

Texas Moving Image Industry Incentive Program

2014 Update

Prepared for the
Texas Association of Business

By the
Bureau of Business Research
IC² Institute
The University of Texas at Austin

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The Bureau of Business Research, IC² Institute, The University of Texas at Austin

The Bureau of Business Research (BBR) was established in 1926 to provide small business owners and policymakers with applied economic research and data to strengthen the state's business environment. Throughout its history, the Bureau and its work have been characterized by objectivity and independence. The Bureau's prolific publications include *Texas Business Review*, the *Texas Business Leader's Confidence Index*, and numerous economic assessments and program evaluations. The IC² Institute was established in 1977 with the vision that science and technology are resources for economic development and enterprise growth. In addition to the BBR, the Institute oversees several targeted research programs that include the Austin Technology Incubator (with industry-specific incubation assistance for business start-ups in the software, clean energy, wireless, and bioscience technology sectors), and the Global Commercialization Group. The IC² Institute is directed by Dr. Robert A. Peterson.

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Introduction

This study updates elements of the Bureau's 2011 report, "Texas Moving Image Industry Incentive Program: The Economic Benefits from Incentives." Parts of the current study were presented during hearings of various committees of the 83rd Texas Legislature, which appropriated \$95 million for the Texas Moving Image Industry Incentive Program during the 2013-2015 biennium. The Texas Film Commission, which administers the Program, was able to provide the research team with Program data through the end of fiscal year 2012. The Texas Association of Business sponsored the study. Study findings are organized around 8 key research tasks:

1. Summary and IMPLAN economic impact analysis of key Incentive Program data, FY 2006-2012
2. Comparison of Texas Incentive Program to Other Key State Programs (NM, LA, GA, NC, NY)
3. IMPLAN comparison of the size of Texas Moving Image Industry with similarly sized Texas industries
4. Production losses to other states
5. Projected economic impacts of Incentive Program scenarios
6. Comparison of production schedules and expenditure categories by industry segment (feature films, television shows, and video games)
7. Eligible and ineligible expenditures by industry segment
8. "Frequent Filers": The top participants in the Incentive Program

Task #1: Summary and IMPLAN Analysis of Key Incentive Program Data, FY 2006-2012

The Texas Film Commission (TFC) provided data on moving image production in the state of Texas related to the Texas Moving Image Industry Incentive Program. These data included project classification, status of application, project location, application date, principal start date, completion date, resident employment and FTE conversion, wages, expenditures in the state, and grant amounts related to approved projects. Projects were sorted by application fiscal year. For the purpose of the analysis, project expenditures, employment, and grants were summed by application fiscal year. Wage and expenditure information was provided for projects that had been audited and paid under the Incentive Program. Nearly 82% of the projects from fiscal year 2007 to 2012 had wage data, and 80% had expenditure data. The remaining projects have been approved for incentives, but have not yet been paid either due to the audit process or due to ongoing production. For these projects, the expected Texas spending amount from the application was allocated to labor and expenditures based on the ratio for all paid projects.

Data from the TFC were coupled with publically available secondary data on labor, wages, and output to analyze the economic impact of moving image production activity in the state of Texas. Impacts are displayed at the state level. The TFC identified moving image production expenditures and jobs. This information was analyzed using the input-output economic modeling tool IMPLAN to understand the broader impact on Texas industries. This tool, as well as the accompanying 2010 multipliers, social accounting matrices, and trade flows, allow for economic analysis of the moving image production industry and other related industries. The analysis is unique to the economic activity in the state of Texas. Results are disseminated in terms of direct, indirect, and induced impacts on output, employment, and wages.¹ IMPLAN uses a 440 industry matrix, allowing for detailed industry analysis. Moving image spending was categorized into sector 346—motion picture and video industries. The research team aggregated results from the 440 industries into two-digit NAICS categories.

In addition, the fiscal impacts for state and local areas are presented in the analysis. IMPLAN incorporates data compiled from the National Income and Product Accounts (NIPA) and the Regional Economic Information System (REIS), both produced by the Bureau of Economic Analysis; the Consumer Expenditure Survey (CES), produced by the Bureau of Labor Statistics (BLS); and the Census Bureau's Annual Survey of State and Local Government Finances (SLGF). The tax impact estimates industry-specific taxes as well as aggregated taxes for households and government.

The research team also estimated the percentage of sales and property taxes derived from state versus local sources. This was done by examining employment and wages and by estimating personal expenditures (*i.e.*, consumption).

¹Induced refers to the impacts from households. For this study, indirect and induced are occasionally aggregated and referred to as "indirect."

Components of consumption lead to public revenues, including sales taxes, property taxes, fees, and licenses (Texas does not have income taxes). Expenditures and taxes were estimated using rates and values acquired from a multitude of sources, including the Texas Comptroller of Public Accounts, the U.S. Census Bureau, the Bureau of Labor Statistics, and individual county assessor websites.

Texas Moving Image Production and Grants

The Texas Film Commission awarded \$74.8 million in audited and committed incentives to 521 projects between June 22, 2007 and August 28, 2012, resulting in \$640.7 million in direct spending in Texas (see Tables 1 and 2). Nearly 67% of this spending was on labor for an estimated 9,688 full-time equivalent (FTE) employees over the six-year period. Activity peaked in fiscal 2010, with \$194.9 million in spending, 30.4% of total spending.

Table 1. Total Number of Funded Applications to the Incentive Program, FY 2006-2012

Industry Segment	#
Feature film	45
Television program	24
Video Game	100
Reality Television project	18
Television Commercial	323
Visual Effects – Feature Film	4
Visual Effects – Television program	1
Visual Effects – Commercial	6
Total	521

Table 2. Total Moving Image Production, FY2007–2012²

Fiscal Year	FTE Total	Labor (\$ millions)	Expenditures (\$ millions)	Total Texas Direct Spending (\$ millions)	Incentive Grant Amt (\$ millions)
2007	1,102	28.8	16.3	45.1	2.4
2008	1,150	46.6	33.1	79.8	4.2
2009	1,086	48.9	15.5	64.4	5.6
2010	3,314	138.5	56.4	194.9	31.1
2011	1,934	110.0	57.1	167.1	19.6
2012	1,103	58.9	30.6	89.5	12.0
Total	9,688	431.7	209.0	640.7	74.8

Qualified productions include:

- Feature Film
- Reality Television Project
- Television Commercial
- Television Program
- Video Game
- Visual Effects Project - Commercial
- Visual Effects Project - Feature Film
- Visual Effects Project - Television Program

From FY2007–2012, television programs received the greatest share of grants (46.2%), followed by feature films (25%), and video games (18.4%).

²Spending reported by the Texas Film Commission for the period June 22, 2007 to August 28, 2012.

Economic Impact

Based on approved applications, the TFC reported \$640.7 million in direct moving image production spending in Texas associated with the Texas Moving Image Industry Incentive Program from June 22, 2007, to August 28, 2012. Texas resident employees totaled 9,688 full-time equivalents (FTEs) over the analysis period.

This direct spending in the state of Texas circulates through other industries in the supply chain, ranging from real estate and wholesale trade, to food services and health care. These “multiplier” effects bring the total economic benefits of moving image production to more than \$1.3 billion in direct and indirect economic activity in Texas from fiscal year 2007 through fiscal year 2012.³ Of this, the 15,063 Texas FTEs earned an estimated \$656.1 million over the analysis period (see Table 3).

Table 3. Total Moving Image Production Impact, FY2007–2012⁴

Impact Type	Output (millions)	Labor Income (millions)	FTE Employment (Total)
Direct Effect	\$640.7	\$427.3	9,688
Indirect Effect	\$165.4	\$58.3	1,378
Induced Effect	\$514.3	\$170.5	3,997
Total Effect	\$1,320.4	\$656.1	15,063

Fiscal Impact

Tables 4 – 12 (pages 4, 5) present Texas Film Commission economic impact data by specific types of moving image production. These types of productions include projects Commercials (formerly “Television Commercials from 2007-2009), Feature Films, Reality Television shows, Television programs, Video Games, and a variety of qualified Visual Effects projects. Tables 13 – 15 (pages 6, 7) present moving image Incentive Program economic impacts for FY 2007 through 2012. Fiscal benefits associated with Texas moving image production range from sales and use taxes to property taxes. Given the natural stratified tax environment (federal, state, local, special districts, and school districts), the benefits are far reaching and vary by level of government. Only nonfederal revenues were estimated in this analysis.

