

FLORIDA FILM AND ENTERTAINMENT ADVISORY COUNCIL

December 13th, 2016 (4th Quarter Meeting)

10:00 a.m. – 12:00 p.m.

Teleconference Information

1-888-670-3525

Participant Code: 4091758923

<p>MINUTES</p>

CALL TO ORDER AND WELCOME

Administrative (Chair Seth Schachner)

Call to Order by Seth Schachner at 10:06 AM

Roll Call:

Members:

Chair Seth Schachner

Vice Chair Marc Meisel

Bryan Anderson

Pieter Bockweg

DeeDee Davis

Adam Goodman

Chip Merlin

Ryan Neves

Ana Siegel

Pamela Tuscany

Yvonne Boice

Susanne Niedland

ExOfficio:

April Money, Career Source Florida

Suzannah Costello, Visit Florida

Members of the Public:

Michelle Hillery, Palm Beach County Film Commission

John Lux, Film Florida

Christopher Ranung, President IATSE Local 477

Office of Film and Entertainment (OFE) Staff:

Commissioner Niki Welge

Susan Simms

Traci Colson

Emily Fisher

WELCOME

Chair Schachner thanked the council for being in attendance; as it is pertinent for a quorum.

OLD BUSINESS

Approval of September 2016 FFEAC Meeting Minutes

Approval of June 2016 FFEAC Meeting Minutes

Chair Schachner stated quorum was not established and a vote was not held in the previous meeting.

Bryan Anderson made a motion to approve the September meeting minutes. The motion was seconded by Suzanne Niedland.

Bryan Anderson made a motion to approve the June meeting minutes. The motion was seconded by DeeDee Davis.

NEW BUSINESS

Office of Film and Entertainment Team Report

Summary of Activities:

Office Updates (Commissioner Niki Welge)

Commissioner Welge opened by thanking everyone for being in attendance and participating, as this time of the year is busy due to the holidays.

Commissioner Welge stated Michelle Crowe has left OFE to pursue another opportunity in Washington D.C. and wished her well. She then introduced Emily Fisher as the new Communications Coordinator and noted the social media campaign and new website upgrade that will continue under her supervision.

Commissioner Welge mentioned another administrative item of note is the merging of two divisions in the Department of Economic Opportunity: the Division of Strategic Business Development and the Division of Community Development. The merge will require legislative approval. The Bureau of Film & Entertainment will be merging with two other bureaus. In the agency, there are several bureaus that offer incentives: Bureau of Economic Incentives, Bureau of Small Business Development, which is in Community Development currently. This merge will bring the opportunity for growth, additional resources, and better communication. In general, things will be operating similarly, just within a larger bureau.

Commissioner Welge attended the Women in Film & Television Jingle Mingle and the Film Florida Quarterly Meetings last week (Dec 7th -9th) in Orlando. She was very grateful to be hosted by Pamela Tuscany, who hosted a tour of Universal Studios Production Group's new production facilities, sound stages, and offices. Film Florida's meetings were very productive, as usual. Commissioner Welge was pleased to see the community involvement and chat with local professionals working towards the same goals that OFE has. The meetings mostly revolved around their legislative agenda for this upcoming legislative session, which will start March 7th. This will be the first year that the OFE will not have a financial incentive program in place. For those keeping tabs on incoming leadership in the Senate and House; Richard Corcoran (new Speaker of the House), has very openly and publicly stated his strong dislike for incentive programs. He has made some major changes to the way that the appropriations process works and implemented new rules that will affect how business is conducted. The Governor's office has announced their legislative agenda and is requesting dollars for the bricks and mortar incentives to the tune of \$85 million. There is major turnover in legislators this year. Roughly, 50% of the House members and 50% of Senate are all new. Film Florida has a very well put together legislative advocacy tool kit with talking points for discussion with legislators, which can be found on their website (filmflorida.org). Individuals who are interested in advocating for the industry can reach out and talk to legislators in their specific districts.

Chair Schachner reiterated to the council that coordinating with Film Florida is an excellent approach. Additionally, reaching out and using the tool kit would be great. He also asked a question regarding the new reorganization within DEO; is it expected that the charter will remain the same concerning the goals OFE is trying to achieve?

Commissioner Welge anticipates that the statutory mandates and mission will remain the same, as OFE is just gaining a bigger team.

