

The Miami Herald

THURSDAY, FEBRUARY 12, 2004

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LEGISLATURE

APPROVE FUNDING FOR MOTION-PICTURE INCENTIVES



BY MARVIN KIRSNER

Gov. Jeb Bush's budget recommendations call for \$3 million to fund a motion-picture production-incentive program to encourage filmmakers and television producers to bring projects to the Sunshine State. This funding proposal is an integral part of an economic-development program designed to attract desirable industries to Florida.

Floridians should prize the film business as an industry that not only has the potential to pump hundreds of millions of dollars into our economy but also showcases our beautiful state to moviegoers and television viewers in a way that greatly enhances tourism. Motion pictures and TV series produced here in the halcyon days of the 1980s and '90s had the effect of a chamber-of-commerce advertisement for hotels, beaches and restaurants.

If anyone has any doubts as to the image-enhancing impact of the entertainment business here, look at how *Miami Vice* catapulted South Beach into the international spotlight as a Mecca for the rich and famous.

The entertainment-industry financial-incentive legislation that became law last year allows film and TV producers to apply for cash incentives of up to 15 percent of

the production costs incurred in Florida. To qualify, production spending in the state must be at least \$850,000. This program is geared to attracting middle to higher-end projects that pay high wages. It allows for grants that would range from a maximum of \$2 million for a motion picture down to \$25,000 for a music video.

Unfortunately, because of state budget constraints last year, the Legislature did not appropriate any money to fund any incentive grants.

Such an incentive program is necessary if Florida is to compete for film and TV productions. Gone are the days when Florida could attract productions because of its beautiful settings, ideal climate and talented industry workers. Many productions have been lost to Canada and other states with aggressive tax incentives that substantially reduce actual production costs. For example, with its 15-percent tax credit, Louisiana has been drawing film productions that a few years ago might have gone to Florida. Last year, Illinois and Oregon adopted film tax-credit laws. Similar bills are moving forward in Pennsylvania and Tennessee.

Florida is not the only state losing production projects and their high-paying jobs. Hollywood has been hemorrhaging productions to Canada because of that

country's aggressive tax credit on wages paid to production workers. California legislators tried to pass an incentive bill in 2002 similar to Canada's, but the budget crisis killed it, and its film industry continues to lose projects. Florida should not face a similar fate.

Florida's entertainment-industry incentive program is designed as a cash grant rather than a tax credit. This is necessary because we have no personal income tax, so individual investors in a film project would receive no tax benefit with a Florida film-tax credit. The name of the game in this industry is getting capital for a project, and the tax credit is what draws investors. This is why Florida's film-incentive program has been designed as a cash grant.

Bush wants the Legislature to appropriate \$3 million for this program. Although \$3 million in total incentives for one year is not large in comparison with what other states are spending, it is an important first step to help Florida recapture its once thriving film industry. This would be a great investment not only for our film industry but for tourism, too. Floridians should urge legislators to support this appropriation.

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