From 2007 to 2012, an estimated \$58.9 million in state and substate tax revenue was associated with spending by the moving image production industry, supply chain, and related employees. Analysis of taxes attributable to sales and property in the state suggests that an estimated 27% may be attributable to state taxes, while the remaining 73% may be attributable to counties, cities, school districts, transit districts, community colleges, and special districts.⁵

Over the same period, the TFC reported \$74.8 million in tax incentives provided or committed to moving image production. The state, counties, cities, school districts, transit districts, community colleges, and special districts received \$0.787 of every \$1.00 paid in incentives based on direct economic activity.

With this type of work, there are instances of increased costs of providing government services, such as the additional presence of police protection or traffic diversion, but it is assumed that these are direct fee-for-services that offset the costs.

³These impacts are expressed in nominal terms, June 22, 2007, to August 28, 2012.

⁴These impacts are expressed in nominal terms, June 22, 2007 to August 28, 2012.

⁵Based on a bottom-up approach estimating direct and indirect sales taxes attributable to operations and off-site employee expenditures and of property taxes attributable to employees.

Recorded TFC Activity by Production Type

Table 4. Commercial TFC Activity

Year	Employment (FTE)	Labor (\$ millions)	Expenditures (\$ millions)	Total Texas Spend (\$ millions)	Incentive Size (\$ millions)
2009	18	1.7	3.2	5.0	0.3
2010	48	5.4	5.6	11.0	0.7
2011	54	6.5	6.2	12.7	0.8
2012	62	7.2	5.7	12.9	0.8
Total	182	20.8	20.8	41.5	2.6

Table 5. Feature Film TFC Activity

Year	Employment (FTE)	Labor (\$ millions)	Expenditures (\$ millions)	Total Texas Spend (\$ millions)	Incentive Size (\$ millions)
2008	562	20.8	18.2	39.0	2.1
2009	17	0.5	0.7	1.2	0.1
2010	467	28.8	20.8	49.6	8.4
2011	296	32.5	12.0	44.4	7.1
2012	121	8.6	4.1	12.7	1.7
Total	1,463	91.2	55.8	147.0	19.4

Table 6. Reality Television Project TFC Activity

Year	Employment (FTE)	Labor (\$ millions)	Expenditures (\$ millions)	Total Texas Spend (\$ millions)	Incentive Size (\$ millions)
2008	23	1.1	0.8	1.8	0.1
2009	15	1.8	0.4	2.2	0.1
2010	19	2.0	2.4	4.4	0.3
2011	146	2.1	3.8	5.9	0.3
2012	130	3.2	1.6	4.8	0.3
Total	332	10.2	8.9	19.2	1.2

Table 7. Television Commercial TFC Activity

Year	Employment (FTE)	Labor (\$ millions)	Expenditures (\$ millions)	Total Texas Spend (\$ millions)	Incentive Size (\$ millions)
2007	12	1.4	2.4	3.8	0.2
2008	106	7.5	9.7	17.2	0.9
2009	17	1.6	2.0	3.6	0.2
Total	135	10.5	14.1	24.6	1.3

Table 8. Television Program TFC Activity

Year	Employment (FTE)	Labor (\$ millions)	Expenditures (\$ millions)	Total Texas Spend (\$ millions)	Incentive Size (\$ millions)
2007	989	24.1	12.9	36.9	1.9
2008	195	9.7	4.4	14.1	0.7
2009	484	14.7	2.5	17.2	3.0
2010	2,110	62.8	17.1	79.9	18.2
2011	759	24.1	12.3	36.4	6.8
2012	175	9.8	4.7	14.6	4.2
Total	4,712	145.2	53.9	199.0	34.8

Table 9. Video Game TFC Activity

Year	Employment (FTE)	Labor (\$ millions)	Expenditures (\$ millions)	Total Texas Spend (\$ millions)	Incentive Size (\$ millions)
2007	78	2.2	0.3	2.5	0.1
2008	287	8.6	0.9	9.5	0.5
2009	534	28.7	6.6	35.3	1.9
2010	560	36.9	5.6	42.5	2.5
2011	529	39.7	17.3	57.0	3.1
2012	615	30.1	14.4	44.5	5.1
Total	2,604	146.1	45.2	191.2	13.2

Table 10. Visual Effects Project – Commercial TFC Activity

Year	Employment (FTE)	Labor (\$ millions)	Expenditures (\$ millions)	Total Texas Spend (\$ millions)	Incentive Size (\$ millions)
2010	22	0.7	0.0	0.7	0.0
2011	0	0.0	0.1	0.1	0.0
Total	22	0.7	0.0	0.7	0.0

Table 11. Visual Effects Project - Feature Film TFC Activity

Year	Employment (FTE)	Labor (\$ millions)	Expenditures (\$ millions)	Total Texas Spend (\$ millions)	Incentive Size (\$ millions)
2010	86	1.8	4.3	6.1	0.8
2011	150	5.2	5.4	10.6	1.4
Total	236	7.0	9.7	16.7	2.3

Table 12. Visual Effects Project - Television Program TFC Activity

Year	Employment (FTE)	Labor (\$ millions)	Expenditures (\$ millions)	Total Texas Spend (\$ millions)	Incentive Size (\$ millions)
2010	1	0.2	0.5	0.7	0.1
Total	1	0.2	0.6	0.8	0.1

Grand total of incentives across all projects: \$74.8 million

Incentive Program Economic Impact Results by Industry

Table 13. Total Employment, FY2007-2012⁶

NAICS	Sector	Direct	Indirect	Induced	Total
11	Agriculture, Forestry, Fishing and Hunting	0	0	34	35
21	Mining	0	1	9	11
22	Utilities	0	4	15	19
23	Construction	0	16	33	50
31-33	Manufacturing	0	28	63	96
42	Wholesale Trade	0	8	120	128
44-45	Retail Trade	0	3	734	737
48-49	Transportation and Warehousing	0	73	115	187
51	Information	9,688	369	68	10,126
52	Finance and Insurance	0	69	391	461
53	Real Estate and Rental and Leasing	0	128	212	340
54	Professional, Scientific, and Technical Services	0	222	171	393
55	Management of Companies and Enterprises	0	12	14	26
56	Admin and Support and Waste Mgmt Services	0	271	213	484
61	Educational Services	0	0	111	111
62	Health Care and Social Assistance	0	0	731	731
71	Arts, Entertainment, and Recreation	0	96	117	213
72	Accommodation and Food Services	0	38	440	478
81	Other Services (except Public Administration)	0	27	360	387
92	Public Administration	0	7	34	41
NA	Not Classified	0	7	12	13
	Total	9,688	1,378	3,997	15,063

Table 14. Output (in \$ millions), FY2007-2012⁷

NAICS	Sector	Direct	Indirect	Induced	Total
11	Agriculture, Forestry, Fishing and Hunting	0	0	3	3
21	Mining	0	1	4	5
22	Utilities	0	3	11	14
23	Construction	0	2	4	6
31-33	Manufacturing	0	10	43	53
42	Wholesale Trade	0	1	23	24
44-45	Retail Trade	0	0	46	47
48-49	Transportation and Warehousing	0	7	14	22
51	Information	641	46	22	710
52	Finance and Insurance	0	15	79	94
53	Real Estate and Rental and Leasing	0	23	92	115
54	Professional, Scientific, and Technical Services	0	29	21	50
55	Management of Companies and Enterprises	0	2	2	4
56	Admin and Support and Waste Mgmt Services	0	14	13	27
61	Educational Services	0	0	7	7
62	Health Care and Social Assistance	0	0	69	69
71	Arts, Entertainment, and Recreation	0	5	6	11
72	Accommodation and Food Services	0	2	24	26
81	Other Services (except Public Administration)	0	3	23	25
92	Public Administration	0	2	8	10
	Total	641	165	514	1,320

⁶ Columns and Rows may not total due to rounding.

