

## LOUISIANA MOTION PICTURE INCENTIVE PROGRAM REVIEW

### LED PROCESS

#### **Mission:**

LED was tasked by the Governor to review and recommend policy changes to the film incentive program for consideration in the 2017 legislative session. Policy recommendations will address state budget predictability, improved ROI, sustainability and statewide impact. They are defined as follows:

- Sustainability
  - The use of resources that is efficient, responsible to the state's taxpayers and provides long term benefits to the state.
  - Long-term development that attracts capital investment and creates permanent jobs in an indigenous industry that has the potential to survive without state subsidy or financial aid.
- Return on Investment
  - Measures the gain or loss generated on an investment relative to the amount of money invested
  - The impact to the state treasury as it relates to the money spent on tax credits relative to the money received in tax revenues attributable to in-state film production
- Statewide Impact
  - The economic benefit of the incentivized production activity reaches all regions of the state
  - The incentive provides opportunity for statewide industry development.
- Predictability
  - The annual program cost to the state is pre-determined and will improve long-term budgeting

#### **Method:**

There are several means that will help inform LED with formulating recommendations for best practices in 2017

- 1) **Internal opportunity analysis:** Utilize LED resources to help determine what size, type of production provides the most value, identify niche markets and trends in the industry that will help determine future opportunities.
- 2) **Benchmarking:** Review and analysis of other models for entertainment industry development from around the US and world, either in whole or in part, that have been successful in attaining the goals outlined above.
- 3) **Economic Impact Study:** Dr. Loren Scott has been engaged to conduct the mandated biennial economic impact analysis. As part of his usual study, he is also conducting a case study to determine the value of a Louisiana based company versus a one-off production made by an out of state production company. This final analysis is dependent on 2016 data and will be due in early 2017.
- 4) **Stakeholders input:** LED is seeking input from industry stakeholders and experts. That input will include an online questionnaire to stakeholder groups and individuals, regional meetings, and meetings with industry experts - both in and out of state. Valid and substantive responses may require follow up.
- 5) **Rule Promulgation:** LED has begun the rule promulgation for changes made to the law in 2015 – particularly the language designed to attract production companies to the state that own or have optioned the intellectual property (screenplay) for in-state production. This public hearing process will provide for continued understanding and development of ideas.

**Key Concepts:**

- Develop an incentive that is less “project” based and more “company” based, creating full time jobs in Louisiana.
- Focus the production incentive on “greatest value” expenditures, i.e., a more positive impact for the State
- New incentive model that creates jobs in cutting edge technology/entertainment fields (transmedia, post production, digital distribution, augmented reality, virtual reality, etc.)
- Provide built-in funding mechanisms to support higher education, entrepreneurship and indigenous content creation and intellectual property development
- Improve budgeting predictability for the state by placing an annual cap on credits issued
- CEA authority for LED for special projects that create long term benefit to the state
- Incent industry/education partnerships
- Incent production beyond traditional regional production hubs to create a better statewide impact

**Timeline:****Phase 1 - Research**

- July/Aug LED SWOT analysis, LED research (ongoing), internal planning meetings
- Sept Launch Stakeholder questionnaire email (30-45 days to respond)
- Oct Regional meetings – to be coordinated with regional Film offices/REDO’s/CVBs

**Phase 2 - Assessment**

- Oct /Nov Evaluate responses and research
- Oct /Nov Follow-up, econ impact analysis
- Nov /Dec Finalize ideas and recommendations

**Phase 3 - Legislation/Education**

- Dec/Jan Draft specific policy recommendations
- Jan/Mar Education