

Analysis of the Florida Film and Entertainment Industry

Prepared for: The Governor's Office of Film & Entertainment
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We would also like to thank the local film liaisons for providing data for this project, as well as the many individuals who took time out from very busy schedules to answer our survey questions and provide tremendous insights into the operation of the indigenous Film and Entertainment Industry.

Data Limitations

Much of the data reported in this study were acquired from secondary data sources and were not collected by the Haas Center. While the Haas Center believes that these sources are generally accurate, we have no way of independently ascertaining the reliability of the data collected or the collection methods used. Readers of this report should bear this in mind when using this material.

State incentive information is current as of December, 2008.

Interview and survey information were collected using contact information developed from the 2007-08 Film Florida Production Guide. Given the random nature and length of time allotted for the survey interview process, those with the most knowledge of the Florida industry may not have been contacted or available for inclusion.

Executive Summary

The Governor's Office of Film and Entertainment commissioned the Haas Center for Business Research and Economic Development at the University of West Florida to analyze the Film and Entertainment Industry within the State of Florida. This study is an update and expansion of the prior 2003 study performed by Economic Research Associates that established a baseline of the size and extent of the industry in Florida.

For purposes of this study, the following North American Industry Classification System codes are used to identify the employment components of the Film and Entertainment Industry:

- a. 512110 – Motion Picture and Video Production
- b. 512120 – Motion Picture and Video Distribution
- c. 512191 – Teleproduction and Other Postproduction Services
- d. 512199 – Other Motion Picture and Video Industries
- e. 512210 – Record Production
- f. 512240 – Sound Recording Studios
- g. 512290 – Other Sound Recording Industries
- h. 515120 – Television Broadcasting
- i. 515210 – Cable and Other Subscription Programming
- j. 541810 – Advertising Agencies
- k. 541922 – Commercial Photography
- l. 711130 – Musical Groups and Artists
- m. 711410 – Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures
- n. 711510 – Independent Artists, Writers, and Performers
- o. 334612 – Prerecorded Compact Disc (except software), Tape, Record Reproducing

The Film and Entertainment Industry also includes a portion of the digital media industry, and the importance of this sector was included in examining the industry as a whole.

The State of Florida has a long history in the motion picture industry thanks to its year-round sunshine, moderate climate and spectacular scenery. Overall, the Film and Entertainment Industry is important to the Florida economy as a major driver of employment and personal income, attracting revenue from other states and countries to be spent locally on wages and film production services. For example, when a major studio shoots a big budget film on location, it can inject, according to the Motion Picture Association of America (MPAA), as much as \$225,000 per day into that location's economy.

Industry Trends

The US movie and home entertainment business, according to Standard and Poor's, is experiencing sustained growth due to expanding audiences, pipelines, and content. The economics of the movie and home entertainment industry are also undergoing long-term changes as technological developments

have altered and expanded distribution channels. Hollywood's movie studios and the television networks are actively seeking to exploit the expanding universe of direct-to-consumer online distribution channels for video.

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In the TV business, cable networks have been gaining a greater share of viewers and advertising dollars from the broadcast networks. Their purchases of high-profile programming are increasing, boosting their competitive position even further.

In the video and music industries, Internet downloading and digitally recorded discs have eclipsed older technologies. Discs' image and sound quality, playback features, and durability are superior to those of tape. Increasingly, consumers are making personal recordings at home directly onto their computers or wireless handheld devices.

Entertainment delivery mechanisms are changing. Just as radios and record players brought musical entertainment out of the concert hall and into the home, so has cable programming, DVD's and streaming video brought filmed entertainment out of the movie theater. With this shift has come increased demand for content. Future trends for the industry include financing of multiple projects with the same company; continued interest in special effects laden entertainment; video and music on-demand; direct to DVD production; the convergence of several different entertainment medias into one product; niche and micro marketing; product placement, growth in the gaming industry and restructuring of the music industry business model.

Employment

In order to better understand the extent of the industry within Florida, employment data was analyzed at the 6-digit NAICS industry level from the Quarterly Census of Employment and Wages (QCEW). The QCEW program publishes a quarterly count of employment and wages reported by employers covering 98 percent of U.S. jobs, available at the county, MSA, state and national levels by industry. Jobs that are exempt or otherwise not covered by unemployment insurance are not included in the QCEW tabulations.

While QCEW captures the majority on employment in most industries, the Film and Entertainment Industry is actually dominated by freelance and independent contractors. One component of the Florida film and entertainment industry, for example, is the Independent Artists, Writers and Performers industry (NAICS 711510). The formal definition of this industry encompasses many freelance actors, writers, producers and others not covered by unemployment insurance programs. Thus it should be noted that QCEW data may grossly underestimate the number of workers in this sector. See Appendix B of this report.

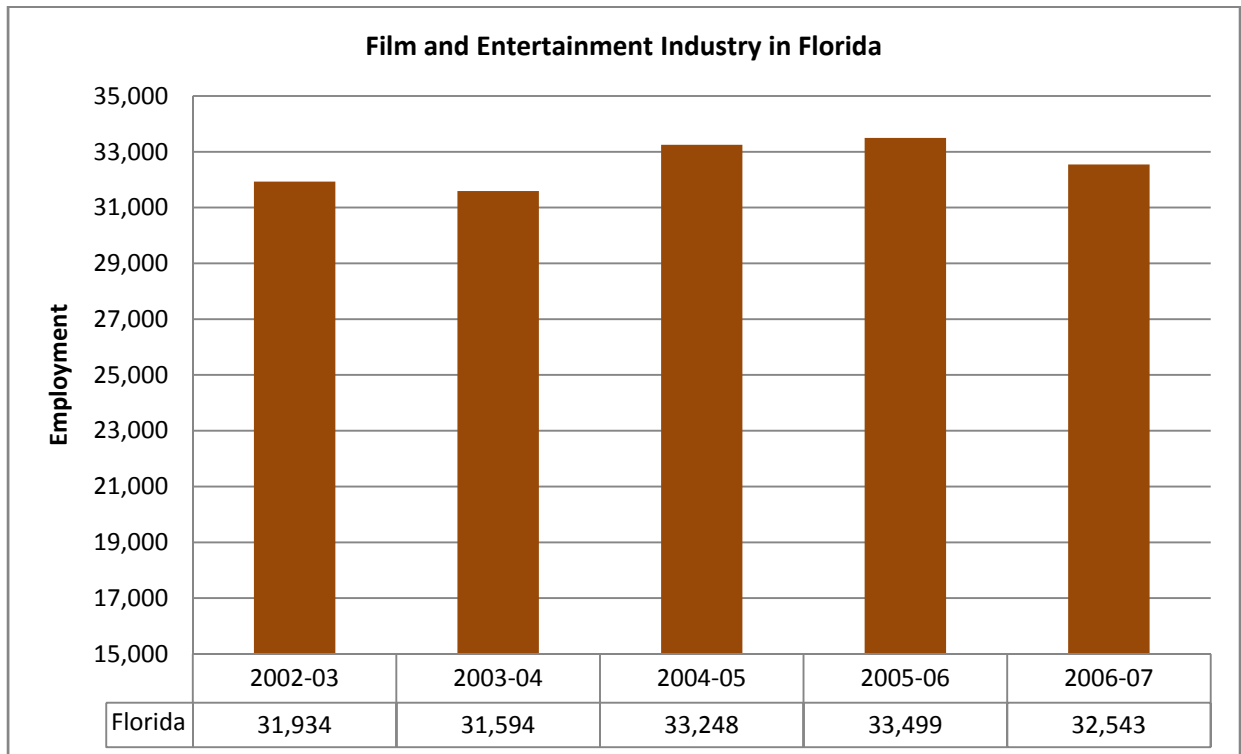
Establishments

Establishment data was also taken from the QCEW data. An establishment is an economic unit, such as a farm, mine, factory, or store that produces goods or provides services. It is typically at a single physical location and engaged in one, or predominantly one, type of economic activity for which a single industrial classification may be applied.

