



# **Economic and Social Impacts of the Florida Film and Entertainment Industry Financial Incentive Program**

*Preliminary Report Prepared for the Motion Picture  
Association of America*

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**MNP**  
LLP

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## 1. EXECUTIVE SUMMARY

### INTRODUCTION

The Florida film and entertainment industry is a significant contributor to the state economy through the creation of jobs and the generation of income for Florida residents and Florida businesses and tax revenues. In addition, film and entertainment production in Florida contributes to the visitor industry through the exposure of Florida productions to a global market. The Florida Film and Entertainment Industry Financial Incentive Program encourages the use of the state as a location for all facets of digital, film, and television production and, in doing this, sustains and increases the Florida economic impacts generated by the industry.

In 2012 a study was conducted on the impacts of the incentive program on the Florida economy and on state government revenue collections. The study concluded that the Florida film and entertainment industry is an important contributor to the State economy. However, the scope of the analysis only included production spending and, as a result, certain sources of economic impacts were not captured by the earlier report.

Here we build on the earlier study by assessing the sources of economic impacts not considered in the earlier analysis. Specifically, the economic impacts MNP assessed include those arising through production spending and infrastructure spending, as well as through film-induced tourism.

### ECONOMIC IMPACTS OF FILM AND ENTERTAINMENT PRODUCTION SPENDING

Using the IMPLAN economic impact model and the production expenditure schedule used in the earlier study, MNP has estimated the economic impacts arising from the \$3.7 billion in qualified and associated non-qualified production spending in Florida that result from the \$296 million in funding beginning in 2011. Presented in the table below are estimates based on the mid-point between the IMPLAN model estimates and the estimates of the REMI Tax-PI that was used in the earlier study<sup>1</sup>.

**Midpoint of IMPLAN and REMI TAX-PI Estimated Florida Economic Impacts of Production Spending**

Florida Impacts (2011-2016)	IMPLAN Estimates	REMI Tax-PI Estimates	Midpoint
Production Expenditure <sup>2</sup> (\$2005 millions)	\$3,769	\$3,769	\$3,769
Output (\$2005 millions)	\$6,235	\$6,389	\$6,321
Gross State Product (\$2005 millions)	\$3,631	\$3,885	\$3,758
Employment (FTEs)	53,466	42,803	48,134
Labor Income (\$2005 millions)	\$1,984	\$1,812	\$1,898
State and Local Taxes (Nominal \$ millions)	\$350.1	Not Reported	\$350.1

<sup>1</sup> To ensure comparability we have followed the reporting metrics used in the earlier report. As a result, tax revenues are reported in nominal dollars and all other measures in \$2005 constant dollars.

<sup>2</sup> Estimated production expenditures were provided in the 2012 study and were used as the basis for IMPLAN economic impact modelling. Please see Appendix 3 for more details.

To illustrate the economic impacts of production spending on an annual basis, we have examined the incentive program's performance in fiscal 2011/2012. In that year \$118.7 million in tax credits were awarded and certified<sup>3</sup>. MNP has estimated the economic impacts arising from the qualified and non-qualified production spending in Florida that results from the \$118.7 million in tax credits awarded and certified in fiscal 2011/2012.<sup>4</sup>

#### Estimated Florida Economic Impacts of Production Spending in FY 2011/2012

Florida Impacts FY 2011/2012	Production Impacts
Production Expenditure (\$2005 millions)	<b>\$1,512</b>
Output (\$2005 millions)	<b>\$2,536</b>
Gross State Product (\$2005 millions)	<b>\$1,507</b>
Employment (FTEs)	<b>19,308</b>
Labor Income (\$2005 millions)	<b>\$761</b>
State and Local Taxes (Nominal \$ millions)	<b>\$140.44</b>

### ECONOMIC IMPACTS OF INFRASTRUCTURE SPENDING

Film and entertainment production that has been encouraged through the Florida Film and Entertainment Industry Incentive Program has helped spur infrastructure investments in the state that can generate substantial economic impacts. It is commonplace for the industry to invest in repurposing under used or vacant facilities for film production. While Florida does not provide infrastructure tax credits it has been successful in developing local infrastructure as a result of the growth in the film and entertainment industry. Examples of infrastructure investments that have been made include:

- The series *Magic City* leases the former Bertram Yacht facility for its production and has converted the space into sound stages and production offices. The producers of the series spent \$8 million in four months to convert a vacant facility into a fictional hotel where the majority of the series is shot.<sup>5</sup>
- The television series *Burn Notice* is filmed in the Coconut Grove Convention Center,<sup>6</sup> a facility that was once scheduled for demolition but that has been purposed as a production facility.
- An industrial warehouse space at Pembroke Park has been converted into a studio for the television series *The Glades*.<sup>7</sup>
- The Golf Channel has acquired 30,000 square feet in an office park to convert to digital media space for increased interactive website production in Orange County.<sup>8</sup>
- Telemundo Studios acquired and renovated 175,000 square feet of industrial space in Hialeah to create five soundstages and office space to accommodate increased Novela production activity in South Florida.<sup>9</sup>

<sup>3</sup> Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

<sup>4</sup> We have assumed the economic impacts are proportional to spending.

<sup>5</sup> Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

<sup>6</sup> Ibid

<sup>7</sup> Ibid

<sup>8</sup> Information provided by The Golf Channel

<sup>9</sup> Information provided by Telemundo Communications Group

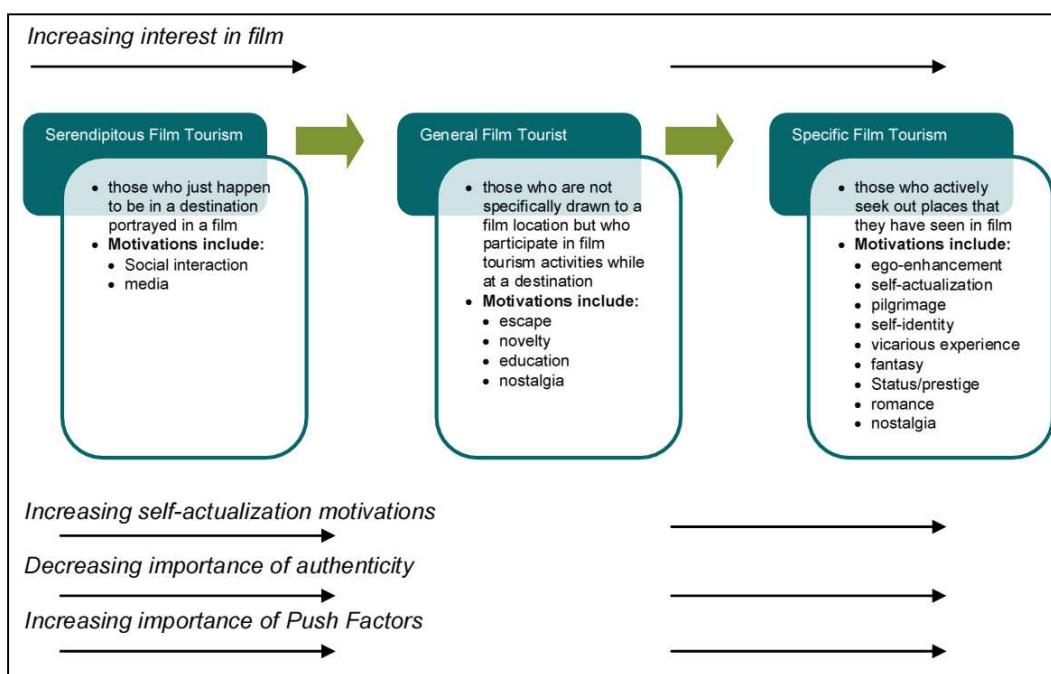
- Universal Studios Group has invested in soundstage and production office upgrades as a result of film production and post-production demand in Orange County.<sup>10</sup>
- Electronic Arts is adding a 15,000 square foot expansion to its Maitland digital media campus and, in partnership with the University of Central Florida's Florida Interactive Entertainment Academy, has established the EA Sports Innovation Lab for students to develop skills in emerging technologies in digital media production.<sup>11</sup>

The economic impacts arising from infrastructure investments such as production facilities and equipment are not considered in the ROI analysis.

## ECONOMIC IMPACTS OF FILM INDUCED TOURISM

Film induced tourism (FIT) is the phenomenon of films and television programs encouraging viewers to visit the country or region where filming occurred.<sup>12</sup> FIT and its related tourism concepts, which include the effects of TV, films, movies and media culture, has increasingly been viewed as an important component of tourism marketing. Films are especially likely to reach much larger audiences than specifically targeted tourism promotion.<sup>13</sup>

Researchers classify film tourists into three types: serendipitous film tourist, general film tourist, and specific film tourist. Serendipitous film tourists are described as "those who just happen to be in a destination portrayed in a film," general film tourists are "those who are not specifically drawn to a film location but who participate in film tourism activities while at a destination," and specific film tourists are "those who actively seek out places that they have seen in film."<sup>14</sup> The following table defines these categories of tourists and their motivations for travel.



<sup>10</sup> Information provided by Universal Studios Florida Production Group

<sup>11</sup> "New EA Sports, UCF Partnership to Provide Students a Pathway for Jobs", Orlando Business Journal, 22 June 2012.

<sup>12</sup> Oxford Economics. *The Economic Impact of the UK Film Industry*. Oxford, 2007.

<sup>13</sup> Croy, Glen W. Monash University. *The Lord of the Rings, New Zealand, and Tourism: Image Building with Film*. March 2004.

<sup>14</sup> Understanding the Film-Induced Tourist by Niki Macionis, 2004, p. 86

Recent studies have been conducted that illustrate the impact film and television production may have on tourism. For example, a benchmark study in the UK focused on inbound international tourism. The study reported “films depicted in the UK are responsible for attracting about 1 of 10 overseas tourists, spending around 1.8 billion a year<sup>15</sup>”. This is estimated to be worth around 900 million to UK GDP. Results from a survey in Canada’s Northwest Territories (“NWT”) show that more than 23% of visitors were ‘somewhat influenced’ or ‘very influenced’ to travel to the territory as a result of having watched NWT-based television series, (e.g. Ice Pilots, Ice Road Truckers and Arctic Air).<sup>16</sup>

In the US, a more recent study in New Mexico surveyed visitors to gather information that was used to estimate the quantitative benefits of FIT. The study suggested that film tourism in New Mexico resulted in increased visitation and longer trips amongst visitors. More specifically, the study found that film tourism in New Mexico resulted in a 1.4% to 6.3% increase in the number of trips taken and a 1.2% to 12.4% increase in the average trip length. This was estimated to result in \$132 million to \$950 million in visitor spending, 1,450 to 10,400 in employment creation, and \$8.4 million to \$60.3 million in state taxes generated.<sup>17</sup>

Other studies have estimated the exposure value associated with images seen in film and television productions to help demonstrate the film tourism relationship. Similar to how films and television programs can be viewed as a valuable tool for product placement, they can also be an important vehicle for promoting specific destinations. Images seen in films and television shows are memorable, long-lasting and are more likely to reach broader audiences than focused tourism marketing.<sup>18</sup> Like ongoing or refreshed tourism marketing campaigns, however, there is evidence that ongoing and new film and television productions help to reinforce the location as a desirable tourism location.

The New Zealand Tourism board developed a methodology to estimate the exposure value associated with the first *Lord of the Rings* film. The logic behind the approach is to view the film as the equivalent of a marketing piece and determine what the exposure would have cost if executed as a commercial promotional piece. Through this approach, it has been estimated that the amount of exposure New Zealand gained from the first *Lord of the Rings* film would have cost more than \$41 million if the same amount of exposure was gained through destination marketing efforts.<sup>19</sup>

The Greater Miami Convention and Visitors Bureau (GMCVB) conducted an analysis similar to the “Lord of the Rings” report, which estimated the promotional value of current television productions featuring Miami and concluded the promotional value to Miami of the fifteen television productions for 2011-12 was \$404,916,367. Notable projects analyzed ranged from “Burn Notice” which is seen in over 200 countries and had promotional value of \$26,518,500 for an entire season to the Telemundo novella, “Descontrol” which had a promotional value of \$8,256,672. Telemundo’s Miami-production novellas are distributed in more than 100 countries and dubbed in over 35 languages.

There has been a longstanding relationship between the film and television and tourism industries in Florida. For example, the production of Miami Vice resulted in a 150% increase in German Visitors to Miami between 1985 and 1988.<sup>20</sup> Film and television productions do not bring only production jobs and business to Florida, but also help to attract tourists to the state. To date little formal research has been carried out on the state wide effects of FIT in Florida. Therefore, in addition to research in other jurisdictions we have reviewed the available information in Florida and have assessed the level of economic contribution that it suggests. One of the most researched examples of FIT in Florida is the impact the film *Dolphin Tale* has had on visitation to the Clearwater Marine Aquarium and the

<sup>15</sup> Oxford Economics. *The Economic Impact of the UK Film Industry*. Oxford, 2007.

<sup>16</sup> Input representatives of the Government of Northwest Territories

<sup>17</sup> The Impact of Film Tourism on the State of New, Mexico prepared for New Mexico Tourism Department. Southwest Planning & Marketing and CRC & Associates, December 2008.

<sup>18</sup> NZ Institute of Economic Research (Inc.), “Scoping the Lasting Effects of Lord of the Rings”, April 2002

<sup>19</sup> Ibid.

<sup>20</sup> Hudson, Simon and J.R.Brent Ritchie. “Promoting Destinations via Film Tourism: An Empirical Identification of Supporting Marketing Initiatives

St.Petersburg/Clearwater area. In August 2012 a study was conducted by the University of South Florida St. Petersburg College of Business in collaboration with the Clearwater Marine Aquarium on the economic impact of *Dolphin Tale* on the St. Petersburg/Clearwater local economy. The study reported that 72.7% of visitors were driven to the aquarium as a result of the *Dolphin Tale* film and that the film was expected to continue to drive increased visitation. The model employed in the study projected that 800,000 visitors were expected to visit the aquarium in 2013, increasing to 2.3 million visitors in 2016. The study reported that those visitors would generate an overall economic impact to the local economy of roughly \$580 million in 2013, rising to \$1.7 billion in 2016.<sup>21</sup>

## FLORIDA FILM INDUCED TOURISM

To obtain more information on the relationship between film and television and tourism in Florida we collected information from tourism industry leaders in the state. Survey information was collected from key informants in the tourism industry, representing various destination marketing organizations and travel groups throughout Florida.

Industry representatives interviewed believed that film and television production affects tourism in Florida in a number of ways:

- All industry representatives interviewed indicated that a proportion of visitors to Florida are drawn to the state because of images they have seen in films and television shows.
- The majority (75%) of industry representatives indicated that visitors come to Florida to actively seek out specific locations they have seen featured in a film or television show.
- Half of the industry representatives we interviewed noted that while some visitors are not drawn to the region because of film or television production, they sometimes participate in film-related tourism activities during their stay.

Industry representatives interviewed indicated that film and television production in Florida plays a role in attracting visitors. Most industry representatives interviewed believed film and television attracts in the range of 10% to 20% of visitors to Florida. On average, industry representatives believe film and television attracts 11% of visitors to Florida.

In addition to being drawn to Florida through images featured in films and television shows, some visitors to Florida participate in film and television related tourism activities once they are in the state. Tourism industry representatives indicated that up to 10% of visitors engage in film and television related tourism activities once in the state.

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<sup>21</sup> University of South Florida St. Petersburg College of Business in collaboration with Clearwater Marine Aquarium. *The Economic Impact of Dolphin Tale on the St. Petersburg/Clearwater Local Economy*, August 2012.

To illustrate the impact of FIT in Florida, we have estimated the economic activity that would arise assuming 5% of visitors to Florida are influenced in whole or in part by film and/or television. It is important to note that this is a conservative assumption, as it represents less than half the amount of visitors found in our interviews and we have not included any impacts arising from increased spending due to general film tourism<sup>22</sup>. Based on the assumption that 5% of Florida's visitors in 2011 were influenced in whole or in part by film and/or television that would mean 4.37 million visitors to Florida can be attributed to FIT. The estimated direct economic activity generated by the tourism related expenditures of these visitors is presented in the following table.

**Estimated Direct Economic Activity Generated in Florida in 2011 by Film Induced Visitor Related Expenditures (Assuming 5% FIT)**

	Total Tourism Spending (Tourism/Recreation Taxable Sales in \$2005 Millions)	Total State Sales Tax Revenues from Tourism (\$Nominal millions)	Number of Persons Directly Employed by Tourism
Total <sup>23</sup>	\$58,899	\$4,000.0	1,013,000
Estimated FIT Direct Impact (5% of Visitors to Florida)	\$2,945	\$200.0	50,650

Given that current estimates of the statewide indirect and induced economic impacts of tourism in Florida are not available, we have used a study<sup>24</sup> on the economic impact of travel and tourism in Palm Beach County to illustrate the total economic impact produced by 5% of visitors to Florida in 2011. The results of this analysis are presented in the following table.

