

# New Mexico Film Production Tax Incentive Study

*Phase III Report*

July 2016



**Best  
Employers**  
in Canada  
By Aon Hewitt

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## EXECUTIVE SUMMARY

This is the third in a series of reports prepared by MNP LLP on the New Mexico film and television industry. The previous reports, which were released in 2014 and 2015, analyzed the economic impacts arising from film and television production spending, and its resulting effects on suppliers and the labor force. This report is focused on the following three aspects of the New Mexico film and television industry:

- Analysis of the effects that the film and television industry has on the New Mexico tourism industry.
- Documentation of educational programs that are designed to encourage participation by New Mexico residents in the film and television industry.
- Review of investments made in New Mexico in film and television infrastructure.

## EFFECTS OF THE FILM AND TELEVISION INDUSTRY ON NEW MEXICO TOURISM

The interaction between film and television and tourism is known as film-induced tourism, or FIT. FIT effects include both the influencing of visitors to travel to a jurisdiction, and the encouraging of increased visitor spending through participation in film-related experiences.

In general, the assessment of FIT on a jurisdiction-wide basis is a difficult task. The study of FIT in a systematic fashion has only been of recent interest, and few jurisdictions have established systems to measure it in an ongoing fashion. This is currently the case in New Mexico, where no ongoing measurement system for FIT exists.

As a result, our approach involved considering all available information on FIT, supplemented, as much as possible within the study terms of reference and budget, by original research. This approach can be described as an examination using multiple lines of evidence, where the multiple lines of evidence consisted of:

- Research and interviews regarding FIT in other jurisdictions that have film and television industries with similar characteristics.
- Review of previous studies on FIT undertaken in New Mexico.
- Research and interviews with individual New Mexico businesses and organizations that have reported FIT.
- Survey of visitors to New Mexico regarding the effects of FIT.
- Survey of New Mexico tourism businesses and organizations regarding the effects of FIT.

### Key Findings on FIT in New Mexico

The following are our key findings on FIT in New Mexico:

- FIT is a contributor to the tourism industry in New Mexico. While it is difficult to isolate the effects of any single factor on the decision of visitors to travel to New Mexico, there is clear evidence that many visitors have been influenced, in whole or in part, to travel to New Mexico because of scenery or locations that have been featured in film or television productions, or to see locations where film and television productions have been filmed. In addition, some visitors not initially influenced to travel to New Mexico by film and television productions engage in film-related tourism experiences during their stay.
- The available evidence suggests that FIT has increased substantially since 2008. This increase appears to be largely due to the popularity of the *Breaking Bad* television production and its related production, *Better Call Saul*.
- On a regional basis, FIT appears to have the most effect in the Central Region (Albuquerque), followed by the North Central Region (Santa Fe). Tourism businesses and organizations from the Central Region that were surveyed as part of the study believe that roughly 20 percent of visitors to that region may be influenced by film and television productions, while tourism businesses and organizations from the North Central Region believe film and television productions may influence

roughly 15 percent of visitors to their region. Tourism businesses and organizations in the remaining regions believe film and television productions may influence roughly 5 percent of visitors to their regions.

- At present, FIT accounts for a small but not insignificant portion of total New Mexico visitor spending. A conservative estimate is that FIT influenced, in whole or in part, between 5 percent and 13 percent of total visitor spending in 2014 (or between \$302 million and \$777 million).<sup>1</sup> Based on that range, the estimated economic impacts attributable in whole or in part to FIT in 2014 are shown in the following table.

#### ESTIMATED RANGE OF FIT ECONOMIC IMPACTS IN 2014<sup>2</sup>

	Low	Median	High
<b>Visitor Spending (millions)</b>	\$301.6	\$539.2	\$776.8
<b>Total Output (millions)</b>	\$423.8	\$757.7	\$1,091.7
<b>Total Gross State Product (millions)</b>	\$219.2	\$391.8	\$564.5
<b>Total Employment (FTEs)</b>	4,412	7,888	11,363
<b>Total Labor Income (millions)</b>	\$115.6	\$206.6	\$297.7
<b>Total State Taxes (millions)</b>	\$20.8	\$37.2	\$53.7
<b>Total Local Taxes (millions)</b>	\$9.9	\$17.7	\$25.6

#### Recommendations on FIT

Based on a review of FIT practices in other jurisdictions and on research conducted in New Mexico, we recommend the following regarding FIT:

- Coordination between film and television production companies and tourism organizations is a key factor for capitalizing effectively on FIT opportunities. New Mexico should consider the New Zealand model of introducing collaborative marketing agreements between production companies and relevant tourism agencies as part of its film incentive program. (Such agreements require a production company to assist with the marketing, promotion and showcasing of the jurisdiction, and the placement of the jurisdiction in screen production.)
- It is difficult to predict which productions will prove to be successful in generating FIT. Some productions that are anticipated to generate FIT may not prove popular with audiences, while the success of other productions, and the resulting FIT they generate, may come unexpectedly and catch tourism organizations by surprise. Consequently, it is important that tourism organizations be aware of the importance of planning for FIT opportunities in advance, so that they can be ready to maximize FIT opportunities as they occur.
- FIT experiences offer opportunities for New Mexico communities and businesses to develop incremental increases to their tourism sectors and tourism-related revenues. Local initiatives in FIT may build upon the work already undertaken by the New Mexico Tourism Department in conjunction with the New Mexico Film Office to organize and promote film tourism throughout the state.

<sup>1</sup> The range of estimates is based on a 90 percent confidence interval on the median responses provided by tourism industry representatives on the percentage of visitors attracted to their region over the last year as a result of film and/or television productions, applied to an estimate of total visitor spending in each region. To be conservative, spending made by business travelers and by New Mexico residents visiting friends and relatives have been excluded from these calculations.

<sup>2</sup> Total impacts include direct, indirect and induced impacts as defined in Appendix B.

- New Mexico should consider the development of an ongoing measurement system for FIT that could integrate into the regular tourism measurement system. Such a system would not only assist with the quantification of FIT but also would help to make FIT initiatives more effective by identifying both successful and unsuccessful initiatives.

## EDUCATIONAL PROGRAMS RELATED TO FILM AND TELEVISION PRODUCTION

New Mexico is home to a variety of film and television related educational programs that provide students with an opportunity to explore a career in the film and television industry. Programs offered at New Mexico educational institutions include crew training programs, production programs, post production programs, and specialized programs in areas including animation, cinematography, creative writing, performing arts, and visual effects. Currently, there are at least ten post-secondary institutions and at least three high school programs that offer courses to help prepare students for a career in the film and television industry.

To gather input on the impact of the film and television industry on educational institutions in the state, MNP issued a survey to New Mexico educational institutions and conducted interviews with representatives from film related programs. The following is a summary of our findings:

- The majority of representatives surveyed believed that the film and television industry has had a large positive impact on enrollment in, and the number of graduates from, their film related programs.
- Based on data obtained from five institutions<sup>3</sup>, the number of students enrolled in film related programs increased from approximately 960 students in 2010/11 to 1,282 students in 2014/15, suggesting more than a 30 percent increase in enrollment over this five year period.
- Graduation rates varied significantly among institutions surveyed, with a low of 8 percent and a high of 80 percent reported by representatives. Most survey respondents indicated that graduation rates in their film related program(s) have either increased or stayed constant between 2010/11 and 2014/15.
- The percentage of graduates from film related program(s) that gain employment in the film and television industry varied among those surveyed, with a low of 10 percent and a high of 70 percent reported.
- When asked what prompted the institution to offer a film-related program, most representatives specifically mentioned the film tax incentive or other film industry incentives as the main motivation (six out of ten survey respondents).

## INVESTMENT IN FILM AND TELEVISION INFRASTRUCTURE

There are four main production studios in New Mexico that support film and television production in the state: Albuquerque Studios, I-25 Studios, Santa Fe Studios, and Garson Studios. Since 2006, these studios have been associated with significant capital investments, as described in the following table.

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<sup>3</sup> The five institutions that provided data include two state colleges/universities and three community colleges with film related programs located in three different regions of New Mexico.

## INVESTMENT IN FILM AND TELEVISION RELATED INFRASTRUCTURE

Facility	Description
<b>Albuquerque Studios</b>	Construction of Albuquerque Studios began in 2006 and was completed by April 2007. <sup>4</sup> The studio was associated with an initial investment of \$114 million. <sup>5</sup>
<b>I-25 Studios</b>	I-25 Studios had its beginnings as the former Philips semiconductor plant which was used as a location for film and television productions. The facility was purchased from Philips in 2006 and transformed into I-25 Studios. Over the last six years, more than \$1.35 million has been reinvested in improvements at the facility. <sup>6</sup>
<b>Santa Fe Studios</b>	Santa Fe Studios opened in November 2011. The costs associated with its construction amounted to \$30 million <sup>7</sup> , of which \$10 million was a state contribution. <sup>8</sup>
<b>Garson Studios</b>	Garson Studios is an established facility located on the campus of Santa Fe University of Art and Design in New Mexico. The studios include 24,000 square feet of sound stages and 3,500 square feet of office space, as well as casting facilities, parking and back-lot space. <sup>9</sup>

Additional film and television-related infrastructure spending is anticipated for several new and existing facilities. Proposed projects include an expansion of Santa Fe Studios, a new production studio in the city of Roswell, and the construction of a sound stage in the city of Las Cruces.

<sup>4</sup> Retrieved from <http://www.pacificaventures.com/studios/albuquerque/>

<sup>5</sup> MNP interview with Albuquerque Studios.

<sup>6</sup> MNP correspondence with I-25 Studios.

<sup>7</sup> MNP correspondence with Santa Fe Studios.

<sup>8</sup> Report to the Legislative Finance Committee. Economic Development Department and Taxation and Revenue Department Job Creation Incentives: The Job Training Incentive Program, the Local Economic Development Act, and Select Economic Development Tax Expenditures. August 23, 2012.

<sup>9</sup> Retrieved from <http://garsonstudios.com/about-garson-studios/>

## 1 BACKGROUND AND STUDY PURPOSE

### 1.1 INTRODUCTION

The State of New Mexico has engaged MNP LLP (MNP) to conduct an independent assessment of the economic and community impacts and cost-effectiveness of the New Mexico film production tax incentive.

The study is anticipated to run from 2014 through 2017, and to consist of four phases. The planned reporting schedule for the study is shown in Table 1.

**TABLE 1: ANTICIPATED STUDY REPORT SCHEDULE**

Project Phase	Scope of Phase/Report	Timing
Phase I	<ul style="list-style-type: none"> <li>Film and television industry review, and tax incentive overview</li> <li>Comparison of New Mexico's film production tax incentive program with those of other US states</li> <li>Economic impacts of production spending</li> <li>Recommendations for reporting requirements</li> </ul>	<p>Completed July 2014</p> <p>Available at: <a href="http://www.nmfilm.com/Statistics.aspx">http://www.nmfilm.com/Statistics.aspx</a></p>
Phase II	<ul style="list-style-type: none"> <li>Analysis of film industry employment and procurement</li> </ul>	<p>Completed October 2015</p> <p>Available at: <a href="http://www.nmfilm.com/Statistics.aspx">http://www.nmfilm.com/Statistics.aspx</a></p>
Phase III	<ul style="list-style-type: none"> <li>Analysis of the effects that the film and television industry has on the New Mexico tourism industry</li> <li>Documentation of educational programs designed to encourage participation by New Mexico residents in the film and television industry</li> <li>Review of investment made in New Mexico in film and television infrastructure</li> </ul>	<p>July 2016</p>
Phase IV	<ul style="list-style-type: none"> <li>Assessment of film and television industry impacts in New Mexico by aggregating findings from previous phases</li> <li>Recommendations with regards to improved targeting and future opportunities for the film production tax incentive</li> </ul>	<p>Anticipated June 2017</p>

This report summarizes the findings of Phase 3 of the study.

## 1.2 PURPOSE AND SCOPE OF PHASE 3

The purpose of Phase 3 was to prepare a report that assesses the impact of the film and television industry on New Mexico's tourism industry and educational programs. In addition, we have included a summary of film and television-related infrastructure spending that has occurred in the state.

## 1.3 REPORT STRUCTURE

This report is structured as follows:

- Section 2 provides an overview of the approach used by MNP in analyzing the effects of film tourism.
- Section 3 contains a review of film tourism in other jurisdictions.
- Section 4 contains details of MNP's primary and secondary research activities related to film tourism in New Mexico.
- Section 5 presents estimates of the economic impacts of film tourism in New Mexico.
- Section 6 contains our recommendations regarding the development of film tourism in New Mexico.
- Section 7 provides a summary of the effects of film and television productions on related educational programs in New Mexico.
- Section 8 presents a review of film and television-related infrastructure investments in New Mexico.

The appendices contain a description of data sources relied on for the study, a description of economic impact terms and supporting materials obtained during the course of the study, as well as survey questionnaires and summary results.

## 1.4 REPORT LIMITATIONS

This report is not to be published in whole or in part without the prior written consent of MNP LLP ("MNP"). The report is provided for information purposes and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for personalized, professional advice.

We have relied upon the completeness, accuracy and fair presentation of all information and data obtained from the New Mexico Film Office, the New Mexico Tourism Department, and other sources believed to be reliable. The accuracy and reliability of the findings and opinions expressed in the presentation are conditional upon the completeness, accuracy and fair presentation of the information underlying them. Additionally, the findings and opinions expressed in the presentation constitute judgments as of the date of the presentation, and are subject to change without notice.

The reader must understand that our analysis is based upon projections, founded on past events giving an expectation of certain future events. Future events are not guaranteed to follow past patterns and results may vary, even significantly. Accordingly, we express no assurance as to whether projections underlying the economic and financial analysis will be achieved.

We disclaim any liability to any party that relies upon these findings and opinions for business or investment purposes. Before taking any particular course of action, readers should contact their own professional advisor to discuss matters in the context of their particular situation.



## 2 FILM TOURISM AND ITS MEASUREMENT

Film induced tourism (also referred to as film tourism, or FIT) can be described as the influence of film and television productions in attracting viewers to visit the location where filming took place. FIT and its related tourism concepts, which include the effects of television, films, movies, and media culture, has increasingly been viewed as an important component of tourism marketing.<sup>10</sup>

Similar to how films and television programs can be viewed as a valuable tool for product placement, they can also be a vehicle for promoting specific destinations. For example, according to research conducted by the New Zealand Institute of Economic Research, film and television shows provide memorable and long-lasting images, and may also reach broader audiences than focused tourism marketing.<sup>11</sup> The National Brand Index has also reported that 40 percent of people would be ‘very likely’ to travel to places as a result of seeing the destinations while watching a film.<sup>12</sup>

There are a number of factors, however, that influence an individual’s decision to travel to a given location. Leisure travelers in particular may be influenced by targeted tourism promotions, word of mouth from friends and relatives, a desire to visit specific attractions within a destination, as well as other means of promotion or advertising. Consequently, it is challenging to isolate the effect of any single factor, such as FIT. Further, as FIT is a relatively new area of research, there are few comprehensive studies to draw on for quantifying its impacts. As is described in later sections of this report, successful FIT programs tend to include specific initiatives designed to leverage film and television activities in a jurisdiction, and may be coupled with ongoing monitoring programs in place to track their success. However, to date very few jurisdictions have implemented these types of programs, making it difficult to assess the impact of FIT.

As a result, in this report we have followed multiple lines of inquiry to assess FIT impacts in New Mexico. This means that we have relied on more than one approach or method to assess film tourism impacts. Our assessment of FIT impacts in New Mexico is based on a review of the magnitude of FIT impacts reported in other similar production locations, a survey of tourism organizations and businesses in New Mexico, a survey of visitors to New Mexico, and interviews with representatives from tourism organizations and specific film locations, activities and attractions. Our overall assessment of the influence of FIT is based on a review of the available evidence across each of these methods.

For a more detailed description of FIT, as well as a summary of its different forms and characteristics, please refer to Appendix E of MNP’s Phase 1 Report of the New Mexico Film Production Tax Incentive Study.<sup>13</sup>

<sup>10</sup> Croy, Glen W. Monash University. *The Lord of the Rings, New Zealand, and Tourism: Image Building with Film*. March 2004.

<sup>11</sup> NZ Institute of Economic Research (Inc.), “Scoping the Lasting Effects of Lord of the Rings”, April 2002.

<sup>12</sup> “Kaua’i Makes List of Top 10 Film Locations.” *Pacific Business News* 27 March 2012.

<sup>13</sup> MNP (2014). *New Mexico Film Production Tax Incentive Study: Phase 1 Report*. Available at <http://www.nmfilm.com/Statistics.aspx>.

### 3 EXPERIENCE OF FILM TOURISM IN OTHER JURISDICTIONS

To provide context related to the potential magnitude of film tourism in New Mexico, it is helpful to review recent film tourism research from other production locations. This section summarizes recent research on film tourism from five jurisdictions: New Zealand, Florida, Hawaii, Louisiana, and the Canadian Northwest Territories. These jurisdictions were selected because from a FIT perspective they each have features in common with New Mexico, and because they provide insight into best practices used elsewhere.

#### **New Zealand**

New Zealand has been a leader in developing FIT and in integrating film and television productions with its tourism marketing strategies. Of particular note have been the efforts by Tourism New Zealand to market New Zealand as the home of Middle-earth. These efforts are described by Tourism New Zealand<sup>14</sup> as follows:

*Tourism New Zealand's 100% Pure Middle-earth, 100% Pure New Zealand marketing strategy focused on converting the international attention New Zealand drew from starring in The Hobbit Trilogy, into travel.*

*Tourism New Zealand's work through both marketing and PR was designed to demonstrate how easy it is for people to come to New Zealand, experience Middle-earth's stunning landscapes, embracing people and unique activities.*

*Tourism New Zealand worked in partnership with Warner Bros. Pictures to leverage The Hobbit Trilogy. This included PR activities prior to, during and after each film's premiere.*

#### **PR activity included:**

- *Tourism New Zealand hosted world-class international media outlets such as China- CCTV- (6.3 million viewers), TF1 France (3.8 million viewers) and Sky Movies UK (10.7 million viewers) at real Middle-earth locations and experiences.*
- *International media were provided with real Middle-earth destination content such as footage, imagery and written content.*
- *Tourism New Zealand had a strong involvement with the movies' international world premieres including a presence on the red carpet, and food and wine events in uniquely New Zealand settings such as The Book of New Zealand and a real Hobbit Hole at Claridge's Hotel in London.*
- *Middle-earth provided access to high profile celebrities with influence. This included cast from the movie as well as other celebrities with an interest in Middle-earth such as actress Yao Chen from China whose visit generated 34,697 stories.*

#### **Marketing activity included:**

- *Three Middle-earth TVCs which showed tourists the real locations and experiences they can enjoy in New Zealand - the real Middle-earth.*
- *Three 'New Zealand Home of Middle-earth' DVD featurettes with cast endorsements including their own personal experiences filming and exploring the real Middle-earth New Zealand.*
- *A Middle-earth hub on consumer website [newzealand.com](http://newzealand.com) providing consumers with interactive digital content on Middle-earth locations and experiences.*

There are a number of studies from New Zealand that have assessed the impact of FIT associated with *The Lord of the Rings* Trilogy and *The Hobbit* Trilogy. For example, a 2003 survey of international visitors to New Zealand reported that 89 percent of them were aware that the *Lord of the Rings* [movies] were filmed in New Zealand, and 8.6 percent of international visitors indicated that the productions were a factor in their decision to visit.<sup>15</sup> Due to the successful marketing activities of Tourism New Zealand, the impact of

<sup>14</sup> Retrieved from <http://www.tourismnewzealand.com/markets-stats/sectors/film-tourism/>

<sup>15</sup> Croy, Glen W. Monash University. *The Lord of the Rings, New Zealand, and Tourism: Image Building with Film*. March 2004.

