**A Reexamination of the Economic Impact of Louisiana’s Motion Picture Incentive Program**

**By**

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**Abstract**

In this paper, the author extends his analysis of the economic effects of the state of Louisiana’s motion picture tax incentives program. His earlier work covered the program’s inception in 2002 through a portion of 2011. Herein, complete data for 2011 and 2012 through 2014 are included. Attention is paid to recent efforts to limit the state’s incentive and examines the economic wisdom of the same.

**Introduction**

 The state of Louisiana was the first state to put Motion Picture Incentives (MPIs) into effect as early as 1992 though the state did not experience any substantive production activity until after the passage of its Motion Picture Incentive Act of 2002 and subsequent amendments to same in 2003, 2005, and 2009.¹ With the passage of the 2009 amendments, the state had an incentive tax rate of 30 percent for in-state productions and an incentive tax rate of 5 percent for expenditures on payroll for Louisiana residents. The state’s program provided the ability to transfer or sell any previously unclaimed tax credits to another Louisiana taxpayer or to the Governor’s Office of Film and Television. This transfer ability is significant because most non-Louisiana production companies have no Louisiana state income tax liability. Therefore, they can essentially monetize their credits through appropriate intermediaries by exchanging their credits for cash. Transfers to the Governor’s Office of Film and Television, however, could be done for 85 percent of the face value of the credits.

 Louisiana’s MPI program has been in effect for twelve complete calendar years for which data are available

 (2003-2014). It has been shrouded in controversy. While proponents of the MPIs content that such incentives promote economic development and create substantial employment opportunities in the private sector, as well as , generate significant tax revenue for government entities, MPI detractors counter that the benefits associated with these incentives are often overstated while the associated costs are understated. Critics complain that many of the jobs attributed to the use of MPIs are of a temporary nature. They decry the MPI approach as picking winners and losers and assert that states should employ tax systems that welcome all industries so as to generate actual wealth creation within their borders.²

 Some states such as Michigan, North Carolina, and Alaska, have deferred to the MPI critics and have discontinued or reduced their MPI programs. The pressure for such actions has become especially pronounced in the aftermath of the Great Recession of 2007-2009 which left many states in cash-strapped positions. Such pressure was brought to bear in the 2015 Louisiana legislative session. In its attempt to address an impending budget shortfall, said legislature did, indeed, reduce the MPIs offered through Louisiana’s program. These measures were signed into law on June 19, 2015 by Louisiana Governor Bobby Jindal.³ The state had certified an average of $271 million in tax credits each year over 2011-2014. In 2014, the state had certified $258 million in tax credits. The newly-signed law imposed a cap on tax credits of $180 million. Further, the law limited the issuing of credits to a maximum of $30million per film. In addition, the law provides for a one-year suspension of the state’s film credit buyback program alluded to above.⁴ However, the legislation does provide producers an extra 5 percent credit for hiring Louisiana crews.

The caps established by the law could well lead to suits filed against the state of Louisiana for its failure to pay for tax credits that have been previously certified. The Louisiana Film and Entertainment Association has announced that it will sue the state of Louisiana over the law.⁵ However, as of this writing (late 2015) no suits have been filed against the state of Louisiana. Some producers have indicated to the Louisiana Film Commission that they are evaluating their options. However, no projects that were prearranged or that were already physically in place within the state have been cancelled or relocated.⁶ Film L.A., Inc. does not believe that the new caps on credits will hamper Louisiana’s attraction of big-budget films.⁷ Time will tell what the effects will be on the Motion Picture and Television Industry in Louisiana and the overall effects on the Louisiana economy. One would tend to suspect that production companies will migrate to other states offering more attractive incentives. However, they may not forsake Louisiana in droves or abandon it altogether because of the special features offered in the state relative to topography, food, hospitality and various unique engaging cultural characteristics of the state.

