

Colorado Office of Film, Television Media

Annual Report – Fiscal Year 2011-2012

The Colorado Film Incentives Cash Fund was established by the legislature in 2006. The fund was established to provide a performance based incentive rebate on qualified local expenditures to approved production companies. This incentive rebate program was designed to encourage film production in Colorado and is administered by the Colorado Office of Film, Television & Media (COFTM).

Content creation for film production is an important and growing international business. Colorado was once a leader in the film and television business and has seen its market share of people employed in the industry decline significantly—with the decline being directly related to the implementation of incentives in other states that have left Colorado in a noncompetitive position.

Recognizing that the 2006 incentive rebate program was not competitive in the current environment, the legislature implemented changes that were effective at the end of fiscal year 2011-2012 which included: 1) 20% of qualified local expenditures made by approved productions may be rebated as a performance based incentive; 2) a 50% local hire requirement and a minimum spend requirement of \$1 million dollars for out of state productions and \$100,000 for in state productions; and 3) the establishment of a loan guarantee program. For FY 2012-2013, the legislature also made an initial one-time appropriation of \$3 million available which was distributed to COFTM's Cash Fund.

All projects seeking the film incentive rebate and/or a loan guarantee must now be first conditionally approved by the Colorado Economic Development Commission (EDC). Upon completion of production activities and prior to receiving an incentive, the production company must retain a Colorado CPA to audit the reported qualified local expenditures.

The COFTM receives an annual appropriation for this program and administrative costs from the Gaming Fund, which varies based on the level of Gaming Fund revenues available each year, with \$240,054 available for use during FY 2011-2012.

Exhibit A shows that for fiscal year 2011-2012 six entities received a total of \$126,732 in performance-based incentives as a result of \$1,277,325 Colorado spend.¹ Total direct taxes from these incentives is estimated at \$126,455 and indirect taxes are estimated at \$26,824². Six entities still have outstanding contracts with COFTM and are scheduled to receive a maximum of \$129,518 in incentives on \$1,295,172 in production spend. With total direct taxes of these projects estimated at \$128,222 and indirect taxes estimated at \$27,199. The estimated job creation for all twelve productions is 57.

The estimated multiplier effect of the anticipated \$2,784,304 in production spend will result in an additional \$2,545,418 in economic activity (multiplier effect).

¹ In fiscal year 2011-2012 the Colorado Film Incentive rebated 10% of qualified local expenditures incurred during production activities on Colorado.

² Tax figures were extrapolated from the Leeds School of Business 2011 Colorado Film Incentives, Economic and Fiscal Impact Analysis of Actual Film Budget Scenario. Table 9, from which the tax estimates were extrapolated, is included as Exhibit B.

In addition to administering the film incentive programs, COFTM also assists and facilitates production in the state. These productions include features, television, commercials, industrials, still shoots, music videos and interactive media. To the extent possible, these productions are tracked using a production inquiry form on the COFTM website (www.coloradofilm.org). This form is presented as Exhibit C. In FY 2011-2012 there were 106 production inquiries. COFTM acts as a liaison between communities, government agencies (local, state and federal), private entities, and productions. COFTM also provides a broad range of services to the community including educational outreach and marketing of Colorado.

Additionally, COFTM serves a producer function on special projects. COFTM recently partnered with High Noon Productions, Colorado Film School, and the Colorado Tourism Office to produce a one-hour television special highlighting the Eastern Plains and the *Pedal the Plains* bike race in September. The special will be distributed by Altitude Sports and Entertainment in 10 states with prime time runs. For the Colorado Innovation Network (COIN) Summit, COFTM partnered with the Colorado Film School to produce the introductory "Why Colorado" video: <http://coloradoinnovationnetwork.com/>

Exhibit A – Colorado Office of Film, Television & Media FY 2011-2012 Commitments & Disbursements

Colorado Office of Film Television & Media										
Schedule of Film Incentive Commitments & Disbursements										
10% Rebate Program										
* Outstanding contract										
** Under audit										
Film Incentive Applications FY 2012	Contract Signed	Projected total CO Spend	Projected CO Employment Spend	Projected CO Vendor Spend	Proposed Incentive Amount	Actual total Colorado Spend	Actual CO Employment Spend	Actual CO Vendor Spend	Incentive Paid Amount	Type of Project
Reel Thing Productions-Uranium drivein*	8/15/2011	\$449,110	\$340,000	\$109,110	\$44,911					Documentary
Accomplice Content, Inc.	8/15/2011	\$254,940	\$73,000	\$181,940	\$25,490	\$169,770	\$77,842	\$91,928	\$16,977	Commercial
Chapman Films	9/1/2011	\$149,880	\$48,200	\$101,680	\$14,988	\$128,340	\$69,953	\$58,387	\$12,834	Feature Film
Yodel-Ay-Hee-Hoo LLC-child's father	9/6/2011	\$403,200	\$300,000	\$103,200	\$40,320	\$143,030	\$110,383	\$32,647	\$14,303	Documentary
Mind's Eye	10/11/2011	\$300,000	\$150,000	\$150,000	\$30,000	\$480,113	\$108,128	\$371,985	\$48,011	Feature Film
Wandering Dog Films LLC*	10/18/2011	\$180,000	\$63,000	\$117,000	\$18,000					TV/Pilot Series
James Havey Productions inc	11/16/2011	\$100,320	\$84,200	\$16,120	\$10,032	\$110,320	\$110,320	\$0	\$10,032	Documentary
Colorado Public Television	12/12/2011	\$280,792	\$176,792	\$104,000	\$28,079	\$245,752	\$179,752	\$0	\$24,575	TV
Triple Crown Sports Inc. **	6/6/2012	\$100,000	\$35,000	\$65,000	\$10,000					Live TV
An American Horror*	6/6/2012	\$220,556	\$91,000	\$129,556	\$22,056					Feature
Gaiam*	6/6/2012	\$145,000	\$43,000	\$102,000	\$14,500					Instructional
Futuristic Films Inc. 3*	6/6/2012	\$200,506	\$75,000	\$125,506	\$20,051					Commercial
Totals		\$2,784,304	\$1,479,192	\$1,305,112	\$278,427	\$1,277,325	\$656,378	\$554,947	\$126,732	
						\$1,295,172	Remaining Projected CO Spend			
						\$129,518	Maximum rebate amount on remaining spend			
Total Anticipated FY 2011-2012 Production Spend	\$2,784,304	Completed FY 2011-2012 Productions								
Multiplier Effect	\$2,545,418	Estimated total direct taxes \$126,455								
Total Spend	\$5,329,722	Estimated total indirect taxes \$26,824								
		Total \$153,279								
Estimated Direct Jobs per Leeds study	38	Outstanding FY 2011-2012 Productions								
Estimated Indirect Jobs per Leeds study	20	Estimated total direct taxes \$128,222								
Estimated Total Jobs per Leeds study	57	Estimated total indirect taxes \$27,199								
		Total \$155,421								

