

# LOCATIONS '99

Armed with tax credits, rebates and other incentives, commissions battle for filmmakers' coin

## Film offices' clout mounts

Angling for the millions available in location production dollars, the Assn. of Film Commissioners Intl. will conduct its 14th annual exposition Feb. 19-21 in the South Hall of the Los Angeles Convention Center. More than 4,500 people attended last year's edition of the tradeshow.

"We're expecting the same number of people as last year," says Maggie Christie, Locations '99 producer. "But over the last five years, attendance has increased 70%, a far cry from the first year of 48 booths in the Beverly Hilton ballroom."

Locations '99 presents film commissioners repping 50 states and 32 countries, with larger contingents from Italy, South Africa and Canada expected. Christie attributes the growth to the industry's awareness of local film commissions. "They advise what's available, which saves a lot of time and hassle for producers."

Lonnie Stimac of the Montana Film Office, chairwoman of Locations '99, says the event helps expose new people to her area, helping to fuel between \$10 million and \$12 million annually in production funds for the state. "There's more global production, much keener competition; producers want to know where can we do this the most economically in terms of time, in terms of ease of shooting, not just in terms of dollars," Stimac says.

In conjunction with the exhibition, Locations '99 offers three seminars: On Friday, filmmakers will receive an introduction to Hungarian infrastructure via "Hungary — A Film-Friendly Country." Also on Friday, the Hong Kong Entertainment Licensing Authority rolls out with "Hong Kong — The Location That Works for You." Saturday the AFCEI will sponsor a seminar and workshop on location libraries in the digital age.

—Kathy A. McDonald



OPEN REGULATIONS: Kim Basinger and Vincent Perez headline "I Dreamed of Africa," a Sony pic that replicated Kenya in South Africa.

# CENTS IN INCENTIVES

## Commissions lure biz with credits, rebates, loans

By PAT KRAMER

In response to the massive growth of the film industry, more and more countries are developing film commissions, recognizing that these productions can inject millions of dollars into their economies while providing a public relations benefit.

According to the MPAA's economic-impact report, \$27.5 billion was spent in California by the entertainment industry in 1996 in the production of feature films, television and commercials (studio and location expenditures). Industry sources now say that figure increased to \$28 billion in 1997 for the state, with \$34.2 billion spent nationwide.

"Twenty-five new film commissions came on board last year," says Barbara Shore, managing director of the Assn. of

Film Commissioners Intl. (AFCEI), an educational association representing film commissions worldwide. These included film commissions from Austria, France, Germany, Hong Kong, Northern Ireland, England, Mexico, Peru, Portugal, the Netherlands, Antilles and Trinidad and Tobago. U.S. film commissions now account for 73% of AFCEI's 268 members from 21 countries.

### Covering the globe

Says AFCEI chairman Ward Emling, "We're now close to a saturation point in the U.S. and Canada. The obvious areas where new film commission will come from will be Europe, South America and the Far East, where we haven't even scratched the surface."

The one exception, of course, is Australia, where three film commissions and their Los An-

geles-based AusFILM office, are working hard to interest Hollywood in the land down under. AusFILM commissioner David Pratt notes that in addition to providing a variety of landscapes — tropical jungles, beaches and barren deserts — there are a number of comprehensive economic benefits.

"Queensland offers payroll tax rebates, and cast and crew rebates as well as free fire and police, while South Australia has payroll tax rebates. And at Fox Studios, which opened last year in Sydney, (filmmakers can receive) payroll tax rebates for shooting in their studios."

Over the past two years, Queensland's Pacific Film & Television Commission reports expenditures of \$230 million by overseas production companies for such films as Fox's "The Thin Red Line," Warner Bros.' "Matrix," Interscope Pictures'

"Pitch Black," New Line's "The Island of Dr. Moreau" and MGM's "Flipper."