Economic Importance

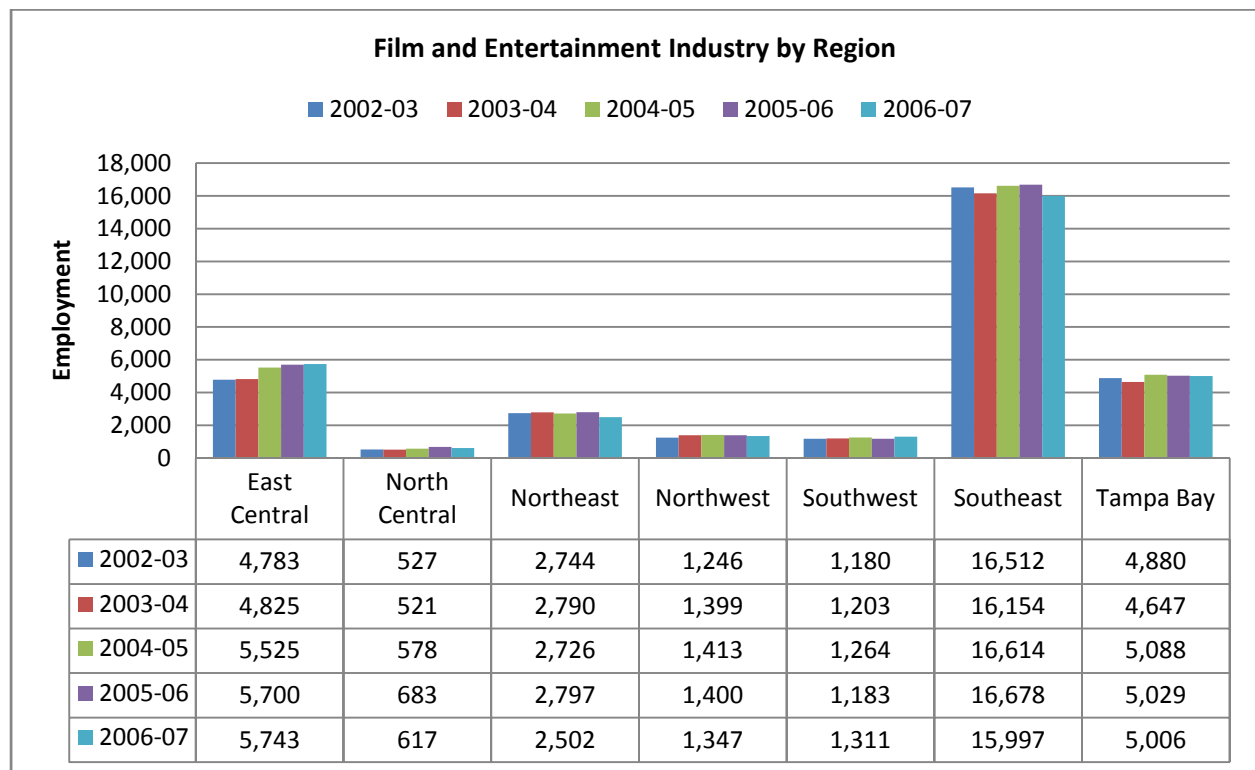
Economic importance was measured using location quotients for 2002 and 2007. In general, location quotients are ratios that compare the concentration of a resource or activity, such as employment, in a defined area to that of a larger area or base. For example, location quotients can be used to compare State employment by industry to that of the nation; or employment in a city, county, metropolitan statistical area (MSA), or other defined geographic sub-area to that in the State. The location quotients in the table below compare the employment concentration in the selected county or region to the nation as a whole.

A location quotient greater than one implies that the industry is producing more goods and services than are consumed locally. Thus, the industry must be a net exporter of the goods or services to non-local consumers, and in the process, bringing outside spending into the local area. A high location quotient is indicative of a comparative advantage for that particular business sector relative to other areas in the country. See figures below.



	2002-03	2003-04	2004-05	2005-06	2006-07	Growth 2002 to 2007	2002 Location Quotient	2007 Location Quotient
Florida	16,692	17,910	21,023	22,136	22,597	35%	0.86	0.84

Employment in the overall Film and Entertainment Industry has remained relatively constant, although the number of establishments grew by 35 percent between 2002 and 2007. Approximately one half of total state employment and total establishments are located in the Southeast region. Employment has been relatively steady in all of the Florida regions since 2002, with the exception of the East Central region, which seen a gain of nearly 1,000 jobs during the time period. See the figures below.



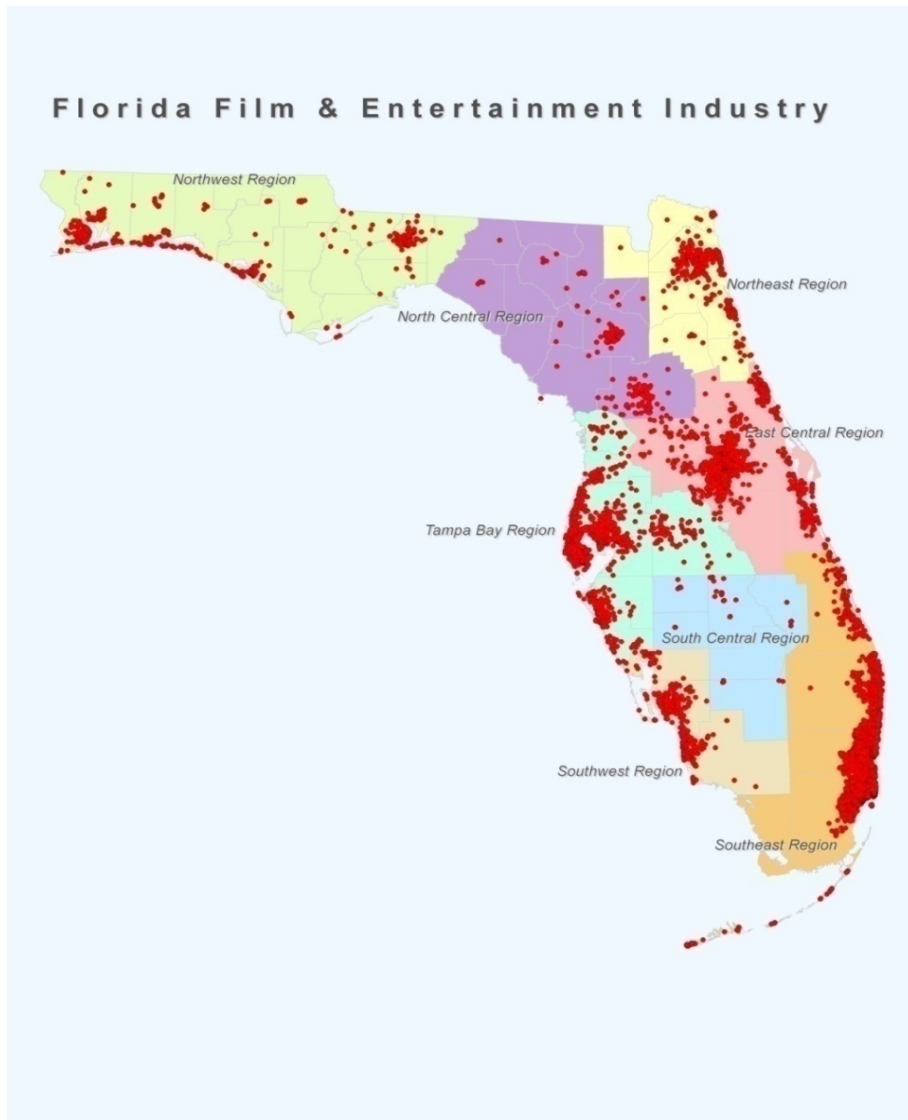
	2002-03	2003-04	2004-05	2005-06	2006-07	Growth 2002 to 2007	2002 Location Quotient	2007 Location Quotient
East Central	2,686	2,800	3,306	3,645	3,882	45%	0.87	0.88
North Central	342	363	448	516	521	52%	0.57	0.60
Northeast	867	903	1,072	1,191	1,184	37%	0.78	0.83
Northwest	742	769	863	921	912	23%	0.65	0.66
South Central	44	37	38	39	42	-5%	0.33	0.28
Southwest	636	681	874	908	942	48%	0.82	0.75
Southeast	8,353	9,173	10,716	11,093	11,237	35%	1.07	1.01
Tampa Bay	3,022	3,184	3,706	3,823	3,877	28%	0.71	0.71

Establishment Assessment

In addition to producing feature films and filmed television programs, establishments in the Florida Film and Entertainment Industry produce made-for-television movies, music videos, digital media-based entertainment, and commercials. Establishments engaged primarily in operating motion picture theaters and exhibiting motion pictures or videos at film festivals are included in this industry, but have been excluded from this study. Other Florida establishments provide post-production services to the motion picture industry, such as editing, film and tape transfers, titling and subtitling, credits, closed captioning, computer-produced graphics, and animation and special effects.

The figure below shows the location and distribution of establishments within the Florida Film and Entertainment Industry by region. See figure below.

