



## **Film industry gives Ga. 2nd take**

### **Pumped up tax credits, few strings attached, lure back moviemakers.**

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Metro Atlantans have spied Bill Murray, Woody Harrelson, Sandra Bullock and Ashton Kutcher trolling local watering holes in recent weeks.

It's a direct result of tax incentives Georgia passed last year for film, TV and digital media production companies.

"Despite the economy, we're going gangbusters," said Ric Reitz, a local actor who helped fashion the tax incentive package. The Georgia Film, Music & Digital Entertainment office predicts this will be Georgia's biggest year for entertainment production.

Even though the new incentives didn't pass until the middle of 2008, the office said it helped boost the economic impact of the movie and TV industry in Georgia over the previous year from \$413 million to an estimated \$524 million.

This time last year, Georgia had only two major film productions. Now, less than five months into the year, the state has already exceeded last year's entire film output. At least a dozen major film and TV productions have wrapped or are filming — from a Lifetime TV series ("Drop Dead Diva") to a horror flick ("H2") to a historical drama ("Get Low").

The biggest coup for 2009? Disney will shoot "The Last Song" starring Miley Cyrus in Savannah this summer. Because of stronger tax incentives, Georgia beat out North Carolina for the Nicholas Sparks film.

For doing business here, a production company that spends at least \$500,000 in a calendar year can get up to 30 percent of its budget in tax credits as long as it displays a special Georgia tourism logo prominently in the film credits.

The tax incentive also helps Georgians already committed to the state. That includes the Food Network's Alton Brown (of Marietta) and Paula Deen (Savannah) as well as Tyler Perry, who last fall opened a 200,000-square-foot studio in southwest Atlanta. Perry's studio, which films TBS sitcoms "House of Payne" and "Meet the Browns," employs 100 to 350 people at any time.

Even before incentives, Georgia was already known as a right-to-work state with a business-friendly environment, a variety of vistas and an easily accessible airport. As a result, many films have been shot here over the years, including "Deliverance" and "Driving Miss Daisy."

But in the 1990s, Canada began offering financial incentives to attract American film and TV productions. It worked. Hundreds of films were shot up north, and Georgia began losing ground.

Things got worse in 2002 when Louisiana, and later New Mexico, started dangling tax credits and rebates. That's how the Oscar-winning drama "No Country for Old Men" landed in New Mexico, not its fictional home in Texas. That's also why the Louisiana Superdome substituted for the Georgia Dome in a Lifetime biopic about American idol Fantasia Barrino.

Then in 2005, Georgia launched its own incentive program of 9 percent to 17 percent in tax credits, drawing the ABC TV series "October Road" and the film "We Are Marshall."

But business dried up again as the incentives race heated up. That prompted Georgia to raise its maximum tax credit to 30 percent last year. While many states offer similar percentages, most have more strings attached (such as giving tax credits only for employing people from that state).

"Georgia makes the process so easy compared to most other states," said Yolanda T. Cochran, senior vice president of physical production for Los Angeles-based Alcon Entertainment. "They have great crews, great infrastructure, great support."

In 2006, Alcon shot the film "One Missed Call" in Georgia after the first incentive package but later skipped the state when other states offered better incentives.

Now with a bigger carrot, Alcon has returned to Georgia for Sandra Bullock's \$30 million drama "The Blind Side," which started production in Atlanta last month. The film is employing 150 to 200 people, mostly Georgians.

"If you show the money," Alcon said, "people will come."

California, the biggest state for film and TV production, has seen work there plummet. The Los Angeles Times reported last month that film and TV production has dropped to its lowest level in decades.

Some states say tax incentives can become a net negative.

Stephen Moret, secretary of the Louisiana economic development office, told the New Orleans City Business newspaper last month that while film production generated \$15 million in tax revenue in 2007, the state handed out \$115 million in tax credits. That doesn't count the fact that movies create jobs and businesses that generate additional tax revenue.

