



CHARLIE CRIST
GOVERNOR

STATE OF FLORIDA

Office of the Governor

THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

www.flgov.com
850-488-7146
850-487-0801 fax

October 1, 2009

Honorable Governor Charlie Crist
President of the Senate Jeff Atwater
Speaker of the House Larry Cretul

RE: 2008-2009 Annual Report: The Entertainment Industry Financial Incentive Program

Dear Governor Crist, President Atwater, and Speaker Cretul,

Pursuant to F.S. 288.1254(6), attached please find the FY 2008-2009 Annual Report for the Entertainment Industry Financial Incentive Program. This program was created by the Legislature within the Governor's Office of Film and Entertainment (OFE) for the purpose of encouraging the use of Florida as a site for production and to develop and sustain the workforce and the infrastructure for film and entertainment production.

Florida's entertainment industry incentive is a cash rebate payable only for qualified Florida expenditures to pre-certified companies after they have completed production and the OFE has reviewed their CPA audited receipts.

Five Years of Solid Return on Investment

First funded in FY2004/2005, Florida's Entertainment Industry Incentive Program has given the state five years of consistent returns averaging \$6.75 of induced Florida spending by entertainment productions for every \$1 of incentive funds provided as a rebate to attract them to our state.

This number does not include the powerful "ripple effect" induced by production spending that supports the creation of many more secondary jobs and generates additional revenue to the state. According to research conducted in 2008 by the University of West Florida's Haas Center for Business Research and Economic Development¹, every dollar of film incentives provided by the state is associated with \$22 in additional gross state product and \$1.44 in additional tax revenue. The film and entertainment industry not only creates much needed jobs, it is clearly part of the solution to addressing Florida's revenue short-fall.

¹ *The Film and Entertainment Industry in Florida - 2008*

FY 2008-2009 Entertainment Industry Financial Incentive Program Performance Summary

The attached FY 2008-2009 Annual Report reveals that once again Florida's entertainment incentive program has provided a consistent return on the taxpayers' investment. The summarized performance data for the FY 2008-2009 program are:

- 69 applications received
- 29 projects funded (including 9 projects that crossed over from FY07/08)
- \$55.3 million spent by productions on Florida wages, products or services
- 6,434 jobs created for Floridians
- \$37.3 million spent on wages to Floridians
- 6,623 hotel room nights
- \$8.6 million rebated to the 29 certified projects
- \$3.2 million reverted to general revenue as of September 30th.

The FY08/09 program's return was \$6.44 in Florida expenditures for every \$1 of incentive funds rebated to the certified productions.

The 2007 legislature, understanding that production businesses do not necessarily operate on a state fiscal year cycle, supported the non-reversion of the FY07-08 incentive funds. This allowed funds to carry forward for use in FY08-09. As a result, the FY08-09 program budget had \$11.8 million in available funding even though the appropriation was only \$5 million (and further adjusted down by an additional \$200,071 in the spring of 2009). We were able to continue attracting productions to Florida later in the fiscal year since we could ensure they could be funded. Unfortunately, non-reversion of funds only applied to FY07-08.

Fiscal Year 2009/2010 Preview

To date, 30 viable productions, including several major feature films, have applied and been qualified for FY09/10 incentive funds. If all productions were certified (funded), they would spend an estimated \$175,741,083 million on Florida goods, services, and wages. Roughly \$27 million in incentive funding was needed to induce all of these projects to come to Florida. The FY09/10 \$10.8 million appropriation enabled us to certify 10 projects that will spend an estimated \$70 million in Florida. Non-reversion of the \$3.2 million in FY08/09 funds would have enabled us to certify several additional projects that would have spent another \$20 million in Florida on goods, services and wages to Floridians.

Viable applicants that cannot be certified due to lack of funds are one way to document demand. That method, however, does not capture the lost opportunity associated with productions that, once they learn we are out of funds, do not submit applications. A sampling of recent examples of such lost business is enclosed. It was especially disappointing to lose the productions created by Florida talent and intended for Florida locations. "*Sugarloaf*", an A&E TV pilot created, written, and to be produced by a Tampa native, has been lost to Georgia as a result of their 30% refundable tax credit incentive program.

Once ranked third in the nation as a production state, Florida's film and entertainment industry infrastructure, including our talented workforce, is now leaving our state. More competitive and attractive entertainment incentives offered in other states such as Louisiana, Georgia, New Mexico, and Michigan, are highly successful in attracting productions that once came to Florida. As a result, Florida's talent and businesses that rely on the steady flow of production into their

home state are now traveling and relocating to other states. Graduates of Florida's acclaimed film and entertainment educational programs and institutions rarely consider Florida as a viable option for starting their careers.

