

New Mexico's Film Production Tax Credit and Industry

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Overview of Film Tax Credit

- **25% Refundable Tax Credit**
 - 5% for qualifying television series or qualified production facilities
 - 10% for production in newly defined Uplift Zone
- **Eligible Expenses**
 - NM resident cast and crew
 - Purchases made from NM businesses
 - Subject to taxation by the state of New Mexico and directly attributable to the production of a film or commercial audiovisual products.
- Base Credit is 25%
- Average Credit Issued = 19%

Overview of Film Tax Credit

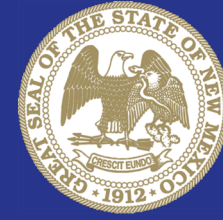
■ New Mexico Film Partners

- A film production company that has made a commitment to produce films or commercial audiovisual products in New Mexico and has purchased or executed a ten-year contract to lease a qualified production facility. Spend and job creation commitments to state.
- Netflix, NBCUniversal, 828 Productions
- \$2.575B commitment in minimum spend over 10 years

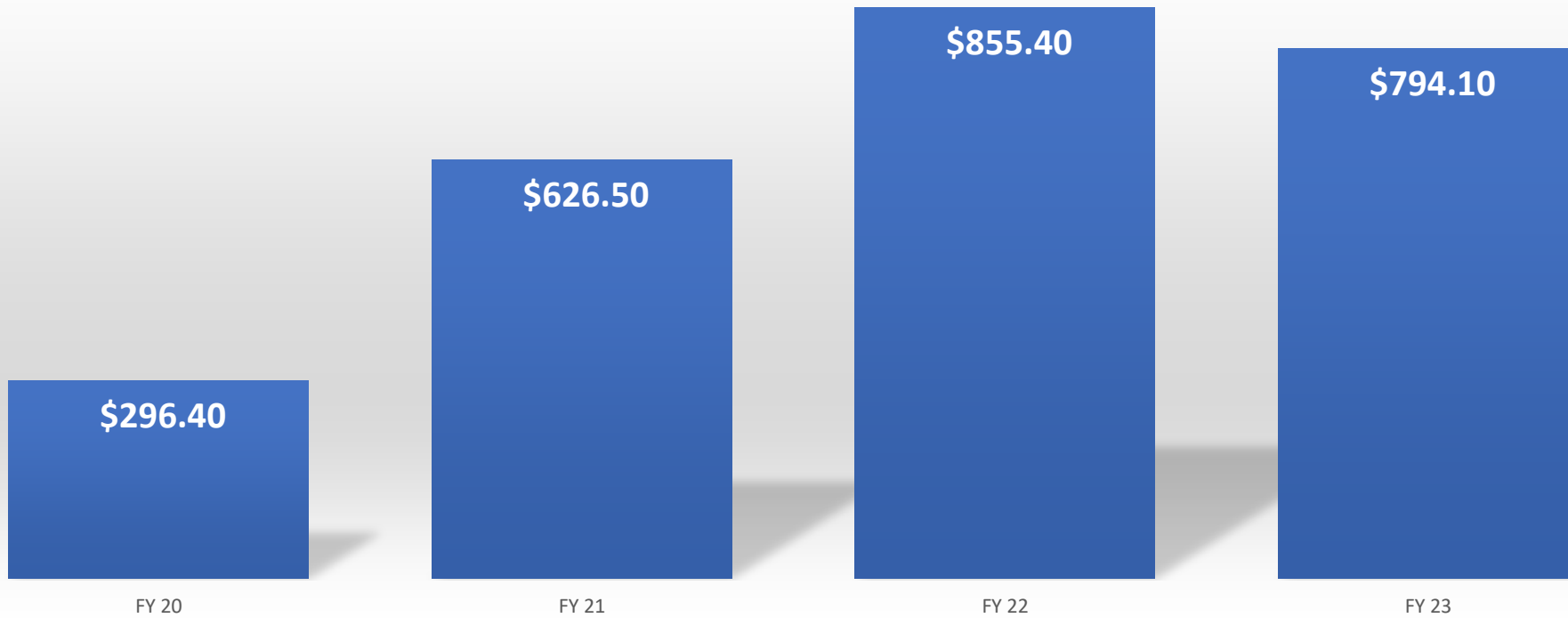
Overview of Film Tax Credit

- Tax Credit Payout Cap = \$120M in FY24
 - +10M each year through FY28, remains at \$160M thereafter
- Resident principal performers exempt from \$5 million cap per production
- NRCE: Non-Partners 15% of 15% = avg 2.5% credit. Partners = 15% (sunsets FY29).
- Partners: Above-the-Line credit, \$40M aggregate credit cap per year.

