813</b>	<b>1,971,041</b>	<b>1,926,903</b>	<b>10,170,136</b>
111	<b>County Tax</b>									
112	Total Direct Taxes	1,450,647	1,380,295	1,310,805	1,297,014	1,263,661	1,236,915	1,217,150	1,204,839	6,219,579
113	Total Indirect Taxes	1,018,441	973,087	875,742	862,589	824,115	787,897	753,891	722,064	3,950,556
114	<i>Total New Direct Taxes</i>		<i>(40,520)</i>		<i>(35,392)</i>	<i>(10,775)</i>	<i>48,746</i>	<i>84,853</i>		<i>104,516</i>
115	<i>Total New Indirect Taxes</i>				<i>(39,526)</i>	<i>(35,079)</i>	<i>(30,407)</i>	<i>(25,449)</i>	<i>(20,137)</i>	<i>(150,598)</i>
116	<b>Total New Taxes - Direct and Indirect</b>		<b>(40,520)</b>	<b>(38,288)</b>	<b>(74,918)</b>	<b>(45,855)</b>	<b>(13,323)</b>	<b>23,296</b>	<b>64,717</b>	<b>(46,082)</b>
117	<b>City - Total Tax Collected</b>	<b>2,892,763</b>	<b>2,769,980</b>	<b>2,596,677</b>	<b>2,552,461</b>	<b>2,470,810</b>	<b>2,396,756</b>	<b>2,330,434</b>	<b>2,272,058</b>	<b>12,022,519</b>
118	<b>City Tax</b>									
119	Total Direct Taxes	1,947,789	1,857,706	1,767,158	1,736,974	1,684,124	1,637,482	1,597,189	1,563,457	8,219,226
120	Total Indirect Taxes	944,974	912,274	829,519	815,487	786,686	759,275	733,245	708,600	3,803,293
121	<i>Total New Direct Taxes</i>		<i>(72,989)</i>	<i>(68,969)</i>	<i>(51,273)</i>	<i>(33,401)</i>	<i>(13,524)</i>	<i>8,728</i>	<i>33,782</i>	<i>(55,687)</i>
122	<i>Total New Indirect Taxes</i>				<i>(39,099)</i>	<i>(35,645)</i>	<i>(31,980)</i>	<i>(28,055)</i>	<i>(23,816)</i>	<i>(158,595)</i>
123	<b>Total New Taxes - Direct and Indirect</b>		<b>(72,989)</b>	<b>(68,969)</b>	<b>(90,372)</b>	<b>(69,046)</b>	<b>(45,504)</b>	<b>(19,327)</b>	<b>9,966</b>	<b>(214,282)</b>
124	<b>School District - Total Tax Collected</b>	<b>2,269,002</b>	<b>2,144,028</b>	<b>1,958,376</b>	<b>1,952,073</b>	<b>1,882,416</b>	<b>1,824,973</b>	<b>1,780,410</b>	<b>1,749,574</b>	<b>9,189,446</b>
125	<b>School Tax</b>									
126	Total Direct Taxes	970,862	917,388	866,860	874,654	864,105	861,863	868,707	885,570	4,354,899
127	Total Indirect Taxes	1,298,140	1,226,640	1,091,516	1,077,419	1,018,311	963,109	911,703	864,004	4,834,547
128	<i>Total New Direct Taxes</i>				<i>(18,212)</i>	<i>20,418</i>	<i>64,645</i>	<i>115,398</i>	<i>173,752</i>	<i>356,002</i>
129	<i>Total New Indirect Taxes</i>				<i>(46,843)</i>	<i>(40,195)</i>	<i>(33,263)</i>	<i>(25,957)</i>	<i>(18,178)</i>	<i>(164,436)</i>
130	<b>Total New Taxes - Direct and Indirect</b>				<b>(65,055)</b>	<b>(19,778)</b>	<b>31,382</b>	<b>89,441</b>	<b>155,574</b>	<b>191,566</b>
131	<b>County, City, and School District - Total Tax Collected</b>	<b>7,630,852</b>	<b>7,267,390</b>	<b>6,741,601</b>	<b>6,664,136</b>	<b>6,441,002</b>	<b>6,246,542</b>	<b>6,081,886</b>	<b>5,948,535</b>	<b>31,382,101</b>
132	<b>Non-State</b>									
133	Total Direct Taxes	4,369,299	4,155,389	3,944,823	3,908,641	3,811,891	3,736,260	3,683,046	3,653,866	18,793,704
134	Total Indirect Taxes	3,261,554	3,112,001	2,796,778	2,755,495	2,629,112	2,510,282	2,398,840	2,294,669	12,588,397
135	<i>Total New Direct Taxes</i>		<i>(113,509)</i>	<i>(107,257)</i>	<i>(104,877)</i>	<i>(23,758)</i>	<i>68,206</i>	<i>172,872</i>	<i>292,388</i>	<i>404,831</i>
136	<i>Total New Indirect Taxes</i>				<i>(125,468)</i>	<i>(110,920)</i>	<i>(95,650)</i>	<i>(79,461)</i>	<i>(62,131)</i>	<i>(473,629)</i>
137	<b>Total New Taxes - Direct and Indirect</b>		<b>(113,509)</b>	<b>(107,257)</b>	<b>(230,345)</b>	<b>(134,678)</b>	<b>(27,444)</b>	<b>93,411</b>	<b>230,257</b>	<b>(68,798)</b>

## APPENDIX 10: LITERATURE REVIEW

### Arizona

A report by the Arizona Department of Commerce reported on the effects of the state's film tax incentives for the calendar year 2006. The Arizona Legislature established the Motion Picture Production Tax Incentives Program in 2005, making way for sales and use tax exemptions, as well as transferable income tax credits. The state approved a total of \$30 million in tax credits for 18 applications in 2006 brought by 11 companies. These companies estimated that 75% of the 2,276 full-time employees would be Arizona residents, and that \$167 million of the \$232 million in production spending would reside in-state.