However, it is not all "doom and gloom." Tremendous opportunities await our state as long as we are ready to invest in proven tools and stay committed to the long-term vision of Florida as a major production state.

Florida is well positioned to make great strides in further developing the interactive digital media sector as well as exploring opportunities associated with emerging markets such as 3-D entertainment and other creative products.

Continuity and reliability of incentive funding—whether through a well-funded multi-year cash rebate program with the ability to carry funds forward, or by monetizing the incentive as a transferable tax credit as has proven successful in many other states—will provide a solid foundation for both future growth and for retaining what we've worked so hard to build and develop in Florida.

Please contact me if you have any questions or need additional information. I remain dedicated to the mission of supporting and expanding Florida's film and entertainment industry and am honored to serve my state in this capacity.

Respectfully,



Lucia M. Fishburne, Director
Governor's Office of Film and Entertainment

Enc: FY 2008-2009 Entertainment Industry Financial Incentive Program Annual Report
Samples of Lost Business (10/01/09)

FY 2008-09 ENTERTAINMENT INDUSTRY FINANCIAL INCENTIVE - YEAR END LEGISLATIVE REPORT

Film & Video Production Title	Type of Project	Total Approved FLA Qualified Expenditures (QE)	Incentive Reimbursement Amount	QE Spent on FLA Vendors	QE Spent on FLA Wages	Total FLA Workers	Est. # of Hotel Room Nights	Geographic Location
1 BURN NOTICE SEASON 2 (PART 2)* TVM PRODUCTIONS, INC.	TV SERIES DRAMA	\$ 12,771,799	\$ 2,501,212	\$ 5,104,794	\$ 7,667,005	1,541	1,298	DADE
2 REDNECK WEDDING SEASON 2* PINK SNEAKERS PRODUCTIONS	TV REALITY SERIES	\$ 976,474	\$ 96,918	\$ 73,852	\$ 902,622	70	63	ORANGE
3 LUKE'S PARENTAL ADVISORY* PINK SNEAKERS PRODUCTIONS	TV REALITY SERIES	\$ 1,010,157	\$ 132,393	\$ 154,579	\$ 855,578	69	44	DADE
4 SON OF MORNING* SOM FILMS	FEATURE FILM	\$ 137,784	\$ 27,556	\$ 89,347	\$ 48,437	106	269	DADE/PALM BEACH
5 BURNING BRIGHT* BURNING BRIGHT PRODUCTIONS	FEATURE FILM	\$ 1,260,610	\$ 252,122	\$ 354,533	\$ 906,077	136	215	ORANGE
6 GABRIEL* GABRIEL SERIES 1, LLC	TV SERIES DRAMA	\$ 1,491,029	\$ 294,258	\$ 796,699	\$ 694,330	44	n/a	DADE/BROWARD
7 LA FIDANZATA DI PAPA* MARIFILM, SRI	FEATURE FILM	\$ 628,061	\$ 125,612	\$ 372,640	\$ 255,421	338	50	DADE
8 BURN NOTICE SEASON 3 (PART 1)** TVM PRODUCTIONS, INC.	TV SERIES DRAMA	\$ 12,000,202	\$ 1,800,030	\$ 4,662,745	\$ 7,337,457	1261	1842	DADE
9 BROOKE KNOWS BEST SEASON 2 PINK SNEAKERS PRODUCTIONS	TV REALITY SERIES	\$ 2,324,331	\$ 348,649	\$ 1,142,621	\$ 1,181,710	70	98	DADE/BROWARD
10 ENDURE ENDURE PICTURES, LLC	FEATURE FILM	\$ 975,159	\$ 146,273	\$ 465,843	\$ 509,316	251	380	POLK
11 UP IN THE AIR DW STUDIOS PRODUCTIONS, LLC	FEATURE FILM	\$ 903,612	\$ 135,541	\$ 369,450	\$ 534,162	485	756	DADE
12 LETTERS TO GOD** SND MEDIA***	FEATURE FILM	\$ 1,963,103	\$ 431,882	\$ 863,141	\$ 1,099,962	159	278	ORANGE
13 FINAL DESTINATION 4 AVERY PIX, INC.	FEATURE FILM	\$ 1,537,477	\$ 230,621	\$ 561,843	\$ 975,634	426	415	ORANGE
14 CRISS CROSS ** SG PRODUCTIONS	FEATURE FILM	\$ 565,966	\$ 113,193	\$ 431,869	\$ 134,097	57	469	BROWARD/MIAMI
15 PECADORA ** VENEVISION PRODUCTIONS, LLC	TELENOVELA	\$ 1,436,925	\$ 287,385	\$ 762,209	\$ 674,716	199	7	MIAMI/BROWARD
16 FRESH CHECKED BLUE BRIDGE PRODUCTIONS, INC.	COMMERCIALS (1)	\$ 613,905	\$ 92,085	\$ 418,050	\$ 195,855	137	92	BROWARD
17 PICTURE PARK INC.	COMMERCIALS (4)	\$ 503,424	\$ 75,511	\$ 242,119	\$ 261,305	146	46	DADE
18 HSI INC.	COMMERCIALS (4)	\$ 511,413	\$ 91,520	\$ 261,081	\$ 250,332	168	226	DADE
19 SHOOT FLORIDA INC.	COMMERCIALS (3)	\$ 525,294	\$ 95,831	\$ 246,010	\$ 279,284	70	11	DADE
20 CLOU PRODUCTION SERVICES INC.	COMMERCIALS (3)	\$ 567,176	\$ 91,083	\$ 253,321	\$ 313,855	86	n/a	DADE
21 THE TENANT* THE TENANT, LLC	FEATURE FILM	\$ 335,551	\$ 50,332	\$ 139,403	\$ 196,148	93	52	ORANGE/VOLUSIA
22 STAR SIXTYNINE WATERS OF MARCH FILMS, INC.	FEATURE FILM	\$ 105,226	\$ 15,783	\$ 55,219	\$ 50,007	40	6	DADE
23 SCARE ZONE FWC PICTURES, LLC	FEATURE FILM	\$ 186,927	\$ 28,039	\$ 88,537	\$ 98,390	84	n/a	ORANGE
24 DEAD SOLDIERS DON'T SING DE VERE FILMS, INC.	FEATURE FILM	\$ 134,837	\$ 20,225	\$ 73,913	\$ 60,924	23	n/a	SARASOTA
25 ANGELO DUNDEE: INTERSECTIONS OF AN AMERICAN ICON PRO CHILD ANGELO, LLC	DOCUMENTARY	\$ 110,445	\$ 16,566	\$ 31,639	\$ 78,806	12	6	SARASOTA/DADE/BROWARD
SUBTOTAL:		\$ 43,576,887	\$ 7,500,620	\$ 18,015,457	\$ 25,561,430	6,071	6,623	