 With its lifespan of twelve plus years, the Louisiana MPI program is basically still in its infancy. However, available data relative to the program can, at least, provide some insight into how the program has operated, as well as, to its economic effectiveness. Certainly it is fair to say that the film production industry has rapidly emerged within the state of Louisiana. In fact, the state is sometimes referred to as “Hollywood South”. For 2013, Louisiana actually overtook Hollywood in the volume of films produced. In that year, 18 films were produced in Louisiana. Fifteen were produced in California, as well as, in Canada. In all, 108 films were produced in 2013 with 68 (63 percent) being produced in the USA. However, in 2014, five films were produced in Louisiana dropping the state to sixth placed for the year. California reassumed the lead with 22 productions. In all, 106 films were produced, 64 percent of which were USA- produced.⁸ The rankings of the location sites for 2013 and 2014 are provided in Table I in the back of the paper.

While noting that Louisiana dropped from first place in productions in 2013 to sixth place in 2014, Film L.A., Inc. notes that many high-profile films were shot in Louisiana in 2015 which will show up in future film reports. The publication believes that the list of the five or six leading film sites is unlikely to change from year to year even though their rankings may fluctuate quite a lot.⁹

**Purpose of the Paper**

 This paper is designed to update the author’s study of the Louisiana Motion Picture Film Incentive Program from its beginning in 2002 through 2014. It will incorporate new data covering the remainder of 2011 and 2012 through 2014. In the earlier study, the author had examined other studies conducted on incentive programs in other states. Therefore, though their studies were generally positive in their conclusions of state incentive programs, they will not be discussed again within this paper. Rather, the thrust of this paper is to reevaluate the economic effectiveness of Louisiana’s incentive program given the availability of more recent data and, also, given the aforementioned reductions in incentives recently initiated in Louisiana.

 Mention has been made of other states that have dropped or reduced their motion picture incentives. This, as in Louisiana, was partially prompted by tough budgetary conditions faced by states largely attributable to the Great Recession of 2007-2009. However, this is also partially attributable to the rush to emulate the state of Louisiana in its movement to motion picture tax incentives. Some states were bound to be shaken out of the game because of lesser incentives offered, as well as, due to less appealing cultural, cost, topological or other features. As of the beginning of 2004, only six states had Motion Picture Tax Incentives (MPIs). However, over the 2004-2009 period, 38 other states enacted legislation creating MPIs so that by the end of 2009, 44 states had some type(s) of MPIs. The majority of the states (28 of the 44) offered, as Louisiana, some form of tax credits. Other types of incentives offered included cash rebates, grants, sales tax exemptions, lodging exemptions, and fee-free locations. ¹⁰ States had, indeed, moved quickly and heavily into offering MPIs in an attempt to boast economic development within their respective boarders. The question is “had they done so because such incentives have proved to be conductive to such growth or had they done so in a helter-skelter ‘monkey-see, monkey-do’ manner?”. Perhaps, they were sucked into doing so as a defensive mechanism similar to firms often advertising to prevent loss of sales to rival firms who had initiated or accelerated their advertising efforts.

 Given the benefit of hindsight, it is clear that too many states entered the MPI game. The difficult conditions imposed by the Great Recession were largely unanticipated. Also unanticipated or, at least, under-anticipated, was dual impact of the MPIs. First, there is a direct impact or, here, the fiscal impact, on the state’s revenue. This is the most immediate impact and can have quite dramatic effects on the public sector. However, once in place, such MPIs will lead to indirect and induced impacts on total earning and employment in a state’s private sector which will, in time, favorably impact tax revenues within the state. Since the initial fiscal impact of MPIs is immediate and dramatic, there is a tendency to rush to judgment against them. Rather, one should take a more holistic cost-benefit approach to evaluating such incentives. Both the direct fiscal impact and the overall impact on the state’s economy will be reviewed over the life of the Louisiana’s MPI program in this paper. Before doing so, it would be appropriate to review some studies both in favor of and against state motion picture incentives.

