

Spot Production Figures Prominently In Southeast's Economy

A SHOOT Staff Report

The importance of filming and related business to the economy is well documented, but arguably took on even greater significance in 2009 in the midst of a deep global recession and rising unemployment.

Recognizing this fact were several states and municipalities that increased their incentives programs to attract and retain lensing, a recent prime example being North Carolina. On Aug. 31, Gov. Bev Perdue signed Senate Bill 943 allowing production companies a 25 percent tax credit for film projects in North Carolina, up from the previous credit of 15 percent. The new North Carolina incentive takes effect January 1, 2010, and commercials qualify for the initiative.

"This legislation will help grow our \$91 million motion picture industry, preserve and create thousands of jobs and increase investments in yet another emerging economic cluster," said Perdue. "Providing a strong foundation for North Carolina's film industry is essential as we work to build a strong and sustainable economy through increased diversification."

Two and a half months after he gave SB 943 the green light, Gov. Perdue signed an executive order reestablishing the North Carolina Film Council during a ceremony at EUE Screen Gems studios in Wilmington, home to the largest studio lot east of California.

The North Carolina Film Council advises the Governor on film industry matters and serves as a forum for filmmaking concerns and recommendations. "As I continue working to create jobs and build for North Carolina's economic future, I believe it's critically important to maintain and improve North Carolina's competitive edge in the global film industry," said Perdue.

In addition to reestablishing the

council, the new executive order will add duties related to the following:

- Assisting in ongoing development and growth of the N.C. film industry.
- Supporting fiscal incentives that help North Carolina remain competitive in recruiting films.
- Assisting in developing a marketing strategy for the N.C. Film Office.
- And monitoring the North Carolina film industry and assist in developing protocol to measure filmmaking activities in North Carolina.

Similarly in Florida last month, there was an official relaunch of The Film, Entertainment and Television (FET) Caucus, a bipartisan collection of state legislators formed to help raise awareness about the positive impact of the film and entertainment industry within Florida. During the launch event, Jeffrey Donovan, the star of USA Network's hit series *Burn Notice* (which is filmed entirely in The Sunshine State), casting director/Florida Film Production Coalition Board member Ellen Jacoby, Rep. Rehwinkel Viasilinda and state film commissioner Lucia Fishburne turned out to put a face on FET as it moves to help Florida extend its filmmaking reach.

Building filming activity can be crucial to the economic health of any jurisdiction. Consider a study by the University of West Florida's Haas Center which showed that in 2007, every dollar of entertainment incentives provided by the State of Florida was associated with \$22 in additional gross state product and \$1.44 in additional tax revenue.

Another key element is infrastructure. Filming boosts infrastructure which in turn attracts more filming. Georgia is adding to its infrastructure with last month's announcement that Meddin Studios, LLC, a fully digital production facility, would be open-



Tom Forrest

ing in Savannah with a \$5.5 million investment in advanced digital media technology. The new studio's digital workflow will span pre-production to postproduction, including distribution and asset management. Capitalizing on Georgia's 2008 Entertainment Industry Investment Act, which offers up to a 30 percent tax credit for qualified productions, Meddin—a 22,000-square-foot facility located on two-and-a-half acres—is looking to foster innovation in digital film and video production and distribution.

Meddin Studios will create jobs in Georgia. And with job creation as its mandate, 2009 saw the introduction of a professional film and TV training program in Tennessee which is a joint effort of Chattanooga State and the Chattanooga Film Commission.

Missy Crutchfield, administrator of the City of Chattanooga Department of Education, Arts & Culture and commissioner of the Chattanooga Southeast Tennessee Film Commission stated, "It's wonderful to see something we've worked so hard for finally happen for Chattanooga State. Having a crew base in Chattanooga is essential for film to survive. This will be important for local productions and production companies coming into town."

Even in the face of a challenged economy, some in the Southeast have seen fit to expand. Consider Nashville,

Tenn.-based Taillight which has been producing TV programming and music videos for 10 years.

"Despite our success and given the changing and a challenging economic climate, we decided to expand our business instead of retracting," related Tom Forrest, president of and a partner in Taillight. "We opened a commercial division in a down economy. Competitors and clients thought it was crazy but a tough economy can be the perfect time to expand. The first step was finding the right directors to represent. Because of the economy, many very talented directors are not working. So when executive producer Brooke Boiling and I presented potential directors we wanted to represent with a new

and fresh start under the Taillight umbrella, we found success. The directors wanted to shake up their careers with a change and liked Taillight's broad creative platform like producing the CMT Music Awards and comedy specials. We are thrilled to be representing directors David Jellison, TJK, Kristin Barlowe and Rich Wafer.