⁷ Columns and Rows may not total due to rounding.

Table 15. Labor Income (in \$ millions), FY2007-2012⁸

NAICS	Sector	Direct	Indirect	Induced	Total
11	Agriculture, Forestry, Fishing and Hunting	0	0	0	0
21	Mining	0	0	1	2
22	Utilities	0	1	2	3
23	Construction	0	1	2	2
31-33	Manufacturing	0	2	5	7
42	Wholesale Trade	0	1	10	11
44-45	Retail Trade	0	0	22	22
48-49	Transportation and Warehousing	0	4	7	11
51	Information	427	13	5	444
52	Finance and Insurance	0	4	22	27
53	Real Estate and Rental and Leasing	0	3	5	8
54	Professional, Scientific, and Technical Services	0	16	12	28
55	Management of Companies and Enterprises	0	1	1	2
56	Admin and Support and Waste Mgmt Services	0	9	7	16
61	Educational Services	0	0	4	4
62	Health Care and Social Assistance	0	0	41	41
71	Arts, Entertainment, and Recreation	0	2	2	4
72	Accommodation and Food Services	0	1	8	9
81	Other Services (except Public Administration)	0	1	12	13
92	Public Administration	0	0	2	2
Total		427	58	171	656

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⁸ Columns and Rows may not total due to rounding.

Definitions

Direct Spending: Spending directly undertaken by the group being studied (*i.e.*, moving image production companies).

Employees: The number of FTE employees (full-time equivalent). These are based on data provided by the Texas Film Commission.

Indirect Impact (also known as the **Multiplier Effect**): Captures the rippling impacts of spending throughout a community. This refers to the increase (or decrease) in economic activity generated in the supply chain of the direct industry. **Induced impact** refers to increased spending by households.

Operations: Spending related to the expenses incurred by moving image production companies.

Project Classification: Type of projects, including:

- Television Commercial
- Television Program
- Video Game
- Feature Film
- Reality Television Project
- Visual Effects Project – Commercial
- Visual Effects Project – Feature Film
- Visual Effects Project – Television Program
- Educational or Instructional Video

Task #2: Comparison of Texas Incentive Program to Other Key State Programs

Table 16. Incentive Comparisons: TX, NM, LA, GA, NC, NY

States	Population (as of 7/1/12)	Appropriation Level (Total)	Appropriation Level (Per Capita)	Number of Projects (Total)	Total Incentive Grant (Total)	Total Incentive Grant (Per Capita)
				521	\$ 83,653,000	
TX	26,059,203	\$32M ('12-'13 Biennium)	\$1.23	(FY '07-'08 thru FY '11-'12)	(FY '07-'08 thru FY '11-FY'12)	\$3.21 (5 years); \$0.47 (FY '11-'12)
NM	2,085,538	\$50M Annual	\$24.00	61	Actual Payout: \$9,500,000	\$4.56
LA	4,601,893	No Annual Cap	No Annual Cap	150	Actual Payout: \$231,000,000	\$50.20
GA	9,919,945	No Annual Cap	No Annual Cap	333	Direct Spend: \$879,800,000	\$88.70
NC	9,752,073	No Annual Cap	No Annual Cap	21	Actual Payout: \$30,344,798	\$3.11
NY	19,570,261	\$420M Annual	\$21.46	228	Actual Payout: \$233,540,825 (FY '10)	\$11.93 (FY '10)

Task #3: IMPLAN Comparison of the Size of the Entire Texas Moving Image Industry (including, but not limited to, incentivized productions) with similarly sized Texas industries to show its relative importance to the overall Texas economy

Industry Employment, Wages, and GDP

Public statistics on the moving image production industry are available at varying levels of detail by the Bureau of Labor Statistics, the U.S. Census Bureau, and the Bureau of Economic Analysis.

While the Bureau of Labor Statistics provides employment, firms, and earnings information on the Motion Picture and Video Industry (NAICS 5121), the data are limited to total nonfarm wage and salary employment. Thus sole proprietors are excluded. Labor data are provided on a headcount basis for full-time, part-time, and temporary workers. The Texas Film Commission adjusts its incentive statistics to present data as full-time equivalent workers, rather than as a headcount, rendering the data incomparable. Despite this, comparing salary data with employment data suggests the TFC is incentivizing a minority share of industry jobs in the state.

The Bureau of Labor Statistics Quarterly Census of Employment and Wages data through 2013 (most current full-year data available) details 983 firms in Texas employing 19,057 workers earning \$472.3 million in 2013 in the Motion Picture and Video Industry, defined as “establishments primarily engaged in the production and/or distribution of motion pictures, videos, television programs, or commercials; in the exhibition of motion pictures; or in the provision of postproduction and related services,” (see Table 17). Based on this data source, employment made modest, but steady, gains from 2007 through 2013.

Table 17. Nonfarm Employment, Motion Picture and Video Industry, Texas

Year	Firms	Employment	Wages (\$ millions)	Average Wages
2007	912	14,631	\$388.2	\$26,533
2008	888	14,548	\$374.3	\$25,732
2009	862	15,037	\$421.0	\$27,998
2010	866	15,145	\$411.4	\$27,164
2011	878	15,247	\$417.6	\$27,386
2012	911	16,567	\$472.8	\$28,538
2013	983	19,057	\$529.3	\$27,773

Source: Bureau of Labor Statistics, QCEW.

The U.S. Census Bureau publishes data on firms and receipts of “nonemployers,” which can generally be thought of as self-employed individuals operating small businesses without paid employees. Those data, which lag data from the Bureau of Labor Statistics, document an additional 5,402 self-employed individuals working in the Motion Picture and Video Industry in 2012 (most current available data, as seen in Table 18). Coupled with employer data, these nonemployer data would bring the total 2012 employment to 24,459 for the industry.

Table 18. Nonemployer Statistics, Motion Picture and Video Industries, Texas

Year	Firms	Receipts (\$1,000)
2007	4,317	\$115,170
2008	4,544	\$122,226
2009	4,529	\$123,487
2010	4,784	\$131,771
2011	3,298	\$108,219
2012	5,402	\$159,188

Source: U.S. Census Bureau.

The Bureau of Economic Analysis provides a more comprehensive estimate of industry employment based on wage and salary employment and sole proprietors, but the estimate includes the sound recording industry in addition to

motion picture and video industry data for a total of 23,488 jobs in 2012 (see Tables 19 and 20). This figure for total industry employment is conservative, given the difficulty of capturing employment data from payroll services firms that assemble production crews for television series and feature films on behalf of productions and studios.

Table 19. Motion Picture and Sound Recording Employment, Texas, 2005-2012

Metric	2005	2006	2007	2008	2009	2010	2011	2012
Employment	21,299	21,435	21,086	21,081	21,201	21,438	22,125	23,488

Source: Bureau of Economic Analysis, SA25N total full-time and part-time employment by NAICS industry.

Table 20. Employment Growth Rates, Ending 2012

Region/Industry	10-Year CAGR	5-Year CAGR	1-Year
Texas/Motion picture and sound recording	1.3%	2.2%	6.2%
U.S./Motion picture and sound recording	0.7%	0.6%	2.9%

Note: Data ending 2012.

Source: Bureau of Economic Analysis, SA25N total full-time and part-time employment by NAICS industry.

Gross domestic product (GDP) is an inclusive tally of the value of goods and services produced in the state. Again, looking at the slightly broader industry data including sound recording, industry GDP totaled \$3.08 billion in Texas in 2012 (most current available data, as seen in Tables 21 and 22).

Table 21. Texas GDP, Motion Picture and Sound Recording

Metric	2005	2006	2007	2008	2009	2010	2011	2012
GDP (\$ millions, nominal)	1,897	2,059	2,299	2,219	2,647	2,856	2,896	3,081

Note: Data ending 2012.