**Total Economic Impacts Generated in Florida in 2011 by Film Induced Visitor Related Expenditures  
(Assuming 5% FIT)**

Impacts	Direct	Indirect and Induced	Total
Output (\$2005 millions)	\$2,945	\$1,729	\$4,674
Gross State Product (\$2005 millions)	\$1,707	\$1,002	\$2,709
Employment (FTEs)	50,650	17,912	68,562
Labor Income (\$2005 millions)	\$1,014	\$554	\$1,568
State Taxes (Nominal \$ millions)	\$200.0	\$35.1	\$235.1
Local Taxes (Nominal \$ millions)	N/A	N/A	\$172.2

<sup>22</sup> General film tourism refers to visitors who are not specifically drawn to a film location but who participate in film tourism activities while at a destination.

<sup>23</sup> Research. Visit Florida Research. <http://media.visitflorida.org/research.php> (2011 dollars adjusted to 2005 constant dollars for comparative purposes).

<sup>24</sup> Global Insight. *City Tourism Impact: The Economic Impact of Travel & Tourism in Palm Beach County, Florida*, September 2005.

## SUMMARY OF IMPACTS FROM PRODUCTION SPENDING AND FIT

The estimated total impacts arising from production spending and FIT between 2011 and 2016 are shown in the following table. It is important to note that infrastructure impacts have not been included in this table. Also, it is important to note that the FIT impacts are based on the assumption that 5% of visitors are influenced in whole or in part by film and/or television<sup>25</sup>.

**Summary of Economic Impacts from Production Spending and FIT (2011-2016)**

Impacts (2011-2016)	Production	Infrastructure	FIT (assuming 5%)	Totals (2011-2016)
Production Expenditure (\$2005 millions)	\$3,769	TBD	N/A	<b>\$3,769</b>
Output (\$2005 millions)	\$6,321	TBD	\$28,044	<b>\$34,365</b>
Gross State Product (\$2005 millions)	\$3,758	TBD	\$16,254	<b>\$20,015</b>
Employment (FTEs)	48,134	TBD	411,372	<b>459,506</b>
Labor Income (\$2005 millions)	\$1,898	TBD	\$9,408	<b>\$11,306</b>
State Taxes (Nominal \$ millions)	\$123.1	TBD	\$1,410.6	<b>\$1,553.7</b>
State and Local Taxes (Nominal \$ millions)	\$350.1	TBD	\$2,443.8	<b>\$2,793.9</b>

To illustrate the total economic impacts arising from production spending and FIT on an annual basis, we show in the following table our analysis for fiscal 2011/2012. As above, infrastructure impacts have not been included in the following table and FIT impacts are based on the assumption that 5% of visitors can be attributed to FIT.

**Estimated Florida Economic Impacts of Production Spending and FIT (FY 2011/2012)**

Florida Impacts FY 2011/2012	Production	Infrastructure	FIT (assuming 5%)	Total (FY 2011/2012)
Production Expenditure (\$2005 millions)	\$1,512	TBD	N/A	<b>\$1,512</b>
Output (\$2005 millions)	\$2,536	TBD	\$4,674	<b>\$7,210</b>
Gross State Product (\$2005 millions)	\$1,507	TBD	\$2,709	<b>\$4,216</b>
Employment (FTEs)	19,308	TBD	68,562	<b>87,870</b>
Labor Income (\$2005 millions)	\$761	TBD	\$1,568	<b>\$2,329</b>
State Taxes (Nominal \$ millions)	\$49.38	TBD	\$235.1	<b>\$284.5</b>
State and Local Taxes (Nominal \$ millions)	\$140.44	TBD	\$407.3	<b>\$547.7</b>

<sup>25</sup> The total FIT impacts are over the period from 2011 to 2016, and assume the number of visitors to Florida remains constant from year to year.

## RETURN ON INVESTMENT (ROI) ANALYSIS

To compare the amount of tax credits earned with tax revenues generated it is important to recognize that, due to timing issues, credits are not usually claimed in the year they are earned. We have confirmed with industry representatives that, on average, there is a two and a half year time lag between the time tax credits are claimed and the time they are earned. Consequently, a comparison of tax credits earned with tax revenues generated requires discounting to reflect the present value of the tax credit.

ROI Estimates<sup>26</sup> (2011-2016)

Impacts	Totals (2011-2016)	Tax Credit (Nominal \$millions)	Present Value of Tax Credit (Nominal \$millions) <sup>27</sup>	ROI <sup>28</sup>
State Tax Revenues (Nominal \$ millions)	\$1,553.7	\$296.0	\$292.0	5.3
State and Local Tax Revenues (Nominal \$ millions)	\$2,793.9	\$296.0	\$292.0	9.6

The ROI for 2011/2012 is presented in the following table. Again, we have discounted the value of tax credits to reflect present value of the tax credit.

ROI Estimates FY 2011/2012

Impacts	Totals FY 2011/2012	Tax Credit (Nominal \$millions)	Present Value of Tax Credit (Nominal \$millions) <sup>29</sup>	ROI
State Tax Revenues (Nominal \$ millions)	\$284.5	\$118.7	\$117.1	2.4
State and Local Tax Revenues (Nominal \$ millions)	\$547.7	\$118.7	\$117.1	4.7

## ECONOMIC, COMMUNITY AND SOCIAL BENEFITS

In addition to the economic impacts, the film and entertainment industry in Florida provides additional economic, community and social benefits, including:

- **Opportunities for Trainees or Interns.** Various opportunities exist through which residents of Florida are able to obtain film and entertainment related training and work-experiences. Many training and education programs exist in the state to encourage youth to enter the film and entertainment industry, including programs at the University of Florida, the University of Miami, and the University of Central Florida as well as colleges and private educational institutions such as the International Academy of Design and Technology, the DAVE school, Brevard Community College and Full Sail University. Training opportunities in film and entertainment are also made

<sup>26</sup> The ROI has been calculated by dividing tax revenues generated by the present value of the tax credit.

<sup>27</sup> MNP has assumed there is a 2.5 year lag between the time tax credits are claimed and when they are earned and has used an annual rate of 0.55 percent, which corresponds to the yield rate on the Series A Florida State Department Transportation Right of Way bond that matures in 2015 (CUSIP 341150YN4) as at February 28, 2013.

<sup>28</sup> Even under the most conservative assumption where 1% of visitors to Florida can be attributed to FIT, the ROI is positive at 1.2 for state tax revenues and 2.5 for state and local tax revenues.

<sup>29</sup> MNP has assumed there is a 2.5 year lag between the time tax credits are claimed and when they are earned and has used an annual rate of 0.55 percent, which corresponds to the yield rate on the Series A Florida State Department Transportation Right of Way bond that matures in 2015 (CUSIP 341150YN4) as at February 28, 2013.

available to middle and high school students in Florida through organizations such as the Florida Film Institute (FFI) and Florida's G-Star School for the Arts for Film, Animation and Performing Arts, the largest film, digital media production, and acting high school in the US. Film and entertainment related organizations also provide local students with internship opportunities. For instance, Universal Orlando Resort hires production interns with backgrounds in film and television production, production design, architecture, media arts and entertainment technology. Through these internships, students gain exposure to the development and creative phases of various production processes.

- **Environmental Contributions.** Florida's film and entertainment industry is one of the first states to implement a green production plan. The Florida Film & Entertainment Advisory Council has formed a committee which aims to implement a green production plan comprised of two major parts. The first part of the plan outlines ideas that productions can utilize to make their offices and sets more environmentally friendly, including implementing eco-friendly set designs and construction, utilizing Florida's Green Lodging Program and purchasing local products to reduce the pollution associated with transportation of goods. The second piece of the plan outlines ways in which productions can convey messages about the importance of environmental preservation and sustainability. For instance, producers, writers and directors can show 'green' practices in scripts or games by having characters in the script exhibit environmentally conscious behaviours such as recycling, driving electric/hybrid cars or donating old items. The Council's committee will continue to improve the green production plan and encourage productions to implement it. By choosing to make environmentally-friendly decisions at every production stage, Florida's film and entertainment industry has the potential to have a considerable positive impact on the state's environment.
- **Contributions to Local Filmmakers and Organizations.** Florida's film, television and digital media industry provides scholarships and in-kind production services to filmmakers and organizations that support film education. For example, the Don Davis Film Finishing Fund provides filmmakers that need assistance in completing their film projects with financial and/or in-kind production services. Similarly, the Sara Fuller Scholarship awards three scholarships annually to organizations that support film education.
- **Community and Culture.** Benefits generated by the film and entertainment industry in Florida also include contributions to local communities and cultures across the state. Film festivals and related community events are one way in which the film and entertainment industry in Florida generates benefits for local communities. Florida hosts a number of regionally and internationally focused film festivals and related community events which typically attract local community members, filmmakers, producers, actors, industry professionals and tourists. Two major international festivals in the state, the Florida Film Festival and the Miami International Film Festivals (MIFF), showcase award-winning films and attract press from around the world. The Florida Film Festival, which highlights the best American independent and foreign films, has become one of the most respected regional film events in the US and is considered one of the "Big 15" as a win at this festival qualified a film for Academy Award consideration. Another major film festival is MIFF which draws roughly 70,000 visitors annually. In 2012, MIFF had over three billion worldwide media impressions and, as a result, offers film producers an excellent platform for exposure both during and after the festival. Digital media events also contribute to local communities and culture in Florida. Launching in the summer of 2013, the Future Arts Festival is aimed at enriching the Orlando community by celebrating the city's top digital artists and providing them with an opportunity to display their work.

## 2. BACKGROUND AND STUDY PURPOSE

### 2.1 INTRODUCTION

The Florida film and entertainment industry is a significant contributor to the state economy through the creation of jobs and the generation of income for Florida residents and Florida businesses and tax revenues. In addition, film and entertainment production in Florida contributes to the visitor industry through the exposure of Florida productions to a global market. The Florida Film and Entertainment Industry Financial Incentive Program encourages the use of the state as a location for all facets of digital, film, and television production and, in doing this, sustains and increases the Florida economic impacts generated by the industry.

In 2012 a study was conducted on the impacts of the incentive program on the Florida economy and on state government revenue collections. The study concluded that the Florida film and entertainment industry is an important contributor to the State economy. However, the scope of the analysis only included production spending and, as a result, certain sources of economic impacts were not captured by the earlier report.

In this report we build on the earlier study by assessing the sources of economic impacts not considered in the earlier analysis. Specifically, the economic impacts MNP assessed include those arising through production spending and infrastructure spending, as well as through film-induced tourism. This report also describes the economic, social and community benefits arising through the development of opportunities for trainees and interns, contributions to the environment, and contributions to industry members as well as community and cultural events.

### 2.2 STUDY PURPOSE

MNP LLP (MNP) was engaged to conduct an impact assessment of the Florida Film and Entertainment Industry Financial Incentive Program on the Florida economy. The purpose of the study was to augment the analysis previously conducted in 2012 by assessing the sources of economic impacts not included in the prior analysis of the Florida Film and Entertainment Industry Incentive Program. This study quantifies and describes the economic, social and community impacts that arise as a result of the program. The report was prepared independently by MNP for the Motion Picture Association of America ("MPAA"). For a description of MPAA, please refer to Appendix 2.

### 2.3 OUR APPROACH

In preparing this report, MNP carried out the following activities:

- Conducted research through publicly available statistics, articles and reports
- Conducted a survey and interviews with leaders in the tourism industry
- Conducted interviews with leaders in the film and entertainment community
- Applied an economic impact model using the production expenditure information and tax credit schedule used in the previous study and estimates of production spending profiles for individual project categories (motion picture, television, digital media and commercials) from other jurisdictions
- Analyzed Visit Florida tourism data and developed estimates of the impacts of film induced tourism in Florida
- Identified the economic and social benefits arising from the Florida Film and Entertainment Industry Financial Incentive Program

Detailed descriptions of the methodology are available in applicable sections of the report.

## 3. FLORIDA'S FILM AND ENTERTAINMENT INDUSTRY

### 3.1 FLORIDA'S FILM AND ENTERTAINMENT INDUSTRY

Florida has a long history of film and television production that dates back to the early 1900s when Jacksonville became a silent movie-making center known as "Tinseltown of the East".<sup>30</sup> At present, Florida is "one of the most sought destinations for motion picture and television production."<sup>31</sup> Its year-round sunshine, favourable climate conditions and picturesque surroundings set the scene for the state's flourishing film and entertainment industry.

Since its early beginnings, numerous productions have been shot in Florida including many major motion pictures, including *Where the Boys Are*, *Tarzan*, *Days of Thunder*, *The Truman Show*, *Scarface*, *Caddyshack*, *Indiana Jones and the Temple of Doom*, *Armageddon*, *The Birdcage*, and *2 Fast 2 Furious*.<sup>32</sup>

In addition to being the set for films, Florida has hosted numerous major television series including *Miami Vice*, *Flipper*, *CSI: Miami*, *Dexter*, *Miami Ink*, *Burn Notice*, *8<sup>th</sup> and Ocean*, *Kourtney & Kim Take Miami*, *The Real Housewives of Miami*, and *The Glades*.<sup>33</sup> In addition, Florida has hosted the production of various television episodes, commercials, telenovelas and award shows.

Florida's film and television industry is also dedicated to creating productions for the Spanish-speaking community throughout the US. With studios based in Miami, Telemundo is one of the fastest growing Spanish-language broadcast networks and produces original theatrical motion pictures, news and first-class sports. The Telemundo Network reaches 94% of Hispanic households throughout the US.<sup>34</sup> Univision, the largest Spanish-speaking television network in the world, also has a presence in Florida with its major production studios, production facilities and operations located in Doral, Florida.<sup>35</sup>

In addition to Florida's traditional film and television industry, the state's interactive digital media entertainment industry is becoming increasingly important and numerous successful digital media projects and video games have been produced in the state. The state is home to numerous digital media developers and publishers, including Electronic Arts (EA) Tiburon, a major studio for the world's largest video game developer, as well as 360ed, n-SPACE and Firebrand Games. Many digital media developers and publishers occupy Florida's High Tech Corridor<sup>36</sup>, a key region for the digital media and interactive entertainment industry which comprises 23 counties across the state and is connected by research universities, economic development organizations, educational institutions, workforce boards, industry groups and innovative gaming companies. Numerous animations studios such as EA Tiburon, and educational institutions such as the University of Central Florida's graduate video game design school, Florida Interactive Entertainment Academy, drive the Corridor's industry presence. It is anticipated that "shared research and technology breakthroughs in the Corridor's digital media sector will lead the way for cross-application in other industries including entertainment, education and simulation".<sup>37</sup>

The following is summary of some recent, notable Florida motion pictures and television productions, digital media and games and commercials.<sup>38</sup>

<sup>30</sup> Map and Guide to Florida Movies. Visit Florida. [http://www.visitflorida.com/guides/pdf/FINAL\\_FilmBrochure.pdf](http://www.visitflorida.com/guides/pdf/FINAL_FilmBrochure.pdf)

<sup>31</sup> The Florida Office of Film and Entertainment. <http://www.filminflorida.com/about/default.asp>

<sup>32</sup> Map and Guide to Florida Movies. Visit Florida. [http://www.visitflorida.com/guides/pdf/FINAL\\_FilmBrochure.pdf](http://www.visitflorida.com/guides/pdf/FINAL_FilmBrochure.pdf)

<sup>33</sup> Ibid

<sup>34</sup> Corporate Information. Telemundo. [http://msnlatino.telemundo.com/legal\\_corporate\\_english](http://msnlatino.telemundo.com/legal_corporate_english)

<sup>35</sup> Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

<sup>36</sup> Region. Florida's High Tech Corridor. <http://www.floridahightech.com/region.php>

<sup>37</sup> High Tech Industry. Florida's High Tech Corridor. <http://www.floridahightech.com/hightechindustry/digital.php>

<sup>38</sup> Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

**Table 1: Motion Pictures Produced in Florida**

<b>"Dolphin Tale"</b>	Starring Morgan Freeman, Ashley Judd, Kris Kristofferson, and Harry Connick Jr. (Placed 3rd highest box office gross on opening weekend; 1st on second weekend; \$73 million box office to date; \$24 million in DVD sales.)
<b>"Rock of Ages"</b>	Starring Tom Cruise, Alec Baldwin, Paul Giamatti, and Catherine Zeta-Jones
<b>"Magic Mike"</b>	Starring Matthew McConaughey, Channing Tatum and Alex Pettyfer. (Total box office to date \$114 million)
<b>"Step Up Revolution"</b>	Starring Alyson Stoner, Adam G. Sevani and Stephen Boss the next instalment in the worldwide smash "Step Up" franchise.
<b>"Springbreakers"</b>	Starring James Franco, Selena Gomez and Vanessa Hudgens. (Premiered recently at the Toronto Film Festival. Wide theatrical release date 2013)
<b>"Parker"</b>	Starring Jason Statham, Jennifer Lopez, and Nick Nolte. (In theaters October 2012)
<b>"Pain and Gain"</b>	Starring Mark Wahlberg, Dwayne Johnson and Ed Harris. (Release date: April 2013)