Florida Film and Entertainment Industry Clusters



Using both NAICS and SIC code definitions, establishment changes, both in number and in revenue, were examined in the Florida Film and Entertainment Industry between 2003 and 2007. Findings show that statewide, the number of industry establishments declined by 1.9 percent during that time period, while revenues for the remaining firms increased 46 percent. See tables below.

Statewide Industry Establishments by Business Type

STATEWIDE ESTABLISHMENTS NAICS CODE DESCRIPTION	2003	2004	Year 2005	2006	2007	2003-07 % change
ADVERTISING AGENCIES	2,114	2,064	2,076	2,111	2,093	-1.0%
AGENTS & MANAGERS FOR PUBLIC FIGURES	181	151	150	169	152	-16.0%
AUDIO & VIDEO MEDIA REPRODUCTION	129	126	125	112	102	-20.9%
CABLE & OTHER SUBSCRIPTION PROGRAMMING	395	361	381	397	426	7.8%
COMMERCIAL PHOTOGRAPHY	1,352	1,266	1,288	1,228	1,210	-10.5%
INDEPENDENT ARTISTS, WRITERS, & PERFORMERS	1,858	1,820	1,884	1,991	2,020	8.7%
MOTION PICTURE & VIDEO DISTRIBUTION	30	29	24	23	23	-23.3%
MOTION PICTURE & VIDEO PRODUCTION	1,392	1,364	1,405	1,261	1,259	-9.6%
MUSICAL GROUPS & ARTISTS	278	251	250	243	235	-15.5%
MOTION PICTURE EQUIPMENT RENTAL	691	670	705	660	640	-7.4%
OTHER MOTION PICTURE & VIDEO INDUSTRIES	14	18	24	19	17	21.4%
OTHER SOUND RECORDING INDUSTRIES	299	279	289	281	268	-10.4%
SOUND RECORDING STUDIOS	596	559	560	536	496	-16.8%
TALENT PAYMENT SERVICES	319	331	372	406	422	32.3%
TELEPRODUCTION & POSTPRODUCTION SVCS	10	9	20	143	143	1330.0%
TELEVISION BROADCASTING	283	301	311	321	320	13.1%
WARDROBE RENTAL	463	435	431	396	378	-18.4%
Grand Total	10,404	10,034	10,295	10,297	10,204	-1.9%
Annual Percentage Change		-3.6%	2.6%	0.0%	-0.9%	

Statewide Industry Establishments Revenues by Business Type

STATEWIDE REVENUE NAICS CODE DESCRIPTION	2003	2004	Year 2005	2006	2007	2003-07 % change
ADVERTISING AGENCIES	\$ 4,677,490,000	\$ 4,732,653,000	\$ 4,539,162,000	\$ 5,723,537,000	\$ 6,078,570,000	30.0%
AGENTS & MANAGERS FOR PUBLIC FIGURES	\$ 115,361,000	\$ 109,052,000	\$ 112,082,000	\$ 271,671,000	\$ 239,538,000	107.6%
AUDIO & VIDEO MEDIA REPRODUCTION	\$ 199,557,000	\$ 178,668,000	\$ 158,748,000	\$ 204,708,000	\$ 196,175,000	-1.7%
CABLE & OTHER SUBSCRIPTION PROGRAMMING	\$ 2,204,100,000	\$ 2,004,023,000	\$ 2,005,676,000	\$ 4,826,114,000	\$ 6,768,164,000	207.1%
COMMERCIAL PHOTOGRAPHY	\$ 425,888,000	\$ 395,103,000	\$ 363,718,000	\$ 639,348,000	\$ 441,971,000	3.8%
INDEPENDENT ARTISTS, WRITERS, & PERFORMERS	\$ 1,178,793,000	\$ 1,231,180,000	\$ 1,443,351,000	\$ 2,079,817,000	\$ 1,790,881,000	51.9%
MOTION PICTURE & VIDEO DISTRIBUTION	\$ 173,936,000	\$ 149,975,000	\$ 91,784,000	\$ 44,555,000	\$ 56,749,000	-67.4%
MOTION PICTURE & VIDEO PRODUCTION	\$ 1,964,016,000	\$ 1,879,977,000	\$ 1,967,048,000	\$ 1,960,251,000	\$ 1,831,520,000	-6.7%
MUSICAL GROUPS & ARTISTS	\$ 233,332,000	\$ 298,465,000	\$ 308,445,000	\$ 308,672,000	\$ 314,375,000	34.7%
MOTION PICTURE EQUIPMENT RENTAL	\$ 3,101,488,000	\$ 4,787,868,000	\$ 4,575,273,000	\$ 3,565,324,000	\$ 3,255,536,000	5.0%
OTHER MOTION PICTURE & VIDEO INDUSTRIES	\$ 8,695,000	\$ 14,234,000	\$ 21,204,000	\$ 59,560,000	\$ 59,271,000	581.7%
OTHER SOUND RECORDING INDUSTRIES	\$ 195,336,000	\$ 217,164,000	\$ 202,211,000	\$ 172,043,000	\$ 192,136,000	-1.6%
SOUND RECORDING STUDIOS	\$ 701,154,000	\$ 707,337,000	\$ 745,753,000	\$ 1,254,728,000	\$ 1,262,773,000	80.1%
TALENT PAYMENT SERVICES	\$ 246,410,000	\$ 275,831,000	\$ 321,587,000	\$ 332,889,000	\$ 443,614,000	80.0%
TELEPRODUCTION & POSTPRODUCTION SVCS	\$ 2,629,000	\$ 2,803,000	\$ 7,502,000	\$ 44,859,000	\$ 39,229,000	1392.2%
TELEVISION BROADCASTING	\$ 4,330,864,000	\$ 4,479,282,000	\$ 4,766,894,000	\$ 5,781,516,000	\$ 5,913,167,000	36.5%
WARDROBE RENTAL	\$ 169,262,000	\$ 171,144,000	\$ 173,852,000	\$ 216,989,000	\$ 211,675,000	25.1%
Grand Total	\$ 19,759,049,000	\$ 21,463,615,000	\$ 21,630,438,000	\$ 27,269,592,000	\$ 28,883,669,000	46.2%
Percentage Change		8.6%	0.8%	26.1%	5.9%	

Estimated tax payments by Florida Film and Entertainment Industry establishments were nearly \$708 million in the 5-year period analyzed.

Regionally, the largest concentrations of firms are in the Southeast, East Central and Tampa Bay regions, although the Northeast region added the most new businesses between 2003 and 2007. In terms of

revenues, the Southeast generates the largest amounts, with 2007 revenues representing 41 percent of the state’s total revenues for the Florida Film and Entertainment Industry.

Looking at production and post-production firms specifically, while the number of production service companies declined statewide by 14 percent between 2003 and 2007, the number of post-production service companies increased 73 percent. As would be expected, revenues for production service companies declined nearly 15 percent while post-production service company revenues more than doubled, growing by 118 percent. Regionally, from 2003 to 2007, most Florida regions saw flat or declining revenues from production and post-production service companies, with some regions declining sharply. However, revenues grew during this time period by 45 percent in the Southwest and 28 percent in the Southeast. It’s estimated that, statewide, Florida production service companies spent over \$568 million from 2003 to 2007 on marketing and advertising.

Workforce

Of major importance in maintaining and further developing the Florida Film and Entertainment Industry is the quality and quantity of the state’s industry workforce. Between 2003 and 2007, the Florida Film and Entertainment Industry workforce grew nearly 14 percent, with most component industries seeing some growth in employment over the period. See table below.

Florida Film and Entertainment Industry Employment 2003-2007

NAICS Code	Description	2003 Jobs	2004 Jobs	2005 Jobs	2006 Jobs	2007 Jobs	% change 03-07
512110	Motion picture and video production	5,285	4,936	5,525	5,308	5,507	4.2%
512120	Motion picture and video distribution	213	171	170	182	215	0.9%
512191	Teleproduction and postproduction services	435	395	373	417	448	3.0%
512199	Other motion picture and video industries	300	85	98	76	77	-74.3%
512210	Record production	101	93	116	177	186	84.2%
512240	Sound recording studios	775	671	632	686	663	-14.5%
512290	Other sound recording industries	415	292	256	281	294	-29.2%
515120	Television broadcasting	9,336	9,670	9,534	9,293	9,536	2.1%
515210	Cable and other subscription programming	5,234	5,607	5,751	5,931	4,383	-16.3%
541810	Advertising agencies	13,157	16,530	16,295	16,108	16,369	24.4%
541922	Commercial photography	1,051	1,000	932	1,201	1,279	21.7%
711130	Musical groups and artists	2,448	2,475	2,540	2,855	2,850	16.4%
711510	Independent artists, writers, and performers	46,801	48,394	50,511	52,268	55,470	18.5%
	Total	85,552	90,320	92,735	94,784	97,276	13.7%

Source: EMSI Complete Employment – Spring 2008 Release v. 2

The Florida Film and Entertainment Industry employs workers in every major occupational group. These include the above-the-line (expenditures committed prior to production) talent positions such as writers, starring actors, and directors, as well as below-the-line production and post-production positions such as cast, director of photography, assistant directors, and other crew members. For 2007, the average annual wage for the Film and Entertainment Industry as defined was approximately \$57,700 in Florida. Employment in the core professional and technical occupations grew, for the most part, in Florida between 2002 and 2007, with declines being seen in camera operators, film and video editors, audio and video equipment technicians, and sound engineers. Because of the prevalence of unions

within the industry, wages for the differing occupations vary tremendously, although the differential varies between the different occupations, as wages broken out in percentiles indicate. See table below.