From 2005 to 2005, Arizona saw a 48% increase in the number of projects and a 6% increase in the number of production days. In addition, industry employment grew by 30% and wages grew by 9%. It should be noted that the aggressive increases in employment outstripped total wages, leading to a short-term decrease in annual wages.

Arizona offers a tax credit of 20 percent for movie budgets up to \$1 million and 30 percent for budgets capped at \$7 million. Qualifications include employing a workforce of at least 50 percent AZ residents. Also, AZ also now offers a 15 percent investment credit on infrastructure building or contribution. Lastly, use and transaction taxes are exempted for all machinery, equipment and other tangible property used in production. Overall the state allocated \$50 million for tax credit disbursements for films in 2008. (Motion Picture Production Tax Incentives Program, 2007)

### Austin

A study commissioned by the city of Austin found that film production totaled \$192.7 million in the city in 2003, resulting in total economic activity nearing \$323 million, labor compensation of \$88.6 million, and employment of 3,059. While most of the direct output resided in the services and retail trade sectors (60%), 25% of the economic output was supplied by indirect activity, and another 15% by households.

The report cited concerns over international competition luring films, notably Canada, as well as increased competition domestically via film incentives. Austin did not have incentives in 2003, and the report indicated that incentives and infrastructure were needed to maintain and increase the attractiveness of filming in the city. (Texas Perspectives Inc., 2004)

### Connecticut

An economic impact study of the Connecticut film industry found that the industry supports 8,323 direct jobs and more than 18,000 direct and indirect jobs. The industry comprised \$2.5 billion, or 1.35%, of state GDP, and \$1.2 billion, or 0.76%, of personal

income. In addition, the industry added \$199 million to state and local revenues. It should be noted that the industry included NAICS sectors beyond film production. (McMillen 2006)

### **Louisiana**

In March 2005, the Louisiana Legislative Fiscal Office released an economic and fiscal impact study of film tax incentives in the state, reporting that film and video production increased substantially in 2003 and 2004 due to the deployment of tax credits. Production budgets grew from \$11.8 million in 2002 to \$188.8 million in 2003 and \$354.7 million in 2004, based on productions participating in the incentive programs. While benefits can be measured in increased production, employment, and wages, and state and local tax revenues, the report concludes that the State can expect to recoup only 16% to 18% of the tax credits. The report indicates 3,000 new jobs and an increase in earnings by more than \$10 million resulting from the tax credits.

The Governor's Office of Film and Television Development (GOFTD) surveyed projects in 2003 and found that 37.91% of production budgets were spent in the state. Thus, the entire film budget should not be measured. (Albrecht 2005)

### **Maine**

The 2008 study by ECONorthwest on behalf of the Maine Film Office concluded that Maine's "Visual Media" sector directly employed 2,113 in 2005. Adding indirect and induced employment brought total film-related employment to 4,941 in the state. Direct output by the industry totaled \$371.1 million in 2005, and total output was nearly \$629.9 million (direct, indirect, and induced). Direct earnings per job were \$41,172, while indirect earnings were \$25,396 and induced earnings were \$34,090. From the study's analysis, roughly \$150,000 in state and local government revenues were generated per million in in-state spending.

Aside from the measureable, the report indicated that the intangible benefits of out-of-state productions in Maine include increased business for the local media sector, workforce retention, and new business and tourism opportunities.

The study captured four subsectors, including indigenous film and video production; television, cable & Internet broadcasting and distribution; indigenous commercial photography; and out-of-state film, video, and commercial photography production.

State incentives include the Attraction Wage Tax Rebate offers rebates of 10 percent for non residents and 12 percent for Maine residents, capped at a wage of \$1 million. In the Maine Income Tax Rebate program the state offers full income tax credits equal to the amount incurred in the state. Also the state exempts lodging tax after 28 days and sales tax, and offers state facilities free of charge. Energy can also be deducted, as Maine offers to rebate 95 percent of the amount of fuel and energy costs. (Film in Maine n.d.)

## **Massachusetts**

A report by the Massachusetts Department of Revenue on the state's film incentives reported an increase in payroll applications from \$33.0 million in 2006 to \$86.9 million and \$231.3 million in years 2007 and 2008. Applications for other, non-payroll expenses followed a similar pattern from 2006 through 2008, increasing from \$28.0 million in 2006 to \$37.8 million and 128.0 million in 2007 and 2008. Tax credits in Massachusetts may be carried forward for up to 5 years, resulting in deferred claims.

Massachusetts film incentives took effect in 2006, and were revised in 2007 making the incentives more accessible. As of 2007, film incentives included:

- 25% tax credit for payroll and production expenses;
- \$50,000 minimum expenditure threshold;
- Sales tax exemption on sales of personal property;
- Credits transferable and may be carried forward for up to 5 years;
- Credits may be refundable.

(Bal 2008)

## **Montana**

A study on the Montana film industry in 2005 quantified the industry's impact on the state's economy, and potential impact given new tax incentives. The study reported that over the prior six years, production-related spending totaled \$53 million, resulting in \$81.4 million in economic activity when accounting for the multiplier effect. The industry accounted for 930 full-time equivalent jobs and 444 indirect jobs. In addition, the state received \$4.3 million in tax revenue.