**Studies Regarding MPI Programs**

In general, commissioned or self-generated studies by states having MPI programs have extolled the positive economic effects of these programs while independent research and studies have often emphasized negative aspects of such programs. An Ernst and Young study of 2009 for the New Mexico program emphasized the positive direct and indirect economic impacts generated by the program relative to job creation and increased state and local tax collections.11 A second Ernst and Young study on the New York program noted positive impacts on employment and income.12 Similar results were reported in a 2010 study on the Rhode Island incentive program.13 A Massachusetts Department of Revenue report of 2011 focused on the new spending and employment generated by the state's incentives for 2009, as well as, the rise in personal income in the state over 2006-2009.14 Further, although the Connecticut incentives implementation agency found a relatively small average annual net revenue to the state attributable to its program in its 2011 study, the agency argued that the program should be maintained because it was relatively new and had relatively current low cost to the state.15

Yet another Ernst and Young report for a number of Convention and Visitors Bureaus in Michigan found a significant positive economic impact from the state's incentive program.16 Then, in an ostensibly independent study of the economic effects of the Michigan incentives program for 2008, the Center for Economic Analysis at Michigan State maintained that in this, the program's first year of operation, there was a sizable number of film productions which led to impressive increases in direct spending and direct employment in the state, as well as, to further increases in state-wide spending, output and employment via the multiplier effect.17

On the other hand, Luther Williams in a report for the Tax Foundation has been critical of film tax credits for failing to produce promised overall economic growth and enhancement of tax revenue for states. The report argues that film incentives primarily create temporary jobs and tend, as a result of competition among states, to generate more benefits for movie producers than for the local or state incentives involved.18 Robert Tannenwald has, likewise, argued that state film subsidies are costly to states and generous to movie producers. He speculates that often the subsidiaries reward companies for production that may have produced anyway in states where producers have established cozy relationships. He contends that the best jobs go to non-residents of the state since producers find it necessary to bring in needed out-of-state technical experts. He believes that, due to competition among the states, no state can win in the film subsidy war. He suggests that states should eliminate or reduce their subsidies and use revenue released to provide more and improved public services.19

In a separate report, Tannenwald and Lav argued that state proposals to cut taxes and implement tax credits generally will not increase economic growth within the state because of the balanced-budget requirements of most states. That is, if a state cuts a tax or grants tax credits, it generally has to make offsetting expenditure cuts in order to maintain balance. This, therefore results in a zero-sum game. Further, they suggested that such state efforts to induce increased employment opportunities in the private sector may lead to the layoff of workers in the public sector.20

Adrian McDonald points out that Louisiana and New Mexico were the first states to enact generous film production incentives in 2002 and that their programs had astounding success in attraction film productions. His article reviews an ERA report on various types of film incentives offered in the U.S. The report maintained that transferable tax credits, used in Louisiana, are less desirable to filmmakers than tax credits and that they are also costly to the state.21 The McDonalds study admits that the film incentives programs in Louisiana, New Mexico and Michigan have attracted a large number of productions in these states. However, it then offers reasons why other states have not been enjoying such success. These are primarily related to an oversaturation of state incentive programs. McDonald`s study attempts to evaluate various economic reports concerning state film incentives with mixed results.22

A Bax Starr Consulting Group report of 2011 authored by Cheryl Louise Baxter was prepared for the Louisiana Entertainment Industry and the Legislative Fiscal Office. The report focused on assessing the economic and fiscal impact of Louisiana's incentives between 2008 and 2010. The report described the Louisiana film industry as "something of a positive anomaly" in comparison with natural trends in the film industry where wages and film production numbers had fallen. Since an earlier analysis covering 2005-2007, Louisiana was said to have experienced substantial film production growth. This Bax Starr study noted that there were increases in the number of certified productions in Louisiana, the percentage of overall budget spent within the state, as well as, in overall dollars in the state and in wages. The shift in spending was said to be indicative of increasing maturity of the state in providing services to the film industry; that is, the state's ability to provide an increasing number of such services.23

