Draft MEETING MINUTES

GOVERNOR’S COUNCIL ON FILM AND MEDIA INDUSTRIES MEETING

Friday, September 17, 2021 • 1:00 PM

Zoom Link: <https://us06web.zoom.us/j/83428360456?pwd=aXQ4dWhyV1kyVStDV0pXcVNNU3dLZz09>

Call to Order –The quarterly meeting of the Governor’s Council on Film and Media Industries (GCFMI) was held via Zoom video-conference. Chair James Gollin called the meeting to order at 1:02 pm. Joann Wylie called the roll and the following Council members were present, constituting a quorum.

Members in attendance: James Gollin (Chair)

 Jo Edna Boldin

 Ramona Emerson

 Ken Fischer

 Lance Maurer

 Rajeev Nirmalakhandan

 Liz Pecos

 Luke Renner

 Sam Tischler

Members unable to attend Talia Kosh

NMFO Staff: Rochelle Bussey (NMFO)
 Joann Wylie (NMFO)
Members of the Public also attended

Approval of Agenda – Chair James Gollin asked if there were changes to the agenda. None were proposed. Liz Pecos moved to approve the agenda and Jo Edna Boldin seconded the motion. The motion passed.

Approval of Minutes from June 18, 2021 – Chair James Gollin asked if there were changes to the minutes. None were proposed. Luke Renner moved to approve the minutes and Ken Fischer seconded the motion. The minutes were adopted.

Jim Gollin expressed sorrow that the council is still unable to meet in person. He noted that the council has had remarkable attendance. The members are spending time working on the council. He asked for a little update on NMFO. Rochelle Bussey said that the NMFO is trying to focus on entry level training classes. There are lots of productions on the ground. The pipeline is full at the moment. She anticipates the next couple of quarters will be busy.

Jim Gollin reviewed the work of the council. The working groups will present updates, and then they will need to provide their draft recommendations. Jim Gollin will combine the recommendations and the council will meet to vote on the final recommendations. He suggested that the draft recommendations be semi-final by November 1, and therefore asked that today’s presentations focus on the best sense of what those recommendations will be so that the full council can comment now and be aware of what the other working groups anticipate recommending.

Working Group Updates

Business Development - Ken Fischer said that before he presented the anticipated recommendations, he wanted to update the council about their latest meeting with Taxation and Revenue (TRD). Taxation and Revenue has confirmed that for post-production work to be eligible for the incentive, the post-production work must be done in NM. However, NRCE does not apply to post-production. This means that a NM post-production company can hire a non-resident to work in the state on post, and it will not impact the qualified expenditures by the production. As the talent pool in the state is small, this provides post-production companies with a clear opportunity to provide post-production to larger productions. This is a way to bring people in and to kick-start post-production in the state. The out of state people can train and mentor NM employees in entry level work and more. They hadn’t realized that was possible. One recommendation will be to have some Q&A sheets/pages available to let post-production companies know they can bring in out of state employees and the production will still qualify for the tax incentive as long as the work is done in NM. The subcommittee to grow post has been looking at what questions need to be answered to help grow post. They are looking at short-term goals and forming an action plan to achieve those goals. There is no holy grail. The single biggest barrier is the small talent pool so they have been trying to come up with ways to increase the talent pool, training being one. It is traditional in Hollywood to get trained on the job and as you become more proficient you move up. The subcommittee wants to work with studios here who are in the best position to do post. In order to do that, they need to determine exactly what it means to do post. Amber Dodson had asked them where to start. Ken Fischer said that the easiest place to start is with film editing and color grading. Those require the least amount of investment to get it going. Three things are needed: money, promotion to larger post-companies outside of NM and encourage them to open satellite offices here and to engage the private sector entrepreneurial actors.

Production is doing well in the state, so the subcommittee also looking at ways to leverage production to grow post in NM. They’d like to have a system to interview production companies to see what it would take for them to do post here. He believes that just a small percentage of post in NM could lead to a booming industry. One of their volunteers on the subcommittee has looked into what is available as far as training for post-production and has found there is not a lot. They need to identify what type of post is being done and then train people to be in sync with the tasks that are required. Certain facets of post-production take more time to get up and running. For example, video editor requires a lot of training while an assistant sound editor could be training in boot camps. As Lance Maurer has been working on big data and software, Ken Fischer asked him to jump in. Lance Maurer said that he still is looking at it from a business development standpoint and serving a global post market. He originally started post-alliance 10 years ago with the same vision, and the question remains - how to get post here. It has not been resolved. The surgical approach that Ken Fischer is talking about is a good approach, but from a business development angle, he asks what is the common denominator? Just as railroad needs tracks before the train can run, in order to do post here we need fundamental shifts such as brick and mortar investments. We are not a data or software friendly state. No attention has been focused on that in the past. We need the businesses there to get the jobs. Productions are great. He is proposing a moon-shot approach. Instead of putting post-production language in a revision to SB2, he suggests making a new bill. One that improves the internet and telecon structure. Being cloud/data friendly will help. He thinks we need build a bigger internet. He says the issues of e-commerce law and then taxation benefit law need to be addressed in a way that benefits everyone. We need to plan to be IT friendly. He has a one page google doc that briefly describes this idea.

