

States swarm Sundance to tout film incentives

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PARK CITY, Utah -- With 30,000 people in town for the Sundance Film Festival, Utah film commissioner Aaron Syrett is giddy at the prospect of persuading a few filmmakers to shoot their next production here.

He's got good reason to be. The state is coming off its best year ever for film productions, has a new film incentive program that could see its funding increase fivefold and Syrett's on home turf as a sponsor of the festival.

In the cutthroat world of Hollywood productions, which often spend hundreds of millions of dollars, he'll need every advantage he can get.

The competition is fierce and willing to travel.

North Carolina, Maryland, Washington and New York, among numerous other states and cities, also have recruiters here touting millions of dollars in incentives that are often more generous than Utah's.

That has Syrett hoping to exploit a home-field advantage, hosting parties and doing everything possible to show off the state.

"I have my entire staff up here, other states have one or two people," said Syrett, who's working 18-hour shifts during the festival. "It's in our backyard. I don't have to go far."

Utah's film office is one of the festival's sponsors, giving the state access to actors, producers and financiers who often spend their days and nights at invitation-only screenings and parties. While some state employees work the velvet rope, others practice street-level diplomacy, walking down the bustling Main Street in film office jackets and schmoozing whomever they can.

Since Utah created its film incentive program two years ago, revenue from productions has increased from \$84 million to \$148 million. Syrett says there's no question the incentives program works. But the field of states offering more lucrative deals is

growing.

In short, it's a buyer's market. The leaders in offering generous film incentives are Louisiana and New Mexico.

Louisiana offers a 25 percent motion picture investor tax credit, a 10 percent Louisiana employment tax credit and 15 percent sound recording, digital media and infrastructure tax credits. New Mexico offers a 25 percent film production rebate and a film investment loan for up to \$15 million per project.

Meanwhile, Utah offers a 10 percent rebate for every dollar spent in Utah, a sales tax exemption on film equipment bought here and a rebate on hotel taxes for crew. For directors like Catharine Hardwicke, a Sundance film juror who hopes to begin filming a movie set in southern Utah in May, it's better to go to New Mexico.

"Since they gave better tax incentives, it's more affordable," she said. "They've got a pretty amazing visionary program to bring more films to the state. ... I've been hoping Utah gets going and gets as innovative as the incentives in New Mexico and Louisiana."

Utah's incentives aren't likely to change anytime soon. But Gov. Jon Huntsman is hoping to increase the amount of money the state provides for its program from \$1 million to \$5 million. Syrett said the state promised this year's \$1 million allotment to filmmakers three months before the money was even available.

"With the \$5 million that the governor recommended, we'd be able to be busy like that every month," he said. But for now, Utah isn't. Nobody is filming in the state. "We ran out of money," he said.

Veteran Chicago entertainment lawyer Corkey Cederal, in town giving a speech on federal film incentives, says states either need to get serious about giving large incentives or not bother. In his estimation, Utah isn't making the cut. The serious states offer at least a 20 percent rebate or tax credit, he said.

"For any state to offer a very little incentive ... is like someone being a little bit pregnant. They should decide they don't want to offer any incentives or they should really come with a reasonable incentive," he said.

For years, many states didn't offer incentives. But in the 1990s production crews began heading to Canada and other countries that were offering incentives in droves.

At its peak in 1993, North Carolina reported film production crews spent \$503 million there. By 2004, the most recent year for which statistics are available, it was down to \$235 million.

Armed with state tax incentives signed into law in August, Beth Petty, director of the Charlotte (N.C.) Regional Film Commission, said her state is starting to rebound. She's attending her first Sundance Film Festival in hopes of wooing filmmakers back to her region by telling anyone she meets about the \$50 million the state has set aside for tax credits for filmmakers. She also promotes four counties in South Carolina, which offers cash rebates of 20 percent on wages and 30 percent on supplies.

"It is one of the first questions they ask. Obviously they need to know if the locations are there and they're able to find everything in their region, but they're very interested in the incentives," she said. "We're seeing a lot more interest."

So, too, is Washington state. Few areas may have been hit harder by "runaway productions" because of its proximity to Vancouver, British Columbia. "We went from \$50 million a year to \$9 million. That's the impact Vancouver had on us since 2001," said Washington Film Commissioner Suzy Kellett.

But like North Carolina's Petty, Kellett came to Sundance with a new incentive package, offering a 20 percent rebate on everything a production crew spends money on in the state. The state isn't shy about the \$3.5 million package either, hosting multiple parties and dinners for filmmakers during Sundance to spread the word.

About three dozen states offer some sort of incentive to film crews - and others are looking to get in. Neighboring Wyoming is considering offering up to a 15 percent rebate on production costs incurred in the state, with lawmakers hoping the \$1 million program would diversify the state's energy-dependent economy.

For Syrett, it's another competitor he'll likely have to worry about. But for now, working long days, playing host to Sundance and the incentive program Utah has in place are paying dividends. He's received a couple scripts already.

"It's an industry event that we have to take advantage of. If we didn't take advantage each year we'd be missing out big time on crucial business," he said.