



Department of Commerce
Innovation is in our nature.

Motion Picture Competitiveness Program

Per RCW 43.365.020

September 2014
Report to the Legislature
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Program Summary

Overview

In 2006, the Legislature created the Motion Picture Competitiveness Program, an economic development vehicle to attract film industry investment in Washington State (RCW 43.365.020). Washington Filmworks is the private non-profit organization that manages the Motion Picture Competitiveness Program and the state film program.

During the 2012 legislative session, the Motion Picture Competitiveness Program was renewed through June 30, 2017. The Department of Commerce (Commerce) is responsible for rules that guide the incentive program and reporting results to the Legislature each even-numbered year by September 1.

Motion Picture Competitiveness Program

Washington Filmworks offers funding assistance for qualified expenditures for motion pictures, episodic series, and commercial productions. In order to qualify for funding assistance, the production company must meet the following in-state spending thresholds.

- \$500,000 for motion pictures
- \$300,000 for episodic series (per episode)
- \$150,000 for commercials

The Board of Directors of Washington Filmworks may allocate up to \$350,000 annually to support Washington resident filmmakers and filmmakers using new forms of production and emerging technologies. This funding is allocated through the Filmworks Innovation Lab.

For further information about eligibility requirements visit www.WashingtonFilmworks.org.

Certified and Complete Statistics

Attached as Appendix A are the certified numbers for all productions that have been approved for funding assistance, completed principal photography, and been reviewed by Washington Filmworks through June 30, 2014.

These numbers differ from the descriptive statistics provided in previous reports for the following reasons.

1. From 2007-2010 the descriptive statistics for each production were published in the calendar year (January-December) in which they were approved for funding assistance. The descriptive statistics are now reported on the fiscal calendar (July-June) in which the surveys are received by Commerce. This adjustment was made to align with the state's

legislative and budget calendars. The relevant adjustments on all previous productions have been made and the descriptive statistics represented in Appendix A are now considered certified and complete.

2. Each production that Washington Filmworks' Board of Directors approves through the Motion Picture Competitiveness Program is required to submit a production survey (and post-production survey if applicable) to Commerce before receiving funding assistance from Washington Filmworks. Prior to issuing funding assistance, Washington Filmworks conducts an in-depth review of all productions to ensure that each line item of the budget is a qualified expenditure. During this review process, Washington Filmworks finds expenditures that do not qualify or perhaps do not have proper documentation and these expenses are deducted from the total amount eligible for funding assistance. Some descriptive statistics published previously by Commerce were gathered prior to Washington Filmworks internal review process and generally don't reflect any of these deductions. The relevant adjustments on all previous productions have been made and the descriptive statistics represented in Appendix A may be considered certified and complete.
3. With the renewal of the Motion Picture Competitiveness Program in 2012, new reporting practices were approved by the Legislature that require approved productions submit two Completion Packages to Washington Filmworks detailing qualified expenditures, one for production expenses and one for post-production expenses (if applicable). Up until Fiscal Year 2013, post-production expenses were never accounted for in the descriptive statistics. The certified and complete post-production expenses for all previous productions have now been incorporated into the descriptive statistics for all projects.
4. In reviewing the historical information published previously in other September 1 reports, it was discovered that several surveys had been overlooked and not included in previous reports. The relevant adjustments have been made in this report.

Project Surveys

| Fiscal Year 2007 | Fiscal Year 2008 | Fiscal Year 2009 | Fiscal Year 2010 |
|---|--|--|---|
| 1. The Holidays - Feature * 2. Lipitor - Commercial ** | 1. Diamond Dog - Feature 2. Little Dizzle - Feature 3. Mervyn's - Commercial 4. Letter to Bill Gates - MOW *** 5. The Golden Door - Feature 6. True Adolescents - MOW 7. Travelling - Feature 8. WA Lottery Tumbling - Commercial | 1. Finding Bliss - Feature 2. Alicia's Book - Feature 3. Norman - Feature 4. The Whole Truth - Feature 5. World's Greatest Dad - Feature 6. Commit - Commercial 7. Dear Lemon Lima - MOW 8. Give Em Hell, Malone - Feature 9. Hyundai - Commercial 10. Mervyns LP - Commercial 11. Oy Vey My Son is Gay - Feature 12. BECU - Commercial 13. Wrong Turn at Tahoe - Feature 14. WA Lottery Frisbee - Commercial | 1. Banner Bank - Commercial 2. \$5 Cover - Feature 3. Target - Commercial 4. The Ward - Feature 5. Campbell's - Commercial 6. Chevrolet - Commercial 7. The Details - Feature 8. The Joneses - Feature 9. The Big Bang - Feature 10. MS In Store - Commercial 11. MS Sherlock - Commercial 12. Xbox360 Lips - Commercial 13. The Hit List - Feature 14. Coors - Commercial 15. Late Autumn - Feature 16. Catch 22 - Commercial |