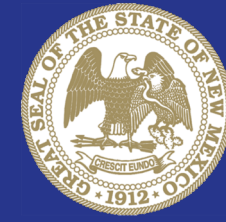
Production Spend in New Mexico



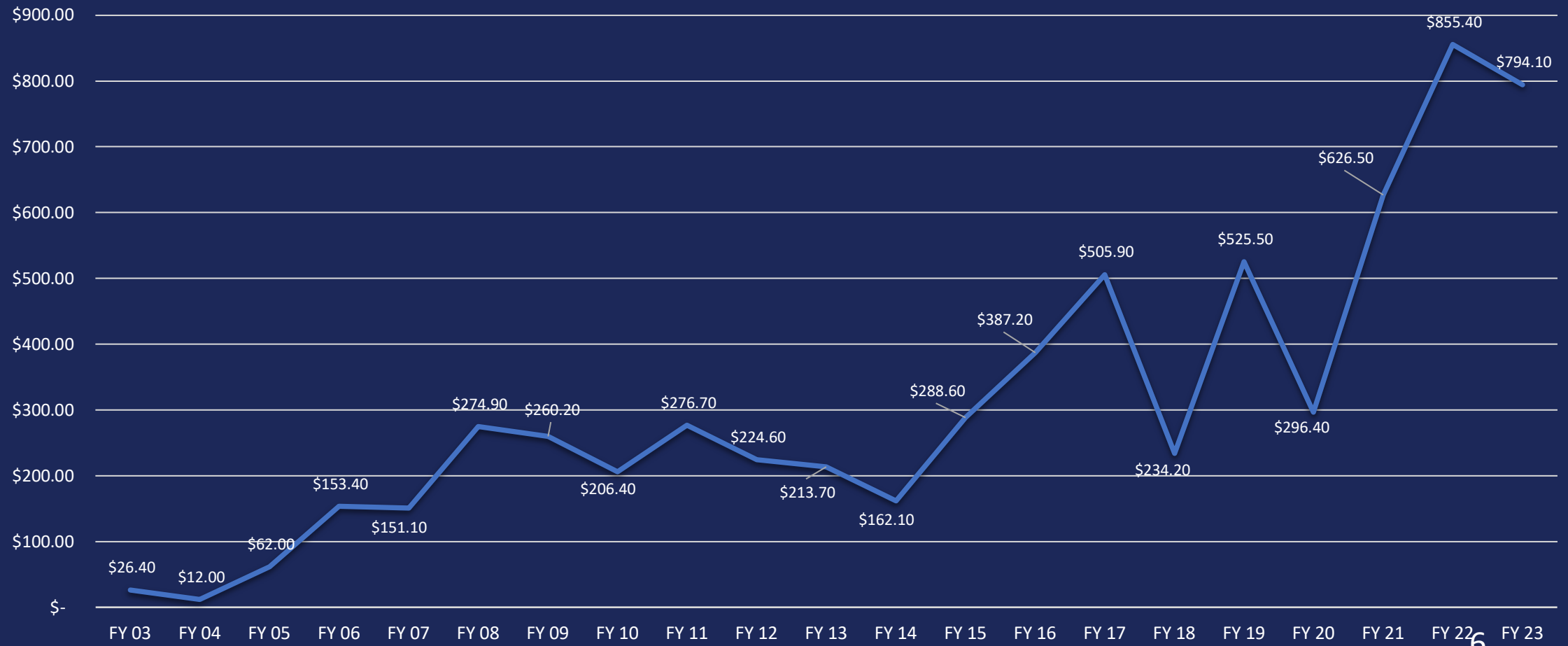
Direct Production Spend (in millions)



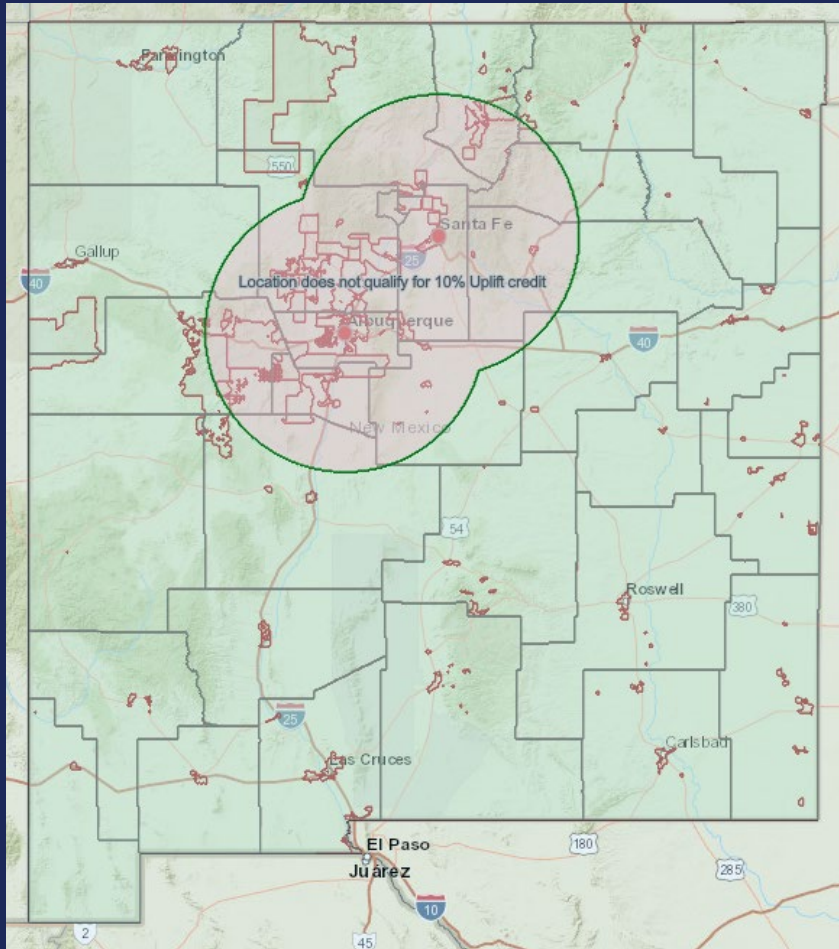
Production Spend in New Mexico



Direct Production Spend in New Mexico by Fiscal Year (in millions)