Examining the results on a year-by-year basis, direct production expenditures were highly variable from 1998 through 2003, with average production spending at \$8.8 million and a standard deviation of \$3.2 million. Similarly, employment was highly variable, with an average of 155 direct full-time equivalent employees, and a standard deviation of 57.

Montana's proposed tax incentives took two forms: 12% rebate based on payroll, 8% incentive on non-labor qualified expenditures. Researchers estimated that this would grow the industry to \$25 million in 2006.

Researchers received completed surveys from productions in the state, as well as public economic sources (e.g., Consumer Expenditures Survey, National Income and Product Accounts, Annual Survey of State and Local government Finances, Regional Economic Information System Data) that are embedded in the model. Through the survey results,



researchers identified that, on average, 18% of the production budget is spent on labor (ranging from 12% to 33% depending on the type of production). (The Big Sky on the Big Screen Act, A Film Industry Incentive 2005)

### **New York**

A 2006 study by Cornell University and the Fiscal Policy Institute examined New York's film industry and estimated the economic impact of the industry on the state. The study notes New York's competitive advantages over other states, including physical infrastructure and labor force. The study quantifies that more than one third of U.S. actors, 12% of film editors, and 10% of set designers are found in New York City. The state ranks second to California in total film starts.

The study examines the industry from 2003 through 2005. Over the three-year period, the film, television, and commercial production industry grew from \$11.7 billion (\$5.4 billion direct and \$6.3 billion indirect) in 2003 to an estimated \$12.5 billion and \$13.3 billion in 2004 and 2005. The industry directly employed an estimated 36,400 and an additional 31,200 indirect employees. (Christopherson 2006)

### **National**

This report is the fifth installment in a series of reports by the National Governors Association in an attempt to promote state economies through implementing more activities in entertainment and the arts, and specifically Film and Television. Of the 50 states, many offer financial incentives to attract filmmakers, and all but 7 offer tax rebates and exemptions.

Twenty-eight states offer labor incentives, and 27 offer lodging incentives. Montana offers a 14% tax rebate for labor hired from Montana by film projects. Minnesota exempts lodging taxes for production personnel who stay in the same facility for 30 consecutive days. Some legislatures offer more radical incentives to showcase certain attributes of their state. Alaska offers an additional 2% cut on top a 30% tax credit for filming in designated rural areas, and another 2% credit for filming in the winter months between October and March. Many states also address the need of a workforce educated in the arts and film industries.

There are 100 film schools in the country across 27 states, and more are being established every year. Some states, such as Louisiana, offer scholarships and even free job training and placement services to members of the community interested in pursuing a career in film. And finally, most states now have a State Film Office of some kind, whose primary occupation is running a website designed to attract producers. Main areas of emphasis that are stressed are unique attributes of the state, financial incentives, the available workforce and employment base, and previous successful films that were shot on site. (Promoting Film and Media to Enhance State Economic Development 2008)

## **Oregon**

Oregon does not have a sales tax and thus has been attractive in the eyes of movie producers for some time. In 2002 Oregon received \$433.5 million in direct spending by the film and video industry. This number in turn resulted in 836.8 million in economic output for the state. The largest contributor to this spending was television broadcasting, which contributed \$255.8 million directly and caused a \$481.6 increase in the state economy. (Contribution of the Film & Video Industry on the Economies of Oregon and The Portland Metro Area 2004)

## **San Francisco**

A 2006 economic impact study in on a proposed film tax rebate in San Francisco found for every \$10 million of income from film activity, the city gross output increased by \$17 million. The study by the Office of Economic Analysis noted that the city's industry, at approximately \$173.5 million, represented only 0.4% of the city's total output. The rebate proposal would return \$1 for \$1 the amount paid by the production for any city taxes, fees, or direct city assistance (e.g., police, city property, etc.). The rebate program was expected to not only curb film leakage to other communities offering incentives, but to increase production up to 3% and add nearly 150 jobs. Estimates put the average refund at 2% of total film costs, or \$50,000 to \$75,000 per \$5 million film. The report noted that the incentives would likely increase local film production by local producers. (Economic Impact Report of the Proposed Film Rebate Program 2006)

## **South Carolina**

In a 2008 study by the Division of Research at the University of South Carolina, researchers estimated the impact of wage rebates to the film industry on the state. The study concluded that for every \$1.00 spent on wage rebates, the total income effect for South Carolina was \$1.30. Additionally, for every \$1.00 spent on supplier rebates, the total income effect on South Carolina was \$3.68. This study examined gross wages minus taxes withheld in order to quantify take-home-pay rather than gross wages or taxable wages, and assumes that 100% of take-home-pay was spent (not saved) in South Carolina.

Based on the take-home-pay assumption, \$4,609,162 was earned between 2006 and 2007, but \$4,759,014 was paid in wage rebates. This translates to \$0.97 directly infused into the South Carolina economy for every \$1.00 rebate. However, when accounting for the multiplier effect, \$1.30 is infused into the South Carolina economy for every \$1.00 rebate. (Woodward 2008)

## **Southern States**

In a report on Southern States initiatives to lure films, it was noted that the Motion Picture Associate of America estimated motion picture and television production industries contribute \$60.4 billion to the national economy, generating more than 1.3 million American jobs and generating \$10 billion in tax revenues. More specifically, Louisiana was a leader in film incentives, which are credited to growing film-related output in the state

from \$22.1 million in 2002, to \$390.5 million, \$721.1 million, and \$1 billion in 2003, 2004, and 2005, respectively. (CanagaRetna 2007)

### **Wisconsin**

In February 2006, a Wisconsin Legislative Brief pointed to the success of the film industry in untraditional film states – North Carolina and New Mexico. According to the Brief, North Carolina in 2004 recorded \$235 million in direct spending and 20,000 production jobs due to the film industry, prompting the legislature in 2005 to create film incentives to retain and grow the industry. The tax incentives amounted to 15% of total expenses in the state for expenditures above \$250,000.