**Table 2: Television Production Filmed in Florida**

<b>"Burn Notice"</b>	Starring Jeffrey Donovan, Gabrielle Anwar, and Bruce Campbell
<b>"The Glades"</b>	Starring Matt Passmore, Kiele Sanchez, and Carlos Gomez (The series premiere was the most watched original drama in A&E history)
<b>"Magic City"</b>	Starring Jeffery Dean Morgan, Danny Huston, Kelly Lynch and Olga Kurylenko
<b>"Caso Cerrado"</b>	Emmy-nominated, court show. Ranked #1 Spanish language program at 4pm across key demographics
<b>"Grachi"</b>	Children's show on Nickelodeon Latin America
<b>"La Casa de al Lado"</b>	The premiere was one of the top five telenovela premieres for Telemundo and averages over 2 million viewers per episode.
<b>"Billboard Latin Music Awards 2012"</b>	

Table 3: Digital Media and Games

Madden NFL 2013	NCAA Football 2013
Tiger Woods PGA Tour 2013	Super Suite Algebra
Super Suite Chemistry	Augmented Reality Simulation for Medical Students

Table 4: Commercials

Gatorade	Diet Pepsi
Volkswagen	Toyota
Acura	Office Depot

Although Florida's film and entertainment production activity occurs state-wide, activity has been typically concentrated in Central and Southeast Florida:

- **Orlando.** Metro Orlando's<sup>39</sup> state-of-the-art soundstages, unique locations and diverse landscapes have made it a leading destination for film, television and commercial production in the United States.<sup>40</sup> The region is home to Universal Studios, Disney's Hollywood Studios and various entertainment schools and businesses. Universal Studios Florida has been the site of widespread production activity including feature films, television programs, commercials, music, corporate and industrial videos since its opening in 1988.<sup>41</sup>
- **Miami.** Miami has developed into a major film and entertainment production area within Florida. Popular productions such as *CSI: Miami*, *Burn Notice*, *Magic City*, and *Dexter* are all shot in Miami. Miami has also become a popular area for Spanish-speaking film and television productions, with both Telemundo and Univision having a presence in the Miami area.
- **Tampa.** Tampa Bay Film Commission is responsible for bringing production activities, including feature and independent films, commercials, still shoots, music videos and documentaries to the area. It is a "one-stop-shop for permitting; location, crew, and production services; assistance with hotel and other accommodations; familiarization tours; and location scouting services."<sup>42</sup> The area has enjoyed steady film-making success in the past few years. Recent movies filmed in the area include *Magic Mike*, *Spring Breakers* and *Sunlight Jr.*

<sup>39</sup> The Metro Orlando region covers Orange, Seminole, Lake and Osceola counties and the City of Orlando, extending over 4,012 square miles

<sup>40</sup> Filming in Orlando. Metro Orlando Film Commission. <http://www.filmorlando.com/Filming-in-Orlando/>

<sup>41</sup> About Us. Universal Studios Florida Production Group. <http://studio.florida.universalstudios.com/aboutus.php>

<sup>42</sup> Tampa Bay Film Commission. Tampa Bay & Company. <http://www.visittampabay.com/film-commission/>

## 3.2 THE ROLE OF FILM AND TELEVISION TAX CREDITS

The American film and television production industry has typically been associated with cities such as Los Angeles and New York but spurred by the widespread availability of production tax credits, a significant percentage of production has shifted to other states and countries.

In the 1990s, Canada began offering subsidies to the film and television production industry, enabling Canada to attract a significant number of productions and contributing to the phenomenon known as "Runaway Productions"<sup>43</sup>. It is estimated that Canadian film and television rebates attracted over \$4.1 billion in production spending between 1998 and 2001.<sup>44</sup> In an effort to mitigate the loss of productions, individual American States started to take measures to amend their tax policy views and began providing tax based incentive programs. In 2002, only a few were offering film and television tax incentives but by 2009, over 40 states were offering incentives.<sup>45</sup>

Film and television production remains a highly competitive market with production incentives being offered around the world in efforts to attract production. The film and television production industry is highly mobile and, because of this, the industry can move to locations where production might be cheaper.

### 3.2.1. FLORIDA'S FILM AND ENTERTAINMENT INDUSTRY FINANCIAL INCENTIVE PROGRAM

In Florida the Film and Entertainment Industry Financial Incentive Program exists to encourage the use of the state as a location for filming and digital production as well as to expand and sustain the workforce and infrastructure for film, digital media and entertainment production.<sup>46</sup> The program, which is administered by the Florida Office of Film and Entertainment (OFE) within the Department of Economic Opportunity (DEO), was introduced on July 1, 2010 and sunsets on June 30, 2016. In 2010, the legislature allocated \$242 million in tax credits at the outset, with a further \$12 million allocated by the 2011 legislature. Effective March 2012, the legislature allocated an additional \$42 million in tax credits to the program.<sup>47</sup> The statute now provides a total of \$296 million of film and entertainment tax credits for certified film and entertainment industry productions making qualified expenditures.<sup>48</sup> The program offers a 20-30% transferable tax credit as follows<sup>49</sup>:

<sup>43</sup> Refers to film and television productions going overseas to cheaper locales

<sup>44</sup> Center for Entertainment Industry Data and Research

<sup>45</sup> Tax Foundation

<sup>46</sup> The Florida Entertainment Industry Financial Incentive Program: Overview & Highlights. The Florida Office of Film and Entertainment. [http://www.filminflorida.com/fi/PDFS/FY%2012-13%20Program%20Overview%20&%20Highlights\\_.pdf](http://www.filminflorida.com/fi/PDFS/FY%2012-13%20Program%20Overview%20&%20Highlights_.pdf)

<sup>47</sup> Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

<sup>48</sup> Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

<sup>49</sup> The Florida Entertainment Industry Financial Incentive Program: Overview & Highlights. The Florida Office of Film and Entertainment. [http://www.filminflorida.com/fi/PDFS/FY%2012-13%20Program%20Overview%20&%20Highlights\\_.pdf](http://www.filminflorida.com/fi/PDFS/FY%2012-13%20Program%20Overview%20&%20Highlights_.pdf)

**Table 4: Florida Film and Entertainment Industry Production Incentive Overview**

Project Type	20% Base Award	5% Off-Season Bonus	5% Family Friendly Bonus	5% Under-utilized Region Bonus*	5% Qualified Production Facility Bonus*	5% Qualified Digital Media Facility Bonus*
Theatrical Motion Pictures	X	X	X	X	X	
Direct-to-Video Motion Picture	X	X	X	X	X	
Visual Effects/Digital Animation Sequences produced in conjunction with a motion picture	X			X		X
Documentary Films	X			X	X	
Industrial or Educational Films	X			X	X	
Television Production	X	X		X	X	
Made for TV Motion Pictures	X			X	X	
Television Pilots	X	X		X	X	
Television Series	X	X		X	X	
Digital Media Projects	X			X		X
Video Games	X		X	X		X
Commercials	X			X	X	
Infomercials	X			X	X	
Music Videos	X			X	X	
Interactive Website	X			X		X

\* General Production Queue Only

As part of the program, there are three separate queues based on the project type and/or budget, as indicated in the table below<sup>50</sup>.

**Table 5: Florida Film and Entertainment Industry Production Incentive Production Queues**

General Production Queue	<ul style="list-style-type: none"> <li>Eligible productions include films, television (high-impact television series may be ineligible if program cap has been exceeded), documentaries, digital media projects, commercials and music videos</li> <li>Minimum spend: \$625,000</li> <li>Maximum incentive award: \$8,000,000</li> </ul>
Commercial and Music Video Queue	<ul style="list-style-type: none"> <li>Minimum spend: \$100,000 per commercial or music video</li> <li>After a production company produces national or regional commercials, music videos, or both and reaches the threshold of \$500,000 within the fiscal year it is eligible to apply (can bundle projects)</li> </ul>

<sup>50</sup> The Florida Entertainment Industry Financial Incentive Program: Overview & Highlights. The Florida Office of Film and Entertainment. <http://www.filminflorida.com/ifi/PDFS/FY%2012-13%20Program%20Overview%20&%20Highlights.pdf>

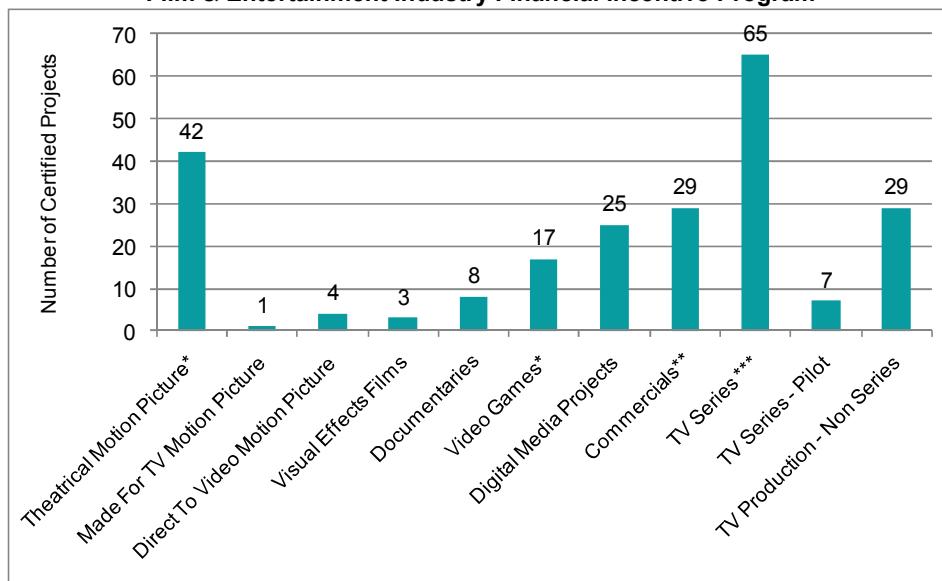
Independent & Emerging Media Production Queue	<ul style="list-style-type: none"> <li>• Maximum incentive award: \$500,000 per fiscal year</li> <li>• Eligible productions include films, television, documentaries, and digital media projects</li> <li>• Minimum spend: \$100,000</li> <li>• Maximum spend: \$625,000</li> <li>• Maximum incentive award: \$125,000</li> </ul>
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Qualified production expenditures include those associated with pre-production, production and post-production but exclude costs for development, marketing and distribution. Additional requirements for companies claiming the tax credit include<sup>51</sup>:

- At least 60% of production cast and below-the-line production crew must be legal Florida residents on all qualified/certified projects (except for digital media projects); and
- At least 75% of positions must be legal Florida residents on digital media projects.

Since the program's establishment, the OFE has processed 481 applications, of which 230 of those productions have qualified for tax credits.<sup>52</sup> Of the productions certified to date, 25.2% are motion pictures (i.e. theatrical motion picture, made for TV motion picture, direct to video motion picture, visual effects films, and documentaries), 18.2% are digital media productions (i.e. video games and digital media projects), 43.9% are television productions (i.e. TV series, TV series pilots, telenovelas, and award shows), and 12.6% are commercials.

**Figure 1: Number of Certified Projects under the Florida Film & Entertainment Industry Financial Incentive Program**



Source: Office of Film and Entertainment: Fiscal Year 2011/2012 Film and Entertainment Industry Financial Incentive Performance Report

\*23 Family Friendly Productions (9 Theatrical MP; 14 Video Games)

\*\*29 Bundled Commercial Applications (83 Individual Commercials)

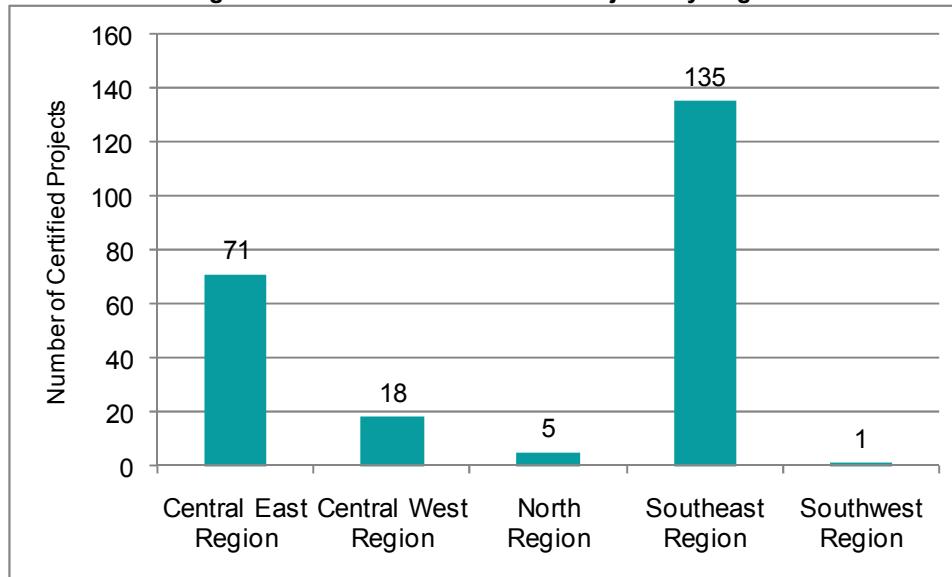
\*\*\*5 High Impact TV Series (One Season = One Project)

<sup>51</sup> The Florida Entertainment Industry Financial Incentive Program: Overview & Highlights. The Florida Office of Film and Entertainment. [http://www.filminflorida.com/ifi/PDFS/FY%2012-13%20Program%20Overview%20&%20Highlights\\_.pdf](http://www.filminflorida.com/ifi/PDFS/FY%2012-13%20Program%20Overview%20&%20Highlights_.pdf)

<sup>52</sup> Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

The majority (90%) of certified projects are being produced in Florida's southeast and central east regions, as indicated in the following chart.

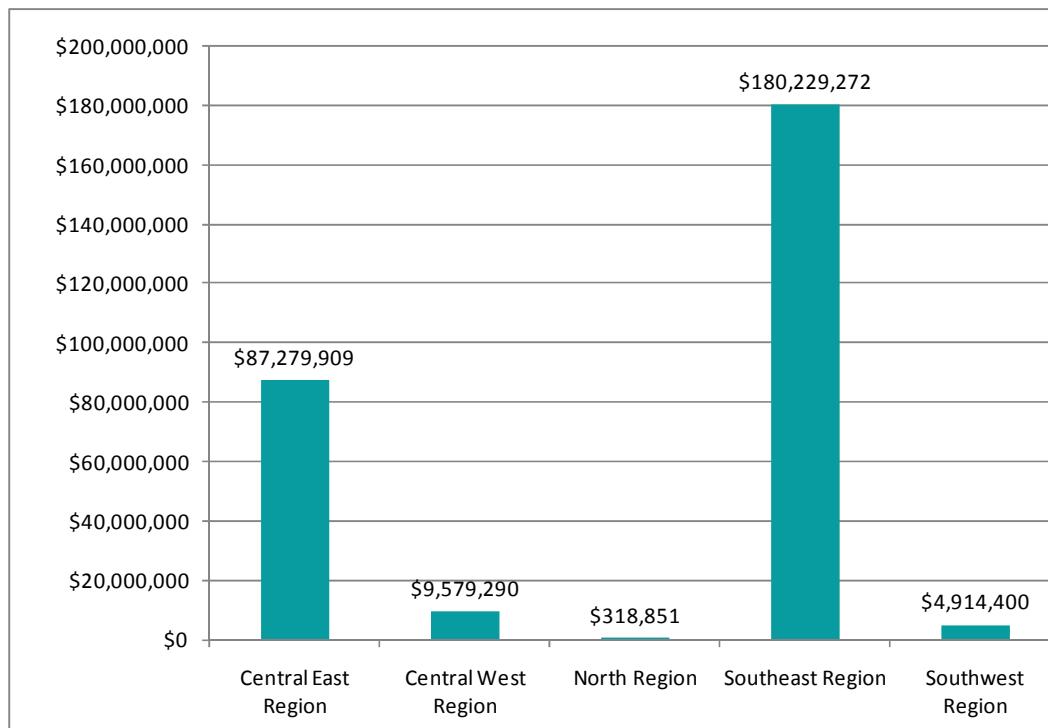
Figure 2: Distribution of Certified Projects by Region



Source: Office of Film and Entertainment: Fiscal Year 2011/2012 Film and Entertainment Industry Financial Incentive Performance Report

The value of certified tax credit awards by region is shown in the following chart. As indicated, more than three-fifths (64%) of the tax credits have been awarded to productions in the Southeast region. The Central East region has been awarded 31% of the tax credits while the remaining regions have been awarded five percent of the tax credits.