Loren C. Scott and Associates, Inc., prepared another report for the Louisiana Office of Entertainment Industry Development based on the amount of expenditures finally certified and film credits in calendar years 2010, 2011 and 2012. Certified spending on film productions in the state increased from 2010 to 2012 by over 85 percent. The impact of this increased certified spending was illustrated through a similar percentage increase in Louisiana sales and Louisiana earnings over the 2010-2012 period, as well as, a 78 percent increase in jobs in the state for this same period. The Scott report recommends that the state legislative and program administrations consider eliminating statutory limitations on certain types of spending having no significant direct impact on the state's earnings. Specifically mentioned were the salaries of non-resident producers, directors, and writers that were eligible for tax credits. Also suggested for elimination were credits for other "soft costs", such as airfare, bond fees, finance fees, and interest. As the Scott report maintains, implementing these changes would increase the economic impact of Louisiana entertainment incentives.24

**Assessment of the Louisiana MPI Program**

 As previously mentioned, Louisiana’s MPI program essentially began with the passage of its Motion Picture Incentive Act of 2002. Therefore, it has been in operation for twelve full years (2003-2014) and a portion of two years, 2002 and 2015. In reality, it and such programs of other states are still in their infancy. However, available data can, indeed, provide some insight as to the effectiveness of Louisiana’s MPI program. The number of productions that have been certified by the state of Louisiana grew from 5 in 2002 to as many as 188 in 2011. This number fell to 133 in 2012 but rose again to 162 in 2013.25 The number for 2014 seems down to 124 but is probably somewhat larger due to delays in the certification process. With certified production numbering 20 in 2003 and 162 in 2013, the compound annual rate of growth over this period was 23.3 percent. If one computes this growth rate from 2003 through 2014 – which currently shows 124 certified film production, the result would be a 18.0 percent growth rate. In fact, the number of productions certified in Louisiana has declined only three times over the 2003-2014 period.

 Actual annual Louisiana payroll totals resulting from film production expenditures made within the state, which are provided in Table II in the “Tables” section at the back of this article, can be used to derive annual estimates of final demand generated by these payroll figures. As in the author’s original work, the estimates of final demand generated by the Louisiana payroll figures were calculated through the procedure suggested by the Bureau of Economic Analysis (BEA), a method which divided annual Louisiana earnings (payroll) data by the quotient obtained by dividing the BEA final demand earnings multiplier by the BEA direct effect earnings multiplier for the Motion Pictures and Video Industries Classification (NAICS 512100). That is, dividing the final demand earnings multiplier for this industry classification in the state of Louisiana (.4670) by the direct effect earnings multiplier (1.9493)of this same industry classification yielded a quotient of .23957. This number was, in turn, divided into each of the annual earnings figures in Table II to yield the estimates of final demand generated shown in same. Excluding the partial year of 2002, the estimated final demand generated by the Louisiana payroll has increased seven years and decreased in four. The compound rate of growth from 2003 through 2014 is 16.8 percent.

 From the annual estimates of final demand generated by the Louisiana payroll attributable to film production, one can derive the total output, employment, value added,and earning effects of film production spending in Louisiana by applying the appropriate BEA final demand multipliers for NAICS 512100. These data are reported in Table III.

 As with Estimated Final Demand in Table II, Output Generated, Employment Generated, Value Added Generated, and Earnings Generated increased over seven years and declined in four years over the 2003-2014 period. The common compound annual rate of growth of the above four series was again 16.8 percent. All five of these data series are based on Louisiana payroll earnings. Since such earnings increased by 16.8 percent over 2003-2014 period, these five series all also increased by 16.8 percent over this period. Hence, despite the four years of decline in these data series, they have all enjoyed a healthy rate of growth over the 2003-2014 period in which the Louisiana MPI program can be fully documented. Consequently, it would appear that film productions continue to have positive effects on the private sector of the Louisiana economy and are likely to do so into the future.