According to the Brief, New Mexico's aggressive film incentives led to \$500 million in additional revenue since the inception of film production incentives. Basic parameters of the incentives include an un-capped tax rebate up to 20% of production expenditures, 0% loans up to \$15 million, 50% wage reimbursement of on-the-job training, free use of state buildings, and access to a Native American Casting Database.

Wisconsin's proposal called for a 25% tax credit on salaries and wages (not exceeding the first \$25,000) and expenditures, with portions of the credits nonrefundable, but with carry-forward provisions. The proposal also called for investment credits of 15%. The Brief indicated that given \$10 million in production expenditures, the incentives would result in a loss of revenue at the state level. (Jackson 2006)

## **SUMMARY OF FILM ARTICLES**

### **Carolinas**

Another state that is at the front of the film renaissance, North Carolina just extended its incentives package to January 2014. The package includes 15% tax credit on a minimum of \$250,000 state spending, as well as wages of up to \$1 million and production-related insurance. The incentives lured \$160.2 million in film and TV revenue in 2007, which was up 61% from 2006. In its preliminary planning stages is what will be the largest film facility outside of California. The Dream Stage, as it has been dubbed, will be constructed by EUE Screen Gems in Wilmington, N.C., and will span 50-acres, and 37,500 square feet.

South Carolina is also busy in film production and offers a very unique incentive program. Unlike most states, South Carolina distributes a cash rebate, paid to the production company 30 days after the final audit. A film group must spend at least \$1 million in state to qualify for rebates of 20% of in-state employee wages and a 10% cash rebate up to \$3,500 on out-of-state employee wages. The speed which the rebate is returned is what makes the opportunity very attractive to production companies. This has led to increase in production in demand, and as a result the South Carolina crew membership has increased 62% in the last year. (Muttalib 2008)

## **Cleveland**

Although no tax breaks exist currently in the state of Ohio, lawmakers are eagerly trying to come up with some kind of incentive plan for film production companies, to avoid losing out on potential opportunities offered by the industry. With 40 of the 50 states now offering incentive packages to incoming film production groups, including nearby Michigan who offers a 40% tax credit, Ohio is finding that many filmmakers now expect tax advantages when filming. One prospective plan is a 25% tax credit for filmmakers that spend at least \$300,000 in Ohio. However, the state already misses out on \$8 to \$9 billion in tax revenue every cycle to tax breaks in various industries, and lawmakers are hesitant to make new tax cuts, no matter what opportunities are available. (Fulwood III 2008)

## **Connecticut**

On January 1, 2006 the Connecticut General Assembly passed a film tax credit of 30% of money spent in the state, one of the most attractive in the nation. During a study period from Jan 1, 2007 to June 30, 2007, this program stimulated the industry in the state, generating \$55.1 million in production spending. Of this number, \$20.72 million trickled into the gross state product, and of that \$6.58 million became disposable full time jobs through the multiplier effect. A total of 395 jobs were created. The costs to the state were \$16.5 million issued out to credit applicants of the film industry. These applicants consisted of 13 total production groups who combined for 218 days of shooting in the state. (McMillen 2008)

## **Illinois**

In 2003 Illinois film production had reached an all time low of \$23 million. Just four years later in 2007 the film industry had reached a state record of \$155 million, an 80% increase over the year before. The catalyst to this improvement is the Illinois Film Tax Credit, a 20% tax reduction for filmmakers on money spent for Illinois goods, services, or wages for state employees. This resulted in 26,500 job hires throughout 2007, up 110% from 2006, and the record \$155 million in film spending. The largest movie ever made in Illinois, *The Dark Knight*, contributed heavily to 2007 totals. It alone brought nearly \$40 million to the state economy and created 4,500 job hires. (Binder 2008)

## **Louisiana**

Appealing incentives and growing infrastructure have Louisiana's already strong production industry continuing to grow stronger. Since the Louisiana film incentives program was enacted in 2002, the state has seen compounding employment growth of 23% in film-related jobs, and now sits third in highest film concentration ratio behind California and New York. The state has seen more than \$2 billion in productions since 2002, and is expected to see 65 projects completed in 2008 alone.

Shreveport-Bossier City, the largest market in the state, was ranked as the No. 3 best American city to "Live, Work and Make Movies" in 2008 by *Moviemaker* magazine. In 2007 the city made 24 film/TV productions which generated \$182 million, and a crew of 2,000

working 557 total production days. As of mid-2008, 18 projects had been launched with budgets totaling \$209 million. The southern part of the state is dominated by the New Orleans production market, which is also experiencing growth. In 2007 there were 14 projects launched out of the city, and 2008 had already seen 13 as of August. Production revenue for this year is an anticipated \$250 million, of which \$185 million is direct local spending.

Until recently companies that built studios in the state were eligible for a 40 percent rebate on construction costs. Due to this, more than 30 new soundstages are planned for the entire state by 2010, specifically in the Shreveport area. (Muttalib 2008)

### **Michigan**

At 40%, Michigan is touting the largest production rebate in the country. The incentives are expected to result in \$300 million in production spending in the state in 2008, with 47 productions approved so far totaling \$288.4 million. This compares to total production revenue of \$2.2 million in 2007. One issue with this rapid increase in production is that the state's limited film infrastructure has caused a bottleneck effect as production companies' fight for use of Michigan's facilities. However the new opportunities in the industry have led to proposals for several new studios, including an enormous \$60 million facility that expected to be operational for mid 2009.