Ken Fischer said that the third recommendation is for incentives for post-production. What should be looked at if the incentives are opened up during the legislative session. He noted that the old law had definition of post which no longer applies. In 2021, post is handled differently so he recommends a new definition for post-production so other aspects can get the incentive. He recommends wording the language of a bill to not pigeonhole post into the 2021 definition so that it can be expanded as post expands into the future. Sam Tischler said they are trying to meet and coordinate through emails with their subcommittee. They are looking at the looking at tax credit in Canada where they give it to an individual business rather than the production.

Jim Gollin observed that there has been a lot of good work done to highlight issue that TRD was clear about, it is possible to have post-production be a qualified expenditure as long as the work on post-production is done in NM. It wasn’t known by anyone. He noted that the FCAP and other training have categories that don’t fit for post-production. He thinks some updating is needed to allow for proper training and support funds.

He asked if the non-members of the working group had any issues? Luke Renner suggested that when proposing additional internet investments, the proposal should be linked with health and safety and education, so as to not just limit it to film. Lance Maurer agreed.

Incentive Optimization - Sam Tischler reported that the incentive optimization group met this month. The group met with 2 production accountants about the challenges associated with obtaining the credit. Jeremy Wilcox and Marj Ergas provided feedback as to what they need to do to obtain the credit for the production they work for. He said it was interesting to get their thoughts. The working group has drafted preliminary recommendations, refining the work from last year. The meetings with the production accountants raised the issue of simplifying the process. They find the 5% uplift for QPFs is confusing and cumbersome for productions. They suggested determining the percentage of days at the QPF and applying the increase to the overall budget based on that percentage. They also suggested adding 5% for ABL people who are local residents. The group would like to allow development costs to qualify. They would like to get writers rooms out of LA and into NM. The benefit is that writers’ rooms train the interns. If the 5% uplift on development costs were contingent on distribution deal with a studio, they think that would help.

Sam Tischler observed that there is a diversity problem in the film industry. They’d like to see a diversity hire uplift. They have 2 thoughts about how to do it. Either require a certain percent of diverse hire or any diverse hire (e.g., not a white man) would get 5%. The working group would like to see NMFO oversee pass-through companies as to what should be allowed. They recognize that an additional hire would be needed for NMFO to be able to do that. They would like to see a study as to what is repeatedly passed through and look at how to develop local businesses to stop the pass-through purchases. They also noted that there are several expenses that do not qualify for the incentive including expenses on tribal land and government owned entities. The working group would like to see an exception for tribal lands to qualify. They do recognize that this is outside of what has been traditionally allowed for qualified expenses there is no gross receipts tax (GRT). As far as food and location fees, property taxes are paid for the location, etc. The group would also like to see the rural tax uplift credit redefined. He observed that it is a good idea, but the implementation was not quite right. They recommend reducing the area to 60 miles from the city halls of Albuquerque and Santa Fe. He would like the statute to borrow on the language used in union contracts. The redefinition would expand the area of uplift. As for post-production, he says clarity is needed as to what qualifies so that businesses can chase the credit. There are no residency requirements in post, which is both good and bad news. He recommends that a post-production company could bring in an editor, but the company would also have to hire a local person to get that credit. That would improve/start training in the field.

He added that the tax credit needs a stability clause cooked into it. He said that there was an issue that came up with GRT where the productions believed it was being applied retroactively. The productions need a 90-day advance warning. Jo Edna mentioned that it used to be that there was a 5% GRT applied state-wide rather than each different county having the GRT applied according to the county. In the past it had been the corporate GRT rate. The new rule requires GRT to be paid where the service is provided. For an actor’s salary, this can be confusing as the actor could be filming in more than one county in single day. She said certainty in the GRT would help recruit productions.

Jim Gollin thanked Sam Tischler for the presentation.

Education and Training—Liz Pecos said that the working group met with stakeholders in industry with the intent to talk about Education and Training. They had talked about the expected increase in business with the passage of Senate Bill 2 and then the pandemic slowed down film. Film rebounded quickly, creating an immediate job shortage. Part of filling these jobs is through growing the crew base. This can be done through outreach as well as education and training. They have asked several employers what that looks like for them. That will inform the working group recommendations. They have spoken with Brian O’Leary, John Corser (Sr. Vice Presidents) and Tara Halloran (head of Diversity, Equity and Inclusion) at NBC Universal as well as Wayne Runyon (Director of Labor Relations), Amy Lemisch (Director of Studio and Production Affairs and Public Policy) at Netflix. They also spoke to Alton Walpole (owner Mountainair Films, Inc), a fixture in the New Mexico film industry. The group has more discussions planned. The consensus so far is that there is a need for correlation and collaboration between the schools who offer film and media training, economic development in film, union training, and employers. Everyone needs to be on same page. There also needs to be a clear path for jobs. The group would like to streamline things to meet the job need. It is helpful when those who are ready to enter the job market have gone through a program such as for production assistants re: set readiness, etiquette, etc. Those entry level people who have gone through a program have help ensuring success and they can build a career. People who have gone through a PA bootcamp would have a step-up on others. The working group would like to see a way to standardize programing among the schools. Last year the group looked at articulation, but the programs also need to be standardized so all the programs cover the same things.

