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Making it pay to film L.A.

Mayor promotes ease, tax breaks

By Greg Hernandez
Staff Writer

What a difference a new name makes. At least the folks at FilmL.A. Inc. hope so.

The nonprofit company responsible for issuing on-location film permits, which shed the scandal-tinged name Entertainment Industry Development Corp., held a splashy grand opening this week to tout its new name, new leadership and new home at downtown's Los Angeles Center Studios.

The makeover occurs as the Los Angeles region faces more competition for film and television production than ever before from other states and such film-friendly countries as Canada, New Zealand and Australia.

"We can no longer think that these jobs are just going to stay here because this is Hollywood and we have the greatest climate and so many of the industry professionals work and live here," Mayor Antonio Villaraigosa said at the FilmL.A. reception Wednesday night. "We've got to be aggressive at trying to keep them here."

It seems that FilmL.A. will now be able to focus on just that. The old EIDC became embroiled in controversy after its former president, Cody Cluff, was put on three years' probation in 2004 in connection with embezzling public funds.

Steve MacDonald, named president after the scandal, is stressing a commitment to using various tools to prevent further erosion of the second-largest employment sector in Los Angeles County, one that generates 250,000 direct jobs and more than \$30 billion a year in revenue for the local economy.

MacDonald said FilmL.A., which moved from an office building in Hollywood in December, is now closer to the city's busiest production locations and has implemented a new system to help streamline the permit process.

"We've completely revamped our notification system to help the needs and concerns of the neighborhoods that host on-location production and we will continue to improve our processes and services for the

EIDC successor keeps focus on L.A.

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industry," MacDonald said. Villaraigosa said he is proposing that the city eliminate fees for filming on all city property and reducing the business tax for some entertainment-related businesses.

He is also exploring the idea of an entertainment incentive zone where the city can make it easier to film and provide incentives in some parts of Los Angeles.

"We've chronicled just how much of an economic impact this industry has, not just on the city and the county but on the state," the mayor said. "It is without question a job creator in this state and we've got to do as much as we can to keep those jobs here."

Steve Caplan, executive vice president of the Association of

Independent Commercial Producers, said these steps can make a significant difference.

"For the nuts and bolts of production, making sure we get permits in a timely way, that we're able to shoot in certain communities and that we are able to work with the neighborhoods is hugely important because if we don't have that, we're not filming here," Caplan said.

But most agree that what would be more crucial to stemming runaway production would be the passage of AB 777, proposed legislation that would be the first state tax incentive program for the film industry.

The bill, which stalled in the Legislature last year, proposes credits of 12 percent of a film or television project's budget, up to \$3 million per project or TV episode.

To qualify, at least 75 percent of the project must be shot in California.

Similar incentives have led to significant gains in activity in New York in particular but many other states are upping the incentives ante as well.

"It's precisely what ... has given us the belief and the understanding that California needs to step up as well," Villaraigosa said.

"You look at New Mexico, you look at North Carolina, you look at Louisiana, a number of these states are very aggressive at providing incentives for film production and entertainment industry jobs and we have to do the same thing," he said.

The lukewarm reception in Sacramento has been attributed by many as reaction to a general feeling among legislators that the entertainment business is a rich

industry that shouldn't need any handouts.

But Steve Dayan, former chairman of the FilmL.A. board of directors and a member of Teamsters Local 399, said that perception is inaccurate and unfair.

"You could be out of work for months," said Dayan, whose union members include studio drivers, location managers and casting directors. "We're like gypsies, we go from show to show to show. One of my drivers, for example, could be working at Warner Bros. today, Fox tomorrow, Disney the next day. They are daily employees literally, working for a day at a time. A lot of people think that people that work in the film industry are wealthy."

"I can tell you for a fact that some of my members are making \$35,000 to \$40,000."

Dayan said every time a producer drafts a budget, the tax breaks and other incentives from competing states and countries is often what makes the difference in where they decide to film and that each decision is costly for the work force.

"A major motion picture with a \$100 million budget, that's employing hundreds if not thousands of people," he said. "Those kinds of jobs are good middle-class jobs with pension and health benefits."

"We should be trying to retain those and we should try to find ways to target those incentives so that they reach the proper genres of film, movies of the week, commercial production and features as well."

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