To be eligible for the 40% refundable tax credit the film production must spend at least \$50,000 in the state. Productions can also claim an additional 2% for filming in one of 103 Core Communities to help inspire growth in less developed areas. Detroit is included as one of these communities. (Muttalib 2008)

### **Nationally**

As state governors search for ways to expand their respective economies, the collaborative group of all 50 governors, the National Governors Association (NGA), has published a series of Issue Briefs to document how the arts can offer economic opportunities. The fifth of the series, Promoting Film and Media to Enhance State Economic Development, is designed specifically to research the film and television industry and its prospective opportunities. In order to take advantage of and attract these members of the entertainment industry states are employing a variety of incentive packages offering: tax credits and financial incentives, supporting the growth of industry skills in the state workforce, and marketing the state's production advantages. It certainly seems to be a worthwhile venture, considering that in 2005 the motion picture industry contributed more than \$60 billion to the U.S. economy and employed more than 1.3 million. (National Governors Agency n.d.)

Of the 1.3 million, approximately 410,000 are employed directly or as a freelancing actor, writer, director, or specialist. The average salary for this group was \$73,000 in 2005, nearly 80% higher than the national average. These are employees in an industry consisting of more than 160,000 firms, which generated \$30 billion for the nation's economy in 2005.

For local communities, the two largest categories of taxes; those paid by industry workers and sales taxes on goods and services, generated a combined \$10 billion in public revenues. This includes \$3.1 billion in taxes at the federal level, \$1.5 at the state level, and another \$4.7 billion in additional unemployment, Medicare and Social Security taxes. The top production states in the country as of 2005 were California, New York, Nevada, Arizona, North Carolina, Montana, New Jersey, Louisiana, New Mexico, and Illinois. Other areas of benefit that the film industry enacts are the development of local infrastructure, and promoting of tourism to areas that may be showcased on film. Also, the industry is at the forefront of digital technology, and advances seen here have gone to benefit the general public and economy. (The Economic Impact of the Motion Picture & Television Production Industry on the United States 2006)

### **New York City**

Thanks to recent tax discounts instituted by New York, film and TV productions can now actually shoot there rather than have to create images of the city on a green screen. The city now offers a 30% tax credit to companies that shoot 75% of the production there. Other attractive incentives are free outdoor marketing, such as the sides of a bus, and discounts with local vendors. These incentives helped the city earn \$957 million dollars in the six month span from April 23 to September 23 of this year, which is a \$452 million increase from the same period last year. Much of the increased production has been seen in prime-time weekly television shows such as *Ugly Betty* and *Law and Order: Criminal Intent*. A total of 19 full series are expected to be produced in the city for the 2008-2009 filming season, up from 12 last year. In order to accommodate the increased growth in the industry, the city has built additional studio space in Brooklyn and Queens. (Itzkoff 2008)

### **Texas**

While total media production spending continues to rise for Texas, film production has declined sharply in the last few years. In 2003 total film production reached \$100.0 million, but in 2007 spending was only \$12.4 million. This amount was down 83% from the \$73.4 million that movie production earned the state in 2006. This is interesting considering that there were still 36 projects undertaken in 2007 compared to 45 in 2006. As expected, film related jobs have also fallen from 2,638 available jobs in 2006, down 55% to just 1,195 in 2007. Television production has been the staple of the Texas film industry for the last two years. In 2007 Television spending was \$75 million, employing 1,796 jobs in 68 projects. However, while film and TV production has fallen in recent years, its media industry as a whole continues to grow steadily. The reason for this is the state video game industry, which in 2007 contributed \$149 million to the total state media industry of \$345 million. (Texas Film Commission n.d.)

**Louisiana**

LA has developed itself a reputation for being one of the best and cheapest states for movie production. The program is based primarily on state tax credits. These include a 40 percent infrastructure credit on production facilities, and 25 percent credits on the overall investment. Companies can receive a 35 percent credit for employing Louisiana residents. The program also allows producers to sell their tax credits at a discount and get cash for them. All in all, these incentives led to a record year as film productions produced budgets in the state totaling over \$337 million. (Webster 2008)

**New Mexico**

New Mexico is also considered to be a movie-friendly state. It offers tax free production costs such as wardrobes, set construction, and equipment rental. It also offers a 25 percent credit on in state expenditures such as labor. An advantage of the NM credit system is that its tax credits are refundable, which means that in essence the New Mexico government just issues a check. This removes the middle men brokers that accommodate the transactions between state and movie maker, allowing films to keep more money. However, the state does not issue both the tax credit and the sales tax relief to any one production, which Louisiana does. The film must choose one or the other. Another thing that New Mexico offers zero interest loans for film companies up to \$15 million. According to Variety, New Mexico's incentives produced \$632 million for the state economy in 2007. (Film New Mexico 2008)

**Hawaii**

Hawaii offers several different types of incentives through Act 221 which was passed in on 12/31/05. First it offers a tax credit ranging from 15-20 percent. It also offers the Qualified High Tech Business Tax Credit, which is a 100% investor credit that is paid out over five years (paid in 35%, 25%, 20% and then 10% for the next two years). In order to qualify for this investor credit the film must utilize Hawaiian culture, scenery, or products on screen, or have secure distribution. However, this policy has come under criticism from state legislators and may not continue to survive. The state also offers a 7.25% tax rebate on hotel taxes. (Hawaii Film Office n.d.)