Uplift Zone – Growing Production Statewide

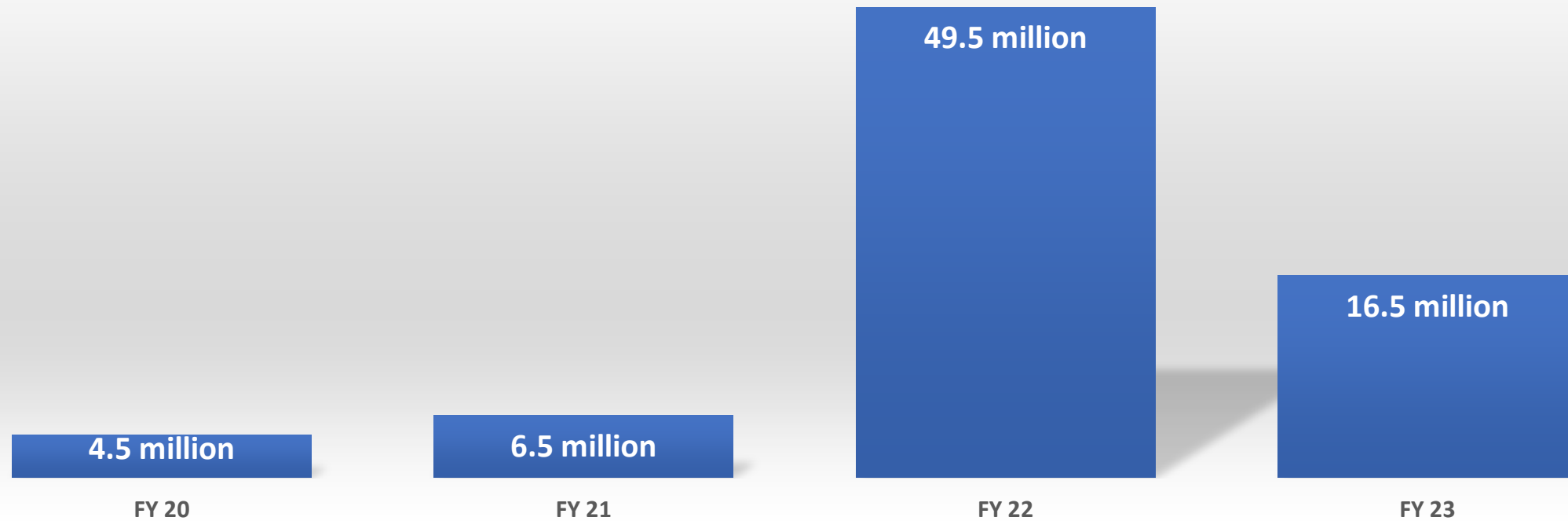


- 60 miles from city halls of Albuquerque and Santa Fe, more inclusive
- Includes all or part of San Juan, Rio Arriba, Taos, Colfax, Union, McKinley, Sandoval, Mora, Harding, San Miguel, Quay, Cibola, Torrance, Guadalupe, Curry, Catron, Socorro, Lincoln, De Baca, Roosevelt, Chaves, Grant, Sierra, Hildago, Luna, Doña Ana, Otero, Eddy, and Lea Counties

New Mexico Production Spend In Uplift Zone



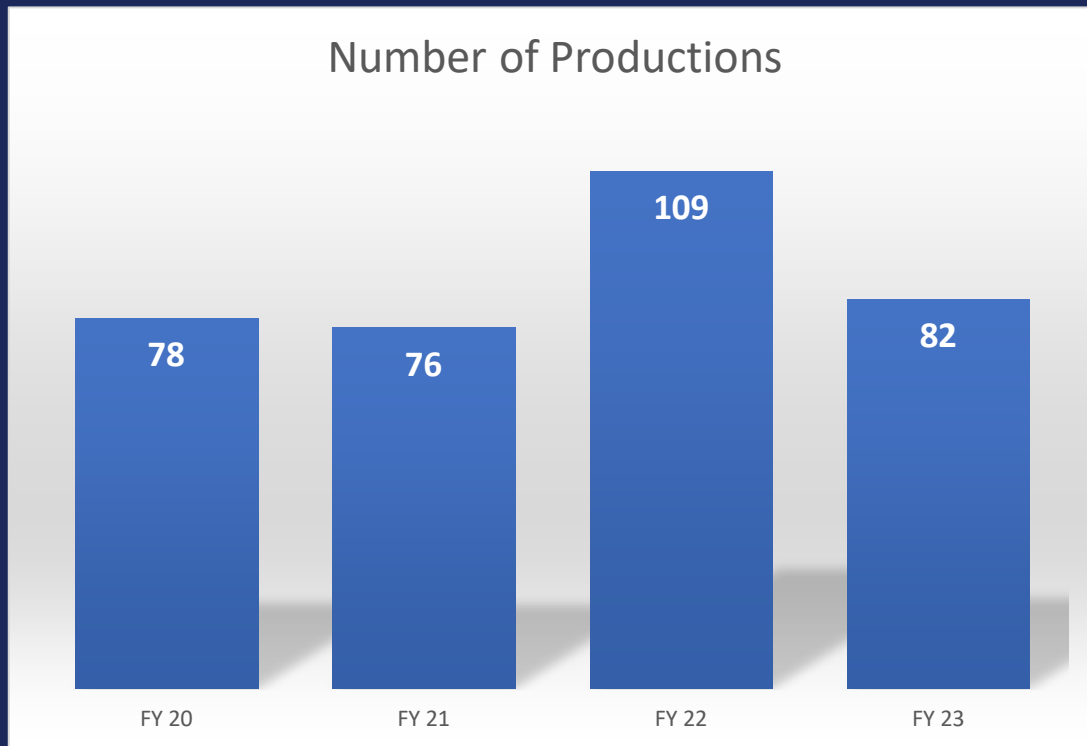
New Mexico Production Spend Outside of ABQ and Santa Fe (in millions)