Florida Film and Entertainment Industry Occupations and Wages

Description	2007 Jobs	2007 Median Hourly Earnings	2007 Avg Hourly Earnings	2007 Pct 10 Hourly Earnings	2007 Pct 25 Hourly Earnings	2007 Pct 75 Hourly Earnings	2007 Pct 90 Hourly Earnings
Art directors	5,958	\$12.78	\$15.68	\$8.50	\$9.39	\$19.39	\$29.90
Multi-media artists and animators	5,823	\$11.63	\$14.40	\$7.93	\$8.66	\$17.70	\$26.98
Artists and related workers, all other	5,451	\$10.44	\$13.18	\$7.05	\$7.65	\$17.03	\$25.79
Graphic designers	14,114	\$17.62	\$19.36	\$10.94	\$13.73	\$23.13	\$30.30
Set and exhibit designers	2,196	\$19.39	\$23.02	\$8.30	\$12.27	\$29.75	\$44.26
Actors	3,615	\$9.80	\$14.30	\$6.95	\$8.25	\$15.41	\$29.04
Producers and directors	5,793	\$20.75	\$25.47	\$10.30	\$14.00	\$32.43	\$45.85
Dancers	1,399	\$11.06	\$12.23	\$7.12	\$8.65	\$16.07	\$24.26
Choreographers	508	\$10.32	\$13.32	\$7.20	\$8.02	\$16.05	\$24.62
Music directors and composers	8,739	\$8.00	\$10.29	\$7.05	\$7.17	\$11.57	\$20.86
Musicians and singers	12,489	\$8.90	\$11.48	\$6.90	\$7.51	\$14.20	\$22.22
Public relations specialists	22,540	\$21.22	\$23.84	\$13.07	\$16.16	\$28.35	\$38.82
Editors	7,342	\$20.67	\$23.31	\$10.94	\$14.50	\$28.90	\$40.06
Writers and authors	19,639	\$11.03	\$13.90	\$7.22	\$7.93	\$17.20	\$26.23
Audio and video equipment technicians	2,370	\$16.97	\$18.47	\$10.15	\$13.10	\$22.24	\$30.56
Broadcast technicians	2,944	\$16.97	\$18.31	\$9.21	\$12.31	\$22.83	\$30.42
Sound engineering technicians	1,135	\$15.88	\$17.92	\$7.98	\$11.66	\$22.73	\$29.54
Photographers	39,692	\$14.95	\$19.35	\$7.46	\$9.41	\$24.22	\$37.25
Camera operators, television, video, and motion picture	1,773	\$17.75	\$19.41	\$9.21	\$12.35	\$24.55	\$33.23
Film and video editors	1,229	\$17.03	\$20.04	\$9.71	\$12.62	\$25.35	\$35.28
Advertising sales agents	13,160	\$21.59	\$27.15	\$11.00	\$15.03	\$33.58	\$51.74
	177,909	\$15.37	\$18.62	\$8.99	\$11.06	\$22.87	\$33.83

Source: EMSI Complete Employment - Spring 2008 Release v. 2
PCT = Percentile. The percentile is the value of the variable below which a certain percent of observations fall.
For example, for art directors, 10 percent have hourly earnings of up to \$8.50; 25 percent have hourly earnings of up to \$9.39, etc.

To gain further insight into the opinions of the Florida Film and Entertainment Industry workforce, a telephone-based survey was conducted from September 11, 2008 through September 17, 2008. This survey-based approach permitted analysis of Florida’s Film and Entertainment Industry economy from the perspective of those who work daily in the industry. With respect to education, the overall level of education among Florida Film and Entertainment Industry employees is high. Further, approximately one-third of the respondents are seeking additional training in the industry and many hope to complete that additional training in the state of Florida. Despite their enthusiastic desire to advance themselves within the industry, there is an overall perception among respondents that Florida does a poor job – relative to other states – in maintaining and promoting a sustained and vibrant film economy.

Respondents consistently highlighted the efforts of non-traditional film and entertainment states (such as Louisiana, Georgia and New Mexico and more traditional film and entertainment states (such as New York and California) as far exceeding the efforts of Florida in regards to retention and promotion of film and entertainment companies.

An overwhelming number of respondents enthusiastically support tax breaks and other financial incentives for Florida-based companies and for companies that are willing to relocate to Florida. One respondent perhaps summed it up best when he said that the state “needs to get some incentives going to keep the production companies in the state....I would like for Florida to become Hollywood East.”

Digital Media

Digital Media, as an industry, is enormously complex and varied, comprising a disparate range of services and products across a broad range of applications, platforms, tools, and industry sectors and embracing education, information, entertainment, and consumer- and business-oriented content. In Florida, a recent survey by Digital Media Alliance Florida identified about 25,000 companies in Florida’s digital media industry. Professionals in this sector include multi-media artists and animators, graphic designers, videogame and web developers, art directors, content authors, producers, audio engineers, motion graphics and video editors, photographers, and programmers. The survey also found that the Digital Media Industry payroll statewide exceeds \$1 billion and that digital media professionals in Florida earn on average \$59,766 a year – compared to the \$38,498 statewide annual average salary for all industries. Using Florida occupation by industry information, the number of jobs in identifiable digital media occupations was entered into an input-output model in order to estimate the economic impact of the Digital Media Industry within the Florida Film and Entertainment Industry. Using IMPLAN modeling software, it’s estimated that the digital media presence within the broader Florida Film and Entertainment Industry represents over \$3.6 billion in output and over \$1.5 billion in value-added and generates over 15, 314 direct jobs and 28,750 total jobs throughout the entire Florida economy. Digital media occupations are expected to grow overall by 11 percent in the next ten years, with multi-media artists and animators growing at the fastest rate. See table below.

Employment Forecast for Film and Entertainment Digital Media Occupations

Description	2008 Jobs	2018 Jobs	Florida Change	Florida % Change	National % Change
Computer specialists, all other	6,338	7,281	943	15%	16%
Art directors	6,490	7,964	1,474	23%	19%
Multi-media artists and animators	6,089	7,765	1,676	28%	25%
Graphic designers	15,273	17,597	2,324	15%	14%
Sound engineering technicians	1,122	1,277	155	14%	12%
Photographers	39,861	41,756	1,895	5%	3%
Film and video editors	1,209	1,413	204	17%	18%
Totals	76,382	85,053	8,671	11%	11%

Source: EMSI Complete Employment - Fall 2008

Industry Subsectors

The broader Florida Film and Entertainment Industry encompasses several subsectors and industries. This portion of our analysis examined some of these subsectors in order to evaluate their magnitude within the state industry. These consist of Hispanic and minority productions, commercials and music videos, independent filmmakers, international non-Hispanic productions, faith-based productions, location filming, post-production facilities and classic cell animation.

Hispanic and Minority Production

Americans of Hispanic origin form the single largest ancestral minority grouping in the United States and, according to the LA Times, spend billions of dollars annually on entertainment and represent the

fastest-growing segment of the movie-going audience. In order to better understand the challenges and opportunities unique to Hispanic and minority production and service companies located in Florida, we conducted a series of in-depth interviews with 16 companies self-identifying as Hispanic or minority owned around the state. Approximately 82 percent of these firms reported a slow and steady growth in employment since 2002. None of the firms indicated a fast pace of growth in the past 6 years and many noted that they had taken major hits in the past fiscal year as the economy took a downward turn. Approximately 63 percent expect slow growth over the coming years. Eighty-six percent of the respondents thought tax incentives would boost the industry in Florida. Approximately 71 percent of the respondents thought start-up assistance would provide a boost and 71 percent supported a program to provide subsidies for Florida colleges and universities to increase the number of training programs. A majority of respondents (64 percent) also supported financial assistance for those seeking training in the industry.