 Mention was made above of the sacrifice of potential tax revenue associated with the granting of tax credit incentives designed to encourage film production within a state. A benefit-cost analysis can be made of the overall fiscal impact of Louisiana’s motion picture tax incentives. The costs, as noted above, are the foregone tax revenues emanating from the granting of the incentives. The benefits are the additional income tax and sales tax revenues generated for the state by the increased motion-picture production activity. These annual tax revenues accruing to the state of Louisiana can be estimated for 2002-2014.

 Since the Louisiana state increase tax ranges from 2 percent to 6 percent, the author, as in his prior study, has applied an average income tax rate of 4 percent to the state earnings. As detailed in his previous article, the author focused on the broad categories of consumption spending relative to the market basket of goods and services used by the Consumer Price Index of the Bureau of Labor Statistics and the percentages allotted to each broad category within said index to derive annual sales tax revenues resulting from the tax incentive program.26 These annual sales tax totals were added to annual income tax revenues generated to yield the annual total tax revenue figures attributable to the state’s incentive program. Total tax revenue thus generated by the state’s MPI program increased from $1,971,030.63 in 2003 to $10,856,438.18 in 2014, experiencing seven annual increases and four decreases over this period. Table IV lists the annual total tax revenues accruing to the State of Louisiana and the annual tax credits granted under the state’s motion picture tax incentive program from 2002-2014.

 Given that the differences in Table IV between all the annual tax revenue figures and all the annual tax credits granted by the state under its MPI program, are negative, said program would appear to be a fiscal failure. However, a different picture emerges regarding the overall economic impact of the state’s MPI program from the comparison of the total earnings generated by the program and the total tax credits granted under the program provided in Table V. It can be seen therein that total earnings generated within Louisiana exceeded total tax credits granted in every year over the 2002-2014 period with the exception of the partial first year of the program’s operation (2002). The year 2013 exhibited the greatest net amount of revenue for the state (more than $168.3 million). This result must be considered in conjunction with the aforementioned increasing amounts of output generated, employment generated, and value added generated within the state in evaluating the overall impact of the state’s incentive program. The reader will note that net earnings generated increased from $2,277,469.72 in 2003 to $67,789,105.08 from 2014, a nearly 30-fold increase with a compound annual rate of growth of 36.1 percent. The author’s earlier study had focused primarily on the effects of Louisiana’s MPI program over the years 2003 (its full year of operation) and 2010 (the last year at that time of complete operation). As noted above, net earnings generated by the program were $2,277,469.72 for 2003. The figure for 2010 was $38,107,744.09, representing a 15.7-fold increase with a compound annual rate of growth of 49.55 percent. Hence, the inclusion of four more years of data emanating from the state’s MPI program has revealed even more productive results relative to net earnings generated by the same. It would seem, then, that Louisiana's Motion Picture Incentives Program has been a source of economic growth for the state.

However, this begs the question over whether this is the best way for the state to spend tax dollars to promote economic growth. Nearly everyone agrees that for any state to grow and prosper, more people need to acquire skills that will position them to compete more effectively in the contemporary economy, The attainment of such skills is facilitated through attendance at some level(s) of postsecondary education. To assist students in attending a four-year university and the other levels of postsecondary education, the Louisiana legislature adjusted the Tuition Assistance Plan (TAP) in 1989 which guaranteed college tuition for needy students who satisfy specified academic achievements. This plan, which evolved from the Louisiana Honors Scholarship and the "Taylor Plan" of Louisiana businessman Paul F. Taylor is now known as TOPS, the Taylor Opportunity Program for students. Typically, the states expends in excess of $285 million annually on TOPS.27 The Louisiana Commissioner of Administration has recently announced that only $65 million is currently available for TOPS for next academic year (2016-2017).28 This represents a minimum shortfall of $220 million for the TOPS program.

Recall that the state of Louisiana imposed a cap on the motion picture tax credits of $180 million The state could decide instead to divert the $180 million to help sustain the TOPS program. The TOPS program makes funds available to qualifying students for up to one year after high school graduation. In past four years, the percentage of high school completers who enroll in college the following fall has been holding at about 66 percent.29 The comparable rate for the state of Louisiana, although it has been rising, is 59 percent.30 The drastic cutback that the state is now forcing in projected TOPS funding would reverse the trend of increasing college enrollment by graduating high school seniors.