Source: Bureau of Economic Analysis.

Table 22. GDP, Motion Picture and Sound Recording Growth Rate, Texas and the United States

Region	GDP (\$ millions)	5-Year CAGR	1-Year
Texas	Nominal	6.0%	6.4%
United States	Nominal	9.0%	4.6%

Note: Data ending 2012.

Source: Bureau of Economic Analysis.

Comparative Industries

Few industries are close in proximity to the size of the moving image industry in Texas. However, as a point of comparison, GDP data from the Bureau of Economic Analysis for 2012 show the value of goods and services produced by the Miscellaneous Manufacturing industry sector totaled \$2.97 billion, whereas the Motion Picture and Sound Recording industry sector totaled \$3.08 billion. Slightly larger than the moving image industry were the Mining (except oil and gas) industry sector (\$3.48 billion) and the Amusements, Gambling, and Recreation industry sector (\$3.88 billion). Of these industry sectors, Motion Picture and Sound Recording registered the second highest GDP per employee after Mining (see Table 23).

Table 23. Comparable Texas Industries, GDP, Employment, and GDP per Employee, 2012

Industry	GDP (\$ millions, nominal)	Employment	GDP per Employee
Miscellaneous manufacturing	\$2,970	37,358	\$79,501
Motion picture and sound recording	\$3,081	23,488	\$131,173
Mining (except oil and gas)	\$3,478	13,898	\$250,252
Amusements, gambling and recreation	\$3,881	112,034	\$34,641

Source: Bureau of Economic Analysis.

Other, much larger industries that are capital intensive (mining, including oil and gas extraction) or labor intensive (retail) have demonstrated varying levels of GDP per worker (see Table 24).

Table 24. Select Texas Industries, GDP, Employment, and GDP per Employee, 2012

Industry	GDP (\$ millions, nominal)	Employment	GDP per Employee
Motion picture and sound recording industries	\$3,081	23,488	\$131,173
Retail trade	\$78,995	1,479,672	\$53,387
Construction	\$67,536	930,944	\$72,546
Professional, scientific, and technical services	\$148,442	972,596	\$152,625
Finance and insurance	\$196,502	922,720	\$212,960
Mining	\$190,161	435,004	\$437,148

Source: Bureau of Economic Analysis.

Using IMPLAN mapping of the local supply chain and industry relationships, these industries can be compared based on a normalized progression of output (e.g., total output based on \$10 million in direct industry sales), as seen in Table 25.

Table 25. Total Multiplied Impact of \$10 Million in Industry Sales in Texas by Selected Industry (2013 nominal \$)

Industry	Employment	Labor Income	Output
Motion picture and sound recording industries	151	\$4,946,642	\$16,301,451
Retail trade	221	\$8,307,425	\$20,061,714
Construction	128	\$6,574,382	\$19,319,492
Professional, scientific, and technical services	143	\$9,243,831	\$19,919,303
Finance and insurance	127	\$7,022,250	\$21,773,447
Mining	65	\$5,685,300	\$16,908,601

Task #4: Production Losses to Other States

This section highlights moving image projects that considered locating in Texas but chose production sites in other states, usually, but not always, because of more generous incentives and flexible incentive program regulations offered elsewhere. The short cases presented below are based on interviews the research team conducted with two producers, one of whom requested anonymity.

Case 1

In 2012 a large-budget action/adventure film was filmed in four western states. New Mexico was the project's home base, Utah served as the location for a large number of scenes, and a limited number of locations were used in Colorado and Arizona.

This studio's decision-making about locations was straightforward. First and foremost, the location had to be acceptable to the film's creative team. Then, from the pool of possible locations, producers analyzed financial considerations. For this particular production, the studio needed many western locations, and Texas certainly qualified as a possible location. Because of its relatively lower state incentives, however, Texas was considered but ultimately dropped.

Texas incentive requirements proved unsatisfactory in several respects. First, the Texas statutory requirement that 60% of the entire production occur within the state was considered too high for a film likely to be shot in many locations. Second, the minimum threshold of 60% added uncertainty at a point in time before many detailed production decisions were finalized. According to its representative, the studio was unsure what would happen if, when production was complete, it was determined that only 58% occurred in Texas. Even if this uncertainty could have been addressed, the Texas incentives were viewed as uncompetitive vis-à-vis other western states. For a large production, a difference in incentive rates yields material savings. For all these reasons, the decisions to film primarily in New Mexico and three other western states and not in Texas were financial calculations, once all were deemed acceptable in terms of the creative standard.⁹

This studio's productions are quite varied, with some being as small as \$4 million and others surpassing \$200 million. For all films, the studio representative believed a state must offer three essentials:

- a. Good crew base
- b. Competitive incentives
- c. Necessary infrastructure (soundstages, etc.)

Texas certainly has "a" and probably "c," but the studio decided that Texas did not have "b" for this very large production.

Additionally, this studio decided to shoot a television pilot revolving around a female law enforcement officer. However, if the series is picked up for production, in all likelihood the series will not be shot in Texas, according to the studio representative, because of Texas' modest incentive rates compared to other locations.

One other important point was cited as potentially being a negative for Texas in the future. While Texas may have some unique locations, it was noted that sometimes a state's unique, locational advantages now can be mitigated, in part, by digital effects. A very limited amount of production can occur in one state, and then digital effects can be used as backdrops in most of the rest of the production, which is filmed in another location. In the future, digitization may work against Texas because there is less need to shoot in unique locations, and digitization may place more emphasis on a state's financial incentives.

⁹ No incentives were received on this production from Colorado or Arizona. While detailed information was unavailable about why these locations were chosen, the studio executive suggested that either these states offered particularly unique locations and/or the extent of production was very limited.

Case 2

David Lowery, a Dallas-based filmmaker, recently won an award at a Sundance festival for “Ain’t Them Bodies Saints,” a full-length feature film with a Texas Hill Country theme. The film begins with images that signal to the viewer that the movie is a Texas-based story. While several scenes and exteriors in the Hill Country were shot on location, almost all of the production occurred in Shreveport because of Louisiana’s more generous film incentives. According to the filmmaker, “I was heartbroken at having to shoot the movie outside of my home state....”

The original plan was to shoot a very modest production (costing approximately \$1 million) in Texas, and locations were scouted in the Hill Country. Ultimately the production grew to several times the original estimate and outside financial partners agreed to participate if, and only if, the production occurred in either Louisiana or one other location that could approximate Texas scenically. The choice was straightforward—either agree to the conditions on financing or not move forward with the larger production.

Although the filmmaker, actors, equipment vendors, and some crew members were Texas-based, two financial issues ruled out filming in Texas. First, the Texas incentives were lower than those in Louisiana. Second, the financial partners did not believe there was an absolute guarantee that the incentives would be paid, due to the negative publicity from an action several years ago when incentives were denied for a film deemed highly critical of Texas.

In the future, this filmmaker hopes to create a network of Texas business partners that is willing to reduce the importance of incentives in locational decisions. Until that occurs, he said incentives will almost always dictate where larger productions will locate.

Shortly after receiving the Sundance award, “Ain’t Them Bodies Saints” was picked up by IFC for domestic distribution, with the Weinstein Company purchasing the rights for international distribution.

Task #5: Projected Economic Impacts of Incentive Program Scenarios

Future impacts related to Texas film incentives depend on funding. This section analyzes the total impacts of the film industry that can be traced to film incentives based on four scenarios ranging from \$32 million to \$112 million in incentives per biennium. While the IMPLAN model captures the relationship between industries in Texas in 2010, the underpinnings of the model are fixed, and the outputs are linear. These estimates provide a glimpse into expected economic activity, holding a number of factors constant. In actuality, some dynamic pressures are at play given supply constraints. For instance, a hypothetical shortage of qualified workers would result in some upward wage pressure and in-migration of workers to fill positions in order to achieve comparatively high levels of output. Likewise, if local production rental businesses could not fulfill the demand for high levels of production called for by large incentives, there would be immediate price pressures, reactionary imports, and business growth in these sectors.