Commercial and Music Video Production

According to the Florida Film Production Guide 2007-08, there are currently 385 companies in Florida that produce commercials and 178 companies in Florida that produce music videos, with some overlapping between companies. To further our understanding of the companies that produce commercial and music videos in Florida, we conducted 10 in-depth interviews with companies around the state of Florida who self-identified as producers of commercials and music videos. These companies spent an average of \$650,000 in the state over the previous year. Included in this figure were salaries, benefits, production costs, and travel expenses. The 10 companies employed an average of 24 employees with 50 percent reporting that this number had decreased moderately or substantially since 2002/2003. Some of the production work occurred in south and central Florida including Orlando and Miami; however, the largest company interviewed indicated that roughly half of their production work occurred out of Florida in New York. Others companies reported that a sizable amount of production work took place in Georgia. With respect to the Florida portion of these companies' business, only one company reported a moderate increase in business that was Florida related over the past 6 years. An overwhelming 90 percent of these companies forecast a moderate or drastic decrease in production in the future for commercials and music videos with budgets greater than \$100,000.

Independent Film Production

Independent filmmakers have been traditionally defined as those that work outside of the established Hollywood studio system. Independent filmmakers represent a vast, diverse market. Ranging from feature films, documentaries, and short films, independent film has made it to the forefront of the entertainment industry. While higher budget independent films like *Juno* and *Little Miss Sunshine* have brought independent filmmaking to mainstream America, the rapid diffusion of affordable technology has made lower budget independent films (\leq \$1 million) extremely salient and has led to an exponential increase in the number of aspiring filmmakers. Even though most of the independent films never make it to theatrical release, their production and distribution represent a large opportunity for revenues.

We conducted 8 in-depth interviews of independent producers in the state of Florida. They reported that they had, on average, completed 340 productions since 2002. Their clients ranged from corporations to government agencies desiring short films and small productions. Included also were TV shows with various entertainment companies. Two key concerns for these filmmakers center on the lack of funding for, and lack of public knowledge of, independent films. Respondents also indicated that a lack of tax incentives and problems with distribution were also key issues faced by independents. However, none agreed with the statement that there isn't a large enough well-trained workforce. With respect to potential solutions to these issues, the respondents identified investments and incentives as key. These companies feel that either the state must invest more directly in the industry or the state must make it easier for private investors to invest in independent productions in the state.

International Non-Hispanic Production

Since 2001, there have been 92 non-Hispanic international productions shot in Florida. While the number climbed sharply between 2003 and 2004, it has remained relatively stable since then and does not presently represent a large component of the industry as a whole. One opportunity that has the potential for growth for Florida is Indian film production. India has the world's largest film industry, of which Mumbai-based Bollywood, which produces Hindi films, is the biggest part. India releases over 1,000 movies per year, or about twice Hollywood's production.

One strategy for Florida to use in tapping into the Indian industry is to attract location shooting. For example, the recent Indian production of *Dostana*, which centers around three young Indian professionals living in Miami, brought a local production budget of about \$2 million – equivalent to an independent film or a major commercial - to the Miami area.

The biggest impact, however, for Florida in attracting location shooting from India may be on tourism. Known as the "Bollywood effect," Indian movies set on location have been credited with spikes in vacationers from India, one of the world's fastest-growing economies. Switzerland established itself as Indian vacationers' No. 1 European destination after Bollywood directors used its Alps as a substitute for scenes set in the dangerous Kashmir region and Indian tourism to New Zealand surged 800 percent in the four years after the Bollywood hit *Say You Love Me* was filmed in Queenstown, according to a report by the British film agency.

Faith Based Production

According to Grace Hill Media, the producers of *Thou Shalt Laugh* and the leading marketing firm for religious consumers, "the Christian entertainment industry has boomed into a more than a \$3 billion a year industry." Christian-themed radio and books each reportedly generate more than \$1 billion annually. In recent years, seven major studios have opened divisions that target faith-based audiences. Movies with redemptive themes have consistently earned more revenue than any other type of film, averaging \$39 million in 2006, up from \$5 million in 1993, according to Movieguide's recent annual report to the entertainment industry. The report found nearly 50 films were released in 2006 with positive Judeo-Christian content. Currently, there is one film production company located within Florida that identifies itself as specifically a faith-based organization. However, faith-based productions are

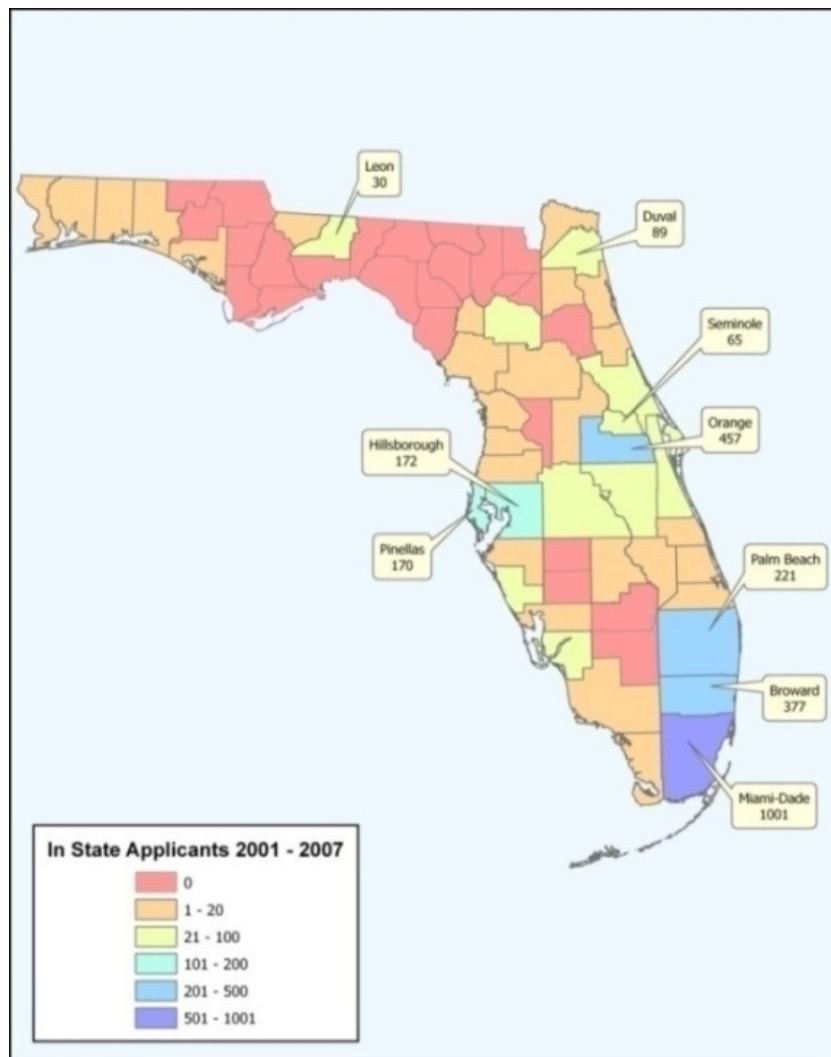
becoming a considerable force in the entertainment industry. The growth of such production companies represents a potential opportunity for the state.

Location Filming

Today, the studio is just another location and locations themselves have become a totality of place – not just the scenery to be filmed, but an agglomeration of what is available to the filmmaker in terms of shooting environment and availability of production and post-production services.

Using Florida sales and use tax exemption incentive data, production activity occurring in Florida since 2001 was mapped at the county level. Based on data used in awarding state sales tax exemptions for qualified companies, film productions in Florida were found to be scattered throughout the state between 2001 and 2007, with Miami-Dade garnering the largest number of productions.

Florida Tax Exemption Applicants by County



There are 54 local film liaisons within the state of Florida that provide production assistance to the film and entertainment industry. Data collected from these offices reflect a declining number of productions and production days, although employment on these productions has increased since 2002.

Economic Impact of Motion Picture and Video Production

Employment and spending information for the Motion Picture and Video Production Industry (NAICS 512110) within Florida was entered into an input-output model in order to estimate the economic impact of the industry within the broader defined Florida Film and Entertainment Industry. Using IMPLAN modeling software, estimates of overall economic impact for these productions were calculated for calendar years 2002 through 2007. See the table below.