**Summary and Conclusion**

 This paper has updated the author’s prior evaluation of Louisiana’s MPI program relative to its economic impact on the state by inclusion of four more years of available data. After doing so, the fiscal costs of the state’s MPI program (the revenue foregone by the state through the provision of tax credits) still far outweigh the fiscal benefits of said system (the tax revenue accruing to the state as a result of the MPI program). The author discussed the legislation signed into law in Louisiana in June 2015 which imposed a cap on the total amount of annual tax credits, as well as, a cap on the amount of tax credits per film that could be granted to film producers. He suggested that this legislative initiative by the state failed to consider the overall economic impact of the state’s MPI program. When one considers the substantial rate of growth of final demand, output, employment, value added, and earnings generated within the State of Louisiana, the program has been quite successful. The author demonstrated herein, as noted above, that the net benefits of the program, represented, by the total earnings generated by the MPI program, have exceeded the program’s associated costs in each of the program’s twelve full years of operation, Given these results and Louisiana’s early start with its MPI program, as well as the state’s unique cultural, culinary and topographical features, it would seem that the state would do well to resist emasculating and eliminating its program.

However, the state of Louisiana could, perhaps, divert the $180 million cap on motion picture tax credits to its TOPS program which assists students in attending post-secondary education institutions to help alleviate the program's large projected shortfall for 2016-2017. Further, it may be best to continue the use of this funding for the TOPS program into the future.

**TABLES**

**Table I**
**Location Sites for Movies**
**2013 and 2014**

|  |  |  |
| --- | --- | --- |
| **Production Site** | **2014** | **2013** |
| California | 22 | 15 |
| New York | 13 | 4 |
| UK | 12 | 12 |
| Canada | 12 | 15 |
| Georgia | 10 | 9 |
| Other US/Puerto Rico | 9 | 9 |
| Louisiana | 5 | 18 |
| Massachusetts | 3 | 5 |
| Australia | 3 | 2 |
| North Carolina | 2 | 4 |
| Michigan | 2 | 1 |
| New Mexico | 2 | 3 |
| Bulgaria | 2 | 1 |
| France | 2 | 1 |
| South Africa | 2 | 0 |
| Morocco | 1 | 0 |
| India | 1 | 1 |
| New Zealand | 1 | 2 |
| Romania | 1 | 0 |
| Germany | 1 | 1 |
| Connecticut | 0 | 3 |
| Belgium | 0 | 1 |
| Malta | 0 | 1 |
| Total | 106 | 108 |

*Source: Film L.A., Inc., 2014 Feature Film Study*

**Table II**
**Actual Payroll Generated in**
**Louisiana by Production Expenditures**
**Made Within the State**
**2002-2014**

|  |  |  |
| --- | --- | --- |
| **Year** | **Louisiana Payroll** | **Estimate of Final Demand Generated** |
| 2002 | $74,909.00 | $312,677.14 |
| 2003 | $19,378,817.00 | $80,888,985.82 |
| 2004 | $38,603,126.00 | $161,113,040.87 |
| 2005 | $47,193,771.84 | $196,991,196.17 |
| 2006 | $80,721,867.29 | $336,940,587.17 |
| 2007 | $76,224,413.81 | $318,167,797.70 |
| 2008 | $99,426,507.11 | $415,015,494.70 |
| 2009 | $82,744,099.98 | $345,381,574.60 |
| 2010 | $97,189,927.72 | $405,684,884.25 |
| 2011 | $176,263,070.90 | $735,747,676.67 |
| 2012 | $124,677,856.54 | $520,423,494.34 |
| 2013 | $168,732,570.84 | $704,314,274.91 |
| 2014 | $106,738,538.60 | $445,542,173.89 |