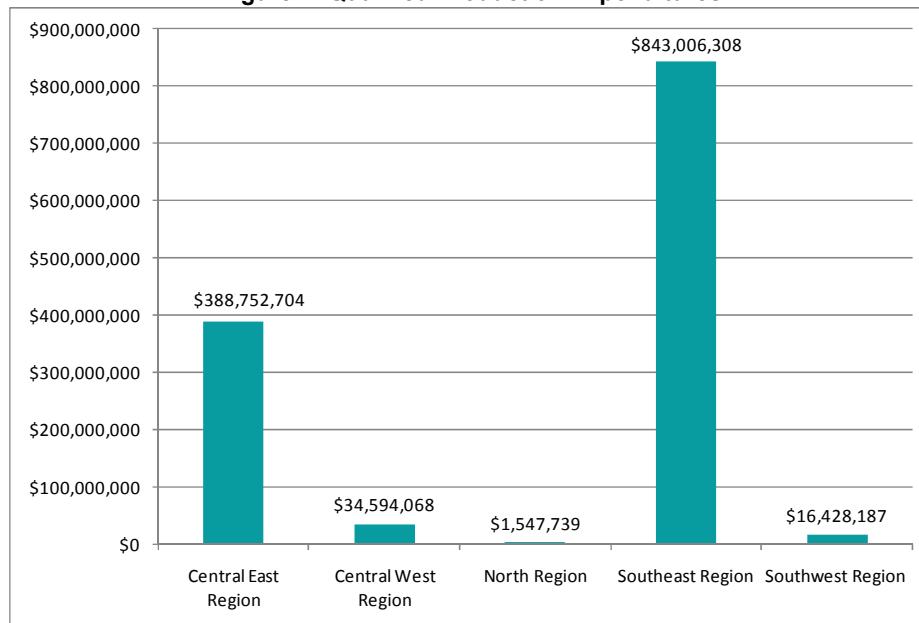
**Figure 3: Value of Certified Tax Credits Awarded by Region**



Source: Office of Film and Entertainment: Fiscal Year 2011/2012 Film and Entertainment Industry Financial Incentive Performance Report

To date, certified projects are projected to generate close to \$1.3 billion in qualified expenditures, with the majority of expenditures occurring in the Southeast and Central East regions.

**Figure 4: Qualified Production Expenditures**



Source: Office of Film and Entertainment: Fiscal Year 2011/2012 Film and Entertainment Industry Financial Incentive Performance Report

## 4. ECONOMIC IMPACT ANALYSIS

### 4.1 ECONOMIC IMPACT ANALYSIS METHODOLOGY

When assessing the economic and social contributions of an industry it is useful to draw distinctions between economic impacts, broader economic benefits, and community or social impacts.

Economic impacts are generally viewed as being restricted to quantitative, well-established measures of economic activity and include:

- **Output** is the total gross value of goods and services produced by a given company or industry measured by the price paid to the producer (versus the price paid by the consumer, which can include transportation and retail mark-ups). This is the broadest measure of economic activity.
- **Gross State Product (GSP)**, or value added refers to the additional value of a good or service over the cost of inputs used to produce it from the previous stage of production. Thus GSP is equal to net output, or the difference between revenues and expenses on intermediate inputs. It is the incremental value created through labor or mechanical processing.
- **Labor Income** is the income that is received by households from the production of regional goods and services and that are available for spending on goods and services. This includes all forms of employment income, including employee compensation (wages and benefits) and proprietor income.
- **Employment** is the number of additional jobs created. Employment is measured in terms of full-time equivalents (FTEs).
- **State and Local Tax Revenues** are estimates comprised of dividend tax, social insurance tax, sales tax, property tax, motor vehicle license fees, corporate income tax, severance tax, fishing and hunting licenses and other fines and fees.

Economic impacts may be estimated at direct, indirect, and induced levels. Direct impacts are changes that occur in “front-end” businesses that would initially receive expenditures and operating revenue as a direct consequence of the operations and activities of a facility, project or industry. Indirect impacts arise from changes in activity for suppliers of the “front-end” businesses. Induced impacts arise from shifts in spending on goods and services as a consequence of changes to the payroll of the directly and indirectly affected businesses. The total impact of any given initial expenditure is calculated by adding the direct, indirect and induced impacts.

In contrast to economic impacts, economic benefits include measures that may be broader in scope, and may include both activity-based and outcome-based measures. These benefits may also describe long-term or downstream activity that would not normally be captured in economic impacts. While economic impacts utilize standard measures that can be estimated for nearly any type of project, economic benefits and their accompanying measures may vary greatly from project to project. Economic benefits may include diversification of local economies, creation of partnerships and creation of opportunities for trainees or interns.

Social or community benefits may be quantitative or qualitative in nature and may address contributions made to local communities and general social development. Social benefits may include contributions to community heritage and culture, environmental initiatives and educational programs.

## 4.2 MNP'S ECONOMIC IMPACT ANALYSIS

MNP's analysis of the Florida Film and Entertainment Industry Incentive Program is meant to build on the previous economic impact modelling work performed in 2012. In this section we examine the economic impacts of production and infrastructure spending. Economic impacts of FIT are described later in 5.4.2.

### 4.2.1. ECONOMIC IMPACTS OF FILM AND ENTERTAINMENT PRODUCTION SPENDING

To estimate the economic impact on Florida from the film and entertainment production spending arising as a result of the incentive program, we have used the IMPLAN economic impact model. As the study aims to expand on the previous economic analysis conducted in 2012, we have based our analysis on the production expenditures schedule used in that study. Details of the modelling methodology and assumptions are contained in Appendix 3.

MNP has estimated the economic impacts arising from the \$3.7 billion in qualified and associated non-qualified production spending in Florida that result from the \$296 million in funding beginning in 2011. Presented in the table below are estimates based on the mid-point between the IMPLAN model estimates and the estimates of the REMI Tax-PI that was used in the earlier study<sup>53</sup>.

**Table 6: Midpoint of IMPLAN and REMI TAX-PI Estimated Florida Economic Impacts of Production Spending**

Florida Impacts (2011-2016)	IMPLAN Estimates	REMI Tax-PI Estimates	Midpoint
Production Expenditure <sup>54</sup> (\$2005 millions)	\$3,769	\$3,769	\$3,769
Output (\$2005 millions)	\$6,235	\$6,389	\$6,321
Gross State Product (\$2005 millions)	\$3,631	\$3,885	\$3,758
Employment (FTEs)	53,466	42,803	48,134
Labor Income (\$2005 millions)	\$1,984	\$1,812	\$1,898
State and Local Taxes (Nominal \$ millions)	\$350.1	Not Reported	\$350.1

To illustrate the economic impacts of production spending on an annual basis, we have examined the incentive program's performance in fiscal 2011/2012. In that year \$118.7 million in tax credits were awarded and certified<sup>55</sup>. MNP has estimated the economic impacts arising from the qualified and non-qualified production spending in Florida that results from the \$118.7 million in tax credits awarded and certified in 2011/2012.<sup>56</sup>

<sup>53</sup> To ensure comparability we have followed the reporting metrics used in the earlier report. As a result, tax revenues are reported in nominal dollars and all other measures in \$2005 constant dollars.

<sup>54</sup> Estimated production expenditures were provided in the 2012 study and were used as the basis for IMPLAN economic impact modelling. Please see Appendix 3 for more details.

<sup>55</sup> Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

<sup>56</sup> We have assumed the economic impacts are proportional to spending.

Table 7: Estimated Florida Economic Impacts of Production Spending in FY 2011/2012

Florida Impacts FY 2011/2012	Production Impacts
Production Expenditure (\$2005 millions)	\$1,512
Output (\$2005 millions)	\$2,536
Gross State Product (\$2005 millions)	\$1,507
Employment (FTEs)	19,308
Labor Income (\$2005 millions)	\$761
State and Local Taxes (Nominal \$ millions)	\$140.44

#### 4.2.2. ECONOMIC IMPACTS OF INFRASTRUCTURE SPENDING

Film and entertainment production that has been encouraged through the Florida Film and Entertainment Industry Incentive Program has helped spur infrastructure investments in the state that can generate substantial economic impacts. It is commonplace for the industry to invest in repurposing under used or vacant facilities for film production. While Florida does not provide infrastructure tax credits it has been successful in developing local infrastructure as a result of the growth in the film and entertainment industry. Examples of infrastructure investments that have been made include:

- The series *Magic City* leases the former Bertram Yacht facility for its production and has converted the space into sound stages and production offices. The producers of the series spent \$8 million in four months to convert a vacant facility into a fictional hotel where the majority of the series is shot.<sup>57</sup>
- The television series *Burn Notice* is filmed in the Coconut Grove Convention Center, a facility that was once scheduled for demolition but that has been purposed as a production facility.<sup>58</sup>
- An industrial warehouse space at Pembroke Park has been converted into a studio for the television series *The Glades*.<sup>59</sup>
- The Golf Channel has acquired 30,000 square feet in an office park to convert to digital media space for increased interactive website production in Orange County.<sup>60</sup>
- Telemundo Studios acquired and renovated 175,000 square feet of industrial space in Hialeah to create five soundstages and office space to accommodate increased Novela production activity in South Florida.<sup>61</sup>
- Universal Studios Group has invested in soundstage and production office upgrades as a result of film production and post-production demand in Orange County.<sup>62</sup>
- Electronic Arts is adding a 15,000 square foot expansion to its Maitland digital media campus and, in partnership with the University of Central Florida's Florida Interactive Entertainment

<sup>57</sup> Florida Department of Economic Opportunity. *Office of Film and Entertainment FY 2011/12 Film and Entertainment Industry Financial Incentive Performance Report*

<sup>58</sup> Ibid

<sup>59</sup> Ibid

<sup>60</sup> Information provided by The Golf Channel

<sup>61</sup> Information provided by Telemundo Communications Group

<sup>62</sup> Information provided by Universal Studios Florida Production Group

Academy, has established the EA Sports Innovation Lab for students to develop skills in emerging technologies in digital media production.<sup>63</sup>

## 4.3 ECONOMIC BENEFITS

### 4.3.1. CREATION OF OPPORTUNITIES FOR TRAINEES OR INTERNS

Various opportunities exist through which residents of Florida are able to obtain film and entertainment related training and work-experiences. These opportunities arise through educational programs offered in the state and the film and entertainment industry itself.

Florida offers numerous training and educational programs to encourage youth to enter the film and entertainment industry. The following table highlights some of the educational institutions in Florida that offer certificate and degree programs in film and entertainment-related disciplines.

**Table 8: Florida Educational Institutions with Film and Entertainment Related Disciplines**

Institution	Program
<b>Art Institute of Fort Lauderdale</b>	Various Media Arts programs: <ul style="list-style-type: none"> <li>Bachelor of Science; Associate of Science; Diploma</li> </ul>
<b>Florida Interactive Entertainment Academy at the University of Central Florida</b>	<ul style="list-style-type: none"> <li>Master's degrees in interactive entertainment with specialization in game design, art, programming or production.</li> </ul>
<b>Brevard Community College</b>	<ul style="list-style-type: none"> <li>Associate of Science in Digital Television/Digital Media Production</li> <li>Certificates in Digital Video Fundamentals and Production; Television Studio Production</li> </ul>
<b>Florida State College</b>	<ul style="list-style-type: none"> <li>Technical Certificate in Digital Media/Multimedia Video Production</li> </ul>
<b>Florida State University, College of Motion Picture Arts</b>	<ul style="list-style-type: none"> <li>Bachelor of Fine Arts in Animation and Digital Arts</li> <li>Bachelor of Fine Arts in Production</li> <li>Minor in Film Studies</li> <li>Masters of Fine Arts in Production</li> <li>Masters of Fine Arts in Writing</li> <li>Torchlight Program (non-degree granting)</li> </ul>
<b>Full Sail University</b>	<ul style="list-style-type: none"> <li>Master of Science: Entertainment Business; Game Design</li> <li>Bachelor of Fine Arts: Creative Writing for Entertainment</li> <li>Bachelor of Science: Entertainment Business; Film; Game Art; Game Development</li> </ul>
<b>Hillsborough Community College</b>	<ul style="list-style-type: none"> <li>Associate in Science/Associate in Applied Science in Digital Media/Multimedia Technology; Digital Television and Media Production</li> <li>Various Certificates: <ul style="list-style-type: none"> <li>Broadcast Productions</li> <li>Digital Media/Multimedia Game Authoring</li> <li>Digital Media/Multimedia Production</li> </ul> </li> </ul>

<sup>63</sup> "New EA Sports, UCF Partnership to Provide Students a Pathway for Jobs", Orlando Business Journal, 22 June 2012.

Institution	Program
	<ul style="list-style-type: none"> <li>○ Digital Video Production</li> <li>○ Television Production</li> <li>○ Video Editing and Post-Production</li> </ul>
<b>Barry University</b>	<ul style="list-style-type: none"> <li>• Bachelor of Arts in Broadcast Communication; Communication Studies</li> <li>• Masters of Arts in Communication</li> <li>• Film Studies Minor (Non-degree program)</li> </ul>
<b>Eckerd College</b>	<ul style="list-style-type: none"> <li>• Communications courses</li> </ul>
<b>Flagler College</b>	<ul style="list-style-type: none"> <li>• Media Production</li> <li>• Cinema and Media Studies</li> </ul>
<b>Florida Atlantic University</b>	<ul style="list-style-type: none"> <li>• Bachelor of Arts in Multimedia Studies</li> <li>• Master of Fine Arts in Media, Technology &amp; Entertainment</li> </ul>
<b>International Academy of Design and Technology</b>	<ul style="list-style-type: none"> <li>• Associate's Degree in Film, Video &amp; Animation Post Production</li> <li>• Bachelor's Degree in Cinema Production; Digital Media Production; Film, Video &amp; Animation Post Production; Game Design &amp; Production</li> </ul>
<b>University of Florida</b>	<ul style="list-style-type: none"> <li>• MA in Digital Arts &amp; Sciences</li> <li>• BA in Digital Arts &amp; Sciences</li> </ul>
<b>University of Miami</b>	<ul style="list-style-type: none"> <li>• Master's of Fine Arts in Motion Pictures</li> <li>• B.S. Electronic Media</li> <li>• B.S. Broadcast Journalism</li> <li>• B.S. Media Management</li> <li>• M.A. Broadcast Journalism</li> <li>• B.S. Visual Journalism</li> <li>• M.A. Multimedia Journalism</li> </ul>

There are a variety of opportunities for youth to gain exposure to the film and entertainment industry prior to having to decide on a career. One such opportunity is provided by the Florida Film Institute (FFI) which was created in 1992 to offer students an encouraging hands-on environment in Media Arts. Since its establishment, FFI has mentored over 5,600 middle and high school students from Miami-Dade and Broward Counties. Through this mentorship students are taught the art, business and science of filmmaking in order to develop the confidence and experience that will aid them in making career choices.<sup>64</sup>

Florida's G-Star School of the Arts for Film, Animation and Performing Arts is the largest film, digital media production, and acting high school in the US. It is also the world's only high school containing a commercial motion picture studio, which at over 110,000 square feet is the largest motion picture studio in the state. The school also boasts the largest motion picture sound stage in Florida. More than 50 feature films have been produced there, as well as numerous commercials (such as NIKE, NFL and Abercrombie & Fitch) and music videos and rehearsals (by Celine Dion, Rod Stewart, Stevie Nicks and Radiohead).<sup>65</sup>

<sup>64</sup> About Us. Florida Film Institute, Inc. [http://www.flfilminstitute.org/about\\_us.html](http://www.flfilminstitute.org/about_us.html)

<sup>65</sup> Who We Are. G-Star School of the Arts. <http://www.gstarschool.org/newsite/about.html>

The school also differentiates itself by offering<sup>66</sup>:

- International Baccalaureate Diploma Programme courses
  - It is the only IB Programme in the world emphasizing film and theatre
- Digital Imaging Career Path Program in Special Visual Effects, 3-D Animation, and Gaming
  - The program was designed by Florida State University's Film School and, with G-  
Star's film department, the eight-time Academy Award winning special effects  
company Digital Domain
- Dual enrollment with Florida Atlantic University, Palm Beach State College, and Lynn  
University
- Training in writing, directing, producing, editing and all aspects of film and digital media  
production in front of and behind the camera

As a result of its accomplishments, the school was named "The Number One High School for Film in the World" in London, England by the Raindance Film Festival, the largest independent film festival in Europe. Graduating students have been awarded scholarships to top film and acting programs and academic honors programs at universities such as University of California, Los Angeles, University of Southern California, New York University, Boston University, Syracuse University, Florida State University, University of Florida, and University of Miami, amongst numerous others.<sup>67</sup>

The film and entertainment industry in Florida also provides local students with internship opportunities. For example, Universal Orlando Resort hires production interns with backgrounds in film and television production, production design, architecture, media arts and entertainment technology. Through its internships, students are exposed to the development and creative phases of a variety of production processes.<sup>68</sup>

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<sup>66</sup> Ibid

<sup>67</sup> Who We Are. G-Star School of the Arts. <http://www.gstarschool.org/newsite/about.html>

<sup>68</sup> Internships. Intern March. <http://www.internmatch.com/internships/universal-orlando-resort/internship--56?i=1&location=87337&page=-1&s=-1>

# Florida Integrative Entertainment Academy

The Florida Interactive Entertainment Academy (FIEA), a University of Central Florida campus in Orlando, instructs students in video-game design and implementation, offering an industry-based video game career education. FIEA provides exposure to industry-based curriculum in a state-of-the-art facility which simulates production environments of successful gaming studios.