FIT arising from *Lord of the Rings* and *The Hobbit* has continued to increase. Information provided to MNP by Tourism New Zealand indicated that as of May 2016, 94 percent of international visitors were aware of *The Hobbit* Trilogy being filmed in New Zealand, with 18 percent of visitors indicating that *The Hobbit* Trilogy was the reason for their initial interest in New Zealand.<sup>16</sup> In addition to its impact in driving visitation, an interview MNP conducted with Tourism New Zealand indicated that film tourism has also led to increased length of stay and increased spending by film tourists.<sup>17</sup>

(As described later in this report, New Zealand appears at present to have the most comprehensive program in place for fostering coordination between production companies and tourism organizations. New Zealand's film incentive program provides productions with an additional five percent in tax rebates upon demonstrating significant additional economic benefits to New Zealand.<sup>18</sup> A key part of demonstrating such benefits is the requirement that a production company assist with the marketing, promotion and showcasing of New Zealand, and with the placement of New Zealand in screen productions.)

## Florida

Florida has been a major film and television production jurisdiction, with a production level in 2014/15 of approximately \$615 million.<sup>19</sup> Like New Mexico, Florida film and television productions have included several iconic productions, including *Miami Vice*, *CSI: Miami*, and *Dolphin Tale*.

Visit Florida, which is the official tourism marketing corporation for the state of Florida, and individual counties have employed surveys as a method for measuring the impact of FIT. An August 2013 visitor survey conducted on behalf of Visit Florida by Toluna<sup>20</sup> found that 22.7 percent of leisure visitors (19.5 percent of all visitors) stated that viewing a movie or television series filmed in Florida was either "extremely important" or "very important" in their decision to travel to Florida.<sup>21</sup> The survey findings were consistent with interviews conducted with tourism industry representatives, who collectively believed that film and television influenced between 10 percent and 20 percent of visitors to the state.<sup>22</sup>

Similarly, a telephone survey conducted in late 2015 by H2R Market Research for the Monroe County Tourist Development Council found that the incremental visitation to the Florida Keys from the Netflix television series *Bloodline* was equivalent to 39,400 visits.<sup>23</sup> As a result, the study reported an incremental increase in visitor spending in the Florida Keys of \$65.1 million.

## Louisiana

Louisiana has also been a major film and television production jurisdiction, with a production level in 2014 of approximately \$727 million.<sup>24</sup> Louisiana film productions have included iconic productions such as *NCIS New Orleans* and *Steel Magnolias*.

A survey conducted in November 2014 by Federated Sample in collaboration with HR&A Advisors reported that Louisiana receives "significant exposure via motion picture and television productions".<sup>25</sup> The survey found that 57.3 percent of leisure visitors to Louisiana indicated that their awareness of films, television shows, and/or documentaries shot in or depicting the state positively affected their decision to visit Louisiana. Moreover, 22.9 percent of leisure visitors indicated that their awareness was "very important" in their decision to visit. Overall, 14.5 percent of leisure visitors indicated that their awareness positively

<sup>16</sup> Data from New Zealand's International Visitor Survey provided to MNP.

<sup>17</sup> MNP interview with Tourism New Zealand.

<sup>18</sup> Film New Zealand, *New Zealand Screen Production Grant*, available at <http://www.filmnz.com/financial-incentives/international-incentives>

<sup>19</sup> Florida Office of Film and Entertainment Fiscal Year 2014-2015 Annual Report. The Florida film incentive program is set to sunset in June 2016; consequently, future production levels may be smaller than experienced in the recent past.

<sup>20</sup> The survey for Visit Florida consisted of 269 US residents from outside Florida that had visited Florida in the previous 12 months.

<sup>21</sup> MNP, *Economic Impacts of the Florida Film and Entertainment Industry Financial Incentive Program – Supplementary Report on Film Induced Tourism*, January 2014.

<sup>22</sup> Ibid.

<sup>23</sup> H2R Market Research. 2015 Bloodline Film Impact Study, 2015. The survey consisted of 1,203 US residents from outside Florida.

<sup>24</sup> Louisiana Department of Economic Development. Current production levels in Louisiana are reportedly lower than historical levels due, in part, to changes in its film incentive program.

<sup>25</sup> HR&A Advisors, Inc. *Economic Impacts of the Louisiana Motion Picture Investor Tax Credit*. April 2015. The survey consisted of 1,381 US residents from outside Louisiana that had visited Louisiana for leisure purposes in the past two years.

affected their decision to visit Louisiana, and was very important to their decision. This group of respondents participated in at least one film or television related activity while they were in the state, and chose to extend their stay for reasons related to things they had seen on films, television shows, and/or documentaries shot there.

## Hawaii

Hawaii has a film and television industry that is currently roughly the same size in terms of production spending as New Mexico. In 2015, Hawaii reported production spending of \$244 million.<sup>26</sup> Hawaii film productions have included iconic productions such as *Hawaii Five-O* and *Jurassic Park*.

The Kaua'i Visitor Bureau conducts an annual survey of visitors to the island of Kaua'i to help identify travel behaviors and decision making factors, as well as measure improvements or declines in visitor satisfaction. As part of the 2011 survey of visitors, visitors were asked whether movies recently filmed on Kaua'i caused them to be more interested in visiting the island. Sixteen percent of respondents indicated that movies filmed on Kaua'i played a role in increasing their interest in visiting the island.<sup>27</sup> Adjusting for the demographics of visitors to Hawaii as a whole, it was estimated that roughly 12 percent of visitors to Hawaii may be influenced in whole or in part by film and television productions.<sup>28</sup> The survey findings were consistent with interviews conducted with tourism industry representatives, who collectively believed that film and television influenced between 6 and 15 percent of visitors to the state.<sup>29</sup>

## Canadian Northwest Territories

The Northwest Territories, located in Canada's Arctic region, provide an example of a non-traditional tourism area that has benefited from film and television promotion. Sparsely inhabited (the total 2015 population of approximately 41,000 people is spread over an area over four times the size of New Mexico), the Territorial Government has looked to its tourism industry, and FIT in particular, as a means of increasing economic activity. To measure the effect of FIT, the Territorial Government added questions in its Trip Diary Survey program relating to the influence of specific Northwest Territories-based television series on tourism. In 2013, survey results showed that of the 73.4 percent of respondents that indicated having watched Northwest Territories-based television series (i.e. *Ice Pilots*, *Ice Road Truckers* and *Arctic Air*), 32.2 percent indicated that the shows were "somewhat influential" or "very influential" on their decision to travel to the Northwest Territories.<sup>30</sup> Furthermore, the 2014 survey found that 16.5 percent of respondents stated that a single production (the *Arctic Air* television series) was somewhat to very influential in their decision to travel to the Northwest Territories.<sup>31</sup>

<sup>26</sup> Hawaii State Department of Business, Economic Development and Tourism.

<sup>27</sup> Kaua'i Visitor Bureau Survey 2011, Qmark Research. The survey consisted of 2,080 online surveys, together with 357 in-person interviews conducted at Kauai Airport.

<sup>28</sup> MNP estimate based on Kauai Visitor Bureau survey and the percentage of leisure visitors to Hawaii.

<sup>29</sup> MNP interviews with tourism industry representatives.

<sup>30</sup> Private communication with representatives of the Government of Northwest Territories.

<sup>31</sup> In 2014, 55% of visitors surveyed indicated they had watched at least one episode of *Arctic Air*. The television series was influential in the choice to travel to the Northwest Territories for 30% of visitors who had seen at least one episode. The survey was of 445 visitors who had travelled to the Northwest Territories by road. Source: R.A. Malatest & Associates, *2014 Road Visitor Survey Final Report*, April 2015.

## 4 FILM TOURISM IN NEW MEXICO

### 4.1 REVIEW OF PREVIOUS STUDIES OF FILM TOURISM IN NEW MEXICO

The only previous study to have addressed FIT in New Mexico was carried out by Southwest Planning and Marketing and CRC & Associates in 2008.<sup>32</sup> That study, entitled *The Impact of Film Tourism on the State of New Mexico*, was based on two surveys conducted in November 2008. The first was a random survey of visitors that was conducted at New Mexico Visitor Information Centers (VICs) on a daily basis. Approximately six surveys were completed each day at each center, resulting in 2,018 survey completions.

The second survey was a study of people that had requested a New Mexico Vacation Guide on the Tourism Department website or by email during the first eight months of 2008. An email was sent to the entire data base of 48,107 inquirers, inviting them to take the survey. During November 2008, 3,116 surveys were completed. Of the total, 1,769 had already visited New Mexico.

The study reported that 3.6 percent of all visitors at the VICs said New Mexico films had a great positive influence on their trip decision, while 10.9 percent said it had some influence. As well, the study reported that 1.4 percent of email respondents (both visitors and non-visitors) said New Mexico films had a great positive influence on their trip decision, while 11.6 percent said it had some influence.

The study also reported that the average VIC visitor increased the length of their trip by 0.33 days (an increase of 12.4 percent), and that the average email respondent who had visited New Mexico increased the length of their trip by 0.09 days (an increase of 1.2 percent).

Using the results from the surveys, the study estimated the economic impacts of film tourism under three scenarios: a Low Scenario, a Medium Scenario; and, a High Scenario. Under the Low Scenario, the proportion of total New Mexico visitor spending attributable to film tourism was estimated at 2.6 percent. Under the Medium Scenario, the proportion of total New Mexico visitor spending attributable to film tourism was estimated at 5.5 percent. Under the High Scenario, the proportion of total New Mexico visitor spending attributable to film tourism was estimated at 18.7 percent. The scenarios are summarized in Table 3.

**TABLE 3: RANGE OF ESTIMATED IMPACTS OF FILM TOURISM IN 2008**

	Low	Medium	High
Assumptions	Increase in trips: 1.4% Increase in trip length: 1.2% Proportion of New Mexico tourism spending due to film tourism: <b>2.6%</b>	Increase in trips: 4.3% Increase in trip length: 1.2% Proportion of New Mexico tourism spending due to film tourism: <b>5.5%</b>	Increase in trips: 6.3% Increase in trip length: 12.4% Proportion of New Mexico tourism spending due to film tourism: <b>18.7%</b>
Spending (millions)	\$132	\$279	\$950
Direct Employment	1,450	3,060	10,400
Direct Earnings (millions)	\$25.6	\$54.2	\$184.1
Direct State Taxes (millions)	\$8.4	\$17.7	\$60.3
Direct Local Taxes (millions)	\$2.0	\$4.3	\$14.6

<sup>32</sup> Southwest Planning & Marketing and CRC & Associates, *The Impact of Film Tourism on the State of New Mexico*, December 2008.

The study concluded that a conservative estimate of film tourism in 2008 was given by the Low Scenario (an attribution of 2.6 percent of visitor spending, or \$132 million).<sup>33</sup>

A subsequent report released in 2009 by Ernst & Young, entitled *Economic and Fiscal Impacts of the New Mexico Film Production Tax Credit*<sup>34</sup>, revisited the results of the November 2008 visitor study while introducing a second set of assumptions regarding the effect of productions on film tourism over time. By combining those assumptions, the authors estimated the film tourism spending related to 2007 productions alone at a net present value of \$165.9 million (in 2007 dollars).<sup>35</sup>

Table 4 summarizes the direct and indirect impacts on visitor spending, employment, earnings and state and local taxes reported by Ernst & Young.

**TABLE 4: DIRECT AND INDIRECT IMPACTS OF FILM TOURISM RELATED TO 2007 PRODUCTIONS**

	Direct	Indirect	Total
Spending (millions)	\$165.9	n/a	\$165.9
Output (millions)	\$165.9	\$119.2	\$285.1
Employment (jobs)	2,839	989	3,828
Earnings (millions)	\$69.7	\$54.3	\$124.0
State Taxes (millions)	\$12.0	\$3.9	\$15.9
Local Taxes (millions)	\$7.0	\$2.8	\$9.8

The Ernst & Young study differs from the visitor study in three key ways. First, the Ernst & Young study attempted to model the future film tourism impacts arising from contemporary production activity. To do so, the study had to rely on assumptions and projections that were not based on available data. Second, the Ernst & Young study projected the total impacts of future film tourism that would arise over time from a single year of production activity. In contrast, the visitor study simply attempted to estimate the film tourism that was occurring in 2008 from all past productions. Finally, the Ernst & Young study attempted to model both the direct and indirect impacts of film tourism, while the visitor study addressed only the direct impacts.

The Legislative Finance Committee subsequently reviewed both the Ernst & Young study and the visitor study, and expressed concerns regarding the estimates of film tourism.<sup>36</sup> The following are some of the main criticisms raised by the Legislative Finance Committee related to film tourism:

- The Ernst & Young study was criticized for using a spending estimate attributable to a single year of production that was substantially higher than the conservative estimate given in the visitor study for spending attributable to all past years of production combined.
- The visitor study was criticized for applying the estimated increase in tourism resulting from film and television across all tourism categories, rather than only to the portion of visitors that were classified as “general vacation” or “leisure” visitors.
- The visitor survey was criticized for not including information on the percentage error of the survey, and on the basis that some questions were unclear or misleading.

The sections that follow are intended to build on the previous studies by presenting more recent information related to FIT in New Mexico.

<sup>33</sup> Ibid.

<sup>34</sup> Ernst & Young, *Economic and Fiscal Impacts of the New Mexico Film Production Tax Credit*, January 2009.

<sup>35</sup> Ibid.

<sup>36</sup> Norton Francis, Chief Economist of the New Mexico Legislative Finance Committee, *Memorandum: Ernst & Young Film Study – REVISED*, March 2009.



## 4.2 INDIVIDUAL/ANECDOTAL EVIDENCE OF FIT IN NEW MEXICO

This section contains a selection of examples of FIT reported by individual New Mexico businesses and organizations. While this information is anecdotal in nature, it provides evidence that FIT plays a role within the New Mexico tourism industry. To collect this information, MNP supplemented publicly available data with interviews with select organizations.

As is discussed later in this report, FIT in New Mexico has been advanced substantially because of the popularity of the production *Breaking Bad* and its companion production *Better Call Saul*. Consequently, we have summarized the individual experience of FIT related to these productions separately from FIT related to other productions.

### FIT Arising from *Breaking Bad* and *Better Call Saul*

*Breaking Bad*, a crime drama television series set and produced in Albuquerque, originally premiered on the AMC network in January 2008. The television series grew in popularity and viewership to end its fifth and final season in September 2013 with 10.3 million viewers.<sup>37</sup> *Better Call Saul* is a spin-off series from *Breaking Bad* that is also produced in Albuquerque.

To assess the film tourism impacts from *Breaking Bad* and *Better Call Saul*, MNP conducted interviews with representatives from the Albuquerque Convention and Visitors Bureau (CVB) and local businesses that cater to the film tourism sector within New Mexico. The interviews focused on the tourism impacts related to filming of the television series in Albuquerque and the surrounding area.

To date, the Albuquerque CVB, along with many local businesses, have carried out a variety of initiatives that focus on leveraging the *Breaking Bad* and *Better Call Saul* television series to attract visitors to Albuquerque. These initiatives include:

- **A dedicated web page** on the Albuquerque CVB's official website. During the television series' fifth season of production, the Albuquerque CVB created a dedicated *Breaking Bad* webpage where fans are virtually guided around the city and are offered tours and exclusive merchandise.<sup>38</sup>
- **Themed tours** offered by local tour companies. Tourists can see key filming locations via trolley, RV, limousine, and bike.<sup>39</sup>
- **Self-guided tours** where visitors can use an interactive map to find their way around the city to public locations that are featured on *Breaking Bad*.<sup>40</sup>
- **Travel and accommodation promotions** with local hotels offering *Breaking Bad* inspired hotel packages. Hotels have put together packages for show enthusiasts. These include special discounts, *Breaking Bad* goodie bags, discounts for local shops, restaurants, tours, attractions and galleries in Albuquerque and Santa Fe.<sup>41</sup>
- **Merchandise and souvenirs** offered by several local businesses. *Breaking Bad* themed souvenirs offered by local businesses include t-shirts, candy, bath and body products, and food items. Visitors can also find themed craft beer and cocktails.

According to the Albuquerque CVB, *Breaking Bad* has generated a high volume of interest, both domestically and internationally. According to Ms. Audrey Johnson, Senior Digital Marketing Manager from the Albuquerque CVB, there was a large increase in web traffic on the dedicated *Breaking Bad* web pages

<sup>37</sup> AMC, *Breaking Bad* Series Finale Delivers a Record 10.3 Million Viewers, retrieved from: <http://www.amc.com/shows/talking-bad/talk/2013/09/breaking-bad-series-finale-delivers-a-record-10-3-million-viewers>

<sup>38</sup> See <http://www.visitalbuquerque.org/albuquerque/film-tourism/breaking-bad/>

<sup>39</sup> Private companies such as the ABQ Trolley Co. (a partner of Albuquerque Convention and Visitors Bureau), the *Breaking Bad* RV Tour and The Candy Lady, offer tours featuring Albuquerque locations seen in *Breaking Bad*. Source: <http://www.abqtrolley.com/index.php/TheBaDTour>, <http://www.breakingbadrvtours.com> and <http://www.breakingbadcandy.com>.

<sup>40</sup> Recognizing the film tourism interest in the state, the New Mexico Film Office and the New Mexico Tourism Department launched an initiative to organize and market FIT throughout the state. For instance, maps and descriptions of popular film locations are available on the state's tourism site, available at <http://www.newmexico.org/filmtrails/>.

<sup>41</sup> Retrieved from <http://www.visitalbuquerque.org/specials-coupons/packages/film-tourism/>

between 2014 and 2015. Web traffic data shows that Albuquerque CVB's *Breaking Bad* webpages received an increase from an average of 43,000 unique page views in 2014, to an average of 155,000 unique page views in 2015. Furthermore, Ms. Johnson estimated that 16 percent of the page views were from international visitors.<sup>42</sup>

The ABQ Trolley Co. of the Albuquerque Tourism and Sightseeing Factory offers a popular *Breaking Bad* themed tour called the BaD Tour. The BaD Tour is about 38 miles long and covers over 20 major *Breaking Bad* locations. According to an interview conducted by MNP with the co-founder of the tour, Mr. Jesse Herron, since starting the BaD Tour in 2012 the tour has served over 3,000 passengers. According to Mr. Herron, approximately 25 percent of tour customers are local to New Mexico, while the remaining 75 percent are from out of state or international. Mr. Herron noted that nearly all the customers who took the tour were influenced to visit Albuquerque as a result of *Breaking Bad*, with about 80 percent visiting because of the tour itself.