When attempting to understand how incentives are likely to perform over the coming years, it is instructive to look at incentives from FY2007–FY2012. During this period, the Texas Film Commission recorded incentives between 5.0% and 29.25% of total Texas spending on qualified purchases (including labor) by projects that were awarded incentive grants. As written, incentives range 5%–17.5% for eligible Texas spending and 8%–29.25% for eligible Texas labor expenditures. To receive incentives, productions must submit evidence of Texas spending, which is then audited prior to payment. Therefore, the activity demonstrates actual, measured activity in direct relation to film incentives (see Table 2, p. 2; and Table 26, below).

Table 26. Incentive Metrics, FY2007–2012

Metric	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
TX Direct Spending per Incentive Dollar	\$19.08	\$18.77	\$11.50	\$6.27	\$8.55	\$7.46
Incentives per Qualified FTE	\$2,143.50	\$3,695.24	\$5,158.12	\$9,376.13	\$10,108.70	\$10,868.61
Direct Earnings per Qualified FTE	\$26,097.27	\$40,545.25	\$45,077.54	\$41,793.85	\$56,874.00	\$53,415.34

Examining the ratios over time suggests a ramping up period, where qualified expenditures lagged, leading to comparatively high levels of spending per incentive dollar in Texas in the early years of the Incentive Program compared to FY2009–FY2012. For purposes of projecting activity into the future, total spending was divided by total expenditures from FY2009–FY2012, because this allowed for a multiyear average of years that demonstrated stabilization. Likewise, incentives per qualified FTE showed stability from FY2010–FY2012, becoming the benchmark for future years. Average wages constituted the only metric where the previous year was an indicator for future years since average industry wages in the market are less volatile than employment itself. Wages were projected to grow at a simple rate of inflation.

Economic activity resulting from incentives of \$32 million, \$62 million, \$82 million, and \$112 million per biennium (\$16 million, \$31 million, \$41 million, and \$56 million per year) is presented in four scenarios (see Tables 27 to 31). It should be noted that three of the past five years recorded granted incentives of less than \$16 million, and FY2010 and FY2011 recorded granted incentives of \$34.7 million and \$20.8 million, respectively.

Assuming the TFC awards \$32 million in incentives per biennium, the state would record \$1.17 billion in output over the five fiscal years 2014–2018, counting direct and indirect impacts. Total employment for the five-year period would be 12,500 jobs and \$668.9 million in wages. Growing these incentives to \$112 million per biennium, output would total \$4.08 billion over the five fiscal years, with employment impacts of 43,731 and wage impacts of \$2.34 billion. This assumes that the film commission could successfully sell incentives 61% in excess of the FY2010 record and no supply constraints. Total impacts are summarized in Table 27, and detailed results may be found in “Forward Looking Results.”

Table 27. Total Moving Image and Film Production Scenario Impacts, FY2014–FY2018 (\$millions, except for employment)

Impact	Scenario 1 \$32M/Biennium	Scenario 2 \$62M/Biennium	Scenario 3 \$82M/Biennium	Scenario 4 \$112M/Biennium
Output	\$1,166.6	\$2,258.9	\$2,987.5	\$4,080.5
Employment	12,500	24,207	32,019	43,731
Earnings	\$668.9	\$1,294.3	\$1,711.8	\$2,338.1
Total Taxes	\$52.0	\$100.7	\$133.2	\$182.0
State Taxes	\$15.7	\$30.5	\$40.3	\$55.1

Forward Looking Results

Tables 28 to 31 show different biennial Incentive Program sizes and their economic impact. In these tables, “Output” is the total production value of goods and services including intermediate good purchased, and value added. “Value Added” is total output minus intermediate inputs.

Table 28. \$32 Million Total Moving Image and Film Production Incentives, FY2014–FY2018 (\$millions, except for employment)

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	7,890	\$452.5	\$617.4	\$524.7
Indirect Effect	913	\$42.5	\$77.4	\$127.1
Induced Effect	3,697	\$173.9	\$321.0	\$514.7
Total Effect	12,500	\$668.9	\$1,015.8	\$1,166.6
Average per Year	2,500	\$133.8	\$203.2	\$233.3

Table 29. \$62 Million Total Moving Image and Film Production Incentives, FY2014–FY2018 (\$millions, except for Employment)

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	15,285	\$875.5	\$1,194.9	\$1,016.7
Indirect Effect	1,768	\$82.4	\$150.0	\$246.2
Induced Effect	7,154	\$336.4	\$621.1	\$996.0
Total Effect	24,207	\$1,294.3	\$1,966.0	\$2,258.9
Average per Year	4,841	\$258.9	\$393.2	\$451.8

Table 30. \$82 Million Total Moving Image and Film Production Incentives, FY2014–FY2018 (\$millions, except for employment)

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	20,220	\$1,157.9	\$1,580.3	\$1,344.7
Indirect Effect	2,338	\$109.0	\$198.4	\$325.7
Induced Effect	9,461	\$444.9	\$821.5	\$1,317.2
Total Effect	32,019	\$1,711.8	\$2,600.2	\$2,987.5
Average per Year	6,404	\$342.4	\$520.0	\$597.5

Table 31. \$112 Million Total Moving Image and Film Production Incentives, FY2014–FY2018 (\$millions, except for employment)

Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	27,615	\$1,581.5	\$2,158.5	\$1,836.6
Indirect Effect	3,194	\$148.9	\$271.0	\$444.8
Induced Effect	12,923	\$607.7	\$1,122.0	\$1,799.1
Total Effect	43,731	\$2,338.1	\$3,551.5	\$4,080.5
Average per Year	8,746	\$467.6	\$710.3	\$816.1

Task #6: Comparison of production schedules and expenditure categories among industry segments (feature films, television shows, and video games)

This section compares representative incentivized projects of a similar size (approximately \$5 million in direct spending in Texas by incentivized projects) in three industry segments (feature films, television shows, and video games) to illustrate spending patterns on labor and vendors. Included in the analysis is the length of production for each of the selected projects, where available (see Table 32). Each of the projects chosen is assumed to be typical of its industry segment among projects of that size. Project names have been withheld to protect, in some cases, the privacy of individual employees and vendors.

Selecting a television show production in the \$5 million range was a challenge. Half of the television shows participating in the Texas Incentive Program submit only wages and not vendor spending for reimbursement (the other half submit both).

Table 32. Comparison of length of production days and expenses among three industry segments: Feature Films, Episodic Television Shows, and Video Games

	Feature Film Project	Television Show Project	Video Game Project
Production Days/Shoot Days	30	12	629
Eligible Payroll Expenditure	\$4,077,089	\$1,580,049	\$4,690,030
Eligible Vendor Spend	\$937,785	\$984,483	\$85,732
Eligible Total Spend	\$5,014,874	\$2,564,532	\$4,775,762
Ineligible Payroll Expenditure	\$51,530	\$164,706	\$421,466
Ineligible Vendor Spend	\$38,503	\$224,683	\$827,156
Ineligible Total Spend	\$90,033	\$389,389	\$1,248,622
Total Spend Eligible + Ineligible	\$5,104,907	\$2,953,921	\$6,024,384

The following pages provide samples of similarly sized incentivized productions and their expenditure categories (see Tables 33 to 39).