In 16 months, students can earn a Master's of Interactive Entertainment degree. Upon graduation, students are provided with opportunities for internships and job interviews with game and media companies nationwide. There are three tracks to choose from:

- Art – tools to become a video game artist (including modeling, shading, rigging, lighting, texturing and motion capture editing)
- Programming – tools to write game engines, port games to the XBOX development platform and deal with current video game industry issues (i.e. memory management)
- Production – tools to develop game ideas, manage developer teams, and address issues such as marketing, distribution and low team morale

While students have to choose from one of three tracks students often develop skills in more than one area.

In December 2011, FIEA's 7<sup>th</sup> class graduated. As of that time, the following applied:

- 249 graduated students from 83 undergraduate schools, with an average GRE score of 1105 and an average undergrad GPA of 3.31
- 68% of the graduates are from Florida, and 32% are from out of state or international
- 111 companies have hired the school's graduates
- 14 of FIEA's student games have won awards

Source: Florida Interactive Entertainment Activity. <http://www.fiea.ucf.edu/>

# DAVE School

The DAVE School is a Digital Animation and Visual Effects School based in Orlando, Florida. It offers a complete program including four three-month terms in the following areas:

- Digital Modeling and Texturing;
- Fundamentals of Computer Animation;
- Film Magic – The Art of Visual Effects; and
- Stereoscopic 3D Production.

Courses focus on the major disciplines within the computer graphics industry and exercises are based on actual work assignments and procedures used in the industry, offering extensive hands-on practice under trained supervision.

The DAVE School's program is designed to equip students with multifaceted skills in the industry. Its diversity enables students to pursue a wide range of jobs in industry – from film and television effects to game art. Program instructors are specialists in their respective fields. Jeff Scheetz, the founder and director of the DAVE School, was employed as an Animator and Visual Effects Supervisor at one of Hollywood's top visual effects organizations prior to opening this school.

The DAVE School's current placement rating for 2010/2011 is 68% and it is not uncommon for DAVE school graduates to be hired before program completion. DAVE School graduates have worked on popular films and television shows such as Avatar, The Expendables, and Lost.

Source: Dave School. <http://www.daveschool.com/>

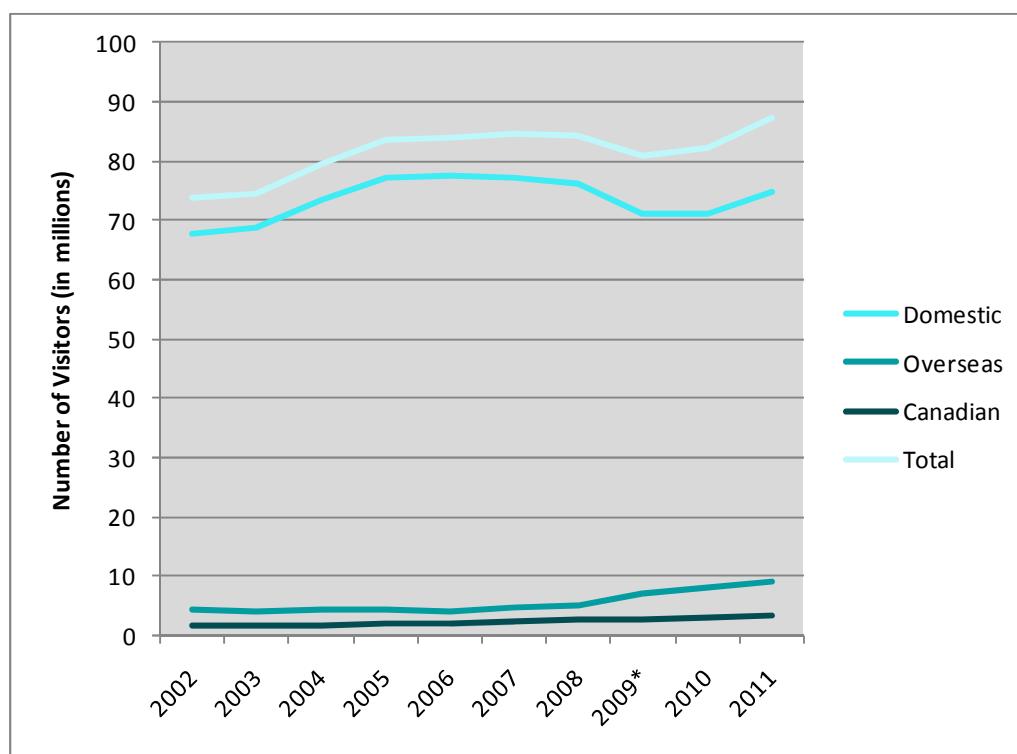
## 5. FLORIDA'S TOURISM INDUSTRY

### 5.1 FLORIDA'S TOURISM INDUSTRY

The tourism industry in Florida is one of the state's key economic sectors. The state's wide variety of attractions and activities, combined with its attractive climate, has placed Florida as one of the top vacation destinations for domestic and international visitors attracting millions of people each year.<sup>69</sup>

The total number of visitors to Florida has fluctuated over the past decade, with total visitor volume increasing steadily since 2009, as indicated in the following chart. In 2011, there were approximately 87.3 million visitors to Florida, the majority of which comprised domestic visitors (74.7 million). About 3.3 million visitors arrived from Canada while 9.3 million arrived from international locations. In 2011, the top origin states (by percentage of total domestic visitors) were Georgia (10.6%), New York (8.9%) and Texas (5.7%). Top international markets (by number of visitors) in 2011 were Canada (3.3 million), Brazil (1.5 million) and the United Kingdom (1.3 million).<sup>70</sup>

**Figure 5: Visitors to Florida (millions) by Year**



\*In 2009, Visit Florida changed its visitor estimation methodology; therefore, estimates made prior to that year are not directly comparable.

Source: VISIT FLORIDA Research. <http://media.visitflorida.org/research.php>

The tourism industry in Florida has a significant impact on the State's economy. Visitor related expenditures generate tax revenues and create jobs throughout the Florida economy. The following table

<sup>69</sup> Center for Competitive Florida – Florida Tax Watch. *Investing in Tourism: Analyzing the Economic Impact of Expanding Florida Tourism*

<sup>70</sup> Research. Visit Florida. <http://media.visitflorida.org/research.php>

demonstrates the historic direct economic impacts generated by Florida's tourism industry from 2006 to 2011.

**Table 9: Economic Impacts Generated by Visitor-Related Expenditures (2006 to 2011)**

Year	Total Tourism Spending (Tourism/Recreation Taxable Sales) (billions)	Total State Sales Tax Revenues from Tourism (billions)	Number of Persons Directly Employed by Tourism Industry
2006	\$65.0	\$3.9	964,700
2007	\$65.5	\$3.9	991,300
2008	\$65.2	\$3.9	1,007,000
2009	\$60.9	\$3.7	973,800
2010	\$62.7	\$3.8	974,700
2011	\$67.2	\$4.0	1,013,100

Source: VISIT FLORIDA Research. <http://media.visitflorida.org/research.php>

## 5.2 LINK BETWEEN FILM AND TOURISM IN FLORIDA

Florida has been the backdrop for many well-known films and television shows that have been produced in the state over the years. Film and television productions such as CSI Miami, Miami Vice and Dolphin Tale have made Florida well known for the beautiful settings and the various activities the state has to offer.

The following table highlights some of the films and television shows that have been filmed in Florida<sup>71</sup>.

**Table 10: Films and Television Shows Produced in Florida**

Film / Television Series	Year	Location
Where the Boys Are	1960	Fort Lauderdale
Flipper	1964-68	Miami
Caddyshack	1980	Boca Raton, Fort Lauderdale, Davie
Scarface	1983	Miami Beach
Miami Vice	1984-89	Miami
Edward Scissorhands	1990	Lutz, Lakeland
Days of Thunder	1990	Daytona International Speedway, Daytona Beach
My Girl	1991	Bartow, Orlando
Ace Ventura: Pet Detective	1993	Orange Bowl, Miami
True Lies	1994	The Keys and Key West
The Birdcage	1995	Miami Beach
Speed 2	1997	Key West, Miami
The Truman Show	1998	Seaside, Panama City
Waterboy	1998	Orlando, Palm Beach
Apollo 13	1998	Kennedy Space Center
Armageddon	1998	Kennedy Space Center
Any Given Sunday	1999	Miami
Ocean's Eleven	2001	St. Petersburg

<sup>71</sup> Filming in Orlando. Metro Orlando Film Commission. <http://www.filmorelando.com/Filming-in-Orlando/>

Film / Television Series	Year	Location
CSI: Miami	2002-Present	Miami
Dexter	2006-Present	Miami
The Glades	2010-Present	South Florida
Burn Notice	2007-Present	Miami

Production studios in Florida have for a long time recognized the linkage between film and television production and tourism in the state and consequently have provided visitors with the opportunity to revisit their favourite films and television shows while visiting the sets and partaking in the various associated amusement activities.<sup>72</sup>

For example, Universal Studios Florida is a film and television production facility that provides its visitors with an array of activities and amenities, including movie set tours and attractions, shows that take visitors behind the scenes of the movie-making process, movie-related rides, dining and shopping.<sup>73</sup> The theme park hosted more than 5.9 million guests in 2010 and is ranked the eighth-most visited them park in the North America.<sup>74</sup>

Universal Studios Florida continuously updates its attractions as movies move in and out of popularity with the public.<sup>75</sup> For instance, in June 2010 the theme park introduced the *Wizarding World of Harry Potter*, an attraction reported to have increased attendance at Universal's two parks in Orlando by more than 1.7 million visitors in 2010.<sup>76</sup> As a result of its success in driving tourism, a second Harry Potter-themed attraction is scheduled to open in the near future.<sup>77</sup>

### 5.3 ABOUT FILM INDUCED TOURISM

Film induced tourism (FIT) is the phenomenon of films and television programs encouraging viewers to visit the country or region where filming occurred.<sup>78</sup> FIT and its related tourism concepts, which include the effects of TV, films, movies and media culture, has increasingly been viewed as an important component of tourism marketing. Films are especially likely to reach much larger audiences than specifically targeted tourism promotion.<sup>79</sup> The following table provides a summary of different forms and characteristics of FIT.

<sup>72</sup> Alderman, Derek H., Stefanie Benjamin, and Paige P. Schneider, 2012. "Transforming Mount Airy into Mayberry: Film-Induced Tourism as Place-Making." *Southeastern Geographer* 52(2): 212-239.

<sup>73</sup> Universal Studios Florida: The Experience. Universal Orlando. <http://www.universalorlando.com/Theme-Parks/Universal-Studios-Florida.aspx>

<sup>74</sup> AECOM. 2010 Theme Index – Global Attractions Attendance Report.

[http://www.aecom.com/deployedfiles/Internet/Capabilities/Economics/\\_documents/2010%20Theme%20Index.pdf](http://www.aecom.com/deployedfiles/Internet/Capabilities/Economics/_documents/2010%20Theme%20Index.pdf)

<sup>75</sup> History of Universal Orlando. OrlandoVacation.com. <http://www.orlandovacation.com/universal-studios/articles/universal-theme-park-history/>

<sup>76</sup> AECOM. 2010 Theme Index – Global Attractions Attendance Report.

[http://www.aecom.com/deployedfiles/Internet/Capabilities/Economics/\\_documents/2010%20Theme%20Index.pdf](http://www.aecom.com/deployedfiles/Internet/Capabilities/Economics/_documents/2010%20Theme%20Index.pdf)

<sup>77</sup> Center for Competitive Florida – Florida Tax Watch. *Investing in Tourism: Analyzing the Economic Impact of Expanding Florida Tourism*

<sup>78</sup> Oxford Economics. *The Economic Impact of the UK Film Industry*. Oxford, 2007.

<sup>79</sup> Croy, Glen W. Monash University. *The Lord of the Rings, New Zealand, and Tourism: Image Building with Film*. March 2004.

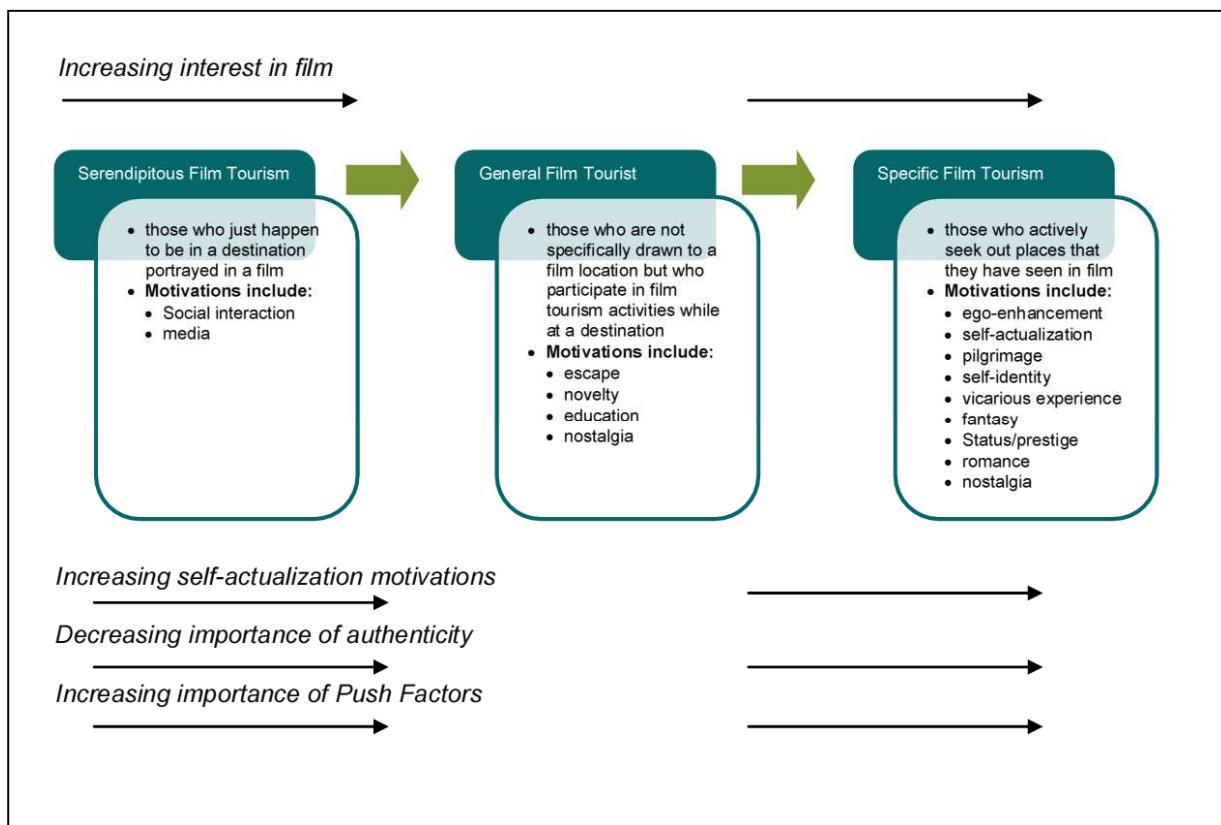
Table 11: Forms and Characteristics of FIT

Form	Characteristics
<b>FIT as part of a main holiday</b>	Tourists will visit film location or book a film tour for a holiday without any previous destination knowledge
<b>FIT as a main purpose out of special interest</b>	The booking of a holiday to a destination as a result of its profiles on the screen
<b>FIT icons as focal points of visit</b>	Natural beauty, historical places, actors can serve as icons
<b>FIT to places where filming is only believed to have taken place</b>	Tourists visit the filming places even if the film represents a different setting
<b>FIT as part of romantic gaze</b>	Tourists like to gaze on places reinforced by the films in solitude, establishing a semi-spiritual relationship with the place
<b>FIT for reasons to escape</b>	Visiting film locations elevates tourists beyond the mundane reality of everyday life

Source: Adapted from Busby & Klug (2001)

Researchers classify film tourists into three types: serendipitous film tourist, general film tourist, and specific film tourist. Serendipitous film tourists are described as “those who just happen to be in a destination portrayed in a film,” general film tourists are “those who are not specifically drawn to a film location but who participate in film tourism activities while at a destination,” and specific film tourists are “those who actively seek out places that they have seen in film.”<sup>80</sup> The following table defines these categories of tourists and their motivations for travel.

