

Rep. Hutchings

Request Name: Motion Picture Incentive Fund

Description: Utah's film incentive programs offer qualifying film and television productions up to 25% tax credit or cash rebate for resources spent in Utah. The incentive is post performance and a no pre-project.

Agency: Economic Development

Funding Amount: General Fund - \$10,000,000 - 2021 (One-time)

The Utah Film Commission was established in 1974 to support the rich legacy of filmmaking across the state. Promoting the use of professional and experienced local crew, talent, support services, and locations, along with a 20 - 25% post-performance tax credit incentive program, the Film Commission markets Utah as a destination for award-winning content creation. More than 1,400 productions have been filmed in Utah, including iconic films such as *Butch Cassidy and The Sundance Kid*, *Thelma & Louise*, *Easy Rider*, and *Forrest Gump*.

PROGRAM PERFORMANCE

To encourage growth, Utah Film Commission utilizes the Motion Picture Incentive Program (MPIP). Per statute, the key objectives of the MPIP are to encourage the use of in-state locations, crew and resources, to provide incentives in order to compete with other states and to develop a strong motion picture industry presence in the state. The program receives ongoing funds of \$1.5MM in cash and \$6.79MM in tax credits. The MPIP offers a 20-25% tax credit for productions that meet specific criteria including the strength of the production company, quality and suitability of project, economic benefit and number of jobs created.

These incentives are vetted by Film Commission staff, approved by the GOED board based on statutory rules and program criteria. Once production has finished, an independent CPA audit of dollars left in state must be submitted. Audits are reviewed by GOED staff and a post-performance cash rebate or refundable tax credit certificate is distributed.

PROGRAM METRICS

Increase film production statewide and overall motion picture industry taxable sales by at least 2%.

OUTCOMES

Direct spending on film projects Utah Film Commission supported is up by 24% from FY 2018. 53% of film permits occur in rural parts of the state. Department of Workforce Services reported a 27% growth in employment, 3% growth in wages and an 8% growth in overall taxable sales in calendar year 2018. 18 productions were approved under the Motion Picture Incentive Program in FY 2019. Four TV series have made Utah their home in the last year, including Disney Channel's hit shows, *Andi Mack* and *High School Musical: The Musical: The Series*, Kevin Costner's series, *Yellowstone* and CW's *The Outpost*. Productions spent an estimated \$90MM in-state, with more than 1,800 local jobs created.

CHALLENGES AND ACHIEVEMENTS

Utah continues to grow as a hub for television and feature film production, as evidenced by the growth in both overall industry annual wages (3% increase over last year for a total of \$147MM based on 2018 DWS Data) and the size and quality of productions that choose our state as a location. The increasing demand over the past year has meant that resources such as crew, infrastructure and incentives are often in short supply.

UFC has created a number of new workforce development programs that will create a school-to-industry pipeline and provide trained crew for incoming productions. Now that demand exceeds supply, we will work to determine the best, most sustainable approach to the incentive program and ensure a balance between out-of-state and local productions that utilize the film incentive.

PROGRAM SPOTLIGHT

In August 2017, Paramount Network, a new cable channel chose Utah to base its new television series, *Yellowstone*, starring Kevin Costner. The award-winning series writer and director, Taylor Sheridan, fell in love with Utah during the production of his hit independent drama, *Wind River*. The series is based at

the Utah Film Studios in Park City, UT and uses locations in Summit, Wasatch, Weber and Salt Lake counties.

The series has become an instant hit for the new network, and in the summer of 2019, was the highest rated cable drama. Five million viewers tuned in for the series finale and Utah's landscapes became much-loved characters on the show. The production has spent almost \$100M in Utah and created 450 jobs per year over the last two years.

Taylor Sheridan said: "Utah is such a unique location as the mountains are so close to the city. Coupled with the incentive, experienced crew and the Utah Film Studios, Utah is the forefront of what will become a much bigger film industry."