

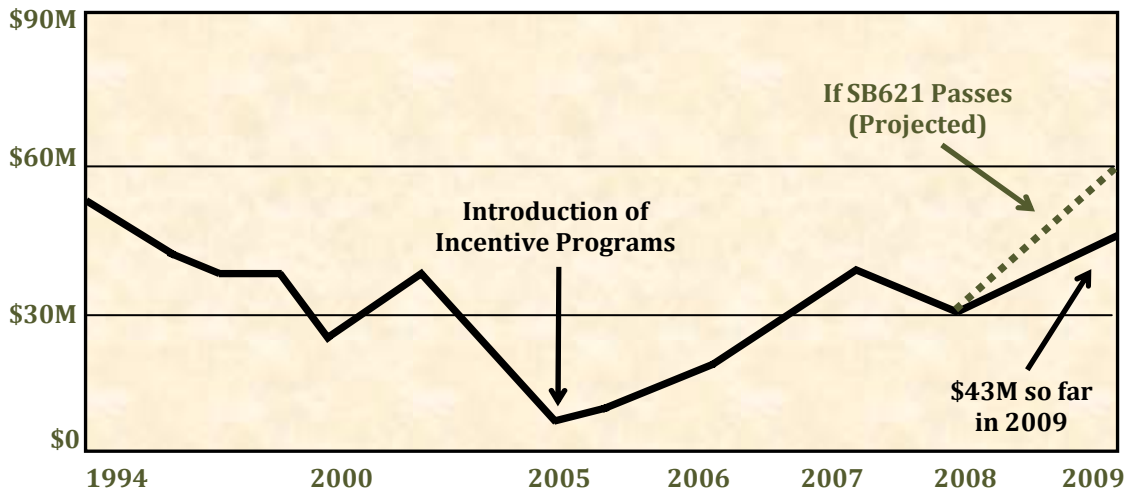
OREGON'S PRODUCTION INCENTIVES - Creating "Shutter Ready" Jobs

The film and television industry is a bright spot for Oregon's economy. Millions of dollars in new production are creating family wage jobs, and Oregon businesses are profiting from the sale of their products and services to companies shooting in our state. According to a recent ECONorthwest report, "out-of-state" production was up 115% from 2005 to 2007. As the chart below shows, an increase of \$2.5 million in the Oregon Production Investment Fund will bring in at least \$60 million to the Oregon economy in 2009, as compared with \$43 million without the expanded OPIF. Passage of Senate Bill 621 will mean "shutter ready" jobs for our casts and crews - and millions in economic activity for the people and businesses of Oregon.

Key Findings

- From 2002 to 2007, employment increased by 21% in Oregon's film and television industry.
- The average annual wage for full time film and television professionals is \$53,118 - 34% higher than the 2007 statewide average.
- Every \$1 million in income generated in the film and television industry translates into \$1.12 million in income for workers and business owners in Oregon.
- ECONorthwest estimates \$123,260 in tax revenue for every million dollars spent in Oregon. In the 2007-2009 biennium, this translates to \$11,353,217.
- Since the beginning of the OPIF program, the average Oregon budget of "out-of-state" projects has grown from \$2.1 million to over \$8 million. In addition, almost all of the participating projects have spent millions of dollars on Oregon resident health and pension benefits.

SPENDING IN OREGON ON PRODUCTIONS FROM OUT OF STATE



Economic Impact and ROI for the Oregon Production Investment Fund (OPIF)

- Gross cost of tax credits for the 2007/2008 and 2008/2009 OPIF Incentive: \$10,000,000
- Direct economic impact of productions that received incentives: \$92,107,885
- Overall economic impact of productions that received incentives: \$180,531,454
- ROI for direct economic impact: 9.2:1
- ROI for overall economic impact: 18:1

OPIF Benefits the Entire State

The findings in the ECONorthwest Report issued on July 29, 2008 showed that all segments of the film and television industry have grown dramatically since the inception of the incentive programs. This growth has happened not only within the Portland metro area, but throughout the state. In fact, film and television production has grown at a more rapid rate outside Portland than within Portland.

SB621 - Investing in Oregon Jobs and Business

This proposed legislation will allow for OPIF to attract at least \$60 million annually in investment. At that level of investment, the opportunity to invest in additional infrastructure expenses will be attractive to prospective business people. The higher cap will also encourage more high profile projects like "Twilight", "The Crowley Project", and "Leverage" to come to the state. This will result in additional long term tourism opportunities as well as a general positive branding of the state of Oregon.

The Competition and Oregon's Competitive Edge

Unlike other states who have adopted luxurious incentive programs, Oregon has designed its program to benefit projects that choose to make an investment in Oregon labor and goods and services. Some states, such as Michigan (40% rebate), give back a high percentage of qualified spend so that films can ship in the necessary resources to the state. Oregon does not need a higher percentage on its incentive program because the resources and labor necessary for producing a project already exist in the state. While our actual incentive may be lower than other states on a project, the cost for producing the project in Oregon is lower when all budget elements are factored in to the picture. Before the implementation of OPIF, Oregon was not in the game when projects were considering a film location. Since OPIF, Oregon has had the opportunity to show the industry that the state can once again be a prime film location adding value to any project.

As of March 2009, there are 39 states with a version of a film incentive program. The programs range from being a simple cash rebate like Oregon's, to a complicated tiered tax credit program like Iowa's. Other states, such as New Mexico, have additional programs with a zero interest loan program and a workforce training program. Below is a chart detailing some of the programs throughout the country.

STATE	INCENTIVE OFFERED	CAP PER. PROJECT	YEARLY FUND AVAILABLE
Arizona	30% tax credit	\$8 million	\$60 million in 2009
California	20-25% tax credit	No cap	\$100 million
Louisiana	25% tax credit (addtl. 10% available with qualifications)	No cap	No cap
Massachusetts	25% tax credit	No cap	No cap
Michigan	Up to 40% rebate	No cap	No cap
New Mexico	25% tax credit	No cap	No cap
New York	30% tax credit	No cap	\$75 million
Oregon (OPIF & Greenlight)	20% goods & services, 16.2% labor rebate program	No cap	\$5 million
Washington	30% rebate program	No cap	\$3.5 million

Canada

In the 1990's, Canada adopted a very aggressive incentive program which sent a large percentage of film and television work north. In addition to the incentive program, Canada's weak dollar makes Toronto and Vancouver attractive to producers. When the Canadian dollar is over \$0.85 US, Oregon is comparable if not cheaper than Vancouver, B.C.. When the Canadian dollar drops below this figure, Oregon must find added benefits to remain competitive.

More Demand than Supply - SB621

In a normal fiscal year, the current funds raised from the OPIF tax credit are allocated within the first six months. The inquiries and requests for the incentives come in on a year-round basis. By increasing the cap on OPIF from \$5million annually to \$7.5million, the production industry will be close to a year round business. In just the first three months of 2009, the Film Office has received over 20 inquiries by film projects looking at Oregon as a location. Most, if not all, of the projects will look elsewhere without the ability to access OPIF funds.