**New York**

The Empire State Film Production Credit was signed on August 20, 2004, and is effective under contract until 2011. It includes offers for a 10 percent credit on all production money spent in the state. But this sum is only good for all below-the-line expenses, the state caps its credits paid out at \$25 million per year. The state also removes all sales taxes from rentals used, and exemption from hotel tax for stays greater than 180 nights. (NY Loves Film n.d.)

**New York City**

The City offers an additional 5 percent tax credit on top of the state 10 percent. Also offers city property at no expense, and free police officers. (NY Loves Film n.d.)

**British Columbia (Vancouver)**

With incentive programs that go back 30 years, Vancouver has built a large media production infrastructure that includes over 20 sound stages and a large trained crew base, capable of supporting 30 projects at a time. The film industry contributes over \$1 billion dollars to the British Columbia economy every year. The state above the border offers a limited tax credit of 18 percent, but only on money spent on local labor. (Vancouver Film Office n.d.)

**Arkansas**

The Arkansas Motion Picture Incentive Act of 1997 allows the state, like New Mexico, to offer 100 percent sales and use tax refund. To qualify a production must spend over \$ 1 million in twelve month period. (Arkansas Film Commission n.d.)

**Illinois**

The Film Production Services Tax Credit which was passed on 1/1/05 provides a 25 percent credit on all labor from Illinois. Also, the state offers exemption from hotel tax for stays exceeding 30 days. However this program expired in January 2008, and the state has not renewed or formatted a new program. (Department of Commerce and Economic Opportunity-Film n.d.), (Bernstein 2003)

**Vermont**

The Vermont Film Production Grant Program, passed in 2006, allows for a 10% reimbursement of local spending, capped at \$1 million annually. Also, lodging tax is pulled after stays exceed 31 days, and sales and use taxes are exempted for goods and services purchased in the state and used in filmmaking. (Vermont Film Commission n.d.)

**Virginia**

VA offers the unique Governor's Discretionary Rebate which is a performance based incentive where the state provides cash rebates at the Governors discretion. The performance is based on length of filming, job creation, and state goods and services purchased. The state also offers exemption from its 5 percent sales and use tax. (Virginia Film Office n.d.)

**Washington**

A group called WashingtonFilmWorks (WFW) in the state Film Office offers films with a budget of at least \$500,000 in state spending a 20 percent rebate, capped at \$1 million. Television shows must spend at least \$300,000 and commercials \$150,000 in order to qualify. The state 6.5 percent sales and use tax for all rental equipment and other state



expenditures, and removes lodging tax for stays exceeding 30 days. (Washington Film Works n.d.)

### **West Virginia**

WV offers a 27 percent income tax credit, with a 4 percent bonus if 10 or more state residents are employed full time. As of January 1, 2010, this credit will be reduced to 22 percent. Any purchases and rentals deemed directly used in an "Entertainment Production Project" are exempt from the six percent Consumers Sales and Service Tax. Annual funding for incentives is \$10 million and each production must spend at least \$25,000 in state to qualify. Hotel stays of 30 consecutive days are exempt from 6 percent lodging tax, and in-state expenditures are exempt from sales and use tax of 6 percent. Finally, most state-owned property is offered use free of charge. (West Virginia Film Office n.d.)

### **Wisconsin**

Wisconsin passed a number of attractive incentives on July 1, 2007, that became effective on January 1, 2008. Offers include a 25 percent investment tax credit for all Wisconsin based products, sales and use tax exemption, and tax exemption for all local media firms contracted to work on the film. Also a 25 percent refundable tax credit for all production expenses is offered, and finally a 15 percent income tax credit is available for any alien firms that make a capital investment and start a business in Wisconsin. Further incentives are available on a city-by-city basis such as traffic control and police assistance. (Film Wisconsin n.d.)

### **Wyoming**

The state provides a list of private Wyoming firms that provide a 10 percent discount on goods or services, minimum of \$500,000 in total expenditures. These include hotels, caterers, restaurants and more. In addition, the Film Industry Financial Incentive program provides a cash rebate of up to 15 percent of state expenditures such as rental equipment, set construction, meals, and travel accommodations. To earn a rebate of the full 12-15 percent however, the film must showcase the state by including a storyline set in Wyoming (earns full 15%), provide footage that highlights the state (14% rebate), or include product placement (13 percent). Lastly, for the 12 percent rebate, a film must simply put a clear statement in the credits stating the filming occurred in Wyoming. (Wyoming Film Office n.d.)

### **Oregon**

On top of not having any sales tax at all, the Oregon Production Investment Fund offers a 10 percent rebate of all state-based production expenses. The Greenlight Labor Rebate offers a 6.2 percent rebate of all state-labor used in production. To clarify, these incentives are full tax rebates as opposed to tax credits. (Oregon Film Office n.d.)

**Pennsylvania**

This state provides free use of state property and a 25 percent tax credit, capped at \$75 million per year. Also if total in state spending is at least 60 percent of total production spending, then that film is offered a grant of 20 percent income, or corporate tax credit, and this credit is capped at \$5 million per year. ( Pennsylvania Department of Community & Economic Development n.d.)