*Source: Louisiana Film Commission*

**Table III**
**Annual Output, Employment, Value Added,**
**& Earnings Generated by Film Production Activity**
**In the State of Louisiana**
**2002-2014**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Estimate of Final Demand** | **Output \*Generated** | **Employment \*\*Generated** | **Value Added \*\*\*Generated** | **Earnings** | **Earnings \*\*\*\*Generated** |
| 2002 | $312,677.14 | $562,162.33 | 6.299 | $258,144.98 | $74,909.00 | $146,020.11 |
| 2003 | $80,888,985.82 | $145,430,307.60 | 1,629 | $66,773,857.79 | $19,378,817.00 | $37,775,127.98 |
| 2004 | $161,133,040.87 | $289,701,094.18 | 3,246 | $133,015,325.24 | $38,603,126.00 | $75,249,073.51 |
| 2005 | $196,991,196.17 | $354,170,471.59 | 3,968 | $162,616,232.44 | $47,193,771.84 | $91,994,819.45 |
| 2006 | $336,940,587.17 | $605,785,481.67 | 6,788 | $278,144,454.71 | $80,721,867.29 | $157,351,135.91 |
| 2007 | $318,167,797.7 | $572,033,883.48 | 6,410 | $262,647,517.00 | $76,244,413.81 | $148,584,249.84 |
| 2008 | $415,015,494.7 | $746,156,357.92 | 8,361 | $342,595,290.87 | $99,426,507.11 | $193,812,090.31 |
| 2009 | $345,381,574.6 | $620,691,532.97 | 6,958 | $285,112,489.83 | $82.744,099.98 | $161,293,074.09 |
| 2010 | $405,684,884.25 | $729,380,853.39 | 8,173 | $334,892,871.95 | $97,189,927.72 | $189,452,326.10 |
| 2011 | $735,747,676.67 | $322,800,747.88 | 14,823 | $607,359,707.10 | $176,263,070.90 | $343,589,604.10 |
| 2012 | $520,423,494.34 | $935,669,400.47 | 10,485 | $429,609,594.58 | $124,677,856.54 | $243,034,545.75 |
| 2013 | $704,314,274.91 | $1,266,286,634.86 | 14,190 | $581,411,433.94 | $168,732,570.84 | $328,910,400.34 |
| 2014 | $445,542,173.89 | $801,040,274.44 | 8,976 | $367,795,064.55 | $106,738,538.60 | $208,065,433.29 |

\*=BEA Final Demand Output Multiplier of 1.7979 applied
\*\*= BEA Final Demand Employment Multiplier of 20.1468 per million jobs applied
\*\*\*= BEA Final Demand Value Added Multiplier of .8255 applied
\*\*\*\*=BEA Direct Effect Earnings Multiplier of 1.9493 applied
 *Source: Computed from data provided by the Louisiana Film Commission and BEA Multipliers*

**Table IV**
**Tax Credits and Tax Revenues Generated by the**
**Louisiana Motion Picture Incentive Program**
**2002-2014**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Production Credits Earned** | **Labor Credits Earned** | **Infrastructure Credits Earned** | **Total Credits Earned** | **Total Tax Revenue Generated** | **Fiscal Outcome** |
| 2002 | $1,577,284.05 | $14,981.72 |  | $1,592,265.77 | $7,619.04 | -$1,584,646.73 |
| 2003 | $36,140,193.70 | $3,815,935.84 |  | $39,956,129.54 | $1,971,030.63 | -$37,985,098.91 |
| 2004 | $61,987,371.97 | $7,691,798.10 |  | $69,679,170.07 | $3,926,346.16 | -$65,752,823.91 |
| 2005 | $90,666,417.70 | $9,343,563.11 |  | $100,009,980.81 | $4,800,105.89 | -$95,209,874.92 |
| 2006 | $106,408.629.86 | $14,764,803.93 |  | $121,173,433.79 | $8,210,267.57 | -$112,963,166.22 |
| 2007 | $93,607,607.71 | $7,622,441.38 |  | $111,837,901.50 | $7,752,828.99 | -$104,085,072.51 |
| 2008 | $118,782,350.46 | $9,928,153.61 | $10,607,852.41 | $134,457,806.24 | $10,112,727.24 | -$124,345,078.96 |
| 2009 | $105,598,524.15 | $5,748,988.56 | $5,747,302.13 | $123,604,343.65 | $8,415,950.01 | -$115,188,393.64 |
| 2010 | $148,057,864.24 | $4,869,340.02 | $12,256,833.94 | $173,705,002.72 | $9,885,243.46 | -$163,819,759.26 |
| 2011 | $252,351,594.23 | $8,361,641.81 | $20,754,393.88 | $260,713,236.04 | $17,927,818.35 | -$242,785,417.69 |
| 2012 | $214,652,054.84 | $12,787,918.58 |  | $227,459,973.42 | $12,681,056.53 | -$214,778,916.89 |
| 2013 | $190,970,768.18 | $8,436,678.10 |  | $199,407,466.65 | $17,161,886.86 | -$182,245,579.79 |
| 2014 | $159,490,165.73 | $5,343,425.94 |  | $164,833,591.37 | $10,856,438.18 | -$153,977,153.19 |