Estimated Economic Impact of Movie and Video Production in Florida

Year	Employment	Output	Value Added
2002	64,546	\$ 8,119,965,471	\$ 2,993,988,085
2003	42,576	\$ 5,601,977,913	\$ 2,028,934,994
2004	35,688	\$ 4,768,067,327	\$ 1,717,226,181
2005	52,254	\$ 6,579,472,745	\$ 2,426,104,169
2006	50,340	\$ 6,315,477,221	\$ 2,332,247,475
2007	26,257	\$ 3,423,802,351	\$ 1,247,357,571

All Output and Value Added numbers are in 2008 dollars
 Source: IMPLAN

The data reflect a sharp decline in Florida productions between 2006 and 2007, resulting in lower economic impacts and lower employment generation throughout the Florida economy.

Post Production

Because of technological changes in film production and post-production techniques, filmmakers now have a much larger pool of potential post-production service providers. They can continue to use the facilities that are geographically proximate to their production site or they look for smaller facilities in new markets. This has allowed new production markets to build a technical infrastructure without relying solely on local production. We contacted 63 post-production companies who are currently doing the post-production work on 10 films currently in post-production in Florida. Of these, 2 were shot in Fiscal Year 04-05 and 4 were shot in Fiscal Year 06-07 in the state of Florida. Another 3 films were shot out of state in Fiscal Year 06-07 and one was shot out of state in Fiscal Year 05-06. One of the companies has plans to complete post-production work on an additional film that was shot in 06-07. All of the non-Florida productions were shot in Louisiana and Georgia, with some work done in Canada.

Classic Cell Animation

Currently in Florida, there are an estimated 39 companies that deal in 2D or classic cell animation. All are located in the Southeast, South Central, and Tampa Bay regions of the state. Since the closure of

Disney’s classic cell studio in Orlando, these remaining companies are small businesses that typically employ fewer than 10 employees. According to the 2008 wage survey from the Animation Guild, union wages for 2D animators range from \$1,490 to \$3,000 per 40-hour work week.

Florida Film and Entertainment Industry Economic Impact

In 2002, Florida firms within the overall Film and Entertainment Industry generated over \$4.7 billion in revenue and paid over \$1.2 billion in wages. By 2007, the major component industries of motion pictures, television, commercials and music videos, and digital media saw revenues exceeding \$8.5 billion, or 5.2 percent of US same industry wide revenues.

The estimated economic impact of the Florida Film and Entertainment Industry grew from nearly \$27 billion in 2003 to \$29.2 billion in 2007. The industry is currently responsible for over 207,000 jobs in the state, a 3.7 percent increase from 2003, and generates nearly half a billion dollars in tax revenues annually, up an estimated 5.3 percent during the same time period. The 2007 Gross Regional Product (GRP) generated by the industry represents 2.4 percent of the total state GRP. See the table below.

Estimated Economic Impact of the Florida Film Industry in 2003 and 2007			
	2003	2007	% Change 03-07
Total employment	200,400	207,800	3.7%
Total GRP (Billions 2008\$)	15.83	17.88	13.0%
Personal Income (Billions \$)	6.72	8.5	26.5%
Output (Billions 2008\$)	26.89	29.29	8.9%
Value-Added (Billions 2008\$)	15.57	17.73	13.9%
Taxes	2003	2007	
Intergovernmental Revenue	\$ 49,612,000	\$ 43,380,000	-12.6%
General Sales Tax	\$ 262,800,000	\$ 258,300,000	-1.7%
Selective Sales Tax	\$ 85,203,000	\$ 90,750,000	6.5%
Corporate Income Tax	\$ 35,590,000	\$ 45,090,000	26.7%
Other Tax	\$ 39,070,000	\$ 60,020,000	53.6%
Total	\$ 472,275,000	\$ 497,540,000	5.3%

Source: REMI Policy Insight Versions 7.0 and 9.5

While box office revenues, media consumption, and Florida employment are expected to continue to grow, one area of focus for additional potential growth in the Film and Entertainment Industry sectors is the local supply chain. While it is not possible or cost-effective to produce all of the inputs (goods and services) that an industry needs locally, examining how much a selected industry or entire cluster purchases from various other industries (its “requirements”), along with how much of that amount is satisfied by industries inside the region and how much must be satisfied by industries outside the region, can reveal the industry’s or cluster’s major dependences on outside imports. Developing the

industries that supply the Film and Entertainment Industry in Florida adds to the overall growth of the industry.

The Florida Film and Entertainment Industry is forecasted to grow faster than other targeted industry clusters within the state of Florida. With a projected employment growth rate of 20 percent, it is expected to grow faster than the Biomedical/Biotechnical cluster (19%) and the Defense and Security cluster (18%).

A multiplier is a single number that summarizes the total economic benefits resulting from a change in the local economy. Using industry multipliers from the IMPLAN modeling system, this overall industry multiplier for the Film and Entertainment Industry is calculated to be 1.95. **Thus for every \$1 spent on a production within the State of Florida, the state sees an additional ninety-five cents in impact.**

The impact could be larger if more films and other types of productions were attracted to the state. In addition, the impact will grow if Florida continues to develop its film and entertainment cluster with larger pools of skilled labor, suppliers, and production capabilities. A film production and post-production cluster would likely attract more films and lead to a significant, lasting, long-term economic impact on the Florida economy.

Growing the Indigenous Industry

To evaluate where Florida companies fit into the national Film and Entertainment Industry, industry professionals in Film and Entertainment Industry companies not currently located within Florida were questioned in order to gain additional insight into current perceptions and opinions of Florida as a place to do business. Companies questioned included international production companies, motion picture studios, finance companies, distribution companies (major and independent), Hispanic production companies, visual effects houses and game developers. Taken together, this anecdotal evidence points to Florida as a being seen as a poor place for industry business. Suggestions for improvement included better, more consistent incentives; increased infrastructure; an improved business climate and better marketing of what the state has to offer.

SWOT Analysis

SWOT analysis is a tool for auditing an organization or industry and its environment. It is the first stage of planning and helps stakeholders to focus on key issues. SWOT stands for strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal factors. Opportunities and threats are external factors.

What follows is a SWOT analysis for Florida both as a filming location and a business location for the Film and Entertainment Industry.

Strengths

Uniqueness of place – Florida offers a wide variety of filming locations that are difficult to duplicate in the United States and several, such as Miami, that are internationally recognizable. As Matt Nix,

Executive Producer, Writer, and Creator of the USA Network original series *Burn Notice* put it in a July 31, 2008 interview “. . . we do have a lot of opportunity to explore because we are outside so much on location, it’s very easy to say that Los Angeles can double or Vancouver can double for anyplace, and it’s true that anyplace can have the inside of a police station because you can build it or you can find a few palm trees in any location or bring them, but one of the nice things about working in Miami is that it’s a big city, it’s a distinctive city, and they’re really are a lot of distinctive things about it, and if you’re not here you can’t get all the fun deco architecture.”

Industry infrastructure – much of the needed infrastructure is in place in Florida in terms of crew base, establishments that support all phases of production, desirable locations, film festivals, post-secondary educational programs, and film offices.

Existing production centers – Florida already has existing production centers in North, South and Central Florida. According to the Film Florida Production Guide and InfoUSA, Florida has the following infrastructure in place:

Backlots	8
Foley Stages	7
Insert Studios	59
Virtual Studios	8
Warehouse Space/Raw Space	15
Photo Studios	78
Recording Studios	76
Sound Stages	57
Television Studios	44
Motion Picture Film Labs	2
Special Effects Companies	5

Government support – there is an established film office and film liaison infrastructure within Florida. Florida’s film office is housed in the Governor’s office and there are 54 local film liaisons located throughout the State. Florida is also the only state with a full time Los Angeles film liaison.

Cost advantage – shrinking, but Florida still has a cost advantage over larger production centers such as New York and Los Angeles.

Weather – Florida has the climate for year around shooting and is known for the quality of its light

Longevity – Florida has a long history within the Film and Entertainment Industry in part because it provides a strong tourism infrastructure that provides activities for industry participants when filming or residing here.

Weaknesses

Inconsistent production incentives – Florida’s inability to fully fund its incentives programs makes it difficult for production companies to factor these into long range plans. Florida’s current incentives structure relies on annual appropriations and recent budget issues have severely impacted the amount of incentive money available.

Operational effectiveness of infrastructure – Florida has a legacy infrastructure that may not be meeting current industry demands. The ability to upgrade infrastructure is limited by low production activity cause partially as a result of inconsistent incentives. Lack of production restricts the inflow of needed capital as well as limiting on-the-job training opportunities for Florida’s workforce.

Loss of reputation and “brand” name – most who were questioned in the film industry were not impressed with Florida as either a location for filming or as a state with a vibrant film and entertainment industry. Florida is seen as too removed from either California or New York to be a “player”. This viewpoint is particularly interesting given Louisiana’s rise within the film industry.