<sup>80</sup> Understanding the Film-Induced Tourist by Niki Macionis, 2004, p. 86



Source: Macionis, 2004, p. 95

There have been few rigorous studies quantifying impacts of FIT on a destination. One benchmark study focused on UK inbound international tourism. The study reported "films depicting the UK are responsible for attracting about 1 of 10 overseas tourists, spending around £1.8 billion a year. This is estimated to be worth around £900 million to UK GDP".<sup>81</sup>

In the US, a more recent study in New Mexico surveyed visitors to gather information that was used to estimate the quantitative benefits of FIT. The study suggested that film tourism in New Mexico resulted in increased visitation and longer trips amongst visitors. More specifically, the study found that film tourism in New Mexico results in between a 1.4% and 6.3% increase in the number of trips taken and between a 1.2% and 12.4% increase in the average trip length. This was estimated to result in between \$132 million and \$950 million in visitor spending, between 1,450 and 10,400 in employment creation, and between \$8.4 million and \$60.3 million in state taxes generated.<sup>82</sup>

Other studies have estimated the exposure value associated with images seen in film and television productions to help demonstrate the film tourism relationship. Similar to how films and television programs can be viewed as a valuable tool for product placement, they can also be an important vehicle for promoting specific destinations. Images seen in films and television shows are memorable, long-lasting and are more likely to reach broader audiences than focused tourism marketing.<sup>83</sup> Like ongoing or

<sup>81</sup> Oxford Economics. *The Economic Impact of the UK Film Industry*. Oxford, 2007.

<sup>82</sup> The Impact of Film Tourism on the State of New Mexico prepared for New Mexico Tourism Department. Southwest Planning & Marketing and CRC & Associates, December 2008.

<sup>83</sup> NZ Institute of Economic Research (Inc.), "Scoping the Lasting Effects of Lord of the Rings", April 2002

refreshed tourism marketing campaigns, however, there is evidence that ongoing and new film and television productions help to reinforce the location as a desirable tourism location.

The New Zealand Tourism board has developed a methodology to estimate the exposure value associated with the first *Lord of the Rings* film. The logic behind the approach is to view the film as the equivalent of a marketing piece and determine what the exposure would have cost if executed as a commercial promotional piece. Through this approach, it has been estimated that the amount of exposure New Zealand gained from the first *Lord of the Rings* film would have cost more than \$41 million if the same amount of exposure was gained through destination marketing efforts.<sup>84</sup> More specific details on the analysis conducted by the New Zealand Tourism Board are provided in Appendix 5.

At the same time there have been an increasing number of case studies that have been used to suggest the degree to which FIT can affect communities and jurisdictions. The following table<sup>85</sup> summarizes some relevant case studies.

**Table 12: FIT Case Studies in Other Jurisdictions**

Film/TV Series	Location	Impact
Braveheart	Wallace Monument, Scotland	300% increase in visitors year after release
Heartbeat	Goathland, North Yorkshire, England	Three times the number of normal visitors in 1991
The Da Vinci Code	Midlothian, Scotland	6 million pounds in publicity 5-fold increase to Rosslyn Chapel <sup>86</sup>
Deliverance	Rayburn County, Georgia	20,000 film tourists a year Gross revenues \$2 to \$3 mil
Dances with Wolves	Fort Hayes, Kansas	25% increase compare with 7% for previous 4 years
Thelma and Louise	Arches National Monument in Moab, Utah	19.1% increase in 1991
Field of Dreams	Iowa	35% visits in 1991, steady rise every year
Dallas	Southfork Ranch, Dallas	500,000 visitors
Forest Gump	Savannah, Georgia	7% increase in visitors after release
Lord of the Rings	New Zealand	10% increase every 1998 to 2003 from UK
Steel Magnolias	Louisiana	48% increase year after release
Last of the Mohicans	Chimney Rock Park, North Carolina	25% increase year after release
The Fugitive	Dillsboro, North Carolina	11% increase year after release
Little Women	Orchard House, Concord, Massachusetts	65% increase year after release
Crocodile Dundee	Australia	20.5% increase in US visitors between 1981 and 1988
Harry Potter	Various UK locations	All locations – 50% increase
Mission: Impossible 2	National Parks, Sydney	200% increase in 2000
Four Weddings and a Funeral	The Crown Hotel, Amersham, England	Fully booked for at least 3 years
Notting Hill	Kenwood House, England	10% increase in 1 month

<sup>84</sup> Ibid

<sup>85</sup> Hudson, Simon and J.R.Brent Ritchie. "Promoting Destinations via Film Tourism: An Empirical Identification of Supporting Marketing Initiatives

<sup>86</sup> Tourism Gets a Da Vinci Boost. BBC.

[http://news.bbc.co.uk/2/hi/uk\\_news/scotland/edinburgh\\_and\\_east/6054850.stm](http://news.bbc.co.uk/2/hi/uk_news/scotland/edinburgh_and_east/6054850.stm)

Film/TV Series	Location	Impact
The Beach	Thailand	22% increase – youth market 2000
Saving Private Ryan	Normandy, France	40% increase – American tourists
Troy	Canakkale, Turkey	73% increase in tourism
Sense and Sensibility	Saltram House, England	39% increase
Pride and Prejudice	Lyme Park in Cheshire, UK	150% increase in visitors
Cheers	Boston	\$7m in unpaid promotional advertising each year
Miami Vice	Miami, FL	150% increase in German Visitors 1985 to 1988
Captain Corelli's Mandolin	Cephalonia, Greece	50% increase over 3 years

*The Hunger Games*, which opened with a box office record of \$152.5 million in March 2012, is expected to have a significant impact on tourism in North Carolina, the state in which the entire movie was filmed. Just weeks after the film's release, fans of *The Hunger Games* were already appearing in North Carolina, seeking out places that were featured in the film. For instance, two archery ranges located in the state have reported as much as a 75% increase in traffic since the buzz around the movie started.<sup>87</sup>

Capitalizing on the impact on tourism in the state, the North Carolina Division of Tourism has designed a four-day self guided tour for fans. Also, a company called Hunger Games Fan Tours offers day and weekend trips that take visitors to film locations and have actors re-enact scenes from the film. Guests are also served food described in the story and have the chance to learn survival skills like those featured in the film.<sup>88</sup>

Survey instruments are an increasingly popular and effective way at measuring the impact of FIT. As an example, in 2012 the Government of Northwest Territories added two questions relating the influence of specific Northwest Territories-based television series on tourism in its Trip Diary Survey. Preliminary results show that of the 73.4% of respondents who indicated having watched NWT-based television series, (i.e. Ice Pilots, Ice Road Truckers and Arctic Air) 32.2% indicated that the shows were "somewhat influential" or "very influential" on their decision to travel to the territory.<sup>89</sup>

<sup>87</sup> Chinese, Vera. "The Hunger Games' Fans Filling up Lanes at Queens Archery Ranges". NY Daily News.com, 30 March 2012.

<sup>88</sup> "Hunger Games Fans Flocking to North Carolina, Tourism Industry to Cash-in" The Australian, 29 March 2012

<sup>89</sup> Private communication with representatives of the Government of Northwest Territories

## 5.4 FILM INDUCED TOURISM IN FLORIDA

There has been a longstanding relationship between the film and television and tourism industries in Florida. Film and television productions do not bring only production jobs and business to Florida, but also help to attract tourists to the state. To date little formal research has been carried out on the state wide effects of FIT in Florida. While a well-designed and executed ongoing visitor survey may be the most effective method for determining the level of FIT, such a program is not currently in place. Consequently, in this section we review the available information regarding FIT in Florida and assess the level of economic contribution that it suggests. In particular, we examined existing evidence of FIT in Florida and information obtained through interviews and surveys of tourism industry representatives.

### 5.4.1. EXISTING EVIDENCE OF FIT IN FLORIDA

In conducting secondary research we identified some studies and anecdotal examples that exist to highlight the linkages between film and television and tourism in Florida and to demonstrate the impacts of FIT in specific regions of the state, as indicated in the following table.

Table 13: Evidence of FIT in Florida

Film/TV Series	Location	Linkage to Tourism
Miami Vice <sup>90</sup>	South Beach	<ul style="list-style-type: none"> <li>According to the president of the Florida Hotel and Motel Association, the TV show has helped boost South Florida's image with potential tourists</li> <li>According to Pedro Mandoki, "Some people thought the show would be detrimental to the area. It has actually portrayed a good image. Maybe they are chasing somebody, but you see Miami Beach and how beautiful it is."</li> </ul>
The Truman Show <sup>91</sup>	Seaside beach cottage community in Seagrove Beach	<ul style="list-style-type: none"> <li>Reel-Scout, a leading film-office business platform, recognized the Truman Show as one of the top 10 films made in the US to feature iconic movie locations.</li> <li>The film has played a role in attracting more tourists and visitors to its pristine beaches and town</li> <li>While visiting the town, visitors can see the yellow-peach-and-white "Truman House" on Natchez Street, where Jim Carrey filmed scenes in the movie</li> </ul>
Dostana <sup>92</sup>	Miami	<ul style="list-style-type: none"> <li>The first Bollywood movie to be shot entirely in South Florida is expected to have an impact on tourism through the "Bollywood effect" (i.e. Indian movies set on location have been credited with spikes in vacationers from one of the world fastest growing economies)</li> <li>The Greater Miami Tourism Bureau sponsored the Mumbai screening of the film to travel agents, tour operators and travel writers</li> <li>Indian travel agents offer "Dostana" travel packages to Miami, supporting the belief that the film will lead to increased tourism to South Florida from the sub-continent</li> </ul>
Follow That Dream	Inglis	<ul style="list-style-type: none"> <li>The parkway in Inglis was named after the film which was shot in the town in 1961</li> <li>The parkway brings many tourists to the area and they stand</li> </ul>

<sup>90</sup> Miami Vice Aids Tourism. SunSentinel. [http://articles.sun-sentinel.com/1985-09-07/business/8502060854\\_1\\_hotel-industry-pedro-mandoki-tourism](http://articles.sun-sentinel.com/1985-09-07/business/8502060854_1_hotel-industry-pedro-mandoki-tourism)

<sup>91</sup> Iconic Movie Locations: 10 US Film Locations We Can't Forget. Reelscout, <http://www.reel-scout.com/blog/post/438/iconic-movie-locations-10-us-film-locations-we-can't-forget>

<sup>92</sup> Florida's New Tourist Draw: Bollywood. Tampa Bay Times , <http://www.tampabay.com/incoming/article921446.ece>

Film/TV Series	Location	Linkage to Tourism
Caddyshack <sup>93</sup>	St. Augustine	<p>underneath the sign to have their pictures taken</p> <ul style="list-style-type: none"> <li>• As visitors journey down the parkway, they are able to see the same sights as Elvis Presley did during the film</li> <li>• The Murray brothers who were involved in the writing and production of the comedy Caddyshack operate The Murray Bros. Caddy Shack Restaurant in St. Augustine</li> <li>• The restaurant is full of memorabilia from the film and tourists can purchase Caddyshack paraphernalia</li> </ul>
My Girl <sup>94</sup>	Bartow, Florida	<ul style="list-style-type: none"> <li>• The Stanford Inn, a bed and breakfast, was extensively featured as the Sultenfuss' residence in the 1991 film, "My Girl", starring Dan Aykroyd, Jamie Lee Curtis, Anna Chlumsky and Macaulay Culkin.</li> <li>• The filming location is prominently promoted to film or movie enthusiasts through the Stanford Inn's website</li> </ul>

Perhaps one of the most researched films in terms of FIT in Florida is *Dolphin Tale*. The film was produced by Warner Bros./Alcon Entertainment and stars Morgan Freeman, Ashley Judd, Harry Connick Jr., Kris Kristofferson, Nathan Gamble and "Winter" the dolphin. Based on true events, the film tells the story of a baby dolphin that gets caught in a crab trap line and is rescued and transported to the Clearwater Marine Aquarium. At the aquarium Winter goes through an extensive recovery process following the loss of her tail. Today Winter resides at the aquarium in Clearwater and represents a symbol of audacity and determination to millions of people around the world.<sup>95</sup>

The film has had a major impact on visitation to the aquarium and the St. Petersburg/Clearwater area. In August 2012 a study was conducted by the University of South Florida St. Petersburg College of Business in collaboration with the Clearwater Marine Aquarium on the economic impact of *Dolphin Tale* on the St. Petersburg/Clearwater local economy. The study reports that 72.7% of visitors are driven to the aquarium as a result of the *Dolphin Tale* film and that the film is expected to continue to drive increased visitation. The model employed in the study projects that 800,000 visitors are expected to visit the aquarium in 2013, increasing to 2.3 million visitors in 2016. The study reports that these visitors will generate an overall economic impact to the local economy of roughly \$580 million in 2013, rising to \$1.7 billion in 2016.<sup>96</sup>

Research has also been undertaken in Florida regarding the exposure value associated with specific productions. For example, the Greater Miami Convention and Visitors Bureau (GMCVB) conducted an analysis similar to the "Lord of the Rings" report, which estimated the promotional value of current television productions featuring Miami and concluded the promotional value to Miami of the fifteen television productions for 2011-12 was \$404,916,367. Notable projects analyzed ranged from "Burn Notice" which is seen in over 200 countries and had promotional value of \$26,518,500 for an entire season to the Telemundo novella, "Descontrol" which had a promotional value of \$8,256,672. Telemundo's Miami-production novellas are distributed in more than 100 countries and dubbed in over 35 languages.

<sup>93</sup> Murray Bros Caddyshack. <http://www.murraybroscaddyshack.com>

<sup>94</sup> The Stanford Inn. <http://www.thestanfordinn.com>

<sup>95</sup> The Clearwater Marine Aquarium. [www.seewinter.com](http://www.seewinter.com)

<sup>96</sup> University of South Florida St. Petersburg College of Business in collaboration with Clearwater Marine Aquarium. *The Economic Impact of Dolphin Tale on the St. Petersburg/Clearwater Local Economy*, August 2012.

#### 5.4.2. INTERVIEWS OF TOURISM INDUSTRY REPRESENTATIVES

To obtain more information on the relationship between film and television and tourism in Florida we collected information from tourism industry leaders in the state. Survey information was collected from key informants<sup>97</sup> in the tourism industry, representing various destination marketing organizations and travel groups throughout Florida.

Industry representatives interviewed believed that film and television production affects tourism in Florida in a number of ways:

- All industry representatives interviewed indicated that a proportion of visitors to Florida are drawn to the state because of images they have seen in films and television shows.
- The majority (75%) of industry representatives indicated that visitors come to Florida to actively seek out specific locations they have seen featured in a film or television show.
- Half of the industry representatives we interviewed noted that while some visitors are not drawn to the region because of film or television production, they sometimes participate in film-related tourism activities during their stay. Some of the activities mentioned by industry representatives include studio tours, film festivals and attractions such as Universal Studios.

Industry representatives interviewed indicated that film and television production in Florida plays a role in attracting visitors. Most industry representatives interviewed believed film and television attracts up to 10% to 20% of visitors to Florida. On average, industry representatives believe film and television attracts 11% of visitors to Florida.

To illustrate the impact of FIT in Florida, we have estimated the economic activity that would arise assuming 5% of visitors to Florida are influenced in whole or in part by film and/or television. It is important to note that this is a conservative assumption, as it represents less than half the amount of visitors found in our interviews and we have not included any impacts arising from increased spending due to general film tourism<sup>98</sup>. Based on the assumption that 5% of Florida's visitors in 2011 were influenced in whole or in part by film and/or television that would mean 4.37 million visitors to Florida can be attributed to FIT. The estimated direct economic activity generated by the tourism related expenditures of these visitors is presented in the following table.

**Table 14: Estimated Direct Economic Activity Generated in Florida in 2011 by Film Induced Visitor Related Expenditures (Assuming 5% FIT)**

	Total Tourism Spending (Tourism/Recreation Taxable Sales in \$2005 Millions)	Total State Sales Tax Revenues from Tourism (\$Nominal millions)	Number of Persons Directly Employed by Tourism
Total <sup>99</sup>	\$58,899	\$4,000.0	1,013,000
Estimated FIT Direct Impact (5% of Visitors to Florida)	\$2,945	\$200.0	50,650

<sup>97</sup> Interviews and surveys were conducted with 12 representatives of destination marketing organizations and travel groups

<sup>98</sup> General film tourism refers to visitors who are not specifically drawn to a film location but who participate in film tourism activities while at a destination.