According to Mr. Herron, the production of *Breaking Bad* has benefitted many local businesses that have also leveraged the show's success. For example, the tour works in collaboration with a local retailer that sells *Breaking Bad* merchandise and stops at Twisters, featured on the series as Los Pollos Hermanos restaurant. The restaurant has reportedly received between 30 to 40 fan visits each day.<sup>43</sup>

According to Mr. Herron, *Breaking Bad* has helped to increase awareness of New Mexico among international visitors. He stated, "All of these people from international countries are coming to Albuquerque because of *Breaking Bad*, and for a lot of these people it is their first time visiting the US." Despite the series airing its final episode in 2013, the tour continued to see increased demand that he attributes to the show's release on Netflix.<sup>44</sup>

In April 2014, nine months after the show aired its final episode, Frank and Jackie Sandoval started the *Breaking Bad RV Tour* which provides a tour of *Breaking Bad* film locations using a replica RV, similar to the one featured on the show. MNP's interview with the co-founders of the tour suggests that between April 2014 and March 2016, the tour has had approximately 400 passengers, with nearly 50 percent travelling from outside the US. Mr. Sandoval estimated that 90 percent of visiting parties have stated *Breaking Bad* as the main reason for their visit to New Mexico.

According to Mr. Sandoval, the company has been asked to provide additional tours over long weekends and holidays to accommodate an increased demand from tourists. The company plans to launch a second tour that will take passengers to other film and television locations which will showcase popular New Mexico productions such as *No Country for Old Men*, *Transformers*, *Maze Runner: The Scorch Trials*, and *Independence Day: Resurgence*.<sup>45</sup>

## **FIT Arising from Other Productions**

In conjunction with the New Mexico Film Office, the New Mexico Tourism Department has developed an initiative to organize and promote film tourism throughout the state. As part of the New Mexico True Adventures initiative, a series of New Mexico Film Trails was created that includes location maps and descriptions of major films and television productions that have been produced in the state.<sup>46</sup> The downloadable maps display six state regions showing film locations and attractions for visitors to explore.

As described later in this report, MNP conducted a survey of tourism businesses and organizations from around the state, as well as interviews with specific tourism organizations. When asked to describe how film and/or television induced tourism has impacted their business or organization, respondents provided many anecdotal examples of film tourism, including the attraction of visitors to the Turquoise Trail through the filming of *Wild Hogs*, the attraction of visitors to experience balloon rides in Albuquerque due to the

<sup>42</sup> MNP email correspondence with Albuquerque CVB.

<sup>43</sup> Metro Article. A Breaking Bad pilgrimage to Twisters, the real Los Pollos Hermanos. <http://metro.co.uk/2013/02/26/a-breaking-bad-pilgrimage-to-twisters-the-real-los-pollos-hermanos-3515683/>

<sup>44</sup> MNP interview with ABQ Trolley Co. in March 2016.

<sup>45</sup> MNP interview with Breaking Bad RV Tour in March 2016.

<sup>46</sup> Available at <http://www.newmexico.org/true-film/>



filming of *An American Girl: Saige Paints the Sky*, and the attraction of visitors to Los Alamos as a result of several productions filmed in the area.

### 4.3 SURVEY OF VISITORS

Although a comprehensive survey of visitors was not included within the scope of this study, MNP was able to partner with the Albuquerque CVB to distribute an online survey to its consumer email database. The survey was distributed through the Albuquerque CVB's eNewsletter in April and May 2016. In total, responses were received from 186 individuals, including 145 that had previously visited New Mexico, 40 that intended to visit and one that did not plan to visit. The majority of respondents were domestic leisure visitors (about 77 percent). (Please note that, as the survey represents an extremely small sample of total visitors to the state, the results should be viewed as illustrative in nature only. The results are not intended to be viewed in isolation, but rather build on the overall assessment of the relationship between film and television and tourism in New Mexico.)

The complete survey questionnaire and more detailed results are provided in Appendix D.

#### Awareness of Films and/or Television Series Filmed in New Mexico

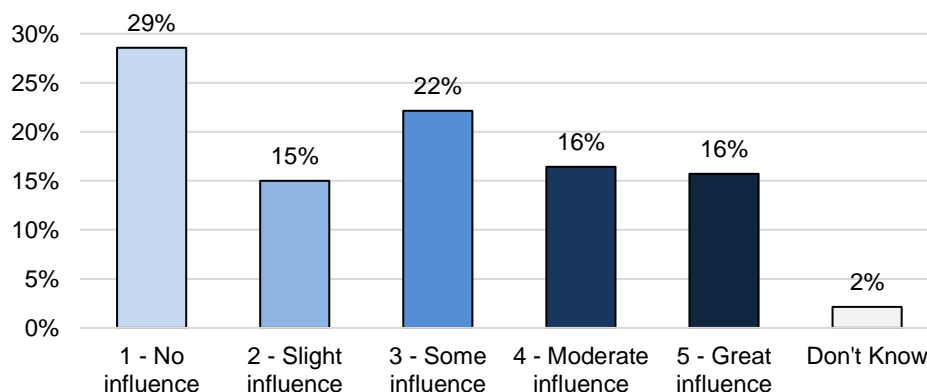
Of the survey respondents that had previously visited New Mexico or were planning a visit to New Mexico, approximately 76 percent indicated that they were aware of films and/or television series filmed in the state (140 out of 185 responses).

When asked to list specific films and/or television series they were aware of, the six most common responses were *Breaking Bad* (listed by 101 out of 140), *Better Call Saul* (51 out of 140), *Longmire* (15 out of 140), *No Country for Old Men* (12 out of 140), *In Plain Sight* (12 out of 140) and *Lone Ranger* (11 out of 140).

#### Influence of Films and/or Television Series on Visitation

Of the survey respondents that were aware of film and/or television series filmed in New Mexico, approximately 16 percent indicated that their awareness had a "great influence" on their decision to travel to the state. Approximately 54 percent indicated that their awareness of film and/or television series filmed in New Mexico had at least some influence on their decision.

**FIGURE 1: TO WHAT EXTENT HAS YOUR AWARENESS OF A FILM AND/OR TELEVISION SERIES FILMED IN NEW MEXICO INFLUENCED YOUR DECISION TO TRAVEL TO THE STATE? (ONLY RESPONDENTS AWARE OF FILM AND/OR TELEVISION PRODUCTIONS IN NEW MEXICO)**



As a percentage of all leisure visitors that had previously visited or were planning a visit to New Mexico, 10.9 percent indicated that their awareness of film and/or television series filmed in New Mexico had a great influence on their decision to travel to the state.

## Participation in Film Related Activities

Of the survey respondents that had visited New Mexico, 33 percent learned of film and/or television related activities while in New Mexico and 15 percent participated in film and/or television related activities during their visit.

Of those that had learned of or participated in film and/or television related activities during their visit, 57 percent would recommend New Mexico as a travel destination; 51 percent intend to return to New Mexico; 23 percent extended the length of their stay in New Mexico; and 13 percent booked a return trip to New Mexico as a result of learning of or participating in film and/or television related activities.

## 4.4 SURVEY OF TOURISM-RELATED BUSINESSES AND ORGANIZATIONS

To gather information on the impact of film and television on tourism in the state, a survey was prepared by MNP and distributed by the New Mexico Tourism Department to representatives of the state's tourism industry. The purpose of the survey was to gather feedback from front line tourism businesses and organizations actively involved in the state's tourism offering on the role of film and television in attracting visitors to the state. The survey was distributed in January 2016 through the New Mexico Tourism Department's email database and reached approximately 1,500 industry representatives.

Approximately 113 responses were received to the survey, with 69 representing tourism-related businesses (such as hotels, restaurants and attractions) and 44 representing tourism-related organizations (such as national parks, local governments and chambers of commerce).

Further, responses were gathered from businesses and organizations located in each region of New Mexico, with 38 percent representing the North Central Region, 24 percent representing the Central Region, 17 percent representing the Southwest Region, and 9 percent, 8 percent and 4 percent representing the Southeast, Northeast, and Northwest regions respectively.<sup>47</sup>

The complete survey questionnaire and more detailed results are provided in Appendix E.

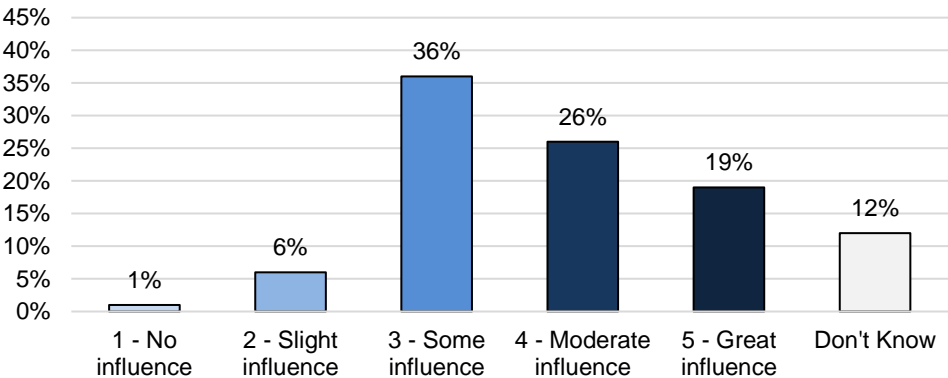
### Influence of Film and Television on Visitors to New Mexico

As part of the survey, representatives were asked the extent to which they believed films and/or television series filmed in New Mexico have influenced the number of visitors to the state and to their particular region. As indicated in Figure 2, 81 percent of those surveyed believed that film and television has had at least some influence on the number of visitors to New Mexico, with 19 percent of representatives indicating that film and television has had a great influence on the number of visitors to New Mexico (indicating "to a large extent").

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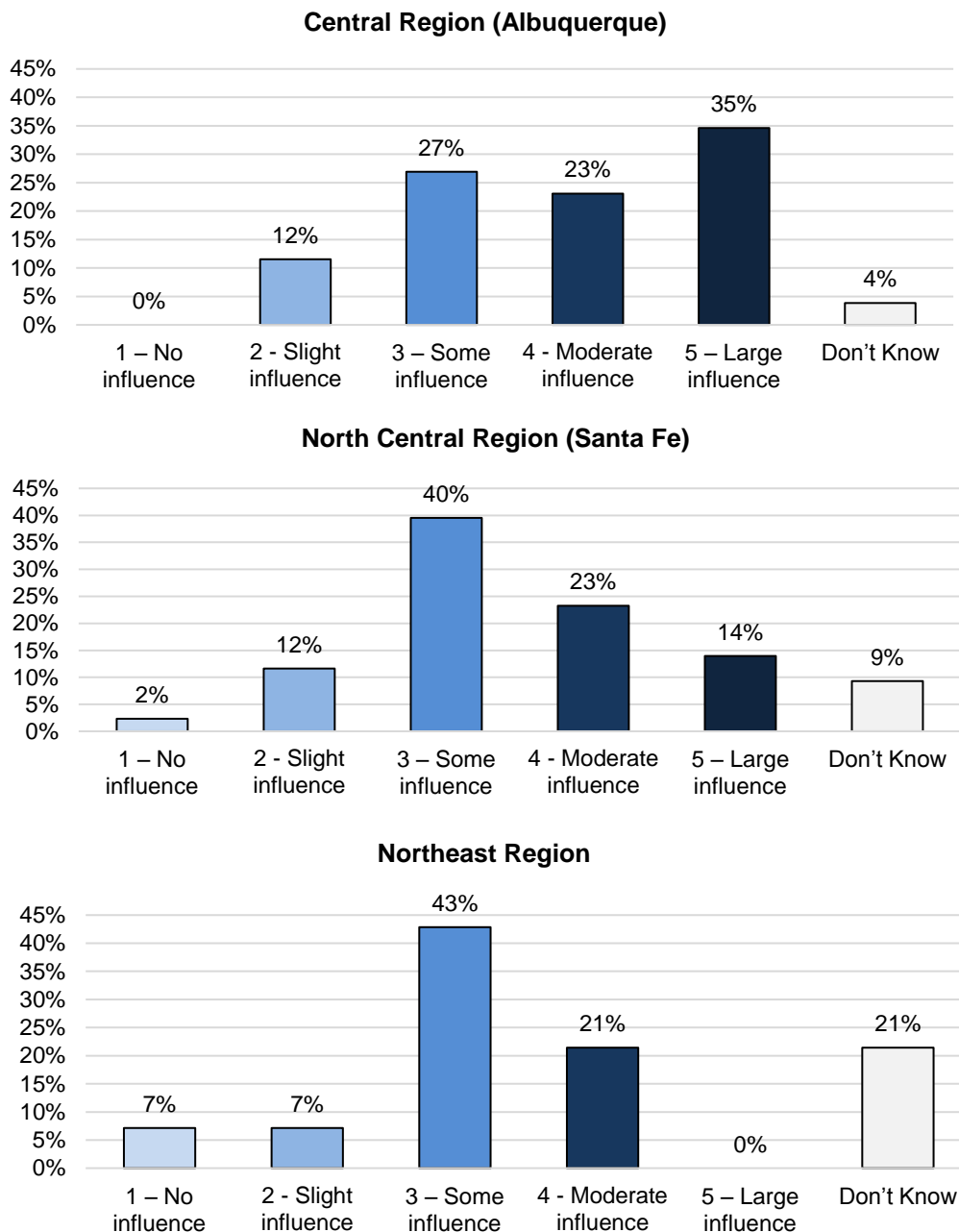
<sup>47</sup> Note that an individual respondent may represent more than one region.

**FIGURE 2: IN YOUR OPINION, TO WHAT EXTENT HAVE FILMS AND/OR TELEVISION SERIES FILMED IN NEW MEXICO INFLUENCED THE NUMBER OF VISITORS TO NEW MEXICO?**

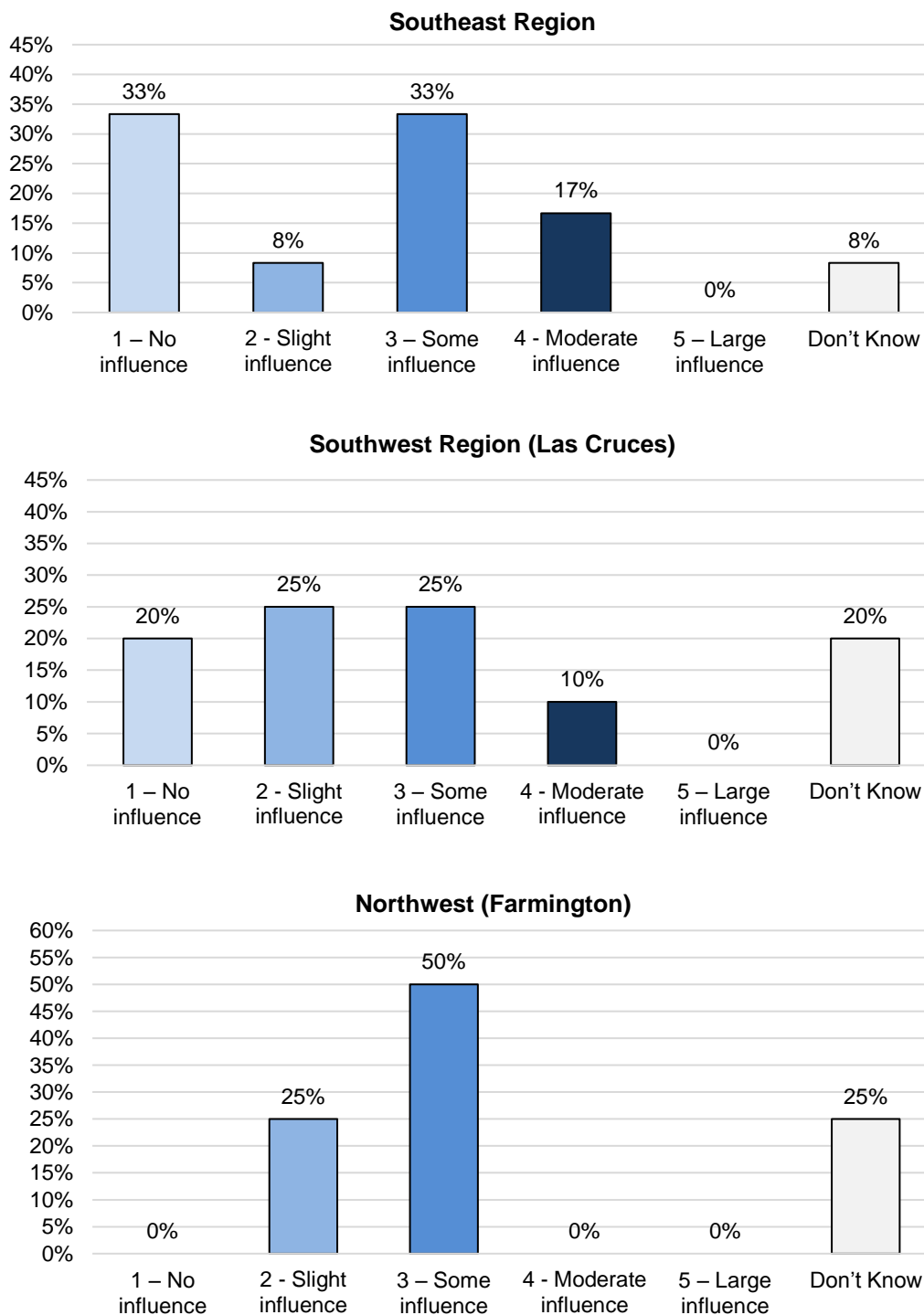


When asked the extent to which films and/or television series filmed in New Mexico had influenced the number of visitors to their region, representatives from the Central Region (Albuquerque) and the North Central Region (Santa Fe) stated higher levels of influence than representatives in other regions of New Mexico. Eighty-five percent of representatives from the Central Region and 77 percent of representatives from the North Central Region believed that films and/or television series had at least some influence on the number of visitors to their region.

**FIGURE 3: IN YOUR OPINION, TO WHAT EXTENT HAVE FILMS AND/OR TELEVISION SERIES FILMED IN NEW MEXICO INFLUENCED THE NUMBER OF VISITORS TO YOUR REGION?**



**FIGURE 3 (CONTINUED): IN YOUR OPINION, TO WHAT EXTENT HAVE FILMS AND/OR TELEVISION SERIES FILMED IN NEW MEXICO INFLUENCED THE NUMBER OF VISITORS TO YOUR REGION?**



As part of the survey, representatives were asked to estimate the percentage of visitors attracted to New Mexico over the last year as a result of film and/or television productions. Representatives from tourism-related businesses (such as hotels, restaurants and attractions) and tourism-related organizations (such as national parks and local governments) stated similar responses and, as shown in Table 5, both estimated that approximately 20 to 25 percent of visitors had been attracted to New Mexico over the past year as a result of film and television.

