

Economic and Fiscal Impact Analysis of
Proposed Motion Picture Tax Credit (SB 1409)

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1. EXECUTIVE SUMMARY

The Motion Picture Production Tax Incentive Program is due to expire December 31, 2010. Proposed In its place is SB 1409 Motion Pictures Production Tax Credits. This Bill would replace the existing Bill and create a new credit against taxes for qualified production and infrastructure expenditures in Arizona beginning in 2011.

This economic and fiscal impact analysis was commissioned by Bruce Bodner Company, who is proposing to build a major motion picture and recording studio in Avondale, Arizona. The primary objective of this report is to analyze the economic and fiscal impact of film and video production in the state of Arizona by looking at various levels of production spending and the resulting tax revenue generated to the state. An assessment of the impact of infrastructure spending is not included within this analysis.

For economic impact analysis, ESI utilizes the IMPLAN Pro Version 3 software program produced by the Minnesota IMPLAN Group. IMPLAN is widely used across the United States by government and private entities to prepare location specific economic impact analysis.

PRODUCTION INDUSTRY OVERVIEW

Industry Background

The average annual wage of occupations within the film industry in Arizona is \$52,659, which is 34 percent higher than the statewide average for all occupations at \$39,280.

For every 100 persons employed by the film production and sound recording industries in Arizona, another 208 jobs exist that provide services that supports the industry.

Since 2005 Arizona has realized an 11 percent increase in the number of establishments and an 18 percent increase in wages within the film and recording industries.

Approximately 25 percent of all employees in the film production industry are self employed. Self employed and independent contractors are not counted in the employment and wage data; consequently there is a significant underestimation of employment and wages earned in the film industry.

Report Highlights

In 2008, the motion picture and video industry in Arizona was responsible for:

- 12,253 Arizona jobs
- An average salary of \$52,659 for production employees (34% higher than the statewide average for all occupations)
- \$369 million in wages to workers in Arizona
- \$1.5 billion in payments to Arizona vendors and suppliers, small businesses and entrepreneurs
- Nearly \$50 million in income and sales taxes generated

TAX CREDIT FINDINGS

Productions that have applied for tax credits must be approved by the State and their in state expenses must be qualified. Tax credits are then issued only on qualified expenditures made in the State. Below is an estimate of the costs and benefits to the overall economy in Arizona as a result of a 20 percent tax credit program. As shown in the following table:

Arizona issues production tax credits of \$14.1 million based on qualified production expenditures and infrastructure.

These production projects had qualified expenditures of \$45.6 million.

The tax revenue generated from Arizona expenditures is equal to \$15.2 million.

For every \$1.00 spent in tax credit, the state earned \$0.08; an 8 percent return on investment.

Table 1 – State Return on Investment in Film Production Tax Credit Program, Including Infrastructure

State Fiscal Impact from Production and Infrastructure	\$15,259,597
Value of Tax Credits on Production	\$9,120,000
Value of Tax Credits on infrastructure	\$5,000,000
Net Total Tax Credits	\$14,120,000
Net Total Tax Credits	0

Notes: Total Tax Credits on state expenditures of \$60 million and a 20% tax credit; Avondale Live Infrastructure expenditures of \$93 million Source: IMPLAN, ESI Corp

The total economic output that is generated from \$60 million in Arizona expenditures is \$67.3 million, which is the total value of goods and services produced across all stages of production within all industry sectors in Arizona. This represents a multiplier effect of \$6.35 for every \$1.00 in tax credits issued for qualified expenditures.

2. INDUSTRY OVERVIEW

Runaway production is still an issue today and all but seven states offer some form of rebates, grants or tax credits that reduces the cost of production. According to the Director of the California Film Commission, these incentives have become a huge factor when considering where to shoot a film. Producers are first comparing the incentives offered and then looking at their scripts to see which of the places on the shortlist make sense.¹ California's world share of studio films dropped from 66 percent in 2003 to 34 percent in 2008. Last July the State of California began providing financial aid to shore up the loss of production, and as a result has been successful in attracting 10 feature films that would otherwise have gone elsewhere.