Digital Media Project Title	Type of Project	Total Approved FLA Qualified Expenditures (QE)	Incentive Reimbursement Amount	QE Spent on FLA Vendors	QE Spent on FLA Wages	Total FLA Workers	Est. # of Hotel Room Nights	Geographic Location
1 CONSPIRACY CODE* 360ED, INC.	DIGITAL MEDIA PROJECT	\$ 449,903	\$ 35,804	n/a	\$ 449,903	10	n/a	ORANGE
2 HEALTH SCIENCE CHANNEL INFORMATION TELEVISION NETWORK	DIGITAL MEDIA PROJECT	\$ 2,014,806	\$ 201,438	n/a	\$ 2,014,806	37	n/a	PALM BEACH
3 MADDEN NFL 2010 ELECTRONIC ARTS - TIBURON	DIGITAL MEDIA PROJECT	\$ 7,947,347	\$ 748,179	n/a	\$ 7,947,347	189	n/a	ORANGE
4 NCAA FOOTBALL 2010 ELECTRONIC ARTS - TIBURON	DIGITAL MEDIA PROJECT	\$ 1,347,327	\$ 100,000	n/a	\$ 1,347,327	127	n/a	ORANGE
SUBTOTAL:		\$ 11,759,383	\$ 1,085,421	\$ -	\$ 11,759,383	363	n/a	

GRAND TOTALS:

\$ 55,336,270 \$ 8,586,041 \$ 18,015,457 \$ 37,320,813 6,434 6,623

GENERAL SUMMARY	NOTES
TOTAL # OF APPLICANTS: 69	* 2007/2008 CROSSOVER PRODUCTION (ONLY 2008/2009 EXPENDITURES/BENEFITS REPORTED HERE)
TOTAL # OF CERTIFIED PRODUCTIONS: 29	** 2008/2009 CROSSOVER PRODUCTION (ONLY 2008/2009 EXPENDITURES/BENEFITS REPORTED HERE)
CERTIFIED PROJECTS BY TYPE: 12 FEATURE FILMS, 3 DRAMATIC TV SERIES, 1 TELENOVELA 5 COMMERCIALS, 4 DIGITAL MEDIA PROJECTS 3 REALITY TV SERIES, 1 DOCUMENTARY	*** INCLUDES 2% FAMILY FRIENDLY PAYMENT
RETURN ON INVESTMENT (ROI): 6.44 to 1	