\*Program began in 2005 and terminated at end of 2008; credits certified for 2007-2010
 *Source: Louisiana Film Commission and calculations by the authors*

**Table V**
**Annual Earnings Generated and Annual Tax Credits**
**Granted by the Louisiana Motion Picture Tax Incentive Program,**
**2002-2014**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Earnings Generated in the Private Sector¹** | **Total Tax Revenue Generated²** | **Earnings Generated by Tax Revenue³** | **Total Earnings Generated** | **Total Credits Granted⁴** | **Earnings Generated-Credits Granted** |
| 2002 | $146,020.11 | $7,619.04 | $17,234.27 | $163,254.38 | $1,592,265.77 | $-1,429,011.39 |
| 2003 | $37,775,127.98 | $1,971,030.63 | $4,458,471.28 | $42,233,599.26 | $39,956,129.54 | $2,277,469.72 |
| 2004 | $75,249,073.51 | $3,926,346.16 | $8,881,395.01 | $84,130,468.52 | $69,679,170.07 | $14,451,298.45 |
| 2005 | $91,994,819.45 | $4,800,105.89 | $10,857,839.07 | $102,852,658.52 | $100,009,980.81 | $2,842,677.71 |
| 2006 | $157,351,135.91 | $8,210,267.57 | $18,571,625.25 | $175,922,716.16 | $121,173,433.79 | $54,749,327.37 |
| 2007 | $148,584,249.84 | $7,752,828.99 | $17,536,899.18 | $166,121,149.02 | $111,837,901.50 | $54,283,247.52 |
| 2008 | $193,812,090.31 | $10,112,727.24 | $22,874,989.02 | $216,687,079.33 | $134,457,806.20 | $82,229,273.13 |
| 2009 | $161,293,074.09 | $8,415,950.01 | $19,036,878.93 | $180,329,953.02 | $123,604,343.65 | $56,725,609.37 |
| 2010 | $189,452,326.10 | $9,885,243.46 | $22,360,420.71 | $211,812,746.81 | $173,705,002.72 | $38,107,744.09 |
| 2011 | $343,589,604.10 | $17,927,818.35 | $40,552,752.11 | $384,142,329.21 | $260,713,236.04 | $123,429,093.17 |
| 2012 | $243,034,545.75 | $12,681,056.52 | $28,684,549.85 | $271,719,095.60 | $227,459,972.42 | $44,259,122.18 |
| 2013 | $328,910,400.34 | $17,161,886.86 | $38,820,188.08 | $367,730,588.42 | $199,407,466.65 | $168,323,121.77 |
| 2014 | $208,065,433.29 | $10,856,438.18 | $24,557,263.16 | $232,622,696.45 | $164,833,591.37 | $67,789,105.08 |

¹ See Table III above
² See Table IV above
³ Multiply Tax Revenue Generated by BEA Government Service Multiplier of 2.262
⁴ See Table IV above

**ENDNOTES**

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