

To: Governor Earl Ray Tomblin
Joint Committee on Government and Finance, WV Legislature

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

DATE: January 24, 2011

SUBJECT: 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. From 1994 to September 2006, the office consisted of one (1) full-time employee. An improvement package in FY2007 enabled the full-time staff to increase to a total of three (3).

The WV Film Industry Investment Act, a tax credit program, became effective July 1, 2007, in order to better position West Virginia as a competitor in recruiting film and television business to the state. After improvements during the 2008 and 2009 legislative sessions, the program has spurred not only an increase in the number of prospects that are considering conducting business in the state, but it is also the chief reason that two high profile productions selected West Virginia for filming [(A) "*Super 8*," a Paramount Pictures feature film directed by J.J. Abrams and executive produced by Steven Spielberg, which is the largest film to have ever shot in the state and (B) ABC-TV's "*Jamie Oliver's Food Revolution*"].

RECOMMENDATION No. 1-A: DEVELOP SKILLED LABOR POOL FOR FILM INDUSTRY

The film and television industry (hereinafter "film 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 industry enables and supports the development and retention of local, skilled labor. It is in the financial interests of companies filming on location to hire local, skilled labor. When producers look beyond the top production regions of Los Angeles and New York City, they consider physical assets, tax credits, and the quality of workers.

For the past few years, the Film Office has tried to lead the difficult charge of connecting appropriate persons, organizations, and state agencies to develop workforce training programs that would meet the needs of companies filming on location in the state. A consistent obstacle is the common adage: "if you build it, will they come?" It is difficult to develop training programs if the demand for such training cannot be proven. Nevertheless, it is more likely the film industry will never "stay" if there isn't a trained workforce infrastructure consistently available.

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 (e.g., New Mexico, Louisiana, and Michigan are the most successful thus far).

After meeting with numerous educational leaders within the Community & Technical College System (CTC), as well as numerous business and community leaders from around the state — not to mention the current film industry workforce that wholly supports any and all efforts to increase job opportunities — the Film Office can state with certainty that there is a high degree of interest to pursue development of workforce training programs at CTCs across the state. It is believed that the best course of action is to (a) identify skill sets and develop curriculum, (b) identify potential instructors, (c) evaluate costs of implementation, and (d) identify principal locations to conduct the training.

RECOMMENDATION No. 1-B: CONDUCT WORKFORCE STUDY

It may also prove beneficial to conduct a workforce study prior to embarking on development of workforce training programs. A workforce study could quantify as well as qualify the film industry and could help answer important questions about current workforce strength, potential workforce impact, current (and potential) educational opportunities, how to leverage the film tax credit for long-term growth, and much more. If a workforce study is sought, a one-time appropriation may be necessary to pay for the study. Such a study could save valuable time and money to ensure the path forward is paved with more than just good intentions.

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

In addition to labor retention and an overall increase in job opportunities, the film 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. Similar to workforce, it is in the financial interests of companies filming on location to utilize the facilities and services of local merchants, thus generating additional work opportunities, positive cash flow, and tax collections.

In order to build long-term growth, West Virginia must create opportunities and develop benefits that encourage film industry 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 some of 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 industry. Coupled with the current WV Film Industry Investment Act, these actions 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. — 01/24/2011

cc: Keith Burdette, Secretary of Commerce
Angel Moore, Deputy Secretary of Commerce
Betty Carver, Commissioner of Tourism