Marketing - professionals were unaware of existing incentives or felt incentives were only for large productions. Florida is seen as lacking a good film infrastructure – again interesting given the size of the state’s production centers.

Hurricanes – recent severe seasons have brought this issue to the forefront

Geography – insurance costs for productions increase for areas within 100 miles of the ocean. There is no place in Florida that is over 100 miles from water.

Labor Rates – the current structuring of labor rates by unions, such as IATSE, results in wages rates some \$5.25 to \$6.00 per hour higher on productions taking place in Florida as compared to neighboring and competing states. There is also an existing perception that unions are difficult to deal with in Florida.

Opportunities

Low entry barriers – increased usage of digital technology also translates into decreased start-up costs for businesses within the industry.

Learn from others – many states and their indigenous businesses are wrestling with the same problems as Florida. This presents an opportunity to observe what works (and what doesn’t) for them and see if it is applicable in Florida.

Niche markets - Niche marketing is how businesses maximize their profits and provide product to specific interest groups in all sectors of the economy. Florida has an opportunity to examine its competitive advantage in providing content to niche markets that currently exist and will exist in the

future within the Film and Entertainment Industry. One market for consideration is the international growth of the Indian film industry. As “Bollywood” expands, so do opportunities for location shooting.

Digital - Digital technologies represent an industry wide opportunity, and Florida businesses have the opportunity to, as mentioned in the 2006 study, be the “grandfather” in the industry. Florida is already taking steps in this area by establishing digital media as one of its Employ Florida Banner Center industries. Florida is also home to a strong defense and simulation industry, creating opportunities for synergy where these industries overlap. Currently, Electronic Arts, the largest video game developer, makes its home in the high tech corridor of Central Florida. With the projected growth in digital technology within the industry, Florida has the opportunity to investigate incentives tailored toward attracting and retaining these businesses.

Spanish language workforce— Florida is home, according to the 2000 Census, of the third largest Spanish speaking population in the United States. This presents an obvious source of workforce for the production of products tailored to the Spanish language market.

Threats

Other states – Many other states have discovered the desirability of having a strong film industry and attracting location shooting. For example, New Mexico offers a loan, with participation in lieu of interest, for up to \$15 million (which can represent 100 percent of the budget) for qualifying projects. Michigan offers up to a 42 percent refundable tax credit. Additionally, because other states have less crew infrastructure, Florida based crew can go to these states and work at a higher level/higher paying job than they could get than if they worked on a Florida production.

Other countries – Many countries also offer production incentives and have similar types of locations as Florida.

Mobile industry –If there were an inherent advantage in having the motion picture production industry in a fixed location; it would never have left Hollywood. The industry and its workforce are mobile, and digital technologies are only increasing this mobility and eroding Florida’s workforce. Conversely, the mobility of the workforce also provides an opportunity for Florida to attract labor.

Special Threats

Film and music piracy presents a special threat to Florida’s Film and Entertainment Industry. The piracy of copyright protected digital goods is a large and growing problem in the music, computer software, videogame, and film industries. Florida households spend approximately \$2.9 billion dollars annually on movie admissions, purchases of videos, music CDs and DVDs, and rentals of videos and DVDs. Of this spending, it is estimated that Florida industry losses to piracy annually exceeds \$211 million. This results in an estimated annual economic cost to Floridians of over \$334 million in output, \$126.8 million in

value-added and some 1,524 jobs. Of these, 618 jobs would be in the motion picture industry, record producing and video rental business; the rest would be in other industries.

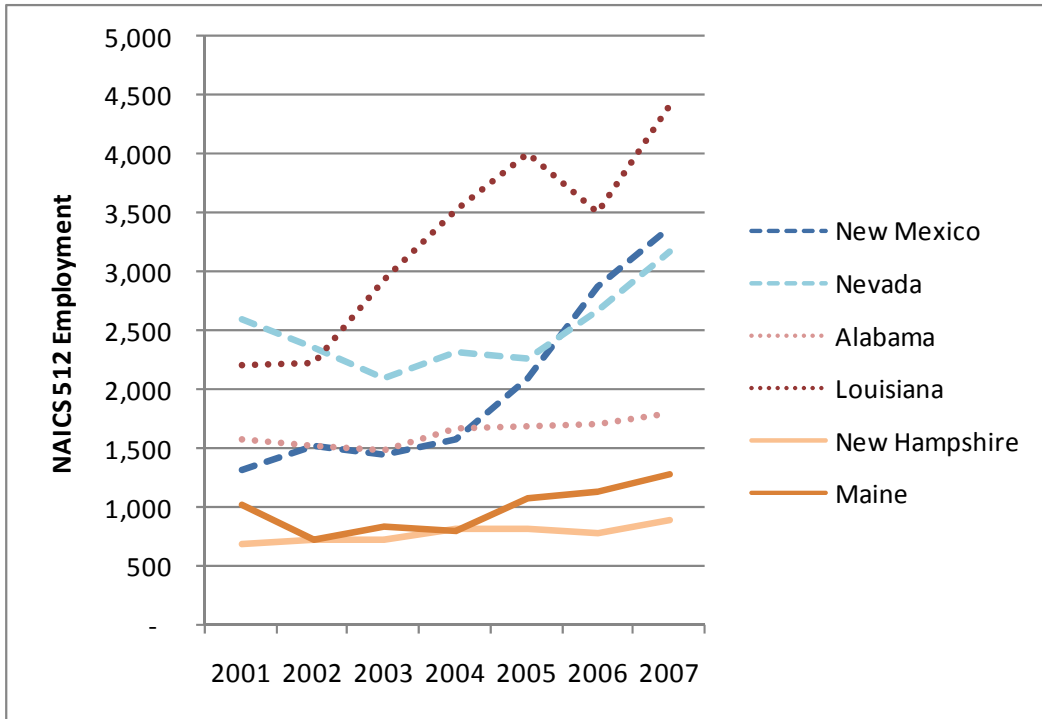
Production incentives offered by other states also represents a threat to Florida's industry. Film production is a high-wage, labor-intensive business, employing skilled workers and large numbers of local self-employed technicians, caterers, actors, laborers, and technical crews. It is heavily dependent on the hospitality industry to maximize the quality of its temporary residence and brings a "home-base cost-of-living" requirement into the expected quality of life on location. Of key importance is the fact that in addition to immediately enhancing the local business environment, production brought in from out of state on a regular basis can serve to accelerate training in a local economy to provide future technical and skilled workers in this sector. According to a 2005 study comparing film production incentives, the challenge for state and local film production promotion efforts is to develop strategies that compete with "best practices" yet have policies that grow the industry while minimizing "pirating" from other areas and avoiding "giving away the store" in financial and tax incentives.

Gauging the net impact of film production incentives on a state's total employment is difficult. Recently, Ernst and Young completed an analysis of the economic and fiscal impact of the New Mexico Film Production Tax Credit. In it the economic and fiscal impact examination of the state's tax credit looked at three categories of spending as the economic activity generated by the tax credit. These categories were 1) total production expenditures, including those qualifying for the credit and those not qualifying; 2) capital expenditures within the state attributable to the industry; and 3) tourism spending attributable to visitors coming to the state because they had seen it in a film. Taken together, these produced a \$1.50 return on every dollar invested in the tax credit.

While sufficient data does not exist to duplicate the New Mexico study for the Florida Film and Entertainment Industry, Florida's total production numbers (the only numbers available comparable to what were used in the New Mexico study) were entered into IMPLAN model. Using the total production expenses reported in the 2007 sales tax report of \$816,462,452 for both in state and out of state companies, tax revenues (before consideration of the sales tax rebate) of \$29.6 million were generated by this spending. This represents a \$1.60 return for every incentive dollar spent return. In other words, the state receives back its dollar plus an additional 60 cents.

Another way to roughly look at the impact incentives have had is to compare the employment in the Motion Picture and Sound Recording industries in states with similarly sized population and geographic location, where one has a film production incentive in place and one does not. The figure below shows employment for three pairs of states from 2001-2007. These pairs consist of New Mexico and Nevada, Louisiana and Alabama, and Maine and New Hampshire. In each case the first state listed has a film production incentive program in place, the second has no program. See the chart below.

Incentive Employment Comparison



Source: Bureau of Labor Statistics QCEW Program. Note: Alabama’s film production incentive program lapsed in 2006.

In each case, the state with a film production incentive in place was able to grow its resident film industry infrastructure more rapidly than those states without an incentive. While these observations are far from conclusive, they suggest that film production incentives have a positive impact on employment growth.