**TABLE 5: PLEASE ESTIMATE WHAT PERCENTAGE OF VISITORS HAVE BEEN ATTRACTED TO NEW MEXICO OVER THE LAST YEAR AS A RESULT OF FILM AND/OR TELEVISION PRODUCTIONS**

	Average	Median <sup>48</sup>	Sample Size
Tourism Businesses	24.5%	20.0%	47
Tourism Organizations	24.1%	20.0%	28
<b>All Responses</b>	<b>24.4%</b>	<b>20.0%</b>	<b>75</b>

Representatives were also asked to estimate the percentage of visitors attracted to their region in the last year as a result of film and/or television.<sup>49</sup> Representatives from the Central (Albuquerque) and North Central (Santa Fe) Regions estimated a higher percentage of visitors than did representatives from other parts of the state. Table 6 shows the average response from each region together with an upper and lower bound (the upper and lower bounds are calculated based on a 90 percent confidence interval<sup>50</sup>).

**TABLE 6: PLEASE ESTIMATE WHAT PERCENTAGE OF VISITORS HAVE BEEN ATTRACTED TO YOUR REGION OVER THE LAST YEAR AS A RESULT OF FILM AND/OR TELEVISION PRODUCTIONS (AVERAGE ESTIMATE)**

	Lower Bound	Average	Upper Bound	Sample Size
Central Region (Albuquerque)	18.8%	25.1%	31.4%	21
North Central Region (Santa Fe)	14.0%	19.2%	24.5%	35
Rest of New Mexico	7.4%	12.9%	18.4%	33

<sup>48</sup> If a set of observations are ordered by value, the median value corresponds to the middle observation in that ordered list. The median value corresponds to a cumulative percentage of 50% (i.e., 50% of the values are below the median and 50% of the values are above the median).

<sup>49</sup> Businesses and organizations representing more than one region were included in the sample for each applicable region.

<sup>50</sup> The 90% confidence interval means that if the same population is sampled on numerous occasions and interval estimates are made on each occasion, the resulting intervals would bracket the true population parameter in approximately 90% of the cases.

Table 7 shows the median response from each region together with an upper and lower bound (the upper and lower bounds are calculated based on a 90 percent confidence interval).

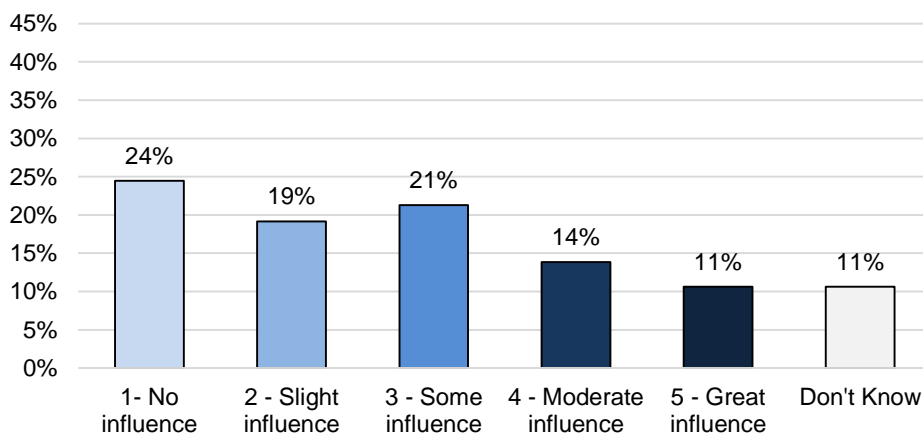
**TABLE 7: PLEASE ESTIMATE WHAT PERCENTAGE OF VISITORS HAVE BEEN ATTRACTED TO YOUR REGION OVER THE LAST YEAR AS A RESULT OF FILM AND/OR TELEVISION PRODUCTIONS (MEDIAN ESTIMATE)**

	Lower Bound	Median	Upper Bound	Sample Size
Central Region (Albuquerque)	14.4%	20.0%	25.6%	21
North Central Region (Santa Fe)	11.0%	15.0%	19.0%	35
Rest of New Mexico	0.3%	5.0%	9.7%	33

### Impacts of Film Tourism on Individual Businesses or Organizations

When asked to indicate the extent to which film and/or television induced tourism has impacted their business or organization, almost half of respondents (46 percent) indicated some influence, with a smaller percentage (11 percent) indicating a great influence.

**FIGURE 4: IN YOUR OPINION, TO WHAT EXTENT HAS FILM AND/OR TELEVISION INDUCED TOURISM IMPACTED YOUR BUSINESS/ORGANIZATION?**

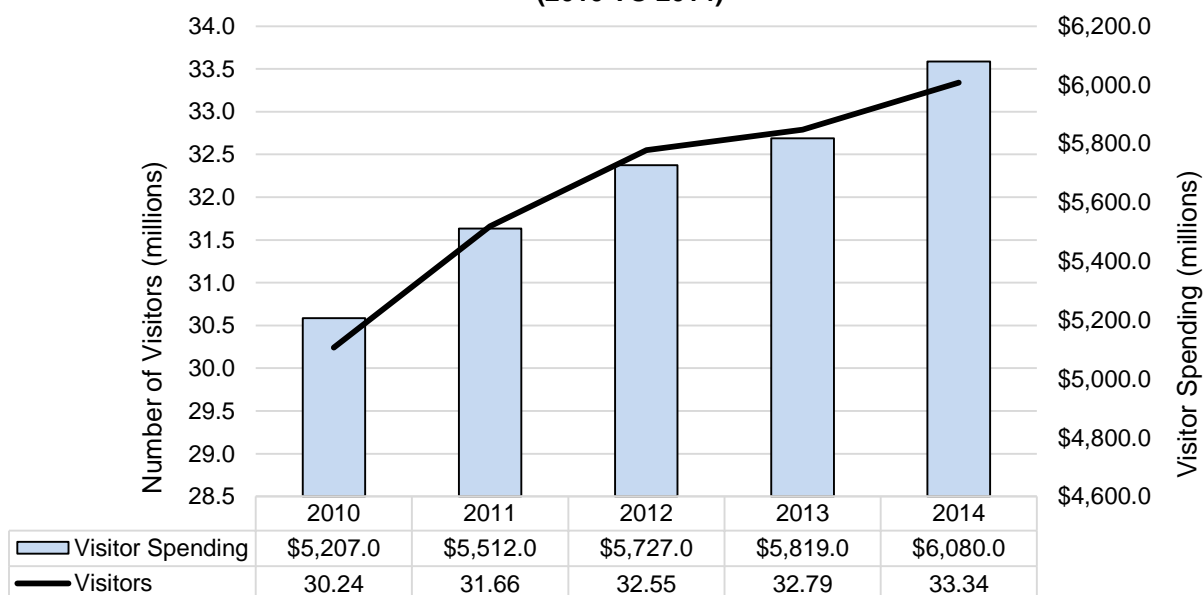


## 5 IMPACTS OF FILM TOURISM IN NEW MEXICO

### 5.1 NEW MEXICO'S TOURISM INDUSTRY

The tourism industry in New Mexico is one of New Mexico's largest industries, reported to sustain 1 in 12 jobs in the state.<sup>51</sup> According to Tourism Economics, New Mexico hosted 33.3 million visitors<sup>52</sup> in 2014, with total direct spending of \$6.1 billion.<sup>53</sup> New Mexico's tourism industry has also seen significant growth since 2010, with both the number of visitors to New Mexico and total visitor spending increasing steadily (Figure 5).

**FIGURE 5: VISITORS AND VISITOR SPENDING IN NEW MEXICO  
(2010 TO 2014)**



Source: Tourism Economics, *The Economic Impact of Tourism in New Mexico*, August 2015.

#### Visitor Profile

In 2014, approximately 98 percent of visitors to New Mexico were domestic visitors (32.7 million), accounting for 89 percent of total visitor spending in the state.<sup>54</sup> While almost a third of domestic visitors were New Mexico residents travelling within the state (9.8 million), the remaining two-thirds of domestic visitors were from other US states (22.9 million).<sup>55</sup> Visitors from Canada (141,002), Mexico (334,430) and other international locations (165,476) accounted for about 2 percent of visitors, but approximately 11 percent of total visitor spending.<sup>56</sup> This suggests that international visitors spent approximately six times more per trip than domestic visitors.

<sup>51</sup> Tourism Economics, *The Economic Impact of Tourism in New Mexico*, August 2015. Available at <http://nmtourism.org/wp-content/uploads/2015/10/NM-Visitor-Economic-Impact-2014-w-counties.pdf>

<sup>52</sup> According to Tourism Economics, visitors are counted on a person-trip basis and include day and overnight visitors.

<sup>53</sup> Tourism Economics, *The Economic Impact of Tourism in New Mexico*, August 2015. Available at <http://nmtourism.org/wp-content/uploads/2015/10/NM-Visitor-Economic-Impact-2014-w-counties.pdf>

<sup>54</sup> Ibid.

<sup>55</sup> Longwoods Annual TravelUSA reports, provided to MNP by the New Mexico Tourism Department.

<sup>56</sup> Tourism Economics, *The Economic Impact of Tourism in New Mexico*, August 2015. Available at <http://nmtourism.org/wp-content/uploads/2015/10/NM-Visitor-Economic-Impact-2014-w-counties.pdf>



According to the Tourism Economics report, 86.2 percent of visitors were leisure visitors (28.8 million), with 9.9 percent visiting for business purposes and the remaining 3.8 percent visiting for both business and leisure (see Table 8).<sup>57</sup>

**TABLE 8: VISITORS TO NEW MEXICO BY PURPOSE OF VISIT (2014)**

	Visitors (millions)	% of Total
Leisure	28.8	86.2
Business	3.3	9.9
Both	1.3	3.8
<b>Total</b>	<b>33.3</b>	<b>100.0</b>

Source: Tourism Economics, *The Economic Impact of Tourism in New Mexico*, August 2015.

### Economic Impacts of Visitor Spending

Based on the total estimated value of visitor spending in New Mexico in 2014 (\$6.1 billion), Tourism Economics estimated that visitor spending in New Mexico generated the following economic impacts<sup>58</sup>:

- Approximately \$8.5 billion in total output, including direct output of \$6.1 billion, and indirect and induced output of \$2.4 billion.
- Approximately \$4.4 billion in total Gross State Product (GSP), including direct GSP of \$2.9 billion, and indirect and induced GSP of \$1.5 billion.
- Approximately 88,938 total full time equivalent (FTE) positions, including direct employment of 66,809 FTEs, and indirect and induced employment of 22,129 FTEs.
- Approximately \$2.3 billion in total labor income, including direct labor income of \$1.5 billion, and indirect and induced labor income of \$0.8 billion.

This information is summarized in Table 9. For a definition of economic impact measures, please refer to Appendix B.

**TABLE 9: ESTIMATED ECONOMIC IMPACTS OF VISITOR SPENDING IN NEW MEXICO IN 2014**

	Direct	Indirect and Induced	Total
<b>Output (Sales) (millions)</b>	\$6,080	\$2,464	<b>\$8,544</b>
<b>GSP (millions)</b>	\$2,949	\$1,469	<b>\$4,418</b>
<b>Employment (FTEs)</b>	66,809	22,129	<b>88,938</b>
<b>Labor Income (millions)</b>	\$1,509	\$821	<b>\$2,330</b>

Source: Tourism Economics, *The Economic Impact of Tourism in New Mexico*, August 2015.

According to Tourism Economics, visitor spending in New Mexico in 2014 also generated approximately \$1.3 billion in total tax revenue for the federal, state and local governments.<sup>59</sup> The tax revenue consists of the following:

<sup>57</sup> Ibid.

<sup>58</sup> Tourism Economics, *The Economic Impact of Tourism in New Mexico*, August 2015. Available at <http://nmtourism.org/wp-content/uploads/2015/10/NM-Visitor-Economic-Impact-2014-w-counties.pdf>

<sup>59</sup> Ibid.

- Approximately \$670 million in federal taxes, including \$170 million in corporate taxes, \$120 million in indirect business taxes, \$70 million in personal income taxes, and \$310 million in social security payments.
- Approximately \$420 million in state taxes, including \$30 million in corporate taxes, \$30 million in personal income taxes, \$220 million in sales taxes, \$10 million in state unemployment payments, and \$130 million in other taxes and fees.
- Approximately \$200 million in local taxes, including \$10 million in sales taxes, \$10 million in personal income taxes, \$40 million in lodging taxes, \$10 million in excises and fees, \$80 million in property taxes, and \$50 million in other taxes and fees.

## 5.2 ESTIMATION OF THE ECONOMIC IMPACTS OF FILM TOURISM IN NEW MEXICO

While care must be taken in interpreting any individual piece of information, an overall review of the evidence suggests that there have been substantial impacts of FIT in New Mexico. The largest impacts are felt to exist in the Central (Albuquerque) and North Central (Santa Fe) regions, in which the majority of film and television production takes place.<sup>60</sup> There is also evidence that the impact of FIT has increased since 2008 as a result of the popularity of the television series *Breaking Bad* and *Better Call Saul*. This includes increased awareness among visitors of film and television productions filmed in New Mexico, increased influence of film and television productions on travel decisions, and participation in film and television-related activities while in New Mexico.

Because the available information does not allow for a precise estimate of FIT, we have prepared an estimated range of impacts. To develop the range of impacts we have relied on the responses from the survey of tourism businesses and organizations actively engaged in the state's tourism industry. Of the available information, this survey provides the most complete and geographically representative basis for estimation of FIT in New Mexico.

In calculating the range, we have relied on the median estimates from the survey rather than the averages. The median was chosen as it provides a good measure of the typical response, and is less influenced by individual observations than is the average. In this particular case, the median also provides a more conservative estimate. The table below presents the range of the estimated proportion of visitors attracted to each region due in whole or in part to FIT.

**TABLE 10: ESTIMATED PROPORTION OF VISITORS ATTRACTED TO EACH REGION DUE IN WHOLE OR IN PART TO FIT**

	Low	Median	High
<b>Central Region (Albuquerque)</b>	14.4%	20.0%	25.6%
<b>North Central Region (Santa Fe)</b>	11.0%	15.0%	19.0%
<b>Rest of New Mexico</b>	0.3%	5.0%	9.7%

The following four steps were then taken to estimate the total level of visitor spending that was attributable in whole or in part to FIT:

1. First, the total visitor spending in New Mexico was separated into three categories to isolate visitor spending that occurs in Albuquerque and Santa Fe. Based on regional data provided in the

<sup>60</sup> As indicated in our Phase 2 report, the Central Region (including Albuquerque) and North Central Region (including Santa Fe) accounted for approximately 91 percent of total production spending in the state. This estimate was based on a sample of productions taking place between FY 2012 and FY 2014. Source: MNP (2015). *New Mexico Film Production Tax Incentive Study: Phase 2 Report*. Available at <http://www.nmfilm.com/Statistics.aspx>.

Tourism Economics report, visitor spending was separated for Bernalillo County (Albuquerque), Santa Fe County (Santa Fe), and the remainder of New Mexico.

2. Second, the total spending by leisure visitors in each of the defined regions was estimated by applying the percentage of leisure visitors to New Mexico (86.3 percent) to total visitor spending.
3. Third, an adjustment was made to the total estimated spending by leisure visitors to exclude New Mexico residents visiting friends and relatives. Based on data provided by the New Mexico Tourism Department, this results in a reduction of \$391.8 million<sup>61</sup> (or 7.5 percent) in total leisure visitor spending. Although there is evidence to suggest that this category of visitors may also be influenced by FIT, removing these visitors produces a more conservative estimate.
4. Lastly, total visitor spending resulting from FIT was calculated by applying the estimated proportion of visitors attracted to each region as a result of FIT to the adjusted estimate of spending by leisure visitors.

The results of this approach are presented in Table 11. As a share of total estimated spending by leisure visitors in 2014 (\$5.2 billion), the low estimate represents 5.8 percent, the median estimate represents 10.3 percent and the high estimate represents 14.8 percent. As a share of total estimated visitor spending in 2014 (\$6.1 billion), the low, median and high estimates represent 5.0 percent, 8.9 percent and 12.8 percent, respectively.<sup>62</sup>

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<sup>61</sup> According to data provided to MNP by the New Mexico Tourism Department, approximately 34 percent of domestic overnight visitors were classified as visiting friends and relatives. Furthermore, a total of 2,533,000 visitors in 2014 were New Mexico overnight visitors (spending an average of \$236 per trip), and 7,298,000 visitors were New Mexico day-trip visitors (spending an average of \$76 per trip). To exclude spending by New Mexico residents visiting friends and relatives, we have assumed that 34 percent of New Mexico overnight visitors and 34 percent of New Mexico day trip visitors were visiting friends and relatives. Based on the average spending of these visitors, this results in a total reduction in visitor spending of \$391.8 million.

<sup>62</sup> If one were also to exclude out-of-state visitors visiting friends and relatives, it is estimated that the range of visitor spending attributable in whole or in part to FIT would be reduced to 4 percent to 10 percent of total visitor spending in 2014.

**TABLE 11: ESTIMATED VISITOR SPENDING ATTRIBUTABLE IN WHOLE OR IN PART TO FIT IN 2014**

	Total Visitor Spending in 2014 (millions)	Estimated Spending by Leisure Visitors (millions)	Adjusted Estimate of Spending by Leisure Visitors to exclude New Mexico residents visiting friends and relatives (millions)	Estimated Proportion of Visitor Spending Attributable in Whole or in Part to FIT			Estimated Visitor Spending Attributable in Whole or in Part to FIT (millions)		
				Low	Median	High	Low	Median	High
Bernalillo County (Albuquerque)	\$1,959.8	\$1,689.4	\$1,563.1	14.4%	20.0%	25.6%	\$225.1	\$312.6	\$400.2
Santa Fe County (Santa Fe)	\$781.0	\$673.2	\$622.9	11.0%	15.0%	19.0%	\$68.5	\$93.4	\$118.4
Rest of New Mexico	\$3,339.2	\$2,878.4	\$2,663.2	0.3%	5.0%	9.7%	\$8.0	\$133.2	\$258.3
<b>Total</b>	<b>\$6,080.0</b>	<b>\$5,241.0</b>	<b>\$4,849.2</b>				<b>\$301.6</b>	<b>\$539.2</b>	<b>\$776.8</b>
Share of Leisure Visitor Spending							5.8%	10.3%	14.8%
Share of Total Visitor Spending							5.0%	8.9%	12.8%

As shown in Table 11, FIT impacts are estimated to have been associated in whole or in part with direct spending by visitors of between \$301.6 million and \$776.8 million in 2014.

The economic impacts of this tourism spending, including the direct, indirect and induced impacts, may be calculated using the economic impact results reported by Tourism Economics for New Mexico's tourism industry. Based on this information, we estimate the following economic impacts in 2014 attributable in whole or in part to FIT:

- Total GSP impacts of between \$219 million and \$565 million.
- Total employment impacts of between 4,412 and 11,363 full time equivalent (FTE) positions.
- Total labor income of between \$116 million and \$298 million.
- Total state taxes of between \$20.8 million and \$53.7 million.
- Total local taxes of between \$9.9 million and \$25.6 million.

