

TO: Governor Joe Manchin III
and
Joint Committee on Government and Finance, WV Legislature

FROM: Pam Haynes
Director, West Virginia Film Office
WV Department of Commerce, Division of Tourism

DATE: December 7, 2009

SUBJECT: Statutory Annual Report of Recommendations to Expand Film Industry

STATUTORY AUTHORITY

Pursuant to **W. Va. Code §11-13X-12**, the West Virginia Development Office, in consultation and coordination with the appropriate public and private entities, shall promote, foster, encourage and monitor the development of the film industry in this state as part of its comprehensive economic development strategy for West Virginia and report recommendations for expanding the industry in the state to the Governor and the Joint Committee on Government and Finance annually on or before the first day of December.

BRIEF HISTORY

Since 1994, the West Virginia Film Office ("Film Office") has been charged with recruiting motion picture, television, commercial and related media productions to select West Virginia as a place to conduct business. Beginning with FY2006-2007, and at the Governor's behest, the Legislature approved a budget improvement for the then-one-person Film Office, resulting in the hiring of two additional staff and better marketing of the state as a filming destination. The results from the improvement package have been successful: Production days have increased; the state's workforce is being hired more frequently by out-of-state companies filming in-state; and there is more interest by state residents for training opportunities.

In addition, a tax incentive program was enacted in July 2007 to better position West Virginia as a competitor in recruiting film and television business to the state. After pitching the West Virginia Film Industry Investment Act ("Act") to the industry, and based on the unenthusiastic reaction, it was evident that amendments to the Act would be necessary. Subsequently, the Act was amended during the 2008 legislative session, followed by additional improvements in 2009. The 2009 amendments enabled West Virginia to finally "get on the map" of go-to states and is now considered to have a competitive incentive program. The Act has elevated not only the number of filming inquiries, but it has increased the number of filming days as well. Also, the majority of inquiries are from the upper echelon of producers, studios and production companies.

RECOMMENDATION NO. 1: DEVELOP SKILLED LABOR POOL FOR FILM INDUSTRY

The film and television industry depends on knowledge-intensive jobs, such as skilled technicians working in highly specialized crafts as well as creative arts professionals. The presence of a film and television industry enables and supports the development and retention of local creative talent. It is in the financial interests of production companies filming on location to be able to hire local, skilled labor, which reduces a company's budget for, among other things, travel, lodging, and per diems.

West Virginia is not alone in its efforts to build a workforce that will sustain long-term, year-round growth in the film industry. States with the most successful financial incentive programs have also developed workforce initiatives to sustain such growth (New Mexico, Louisiana, Connecticut, and Michigan are the most successful in this regard).

The Film Office has assembled a group of representatives from appropriate state agencies as well as individuals with expertise in the film industry to address workforce and training issues. It is believed that the best course of action is to work within the state's community and technical college system. In that regard, the Film Office and representatives of the community and technical college system are (a) identifying potential instructors and curriculum, (b) evaluating the costs of implementing such training programs, and (c) identifying principal locations to conduct the training.

RECOMMENDATION NO. 2: CREATE OPPORTUNITIES TO INCREASE LONG-TERM BUSINESS GROWTH

In addition to labor retention and the creation of higher-paying jobs, the film and television industry provides the impetus to directly benefit local business sectors, such as heavy equipment rentals, transportation rentals, construction, lodging, food and other retail services, and a host of other personal, business and location services. Incoming production companies often utilize the facilities and services of local production firms, thus generating additional work and new corporate revenue.

In order to build long-term growth, West Virginia must create opportunities and develop benefits that encourage outside film and television businesses to invest in establishing permanent facilities in the state. Such facilities may include, among other things, post-production facilities (e.g., editing, sound production), soundstages (e.g., constructing large sets), and rental facilities (e.g., camera equipment, lighting equipment).

The Film Office and the Development Office should work together to identify current facilities (e.g., airplane hangars, empty warehouses, abandoned industrial sites, etc.) that could be retrofitted to accommodate the needs identified above.

The Film Office and the Development Office should also identify current incentive programs that could be enhanced to include specific citations for the film and television industry. Coupled with the current film tax incentive program, this would encourage new businesses to locate, or relocate, in the state, thus providing a channel for job retention, job creation and generating more tax revenue for the state.

P.H. — 12/07/09