Table 33. Feature Films: Wages (\$)

Job Title	# TX-based	Rate/Hr.	Total			
Performer	42	\$105.60	\$1,064,434.43			
Director	1	\$1,666.67	\$400,000.01			
Producer	3	\$296.88	\$213,750.00			
Class A Driver	8	\$64.56	\$123,953.71			
Production Accountant	2	\$219.60	\$105,410.00			
Editor	3	\$134.72	\$97,000.00			
Unit Production Manager	1	\$340.88	\$81,811.70			
1st Ass't Director	1	\$313.60	\$75,264.38			
Set Dresser	12	\$25.31	\$72,904.77			
Special Equipment	3	\$84.33	\$60,716.51			
Extra	420	\$0.59	\$59,911.61			
Journeyman Electric	14	\$17.03	\$57,213.24			
Captain	4	\$54.59	\$52,403.87			
Ass't Editor	3	\$68.28	\$49,158.32			
Director of Photography	2	\$101.92	\$48,920.08			
Settlement Agreement	1	\$197.92	\$47,500.00			
Composer	1	\$187.50	\$45,000.00			
Camera Operator	7	\$26.58	\$44,654.43			
Pre-Prod'n/Dev't Co-Producer	1	\$185.42	\$44,500.00			
Product'n Ass't	11	\$16.18	\$42,717.76			
Key Grip	6	\$29.65	\$42,696.44			
Location Manager	3	\$55.94	\$40,275.00			
Hair Stylist	2	\$79.13	\$37,984.00			
Journeyman Grip	8	\$18.95	\$36,387.28			
Scenic Artist	4	\$37.85	\$36,334.81			
1st Ass't Camera	4	\$36.44	\$34,981.13			
Key Hair Stylist	3	\$48.04	\$34,588.69			
Gaffer	5	\$28.51	\$34,208.35			
Key 2nd Ass't Director	1	\$142.39	\$34,174.76			
Set Decorator	3	\$42.76	\$30,783.69			
Costume Designer	2	\$63.44	\$30,450.00			
Class B Driver	3	\$41.71	\$30,031.25			
Class C Driver	2	\$61.79	\$29,658.28			
Key Makeup Artist	3	\$40.74	\$29,332.99			
Extras Casting	1	\$120.83	\$29,000.00			
Production Designer	1	\$117.08	\$28,100.00			
Construction Coord.	4	\$29.25	\$28,078.80			
Trans Coord.	1	\$114.00	\$27,360.02			
Best Boy Electric	4	\$27.79	\$26,681.23			
Prop Master	2	\$54.02	\$25,928.41			
Production Office Coord.	2	\$53.20	\$25,534.02			
Ass't Accountant	3	\$35.04	\$25,229.59			
Boom Operator	3	\$33.42	\$24,065.13			
Art Director	3	\$33.14	\$23,861.80			
Still Photographer	2	\$49.38	\$23,702.16			
Best Boy Grip	4	\$24.21	\$23,240.87			
Leadman	2	\$47.86	\$22,971.31			
Recording Mixer Y-1	2	\$47.50	\$22,800.00			
Office PA	2	\$47.42	\$22,763.04			
2nd 2nd Ass't Director	1	\$94.71	\$22,730.96			
Catering Ass't	6	\$15.41	\$22,186.20			
Music Supervisor	1	\$90.63	\$21,750.00			
2nd Ass't Accountant	1	\$88.07	\$21,137.57			
Chef	1	\$86.04	\$20,650.57			
Art Department Coord.	2	\$41.06	\$19,706.71			
Key Costumer	2	\$40.41	\$19,395.87			
1st Aid/Paramedic	2	\$39.77	\$19,089.29			
Key Craft Services	1	\$74.17	\$17,800.11			
Script Supervisor	2	\$35.14	\$16,867.19			
Unit Publicist	1	\$69.69	\$16,726.00			
Costumer	2	\$33.03	\$15,852.86			
Payroll Accountant	1	\$63.04	\$15,130.36			
Set Costumer	2	\$30.57	\$14,671.31			
				<i>(cont'd)</i>		
Ass't Location Manager	1	\$60.30	\$14,472.93			
Sound Mixer	1	\$60.20	\$14,448.00			
Location Ass't	2	\$29.42	\$14,123.55			
Chaffeur	1	\$58.69	\$14,085.76			
Dolly Grip	2	\$27.02	\$12,968.34			
Film/Digital Loader	1	\$53.97	\$12,953.78			
Ass't Prod'n Accountant	2	\$26.02	\$12,489.99			
Caterer	1	\$51.74	\$12,418.42			
Video Ass't	2	\$25.67	\$12,319.34			
On-Set Dresser	2	\$25.06	\$12,029.97			
Ass't POC	1	\$48.06	\$11,533.48			
Sound Editor	1	\$45.00	\$10,800.00			
Journeyman Prop Buyer	1	\$42.81	\$10,273.29			
Consultant on Script	1	\$41.67	\$10,000.00			
Studio Teacher	2	\$19.09	\$9,165.44			
Buyer	2	\$18.98	\$9,112.37			
Prod'n Art Consultant Stull/C	1	\$37.50	\$9,000.00			
Police	16	\$2.25	\$8,653.00			
Greensman	4	\$8.17	\$7,842.82			
Utility	2	\$15.90	\$7,632.63			
Ass't Camera	1	\$31.40	\$7,535.77			
Driver	3	\$9.91	\$7,137.88			
Ass't Production Coord.	1	\$29.63	\$7,111.14			
Special Effects	1	\$29.31	\$7,033.25			
Scheduling Services	1	\$29.28	\$7,028.00			
Accountant	1	\$29.00	\$6,960.00			
Set Painter	1	\$27.89	\$6,693.56			
Singer	6	\$4.40	\$6,341.76			
Carpenter	3	\$8.47	\$6,095.98			
Head Hair Stylist	1	\$24.63	\$5,910.00			
Key Special Effects	3	\$8.15	\$5,870.02			
Property Person	1	\$22.94	\$5,506.66			
Key PA	1	\$22.09	\$5,302.42			
Painter	1	\$21.16	\$5,079.42			
Set PA	2	\$10.24	\$4,917.42			
Construction Foreman	1	\$20.06	\$4,814.70			
Set Builder	3	\$6.54	\$4,710.53			
Grip	3	\$6.41	\$4,618.58			
Sculptor	2	\$8.88	\$4,260.28			
Ass't Prop Master	2	\$8.82	\$4,233.44			
Post Supervisor	1	\$16.67	\$4,000.00			
Fx Editor/Mixer	1	\$16.63	\$3,990.00			
Stunt Coord.	1	\$15.82	\$3,796.00			
Security	2	\$7.37	\$3,538.00			
Coord.	1	\$14.58	\$3,500.00			
Ass't Hair Stylist	2	\$6.93	\$3,324.09			
Electrician	4	\$3.17	\$3,047.99			
Ass't Makeup Artist	1	\$12.68	\$3,042.60			
2nd Ass't Camera	3	\$3.29	\$2,369.89			
Wrangler Gang Boss	1	\$8.94	\$2,144.97			
Ass't Craft Services	1	\$8.90	\$2,136.91			
Music Editor	1	\$6.25	\$1,500.00			
Picture Car Coord.	1	\$5.68	\$1,364.00			
Special Effects Super	2	\$2.14	\$1,026.00			
Makeup Artist	1	\$2.92	\$700.00			
Staff	1	\$2.85	\$683.93			
Camera Loader	1	\$2.49	\$597.84			
Costume Buyer	1	\$2.31	\$554.18			
Camera Car Driver	1	\$2.08	\$500.00			
Cable Person	1	\$1.89	\$453.19			
Sound Utility	1	\$0.84	\$201.52			
Editing Consultant	1	\$0.42	\$100.00			

Table 34. Feature Films: Top Eligible Vendor Spending Categories

Category	Total
Film equipment rental	\$371,205
Cast/crew lodging total	\$87,430
Catering	\$85,876
Location fees (total)	\$38,423
Box rentals paid to crew	\$35,761
Travel	\$30,227
Vehicle Rental	\$28,948
Animation studio	\$25,225
Security service	\$23,776
Office rental	\$14,715
Waste/Trash disposal	\$9,908
Office equipment rental	\$9,430
Mileage paid to crew	\$7,090
Set decoration	\$6,500
Fuel	\$5,756
Sound mastering	\$5,693
Vehicle rentals paid to crew	\$5,534
Set construction supplies	\$4,572

Table 35. Television Shows: Number of Cast/Crew

	TX-based	Total
Cast	354	403
Crew	202	234

Table 36. Television Shows: Job Titles and Eligible Wages, Ranking by Average Salary per Person

