

# Commentary: Micro-incentives can put cities on the locations map

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Last month's Association of Film Commissioners International trade show was the most successful in the event's 24-year history. Attendance was up 19% compared with last year's record-breaking figure as more than 235 booths filled the Santa Monica Civic Auditorium.

Even weeks later, the incentive train keeps chugging. The latest trend: Cities are getting into the act on production breaks that once were the domain of regions and countries, then states and provinces.

Call them micro-incentives. They aren't sweeping deals but rather slices of legislation, and they have the potential to tip the scales in a metro area's favor.

The city of Santa Clarita, which lies within Los Angeles' 30-mile zone, recently approved a film-incentive program made up of three components that tackle fees and local taxes.

The first portion eliminates permit fees, including for road and property use, for feature and television productions. To qualify, shows must do 65% of their principal photography in the city and hire 15% of their crew locally.

The second part eliminates basic permit fees for feature, television, commercial and music video production companies that film locally more than six times a year. It's aimed at productions that film in Los Angeles but regularly use Santa Clarita for shoots, such as Fox's "24" and "House" and NBC's "Heroes."

The third component gives a partial refund of the Transit Occupancy Tax, which city hotels charge production companies responsible for monthly room blocs.

Santa Clarita officials say the program is not a waiving of fees but more an absorption by the city, which has allocated \$150,000 to subsidize the local shows.

The FIP, set to take effect July 1, will save a show about \$25,000 a season. It's not a ton of money, but officials hope it's enough to retain the series that already shoot there: HBO's "Big Love," CBS' "NCIS" and "The Unit" and ABC Family's "10 Things I Hate About You."

If it attracts new film or TV productions, all the better.

"The way that we see it, the state of California has taken some action, and it being one of our top four industry sectors, we thought it was important that we should do the same," Santa Clarita film and tourism associate Jessica Freude says. "So much of our local residents depend on the entertainment industry for jobs right now, and we want filming in California to be successful."

Santa Clarita is the first city in the state to implement such an incentive.

As incentives evolve, the Locations Managers Guild of America has decided to launch its education arm with a seminar on the complexities of the schemes.

Held on Saturday at West Hollywood's Mondrian Hotel, "Locations vs. Incentives" drew about 60 guild members to a brief rundown of an issue that's affecting their jobs.

"Locations used to be something that was written into the scripts, and scripts used to be sacrosanct," the guild's Kayla Thames-Berge says. Nowadays, she says, productions are more than willing to overhaul the story to fit a locale that is right for the budget. "Over the last 10 years, it's become something that can be moved on a dime if the money is right," she adds.

But not all locations and incentives are created equal. As Joe Chianese of Entertainment Partners explains, the variables that go into a studio choosing a location include creative requirements, the availability of crew, infrastructure and funding, the eligibility and qualified spend and the timing of the checks.

There are different types of incentives, too: refundable tax credits, transferable tax credits, rebates and upfront/backend production funding.

As evidence of studios being in the mind-set, LMGA's Bill Bowling says companies have dedicated departments that can include a vp incentives, an assistant, executives overseeing national and international incentives and even a senior vp, who can call countries to seek better deals.

Of course, all the incentive talk is threatening to create an imbalance. Louisiana's program has been so successful that its crew base is depleted, forcing it to import crews from Florida. In turn, Florida is working on legislation aimed at retaining its workers.

As one person at the seminar said, the incentives game "is a constantly moving target."

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