*Feature Film

**Commercial Advertisement

***Movie of the Week / Episodic Series

Project Surveys (continued)

| Fiscal Year 2011 | Fiscal Year 2012 | Fiscal Year 2013 | Fiscal Year 2014 |
|--|---|--|---|
| <ol style="list-style-type: none"> 1. MS Natal - Commercial 2. Knights of Badassdom - Feature 3. Toyota Running Ftg- Commercial 4. Evergreen - Commercial 5. Grassroots - Feature 6. The River Sorrow - Feature 7. Xbox - Commercial 8. Bank of America - Commercial 9. WA Lottery Celebration- Commercial 10. Chevy Silverado - Commercial 11. Seattle Cancer Care Alliance - Commercial 12. Bridgestone - Commercial 13. Ben Bridge - Commercial 14. Green Squirrel - Commercial 15. Camilla Dickinson - Feature 16. Navy Spirit Lake - Commercial 17. Chevy Crossroads - Commercial 18. WA Lottery Beneficiary - Commercial 19. WA Lottery How to Play - Commercial 20. WA Lottery Joust - Commercial 21. Thunderballs - MOW 22. Xbox Play - Commercial | <ol style="list-style-type: none"> 1. Safety Not Guaranteed - Feature 2. Humira - Commercial 3. Cathay Pacific - Commercial 4. MS Xbox Kinect - Commercial 5. Fat Kid Rules the World - Feature 6. 21 and Over - Feature 7. Mine Games - Feature 8. Eden - Feature 9. Xbox 360 (042012) - Commercial | <ol style="list-style-type: none"> 1. You Can't Win - Feature 2. Touchy Feely - Feature 3. One Square Mile - Feature 4. Ford Summer Sales Event - Commercial 5. Xbox (062012) - Commercial 6. 99 Tigers - Commercial 7. Admissions - Feature 8. Glad - Commercial 9. Bank of America - Commercial 10. A Bit of Bad Luck - Feature 11. Deep Burial - Feature 12. Lucky Them - Feature 13. Green Mountain Coffee - Commercial 14. American Family Insurance - Commercial 15. One Square Mile Post | <ol style="list-style-type: none"> 1. Different Drummers Prod / Post - Feature 2. Laggies Prod / Post - Feature 3. Seven Minutes Prod / Post - Feature 4. The Architect - Feature 5. West of Redemption - Feature 6. KIA - Commercial 7. Sugar Plum - Commercial 8. WA Lottery (Royale) - Commercial 9. Samsung - Commercial 10. WA Healthplan Finder - Commercial 11. The Maury Island Incident - Innovation Lab Project 12. Touchy Feely Post 13. A Bit of Bad Luck Post 14. You Can't Win Post 15. Deep Burial Post |

Washington Filmworks Narrative Response

Washington Filmworks

About Washington Filmworks

Washington Filmworks (WF) is the non-profit 501(c)(6) organization that manages the state film and production incentive programs. Its mission is to create economic development opportunities by building and enhancing the competitiveness, profile and sustainability of Washington's film industry. We do this by creating possibilities for local and national filmmakers, offering comprehensive production support as well as financial incentives.

Like most progressive states with special locations and high value economies, Washington State strives to incentivize film through WF, an organization that supports virtually every part of this value chain. The value chain includes an entire range of activities necessary to enable ideas to grow into films and commercial projects of national stature. These activities include supporting workforce development initiatives; film schools and actors studios; financing and script creation; marketing and distribution; production and post-production; and exhibition at film festivals and events.

Economic Impact of MPCP

A 375% return in seven years.

Between 2007 and 2013, WF distributed \$22.6 million in direct funding to 96 projects, including 40 feature films, five television projects, and 50 commercials.

Over seven years, Washington State taxpayers benefited from \$85.4 million in direct in-state spending, including \$35.5 million in wages and benefits for Washington residents and \$49.9 million for in-state business purchases – which represents a return of 375%. That equates to over 6,000 jobs for Washington cast and crew. WF remains the only film incentive program in the world that requires industry standard payments for health and retirement benefits.

\$232 million of impact.

For every dollar of direct spending, there is also \$2.75 worth of indirect economic impacts (Community Attributes Inc.), totaling \$232 million for industries that support media production, such as construction, hotels and retail stores. Independent analysis shows Washington underestimates these impacts, including undercounting nearly 1,770 jobs (employer and non-employer based). Few other state-funded incentives deliver this kind of return on investment with the level of professionalism and efficiency.

Competitive Landscape

How does Washington State stack up?

Despite our exceptional performance record, Washington State has one of the smallest film incentive budgets in the nation. WF fights to draw projects against Oregon's annual \$10 million program, plus an estimated \$2 million in state income tax relief, and Vancouver, British Columbia's, estimated \$250 million incentive program. The Washington State Motion Picture Competitiveness Program is capped at \$3.5 million dollars annually. Sadly, because of this Washington has not been as competitive in attracting new media investments as our neighbors in Vancouver, British Columbia, and Oregon – or elsewhere nationally.