Job Title	# Hires	Avg. Salary	Total
Director	1	\$141,285	\$141,285.00
Unit Prod. Mgr.	1	\$86,689	\$86,688.82
Prod. Accountant	1	\$63,820	\$63,820.00
1st Ass't Director	1	\$58,047	\$58,046.83
Producer	1	\$35,493	\$35,493.34
Dir. Of Photog'y	1	\$32,571	\$32,570.99
Ass't Prod. Acc't	2	\$28,906	\$57,811.49
Art Dir./Prod'n Design	2	\$26,413	\$52,826.76
Location Mgr	1	\$26,405	\$26,405.00
Trans. Coordinator	1	\$23,300	\$23,300.00
2nd Ass't Director	1	\$19,422	\$19,422.38
Actor	25	\$19,217	\$480,415.43
Set Decorator	1	\$16,500	\$16,500.00
Ass't Location Mgr	1	\$15,567	\$15,566.82
Costume Designer	1	\$15,446	\$15,445.65
Key Costumer	1	\$14,468	\$14,467.50
2nd 2nd Ass't Director	1	\$14,225	\$14,225.02
Wardrobe Supervisor	1	\$14,039	\$14,038.50
Technician	2	\$14,026	\$28,051.71
Prod. Office Coord.	1	\$13,920	\$13,920.00
Key Make-Up	1	\$13,904	\$13,904.34
Key Ass't Locat'n Mgr.	1	\$12,530	\$12,530.00
Department Head	1	\$11,861	\$11,860.95
Lead Person	1	\$10,722	\$10,721.69
Executive Producer	3	\$10,703	\$32,110.00
Ass't Prop Master	1	\$10,453	\$10,453.28
Co-Captain	1	\$10,082	\$10,082.21
CASTING DIRECTOR	1	\$10,000	\$10,000.00
Buyer	1	\$9,928	\$9,927.98
Script	1	\$9,761	\$9,760.76
Rigging Gaffer	1	\$9,637	\$9,637.29
Gaffer	1	\$9,628	\$9,628.25
Construction Coord.	1	\$9,555	\$9,555.00
Decorator Gang Boss	1	\$9,485	\$9,485.09
Special Equip. Driver	1	\$9,461	\$9,461.14
Teacher/Welfare	1	\$9,150	\$9,149.56
Foreman	1	\$8,999	\$8,999.32
Driver Captain	2	\$8,837	\$17,673.91
Best Boy – Grip	1	\$8,559	\$8,558.68
Sound Mixer	1	\$8,183	\$8,183.40
NU 2nd Ass't. Acc't	1	\$8,100	\$8,100.00
DIT	1	\$7,718	\$7,718.03
2nd Ass't Camera	1	\$7,600	\$7,600.00
Key Grip	3	\$7,520	\$22,560.30
Craft Service	2	\$7,355	\$14,710.66
Dolly Grip	2	\$7,081	\$14,161.08
Camera Operator	2	\$6,880	\$13,759.04
Make-Up Artist	5	\$6,843	\$34,215.50
Best Boy – Electric	2	\$6,809	\$13,618.23
Driver	3	\$6,808	\$20,423.23
1st Ass't Camera	28	\$6,713	\$187,966.19
Boom Operator	2	\$6,712	\$13,423.10
Dig Utility Person	1	\$6,629	\$6,628.92
Extra Casting	1	\$6,195	\$6,195.40
Art Dept. Coord.	1	\$6,110	\$6,110.00

<i>(cont'd)</i>			
Job Title	# Hires	Avg. Salary	Total
Prop Maker	1	\$6,100	\$6,100.00
Set Painter	7	\$5,943	\$41,602.68
Utility	2	\$5,869	\$11,738.30
Set Dresser	1	\$5,770	\$5,769.69
Costumer	7	\$5,631	\$39,417.57
Account Clerk	6	\$5,414	\$32,483.57
Ass't to Producer	1	\$5,404	\$5,403.80
Key Hair Stylists	1	\$5,341	\$5,340.88
Greens Foreman	2	\$5,232	\$10,463.16
On Set Dresser	1	\$5,227	\$5,227.04
Rigging Grip	1	\$5,179	\$5,178.77
Ass't to Director	1	\$4,627	\$4,626.65
Electrical	1	\$4,567	\$4,566.73
On Set Painters	7	\$4,517	\$31,616.86
Office Production Ass't	1	\$4,511	\$4,511.33
Grip	5	\$4,357	\$21,786.16
Catering	8	\$4,284	\$34,271.33
Producer Ass't	5	\$3,689	\$18,446.37
Medic	2	\$3,588	\$7,176.08
Scenic Artist	4	\$3,587	\$14,346.24
Casting Ass't	2	\$3,287	\$6,574.60
Production Ass't	2	\$3,213	\$6,425.00
Associate Producer	7	\$3,020	\$21,138.34
Stunt Coordinator	1	\$3,000	\$3,000.00
Hair Stylist	1	\$2,961	\$2,961.00
Elec. Lighting Tech	3	\$2,953	\$8,860.42
Painter	2	\$2,932	\$5,863.79
Special Effects	1	\$2,893	\$2,892.96
Seamstress/Tailor	2	\$2,807	\$5,613.72
Prop Ass't	2	\$2,146	\$4,291.22
Ass't Editor	3	\$2,013	\$6,039.30
Stunt Performer	2	\$1,949	\$3,898.54
Video Controller	1	\$1,929	\$1,928.60
Set Production Ass't	1	\$1,803	\$1,803.41
Script Coordinator	3	\$1,702	\$5,106.20
Swing Gang	1	\$1,530	\$1,530.00
Police	1	\$1,469	\$1,469.44
Addl. Make Up	24	\$1,450	\$34,800.00
Set Prod. Ass't	1	\$1,332	\$1,331.65
Craft Service Ass't	1	\$1,032	\$1,032.10
Still Photographer	2	\$904	\$1,807.50
Ass't	1	\$790	\$789.92
Crane Operators	1	\$698	\$698.25
Set Designer	2	\$442	\$884.00
Playback Person	1	\$380	\$380.00
Chief Light'g Tech	1	\$317	\$316.50
Extra	1	\$233	\$232.96

Table 37. Television Shows: Top Eligible Vendor Spending Categories

Category	Total
Film equipment rental	\$227,137.05
Location fee	\$87,442.35
Cast/crew lodging	\$72,358.06
Set decoration	\$65,917.65
Vehicle rental	\$62,561.89
Furniture store	\$39,756.67
Purchasing card transactions *	\$32,227.68
Security	\$32,083.34
Fuel	\$25,505.87
Wardrobe	\$21,271.52
Craft services sundries	\$10,011.75
Set construction supplies	\$9,619.45
Transportation/hauling	\$8,050.00

*It is possible that spending in this category properly could be reclassified as spending in one of the other categories but was included in this category by the producers.

Table 38. Video Games: Wages (\$), Ranking by Total Gross Wages

Job Title	# TX	Rate/hr. (40 hrs/wk)	Total Gross Wages
Programmer	33	\$49.14	\$2,636,150.75
Artist	12	\$45.16	\$764,001.59
Designer	8	\$47.56	\$667,378.96
Production	9	\$30.20	\$545,589.13
Admin	6	\$44.50	\$508,454.92
QA	8	\$11.33	\$81,583.32

Table 39. Video Games: Eligible Expense Categories, Ranking by Size

Category	Eligible
Contract Work	\$38,869.13
Office Expense	\$36,382.45
Automobile Expenses	\$4,320.29
Office Supplies	\$3,705.76
Travel	\$1,081.58
Postage & Delivery	\$693.25
Computer Expense	\$341.30
Meals & Entertainment	\$314.45
Recruiting Expense	\$23.34
Total	\$85,731.55

Task #7: Eligible and Ineligible Expenditures by Industry Segment

The Texas Film Commission provides explicit guidelines about the types of allowable reimbursable expenditures on a moving image project in the Incentive Program. Guidelines for eligible and ineligible expenditures are summarized in Table 40, followed by a presentation of Tax Exemptions in Table 41.