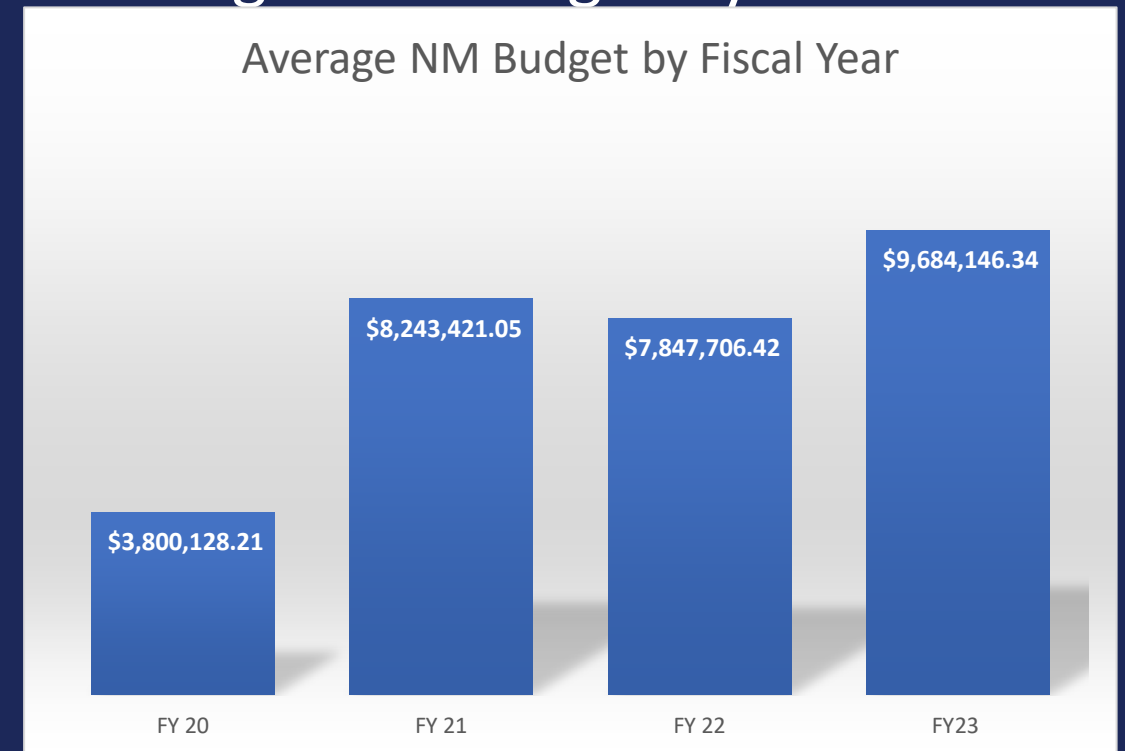
Production Activity and Budgets



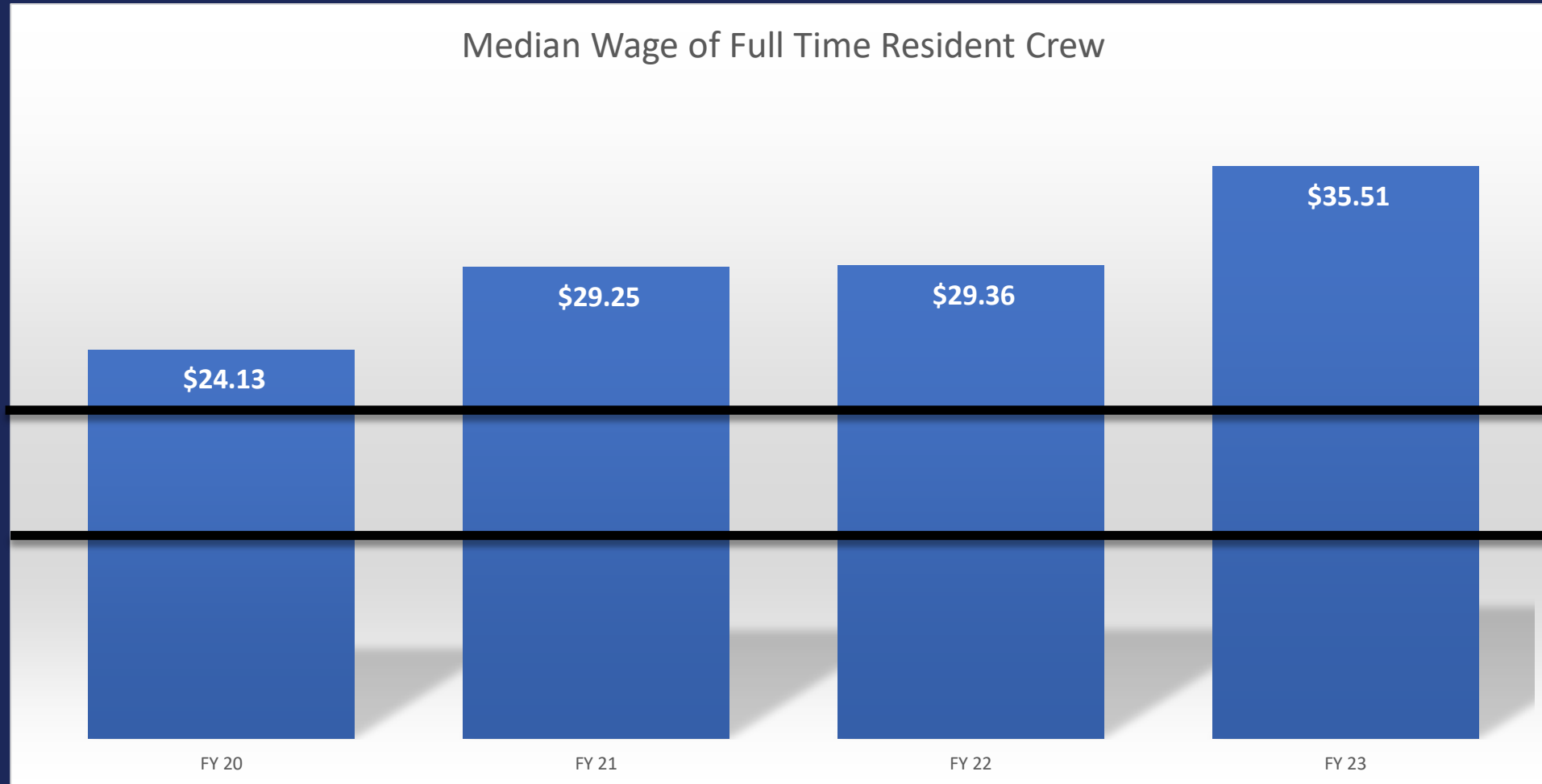
Number of Productions



Average NM Budget by Fiscal Year

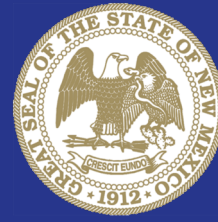


Median Wage of Full Time NM Resident Crew



Median Wage in NM (All Industries)
\$19.19

NM Minimum Wage
\$12.00



Jobs and Employment

- *Estimated 8,000 jobs -- and growing*
- *Film workers include union, guild members, non-union*
 - *IATSE Local 480 = 2,000 members, plus 800 people on “overflow”*
 - *Growing by .8 people per day*
 - *Thousands more - Teamsters 399 (372 members with wage between \$35-51/hour), International Cinematographers Guild 600, SAG-AFTRA, Art Directors Guild, DGA, PGA, background performers, non-union workers/talent*