"We have to be careful about how far we privilege one industry over every other industry in the state," Moret told the publication.

Allen Buckley, an Atlanta tax attorney who ran for U.S. Senate as a Libertarian last November, said politicians have a tendency to succumb to the sexiness of entertainment-related entities such as sports stadiums and filmmaking.

"If you're in those industries, this is great," Buckley said. "You're getting work and a handout. But to the extent of the revenue lost, taxpayers as a whole in Georgia have to pay for it."

Some states have commissioned studies to find out if tax incentives are worth the dollars state coffers are sacrificing. Bert Brantley, spokesman for Gov. Sonny Perdue, said Georgia will commission its study later this year.

"The hope is we can build our crew bases and reputation so long-term we can reap the benefits," Brantley said. He added that it's too early to gauge how much money the state will ultimately shell out this year.

Ted Morrow, managing partner of All About Props in Tucker, which specializes in historical period items not readily available at local stores, says the incentives have been a godsend.

In recent weeks, Morrow has provided props for “The Blind Side” and the Lifetime film “The Wronged Man.”

“Without the incentives, I might not be here,” Morrow said.

Actor Reitz, who also runs a consulting company that helps producers sell their tax credits, said a 20 percent tax credit is considered a basic break-even proposition for the state. Still, he convinced the Legislature that the extra 10 percent can be more than compensated for by the on-screen Georgia promo logo, which is effectively advertising for the state.

“The state is getting promotional mentions worth millions,” said Denise Elsbree, who runs TRIO Media Group. She flies to Los Angeles regularly to pitch the state as a place to shoot films and TV shows.

Reitz admits it’s too early to say whether the logo will translate into direct tourism dollars, but films do boost a city’s image.

Savannah, for instance, has gotten plenty of mileage out of 1994’s “Forrest Gump” and 1997’s “Midnight in the Garden of Good and Evil.”

“They keep Savannah in people’s minds,” said Jay Self, director of Savannah Tourism and Film Services. “I still walk down the streets and people will ask me, ‘Is that the Forrest Gump bench?’”

### **On the set in Georgia**

*Major television and movie projects so far in Georgia this year.*

Film/program / Studio/network / Stars (if any) / Locales shot

“Drop Dead Diva” / Lifetime series / Margaret Cho / Peachtree City, Savannah, Atlanta

“Solving Charlie” / ABC TV pilot / North Georgia

“Zombieland” / Sony/Columbia / Woody Harrelson, Abigail Breslin / Atlanta, Covington, Valdosta

“I Can Do Bad All By Myself” / Lionsgate Films / Mary J. Blige, Tyler Perry / Atlanta

“Meet the Browns” / Tyler Perry / Atlanta

“Tyler Perry’s House of Payne” / Tyler Perry / Atlanta

“Good Eats” / Be Square Productions / Alton Brown / Atlanta

“Paula’s Party” / Paula Deen Enterprises / Paula Deen / Savannah

“The Craziest” / Overture Films / Timothy Olyphan / Macon, Perry, Fort Valley, Warner Robins

“Five Killers” / Lionsgate Films / Ashton Kutcher, Katharine Heigl, Tom Selleck / Atlanta, Peachtree City, Senoia

” H2” / Weinstein Co. / Malcolm McDowell / Covington, Madison

“The Hardest Hitter” / Terry Collis Productions / Macon

“The Wronged Man” / Sony for Lifetime TV / Julia Ormond / Atlanta, Peachree City

“The Blind Side” / Alcon Entertainment / Sandra Bullock / Atlanta

“Ben 10: Alien Swarm” / Cartoon Network / Metro Atlanta

“Get Low” / DFZ Productions / Robert Duvall, Bill Murray, Sissy Spacek / Crawfordville, Griffin, Dallas, Blue Ridge

Upcoming

“The Last Song” / Walt Disney Co. / Miley Cyrus / Savannah, starting in June

Source: Georgia’s Film, Video and Music Office