**TABLE 12: ESTIMATED RANGE OF FIT ECONOMIC IMPACTS IN 2014**

	Low	Median	High
<b>Visitor Spending (millions)</b>	\$301.6	\$539.2	\$776.8
<b>Total Output (millions)</b>	\$423.8	\$757.7	\$1,091.7
<b>Total GSP (millions)</b>	\$219.2	\$391.8	\$564.5
<b>Total Employment (FTEs)</b>	4,412	7,888	11,363
<b>Total Labor Income (millions)</b>	\$115.6	\$206.6	\$297.7
<b>Total State Taxes (millions)</b>	\$20.8	\$37.2	\$53.7
<b>Total Local Taxes (millions)</b>	\$9.9	\$17.7	\$25.6

## Discussion of Results

We note the following regarding the estimates of the impact of FIT in New Mexico:

- The median estimate of spending related to FIT represents approximately 10.3 percent of total estimated spending by leisure visitors in 2014. This value is consistent with the findings from the small sample of visitors, in which 10.9 percent of leisure visitors surveyed stated that their awareness of film and/or television productions in the state greatly influenced their decision to travel to New Mexico.
- The results are also generally consistent with findings reported in other jurisdictions that have measured FIT, which have been estimated to account for 10 percent to 20 percent of leisure visitors.
- To be conservative, the results presented do not consider spending by business travelers or by New Mexico residents visiting friends and relatives. There is evidence to suggest, however, that some of these visitors may also be influenced by FIT, or may participate in film related activities during their stay.
- While there is evidence to suggest that film tourism has influenced international visitors to travel to New Mexico, the results do not account for higher levels of spending (or higher length of stay) that are commonly associated with international visitors.

## 6 FILM TOURISM RECOMMENDATIONS

Based on a review of FIT practices in other jurisdictions, we have the following four observations and suggestions regarding the further development of FIT in New Mexico.

**Coordination between film and television production companies and tourism organizations is a key factor for capitalizing on FIT opportunities.**

In most jurisdictions there has been little coordinated planning and activity between film and television production companies and tourism organizations. Production companies may have viewed FIT as being something not of their concern, while tourism organizations may have viewed film production as being outside of their area of responsibility. As a result, opportunities for capitalizing on FIT may not have been realized effectively. However, several jurisdictions have now begun initiatives to use FIT as a way of increasing the economic value realized from film and television production, and have concluded that increasing the coordination between production companies and tourism organizations is a key success factor.

Based on MNP's review, New Zealand appears at present to have the most comprehensive program in place for fostering coordination between production companies and tourism organizations. New Zealand's film incentive program provides productions with an additional five percent in tax rebates upon demonstrating significant additional economic benefits to New Zealand.<sup>63</sup> A key part of demonstrating such benefits is the requirement that a production company assist with the marketing, promotion and showcasing of New Zealand, and the placement of New Zealand in screen production (the New Zealand guidelines are contained in Appendix C). This in turn has led to agreements with productions to form collaborative marketing partnerships with New Zealand tourism organizations. Examples of these agreements are also contained in Appendix C, and in brief contain such commitments as the development of a joint marketing plan and strategy from pre-production and throughout the duration of the films to:

- Promote New Zealand as the place where the film was brought to life, with a view to maximizing New Zealand's international brand.
- Provide access to certain key creative, cast and crew personnel in realization of the plan.
- Provide involvement of international media in realization of the plan.
- Provide access to appropriate content such as production footage and stills, and behind-the-scenes footage and stills once such material has been made publicly available.
- Explore commercial partnerships with suitable New Zealand partners.

New Mexico should consider the New Zealand model of introducing collaborative marketing agreements between production companies and relevant tourism agencies as part of its film incentive program.

**Advanced planning can enable tourism organizations to leverage FIT opportunities as they occur.**

It is difficult to predict in advance which productions will be successful in generating FIT. Some productions that may be anticipated to generate FIT may not prove popular with audiences, while the success of other productions, and the resulting FIT they generate, may catch tourism organizations by surprise. (For example, the success of the first *Lord of the Rings* film in generating FIT was not anticipated in advance.<sup>64</sup>)

Consequently, it is important that tourism organizations be aware of the importance of planning for FIT opportunities, so that they can be ready to maximize FIT opportunities as they occur.

<sup>63</sup> Film New Zealand, *New Zealand Screen Production Grant*, available at <http://www.filmnz.com/financial-incentives/international-incentives>

<sup>64</sup> MNP interview with Tourism New Zealand.

**FIT experiences offer opportunities for New Mexico communities and businesses to develop incremental increases to their tourism sectors and tourism-related revenues.**

Many successful FIT experiences are the result of initiatives undertaken jointly by local businesses and tourism organizations. (An illustration of the development of a successful FIT product due to the joint initiatives of local businesses and the local tourism organization can be seen from filming of the *Once Upon a Time* television series in Steveston, British Columbia.<sup>65</sup>)

Many New Mexico communities appear well positioned to develop local initiatives in FIT that may build upon the work already undertaken by the New Mexico Tourism Department in conjunction with the New Mexico Film Office to organize and promote film tourism throughout the state. (As described previously, maps and descriptions of major films that have been produced in New Mexico are available on the State's Tourism site as part of the New Mexico True Adventures initiative. The maps display film locations and attractions for visitors to explore.)

**Development of an ongoing measurement system would allow for the effectiveness of FIT initiatives to be measured and monitored.**

New Mexico should consider the development of an ongoing measurement system for FIT that could integrate into the regular tourism measurement system. Such a system would not only assist with the quantification of FIT but would also help to make FIT initiatives more effective by identifying successful practices.

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<sup>65</sup> MNP, *Economic Impacts of Once Upon a Time*, September 2015.

## 7 IMPACTS OF FILM AND TELEVISION ON EDUCATIONAL INSTITUTIONS

### 7.1 FILM AND TELEVISION RELATED EDUCATIONAL PROGRAMS

New Mexico is home to a variety of film and television related educational programs that provide students with an opportunity to explore a career in the film and television industry. Programs offered at New Mexico educational institutions include crew training programs, production programs, post production programs, and specialized programs in areas including animation, cinematography, creative writing, performing arts, and visual effects. Currently, there are at least ten post-secondary institutions (i.e. state colleges, universities and community colleges) that offer one or more film-related programs throughout the state. In addition, there are at least three high school programs that help to prepare students for a career in the film and television industry.

An inventory of post-secondary institutions offering film-related programs is summarized in Table 13.

**TABLE 13: POST SECONDARY FILM AND TELEVISION RELATED PROGRAMS IN NEW MEXICO**

Educational Institution / Program	Program Description
<b>Santa Fe University of Art and Design (SFUAD) – The Film School at SFUAD</b>	The Film School at SFUAD BFA in Film degree offers an accelerated (three year) program and degree concentrations in Production, Visual Effects/Animation, Story Development and Post Production. <sup>66</sup> The Film School shares space with Garson Studios, providing students with the opportunity to gain hands on experience while interning on productions. The Film School's Advisory Board is led by directors, screenwriters, and animators who give guest lectures and workshops on campus.
<b>The University of New Mexico College of Fine Arts – The Interdisciplinary Film and Digital Media Program (IFDM)</b>	The Interdisciplinary Film and Digital Media Program (IFDM) <sup>67</sup> offers students a curriculum that can be structured and customized to serve their specific needs. Students in the program may pursue their interests in computer-based applications (such as animation or post production), creative applications (such as directing, writing and producing), or business applications that emphasize the legal, marketing and accounting aspects of the film industry.
<b>Central New Mexico Community College</b>	Located in Albuquerque, New Mexico, the Central New Mexico Community College is a public college that offers various film-related programs, including a Film Crew Technician Program and Post Production Technician Program. <sup>68</sup>
<b>Santa Fe Community College – Film Program</b>	Santa Fe Community College's Film Program <sup>69</sup> caters to students interested in careers in areas including screen writing, producing, directing, documentary, cinematography, film festivals, editing, and animation. The program offers students hands-on training and classes that are taught by working professionals.

<sup>66</sup> Retrieved from <http://santafeuniversity.edu/academics/the-film-school/degrees/>

<sup>67</sup> Retrieved from <http://finearts.unm.edu/index.php/programs/interdisciplinary-film-digital-media>

<sup>68</sup> Retrieved from <https://www.cnm.edu/programs-of-study/all-programs-a-z/film>

<sup>69</sup> Retrieved from <http://www.sfcc.edu/programs/film>



Educational Institution / Program	Program Description
<b>New Mexico State University (NMSU)</b>	The New Mexico State University's CMI offers a Bachelor of Creative Media <sup>70</sup> degree that prepares students for a career in Digital Filmmaking and Animation and Visual Effects. CMI houses a digital projection system screening room, post-production lab, and animation lab and production space. Various film related programs are also offered at the NMSU Dona Ana Community College and NMSU campuses located in Alamogordo, Carlsbad and Grants. <sup>71</sup>
<b>New Mexico Highlands University – Media Arts Program</b>	New Mexico's Highlands University offers a Media Arts Program <sup>72</sup> which includes concentrations in visual communications, interactivity and multimedia, photography and digital filmmaking. Graduates of this program may find positions in areas including graphic design and web development.
<b>Eastern New Mexico University – Media Arts: Film Technology</b>	The Film Technology program at Eastern New Mexico University in Roswell <sup>73</sup> is a three semester program in partnership with the State Film Office and International Alliance of Theatrical Stage Employees (IATSE) Local 480. The classes are application-based with hands on film production applications in the third semester.
<b>Eastern New Mexico University – Department of Theatre and Digital Filmmaking</b>	The Eastern New Mexico University in Portales offers a Bachelor of Science degree in Digital Filmmaking and a Bachelor of Arts and Bachelor of Science degree in Theatre, designed to prepare students for a career in the film and entertainment industry. <sup>74</sup>
<b>Northern New Mexico College</b>	Northern New Mexico College offers a two-year Associate of Art in Film and Digital Media Arts <sup>75</sup> that helps prepare individuals for entry level positions in film and digital media technical positions or matriculation into a four-year degree. A film technician certificate <sup>76</sup> is also available that helps prepare individuals for entry level jobs in the craft and skills portion of the film industry. Students have access to facilities, equipment and software and the opportunity to conduct internships with local productions or the college's TV station. <sup>77</sup>
<b>Luna Community College</b>	The Associate of Applied Science degree in Media Arts and Film Technology <sup>78</sup> offered at Luna Community College offers theory, research and hands-on experience. The degree is designed to prepare students with entry level job skills in the media industry and focuses on the ability to use multimedia tools and computer software.

<sup>70</sup> Retrieved from <http://cmi.nmsu.edu/>

<sup>71</sup> For more information, visit [http://www.nmfilm.com/List\\_of\\_HED\\_Media\\_Programs.aspx](http://www.nmfilm.com/List_of_HED_Media_Programs.aspx)

<sup>72</sup> Retrieved from <http://www.nmhu.edu/current-students/undergraduate/school-of-business-media-and-technology/media-arts-technology/>

<sup>73</sup> Retrieved from <http://www.roswell.enmu.edu/about-enmu-roswell/gainful-employment/985--sp-3282>

<sup>74</sup> Retrieved from <http://www.enmu.edu/theatre-and-digital-filmmaking/digital-filmmaking>

<sup>75</sup> Retrieved from <http://nnmc.edu/home/academics/colleges-and-departments/college-of-arts-sciences-cas/departments-of-fine-arts/film-digital-media-arts/fdma-associate-of-arts/>

<sup>76</sup> Retrieved from <http://nnmc.edu/home/academics/colleges-and-departments/college-of-arts-sciences-cas/departments-of-fine-arts/film-technician-program-1/>

<sup>77</sup> Retrieved from <http://nnmc.edu/home/academics/colleges-and-departments/college-of-arts-sciences-cas/departments-of-fine-arts/film-digital-media-arts/>

<sup>78</sup> Retrieved from [https://www.luna.edu/media\\_art\\_and/](https://www.luna.edu/media_art_and/)

Educational Institution / Program	Program Description
<b>Institute of American Indian Arts</b>	The New Media Arts degree was redesigned and renamed the Cinematic Arts and Technology degree in 2013. <sup>79</sup> The program offers film courses including film production, screenwriting, world cinema history, directing, acting, and business of film and sound. The program also offers students exposure to technology and industry software that allows them to gain technical and computer skills in areas such as animation, visual effects and composing, digital dome production, and advanced sound design.

At the high school level, the Media Arts Collaborative Charter School (a state-chartered public school with a focus on media arts) and the Atrisco Heritage Academy High School (an Albuquerque Public School) offer programs with specific courses in film and digital media. The Albuquerque Public Schools' Running Start for Careers program also offers film courses to high school students. These programs are described in more detail in Table 14.

**TABLE 14: HIGH SCHOOL FILM AND TELEVISION RELATED PROGRAMS IN NEW MEXICO**

Educational Institution / Program	Program Description
<b>Albuquerque Public Schools – Running Start for Careers Program</b>	Running Start for Film is one of the courses offered through the program and offers hands-on experience in the production and distribution process. <sup>80</sup> Students that complete the course may also have the opportunity to apply for a paid internship.
<b>Media Arts Collaborative Charter School</b>	The Media Arts Collaborative Charter School provides students from 6 <sup>th</sup> to 12 <sup>th</sup> grade with school academics and electives exclusively in the media arts that meet the New Mexico standards for graduation from secondary schools. <sup>81</sup> Students work on the creation of a number of media projects including digital films, short animated movies, and the production of television programs. Mentorship and internship programs are available and students have access to a cable television channel where they can produce media presented to the public.
<b>Atrisco Heritage Academy High School – ABQ Studios Film &amp; Technology Academy</b>	The Atrisco Heritage Academy High School in Albuquerque offers a Film & Technology Academy in partnership with ABQ Studios which teaches students the basics of digital film production, including filming, editing, script writing and storyboard planning. <sup>82</sup>

There are also a number of training programs that offer hands on experience to those interested in a career in film and television. For example, the Film Connection Film School has locations in Albuquerque and Santa Fe, and pairs students with industry mentors through a six-month “behind the scenes” program and an eight-month “directors program”.<sup>83</sup>

<sup>79</sup> Retrieved from <https://iaia.edu/academics/degree-programs/cinematic-arts-and-technology/>

<sup>80</sup> Retrieved from <http://www.runningstartforcareers.org/project/running-start-for-film/>

<sup>81</sup> Retrieved from <http://nmmediaarts.org/admissions/courses/>

<sup>82</sup> Atrisco Heritage Academy High School Course Catalogue. Retrieved from <http://aha-aps-nm.schoolloop.com/file/1319264174283/1356610510089/5014934639581742059.pdf>

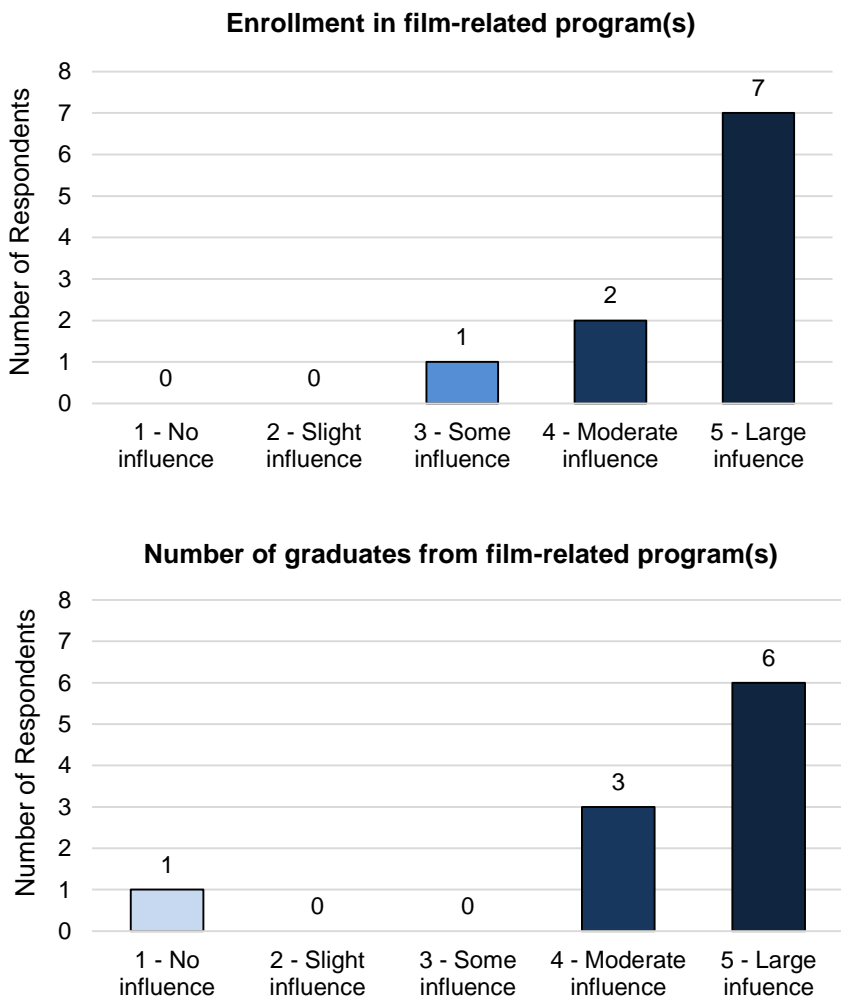
<sup>83</sup> For more information, visit <http://www.filmconnection.com/school-locations/albuquerque/> or <http://www.filmconnection.com/school-locations/santa-fe/>

7.2 IMPACT OF FILM AND TELEVISION INDUSTRY ON EDUCATIONAL INSTITUTIONS

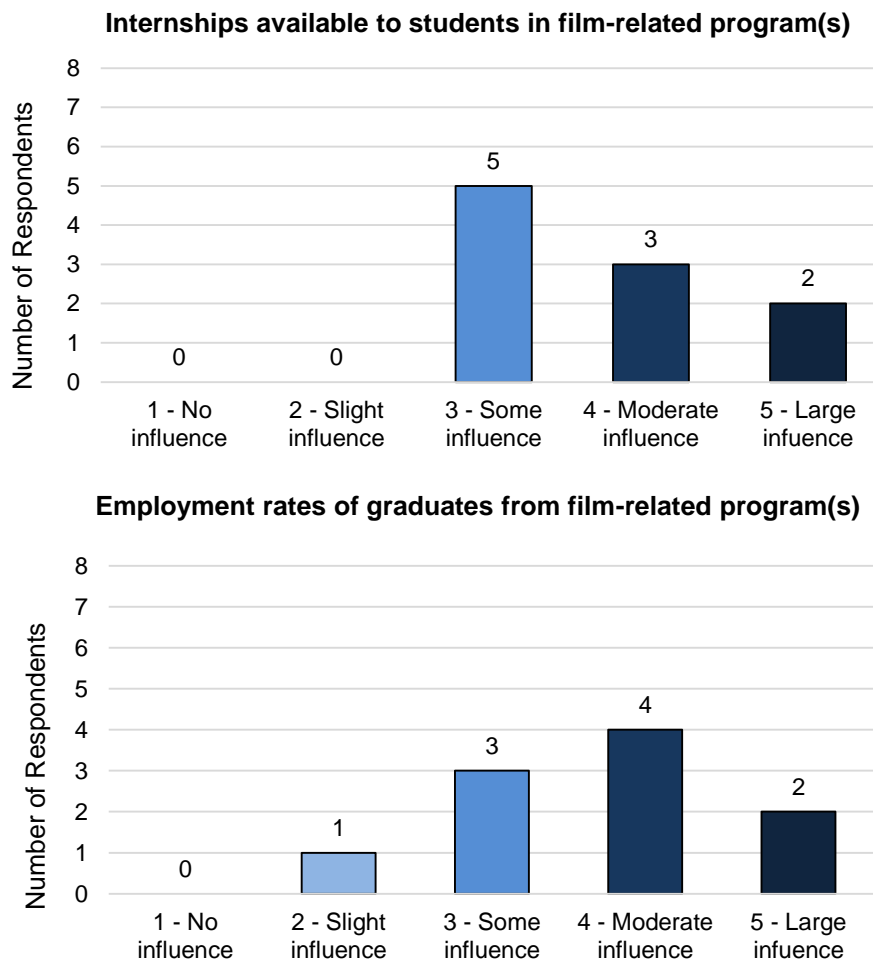
To gather input on the impact of the film and television industry on educational institutions in the state, MNP issued a survey to representatives of New Mexico educational institutions and conducted interviews with representatives from film related programs. Ten representatives from eight educational institutions provided input for the survey. The institutions represented by survey respondents included three state, tribal or private colleges/universities, three community colleges, and one secondary school. The survey included responses from representatives located in the Central, North Central, Southwest and Northeast regions of New Mexico. The complete survey questionnaire and more detailed results are provided in Appendix F.