In spite of budget crises, states across the country recognize the immediate economic benefits such as jobs, sales and income taxes that the film industry has on their economy. States such as Florida and New York are strengthening their incentive programs to encourage job growth and stimulate their economy. In a recent poll conducted by *Variety*, location managers, unit production managers, cinematographers, directors and assistant directors were surveyed and asked to rate locations based on a variety of factors including: visual appeal, incentives, film office support, production resources, and ability to substitute for another location. California, New York and New Mexico came in as the top three North America locations.² Having a deep talent pool with studios, stage space and incentives was cited as critical to a states success.

ECONOMIC IMPACT ANALYSIS

For economic impact analysis, ESI utilizes the IMPLAN Pro Version 3 software program produced by the Minnesota IMPLAN Group. IMPLAN is widely used across the United States by government and private entities to prepare location specific economic impact analysis. This model functions by estimating the direct impacts, indirect impacts, and induced impacts of specific economic activity:

Direct economic impacts are those attributable to the initial economic activity. For example, an operation with ten full time employees creates ten direct jobs.

Indirect economic impacts are those economic activities undertaken by vendors and suppliers within the supply chain of the direct activity as a result of the initial economic activity. For example, suppliers of goods, materials, and services used in the direct activities produce indirect economic impacts.

Induced economic impacts result from the spending of wages paid to employees in local industries involved in direct and indirect activities. These wages, which are analogous to household spending, support additional local activities, such as the purchase of goods and services within the region. In turn, that portion of spending that accrues to local businesses and employees is once again re-circulated within the local economy, producing additional activity.

The model measures the amount of economic activity in each round of spending until all of the spending within the local region has been leaked outside the study area.

¹ *The Economist*, "The Film Business," March 13 19th, 2010. ²

ESI Corp, October 23, 2009

IMPACT FINDINGS

The motion picture, video production and sound recording industry within the State of Arizona is a \$1.5 billion industry that provides direct, indirect and induced effects on the state's economy by supporting over 12,000 jobs and annually generating nearly \$50 million in state and local taxes. This industry is involved in the production and distribution of motion pictures and sound recordings. Production is typically a complex process that involves several distinct types of establishments that are engaged in activities, such as contracting with performers, creating the film or sound content, and providing technical postproduction services.

Many of the jobs that are supported by this industry are not counted within the 512 NAICS³ code (Motion Picture & Sound Recording Industry); including costume rental, commercial and industrial equipment rental and leasing, casting actors and actresses, and independent producers, artists, writers and performers on contract. Consequently the total jobs that are supported by this industry are understated in the Covered Wages and Employment (CEW) data provided by the U.S. Bureau of Labor Statistics (BLS). The following table identifies the direct and total impact that the film (minus exhibition) and recording industries have on Arizona's economy.

Table 2 – Economic Impact of Film Production and Sound Recording Industries in Arizona (NAICS 5121, 5122)

Economic Impact	Direct	Total
Value Added	\$ 188,741,048	\$ 624,281,760
Labor Income	\$ 117,053,665	\$ 369,839,856
Other Property Income	\$ 66,551,342	\$ 220,793,402
Indirect Business Taxes	\$ 5,136,050	\$ 41,110,626
Employment	5,915	12,253
Output	\$ 752,028,112	\$ 1,560,147,264
State/Local Taxes Generated	n/a	\$ 49,831,152

Note: Total column includes direct, indirect and induced impacts

Source: Minnesota IMPLAN Group, ESI Corp

Another important aspect of the Film and Recording Industry is the economic multiplier effect that it has on the State's economy. **MULTIPLIER EFFECT** By comparing the multiplier effects of various industries in a region, one starts to gain an understanding of which industries create the most value in an economy, given a standard input (in this case, a change in demand for final goods). A comparison of the Motion Picture, Video and Recording industry to top ranking and other industries in Arizona was conducted. Table 3 displays the total value added multipliers for selected industries, including the Motion Picture, Video and Recording industries. Value added is the portion of total output that was created by the industry and is the

³ U.S. Standard International Trade Classification System

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difference between the value of goods produced and the cost of materials and or supplies that are used in producing them (i.e. wages, proprietary income, fees and taxes). Table 3 shows that the multiplier for Motion Picture and Video is 3.2, which can be interpreted to say that for every \$1.00 in direct spending another \$2.20 is generated throughout Arizona’s economy. The Sound Recording Industry is even larger at a 4.6 multiplier.