<sup>99</sup> Research. Visit Florida Research. <http://media.visitflorida.org/research.php> (2011 dollars adjusted to 2005 constant dollars for comparative purposes).

Given that current estimates of the statewide indirect and induced economic impacts of tourism in Florida are not available, we have used a study<sup>100</sup> on the economic impact of travel and tourism in Palm Beach County to illustrate the total economic impact produced by 5% of visitors to Florida in 2011. The results of this analysis are presented in the following table.

**Table 15: Total Economic Impacts Generated in Florida in 2011 by Film Induced Visitor Related Expenditures  
(Assuming 5% FIT)**

Impacts	Direct	Indirect and Induced	Total
Output (\$2005 millions)	\$2,945	\$1,729	\$4,674
Gross State Product (\$2005 millions)	\$1,707	\$1,002	\$2,709
Employment (FTEs)	50,650	17,912	68,562
Labor Income (\$2005 millions)	\$1,014	\$554	\$1,568
State Taxes (Nominal \$ millions)	\$200.0	\$35.1	\$235.1
Local Taxes (Nominal \$ millions)	N/A	N/A	\$172.2

In addition to being drawn to Florida through images featured in films and television shows, some visitors to Florida participate in film and television related tourism activities once they are in the state. Tourism industry representatives indicated that up to 10% of visitors engage in film and television related tourism activities once in the state. Some activities cited by representatives include visiting Clearwater Marine Aquarium where *Dolphin Tale* was filmed, visiting the Kennedy Space Center which was a shooting location for *Transformers* and taking an Adlib Tour, which is a Jacksonville top-to-bottom tour that shows visitors Jacksonville's film history.

Some comments provided by industry representatives interviewed regarding the linkage between film and television production and tourism in Florida include:

- “The film and television industry is one of the biggest industries bringing in tourism.”
- “The film and entertainment industry has put Florida on the map.”
- “I wish we had attractions that showed off our film history. Our rich history doesn’t have an outlet for visitors at this time.”
- “In Panama City Beach they are currently filming East Side Story which will portray the region as a fun family destination and put Panama City Beach on the map for desirable vacation spots.”
- “Film and television productions play a significant role in attracting Miami’s large international visitor group – images seen in films and television shows are how international visitors come to know the city.”

<sup>100</sup> Global Insight. *City Tourism Impact: The Economic Impact of Travel & Tourism in Palm Beach County, Florida*, September 2005.

## 6. COMMUNITY AND SOCIAL BENEFITS

### 6.1 INTRODUCTION

Benefits arising from the activities of the film and entertainment industry in Florida also include contributions to social development. Social contributions may have far reaching impacts on individuals and communities. Included in this are contributions (financial or otherwise) to industry members and impacts on the local community, the environment and culture.

### 6.2 CONTRIBUTIONS TO THE ENVIRONMENT

By choosing to make environmentally-friendly decisions at every production stage, Florida's film and entertainment industry has the potential to have a considerable positive impact on the state's environment.

The Florida Film & Entertainment Advisory Council, comprised of 17 members appointed by the Governor, the President of the Senate, and the Speaker of the House of Representatives, serves as an advisory body to the DEO and to the Florida OFE. It provides industry insight and expertise related to Florida's entertainment industry's development, marketing, promotion, and service provision.<sup>101</sup> One of the Council's aims is to facilitate and reinforce state-wide eco-friendly behaviour.<sup>102</sup> The Council has formed a committee which aims to implement a 'green production plan'. The plan is comprised of the following two parts and planned initiatives:<sup>103</sup>

Part 1 of the green production plan outlines ideas that productions can utilize to make their offices and sets more 'green'. Suggested initiatives include:

- **Recycling and supporting proper waste disposal.** For example, productions can purchase products with recycled content or donate all unwanted items to shelters, nonprofits, schools, and other organizations.
- **Utilizing Florida's Green Lodging Program.** This program encourages talent and crew to stay in environmentally conscious hotels and motels (i.e. "green lodges").
- **Purchasing with the environment in mind.** For example, using locally produced products and materials to reduce the pollution associated with transporting the items.
- **Implementing eco-friendly set designs and construction.** For example, reusing and recycling sets and donating unwanted supplies to local organizations.
- **Implementing eco-friendly transportation modes.** For example, encouraging carpooling and the use of public transportation.

Phase 2 outlines ways in which productions can convey messages about the importance of environmental preservation and sustainability. For instance, producers, writers and directors can show 'green' practices in scripts or games by having characters in the script exhibit environmentally conscious behaviours such as recycling, driving electric/hybrid cars or donating old items. These demonstrated activities can have an effect on the audience.

<sup>101</sup> About Us: Film & Entertainment Advisory Council. The Florida Office of Film & Entertainment. <http://www.filminflorida.com/about/feac.asp>

<sup>102</sup> Florida Film & Entertainment Advisory Council. 3rd Quarter Meeting Minutes. September 7, 2007 HYATT REGENCY RIVERFRONT HOTEL. JACKSONVILLE, FL <http://www.filminflorida.com/.../minutes/3rdQtrFFEACMeetings9-7-07.doc>

<sup>103</sup> About Us: Film & Entertainment Advisory Council. The Florida Office of Film & Entertainment. <http://www.filminflorida.com/about/feac.asp>

The Council's committee will keep improving this plan and encourage productions to implement it. Florida is currently one of the first states to implement a green production plan.

## 6.3 CONTRIBUTIONS TO LOCAL FILMMAKERS AND ORGANIZATIONS

Florida's film, television and digital media industry provides scholarships and in-kind production services to filmmakers and organizations that support film education. Two of such contributions are outlined below.

### **Don Davis Film Finishing Fund<sup>104</sup>**

The Don Davis Film Finishing Fund aims to:

- Promote the creation of jobs in the film & entertainment production industries; and
- Promote economic development and tourism for the State of Florida.

The Fund provides filmmakers that need help to complete their film projects with financial and/or in-kind production service support on an annual basis. Projects submitted for consideration encompass a broad range of subject matter, including short and long formats in all genres (i.e. documentary, dramatic, educational, narrative, animated and experimental). Proposed projects are judged by a committee of industry professionals.

The sponsors of in-kind grants are continuously developing. In the Fund's inception year, it was awarded a donation of \$10,000 from the Universal Studios Florida Production Group and its parent company, NBC Universal. The number of grants varies annually and cash awards range from \$1,500 to \$5,000. In-kind awards are currently being established and will include post-production services.

### **Sara Fuller Scholarship<sup>105</sup>**

In honour of a pioneer in Florida's production Industry, Sara Fuller, this Scholarship was created by Film Florida, Inc. to recognize organizations that support film education and encouraging excellence in the field of motion picture education.

Three scholarships are awarded annually in the amount of \$500.00 by Film Florida, Inc. to organizations that support film education. It is expected that awarded organizations will then award the scholarship to a student of their choice.

<sup>104</sup> Don Davis Film Finishing Fund. Film Florida. [http://www.filmflorida.org/about/dondavis\\_fund.aspx](http://www.filmflorida.org/about/dondavis_fund.aspx)

<sup>105</sup> The Sara Fuller Scholarship. Film Florida. <http://www.filmflorida.org/about/scholarships.aspx>

## 6.4 COMMUNITY AND CULTURE

Benefits generated by the Florida film and entertainment industry also include contributions to local communities and culture across the state. Film festivals and related community events are one way in which the industry in Florida generates benefits for local communities. Florida hosts a number of film festivals and related community events such as the Florida Film Festival and a number of smaller and regionally focused festivals, including (but not limited to):

- Tallahassee Film Festival
- Daytona Beach Film Festival
- Orlando Film Festival
- Orlando Latin-American Film Festival
- Central Florida Film Festival
- Amelia Island Film Festival
- Jacksonville Film Festival
- Melbourne Independent Filmmakers Festival
- Canes Film Festival
- Clearwater Film Festival
- Sarasota Film Festival
- Sunscreen Film Festival
- Peace River Film Festival
- Motion Film Festival
- Independent's Film Festival
- Gasparilla Film Festival
- Fort Myers Film Festival
- Women's International Film Festival
- Miami Short Film Festival

In addition to these smaller and more regionally focused festivals, Florida hosts a number of international film festivals that showcase award-winning films and draw filmmakers, actors, industry professionals and press from around the globe. One such festival is the Florida Film Festival which highlights the best American independent and foreign films. The event has become one of the most valued regional film events in the US and is considered one of the “Big 15” as a win at this festival qualifies a film for Academy Award consideration.<sup>106</sup>

Another major festival is the Miami International Film Festival (MIFF) which draws roughly 70,000 visitors annually.<sup>107</sup> MIFF, which is now in its 29th year, is designed to build cultural understanding and promote artistic development and brilliance by provoking thought through film.<sup>108</sup> In 2012, MIFF had more than three billion worldwide media impressions and, as a result, offers film producers an excellent platform for exposure both during and after the festival.<sup>109</sup>

Other international film festivals hosted in Florida include the Fort Lauderdale International Film Festival (FLIFF), the Palm Beach International Film Festival (PBIFF), and the DocMiami International Film Festival.

Digital media events also contribute to local communities and culture in Florida. Launching in the summer of 2013, the Future Arts Festival is aimed at enriching the Orlando community by celebrating the city's top digital artists and providing them with an opportunity to display their work.<sup>110</sup> The festival aims to attract Orlando's top media companies that specialize in cutting-edge art and entertainment to highlight the community's rising influence in the world of digital media. Exhibits at the festival will range from printed digital art, 3D animations, digital video effects, websites, mobile applications, video games, simulators, and costumes.

<sup>106</sup> Orlando Life. Orlando Home & Leisure. <http://www.ohlmag.com/topics/features/cant-miss-list>

<sup>107</sup> Miami International Film Festival's Latin Love. Miami New Times. <http://www.miaminewtimes.com/2012-03-01/film/miami-international-film-festival-s-latin-love>

<sup>108</sup> Mission and History. Miami International Film Festival. <http://www.miamifilmfestival.com/about/default.aspx>

<sup>109</sup> Miami International Film Festival. University Film & Video Association. <http://www.ufva.org/news/miami-international-film-festival>

<sup>110</sup> About. The Future Arts Festival. <http://futureartsfestival.com/about/>

Film and entertainment festivals are cultural events which typically attract local community members, filmmakers, producers, actors, artists, industry professionals and tourists. Community events and festivals contribute to the quality of life and strengthen communities across Florida by building awareness of diverse cultures and identities, providing opportunities for volunteerism and networking, and by providing a source of community pride.

## 7. SUMMARY

The Florida film and entertainment industry is a significant contributor to the state economy through the creation of jobs and the generation of income for Florida residents and Florida businesses and tax revenues. The estimated total impacts arising from production spending and FIT between 2011 and 2016 are shown in the following table. It is important to note that infrastructure impacts have not been included in this table. Also, it is important to note that the FIT impacts are based on the assumption that 5% of visitors are influenced in whole or in part by film and/or television<sup>111</sup>.

**Table 16: Summary of Economic Impacts from Production Spending and FIT (2011-2016)**

Impacts (2011-2016)	Production	Infrastructure	FIT (assuming 5%)	Totals (2011-2016)
Production Expenditure (\$2005 millions)	\$3,769	TBD	N/A	<b>\$3,769</b>
Output (\$2005 millions)	\$6,321	TBD	\$28,044	<b>\$34,365</b>
Gross State Product (\$2005 millions)	\$3,758	TBD	\$16,254	<b>\$20,015</b>
Employment (FTEs)	48,134	TBD	411,372	<b>459,506</b>
Labor Income (\$2005 millions)	\$1,898	TBD	\$9,408	<b>\$11,306</b>
State Taxes (Nominal \$ millions)	\$123.1	TBD	\$1,410.6	<b>\$1,553.7</b>
State and Local Taxes (Nominal \$ millions)	\$350.1	TBD	\$2,443.8	<b>\$2,793.9</b>

To illustrate the total economic impacts arising from production spending and FIT on an annual basis, we show in the following table our analysis for fiscal 2011/2012. As above, infrastructure impacts have not been included in the following table and FIT impacts are based on the assumption that 5% of visitors can be attributed to FIT.

**Table 17: Estimated Florida Economic Impacts of Production Spending and FIT (FY 2011/2012)**

Florida Impacts FY 2011/2012	Production	Infrastructure	FIT (assuming 5%)	Total (FY 2011/2012)
Production Expenditure (\$2005 millions)	\$1,512	TBD	N/A	<b>\$1,512</b>
Output (\$2005 millions)	\$2,536	TBD	\$4,674	<b>\$7,210</b>
Gross State Product (\$2005 millions)	\$1,507	TBD	\$2,709	<b>\$4,216</b>
Employment (FTEs)	19,308	TBD	68,562	<b>87,870</b>
Labor Income (\$2005 millions)	\$761	TBD	\$1,568	<b>\$2,329</b>
State Taxes (Nominal \$ millions)	\$49.38	TBD	\$235.1	<b>\$284.5</b>
State and Local Taxes (Nominal \$ millions)	\$140.44	TBD	\$407.3	<b>\$547.7</b>

<sup>111</sup> The total FIT impacts are over the period from 2011 to 2016, and assume the number of visitors to Florida remains constant from year to year.

To compare the amount of tax credits earned with tax revenues generated it is important to recognize that, due to timing issues, credits are not usually claimed in the year they are earned. We have confirmed with industry representatives that, on average, there is a two and a half year time lag between the time tax credits are claimed and the time they are earned. Consequently, a comparison of tax credits earned with tax revenues generated requires discounting to reflect the present value of the tax credit.

**Table 18: ROI Estimates<sup>112</sup> (2011-2016)**

Impacts	Totals (2011-2016)	Tax Credit (Nominal \$millions)	Present Value of Tax Credit (Nominal \$millions) <sup>113</sup>	ROI <sup>114</sup>
State Tax Revenues (Nominal \$ millions)	\$1,553.7	\$296.0	\$292.0	5.3
State and Local Tax Revenues (Nominal \$ millions)	\$2,793.9	\$296.0	\$292.0	9.6

The ROI for 2011/2012 is presented in the following table. Again, we have discounted the value of tax credits to reflect present value of the tax credit.

**Table 19: ROI Estimates FY 2011/2012**

Impacts	Totals FY 2011/2012	Tax Credit (Nominal \$millions)	Present Value of Tax Credit (Nominal \$millions) <sup>115</sup>	ROI
State Tax Revenues (Nominal \$ millions)	\$284.5	\$118.7	\$117.1	2.4
State and Local Tax Revenues (Nominal \$ millions)	\$547.7	\$118.7	\$117.1	4.7

<sup>112</sup> The ROI has been calculated by dividing tax revenues generated by the present value of the tax credit.

<sup>113</sup> MNP has assumed there is a 2.5 year lag between the time tax credits are claimed and when they are earned and has used an annual rate of 0.55 percent, which corresponds to the yield rate on the Series A Florida State Department Transportation Right of Way bond that matures in 2015 (CUSIP 341150YN4) as at February 28, 2013.

<sup>114</sup> Even under the most conservative assumption where 1% of visitors to Florida can be attributed to FIT, the ROI is positive at 1.2 for state tax revenues and 2.5 for state and local tax revenues.

<sup>115</sup> MNP has assumed there is a 2.5 year lag between the time tax credits are claimed and when they are earned and has used an annual rate of 0.55 percent, which corresponds to the yield rate on the Series A Florida State Department Transportation Right of Way bond that matures in 2015 (CUSIP 341150YN4) as at February 28, 2013.

## 8. LEGAL MATTERS

This report is not to be published in whole or in part without the prior written consent of MNP LLP ("MNP"). The report is provided for information purposes and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for personalized, professional advice.

We have relied upon the completeness, accuracy and fair presentation of all information and data obtained from public sources, believed to be reliable. The accuracy and reliability of the findings and opinions expressed in the presentation are conditional upon the completeness, accuracy and fair presentation of the information underlying them. Additionally, the findings and opinions expressed in the presentation constitute judgments as of the date of the presentation, and are subject to change without notice.

The reader must understand that our analysis is based upon projections, founded on past events giving an expectation of certain future events. Future events are not guaranteed to follow past patterns and results may vary, even significantly. Accordingly, we express no assurance as to whether projections underlying the economic and financial analysis will be achieved.

We disclaim any liability to any party that relies upon these findings and opinions for business investment purposes. Before taking any particular course of action, readers should contact their own professional advisor to discuss matters in the context of their particular situation.