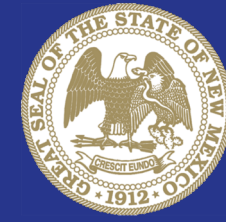




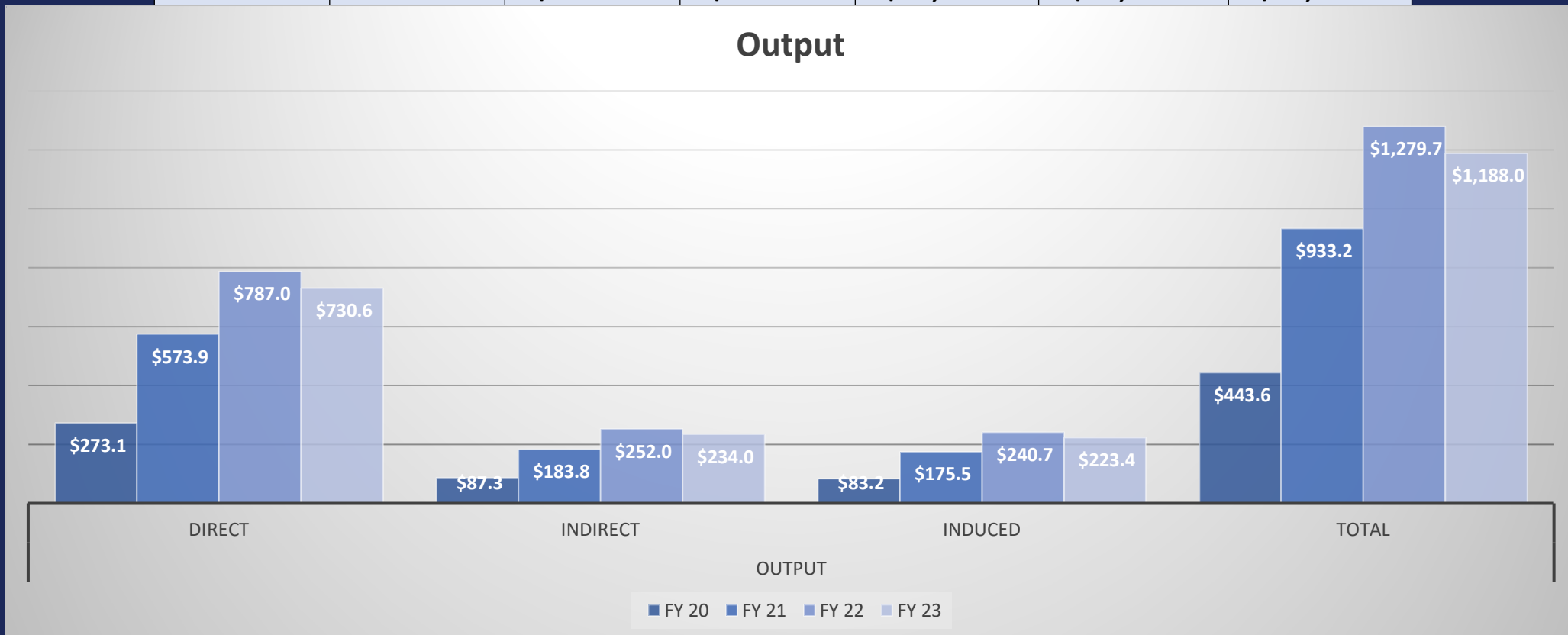
Jobs and Employment

- *8,000 jobs and growing in film industry*
- *NAICS Code 512 (Motion Picture and Sound Recording Industries)*
 - *10% industry adjustment, contract employment, multiplier*
- *Film production is a wide-reaching industry*
 - *Additional codes*
 - *1099's, contractual employment*
- *10% industry adjustment*
 - *Dept of Workforce Solutions*

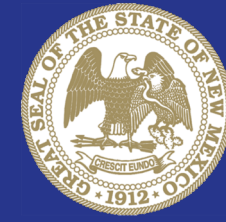
Economic Impact of NM Film Tax Credit (in millions)



		FY 20	FY 21	FY 22	FY 23	Sum
Output	Direct	\$ 273.1	\$ 573.9	\$ 787.0	\$ 730.6	\$ 2,364.6
	Indirect	\$ 87.3	\$ 183.8	\$ 252.0	\$ 234.0	\$ 757.1
	Induced	\$ 83.2	\$ 175.5	\$ 240.7	\$ 223.4	\$ 722.8
	Total	\$ 443.6	\$ 933.2	\$ 1,279.7	\$ 1,188.0	\$ 3,844.4



Economic Impact of NM Film Tax Credit (in millions)



		FY 20	FY 21	FY 22	FY 23	Sum
GVA	Direct	\$ 223.9	\$ 470.4	\$ 645.1	\$ 598.9	\$ 1,938.3
	Indirect	\$ 49.6	\$ 104.5	\$ 143.3	\$ 133.0	\$ 430.4
	Induced	\$ 46.1	\$ 97.2	\$ 133.3	\$ 123.7	\$ 400.3
	Total	\$ 319.6	\$ 672.1	\$ 921.7	\$ 855.6	\$ 2,769.0



Economic Impact of NM Film Tax Credit



- Economic Return on Investment (ROI) is an important measure of the effectiveness of the tax credit
- This measure of how much economic value is created per \$1 of investment in tax credits by the state.
- The cost to the state is then estimated to be total value of the tax credits minus the additional state and local taxes received as a result of the uplift in activity
- Overall, the tax credit program has a positive and significant economic ROI.
- **Across the last four years, the economic ROI is 7.77, meaning that for every \$1 invested through the program, the benefit to the state economy is \$7.77 in terms of additional economic value.**