By comparing the Motion Picture, Video and Sound Recording Industry to other industries in Arizona, it is clear that this industry generates a high value added per dollar of final demand change; the value added multiplier for motion pictures ranks 62nd out of a total of 413 industries modeled in IMPLAN. The related sound recording industry ranked 21st.

Table 3 – Total Value Added Multipliers, Arizona 2008

Industry Name Multiplier Rank

Apparel accessories and other apparel manufacturing 22.366783 1 Womens and girls cut and sew apparel manufacturing 16.832977 2 State and local government passenger transit 14.395380 3 Funds, trusts, and other financial vehicles 13.942007 4 Other cut and sew apparel manufacturing 7.507311 5 Seasoning and dressing manufacturing 6.008439 6 Mens and boys cut and sew apparel manufacturing 5.930808 7 Cable and other subscription programming 5.852920 8 Apparel knitting mills 5.633810 9 Iron and steel mills and ferroalloy manufacturing 5.560445 10

Sound recording industries 4.623385 21

Light truck and utility vehicle manufacturing 4.432847 29 Electronic computer manufacturing 4.247339 32 Electromedical & electrotherapeutic apparatus manufacturing 3.616844 48 Semiconductor and related device manufacturing 3.430749 54

Motion picture and video industries 3.256365 62

Other electronic component manufacturing 3.149088 67 Cattle ranching and farming 3.148039 68 Guided missile and space audio, and video media for reproduction 3.018981 78 Search, detection, and navigation instruments manufacturing 2.769946 104 Data processing, hosting, ISP, web search portals and related services 2.583975 135 Cons and multi-family structures 2.524887 150 Telecommunications 2.342494 187 Pharmaceutical preparation manufacturing 2.1.831242 341 Source: Minnesota IMPLAN Group, Type SAM multipliers, ESI Corp

Among the top 10 industries in Arizona that are the largest benefactors of spending by the film industry include real estate, employment services, management and technical consulting, electric power generation, and food and drinking establishments, to name a few.

EMPLOYMENT AND WAGE GROWTH

Since the inception of the motion picture incentive program (MOPIC) in 2005, the state has experienced growth in the film and recording industries as evident by the increase in establishments and wages from 2005 to 2009.⁴ Based on QCEW data, over this four year timeframe there has been an 11 percent increase in the number of establishments and an 18 percent increase in wages within the film and recording industries. Although it is difficult to attribute an explicit amount of this growth to the existence of the MOPIC program, the data nonetheless show a strong correlation between the enactment of the incentive program and rising film production activity in the state. The number of people employed within this industry has grown and shrank each year starting at 1,090 employees and ending with 1,045. It is important to note that the BLS employment data associated with this industry only captures a limited view of the total industry, since many jobs associated with film production are not included within the 512 NAICS code.

INDEPENDENT CONTRACTORS AND SELF EMPLOYMENT

In addition to undercounting of major support jobs associated with the film industry, another important issue of the CEW data is that it does not include independent contractors and self employed persons, because they are not required to submit a quarterly unemployment report, which is where the job data is obtained. While both issues significantly affect the representative value of the data, the latter issue is of greater concern due to the prevalence of employees in film production that do not participate in Arizona's statewide unemployment insurance program. The omissions which are embodied by the CEW methodology no doubt contribute to a significant understatement of employment and wages earned in the film industry in Arizona. In a recent study by the Motion Picture Association of America (MPAA), it was estimated that approximately 25 percent of all employees in the film production industry are self-employed.⁵ This implies that the methodology employed by the CEW program contributes to a *significant* understatement of employment and wages earned in the film industry in Arizona. If we assume that the MPAA's self employed figure of 25 percent was applicable to Arizona in 2009, this would indicate that an estimated 1,526 jobs in the film production industry in Arizona were unaccounted for in the data.