**Rhode Island**

A 2006 incentive package offers a 25 percent tax credit for state spending without any caps. To qualify the production must work primarily in the state and have a minimum budget of \$300,000. (Rhode Island General Assembly 2006)

**South Carolina**

If the film spends over \$1,000,000 the state offers 20 percent cash rebate on all local employee wages, and 30 percent cash rebate on production costs spent at local suppliers. Also all productions with a budget of at least \$250,000 are exempt from sales and use tax, and those that invest at least \$500,000 are eligible for an income tax credit equal to 10% of investment made in SC. South Carolina also has a grant program similar to that of Washington D.C. (SC Film Office/ incentives 2008)

**South Dakota**

If a production spends over \$250,000 in the state it is offered a full refund of all sales and use taxes. S. Dakota already has no corporate or income tax, and exempts accommodations tax for stays over 28 days.

(South Dakota Film Office)

**Tennessee**

Spending of at least \$500,000 in 12 month period and the state refunds sales and use tax. No lodging tax for stays over 30 days and all state property is available for use free of charge. (Tennessee Film & Music Commission n.d.)

**Texas**

Texas offers a 5 percent rebate of any in-state spending, which cannot exceed \$2 million for a film, or \$2.5 million for a television show or \$200,000 for a commercial. If however the production is filmed outside of a 30 mile radius of either the Austin or Dallas courthouse, the rebate tax is 6.25 percent. Texas also offers to remove its sales and use tax of 8.25 percent and its accommodations tax for stays over 30 days. The state is funding this project with \$20 million capped annually. The city of Austin offers an additional discount through participating local vendors of 10 percent off goods and services purchased in Austin. (Weidner 2008), (txactor 2008)

**Utah**

As of July 2007, the Utah Film Commission updated its previous 10 percent cost rebate from 2005, to a more competitive 15 percent through the Utah Motion Picture Incentive Fund. The previous smaller rebate returned \$11 into the state economic multiplier for every \$1 that Utah distributed in rebates. For a production to qualify for the new plan the budget must exceed \$1 million and the rebate is capped at \$500,000 per film. The state's budget for rebates is \$4 million. (Levy 2007), (Wallace 2008)

**Mississippi**

Offers 10 percent credit on taxes spent on labor. Sales tax is not exempt, but reduced by 1.5 percent for equipment purchases, and is exempt for expendable purchases. Also a 10 rebate on investment is available. (Mississippi Development Authority 2008)

**Missouri**

The "Film Production Tax Credit" offers income tax credits of 50 percent of expenditures in Missouri. This is capped at \$1 million per project, and the production must spend at least \$300,000. These credits can be exchanged for cash. (Film Making in Missouri n.d.), (Missouri Film Commission n.d.)

**Montana**

On top of having no sales tax, the state passed the Big Screen Act to provide a 14 percent full rebate of the first \$50,000 spent on salary or wages of Montana residents, and a 9 percent rebate of certain expenditures including hotel, equipment rentals, fuel, and construction materials. (Montana Department of Commerce Agency n.d.)

**Nebraska**

Nebraska claims to have a rich heritage in film. However a lackluster film incentive program only includes exemption of lodging tax for stays of 30 days or more at the same facility.

(Nebraska Film Office, Nebraska Department of Economic Development (neded.org))

**Nevada**

Given its unique destinations and attractions such as Las Vegas and the Hoover Dam, Nevada has a very robust film industry that annually generates over \$100 million for the state, despite the fact that its incentives are not exemplary. The incentives include a reduction of accommodations tax after 30 days, free permits for public property, and the ability to take advantage of the states lack of corporate or personal income tax.

**New Hampshire**

Productions can take advantage of New Hampshire's lack of sales tax, income tax, property tax on machinery or equipment, use tax, or capital gains tax. Other than these incentives however, New Hampshire offers no film specific enticements other than not having film permit requirements. (New Hampshire Film Office)

**New Jersey**

The Film Assistance Program offers loan guarantees, and to qualify for the state 20 percent tax credit a firm must spend at least 60 percent of total expenses in the state, and the film shooting is commenced within 150 days after tax credit is approved. Also certain expenses are exempt from the 6 percent sales tax. (New Jersey Film n.d.)

**North Carolina**

A 2006 legislation bill offers a 15 percent tax credit with a cap of \$7.5 million per project. Also sales and use tax is reduced to 1 percent. (North Carolina Film n.d.)

**Oklahoma**

The Oklahoma Film Enhancement Rebate offers a full expense rebate of 15 percent, capped at \$5 million per year. The film must have a minimum budget of \$2 million and spend at least \$1.25 in OK. Also state residents must be employed as 50 percent of below the line crew. (Oklahoma Film and Music Commission n.d.)

**District of Columbia**

The District offers a unique incentive in the form a grant, rather than the more typical rebate. DC offers a refunding grant for the lesser of either 10 percent expenses or 100 percent of sales and used tax paid. To qualify, the production must spend at least \$500,000 and film for at least five days in DC. (DC Film and TV Development; [www.film.dc.gov](http://www.film.dc.gov))

**Colorado**

Colorado offers a ten percent rebate program if 75 percent of production and employment expenditures occur in the state. Also, lodging tax is exempted after 31 days. (Randall 2008)

**Connecticut**

In the 2006 Public Act No. 06-186 introduced a 30% Digital Media & Motion Picture Tax Credit. In order to qualify the production in-state expenditures must exceed \$50,000. Also lodging taxes are exempt after 30 days and the state waives the 6 percent sales and use tax for production purchases.