As part of the survey, representatives were asked to rate the impact of the film and television industry on the following: enrollment in film related program(s) at their institution; the number of graduates from their film related program(s); internships available to students in their film related program(s); and employment rates of graduates from their film related programs. The results are presented in Figure 6.

FIGURE 6: IN YOUR OPINION, TO WHAT EXTENT HAS NEW MEXICO'S FILM AND TELEVISION INDUSTRY HAD AN IMPACT ON THE FOLLOWING AT YOUR INSTITUTION?



**FIGURE 6 (CONTINUED): IN YOUR OPINION, TO WHAT EXTENT HAS NEW MEXICO'S FILM AND TELEVISION INDUSTRY HAD AN IMPACT ON THE FOLLOWING AT YOUR INSTITUTION?**



As presented in Figure 6:

- All representatives believed that the film and television industry had at least some influence on enrollment in their film related program(s). The majority of survey respondents (seven out of ten) were of the opinion that New Mexico's film and television industry had a large influence on enrolment in their film related program(s).
- Most representatives (nine out of ten) were of the opinion that the New Mexico film industry had at least some influence on the number of graduates from their film related program(s). The majority of representatives (six out of ten) were of the opinion that the New Mexico film industry had a large influence on the number of graduates from their film related program(s) and one representative indicated no impact from the industry on the number of graduates.
- All representatives were of the opinion that the New Mexico film industry had at least some influence on internships available to students in their film related program(s). Half of respondents (five out of ten) were of the opinion that the New Mexico film industry had only some influence on internships available to students.

- Most representatives (nine out of ten) were of the opinion that the New Mexico film industry had at least some influence on the employment rates of graduates from film-related programs. Only two representatives were of the opinion that the film industry had a large influence on employment rates.

As part of the survey, representatives from educational institutions were also asked to provide data on the educational outcomes of students in their film-related program(s). The following summary is based on data obtained from five institutions<sup>84</sup>:

- Enrollment in film related programs increased from approximately 960 students in 2010/11 to 1,282 students in 2014/15, suggesting more than a 30 percent increase in enrollment over the five year period.
- Graduation rates varied significantly among those surveyed, with a low of 8 percent<sup>85</sup> and a high of 80 percent reported. All representatives indicated that graduation rates in their film related program(s) have either increased or stayed constant between 2010/11 and 2014/15.
- The percentage of graduates from film related program(s) that gain employment in the film and television industry varied among those surveyed, with a low of 10 percent and a high of 70 percent reported.

Representatives from six institutions provided data on the number of staff members directly engaged in film-related program(s) at their institution. Based on this information, film related programs in New Mexico supported at least 72 full-time or part-time positions. Instructional staff represented the majority of these positions (over 80 percent).

**TABLE 15: EMPLOYMENT BY FILM-RELATED EDUCATIONAL INSTITUTIONS**

Type of Staff	Instructional Staff	Administrative Staff	Other	Total
Full-time (35 hours per week or more)	28	10	2	40
Part-time (less than 35 hours per week)	30	1	1	32
<b>Total</b>	<b>58</b>	<b>11</b>	<b>3</b>	<b>72</b>

Source: Survey of Educational Institutions (represents data from six institutions)

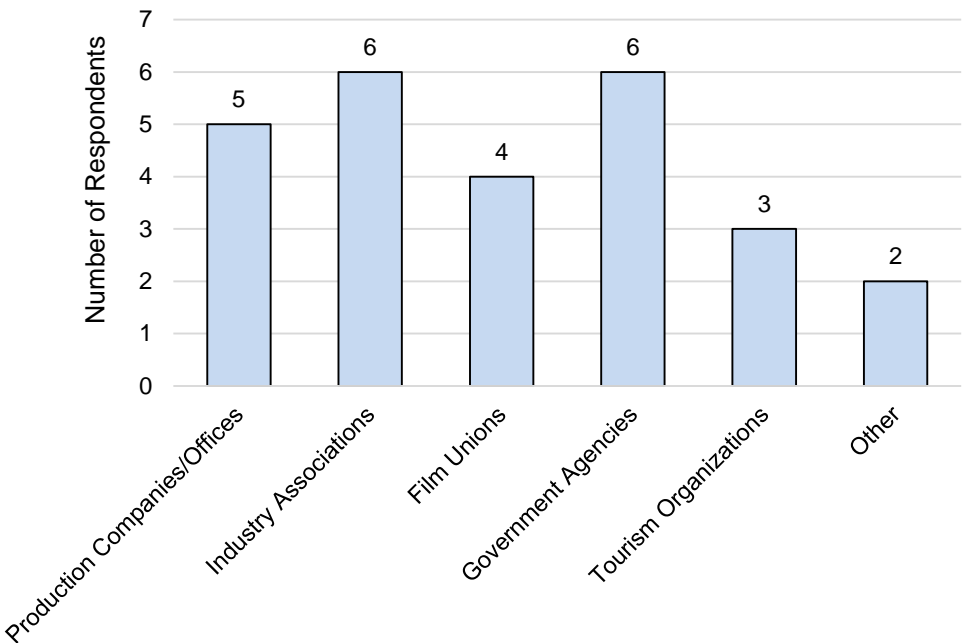
<sup>84</sup> The five institutions that provided data include one state colleges/universities, one private college/university and three community colleges with film related programs.

<sup>85</sup> According to the representative from this institution, the low graduation rates are due to a number of factors, including the number of students already carrying a Bachelor or higher level degree enrolling in the program, students gaining employment within their first semester of the program, poverty/financial hardship faced by some students, and the realization by some students that the area of study does not align with their preferred lifestyle.

7.3 PARTNERSHIPS

Representatives from film-related programs surveyed as part of the study indicated that their institutions partner with a number of organizations, including production companies/offices, industry associations, film unions, government agencies, tourism organizations, non-profit organizations, media organizations and local film festivals, as shown in Figure 7. In some cases, the nature of the partnership is to create internship opportunities for their students, while in other cases the partnership provides students with access to production facilities and media resources. Representatives also noted that community members, government officials, and film professionals are involved in their film related programs in an advisory capacity by serving on an advisory board or committee.

FIGURE 7: WHAT TYPE OF ORGANIZATIONS HAS YOUR INSTITUTION PARTNERED WITH OVER THE PAST FIVE YEARS?



7.4 ROLE OF THE FILM TAX INCENTIVE ON EDUCATIONAL INSTITUTIONS

Six out of ten representatives specifically mentioned that the film tax incentive program, or other film industry incentives, prompted the institution to either start offering film-related programs or to expand their current programs. For example, one representative indicated that the requirement for having local crew to qualify for the New Mexico production incentive was viewed as a key factor in offering a film-related program. Another representative noted that the incentives offered through the Film Technician Training Program were a key factor in starting their film-related program.

## 8 FILM AND TELEVISION RELATED INFRASTRUCTURE INVESTMENTS

Support provided for film and television production activity through a film production tax incentive may encourage local investments in film and television-related infrastructure. Infrastructure investments can include the construction or development of production facilities, ongoing maintenance of existing facilities, and repurposing under-used or vacant facilities for film production. The spending associated with these investments may result in additional economic impacts and benefits that can be attributable to increased levels of production supported by the tax incentive program.

This section describes a number of film and television related infrastructure investments that have taken place in New Mexico since 2006.

### 8.1 EXISTING PRODUCTION STUDIOS IN NEW MEXICO

There are four main production studios in New Mexico that support film and television production in the state, namely: Albuquerque Studios, I-25 Studios, Santa Fe Studios, and Garson Studios. These studios are described in more detail in the following sections.

#### Albuquerque Studios

Albuquerque Studios (ABQ Studios) is one of two purpose-built studios in New Mexico. The studio features:

- Eight sound stages ranging in size from 18,000 square feet to 24,000 square feet, and totaling 168,000 square feet.<sup>86</sup>
- 100,000 square feet of mill/production support space and 100,000 square feet of full service production office space for long-term office needs.<sup>87</sup>
- Over 100 full-time employees working for several different companies (e.g., service and support companies that help operate and support the facility, provide security, maintain the property, or provide production services to clients on the studio lot).<sup>88</sup>

Construction of ABQ Studios began in 2006 and was completed by April 2007 when the studio opened.<sup>89</sup> Pacifica Ventures initially spent \$114 million to build ABQ studios.<sup>90</sup>

#### I-25 Studios

I-25 Studios offers more than 500,000 square feet of space, five sound stages, a screening room, existing hospital and police station sets, and 30,000 square feet of production office space.<sup>91</sup> It is also the home of the first permanent picture car facility in New Mexico, offering productions the ability to create custom vehicles for use in film and television.<sup>92</sup> I-25 Studios has also installed a green screen wall on one stage, which is the largest green screen of its kind in the state.<sup>93</sup>

I-25 Studios had its beginnings as the former Philips semiconductor plant which was used as a location for film and television productions. The facility was purchased from Philips in 2006 and transformed into I-25 Studios. Since the purchase of the facility, production companies using the studios have invested millions of dollars in building improvements at I-25 Studios. Over the last six years, more than \$1.35 million of cash

<sup>86</sup> Retrieved from <http://abqstudios.com/sound-stages/>

<sup>87</sup> Retrieved from <http://abqstudios.com/office-space/production-offices/>

<sup>88</sup> MNP correspondence with ABQ Studios.

<sup>89</sup> Retrieved from <http://www.pacificaventures.com/studios/albuquerque/>

<sup>90</sup> MNP interview with ABQ Studios.

<sup>91</sup> Retrieved from <http://i-25studios.com/facility/>

<sup>92</sup> Retrieved from <http://i-25studios.com/picture-car-facility/>

<sup>93</sup> Retrieved from <http://i-25studios.com/green-screen-stage/>

generated by film and television productions at I-25 Studios has been reinvested in improvements at the facility, using only local suppliers and services.<sup>94</sup>

### **Santa Fe Studios**

Santa Fe Studios is one of New Mexico's major production studios and encompasses two state-of-the-art, 19,275 square foot soundstages and 25,000 square feet of production offices which include various dressing rooms, hair and make-up rooms, and conference rooms, as well as 17,000 square feet of warehouse and 57 acres of back-lot.<sup>95</sup> The studio offers complete on-site production services.<sup>96</sup>

Santa Fe Studios was opened in November 2011. The costs associated with its construction amounted to \$30 million<sup>97</sup>, of which \$10 million was a state contribution.<sup>98</sup> While Santa Fe Studios has not yet incurred any annual capital expenditures related to infrastructure improvements, an expansion of the Studio requiring an additional investment of approximately \$20 million is currently under consideration.<sup>99</sup>

### **Garson Studios**

Garson Studios is an established facility located on the campus of Santa Fe University of Art and Design. The studios include 24,000 square feet of sound stages and 3,500 square feet of office space, as well as casting facilities, parking, and back-lot space.<sup>100</sup> The three sound stages available are:<sup>101</sup>

- Stage A - 14,000 Square Foot Soundstage
- Stage B - 7,500 Square Foot Soundstage
- Stage C - 2,800 Square Foot Soundstage

Additional office space and facilities are available on the 80 plus acres of space on the Santa Fe University of Art and Design campus.<sup>102</sup>

<sup>94</sup> MNP correspondence with I-25 Studios.

<sup>95</sup> Retrieved from <http://www.santafestudios.com/assets/pdfs/SFS-1sheet-X.pdf>

<sup>96</sup> Retrieved from <http://www.santafestudios.com/our-facilities/production-services/>

<sup>97</sup> MNP interview. Additional information available at: <http://www.santafestudios.com/about-us/blog/blog-article/items/expansion/>

<sup>98</sup> Report to the Legislative Finance Committee. Economic Development Department and Taxation and Revenue Department Job Creation Incentives: The Job Training Incentive Program, the Local Economic Development Act, and Select Economic Development Tax Expenditures. August 23, 2012.

<sup>99</sup> MNP interview. Additional information available at: <http://www.santafestudios.com/about-us/blog/blog-article/items/expansion/>

<sup>100</sup> Retrieved from <http://garsonstudios.com/about-garson-studios/>

<sup>101</sup> Retrieved from <http://garsonstudios.com/studios/>

<sup>102</sup> Retrieved from <http://garsonstudios.com/office-services/>



## 8.2 ADDITIONAL INFRASTRUCTURE INVESTMENTS

Further to the above mentioned production studios in New Mexico, research conducted by MNP has identified two additional film and television related infrastructure projects planned in the state. The following table provides an overview of these projects.

**TABLE 16: PLANNED FILM AND TELEVISION RELATED INFRASTRUCTURE PROJECTS IN NEW MEXICO**

Project	Description
<b>Roswell Movie Studios<sup>103</sup></b>	<p>This film and television-related infrastructure project consists of a new studio located on 120 acres north of the city of Roswell, with an additional five acres parcel reserved for a hotel. The current business plan for this new studio calls for a \$6 million spend and includes:<sup>104</sup></p> <ul style="list-style-type: none"> <li>• Two sound stages (20,000 sq. feet and 16,500 sq. feet)</li> <li>• 10,000 sq. feet of production offices</li> <li>• 20,000 sq. feet Western Town</li> <li>• 15,000 sq. feet Afghan/Middle East village sets</li> <li>• 10,000 sq. feet warehouse building</li> </ul> <p>According to studio executives, potential future development could also include a theme park, hotel, retail and office space, and food retailers.</p>
<b>Las Cruces – Sound Stage</b>	<p>The city of Las Cruces has passed a resolution for the expansion of their convention center, which would include an exhibition hall that could also serve the film and television industry.<sup>105</sup> Furthermore, the resolution also has the city putting aside \$5 million for the construction of a stand-alone sound stage in the future.</p>

<sup>103</sup> Retrieved from <http://www.roswellmoviestudios.com/>

<sup>104</sup> Correspondence with Roswell Movie Studios.

<sup>105</sup> City of Las Cruces, Resolution #16-203, Available here: [http://las-cruces.granicus.com/Viewer.php?view\\_id=2&event\\_id=205&meta\\_id=68149](http://las-cruces.granicus.com/Viewer.php?view_id=2&event_id=205&meta_id=68149)

## Appendix A. Description of Data Sources

For this study, MNP relied on data obtained through a number of primary and secondary data collection activities. The following are the main sources of primary information on which our analysis relies:

- Interviews with tourism organizations and film locations. To collect additional data and information related to the relationship between film and television and tourism in New Mexico and other production locations, MNP conducted interviews with select organizations. This included interviews with businesses and organizations that have reported to have been impacted by film tourism.
- A survey of tourism-related businesses and organizations distributed by the New Mexico Tourism Department. The survey was distributed in January 2016 to businesses and organizations operating throughout New Mexico's tourism industry. The survey analysis is based on a total sample of 113 responses.
- A survey of visitors distributed by the Albuquerque Convention and Visitors Bureau (CVB). The survey was distributed through the Albuquerque CVB's consumer email database during April and May 2016. The survey received 186 completed responses.
- A survey of educational institutions with film and television-related programs, distributed by MNP and the New Mexico Film Office. The survey was distributed to key contacts from approximately 20 secondary and post-secondary institutions in New Mexico and received 10 responses.
- Collection of capital expenditure data from film studios in New Mexico. MNP contacted representatives from New Mexico's film and television studios to develop estimates of the amount invested in film and television-related infrastructure in the state.

Note that the commissioning of an extensive survey of visitors to New Mexico was not included within the scope of the study.

## Appendix B. Economic Impact Definitions

Economic impacts are generally viewed as being restricted to quantitative, well-established measures of economic activity, and include the following:

- **Output** is the total gross value of goods and services produced by a given company or industry measured by the price paid to the producer (versus the price paid by the consumer, which can include transportation and retail mark-ups). This is the broadest measure of economic activity.
- **Gross State Product (GSP)**, or value added refers to the additional value of a good or service over the cost of inputs used to produce it from the previous stage of production. Thus, GSP is equal to net output, or the difference between revenues and expenses on intermediate inputs. It is the incremental value created through labor or mechanical processing.
- **Labor Income** is the income that is received by households from the production of regional goods and services and which is available for spending on goods and services. This includes all forms of employment income, including employee compensation (wages and benefits) and proprietor income.
- **Employment** is the number of additional jobs created. Employment is measured in terms of full-time equivalents (FTEs).
- **State and Local Tax Revenues** are estimates comprised of various taxes including personal income tax, sales tax, property tax, motor vehicle license fees, corporate income tax, severance tax, fishing and hunting licenses and other taxes, fines, and fees.

Economic impacts may be estimated at direct, indirect, and induced levels. **Direct impacts** are changes that occur in “front-end” businesses that would initially receive expenditures and operating revenue as a direct consequence of the operations and activities of a facility, project, or industry. **Indirect impacts** arise from changes in activity for suppliers of the “front-end” businesses. **Induced impacts** arise from shifts in spending on goods and services as a consequence of changes to the payroll of the directly and indirectly affected businesses. The total impact of any given initial expenditure is calculated by adding the direct, indirect, and induced impacts.

**Appendix C. Film Agreements from New Zealand**

**MEMORANDUM OF  
UNDERSTANDING**

relating to the making of

**THE NEW AVATAR FILMS**

**Her Majesty the Queen in right of New Zealand**

**Lightstorm Entertainment Inc.**

**Twentieth Century Fox Film Corporation**

**MEMORANDUM OF UNDERSTANDING relating to the making of THE NEW AVATAR FILMS**

**BETWEEN:**

1. Her Majesty the Queen in right of New Zealand acting by and through the Minister for Economic Development, the Hon. Steven Joyce, and the Minister for Arts, Culture and Heritage, the Hon. Christopher Finlayson (the **"Crown"**);
2. Lightstorm Entertainment Inc. acting by and through its principal officers, James Cameron and Jon Landau (**"Lightstorm"**); and
3. Twentieth Century Fox Film Corporation, its subsidiaries and its affiliates (**"20<sup>th</sup> Century Fox"**).