Commissioner Welge noted the launch of the new OFE website (filminflorida.com). We are still working to populate our events calendar, so if anyone in the industry has events or anything to promote, just forward to us.

Commissioner Welge stated that we submitted the FY 15-16 Annual Report to Governor, Speaker of the House and Senate President on November 1st and it is available on our website for all to review. Commissioner Welge provided some major points in report. There are three different sections by statute: Financial Incentives update, Sales Tax Exemption update, and travel update. Also included is information on our employment data according to the Bureau of Labor Market Statistics in 2015. There were 4,367 established businesses in the film and entertainment industry, employing more than 25,000 individuals. The average annual wage was more than \$74,000, which exceeds state average wage by more than 62%. The largest sector in industry was television & broadcasting, employing nearly 9,000 individuals. We like to compare year by year and it will be interesting to see the 2016 numbers when they are available, now that incentive is no longer in place. The sector with the highest wages was cable and other subscription programming. The numbers listed do not completely include individuals within the digital media industry.

Commissioner Welge wanted to point out that OFE staff has been working very hard streamlining the audit process and awarding tax credits to companies in this program. Last year, 43 projects were awarded tax credits.

Commissioner Welge reiterated from the previous meeting that OFE staff approved 836 applications for the Sales Tax Exemption last year; in addition, those applicants estimated to spend 1.1 billion dollars in Florida expenditures and were estimated to hire more than 38,000 people for production in the state. The program has been around since 2001 and grown through the years.

Commissioner Welge mentioned that from our travel budget, last year we spent \$5,400 on travel expenses and in FY 14-15 we spent almost \$24,000, which is a 75% reduction in travel. There was a travel cut that came through and we targeted our marketing efforts towards mission critical items. The largest changes in our operating expenses came from the elimination of Susan Simms, our L. A. liaison position. We had to move operating dollars around to keep Susan on board, part-time. Susan has all the relationships in industry and on west coast, where so many of our clients are. Susan is incredibly important to our team and we thank her for her efforts.

Commissioner Welge also brought up something she has been diligently working on with Film Florida and MPAA, which is working to research and develop NAICS codes that will accurately reflect the industry in Florida and will be universal across the industry. Suggestions for changes in NAICS codes can be submitted to the Federal Government every 5 years.

Commissioner Welge then proceeded to mention that Kelly Horton is officially termed out from the FFEAC. She was our legislative chair. Commissioner Welge wanted to thank her for her service with the council and Gus Corbella, as well for his service as Chair.

Pamela Tuscany thanked Commissioner Welge for the shout out about the Film Florida tour. Pamela also admired that the Annual Report has terrific data and the website looks awesome.

Pamela Tuscany asked Commissioner Welge about the timing of the division merger within the Department of Economic Opportunity. She also asked how the advisory council could help OFE accomplish their goals.

Commissioner Welge answered that technically the merging of the two divisions cannot officially take place until legislative approval, which will most likely be July 1, 2017. Our agency is planning and making internal changes to the org chart with the assumption of it going through. Effective Monday of last week, Russell Marcus is now the Bureau Chief over OFE.

Commissioner Welge answered the second question of how to help. Our agency has a legislative agenda every year and we work closely with them to advocate for that. Film Florida will be advocating for legislative changes and the council in the past has been supportive of their efforts.

Chair Schachner echoed Pamela Tuscany's comment that the advisory council is encouraged to help and not just to listen.

Future Business Development (Susan Simms)

Susan Simms opened with stating “you must be present to win.” She reiterated this statement through her report focusing on the importance of whether we have incentives or not, more opportunities will arise when we are present. We were the 3rd production state for decades before anyone heard of incentives, by the sheer volume of our work.

Susan also gave a few thoughts about ‘Moonlight.’ ‘Moonlight’ has been winning numerous awards, film critics’ awards and is now nominated for six Golden Globes. The producers and director (Barry Jenkins) have had a very long standing relationship with us, as they are from Florida State University. ‘Moonlight’ is giving hope to other indie film students; consequently, two indie films with similar budgets are set to film the first of the year in Florida.

Susan revealed that she knows of at least three projects to be picked up by Netflix that are to be set in Florida. She will ask about their plans with those. Also, our most prolific client for 13 seasons of TV has just picked up another TV series by the same directors as ‘Graceland’ that is taking place in Florida.

