Film New Mexico

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2025 Report and Recommendations of the Governor's Council on Film and Media Industries

1 December, 2025

Honorable Michelle Lujan Grisham
Honorable Javier Martinez, House Speaker
Honorable Mimi Stewart, President Pro Tempore of the Senate

Madams and Sir:

Pursuant to Section 9-15-4.1 NMSA 1978, per statute, the Governor's Council on Film and Media Industries (the "Film Council") was created to advise the Economic Development Department and the Governor on ways to promote film production in New Mexico, assist in the design and implementation of the department's strategic plan for building a media infrastructure in the state, assist in designing a workforce training program for film production and to make recommendations for incentives and funding for these efforts.

Introduction

The Film and Media Industry is in crisis in New Mexico, with local spending down by approximately 50% from peak, mirroring a national downturn. Many film workers, from cast to crew, are unemployed. Much studio space is empty. Once thriving corollary industries are stressed. This crisis has many causes, most significantly a cyclical process where "peak TV" over-expands, then over-contracts, and we are now in the depth of the contraction. Also, multiple strikes last year and higher costs for production in the US have driven many productions overseas, while new technologies such as AI (that could radically decrease the costs of production and un-employ writers, directors, actors, and crew alike) bring uncertainty to the global industry. Meanwhile, young people are less likely to watch movies on the big screen or even stream shows on their home televisions, preferring to watch short videos on demand on handheld devices. Finally, many other US States and foreign governments have copied and expanded upon New Mexico's once-unique incentives, with other states offering richer subsidies. There will certainly be demand for new content in years to come, and the global industry will certainly rebound from its cyclical downturn. At question is how much of that upswing will benefit New Mexico. This is a critical moment, where nimble State government actions can help the industry rise to the current challenges to develop a richer, deeper, and more stable economic engine for our state's economy.

We are also aware that with federal cutbacks to programs that feed and care for so many New Mexicans, this is not the time to call for massive spending increases to support the film industry. Yet, if no action is taken, the coming industry upswing will benefit our neighboring states and leave our industry in the dust. Therefore, we make a series of recommendations, below and in detailed appendices, that will help rebuild a local industry that is less subject to the whims and cycles of the global economy, while at the same time not stressing the finances of our state treasury.

On the Role of the Council in 2025

In late 2024, the Governor added and subtracted members of the Council, and during 2025 the revitalized full Council met in person four times. We formed seven Working Groups which met informally many times, each chaired by a member of the Council. Working Groups focused on different industry challenges and opportunities, including Film Finance, Native Filmmaking, Workforce Development Training (Below the Line), Workforce Development Education (Above the Line), Commercials and Small Production, Process and Regulatory Optimization, and Legislative Incentive Optimization. Each Working Group has prepared a memo that will be appended to this report, and all members of the Council stand ready to meet with the Governor and her representatives, relevant Executive Branch offices such as NMFO, EDD, TRD and the like, as well as those in the Legislative Branch to provide more detail and advice, and help decision-makers to support this wounded but still-promising industry. It should be mentioned that the New Mexico Film Office has worked in partnership with this Council all year, and Director Steve Graham has attended all of our Council meetings, engaging in give and take discussions with our members as well as the general public, scores of whom have attended our open meetings.

Film Finance

Perhaps the greatest single step New Mexico can take to incentivize our local film industry would be to reactivate our moribund film loan fund system. Specifically, while decades ago the State established a pool of 2.5% of the Severance Tax Permanent Fund for investment in film projects, strict requirements at the State Investment Council effectively nullified the program. Hoping to relaunch the program without need for legislative action, the Film Finance working group has met with the State Investment Council as well as the New Mexico Finance Authority towards having the NMFA administer the program on behalf of the SIC. While both SIC and NMFA are interested, such an arrangement would have limitations, including that the interest rate would be approximately 10.25%, comprising the 6.25% market rate required by the SIC, plus another 2% for a loan guarantee required by the SIC, plus 2% to cover NMFA administrative costs. While higher interest rate loans are better than no loans at all, a lower interest rate would of course be preferable. Further, it is still unclear if the SIC would or could consent to drop some requirements in the current system such as a pre-signed distribution deal. While we are working towards NMFA administered SIC loans under the present legislative framework, if it were possible, we'd strongly recommend legislation shifting the entire program from the SIC to the NMFA. This new program could offer lower interest rates, especially for projects which bring maximal benefit to the NM economy, and also expand the program from lending to film productions only to also include New Mexico companies that serve as vendors to the local film industry, supplying food and beverage to crews, renting trucks, trailers and drones, lighting and wardrobe, providing post production and visual effects services etc. As many small NM businesses lack the capital to expand, current productions too often bring in out-of-state vendors, effectively using our tax incentive dollars to support out of state businesses.