Table 40. Eligible and Ineligible Incentive Program Expenditures

Eligible Expenditures	Ineligible Expenditures
<ul style="list-style-type: none"> • Wages and per diems paid to Texas residents for work performed in Texas, including employer-paid FICA*, FUI**, SUI†, PH&W‡ and vacation & holiday payments. Total compensation (including wages, per diems and eligible fringes) is capped at \$1 million per worker, per project. • Workers compensation insurance payments may be included only if the premiums are paid to a Texas-based company. • Payroll company service fees may be included only if paid to a Texas-based payroll company that processes payroll within Texas. • Pre-production and research and development costs not to exceed 30% of the project's overall Texas spending (<i>Video Game Projects ONLY</i>). • Payments made to Texas companies for goods and services domiciled and used in Texas that are directly attributable to the physical production of the feature film or television program. • Payments for shipping on shipments originating in Texas. • Air travel to and from Texas on a Texas-based airline, including American Airlines and Southwest Airlines, or on a Texas-based air charter service. • Rentals and leases of vehicles registered and licensed in Texas. • Music that is specifically created for the project and fees paid to Texas residents hired to create, orchestrate, and perform the music. • Legal fees that are directly attributable to the production and are paid to a Texas-based lawyer or law firm. 	<ul style="list-style-type: none"> • Wages and fringes paid to non-Texas residents • Per diems paid to non-Texas residents • Payments to non-Texas vendors, or for goods and services not directly attributable to the physical production of the feature film or television program including (but not limited to) entertainment expenses, gifts, and party expenses. • Fees for story rights, music rights or clearance rights. • Expenses related to distribution, publicity, marketing or promotion of the project. • Rental, lease or mortgage payments to include utilities and insurance on facilities that are part of a permanent/continuous business operation. • Payments made to pass-through companies • Payments for shipping on shipments that originate outside of Texas • Alcohol and tobacco purchases • Tips and gratuities.

* Federal Insurance Contributions Act

** Federal Unemployment Insurance

† State Unemployment Insurance

‡ Pension, Health, & Welfare

Table 41. Tax Exemptions

Item	Qualifying Items/Services	Non-qualifying Items
Sales Tax Exemptions	<ul style="list-style-type: none"> • Cameras and camera accessories; film stock; lights and lighting control systems; sound equipment; grip equipment; video assist systems; props; costumes; makeup; fog machines; wind machines; generators used to operate exempt equipment; dollies and cranes used to support exempt equipment; terminating boxes and extension cables used with exempt equipment; time code equipment; VTR editing equipment; switchers; character generators; computers used solely for game production; software (<i>i.e.</i>, Photoshop, 3D Studio MAX, Maya, <i>etc.</i>); monitors; Wacom tablets. • Editing; film processing; film-to-tape transfers; Foley services; multi-image services; sound mixing; voice-overs; ADR/looping; audio sweetening; motion capture. Repairs to qualifying machinery, equipment or supplies are also exempt. 	<ul style="list-style-type: none"> • Tents for catering or staging areas; office furniture; janitorial supplies; computers used in HR department; word-processing software; crew jackets; t-shirts and other gifts for employees; and flowers for actors' dressing rooms. • Catering, bodyguard services, script typing and landscape maintenance.
Hotel Occupancy Tax Exemption	<ul style="list-style-type: none"> • If you notify a hotel upon check-in that you will occupy the room for at least 30 consecutive days, the state occupancy taxes will be waived after the 30th day, retroactive to the first day. • If you stay for more than 30 consecutive days without notifying the hotel, occupancy taxes will be waived for the 31st day and all consecutive days but will not be waived retroactively. • If you find out that your stay will be at least 30 consecutive days, notify the hotel immediately. After the 30th day, the occupancy taxes will be waived retroactively to the date of notification. 	
Fuel Tax Exemption	<ul style="list-style-type: none"> • You may receive a refund of taxes paid on gas used in generators, boats, or in unlicensed vehicles such as tractors. Original invoices must be presented when claiming fuel tax refunds. Taxpayers have one year from the date of purchase to claim a refund. 	

Task #8: “Frequent Filers”: The Top Participants in the Incentive Program

This section presents the most frequent applicants to the Program in each of the major program areas (Television Commercials, Feature Films, Television Shows, and Video Games) from FY 2006 to FY 2012. In that time period, there have been 520 successful applicants to the Incentive Program. Ranking reflects the total number of distinct projects for which a company has applied to the Program, and the total size of incentives a particular company has been awarded in each program area, as seen in Tables 42 to 49.

Table 42. Television Commercials: Ranking by Number of Projects

Rank	Company	Total
1	Directorz	83
2	Stone Core Films	53
3	Sugar Film Production	43
4	Locke Bryan Productions, Inc.	15
5	Janimation, Inc.	6
5	Synthetic Pictures	6
		206

Table 43. Television Commercials: Ranking by Size of Incentives

Rank	Company	Size of Incentives	% Comm. Incentives
1	Directorz	\$963,518	24.7%
2	Stone Core Films	\$660,200	17.0%
3	Sugar Film Production	\$411,556	10.6%
4	Locke Bryan Productions, Inc.	\$182,735	4.7%
5	Bunker	\$112,948	2.9%
		\$2,330,958	59.9%

Note: Average incentive size for ALL Television Commercial projects: \$15,502.

Table 44. Feature Films: Ranking by Number of Projects¹⁰

Rank	Company	Total
1	Sony Pictures Animation	2
1	Warner Bros. Animation, Inc.	2
		4

¹⁰ Applications for feature film projects are usually made in the name of a special-purpose entity formed for just that one film. This standard industry practice is done for several legal and tax planning purposes. Accordingly, there are no ‘frequent filers’ reported for any non-animated projects.

Table 45. Feature Films: Ranking by Size of Incentives

Rank	Company	Size of Incentives	% FF Incentives
1	Buck McDonald Productions, LLC	\$3,632,887	16.8%
2	Time's Up Productions, Inc.	\$3,124,638	14.4%
3	Predator Planet Films, Inc.	\$2,879,840	13.3%
4	DW Studios Productions, LLC	\$1,185,114	5.5%
5	Radio City Productions, LLC	\$1,150,542	5.3%
		\$11,973,021	55.3%

Note: Average incentive size for ALL Feature Film projects: \$473,469.

Table 46. Television Shows: Ranking by Number of Projects

Rank	Company	Total
1	Northern Entertainment Productions	4
1	Horizon Scripted Television	4
1	Bobby Goldstein Productions	4
4	LMNO Cable Group	3
4	20 th Century Fox Television	3
		18

Table 47. Television Shows: Ranking by Size of Incentives

Rank	Company	Size of Incentives	% Television Incentives
1	Horizon Scripted Television	\$10,158,375	28.2%
2	Northern Entertainment Productions	\$6,655,217	18.5%
3	TVM Productions, Inc.	\$5,022,649	13.9%
4	Bonanza Productions, Inc.	\$4,716,329	13.1%
5	20 th Century Fox Television	\$3,893,488	10.8%
		\$30,446,057	84.4%

Note: Average incentive size for ALL Television projects: \$932,558.

Table 48. Video Games: Ranking by Number of Projects

Rank	Company	Total
1	Aspyr Media, Inc.	8
1	Certain Affinity	8
1	Challenge Online Games, Inc.	8
4	Red Fly Studio	7
5	Terminal Reality, Inc.	5
5	TimeGate Studios	5
5	Twisted Pixel Games	5
		46

Table 49. Video Games: Ranking by Size of Incentives

Rank	Company	Size of Incentives	% VG Incentives
1	Terminal Reality	\$2,299,079	17.4%
2	TimeGate Studios	\$1,741,634	13.2%
3	Interactive Studios Group	\$1,710,111	13.0%
4	Certain Affinity	\$1,353,915	10.3%
5	Electronic Arts	\$1,235,470	9.4%
		\$8,340,208	63.2%

Note: Average incentive size for ALL Video Game projects: \$155,556.