Suggestions included getting industry professionals to provide the tools and knowledge, as well as tapping into retired individuals to obtain their experience in developing the curriculum, recorded modules, share. Some training has to be practical, as it can’t be done over zoom. The film industry is so heavily referral based that there is a gap between training and then getting a job. Employers need to have access to a database so that there is a way to create connections for employees in referral positions can find the new flock of people and get those people referred for employment. Sometimes that can be done through a training program, but there needs to be a local filtering process, either a person or a program could do it. Some states use their local film commission, but it is always a local process. The entry level, non-union folks don’t have access to the jobs or job blasts. It is not always easy access to tap into these people. The Film Crew Advancement Program (FCAP) is great. Perhaps if could be utilized differently or changed so that there are referrals with FCAP. Other ideas include recommending that New Mexicans get on ARRAY or Crewbie which offer ways for people to find locals. She suggested looking at those databases. The group believes that the best way is to get people trained.

Internships have been challenging in film industry, they hadn’t really been viable because of liability concerns. The group is now hearing that the industry is open to internships based around diversity, equity, and inclusion. The productions are willing to bring programs to have interns on their projects, e.g., to pay and pair and intern with a department head, for example. The intern could get union days. Netflix is interested, but it depends on bargaining. There are feeder programs in CA, NY, and GA which offer another way to connect all the institutions. Then everyone knows where you go to get internships and there is a local process. It is a recommendation to have it work here. Employers are committed to on-the-job training so that is good. If the state could add to it, that would be great too. There needs to be a re-evaluation of where the funds are going. Union collaboration is essential; individuals need to get their union days. Training is needed everywhere. We don’t want to risk the reputation of state being unable to provide crew. Liz Pecos has heard we lost productions because we were short of crews. There needs to be a hub with access to a way to find training, what schools offer training. Crew information used to be on the website and they’d like to see it back.

Liz Pecos asked about posting the report from last year. Rochelle said that it is posted and she will send the link. (<https://nmfilm.com/wp-content/uploads/2021/01/2020-Film-Council-V4-Report.pdf>) With respect to the recommendations from last year, schools are working on articulation and the suggested covid training has been addressed. The working group will combine the other recommendations from last year with the new ones. There has been some progress based on recommendations. Liz Pecos asked if Jim Gollin would like a progress report on last year’s recommendations. Jim Gollin said that it was a good question, but that it depends on how long the new recommendations are. He said to include it if it is important. If it is important to have the progress, include it, otherwise, place it in the addendum.

Jim Gollin said that he has heard people say the state needs a NM Film Academy, but when asked for details, everyone has radically different conceptions. He says some would like what exists now, but with better coordination. Others are looking for a bootcamp. Some people suggest a new institution with an endowment and so forth. He offered it as a comment rather than as a question. He does think the report covers all of it. There is a need for basic bootcamps, a need for coordination and correlation of existing education. Training and education needs to be linked to where the demand is. He said it sounds like the group is working at all levels. Liz Pecos said yes, that is what they are working towards. They are looking at what is working in other places and talking to the employers who know what works. Students in film programs are a logical next step. A lot of Below-the-Line is labor and a degree is not necessary. They said they need to target specific training such as a program that is “Production 101” and from them maybe go to grip training. After completion of the program, a filter is needed so that those who have completed the training can go directly to the employers. People don’t have to be a grip forever, IATSE is a studio mechanics union, so you can move to other crafts in other areas without needing to move to a new union. They would like to share information with colleges so the colleges can replicate it. Colleges want their students to have careers. Luke Renner said that given the high population density areas and the rural areas, if a common curriculum could be standardized and shared to everyone and help with outreach for the bootcamps so rural communities have buy-in and that would strengthen pipeline if the rural areas could be trained up, there would be more places to film in.

The Council will meet to finalize the report on Friday November 19, 2021. Please have all your drafts into Jim Gollin by November 1, 2021.

New Business

Public Comment (3 min. per person) Shanny Schmidt said that she was speaking on behalf of two other members of the public, also in attendance. The group would like to establish a child actor welfare coordinator to oversee safety and welfare of child actors on set. and 2: 33 pm Then the teachers wouldn’t have to do anything but teach. Jim Gollin said that it sounds like an important area. Sasha said that Ms. Schmidt covered everything that they wanted to say. Jennifer Corral asked if by the November meeting a subgroup could be formed to support their cause or provide information about pursuing their cause. Jim Gollin said that NMFO has their contact information and asked if NMFO could send out information provided.

Next Council Meeting – Chair James Gollin said that the next meeting will be tentatively scheduled for November 19, 2021.

There being no further business, James Gollin asked for a motion to adjourn. Liz Pecos moved to adjourn the meeting and Jo Edna Boldin seconded the motion. All were in favor and the meeting was adjourned at 2:38 pm.