OCCUPATIONS AND AVERAGE WAGES IN ARIZONA'S FILM INDUSTRY

The MPAA classifies motion picture development into five different phases: 1) development, 2) pre-production, 3) production, 4) post production, and 5) distribution. Utilizing data from the Bureau of Labor Statistics' Occupational Employment Statistics (OES) program, average compensation levels for Arizona were calculated to shed some light on the multitude of career jobs within this industry. There exists a preconceived notion that the types of jobs being created by the motion picture industry are temporary and low paying. As Table 4 demonstrates, this is hardly the case in terms of compensation.

Table 4 shows the five phases in the chronological order of film progression. Next to each of the phases is the average annual compensation in Arizona for those occupations. According to a 2008 OES estimate, the average annual wage in Arizona of all occupations is \$39,280, compared to the average

⁴ Includes employment, wages and establishments for NAICS 512, minus all exhibition activities. ⁵ "Economic Impact of the Motion Picture & Television Industry on the United States," April 2009, Motion Picture Association of America.

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annual wage of all occupations within the film industry of \$52,659. Overall jobs in the film industry pay on average 34 percent more than the statewide average wage.

When comparing the average annual wages earned by the different phases of filming activities, it is apparent that film production and related activities generate reasonably high paying career jobs. Jobs in the development side of the business earn on average over \$56,000 per year, while preproduction occupation earn over \$49,000 on average. Occupations associated with production activities typically earn just under \$45,000 per annum, while occupation in distribution side of the business earn over \$73,000 per year on average. The lowest paying cohort of occupation resided in the postproduction phase, which on average earns slightly more than the statewide average.

Table 4 - Film Occupations and Corresponding Average Annual Arizona Wages, 2008

Development			
Agents Assistants to the Producers Business Managers	Consultants Line Producers Executive Producers Personal Assistants Lawyers Producers	Publicists Screenwriters Studio Executives	\$56,318
Preproduction			
Art Department Assistants Art Department Coordinators Art Directors Artists Assistant Directors Carpenters Casting Directors Choreographers Concept Artists Construction Coordinators	Construction Electricians Directors of Photography Construction Foremen Financial Executives Construction Grips Illustrators Construction Workers Location Assistants Costume Designers Location Managers Costume Supervisors Paint Foremen Costumers Production Assistants Dialogue Coaches Production Designers Directors Production Managers	Props Builders Props Masters Set Designers Set Decorators Set Dressers Set Staff Assistants Storyboard Artists Stunt Coordinators Tailors/Seamstresses Wardrobe	\$49,324
Production			
Accounting Clerks Actors Animal Handlers Assistant Accountants Assistant Directors Boom Operators Camera Loaders Camera Operators Caterers Cinematographers	Drivers On set Dressers Electricians Payroll Accountants Extras Picture Editors Extras Casting Coordinators Production Accountants First Aid Workers Production Coordinators Gaffers (lighting) Production Sound Mixers Grips (set operations) Script Supervisors Hair Stylists Set Strike Workers Makeup Artists Sound Editors Office Coordinators Sound Technicians	Special Effects Coordinators Special Effects Supervisors Special Effects Technicians Standby Painters Stills Photographers Stunt Performers Swing Gang Workers Teachers/Welfare Workers Technical Advisors Transportation Coordinators	\$44,359
Postproduction			
Audio Recording Engineers Projectionists Dubbing Editors Lab Technicians Sound Designers	Editing Room Assistants Musicians Special Effects Technicians Composers Film and Video Editors		\$39,747
Distribution			
Accountants Financial Managers Partnership Developers Sales Staff Distribution Executives	Marketers Publicists Advertising Executives Licensing Executives		\$73,550

Source: MPAA, US Bureau of Labor Statistics, ESI Corp

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3. TAX CREDIT SCENARIOS & RETURN ON INVESTMENT

An analysis of various Arizona production expenditures and tax credit scenarios was conducted to shed some light on the potential breakeven point to the State. For this analysis seven levels of expenditures were modeled and evaluated based on qualified expenditures of 76 percent. This percentage was chosen based on existing performance (2008 MOPIC report) and input from local film commissioners and Arizona production companies. For each combination of expenditure level, four tax credit percentages were applied (25%, 20%, 18% and 15%).