**BACKGROUND:**

- A. Lightstorm and 20<sup>th</sup> Century Fox have announced their intention to make at least three further Avatar feature films with approximate release dates after December 2016 (the **"New Avatar Films"**).
- B. The Crown, Lightstorm and 20<sup>th</sup> Century Fox are entering into this Memorandum to set out their good faith understandings, agreed actions and intentions, as between one another, regarding the production of the New Avatar Films in New Zealand.
- C. The Crown has recently changed its screen production incentives for international productions. The baseline is a rebate of 20% of Qualifying New Zealand Production Expenditure (**"QNZPE"**) with provision for an additional 5% rebate where the Crown is satisfied that international production(s) will bring significant additional economic benefits to New Zealand. This Memorandum specifically focuses on the activities Lightstorm and 20<sup>th</sup> Century Fox will undertake to qualify for the additional 5% rebate.
- D. Lightstorm and 20<sup>th</sup> Century Fox will work with the Crown to help the New Zealand screen sector grow and thrive, for international and local productions, with a view to enhancing New Zealand's broader economic and cultural interests.
- E. The parties recognise that at this stage of development, it is not possible to identify all of the opportunities which might arise from the New Avatar Films being produced in New Zealand. Therefore, they agree to be open to exploring emerging opportunities consistent with the spirit of this Memorandum as set forth in Schedule 1.

**IT IS AGREED:**

1. Provided that the New Avatar Films fulfil the following requirements set out in this Memorandum in clauses 1.1 to 1.10 below, the New Avatar Films will qualify for an additional rebate of 5% of QNZPE, taking the total rebate available to the New Avatar Films to 25% of QNZPE.
  - 1.1 A minimum of NZ\$500m of QNZPE will be spent in New Zealand.
  - 1.2 QNZPE for the New Avatar Films will include 100% of the in going schedule of live action principal photography, subject to New Zealand having the capacity and capability to meet the production's requirements including timing, budget and logistics associated with the New Avatar Films, with the understanding that some reshoots during post-production may occur elsewhere.
  - 1.3 QNZPE will include at least 90% of visual effects including character animation (VFX), subject to New Zealand having the capacity and capability to meet the production's requirements including the quality of work, timing, budget and logistics of the production of the New Avatar Films.
  - 1.4 QNZPE will also include the post-production mixing for at least one of the New Avatar Films, subject to New Zealand having the capacity and capability to meet the production's requirements including the quality of work, timing, budget and logistics of the production of the New Avatar Films.
  - 1.5 The New Avatar Films will provide employment and skill development opportunities for New Zealanders. Lightstorm intends to employ New Zealanders in numerous key heads of department (HOD) roles and will also consider New Zealanders in supporting cast and other roles. It is anticipated that approximately 90% of the live action crew will be New Zealanders.
  - 1.6 James Cameron and Jon Landau will serve as founding members of a new screen advisory board established to promote a thriving New Zealand screen sector for a period of at least 5 years (subject to reasons precluding their service as a result of force majeure and illness).
  - 1.7 Lightstorm and/or 20<sup>th</sup> Century Fox will provide a paid one-year internship programme for New Zealanders on each of the films in key production departments, e.g. editing, VFX, art direction, production or other, estimated to be 6 positions.
  - 1.8 An official Red Carpet premiere and after-party for at least one of the New Avatar Films will be held in New Zealand (including attendance in person by some key cast and crew – subject to professional availability).

1.9 A chapter on filming in, and other aspects of, New Zealand on DVDs and Blu-rays of

each of the New Avatar Films as long as any other “value added material” is included as part of the specific DVD/Blu-ray release in the home entertainment market.

.10 Each of the New Avatar Films will include a back-end credit, including logo, commensurate with Fox’s practices, acknowledging the support and co-operation of the Crown in the making of the New Avatar Films.

2. The Crown confirms it will exercise all reasonable efforts to keep the financial information, including but not limited to the budgets of the New Avatar Films, confidential.
3. Schedule 1 sets forth other opportunities that the parties agree to use reasonable efforts to deliver through to the release of the final film of the New Avatar Films.
4. Any public announcement concerning this Memorandum will be jointly agreed between the parties.

Signed on December 2013

For and on behalf of the **HER MAJESTY THE  
QUEEN IN RIGHT OF NEW ZEALAND** by:

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Hon. Steven Joyce  
Minister for Economic Development

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Hon. Christopher Finlayson  
Minister for Arts, Culture and Heritage

For and on behalf of **TWENTIETH CENTURY  
FOX FILM CORPORATION**, its subsidiaries and  
its affiliates by:

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For and on behalf of **LIGHTSTORM  
ENTERTAINMENT INC.** by:

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James Cameron

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Jon Landau

## SCHEDULE 1

### 1. Qualifying New Zealand Production Expenditure

20th Century Fox and Lightstorm agree to consider additional work in New Zealand in areas where key creative decisions are yet to be made (such as musical scoring), provided that there is sufficient capacity in New Zealand which meets the necessary quality standards, other production requirements including the quality of work, timing, budget and logistics of the productions. Lightstorm is willing to engage with New Zealand companies and suppliers to identify specific partnerships and vendor relationships where appropriate.

### 2. Transferring technological skills and know-how to New Zealand

Lightstorm will work with the Crown to transfer technological skills and know-how to New Zealand. By way of example, this might include:

- (a) During the course of the production, annual lecture programmes at New Zealand tertiary education institutions on the use of technology to tell stories, including virtual/3D production; and
- (b) During the course of the production, annual “think tanks” in New Zealand (possibly in conjunction with Callaghan Innovation and/or New Zealand tertiary education institutions) with New Zealand technology companies on opportunities for them to contribute to the New Avatar Films and screen production generally.

### 3. Marketing and promotion of New Zealand interests

From the date of this Memorandum through to the date of release of the final new Avatar film, Lightstorm and 20th Century Fox will develop with the Crown the marketing associations of the films with New Zealand’s international screen marketing and wider NZ Inc. interests, subject to standard marketing and licensing holdbacks, restrictions and practices with respect to the Avatar franchise. This to include:

- (a) a marketing plan and strategy from pre-production and throughout the duration of the films to be utilised by New Zealand through special events and through print, broadcast, social and other media and communications channels including:
  - (i) promoting New Zealand as “the place where Pandora was brought to life” or similar, with a view to maximising New Zealand’s international brand;
  - (ii) access to certain key creative, cast and crew personnel in realisation of this plan;
  - (iii) involvement of international media in realisation of this plan; and
  - (iv) access to appropriate content such as production footage and stills and behind-the-scenes footage and stills once such material has been made publicly available; and



- (b) exploring commercial partnerships with suitable New Zealand partners.

#### **4. Opportunities for infrastructure development**

- 4.1 At the end of the productions, Lightstorm will provide certain equipment to help establish a virtual production stage (such as virtual cameras but excluding software and turn-key services) at a New Zealand university or other New Zealand institution.
- 4.2 Lightstorm and the Crown will explore advance opportunities and ways in which other infrastructure associated with the New Avatar Films could remain in or be made available to New Zealand as a legacy.

#### **5. Building our ongoing relationship and working to promote the New Zealand screen sector**

- 5.1 The parties will explore the potential for additional screen productions, including feature films, to come to New Zealand.
- 5.2 Lightstorm will work with the Crown to explore mutual interests and opportunities for New Zealand's screen and wider interests.

#### **6. Possible additional ideas for discussion**

- 6.1 The loan of certain props, wardrobe, behind-the-scenes footage for a temporary Avatar exhibition which showcases the underlying technology used in the New Avatar Films.
- 6.2 Other ideas will be developed and explored as part of the ongoing relationship that will exist between the Crown, Lightstorm and 20th Century Fox.

**APPENDIX 2 – SIGNIFICANT ECONOMIC BENEFITS GUIDELINES**

**NEW ZEALAND SCREEN PRODUCTION GRANT**

**International Productions**

**Assessment of Significant Economic Benefits**

**Guideline**

**1 August 2015**

## **New Zealand Screen Production Grant**

### **Assessment of Significant Economic Benefits – Guidelines**

#### **Introduction**

The New Zealand Screen Production Grant (**NZSPG**) was introduced by the New Zealand Government on 1 April 2014.

All international productions that meet the relevant specific eligibility criteria and the general eligibility criteria for the NZSPG are able to access a grant equivalent to 20% of QNZPE.

Certain productions may be entitled to an additional 5% (5% Uplift) if they can demonstrate significant economic benefits to New Zealand.

These guidelines have been developed to provide information for producers on how assessment of a production's significant economic benefits will be made.

The guidelines reflect that screen productions can raise New Zealand's profile internationally, attract high value tourists, and profile our innovative and creative people and technologies. It is expected that productions with significant economic benefits will be well placed to market, promote and showcase New Zealand. In general, the scale of the benefit to New Zealand should meet or exceed the amount of the 5% Uplift.

This document should be read in conjunction with the full criteria and other documentation for the NZSPG.

#### **Assessment**

The assessment of whether a production will bring significant economic benefits to New Zealand will be made on the following basis:

- A production that receives at least 20 points out of a possible 30 points will be considered as bringing significant economic benefits to New Zealand for the purposes of the NZSPG.
- The production must receive a minimum number of points in Section A (Expenditure) and Section D (Wider Economic Benefits).

Certain productions will be able to fast-track to Section D (Wider Economic Benefits) where:

- The production is a feature film with QNZPE of \$30 million or more or a TV series or other format with QNZPE of \$25 million or more and the applicant (or a Related Entity) or the New Zealand Creative Producer has incurred QNZPE of \$100 million in the past five years; or
- The production is a feature film with QNZPE of \$150 million or more; or
- The production is a TV series or other format with QNZPE of \$80 million or more.

## Assessment of Significant Economic Benefits – Points Test

	Points Available
<b>A – Amount of Past Expenditure or Expenditure on Current Production</b>	
<p><b>Either:</b></p> <p>Fast Track based on QNZPE in NZD of past expenditure or expenditure on current production</p> <p>If the production is a feature film with QNZPE of \$30 million or more or a TV series or other format with QNZPE of \$25 million or more <b>and</b> the applicant (or a Related Entity) or the New Zealand Creative Producer has incurred QNZPE of \$100m or more in the past five years; or</p> <p>The production is a feature film with QNZPE of \$150m or more; or</p> <p>The production is a non-feature film with QNZPE of \$80m or more.</p>	Fast Track to Section D
<p><b>Or:</b></p> <p>A1 – QNZPE in NZD of expenditure on current production</p> <p>Feature film: A mandatory minimum \$30m QNZPE (1pt). Additional point for each \$10m QNZPE up to \$80m.</p> <p>Non-feature film: A mandatory minimum \$25m QNZPE (1pt). Additional point for each \$10m QNZPE up to \$75m.</p>	Up to 6
<b>Total – Section A (maximum: 6 points and minimum: 1 point)</b>	<b>6</b>
<b>B – New Zealand Production Activity</b>	
B1 – Shooting – Location/Studio (50% for 1, 75% for 2, 90% for 3)	Up to 3
B2 – Picture Post-Production (50% plus)	1
B3 – Sound Post-Production (50% plus)	1
B4 – Digital or Visual Effects (50% for 1, 75% for 2 or \$5m for 1, \$10m for 2)	Up to 2
B5 – If applicable, Concept Design & Physical Effects (Period/Genre) (50% for 1, 75% for 2)	Up to 2
B6 – 75% or more of total budget is QNZPE (1 bonus point available if maximum points not achieved in B1-B5)	1
<b>Total – Section B (maximum: 9 points)</b>	<b>9</b>
<b>C – New Zealand Personnel</b>	
<i>To qualify, individuals must be a New Zealand citizen or permanent resident at the time the production is being made.</i>	
C1 – Director/Producer/Writer (1 point if 1 of 3, 2 points if 2 of 3)	Up to 2
C2 – Lead or Supporting Cast (1 point if 2 supporting cast, 2 points if 1 lead or 3 or more supporting cast)	Up to 2
C3 – Majority of Cast (75% plus)	1

C4 – Key Production Staff – DOP, Editor, Production Designer, Composer, Sound Designer, Sound Editor, Sound Mixer, VFX Supervisor, 1 <sup>st</sup> Assistant Director, 2 <sup>nd</sup> Unit Director, Line Producer, Costume Designer, Key Make-up & Hair (0.5 pt per role, maximum of 3 points)	Up to 3
C5 – Majority of Crew (75% plus)	1
C6 – 90% or more of total cast or crew are qualifying persons (1 bonus point available if maximum not achieved in C1-C5)	1

**Total – Section C (maximum: 9 points)**

<b>D – Wider Economic Benefits</b>	
<i>Are you able to provide wider economic benefits to New Zealand or the New Zealand screen industry?</i>	
D1 – Marketing, promoting <b>and showcasing New Zealand</b>	Up to 3
D2 – Placement of <b>New Zealand</b> in screen production	Up to 2
D3 – Investment in <b>New Zealand</b> infrastructure	Up to 2
D4 – Investment in innovation, technology or <b>knowledge</b> transfer	1
D5 – Skills and/or talent <b>development</b>	1
<i>For productions that fast track from Section A only.</i>	1
D6 – Other <b>New Zealand</b> post-production or visual effects activity	
<b>Total – Section D (maximum: 6 points and minimum: 3 points which must include 2 points from D1</b>	<b>6</b>
<b>To qualify as bringing significant economic benefits to New Zealand a production must either:</b>	<b>___ (out of 30)</b>
<ul style="list-style-type: none"> <li>• score a minimum of <b>20</b> points in the above points test (and meet the minimum points requirements in Sections A and D), or</li> <li>• achieve ‘Fast Track’ status and meet the minimum points requirements in Section D.</li> </ul>	

## Section A – Amount of Past Expenditure or Expenditure on Current Production

### Fast Track – Past Expenditure and Expenditure on Current Production

If the production meets the criteria in this section and scores the minimum points in Section D, then it is considered to have “Fast Track” status and is not required to score any points in Sections B or C.

#### Past and Current Expenditure

If the applicant (or a Related Entity to the applicant) or the Creative Producer who is a New Zealand citizen or permanent resident\* has incurred QNZPE in New Zealand dollars of \$100 million or more on another production or productions in either (at the applicant’s option):

- the five years preceding the date of the provisional application, provided Principal Photography on the current production starts no later than 12 months after the date of the provisional application; or
- the five years preceding the date of the final application for the current production.

\*see Appendix 1 for definitions of Related Entity and Creative Producer.

Past QNZPE will be measured on the total QNZPE approved for the applicant (or a Related Entity of the applicant) or the Creative Producer by the Large Budget Screen Production Grant Panel, SPIF Committee or NZSPG Panel.

The production the subject of the application must also have a minimum QNZPE of NZ\$30 million for a feature film or NZ\$25 million for a television series or other non-feature film format.

#### Expenditure on Current Production

**Feature films** with QNZPE (in New Zealand dollars) of \$150 million or more. **Non-**

**feature films** with QNZPE (in New Zealand dollars) of \$80 million or more. **A1:**

### Points –Expenditure on Current Production

**Feature films** with QNZPE (in New Zealand dollars) of:

- |  |          |
|--|----------|
| • Greater than or equal to \$30 million but less than \$40 million | 1 point  |
| • Greater than or equal to \$40 million but less than \$50 million | 2 points |
| • Greater than or equal to \$50 million but less than \$60 million | 3 points |
| • Greater than or equal to \$60 million but less than \$70 million | 4 points |
| • Greater than or equal to \$70 million but less than \$80 million | 5 points |
| • Greater than or equal to \$80 million                            | 6 points |

**TV and other non-feature films** with QNZPE (in New Zealand dollars) of:

- |  |          |
|--|----------|
| • Greater than or equal to \$25 million but less than \$35 million | 1 point  |
| • Greater than or equal to \$35 million but less than \$45 million | 2 points |
| • Greater than or equal to \$45 million but less than \$55 million | 3 points |
| • Greater than or equal to \$55 million but less than \$65 million | 4 points |
| • Greater than or equal to \$65 million but less than \$75 million | 5 points |
| • Greater than or equal to \$75 million                            | 6 points |

For provisional applications, applicants must submit a detailed spreadsheet of the production's estimated QNZPE in New Zealand dollars. Applicants may use the budgeted exchange rate or the Inland Revenue's mid-month rate for the month in which the application is lodged ([www.ird.govt.nz](http://www.ird.govt.nz)). Applicants who are concerned that the minimum expenditure thresholds for this test may not be achieved solely due to exchange rate fluctuations may apply to pre-qualify. Please see clause 27 of the criteria for details of this process.

Please note that final assessment of whether a production meets the above thresholds will be based on the level of QNZPE approved at final application stage. If this is below the estimated QNZPE, this may adversely impact on the points scored and may affect the production's eligibility for the 5% Uplift.

## **Section B – New Zealand Production Activity**

Except for Principal Photography, the amount of work on a film-making activity in this section will be calculated by the amount of expenditure on that work. This will include: where a person works on a film, where goods are supplied from and/or where the services are performed.

Where expenditure on a film-making activity is split between activity inside and outside New Zealand then expenditure must be claimed in proportion to the location of that activity.

Information regarding the ownership of any equipment and technical facilities used by an applicant to claim points under this section may be requested.

If, due to exceptional circumstances beyond the applicant's control, the actual percentage of shooting days carried out in New Zealand or the actual percentage of QNZPE is less than the estimated percentage included in a provisional application and this results in the applicant failing to pass this points test, then the applicant may make a case for reconsideration of its eligibility for the 5% Uplift.

### **B1 – Shooting – Location/Studio**

Up to 3 points will be awarded for the location and/or studio shooting carried out in New Zealand, on the following basis:

- 1 point can be awarded if at least 50% of the location and/or studio shooting is carried out in New Zealand.
- 2 points can be awarded if at least 75% of the location and/or studio shooting is carried out in New Zealand.
- 3 points can be awarded if at least 90% of the location and/or studio shooting is carried out in New Zealand.

Location/Studio shooting includes Principal Photography at any studio, location, warehouse or other place where filming takes place. It does not include any shooting done by second or other units or any re-shoots that take place after so-called "wrap" of Principal Photography. It will be measured by reference to the number of days spent on the work as set out in the shooting schedule. In this instance, Principal Photography means the period of time during which the main shooting of the production takes place. It is expected that certain key shooting cast and crew (such as the director, director of photography, key cast, hair and make-up, continuity) will be present.

### **B2 – Picture Post-Production**

1 point will be awarded for the picture post-production if at least 50% of the total budget for picture post-production is QNZPE.