"Secondly," continued Forrest, "like any potential buyer in a down economy, agencies seem to be shopping for bargains to execute their creative. We are presenting our directors and ourselves as better, faster, cheaper. While our commercial division only opened this past summer, I am optimistic that we have positioned ourselves well for 2010."

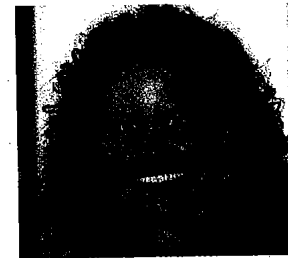
Southeast Survey

To get a better handle on the Southeast, SHOOT surveyed film commissioners, posing the following questions:

- 1) What impact have production incentives (rebates, tax credits, etc.)—by their presence or absence—had on your state's commercial making business and production infrastructure?
- 2) How has the economy affected your workload in terms of commercials and other advertiser-related content? What's the nature of the ad content business you've been able to attract in 2009?

National television campaigns, regional commercials, broadband video/mobile content, sponsored web films, webisodes, etc.?

Here's a sampling of the film commissioner feedback we received:



Lucia Fishburne, state film commissioner, Governor's Office of Film & Entertainment, Tallahassee, Florida

The commercial landscape has been extremely important to our state's economy.

Florida's diverse locations, strong crew base, solid production infrastructure, favorable climate and exceptional natural light continue to

attract national and regional TV commercial production.

Florida also offers production incentives and a sales tax exemption to commercial production companies.

We saw a slight increase last year in the number of production companies and commercials that took advantage of our incentives.

This could have been due to a greater need for companies to impact their bottom line.

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SOUTHEAST PRODUCTION

Based on sales tax exemption interviews and the production incentive statistics, in fiscal year 2008-09 Florida attracted everything from nationwide campaigns to regional spots and online campaigns.

Notable commercials shot in Florida have included McDonalds, Burger King, Wendy's, Nike, Pepsi, Winn Dixie, Just for Men, Dunkin' Donuts, Volkswagen, and Vitamin Water, as well as a digitally animated Charles Schwab commercial.



**Aaron Syrett, director,
North Carolina Film Office**

Production incentives have had a profound impact upon the State of North Carolina.

North Carolina first saw that impact early on when surrounding states were passing incentives. North Carolina witnessed a sharp decline in its production activity.

When North Carolina passed their first incentive in 2006, we witnessed a 66 percent increase in spending.

Starting January 1, 2010, the new North Carolina incentive will take effect at 25 percent. We expect to see the same type of increase in spending during 2010-on.

What is great about the North Carolina incentive, it is easy to access and commercials do indeed qualify. When creating the incentive, we did our homework to see what obstacles commercials faced when accessing production incentives.

Probably the biggest hurdle commercials have to overcome is time.

When winning the account, the time frame in which they have to get into production is very narrow and most incentive programs require an application process.

In North Carolina, we are able to bypass the application process since our incentive is based on refundable tax credits, with no annual cap.

The production also does not have to find a way to sell the credits as the State of North Carolina monetizes the credits for the production company at full value.

Since starting the incentive in North Carolina, the advertising business we have been able to attract consists of national and regional commercials as well as campaigns.

Some of the projects that have come to North Carolina are; Ford, Gillette, Go Daddy, Dick's Sporting Goods, Toyota, NASCAR, and Nationwide to name a few.

Bill Thompson, deputy commissioner, Film, Music & Digital Entertainment Office, Georgia Dept. of Economic Development

Georgia's production incentives have allowed our commercial industry to enhance its ability to be competitive and grow their operations, which was certainly the intent of the legislation and the long range plan in our state.



With a 20 percent incentive for commercial production, Georgia's

numerous commercial production companies are seeing an increase of activity in calendar year 2009. In fiscal year 2009, there were over 250 mid to large-sized spots produced in Georgia.

Actually, all of Georgia's entertainment industries are growing, including commercial production, so the economy is not really an issue for us. Yes, the number of spots in the last year and

a half have been down a bit, but are now roaring back with a vengeance! We expect to be at pre-recession levels again by mid-2010.

Recent commercial productions in Georgia included: Smuggler, Los Angeles-Nike, Microsoft; Majestic Pictures, Orlando-Rooms to Go Furniture Stores; and Bob Industries, Los Angeles-Kia Automotive Company.

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