## APPENDIX 1- ABOUT MNP

MNP is the fastest growing chartered accountancy and business advisory firm in Canada. Founded in 1945, MNP has grown from a single office in Manitoba to more than 70 offices and nearly 3,000 team members. MNP is a member of Praxity, a global alliance of leading business advisory firms.

MNP's Economics and Research practice is one of the largest of its kind, and its team members have a long and established track record in conducting economic impact and industry studies, including studies involving the film and television production industry.

Examples of similar studies conducted by MNP include economic impact studies for film and television industries in jurisdictions across North America. In addition, MNP has a long track record in carrying out economic and statistical studies within the North American tourism, travel and major event sectors.

## APPENDIX 2 - ABOUT THE MPAA

The Motion Picture Association of America, Inc. (MPAA) serves as the voice and advocate of the American motion picture, home video and television industries. Its members include: Walt Disney Studios Motion Pictures; Paramount Pictures Corporation; Sony Pictures Entertainment Inc.; Twentieth Century Fox Film Corporation; Universal City Studios LLC; and Warner Bros. Entertainment Inc.

## APPENDIX 3- ECONOMIC IMPACT METHODOLOGY

### Economic Impacts of Production Spending

The economic impact of film, television and digital media production stimulated by the State of Florida's tax credit incentive program was estimated using the 2011 IMPLAN input-output model, which was the latest available model. The IMPLAN model is the most widely employed and accepted regional economic analysis software for predicting economic impacts. It combines US Bureau of Economic Analysis' input-output benchmarks with regional data on trade and industrial linkages to produce state-level economic multipliers. These economic multipliers can then be used to measure the quantitative impact on tax revenues, employment and value added (or GSP) of a change in the production or expenditure of a particular industry. For example, in this study we estimate the impact on the Florida economy of expenditures related to motion picture, television, digital media and commercial production. Each production will have an amount of direct expenditure, such as equipment rentals, which will in turn stimulate so-called indirect impacts across the supply chain of the equipment rental industry. These expenditures will also create new jobs as firms add labor to meet rising demand, which in turn will raise incomes and stimulate what are known as induced impacts as higher incomes flow through to consumption. The total economic impact of the production expenditures is the sum of each of these direct, indirect, and induced impacts. These impacts are commonly reported as key economic indicators such as output, employment, gross state product and tax revenues.

This study aims to expand on a 2012 study that estimated the economic impacts of the incentive program on the Florida economy and on state government revenue collections. Therefore we have based the analysis on the production expenditures (qualified and non-qualified) used in the earlier study as shown below. It is our understanding that in the previous study qualified expenditures were used to estimate non-qualified expenditures associated with projects certified under the incentive program.

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Total
Adjusted Qualified and Non-Qualified Expenditures (Fixed 2005 \$millions)	\$353.1	\$870.6	\$1,074.2	\$811.9	\$478.7	\$180.9	\$3,769.4

Because only aggregated production expenditure data was provided in the earlier study, and because a breakdown of production spending for each of the project categories (i.e. motion picture, television, digital media and commercials) was not available in Florida, MNP applied industry average distributions of spending based on film and entertainment spending data. The distribution of spending is based on data that we have reviewed from other states and Canadian provinces, data from specific film productions, and discussions with industry representatives. The data are generally consistent across jurisdictions. Aggregate expenditures were broken down into the various project categories based on data provided in the *2011/2012 Film and Entertainment Industry Financial Incentive Performance Report* and subsequently broken down into individual spend categories using the industry average spending schedules for individual project categories, as shown below. Once disaggregated, industry production expenditures were mapped to appropriate IMPLAN industry codes.

Spending Breakdown	IMPLAN Code	2007 NAICS Code	Feature Films	Television	Documentary	Commercials	Infomercials	Other Digital Media
Accounting, Legal, and Management Fees, Payroll	368	5412	1.5%	3.0%	3.8%	3.3%	0.0%	5.0%
Band, Bond, Insurance and Film Finances	358	5242	8.3%	1.8%	0.9%	0.1%	0.0%	4.3%
Crew	346	5121	2.6%	8.1%	20.5%	32.2%	7.5%	14.5%
Cars, Picture Cars & Van and Truck Rentals	362	5321	3.6%	1.0%	0.8%	6.6%	0.0%	0.0%
Carting, Cleaning, Sanitation, Environmental	390	562	0.9%	2.3%	0.0%	0.0%	0.0%	0.3%
Construction Contractors, Plumbing and HVAC	36	23	1.6%	3.5%	0.0%	0.0%	0.0%	0.2%
Costume/Wardrobe, Dry Cleaning & Laundry, Hair & Beauty Supplies	421	8123	0.1%	0.2%	0.1%	0.8%	0.0%	0.0%
Equipment, Electronics and Expendables	322	443	8.3%	6.5%	7.2%	17.4%	2.7%	2.5%
Food and Beverage	324	445	5.8%	2.7%	3.3%	6.4%	4.3%	0.8%
Gas/Service Station	326	447	3.7%	1.4%	0.7%	1.8%	0.0%	0.0%
Hotel/Lodging	411	72111-2	23.9%	11.4%	0.2%	6.4%	0.0%	0.2%
Limo, Air Service, and Travel	336	485	0.5%	2.4%	0.7%	1.4%	0.0%	0.9%
Locations	360	531	18.2%	5.1%	4.6%	9.0%	0.3%	0.3%
Locksmith	388	5617	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Lumber & Building Supplies	323	444	0.3%	0.6%	0.2%	0.0%	0.0%	0.0%
Municipal / State (Permits, Fees, Police and Fire)	N/A	N/A	3.1%	1.1%	0.3%	0.0%	0.0%	0.1%
Florist, Nurseries and Landscaping	330	453	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%
Office Supplies, Furniture & Equipment	330	453	1.7%	2.2%	2.5%	2.4%	0.0%	4.7%
Office Space	360	531	2.7%	1.1%	1.0%	0.0%	0.0%	24.4%
Production Services	346	5121	3.0%	20.3%	48.8%	3.7%	80.8%	17.8%
Security	387	5616	1.4%	2.7%	0.2%	0.0%	0.0%	0.0%
Set Dress & Props	321	442	0.9%	0.5%	1.6%	2.5%	0.0%	0.5%
Shipping & Courier	339	492	0.8%	2.0%	0.3%	0.2%	0.0%	0.7%
Storage & Moving	340	493	0.6%	2.0%	0.0%	0.0%	0.0%	0.0%
Studio/Stage	346	5121	3.5%	4.6%	0.0%	5.6%	4.5%	0.1%

Spending Breakdown	IMPLAN Code	2007 NAICS Code	Feature Films	Television	Documentary	Commercials	Infomercials	Other Digital Media
Tent Rental, Fencing & Party Supplies	363	53221-2, 53229, 5323	0.4%	0.1%	0.0%	0.0%	0.0%	0.1%
Utilities: Energy & Other	31	2211	0.4%	5.5%	0.4%	0.0%	0.0%	0.9%
Utilities: Communications	351	517	1.4%	7.4%	1.9%	0.3%	0.0%	5.3%
Medical / Safety	394	6211-3	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%
Pet & Childcare	399	6244	0.0%	0.0%	0.0%	0.0%	0.0%	16.6%
Advertising, Promotion, Marketing & Media	377	5418	0.1%	0.3%	0.1%	0.0%	0.0%	0.0%
Total	N/A	N/A	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

MNP's estimates generated using the approach outlined above are presented in the following table. It is important to note that since employment estimates generated by IMPLAN include both full-time and part-time employees, MNP adjusted employment impacts to reflect full-time equivalent employment using adjustment factors published by MIG Inc, the producers of IMPLAN.

Florida Impacts (2011-2016)	IMPLAN Estimates
Production Expenditure (\$2005 millions)	\$3,769
Output (\$2005 millions)	\$6,235
Gross State Product (\$2005 millions)	\$3,631
Employment (FTEs)	53,466
Labor Income (\$2005 millions)	\$1,984
State Taxes (Nominal \$ millions)	\$131.0
State and Local Taxes (Nominal \$ millions)	\$350.1

MNP compared the estimates produced using the IMPLAN model with the estimates produced with the REMI Tax-PI model that was used in the earlier study. The major difference in the results was the estimation of local tax revenues, which were not reported in the previous study.

Florida Impacts (2011-2016)	IMPLAN Estimates	REMI Tax-PI Estimates	Midpoint
Production Expenditure (\$2005 millions)	\$3,769	\$3,769	\$3,769
Output (\$2005 millions)	\$6,235	\$6,389	\$6,321

Florida Impacts (2011-2016)	IMPLAN Estimates	REMI Tax-PI Estimates	Midpoint
Gross State Product (\$2005 millions)	\$3,631	\$3,885	\$3,758
Employment (FTEs)	53,466	42,803	48,134
Labor Income (\$2005 millions)	\$1,984	\$1,812	\$1,898
State Taxes (Nominal \$ millions)	\$131.0	\$115.3	\$123.1
State and Local Taxes (Nominal \$ millions)	\$350.1	Not Reported	\$350.1

### Economic Impacts of Film Induced Tourism

To obtain information on the relationship between film and television and tourism in Florida we conducted surveys and telephone interviews with 12 key informants in the tourism industry, representing various destination marketing organizations and travel groups in the state.

Industry representatives interviewed indicated that film and television production in Florida plays a role in attracting visitors to the state. Most industry representatives believed film and television attracts in the range of 2% to 20% of visitors to Florida. On average, industry representatives believed film and television attracts 11% of visitors to Florida.

To illustrate the impact of FIT in Florida, we have estimated the economic activity that would arise assuming 5% of visitors to Florida are influenced in whole or in part by film and/or television. We have selected 5% to illustrate the effect of FIT under a conservative assumption, as it represents less than half the amount of visitors found in our interviews and we have not included any impacts arising from increased spending due to general film tourism<sup>116</sup>. Based on Visit Florida visitor research and the assumption that 5% of Florida's visitors in 2011 were influenced in whole or in part by film and/or television that would mean 4.37 million visitors to Florida can be attributed to FIT. The estimated direct economic activity generated by the tourism related expenditures of these visitors is presented in the following table.

	Total Tourism Spending (Tourism/Recreation Taxable Sales in \$2005 Millions)	Total State Sales Tax Revenues from Tourism (\$Nominal millions)	Number of Persons Directly Employed by Tourism
Total <sup>117</sup>	\$58,899	\$4,000.0	1,013,000
Estimated FIT Direct Impact (5% of Visitors to Florida)	\$2,945	\$200.0	50,650

<sup>116</sup> General film tourism refers to visitors who are not specifically drawn to a film location but who participate in film tourism activities while at a destination.

<sup>117</sup> VISIT FLORIDA Research. <http://media.visitflorida.org/research.php> with dollar figures fixed to 2005 dollars.

Given that current estimates of the statewide indirect and induced economic impacts of tourism in Florida are not available, we have used a study<sup>118</sup> on the economic impact of travel and tourism in Palm Beach County to illustrate the total economic impact produced by 5% of visitors to Florida in 2011. The economic impact ratios calculated from the Palm Beach County study are provided in the following table.

Impacts	Direct	Indirect	Induced	Total
Output	1.0	Not reported	Not reported	Not reported
Gross State Product	0.58	0.14	0.20	0.92
Employment (per \$million)	13.98	1.84	3.11	18.92
Labor Income	0.34	0.08	0.11	0.53
State Taxes	Not reported	Not reported	Not reported	0.07
Local Taxes	Not reported	Not reported	Not reported	0.05

The results of our analysis using these ratios and the estimated direct tourism impact produced by Visit Florida are presented in the following table.

Impacts	Direct	Indirect and Induced	Total
Output (\$2005 millions)	\$2,945	\$1,729	\$4,674
Gross State Product (\$2005 millions)	\$1,707	\$1,002	\$2,709
Employment (FTEs)	50,650	17,912	68,562
Labor Income (\$2005 millions)	\$1,014	\$554	\$1,568
State Taxes (Nominal \$ millions)	\$200.0	\$35.1	\$235.1
Local Taxes (Nominal \$ millions)	N/A	N/A	\$172.2

<sup>118</sup> Global Insight. *City Tourism Impact: The Economic Impact of Travel & Tourism in Palm Beach County, Florida*, September 2005.

## APPENDIX 4 - GLOSSARY OF ECONOMIC IMPACT TERMS

Term	Definition
<b>Direct Impacts</b>	<ul style="list-style-type: none"> <li>• Direct impacts are changes that occur in “front-end” businesses that would initially receive expenditures and operating revenue as a direct consequence of the operations and activities of a facility, project or industry.</li> <li>• <i>Example: In the case of film and entertainment production, direct impacts are related to the direct expenditures made by production companies, for example, equipment rentals.</i></li> </ul>
<b>Indirect Impacts</b>	<ul style="list-style-type: none"> <li>• Indirect impacts arise from changes in activity for suppliers of the “front-end” businesses</li> <li>• <i>Example: When production companies spend money on equipment rentals, equipment rental companies make purchases across the supply chain of the equipment rental industry. This spending by equipment rental companies reflects the indirect impacts of the production spending.</i></li> </ul>
<b>Induced Impacts</b>	<ul style="list-style-type: none"> <li>• Induced impacts are due to shifts in spending on goods and services as a consequence of the changes to the payroll of the directly and indirectly affected businesses. Using the example from above, the direct and indirect expenditures create new jobs as firms add labor to meet rising demand, which in turn raises incomes and stimulates induced impacts as higher incomes flow through to consumption.</li> <li>• <i>Example: In the case of film and entertainment production, additional wages received by employees of primary and secondary suppliers “induces” spending. For example, these employees make consumer purchases at the grocery store, gas station etc. The jobs and income that result from these consumer purchases are considered induced impacts.</i></li> </ul>
<b>Total Impacts</b>	<ul style="list-style-type: none"> <li>• Total impacts are calculated by adding the direct, indirect and induced economic impacts.</li> </ul>
<b>Output</b>	<ul style="list-style-type: none"> <li>• Output is the total gross value of goods and services produced by a given company or industry measured by the price paid to the producer (versus the price paid by the consumer, which can include transportation and retail mark-ups). This is the broadest measure of economic activity.</li> </ul>
<b>Gross State Product (GSP)</b>	<ul style="list-style-type: none"> <li>• Gross State Product (GSP) or “value added” refers to the additional value of a good or service over the cost of inputs used to produce it from the previous stage of production. Thus GSP is equal to net output, or the difference between revenues and expenses on intermediate inputs. It is the incremental value created through labor or mechanical processing.</li> </ul>
<b>Employment (FTE)</b>	<ul style="list-style-type: none"> <li>• Employment is the number of additional jobs created. Employment is measured in terms of full-time equivalents (FTEs).</li> </ul>
<b>Labor Income</b>	<ul style="list-style-type: none"> <li>• Labor income is the income that is received by households from the production of regional goods and services and that are available for spending on goods and services. This includes all forms of employment income, including employee compensation (wages and benefits) and proprietor income.</li> </ul>
<b>State and Local Tax Revenue</b>	<ul style="list-style-type: none"> <li>• State and local tax revenues are estimates comprised of dividend tax, social insurance tax, sales tax, property tax, motor vehicle license fees, corporate income tax, severance tax, fishing and hunting licenses and other fines and fees.</li> </ul>

## APPENDIX 5- ESTIMATING EXPOSURE VALUE OF LORD OF THE RINGS

This material was sourced from Ian Macfarlane, New Zealand Tourism Board.

He used attendance figures that were supplied by Three Foot Six Limited covering audiences up to 12 March, for the following countries:

Japan	5,499,006 (first ten days of release)
North America (US/Canada)	50,989,397 *
UK	13,771,517
Australia	4,962,725
Germany	10,663,180
South Korea	3,864,447

\* This number was calculated by dividing the cumulative gross box office for North America by the average ticket price in North America.

Further assumptions were made about the following:

1. Average cinema size	500
2. Average sessions per week	35
3. Total people per cinema week	10500
4. Cost of 60 sec commercial	Varies by country. See table below.
5. Total minutes of destination coverage	22
6. Dilution factor	30%
7. Total promotion minutes	11

This allowed the calculation of the worth of the exposure:

Country	Audience	Cinema weeks	Equivalent ads	Total Ads/ cinema week	\$/ advert/ cinema week	Total value
USA	50989397	4856	15	74784	\$300	\$22,435,335
Japan	5499006	170	15	2625	\$590	\$4,758,473
UK	13771517	1312	15	20198	\$580	\$11,714,970
Australia	4962725	473	15	7279	\$125	\$909,833
Germany	1066180	102	15	1564	\$260	\$406,570
Korea	3864447	368	15	5668	\$300	\$1,700,357
<b>Total</b>	<b>76,443,824</b>	<b>7280</b>	<b>92</b>	<b>112118</b>	<b>\$US41,925,538</b>	