Susan declared that next month she will be going to Sundance, thanks to the GMCVB, who is partnering with Variety. Also, we recently sponsored LaFemme Film Festival and this was, in her opinion, the best use of marketing dollars.

Chair Schachner asked Susan if she is seeing anything with Netflix or Amazon where they’re building and funding their own productions that can somehow shed some positive light about incentives.

Susan responded that Netflix is spending \$2 billion dollars on original programming. Prior to Kevin Logan, head of tax and finance at Netflix, Netflix acted as if they did not care about incentives, but recently he brought the idea to them. Now, they have come up against a wall (no Florida incentives).

Chair Schachner asked a final question about if Susan is seeing any lessening of Zika concerns or is it still an obstacle Florida is facing.

Susan said it seems to be going away and there is only one issue now.

Film and Entertainment Industry Incentive Summary Report (Traci Colson)

Total Number of Projects Certified: 300
Projected Total Florida Wages: \$746,329,069
Projected Number of Florida Jobs Created: 117,303
Estimated Room Nights: 209,605
Qualified Florida Expenditures: \$1,283,681,552
Total Certified Tax Credits: \$293,747,447

Total Tax Credits Awarded: \$253,996,584
Total Projects Awarded Tax Credits: 282
Outstanding Audits: 14
Tax Credits that Have Not Been Awarded: \$29,058,792
Florida Expenditures for In-House Projects Pending Award: \$10,692,071
Total Projects In-House Pending Award: 4
Total Outstanding Projects: 18

Sales Tax Exemption (Niki Welge)

Number of Applications Approved: 321
Amount of Tax Exempted Based on Florida's 6% Tax Rate: \$11,424,031
Estimated Florida Jobs: 14,093
Estimated Florida Expenditures: \$746,550,654
ROI: 65.3: 1

Marketing and Advertising (Emily Fisher)

Emily Fisher introduced herself as the new Communications Coordinator at OFE. She reminded any FFEAC members that have updated contact info to email her at Emily.fisher@deo.myflorida.com. Also, on our newly launched website there is a web plug on the Events calendar to add any festivals, meetings or events going on in the film industry. Social media is back underway and constant posts are going up on Facebook and Twitter to promote all the happenings in Florida film.

Emily reserved a booth next to the California Film Commission for the AFCI (Associations of Film Commissioners International) Locations & Global Finance Show in April 2017. This show is the largest international marketplace connecting production locations, film funding and media content producers.

Another great international marketing campaign we have is the KFTV ad placement. Many people around the world are looking at KFTV.com. OFE had more than 2,000 views to our page from our KFTV listing, which shows that people are searching and finding us through their site.

Emily also mentioned OFE is working on designing a holiday card to send out prior to the holiday.

Association Updates: (Film Florida, SAG, IATSE, etc.)

John Lux with Film Florida thanked Pamela Tuscany for hosting a great event at Film Florida. He mentioned their focus as an association is to grow and strengthen the industry with or without legislative support. Film Florida's top legislative priority is to request that the full time equivalency (FTE) position for Susan Simms be reinstated to OFE. Other than that, the

organization is continuing to reach out to legislators for support and continuing to educate them. Coming up, Film Florida will have a booth at NATPE in Miami Beach in Mid-January. He invites all members to participate. Moving forward, Film Florida will be participating in Tourism Day in Tallahassee in March.

Pamela Tuscany asked what the dates are for NATPE.

John Lux responded that Film Florida will be hosting a welcome reception on Monday, Jan. 16th and the festival will continue until the 19th.

Pamela Tuscany will try to help with attendance.

John Lux suggested everyone try to participate if possible.

Chair Schachner recognized another association member, Chris Ranung.

Chris Ranung talked about how the industry workforce is steadily depleting. People are beyond distressed in motion picture production. They're losing industry jobs to Georgia and it is concerning to Chris and all of us.

Ex-Officio Updates: (Enterprise Florida, Inc., VISIT FLORIDA, and CareerSource Florida)

Suzannah Costello with VISIT FLORIDA mentioned that like everyone else, they are looking at the coming legislative session with a great deal of interest and just trying to prepare.

Public Comment

No comment.

Chair Schachner moved to close. Pamela Tuscany seconded.

ADJOURN 11:20 AM.