It should be noted that a well-run film industry loan program would have zero cost to the NM treasury, and it's the simplest, cheapest way to differentiate our state programs from other states, most of which have no loan programs, only incentives.

In addition to the loans, we'd also recommend a reinstatement and expansion of grant programs, including the John Pinto Memorial Fund grants to Native American film makers, the Governor's Cup screenplay competition, the Duke City Shootout, and similar discretionary programs that can help local film makers get their start, ideally paired with Milagro at Los Luceros workshops and Shark Tank-style presentations to private sector investors, including to New Mexico Film Partners. Note that local film makers telling local stories are less likely to pull up stakes and move to wherever the incentives are slightly higher, so building an industry from the ground up will lead to enhanced stability. Note also that our sister organization, the Santa Fe Film Council, is proposing similar loan and grants programs, including a Santa Fe Series Fest.

Native American Filmmaking Incentives

Since the New Mexico incentive program has been based on expenses that pay gross receipts tax and since most expenditures on native lands are not subject to GRT, filmmaking on native lands has effectively been shut out from our industry incentives, which we consider to be an injustice. Our Native Filmmaking Incentive Working Group has been meeting with the Taxation and Revenue Department as well as tribes such as Tesuque Pueblo and the Navajo Nation to reinterpret the current law to be able to include, for example, the Dark Winds program filmed at Camel Rock Studios. If the TRD determines that it cannot in fact make incentive payments for productions on tribal land under current law, we recommend changing the law to bring parity for native lands filmmaking. We also recommend increased access for tribal communities to technology, job training, filmmaker opportunities, fiscal/taxation training and outreach.

Improving Customer Service

The Process and Regulatory working group has been working with the New Mexico Film Office towards creating a more welcoming and inviting interface for those seeking to bring film projects

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to New Mexico, including a revamped front-end web pages that could provide cheat sheet summaries of available incentives, rapid provisional approvals, simplified separate processes for small productions and commercials, and other simplifications detailed in the attached appendix. In particular, the Commercial and Small Productions Working Group points out that commercials are big business, but rarely film in New Mexico, partly as they are typically awarded and shot within a two-week period, and our process is too slow for that. A distinct application process asking only for the information relevant to commercial productions to allow for speedy reaction times would be helpful to lure that business to New Mexico. NMFO has already begun to mention commercial production in its public communications, which is much appreciated. In addition, it would be helpful if New Mexico state production contracts (Tourism, Transportation, etc.) showed a preference for NM-owned production companies that film in New Mexico.

There is significant agreement between the Council members and the NMFO staff about the benefit of these changes, with the principal contention being the speed with which they can be implemented.

One suggestion we highly endorse is a series of meetings with the TRD staff who administer the incentive programs but might lack training in film terminology or specialized accounting programs, including Council members, NMFO staff, and other industry professionals such as local production accountants, so that TRD staff could better understand industry challenges and industry representatives might better understand the needs of the TRD film unit.

Closing Loopholes

Should there be appetite to reopen the film incentive legislation, we'd recommend some small changes to make the program more transparent and efficient, such as strengthening the regulatory framework governing Film Partner Status, simplifying rules for rural and qualified facility uplifts, including a stability clause, eliminating "super loan-outs", and refining the various 5% uplifts so that the maximum uplift is available to those productions that maximally benefit New Mexicans. For example, currently nonresident actors are rebated at the same rate as resident actors; we'd like to incentivize local actors with an additional 5% bump.

More

Much more detail is available in the attached appendices, and Council members stand ready to answer questions, provide rationale and detail, and to help source expert witnesses for any upcoming rule-making processes and legislative sessions.

Respectfully submitted,
James Gollin, Chair
cc: Steve Graham, Director, New Mexico Film Office

APPENDICES:

2025 New Mexico Film Council Working Groups
Asterisk indicates Chair

Incentive Optimization –Legislative
Liz Pecos*, Marj Ergas, Sam Tischler, Ramona Emerson

Incentive Optimization – Process and Regulatory
Jennifer Schwalenberg*, Paula Dal Santo , Marj Ergas, Keagan Karnes, Sam Tischler

Commercials and Small Productions
Keagan Karnes* Jennifer Schwalenberg, Marj Ergas, Jo Edna Boldin, Liz Pecos

Workforce Development – Education (or ATL)
James Lujan*, Milton Riess, Keegan Karnes, Sam Tischler

Workforce Development –Training (or BTL)
Milton Riess*, Liz Pecos, Paula Dal Santo, Sam Tischler, Jo Edna Boldin

Native Film making Support
Ramona Emerson*, James Lujan, Jo Edna Boldin, Jennifer Schwalenberg, Sam Tischler

Film Finance
Sam Tischler*, James Lujan, Keagan Karnes,