Actual Tax Credit % Issued



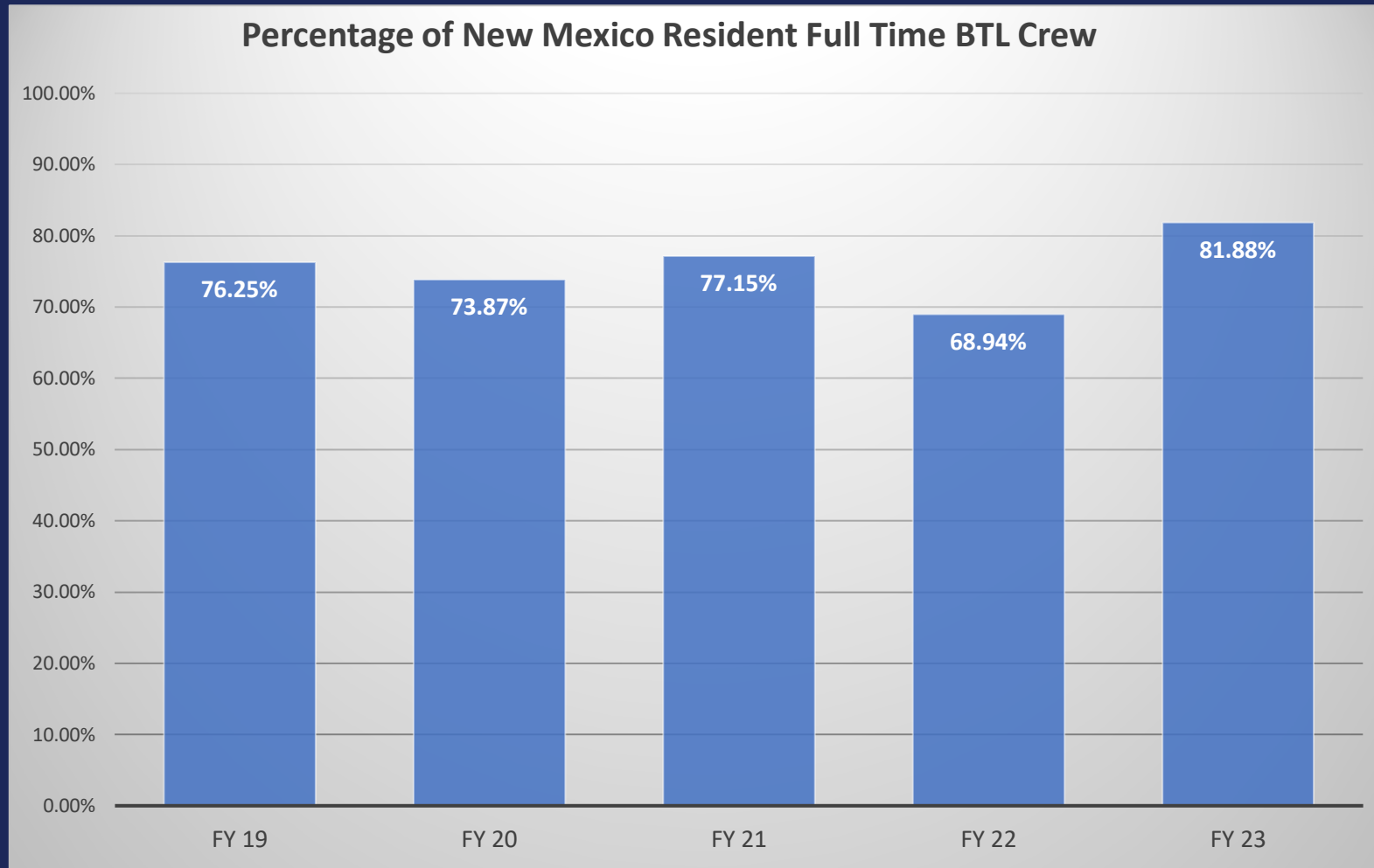
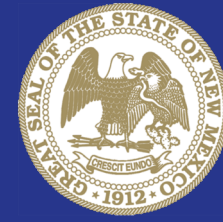
Actual Tax Credit as % of Total NM Spend



Base Credit

Actual Tax Credit as a percentage of Total NM Spend
(FY20-FY23 Average)

New Mexican Residents are Crewing New Mexican Productions



New Mexican Residents Hired On and Off Camera



- **Estimated Total Full Time Resident Crew Hires:**
 - FY20 – 2,736
 - FY23 – 5,113
- **Estimated Total Resident Performing Artists Hires:**
 - FY20 – 610
 - FY23 – 3,783
- **Estimated Total Resident Day Player Hires:**
 - FY20 - 1,486
 - FY23 - 2,059
- **Estimated Total NM Resident Background Talent Hires:**
 - FY20 - 14,894
 - FY23 - 18,513

New Mexico Crew Member

- Lives in Mora County where his family has lived since 1840
- Working on a construction project, when he met a crew member from *Briarpatch* filming in Las Vegas
- Began working in the Construction Department on *Briarpatch* because of the higher pay, benefits, retirement
- Through FCAP program was mentored on each production and is now a Foreman in the Construction Department
- Annual salary has tripled
- His wife, Jessica, now works in the film industry too