(Connecticut Commission on Culture and Tourism, Film Division)

**Delaware**

Delaware already has no sales tax, personal property, or inventory taxes, but has no other incentives directly targeted towards filmmaking. Much like North Dakota, many permit fees are low and negotiable, yet this is the case for any industry or production group, not specifically film production. (Delaware Film Office 2007)

**Florida**

The new version of the Florida Entertainment Industry Financial Incentive, which was originally created on July 1, 2004, offers a cash rebate of 15 percent of in state

expenditures of at least \$625,000, which is capped at \$25 million for the year. During hurricane season from June to November FL offers an additional 5 percent credit, 2 percent year round for family-friendly firms. Florida also offers a unique 5 percent rebate of a film production's annual gross revenues, not to exceed \$100,000. Some productions may be exempt for sales and use tax exemption. Finally, in an effort to promote employment, Florida offers the Qualified Target Industry Refund, where firms who create jobs are offered tax refunds of \$3,000 or \$6,000 per job created. Additional refunds are available for paying higher wages. Also, for jobs created in any of the 30 pre-specified rural or urban areas, firms can receive an additional \$500-\$2000 per job. (Florida Film Office, [filminflorida.com](http://filminflorida.com))

### **Georgia**

The Georgia Entertainment Industry Investment Act offers a 9 percent investment tax credit available to productions that spend at least \$500,000 in state in a single year, and an additional 3 percent awarded for any development in designated low-productivity areas. Also the state offers sales and use tax of 8 percent exemption. (The Georgia Production Partnership n.d.)

### **Alaska**

Alaska already offers no sales and income tax. Reportedly there is a new bill in state legislature that is going to expand the state incentive program into one of the most generous available. This will include a transferable tax credit of 30 percent for the overall production in the state, as well as an additional 10 percent credited for money spent on local state hires. (Alaska Film Program n.d.)

### **California**

CA has a plethora of available assets for the movie industry, and through the STAR program state-owned surplus assets are available such as vacant structures and health facilities. Other state facilities are available for reservation through free on-line permits, and use of all state parks or estates are free from all location fees. The state even runs a network of all 50 in-state film commissions to help the coordination process for film-makers. The Film California First Program directly reimburses firms directly for expenses on other state property, capped at \$300,000 per production. The state also offers a 5 percent sales tax exemption, and no lodging tax. (San Francisco Film Commission n.d.), (California Film Commission n.d.), (Scene in San Francisco- Film Rebate Program n.d.)

### **Maryland**

In the Film Production Activity Sales and Use Tax Exemption program any filming activities are exempt from the 5 percent state sales tax. Also, Maryland provides a 25 percent rebate of costs, considering the film spends \$500,000 in state, and this rebate is capped at 4 million available statewide. (Maryland Film Office n.d.)

**Massachusetts**

The Massachusetts Motion Picture Tax Incentive offers a unique 25 percent tax rebate on qualified expenditures without any caps or limits. And, the minimum in state expenses are only \$50,000. Also, the rebate credits, once earned by the production firm, may be exchanged for cash with any other Mass. taxpayer. (Massachusetts Film Office n.d.)

**Minnesota**

Minnesota offers exemption from its 6.5 percent state sales tax, and exemption from lodging tax after 30 nights. Also, Minnesota provides a 15 percent rebate of production costs incurred in the state. These can include set construction and preparation, transportation costs, or any rentals, and much more. (MN Film TV n.d.)

**Idaho**

The Idaho Motion Media Rebate Program passed in March of 2008 that took effect later in July. The program provides a 20% rebate on all goods and services purchased in the state. Qualifications include 20% of crew needing to be Idaho residents, and a total of \$200,000 needing to be spent in the state. The rebate is capped at \$500,000 per production. The program also includes a rebate of state sales tax (6%) and lodging tax (8%) on stays of 30 days or more.

**Indiana**

The new Indiana film incentive program went into effect on July 1, 2008, and offers 15% rebate on in state production costs. This rebate is capped at \$5 million annually. Indiana also provides free filming on state property and exemption from sales and lodging taxes after 30 days. The minimum spending for eligibility in any incentive program is \$100,000 for films and television shows, and \$50,000 for commercials. Despite its new incentive program however, Indiana has not yet received any applications for production in state. (Film Indiana n.d.)

**Iowa**

The Iowa Film, Television, and Video Project Promotion Program was created in 2007. It grants transferrable tax credit of 25% to producers and investors of projects that spend at least \$100,000 in state. Free use of state property and no lodging tax after 30 days. (Iowa Film Office n.d.)

**Kansas**

The Kansas Film Commission offers a 30 percent credit on all in state expenditures, with a minimum of \$100,000 spent. Hotel and lodging taxes are exempted after 28 days. Also, the Film Commission provides liaison services with state and local agencies and individuals, and other solutions with the production process such as location scouting. (Kansas Film Commission n.d.)

**Kentucky**

The Kentucky Tax Rebate Program entitles full rebate of 6 percent sales and use tax expenditures in the state. Eligible productions include any feature length film intended for national release (through theatres or a national television network), or television programs intending to make a season long segment for a national audience. (Kentucky Film Office n.d.)

**Alabama**

As of very recently the Alabama Entertainment Industry Incentive Act of 2008 was passed to renew film incentives that had been expired. The program now offers a 25% rebate for production expenditures, and 35% payroll rebate for wages paid to Alabama residents. Production expenditures must exceed \$500,000, and only up to \$10 million are eligible for the rebates. Any production companies intending to spend over \$150,000 are also exempted from sales, use, and lodging tax. (Alabama Department of Revenue n.d.)

**North Dakota**

North Dakota does not have any film specific incentives. The incentives it does offer are also available to other industries doing extended production work in the state. These incentives include lodging tax exemption on hotel stays over 30 days, income tax exemption, and a credit on taxes paid in other states for equipment and materials brought into North Dakota. Also, limited workers compensation is available for certain companies and industries. (North Dakota Legendary, Film Production Guide n.d.)