Lost Revenue and Jobs.

The limited budget for WF is causing the state to miss important opportunities in securing film and media production. The production incentive program continues to be the best tool that Washington State has to win motion picture business but with the limited funds available we are just scratching the surface of possibility.

In May 2014 WF approved funding assistance for Seattle based-feature film *Captain Fantastic* and *Z Nation*, a 13-episode series shooting in Spokane. The approval of these two projects depleted all of the funds available for the year.

In the weeks that followed the announcement, WF continued to receive calls daily from green-lit projects that were ready to hit the ground running in Washington State. These projects would have had an estimated \$55 million of economic impact over the summer months.

While WF continues to successfully put prospective clients in contact with production crews, film and video equipment businesses, potential funders, and permitting departments the availability of funding assistance remains key to their decision making process and without more funds Washington is missing opportunity.

Film and the Creative Economy

The creative economy consists of those companies, entrepreneurs and talented individuals that inspire, introduce, innovate and create new ideas, services and products that bring revenues and jobs in Washington State. A healthy creative economy makes Washington an interesting place to live and attracts talent, entrepreneurs and investors. More specifically, the Creative Economy includes artists, designers and creators that work professionally in all sectors of the economy including music, film, theater, visual arts, game design, software, social media, mobile and communication technologies. They are found in cities, towns and rural areas throughout Washington.

Film is an important catalyst for growing industries in Washington State that represent the new areas of job growth including games, mobile technology, social media, and creative and professional services. The changing methods of film production and distribution combined with the ubiquitous proliferation of digital devices have made the creation of content paramount to the success of businesses large and small. Majority Washington State companies, such as Nordstrom, REI, Amazon, Microsoft, RealNetworks and dozens more, rely on film and film industry infrastructure to grow and sustain their businesses in the new digital environment. From national commercials to social media, from video games to partnerships with studios, from music videos to training films successful enterprises rely on the film industry to tell their stories - both internally and out in the world. The Motion Picture Competitiveness Program remains the best tool that Washington has to retain film industry talent and keep the state competitive.

Appendix A: Certified Descriptive Statistics

Washington Filmworks

| Category | Fiscal Year 2007 | Fiscal Year 2008 | Fiscal Year 2009 | Fiscal Year 2010 | Fiscal Year 2011 | Fiscal Year 2012 | | Fiscal Year 2013 | Fiscal Year 2014 | Total |
|---|------------------|------------------|------------------|------------------|------------------|------------------|--|------------------|------------------|--------------|
| Projects that have completed principal photography and completion packages have been reviewed | 2 | 8 | 14 | 16 | 22 | 9 | | 14 | 11 | 96 |
| Verified Total Qualified Spend Per Review: | \$1,047,031 | \$6,704,051 | \$15,808,957 | \$18,387,627 | \$13,465,933 | \$10,899,713 | | \$9,435,555 | \$9,688,254 | \$85,437,121 |
| Total Funds Distributed | \$203,665 | \$1,337,810 | \$3,205,607 | \$5,516,288 | \$3,992,689 | \$3,119,780 | | \$2,570,383 | \$2,649,530 | \$22,595,752 |

| | | | | | | | | | | |
|--------------------|----|-------|-------|-------|-------|-------|--|-------|-------|--------|
| Total WA Hires | 94 | 1,162 | 2,590 | 1,804 | 2,048 | 1,868 | | 1,470 | 1,294 | 12,330 |
| Total Non WA Hires | 40 | 141 | 575 | 311 | 332 | 250 | | 229 | 211 | 2,089 |

Salary Range Totals for WA Residents

Hourly Rates for WA Residents

| | | | | | | | | | | |
|----------|----|-----|-----|-----|-----|-----|--------------------|-----|-----|-------|
| <30K | 93 | 493 | 364 | 843 | 211 | 223 | <\$15 Per Hr | 765 | 619 | 3,611 |
| >30K<60k | 1 | 54 | 412 | 488 | 512 | 354 | >\$15 <\$30 Per Hr | 287 | 270 | 2,378 |
| >60k | 0 | 145 | 270 | 209 | 316 | 221 | >\$30 Per Hr | 418 | 240 | 1,819 |

Benefits Jobs

| | | | | | | | | | | |
|----------|----|-----|-----|-----|-----|-----|--------------------|-----|-----|-------|
| <30K | 46 | 315 | 138 | 2 | 52 | 160 | <\$15 Per Hr | 126 | 118 | 957 |
| >30K<60k | 1 | 41 | 324 | 155 | 244 | 247 | >\$15 <\$30 Per Hr | 278 | 256 | 1,546 |
| >60k | 0 | 138 | 111 | 85 | 182 | 221 | >\$30 Per Hr | 360 | 378 | 1,475 |