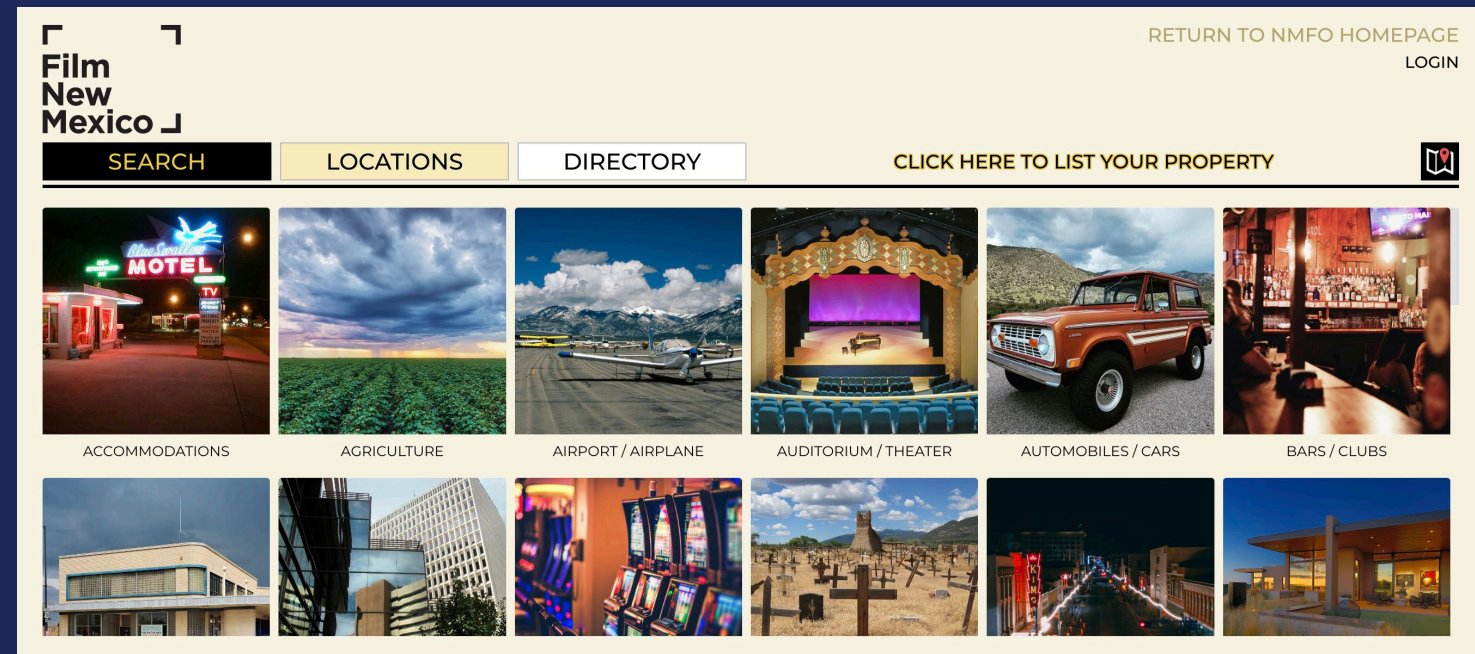


"It's a definite self-esteem boost and encouraging" to be given so many opportunities for career advancement.

Revenue for New Mexico Businesses

- *Thousands of local businesses working with film industry*

- *Lumber yards*
- *Restaurants*
- *Hotels*
- *Dry Cleaners*
- *Traffic control services*
- *Security companies*
- *Heavy equipment rentals*
- *Retail*
- *Art Galleries*



- *Property owners working with film industry*

- *Location Database and Industry Directory on www.NMFILM.com*

New Mexico Business Owner

Allan Affeldt, Owner of The Castañeda and The Plaza Hotels, Las Vegas, NM

“...the most important thing to many businesses in the community is filming...*Outer Range* needed one of the hotels entirely for several months [during COVID]. Many businesses were shut down with no opportunity for income, which would have been us, instead, we had a wonderful season.”

“The New Mexico Film tax credit has been enormously important in bringing a lot of jobs to small communities and we believe that as program continues, we will continue to grow job opportunities, not just for hotels and restaurants, but they are hiring hundreds of people in small communities. And it's an exciting job.

“The net benefit to communities like Las Vegas is enormous.”



Workforce Development



- Short-term, ongoing trainings
 - Production Assistant
 - Production Accounting
 - Payroll Accounting
 - Background Performance
 - Director Shadowing Program
 - Screenwriting Incubator
- New Mexico Media Arts Collective (aka Academy)
 - Fast tracks New Mexicans into in-demand and high-paying jobs
 - Partnership between NMEDD, HED, IATSE and Film Partners
 - 15 NM post-secondary film and media programs in collaboration
 - Below the Line and Above the Line career development
- FCAP
 - Growing our crew base with on-the-job training
 - Began in 2004 as a part of JTIP, also for Veterans
 - 3,140 positions have gone through the program



Competitive Markets in U.S



Competitive Markets

- **California**
 - Cap: \$330 Million
 - Incentive: up to 35%
- **New York** (recently increased)
 - Cap: \$700 Million
 - Incentive: up to 40%
- **Georgia**
 - Cap: Uncapped
 - Incentive: up to 30%
- **Louisiana**
 - Cap: \$150 Million
 - Incentive: up to 40%
- **Illinois**
 - Cap: Uncapped
 - Incentive: up to 45%

Burgeoning Markets

- **Arizona** (recently passed)
 - Cap: \$125 Million
 - Incentive: up to 22.5%
- **Oklahoma**
 - Cap: \$30 Million
 - Incentive: up to 38%
- **New Jersey Cap**
 - Cap: \$100 Million
 - Incentive: up to 37%
- **Texas** (Recently increased)
 - Cap: \$200 Million (every 2 years)
 - Incentive: Up to 22.5%

New Mexico's Film/TV/Digital Media Ecosystem



- Competitive Film Incentive
- World class workforce
- Education/Training/Workforce Programs
- Thousands of Local Businesses
- Soundstage Infrastructure
- Diverse Locations and Landscapes
- Film-friendly communities, weather, lifestyle, culture

「
Film
New
Mexico」

Everyone has a role.