This is further reinforced when job growth in the Motion Picture and Sound Recording industries (NAICS 512) between 2006 and 2007 is apportioned by state to create an “Expected” number of new jobs and then compared to the “Actual” number of new jobs within the state. See the table below.

Expected versus Actual Employment Growth Comparison 2006 to 2007

	Expected Jobs	Actual Jobs
California	2,076	1,237
New York	632	(197)
Florida	195	368
Georgia	89	(151)
Virginia	68	354
Massachusetts	63	510
Maryland	62	322
North Carolina	62	111
Louisiana	48	908
New Mexico	39	509
Nevada	37	489
Connecticut	30	830
South Carolina	25	283
Pennsylvania	95	225
Mississippi	14	(10)
Rhode Island	13	(386)

To further assess the competitiveness of Florida's incentives with those of selected competing states and Canada, the budget of a medium budget feature film (\$20 million) developed and financed by a California studio, was translated to conditions in Connecticut, Florida, Georgia, Louisiana, Mississippi, New Mexico, New York, North Carolina and South Carolina, as well as Toronto, Canada. Using California as 100 percent, it was found that by applying each areas incentives packages and differing wage rates, regions ranged from a low of 68 percent of California costs in Toronto to 94 percent of California cost in New York. Florida came in at 88 percent of the California cost. See the table below.

State Film Production Cost Comparison

State	% of California cost	Budget
California	100%	\$ 20,000,000
New York	94%	\$ 18,838,462
Florida	88%	\$ 17,663,378
Connecticut	82%	\$ 16,414,201
North Carolina	80%	\$ 15,955,495
New Mexico	76%	\$ 15,159,055
South Carolina	74%	\$ 14,706,309
Louisiana	73%	\$ 14,699,055
Mississippi	72%	\$ 14,351,319
Georgia	69%	\$ 13,794,016
Toronto, CA	68%	\$ 13,691,642

8 week shoot

\$	6,000,000	ABTL
\$	12,000,000	BTL (includes \$1M in purchases)
\$	2,000,000	Post-Production

Assumes all qualifications for expenditures have been met.

Doesn't include discount programs

Doesn't include bed tax exemptions

Assumes Canadian shell company used to earn tax credit

Assumes requirements for bonus incentives met

Assumes incentive programs fully funded.

Strategy

There have been previous studies undertaken of the Florida Film and Entertainment Industry, and these provide a useful context in determining strategies for the industry moving forward. In a 1987 publication called *Lights! Camera! Florida! – Ninety Years of Moviemaking and Television Production in the Sunshine State*, the study author Dr. Richard Alan Nelson listed eight factors that had made a stable, broadly based film and video industry possible in Florida. These were:

1. Long term growth in demand for new film and video products by industrial as well as consumer-oriented clients
2. The demise of the old studio system and the rise of the independent producer
3. The convenience afforded by rented, mobile technologies and improved film stocks, resulting in more location shooting – particularly for television commercials
4. Cheaper production costs (averaging 10-40% below California) because of right to work laws and union conditions
5. Locally experienced crew, extras and support personnel ranging from labs to caterers

6. Successful on location experiences resulting in positive word of mouth from independent producers working in the South
7. Aggressive marketing by the state and city film-television commissions, providing valuable assistance from red tape cutting to location scouting services
8. Increased local financing

In 2006, the Tourism Committee of the Florida House of Representatives State Infrastructure Council authored a report entitled *Florida's Entertainment Industry Infrastructure: Are We Growing the Indigenous Industry as well as Supporting Production?* This report looked both at the state of the industry within Florida as well as the operations of the Governor's Office on Film and Entertainment (OFE). The study put forward the following conclusions:

- Other states are aggressively pursuing various aspects of the entertainment industry through a variety of incentives. These incentives have and will continue to impact the amount of production that the state is able to bring in and the amount we are able to keep in the state.
- Some of the states with aggressive incentives, such as Louisiana, do not have the established infrastructure that Florida has. These states, however, are also aggressively pursuing building of an infrastructure, buildings and people, to support the industry base. Erosion of a well-known, marketable draw to a state for business needs to be avoided.
- The current financial incentive of the state, although extremely successful, should be reviewed and modified to make it more competitive while retaining the integrity of the incentive to benefit the state and our industry and crew. Issues raised included threshold level of the incentive acting as a disincentive; adequacy of the incentive regarding commercial production, television pilots and series, and independent productions; perception of uncertainty of funding acting as a disincentive to doing business in the state; and ineffectiveness of the incentive for digital media effects and business relocation.
- The use of a transferable corporate tax credit versus annual appropriation should be reviewed to determine if this will ameliorate concerns regarding the state's incentive and will bring more to the state on a long-term basis.
- There is a need for a strategic plan for growth of the entertainment industry sector in the state which includes specific steps for growing our indigenous industry. This should be a roadmap developed by OFE in conjunction with EFI, Workforce Florida and appropriate university, college and community college programs. Local film commissions and persons in the industry should be involved as well.
- The variety of incentives that encourage independent production and indigenous industry growth that are being used in other states should be reviewed to determine if these could help benefit Florida.
- Florida is the only state that statutorily specifically excludes electronic gaming from its incentives. Florida should examine how this industry fits into its plans. [This recommendation has since been addressed]
- The sales and use tax exemption does not include raw stock film and videotapes. This should be reviewed.

- The use of film festivals as distribution hubs for independent filmmakers should continue to be explored.
- The post-secondary institutions should come together to establish cooperative programs between institutions designed to focus on specific needs of the workplace or on critical needs in professional infrastructure in the entertainment industry
- OFE needs to be fully staffed and funded to make a continual positive impression on the industry and aggressively marketing our state to the world.

Other states have also looked at the problem of growing a film industry. Many states are adopting strategies to make it easy to create, produce, and distribute film and other media productions from start to finish within their borders. They are encouraging the development of needed infrastructure, creating workforce development programs, and providing financing mechanisms for film and media projects.

The following conclusions are made as a result of the analysis undertaken in **this** report:

- There must a solid business case for choosing to film on location in Florida as well as a solid business case for operating facilities in Florida if the indigenous industry is to survive.
- While acquiring location shooting is attractive, it has become highly competitive and may not be a sustainable market for Florida. All things being relatively equal, productions are going to locations with the best incentive packages.
- A locally sustainable industry provides the best opportunity for economic development and employment growth, be it either in production, post production or game development.
- In an effort to be all things to everyone, a Florida location may turn out to mean little to anyone. Florida needs to focus its efforts on finding what makes “Filmed in Florida” a good thing or what makes Florida the place to shoot.
- Spanish language production is an obvious growth market for Florida.
- Attraction of film financing companies and/or the establishment of a loan fund may be keys in redeveloping the indigenous industry.
- Digital production, post-production and the gaming industry have the greatest growth potentials and may be the best target for incentive dollars.
- The conclusions listed in the 2006 Tourism Committee of the Florida House of Representatives State Infrastructure Council report, in so far as they have not already been addressed, are still valid and need to be considered and/or incorporated into any strategic plan.
- If Florida wants to attract location filming, anecdotal evidence suggests it is going to have to match or better the most attractive incentive programs. A Warner Brothers Worldwide executive commented in 2007, “in the past few years, financial incentives have overwhelmed the 'where to shoot' equation. Major studios and smart independents are going to locations that have the best incentives. It's as simple as that.” This would suggest that Florida incentives could include offering a choice between a cash rebate or a transferable tax credit; a low interest loan fund; an indigenous filmmaker loan fund; state paid internships for entertainment projects; and other such incentives not currently offered. These programs would need to be fully funded.

Continued analysis should be performed to determine what level of incentive will produce the highest return on Florida's investment in order to insure the cost effectiveness of the program.

- If Florida wants to attract post-production, it needs to focus on developing and redeveloping post-production facilities by offering start up and expansion facilities with incentives assistance. With the projected growth in digital technology within the industry, Florida needs to investigate incentives tailored toward attracting and retaining these businesses. Currently, business has a hard time accessing existing economic development incentives that support infrastructure development due to the project based nature of the industry. The State should look at modifying existing incentives to support bricks and mortar development in the Film and Entertainment Industry
- For long term stable industry growth, Florida may need to focus on niche markets within the broader Film and Entertainment Industry. This could particularly focus on Spanish language and other types of cable programming and television series as well as game development and Latin music.
- The concept of the "live back lot" may warrant further exploration in Florida as it tries to expand production centers to locations throughout the state. Florida has many communities with historic areas that could be suitable for this type of development and this type of development could prove suitable for infrastructure incentives.
- Florida's existing target industry structure as it relates to IT companies should be examined as to applicability to digital media entertainment company development within the State.