Likewise, Canada is scoring big with Hollywood due to a favorable exchange rate and large-scale tax credits offered by both the government and the

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# Global commishes wooing productions

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individual provinces. In choosing Vancouver, British Columbia, for Paramount's "Double Jeopardy," producer Leonard Goldberg says they found a setting that could double for Seattle's coastline, as well as Colorado. "The crews were excellent, they spoke English and of course there's the economic advantage: The (Canadian) dollar is only 65¢ against the (U.S.) dollar and at the end of filming they provide a tax credit, which was a substantial amount of money."

For northern U.S. film commissions, Canada's economic feasibility has had a negative impact on local filming. Randy Adamsick, executive director of the Minnesota Film Board, recalls, "In 1995, we had 10 films shoot here, our highest rate yet. But in 1996, we went down to two. Every project we lost went to Canada."

To combat this trend, Minnesota's nonprofit film board got creative with its incentives, leading to three unique programs. With the help of Northwest Airlines, the film board provides \$50,000 in free air fare each year to location scouts interested in Minnesota locations. Of the 150 groups that have come to the state since the program began, Adamsick says, 70% have either shot that movie or come back to do another film.

The board also provides a 5% rebate on productions' in-state expenditures (capped at \$100,000) through the Minnesota Film Jobs Fund. Says Adamsick, "It's 5¢ vs. 20¢ in Canada, but it's really user-friendly and has helped us land Paramount's 'A Simple Plan,' New Line's 'Dairy Queens' and the Hearst TV movie 'A Chance of Snow.'"

Finally, with \$75,000 raised through corporate funding, the Minnesota Independent Film Development Fund provides three \$25,000 grants to home-grown filmmakers each year, helping build the local industry.

### Wide range of incentives

Meanwhile, the other 49 U.S. film commissions are doing their best to raise interest in their states for location filming. Based on a survey last August by the Mississippi Film Office, state benefits vary from sales tax cuts and rebates to free use of public facilities and office space (Massachusetts and Tennessee), cuts in gross receipts tax (New Mexico), hotel/motel tax rebates (Tennessee and Washington) and a reduction on workers compensation rates (Washington).

However, despite these cost savings, it's still cheaper to film in Eastern Europe and such

other undeveloped nations as Slovakia, where Fox's thriller "Ravenous" found a perfect double for the Sierra Nevadas circa 1845. "We needed undeveloped mountains with snow, vast horizons and access to stage facilities where we could build sets," says producer Adam Fields. "It's very cheap to film in Prague. The cost of labor is cheap and they have very good crews. You get a lot of bang for your buck."

South Africa also has been widely used by major production of late, with such films as "The Ghost and the Darkness," "Dangerous Grounds" and "I Dreamed of Africa" utilizing the infrastructure as well as the country's wildlife reserves.

"In South Africa, filmmakers can pretty much set their own fees," notes South African Consulate acting consul general Tshidiso Ranamane. "For foreign filmmakers, the situation is that most people shoot at a much lower margin than in the U.S. Because we don't have a film commission, it's pretty open in terms of regulations and I think a lot of people are taking advantage of that."

### Brits getting bucks

Despite being unable to offer tax incentives and large cash subsidies, as do their European counterparts, the United Kingdom has been receiving production dollars from the major studios: MGM's "The World Is Not Enough" and DreamWorks' "The Haunting of Hill House" filmed at Pinewood Studios; Paramount's "Sleepy Hollow" and LucasFilm's "Star Wars: The Phantom Menace" used Leavesden Studios.

Tina McFarling of the British Film Commission notes: "We have got a very tax-efficient culture here and our fringe costs are low compared to continental Europe. We believe we are very cost-efficient with competing locations and are very competitive in the visual effects and post-production areas."

In an effort to make the U.K. a more important and larger center for overseas filmmakers, McFarling says a reorganization is under way that will combine the present film commission with the British Film Institute and British Screen group, creating a new body known as British Film. The new agency is targeting an April 2000 startup, at which time McFarling says they hope to have a stronger and more singular voice in the government to benefit both foreign-based and local filmmakers with additional advantages and benefits.

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E-MAIL FULLERJ@BUSINESS-ORLANDO.ORG

WWW.FILM-ORLANDO.ORG