IMPLAN was utilized to provide the total state tax revenue that would be generated based on qualified expenditures. In addition, an estimate of the payroll of independent contractors and self employed individuals was also modeled to calculate the state tax revenue that this household spending would generate. The combined tax revenue was subtracted against the percentage of tax credit that would be provided, which resulted in either a profit or loss to the state. The results of the analysis are presented in Table 5. Appendix A provides the assumptions and the detailed tables of calculations for this analysis.

Table 5 – SB 1409 Tax Credit Analysis on Production				
AZ Expenditures	15%	18%	20%	25%
\$ 40,000,000	\$ 4,071,744	\$ 3,159,744	\$ 2,551,744	\$ 1,031,744
\$ 50,000,000	\$ 2,931,744	\$ 1,791,744	\$ 1,031,744	\$ (868,256)
\$ 60,000,000	\$ 2,474,358	\$ 1,106,358	\$ 194,358	\$ (2,085,642)
Source: IMPLAN, ESI Corp \$ 70,000,000	\$ 2,016,971	\$ 420,971	\$ (643,029)	\$ (3,303,029)
\$				\$ (4,520,419)

At a 20 percent tax credit with an authorized cap of \$60 million for production expenses, Arizona will earn a positive return on its tax credit investment. This level of combined spending and tax credit seems prudent and will yield a positive return to the state, and also keep Arizona competitive; thereby retaining and growing jobs and fostering new production activity.

4. AVONDALE LIVE IMPACT ANALYSIS

This portion of the analysis focuses on the construction and operation of the proposed production studio, *Avondale Live*, as well as the overall impact of film production in Arizona. An investment group is proposing to develop a production studio in Avondale called *Avondale Live*. An analysis was prepared evaluating the direct, indirect and induced economic impacts of the construction and operations of the facility. Table 6 provides the list of assumptions that were utilized for the economic modeling.

Table 6 – Avondale Live Impact Analysis Assumptions

Infrastructure	
Construction Costs for impact analysis (excludes land)	\$91,824,059
Construction Costs for sales tax collections (excludes land and soft costs)	\$69,101,192
Construction costs to be divided 70 30% between 2010 and 2011	
Source: Bruce A. Bodner Company	
Tax Rates and Credits	
State construction TPT rate	5.6%
State TPT	5.6%
Tax Credits:	
Infrastructure (not to exceed \$5 million in any year)	15%
Source: DOR and MOPIC	
Studio Operations	
Operations years 2013 through 2017	
Annual payroll	\$1,789,075
Number of employees	20
Average pay per employee	\$89,454
Annual revenue	\$19,313,195
Source: Bruce A. Bodner Company	
Inflation Factors	
2010	1.70%
2011	1.30%
2012	1.90%
2013	2.50%
2014	2.80%
2015	3.10%
2016	3.30%
2017	3.50%
Source: Bureau of Labor Statistics CPI U	

ECONOMIC IMPACT ANALYSIS

The economic impact analysis takes the direct inputs of the fiscal analysis (construction value, payroll and spending) and measures the indirect and induced impacts that would likely accrue to an area. ESI Corp utilizes the IMPLAN econometric model, Version 3 to effectively estimate the economic impacts. The IMPLAN econometric model is supported by the Federal Government and is nationally recognized by analysts that conduct impact studies. This model functions by estimating the direct impacts, indirect impacts, and induced impacts of specific economic activity:

Direct economic impacts are those attributable to the initial economic activity. For example, an operation with ten full time employees creates ten direct jobs.

Indirect economic impacts are those economic activities undertaken by vendors and suppliers within the supply chain of the direct activity as a result of the initial economic activity. For example, suppliers of goods, materials, and services used in the direct activities produce indirect economic impacts.

Induced economic impacts result from the spending of wages paid to employees in local industries involved in direct and indirect activities. These wages, which are analogous to household spending, support additional local activities, such as the purchase of goods and services within the region. In turn, that portion of spending that accrues to local businesses and employees is once again re-circulated within the local economy, producing additional activity.

The model measures the amount of economic activity in each round of spending until all of the spending within the local region has been leaked outside the study area.

Avondale Live Construction

For *Avondale Live*, the methodology employed in this analysis was straightforward and intuitive. Impacts were measured over a seven year time horizon, with Year 1 assumed to be 2011. The first two years of the analysis represents the construction phase, while years 3 through 7 represent the operational phase. Detailed tables are included in Appendix B.