Exhibit B –Colorado Film Incentives, Economic and Fiscal Impact Analysis of Actual Film Budget Scenario
on Colorado – Table 9
October 2011 – Leeds School of Business

TABLE 9: ESTIMATED FISCAL IMPACTS

A		B
2	Output	2010
3	Not Forgotten Colorado Spend	5,825,383
4	Direct Output	5,785,821
5	Additional Output (Multiplier on New Spending)	5,366,013
6	Total Output (Direct and Indirect)	11,151,834
7	Operations	2010
8	State Income Taxes	12,300
9	State Sales Taxes	66,419
10	County Sales Taxes	14,429
11	City Sales Taxes	79,784
12	Special District Sales Taxes	15,970
13	County Property Taxes	49,399
14	City Property Taxes	20,035
15	School District Property Taxes	99,051
16	Special District Property Taxes	7,736
17	Proposed 20% Loan Guarantee Program, 5% Fee	100,580
18	Direct Employment	2010
19	Not Forgotten Direct Employment	79
20	Average Earnings	47,696
21	Total Earnings	3,777,509
22	State Direct Income Taxes	86,883
23	State Sales Taxes on Taxable Purchases	19,048
24	County Sales Taxes on Taxable Purchases	4,138
25	City Sales Tax on Taxable Purchases	22,881
26	Special District Sales Tax on Taxable Purchases	4,580
27	County Property Taxes	20,972
28	City Property Taxes	8,505
29	School District Property Taxes	42,050
30	Special District Property Taxes	3,284
31	Indirect Employment	2010
32	Not Forgotten Indirect Employment	41
33	Average Indirect Earnings	45,483
34	Total Indirect Earnings	1,873,881
35	State Direct Income Taxes	43,099
36	State Sales Taxes on Taxable Purchases	11,249
37	County Sales Taxes on Taxable Purchases	4,396
38	City Sales Tax on Taxable Purchases	13,585
39	Special District Sales Tax on Taxable Purchases	2,705
40	County Property Taxes	12,987
41	City Property Taxes	5,267
42	School District Property Taxes	26,041
43	Special District Property Taxes	2,034
44	Total Taxes	2010
45	Total Direct Taxes	577,465
46	Total Indirect Taxes	121,364
47	Total Taxes Collected	698,829
48	Proposed 20% Loan Guarantee Program, 5% Fee	100,580
49	Total Public Revenue	799,408
50	Cost of 20% Tax Incentives	(1,165,077)
51	Net Cost of Incentive Program	(365,668)

* Leeds study used the proposed 20% incentive which took effect July 1, 2012. For FY 2011-2012 the incentive was 10%.

Exhibit C – Colorado Office of Film, Television and Media production inquiry form

Production company *	<input type="text"/>
Contact Name *	<input type="text"/>
State	<input type="text" value="Select state"/>
City	<input type="text"/>
Address	<input type="text"/>
Zip	<input type="text"/>
Phone number *	<input type="text"/>
E-mail *	<input type="text"/>
Type of project *	<input type="text" value="Select type"/>
Is this a student production *	<input type="radio"/> Yes <input type="radio"/> No
Total Production Budget *	<input type="text" value="\$500 - \$5000"/>
Instate Spend *	<input type="text" value="\$500 - \$5000"/>
Regions *	<input type="checkbox"/> Northern <input type="checkbox"/> Southern <input type="checkbox"/> Central <input type="checkbox"/> Mountains <input type="checkbox"/> Eastern Plains <input type="checkbox"/> Metro Denver <input type="checkbox"/> Colorado Springs Region <input type="checkbox"/> Boulder Region
Specific Location	<input type="text"/>
Total Crew *	<input type="text" value="1-5"/>
Total Instate Crew *	<input type="text" value="0"/>
This is a	<input type="radio"/> First time in Colorado <input type="radio"/> Repeat Production
Projected shoot date(s)	<input type="text"/>
Projected number of production days	<input type="text" value="Select"/>
Additional Information	<input type="text"/>