At build out *Avondale Live* will consist of seven stages, a café, and office and warehouse space for a total of 275,480 square feet. The total development budget for land acquisition and construction of *Avondale Live* is \$103.6 million. Sales tax generated on the construction materials provides the State of Arizona with \$3.3 million.

Utilizing the total construction cost of \$93 million (direct spending) this project will result in the creation of 657 construction jobs that generates payroll income of nearly \$37 million. When taking the indirect and induced effects into consideration the total output (spending of the direct, indirect and induced) results in \$179 million with total job creation of 1,304. Tax generation resulting from the direct, indirect and induced impacts is \$5.9 million.

Table 7 – Avondale Live Construction Impact Analysis

Employment		Income	Output
Direct	657	\$ 36,896,204	\$ 93,183,055
Indirect and Induced	647	\$ 33,000,583	\$ 85,811,717
			178,994,77

Notes: Nominal value over 2 years with applied inflation of 0.5% does not include land value; Analysis is based on impacts to Maricopa County Source: Minnesota IMPLAN Group, ESI Corp

The existing motion picture tax credit for infrastructure allows for 15 percent of the Arizona project costs, not to exceed \$5 million per project. When modeling the return on investment to the state for construction of the studio, the results show that with the maximum tax credit of \$5 million per project, the state gains an estimated \$945,000 in tax revenue.

Table 8 – Avondale Live Construction Tax Credit Analysis

CONSTRUCTION OF THE STUDIO

Infrastructure Value	\$93,183,055
Tax Credit @ 15% or \$5 million (whichever is less)	\$5,000,000
State Tax Collections (from IMPLAN)	\$5,945,239
Return on Investment	\$945,239

Note: Based on the impact to Maricopa County Source: Minnesota IMPLAN Group, ESI Corp

Avondale Live Operations

The operation of the production studio, *Avondale Live*, will provide the state with ongoing benefits in jobs, payroll and operational spending. A five year impact analysis was prepared, and over the five year time horizon this facility is expected to generate \$102 million in direct spending including payroll of \$9 million. The total number of direct jobs associated with the operation of *Avondale Live* includes 20, with a first year average pay per employee of \$89,454. When considering the indirect and induced impacts of the operation of *Avondale Live* on the State’s economy, the spending (output) over the five years is \$170 million with payroll amounting to \$37 million, and the creation of 166 direct, indirect and induced jobs.

Table 8 – *Avondale Live* Operations Impact Analysis
2013 2017

Employment		Income		Output
Direct	20	\$ 9,459,339	\$	102,114,264
Indirect and Induced	146	\$ 27,557,532	\$	68,232,745
				170,337,00

Notes: Income and Output over 2 years with applied inflation. Based on impact to Maricopa County.
Source: Minnesota IMPLAN Group, ESI Corp

Film and Video Production activities within the studio will also generate an economic impact to Arizona. An estimate of total production spending in Arizona was modeled which depicts both in studio production and on location production, which is discussed below.

5. ADMINISTRATIVE RECOMMENDATIONS

Since the adoption of the MOPIC program in 2005, a positive trend in job creation, capacity building and infrastructure development has taken place in Arizona. Eliminating this program will make Arizona uncompetitive and could have the effect of undoing all of the gains that have been realized.

With this in mind, it is highly recommended that SB 1409 be adopted, and that future analyses on the impact of the tax credit program to the State's General Fund utilize a much more thorough methodology. Recommendations are noted below:

1 Include non qualified Arizona expenditures in the economic impact model. In prior annual reports, the Arizona Department of Commerce calculated the tax impact of the motion picture tax credit program based solely on the qualified expenditures. As previously reported, for every \$1.00 of qualified expenditures, another \$.29 is spent in Arizona. Excluding these expenditures in the analysis because they didn't qualify for the tax credit does not mean that tax revenue to the state was not generated. It is recommended that all Arizona expenditures be considered when calculating the tax impact report.

2 Estimate self employed and include them in the analysis of film production. Another important tax revenue that is not accounted for in the ROI analysis is self employed household spending. Conservatively estimating the number of self employed and their associated payroll should be included in the model and ROI analysis.

3 Allow sufficient time before judging the long term value of the tax incentive program. Given the length of time for certification periods, key program data is often not available at the end of a calendar year. Thus the State is in a spot where it doesn't know exactly the full extent of the costs and benefits of the program.

4 Formalize a series of metrics to evaluate the tax credit program. These metrics should evaluate how effectively the program is meeting its originally stated goals.

5 Track program usage. Track the number of firms who apply for the program, the number that are post approved, and the total amount of expected Arizona spending per year. These metrics could be strong indicators that the program is working to attract production, a major measure of program effectiveness.

6 Track other relevant metrics. Track metrics that include total value added generated, new capital expenditures realized, and enrollment and graduation rates in film schools.

APPENDIX A – TAX CREDIT ANALYSIS

**APPENDIX
DIX
ATA
CREDIT
ANALYSIS
(2010) April 2, 2010**

	Total Spending in Arizona (1) \$	Qualified Spending in AZ \$	Total Spending in Arizona \$	Self employed (2) \$	Average Salary \$
38,000,000	38,000,000	\$ 30,400,000	40,000,000	To employed: (2) \$	52,828
45,600,000	45,600,000	\$ 38,000,000	50,000,000	total represents 25% of the industry	Income
53,200,000	45,600,000	\$ 45,600,000	60,000,000	en 2nd Qtr QCEW	Divided by \$80,633
60,800,000	53,200,000	\$ 53,200,000	70,000,000	di 4,579	Equal
68,400,000	60,800,000	\$ 60,800,000	80,000,000	ng by 75%	Figure is
76,000,000	68,400,000	\$ 68,400,000	90,000,000	fig total jobs	1, Figure is
76,000,000	76,000,000	\$ 76,000,000	100,000,000	ur 6,105	52 discounted
76,000,000	76,000,000	\$ 76,000,000	100,000,000	es	6 in IMPLAN
76,000,000	76,000,000	\$ 76,000,000	100,000,000	ar	model by
76,000,000	76,000,000	\$ 76,000,000	100,000,000	e	20% to
76,000,000	76,000,000	\$ 76,000,000	100,000,000	as	represent
76,000,000	76,000,000	\$ 76,000,000	100,000,000	su	leakage
76,000,000	76,000,000	\$ 76,000,000	100,000,000	m	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	ed	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	to	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	in	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	cl	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	ud	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	Ne	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	ot	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	es	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	:	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	an	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	d	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	CA	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	M	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	(1)	
76,000,000	76,000,000	\$ 76,000,000	100,000,000	V	

APPENDIX B – AVONDALE LIVE IMPACT ANALYSIS

**APPENDIX
 ECONOMIC
 IMPACT
 ANALYSIS -
 AVONDALE
 LIVE AND
 ARIZONA
 FILM
 PRODUCTION
 April 2,
 2010**

LOCATION PRODUCTION ARIZONA 2010 EARNINGS	Estimate To d Direct tal Output Di (1) re \$58,784, ct, 976Total In Direct dir Earnings ec \$10,035, an 424Indir / d Induced In Earnings du \$19,844, ce 902 d Ea rni ng s \$2 9, 88 0, 32 6	Estimate To d Direct tal Output Di \$58,784, re 976Total ct, Direct In Jobs 502dir Indirect ec / Induced an Employ d ment In 500 du ce d Jo bs 1, 00 2	Estimate To d Direct tal Output Di \$58,784, re 976Total ct, Direct In Jobs 502dir Indirect ec / Induced an Employ d ment In 500 du ce d Jo bs 1, 00 2	Estimated Direct Output \$58,784, re 976Total In Direct dir Earnings ec \$10,035, an 424Indir / d Induced In Earnings du \$19,844, ce 902 d Ea rni ng s \$2 9, 88 0, 32 6	Tax To Gene tal ratio Ta n x from Ge Direc ne t ra Spentio ding n \$4,01 \$9 2,741 ,2 Tax 31 Gene ,4 ratio 19 n from Self Empl oyed (2) \$5,21 8,678
ESI Corp		JOBS		INDUSTRIAL OUTPUT	TAX GENERATION