Picture post-production includes the following activities. It does not include dailies or activities normally carried out on-set during the Principal Photography period:

- Picture editorial
- Digital Intermediates (including TV online/colour sessions)
- Graphics, idents, textless backgrounds
- Main, end and textless titles



- Master exports
- Creation of master picture delivery items (not including distribution copies), data management and movement (provided the cost of data movement is charged to a New Zealand entity and the data originates from New Zealand)
- Film scanning/telecine
- Stereoscopic 3D conversion

Picture post-production also includes the following film laboratory activities:

- Film recording
- Film restoration and repair
- Titles, credits
- Stills manipulation
- Grading/colour timing
- Negative inspection, negative pulling, cutting, logging, assembly cutting and pulling and assembling of scan rolls
- Film/digital opticals
- Creation of master film delivery items, e.g. interpositives and internegatives (not including distribution copies)
- Digital negative developing, processing and print from digital

negative

#### B3 – Music Recording, Voice Recording, Sound Post-Production

1 point can be awarded if at least 50% of the total budget for music, voice recording activities and/or sound post-production is QNZPE.

Music includes composing, scoring, performing and recording but does not include source music. The performing and recording of the following qualify: a new piece of music composed for the film; or a new arrangement/score of an existing piece of music, created specifically for the film.

Sound post-production includes:

- Sound and music editorial
- ADR/voiceover recording including remote ADR/voiceover recording including but not limited to ISDN connections provided the cost is charged to a New Zealand entity

- Sound design including any additional sound recording recorded by a sound editor
- Sound tracklay
- Foley effects and recording
- Sound mixing/re-recording (not including international versioning for distribution)
- Creation of master sound delivery items (not including distribution copies or international

versioning) NOT INCLUDED: Proprietary licence fees e.g. Dolby.

For animation only: Work on voice recording will also be eligible. 1 point will be awarded if at least 50% of the total budget for this activity is QNZPE.

#### B4 – Visual Effects Production

Either:

- 1 point can be awarded if at least 50% of the total budget for Visual Effects Production is QNZPE.
- 2 points can be awarded if at least 75% of the total budget for Visual Effects Production is QNZPE.

Or:

- 1 point can be awarded if at least \$5 million QNZPE is spent on Visual Effects Production.
- 2 points can be awarded if at least \$10 million QNZPE is spent on Visual Effects Production.

Visual Effects Production includes:

##### **Visualisation**

- Research and development for visual effects technology used by and charged to the production
- Visual effects design (including concept art and photographing and/or scanning of physical models by the VFX supplier to use as VFX reference)
- Visual effects planning, supervision, management and integration into production
- 3D storyboards outlining placement, movement, shape and elements needed for the completion of VFX shots including for pre-visualisation, technical visualisation or post-visualisation

##### **VFX Photography and Data Capture**

- Virtual camera including motion capture, performance capture or facial capture (see note 1 below)
- Creation, shooting and delivery of models and miniatures
- Creation, shooting and delivery of animatronics
- Aerial plates
- Green/blue screen photography not involving principal cast or the main unit director used for the purposes of supporting visual effects and other than Principal Photography

- Plates/elements including but not limited to background, crowd/extras, specialist prosthetics, pyrotechnics and fire, lightning, smoke, dust, water and clouds
- On-set data capture (including environment, prop, human and creature capture) such as 3D scanning and processing of captured data
- Virtual studio and sets

#### **CGI/2D/3D**

- 2D and 3D animation (see note 1 below)
- Digital creatures
- Digital doubles
- Digital environments
- Other digital effects
- Rotoscoping
- Digital matte painting
- Compositing
- Film treatment and restoration
- Wire effects removal
- Editing and grading

NOTE 1: For the avoidance of doubt, all costs relating to motion/performance/facial capture and animation activities are QNZPE even if they are incurred during Principal Photography.

For animation only: Costs incurred on shooting, visual design, and layout and storyboarding, will also be eligible.

#### **B5 – Concept Design and Physical Effects**

For productions where Concept Design and Physical Effects are a significant part of the production e.g. genre or period:

- 1 point can be awarded if at least 50% of the total budget for Concept Design and Physical Effects is QNZPE.
- 2 points can be awarded if at least 75% of the total budget for Concept Design and Physical Effects is QNZPE.

For the purposes of this section of the test, Concept Design and Physical Effects includes creature design, special effects, mechanical effects, specialist prosthetics, models, special props and costumes supplied by specialist companies rather than by the crew working on the production e.g. art department crew. It does not include fees for the production designer or for personnel in art department, wardrobe or hair and make-up.

B6 — Bonus point for proportion of budget that is QNZPE

1 point can be awarded if at least 75% of the total budget is QNZPE. The total budget must include all above-the-line and below-the-line items usually included in budgets for similar productions.

## Section C – New Zealand Personnel

For the purposes of this test, a qualifying person means a citizen or a permanent resident of New Zealand.

To qualify, a person must be a qualifying person at the time the production is made. If a person holds dual nationality he/she may choose either nationality for the purpose of the test.

### C1 – Director/Producer/Writer

- 1 point can be awarded if at least 1 of the producer, director or writer are qualifying persons;
- 2 points can be awarded if at least 2 of the producer, director or writer are qualifying persons.

Where there are multiple directors (for example for a series of episodes), 1 point can be awarded if at least 66% of the directors are qualifying persons or if the majority of the episodes are directed by qualifying persons.

Where there is more than one director (for example for a feature film), applicants will be asked to make a case for who is the lead, except where there are joint and equal directors in which case an applicant may choose either to be the lead. The lead director will be determined by taking into account factors including: the person who takes the credit in the production, the creative input and time spent working on the production.

Where there is more than one producer, applicants will be asked to make a case for who are the lead producers. A producer is defined as an individual with decision-making authority who plays an active role throughout the pre-production, production and post-production of a production and assumes responsibility for the physical process of production and carrying through practical and financial arrangements for the making of the production. For feature films, executive producers and associate producers will generally not be considered lead producers. For television series, executive producers may be considered lead producers. The lead producer will be determined by taking into account factors including: the person who takes the credit in the production, the creative input and time spent working on the production. Producers for television series, line producers and unit production managers are considered under C4.

Where there are multiple scriptwriters (for example for a series of episodes) 1 point can be awarded if at least 66% of the scriptwriters are qualifying persons or if the majority of the episodes are written by qualifying persons.

Applicants will be asked to make a case for who are the scriptwriters. A scriptwriter will be determined by taking into account factors including: the person who takes the credit in the production, creative input on the script and time spent working on the script.

### C2 – Lead and/or Supporting Cast

- 1 point can be awarded if two of the supporting cast are qualifying persons.
- 2 points can be awarded if one of the lead actors or three of the supporting cast are qualifying persons.

Applicants will be asked to make a case for who are the lead and supporting cast. The lead and supporting cast will be determined by taking into account factors including: the number of days worked in front of the camera, the size and importance of the role (with reference to line count, number of scenes, shoot days, and whether a performer is being paid a weekly rate), how the cast member is described in the relevant contract, amount of screen time, who the actor is taking direction from, marquee value and the centrality of the actor's role in the story. As a guide, an actor who is described as a "day player" or "bit player", or who is not required to speak more than six lines of dialogue or more than fifty words, or who is required to mime, would not be considered supporting cast. The actor must receive a credit and appear in the final production.

For animations only: this will include actors voicing characters.

For documentaries only: this will include the presenter, narrator, or other person who participates or appears in or is otherwise the subject of a documentary.

#### C3 – Majority of Cast

1 point can be awarded if at least 75% of the cast are qualifying persons.

'Cast' means all the actors and performers (including stunt men and women) but not extras that appear in the production.

For the purposes of this test, 'extras' means: a person who appears in a production where a non-specific, nonspeaking character is required, usually as part of a crowd or in the background of a scene.

For animations only: this will include actors voicing characters.

#### C4 – Key Production Staff

Up to 3 points will be awarded for key production staff, on the following basis:

- 0.5 points can be awarded for each of the key production staff who are qualifying persons.

Key production staff are: the lead cinematographer, the lead production designer, the lead editor, the lead digital/visual/special effects supervisor, the composer, the lead sound designer, the lead sound editor, the lead sound mixer (either production sound recordist or re-recording mixer, but not both), the first assistant director, the second unit director (if applicable), the line producer or unit production manager, the costume designer, key make-up and key hair (or key make-up and hair if the role is performed by one person).

For animations only, the key production staff are: the animation director, lead layout supervisor, the lead production designer, the lead character designer, the lead editor, the lead sound designer, the lead visual effects supervisor and the lead modelling supervisor.

#### C5 – Majority of Crew

1 point can be awarded if at least 75% of the production crew are qualifying persons.

Production crew means all the people directly involved in the making of a production but who do not appear in the production. That is, people involved directly in the production and post-production stages but not people involved in providing ancillary services e.g. caterers.

Whether a person is or is not in the production crew will be determined by taking into account factors including: whether he or she is contracted by the production company to perform services on the film; and whether he or she is given industry-standard on-screen credits.

#### C6 – Bonus point for Total Cast or Crew

1 point can be awarded if at least 90% of the cast (as defined in C3) or production crew (as defined in C5) are qualifying persons.

## Section D – Wider Economic Benefits

**In the case of each of these categories, the intention is that the benefits will be material and over and above something that might have occurred in the usual course of a production.**

**All productions must gain a minimum of 3 points in Section D including a minimum of 2 points from D1 and/or D2.**

**If you wish to apply for the 5% Uplift, please contact the Head of Incentives at the NZFC in the first instance.**

### D1 – Marketing, promoting and showcasing New Zealand

#### *Intent of benefit*

New Zealand has achieved considerable success through being able to associate productions made here with New Zealand and through communicating the message “made in and with New Zealand”. At its most developed, such as *The Hobbit*, New Zealand has been showcased most effectively, with direct benefit for our tourism and screen industries.

Broadly speaking, New Zealand wishes to:

1. Associate the screen production with New Zealand in order to showcase New Zealand; and
2. Link locations used in the production with New Zealand; and
3. Utilise the production to highlight the talents of the New Zealand screen industry involved; and
4. Leverage the production or its associated companies to access channels and markets to showcase New Zealand as more than a screen production destination.

#### *Points*

Up to 3 points are available to market, promote or showcase New Zealand resulting in positive brand recognition. Different productions have different showcasing value for New Zealand and this is recognised in the points. One point is available for productions that can work closely with New Zealand government agencies or related entities to showcase New Zealand as a screen production destination. Two points are available to productions that can work closely with New Zealand government agencies or related entities to showcase another aspect of New Zealand e.g. tourism, music, education, investment, technology. The largest number of points is available when a high value strategic partnership can be developed with a number of New Zealand government agencies or related entities.

Imaginative proposals are encouraged including cross-sector marketing or initiatives that may open up new markets to New Zealand or give New Zealand better access to capital, tourism, screen or other markets.

The table below provides further information on the 1 to 3 points scale for D1. Further examples are available on the NZFC website.

Requirements	Points
Agree a detailed marketing strategy with relevant New Zealand government agencies or related entities to enable New Zealand to be showcased as a screen production destination.	1 point

At a minimum this would include enhanced access to the production (during and post shoot) including the ability to interview key cast and crew, access key production statistics and access to screen production assets (e.g. publicity materials).	
<b>Some productions are better placed than others to be able to showcase New Zealand and provide marketing opportunities of significance. It is expected that applicants able to achieve two or three points in D1 will be able to demonstrate the geographic and demographic markets their production (or content promoting that production or New Zealand in general) will reach and that these align with New Zealand's interests. They will also be able to demonstrate their capacity to work with New Zealand to realise effective marketing partnerships.</b>	
<p>Agree a detailed marketing strategy with a New Zealand government agency or related entity to enable New Zealand to be showcased as more than a screen production destination.</p> <p>This would involve an agreement with one or more non-screen New Zealand government agencies or related entities enabling them to generate its own marketing content. This agreement may include:</p> <ol style="list-style-type: none"> <li>1. Access to screen production assets including branding, imaging and moving footage for use in paid, owned and earned media.</li> <li>2. The ability to interview key cast and crew while they are in New Zealand for use in paid, owned and earned media.</li> <li>3. Opportunities for media to visit and experience location shooting (when appropriate).</li> <li>4. Opportunities around the premiere and release of the screen production worldwide.</li> <li>5. Opportunities to access the fan base of the production.</li> </ol>	2 points
<p>As above, but with a larger number of New Zealand government agencies or related entities. <i>The Hobbit</i> is an example of this type of partnership.</p> <p>It is expected that only very large budget, high profile productions would be able to gain three points, e.g. tent-pole films or established series.</p>	3 points

Productions applying for the 5% Uplift must disclose any other funding received by other central or local government agencies for the same production and the SEB Panel can take this into account when deciding if further government funding via the 5% Uplift is warranted.



## D2 – Placement of New Zealand in screen production

### *Intent of benefit*

New Zealand recognises that some productions offer the possibility to incorporate New Zealand on-screen, and that this can have equivalent benefits to marketing partnerships if it is of sufficient weight.

### *Points*

Up to 2 points will be awarded if an association of significance with New Zealand can be created on-screen, which would lead to New Zealand brand recognition in a significant geographic and demographic market that aligns with New Zealand's interests.

In order to achieve this, the screen production may utilise:

- New Zealand as a setting and, if identifiable as New Zealand and depending on the significance (e.g. a reasonable amount of screen time, not a passing reference), then points may be awarded;
- a New Zealand performer to play a New Zealand character in a significant and prominent role (lead or supporting) and depending on the significance or prominence of the role, then points may be awarded;
- other possibilities the applicant wishes to propose.

In general, one point will be for the prominent placement of a New Zealand setting **or** character. For television, the number of episodes of the series and the number of episodes that the New Zealand setting or character features in will be taken into account.

In general, two points would be awarded if there is both a New Zealand setting **and** a prominent New Zealand character, e.g. the film or series is mostly set in New Zealand with a lead New Zealand character.

## D3 – Investment in New Zealand infrastructure

### *Intent of benefit*

New Zealand is interested in developing its screen industry infrastructure (both physical and business capability) in order to enhance the offering to future productions. We recognise that incoming productions can assist New Zealand with this and in a number of cases, such developments constitute a legacy where, but for the production, this investment would not have occurred.

### *Points*

Up to 2 points will be awarded for:

- physical infrastructure which the applicant is able to facilitate being developed and left in New Zealand to be available to further productions;
- merchandising or ancillary business opportunities for New Zealand companies that will enable those companies to grow in scale or develop new skills or connections (associated games, merchandising contracts, related transmedia production, app developments and so on).

The ability to gain 2 points in this section will depend on the significance of the investment. Major capital investment or ancillary business activity is likely to qualify for 2 points, more minor proposals for 1 point. We also anticipate that significant commercial developments could be undertaken with New Zealand partners.

*Examples:*

New Zealand is aware of partnerships around the world which have resulted in the construction of specialist soundstages, or specific equipment or facilities such as water tanks. This category can also include providing significant equipment to an educational institution at the end of production.

D4 – Investment in innovation, technology or knowledge transfer

*Intent of benefit*

New Zealand recognises that some productions will be well-placed to extend New Zealand's knowledge base within the screen sector or to other sectors by:

- use of innovative production technologies not already found in New Zealand;
- transfer of know-how to New Zealand personnel;
- entering into commercial partnerships to develop new technologies or methods;
- research and development initiatives.

*Points*

1 point will be awarded for productions that can demonstrate one or more of the above outcomes.

Examples of this kind of activity will be published on the NZFC website from time to time.

D5 – Skills and/or talent development

*Intent of benefit*

New Zealand is keen to grow its capability in key creative roles such as above-the-line personnel and heads of department. It is expected that most productions will take on trainees in junior roles or that crew may "step up" into new roles over a period of time. To gain points under this section, the focus should be on skills and/or talent development that would not happen in the normal course of a production and is focused at developing more senior personnel. The length of the opportunity, the demand for the skills, and the cost to the production will be taken into account when assessing the value of the opportunity. Although welcome, opportunities like one-off masterclasses or workshops will not in themselves be enough to gain a point.

*Points*

1 point will be awarded for productions that can demonstrate the above outcomes.

*Examples:*

- Paid internships (e.g. writing, directing, producing).
- Mentoring opportunities (in areas of high demand e.g. production accountancy, line producing, head of department roles).

**For productions that fast-track from Section A only**

D6 –New Zealand post-production and visual effects activity

*Intent of benefit*

New Zealand wishes to encourage productions to undertake as much New Zealand post-production or visual effects activity as possible..

*Points*

1 point will be awarded if:

- at least 50% of the total budget for picture post-production for the production is QNZPE **and** at least 50% of the total budget for music or sound post-production is QNZPE

O R

- at least 75% of the total budget for **either:**

- ☐ picture post-production; or
- ☐ music; or
- ☐ sound post-production

is QNZPE

O R

- at least 50% of the total budget for Visual Effects Production is QNZPE.

For definitions of picture post-production, music, sound post-production and Visual Effects Production please refer to Section B.

**At a glance:**

**The Walt Disney Corporation/New Zealand Government *Pete's Dragon* agreement: key elements**

The New Zealand Screen Production Grant (NZSPG) was introduced in April 2014 and offers a rebate of 20 per cent of Qualifying New Zealand Production Expenditure for international productions. An additional 5 per cent grant is offered for applicants that are able to meet the significant economic benefits points test.

Walt Disney Pictures has received provisional approval for a grant of 25% for their feature *Pete's Dragon* in exchange for the following:

1. Defined production spend and employment
  - 1.1. At least 90% of the shoot to be carried out in New Zealand;
  - 1.2. At least 75% of the total budget for visual effects production to be spent in New Zealand;
  - 1.3. At least six key personnel roles to be filled by New Zealanders;
  - 1.4. At least 75% of the production crew to be New Zealanders;
  - 1.5. An agreed minimum amount of production expenditure in New Zealand.\*<sup>1</sup>
2. A collaborative marketing partnership to assist New Zealand's wider interests
  - 2.1. A detailed agreement with Tourism New Zealand and Film New Zealand which enables New Zealand to promote and enhance New Zealand's screen and tourism interests;
  - 2.2. Information on the details of this partnership will be made available closer to the film's release in mid-2016;
  - 2.3. Post-launch leverage e.g. behind-the-scenes "featurette" included in the DVD/Blu-ray.
3. Assistance with New Zealand screen industry skills and talent development
  - 3.1. Creative mentorship for a team of New Zealand writers, an associate producer role for an emerging New Zealand producer, and a senior franchise/marketing/publicity liaison role.

<sup>1</sup> The amount is confidential. Actual spend will be published by the New Zealand Film Commission in due course, as per all incentivised production.

### *Pete's Dragon*

A reimagining of the 1977 Disney classic, *Pete's Dragon* will blend live action and CGI to tell the story of the special bond between an orphaned boy, Pete, and his best friend, Elliott, who just happens to be a dragon. Principal Photography on the Walt Disney Pictures film *Pete's Dragon* commenced on 21 January 2015 and the film will be released in 2016.

The film stars Bryce Dallas Howard (*The Help*) as Grace, a park ranger who discovers the existence of Elliott; 10-year-old Oakes Fegley (*This is Where I Leave You*) as Pete; Wes Bentley (*The Hunger Games*) as Jack, a local mill owner; New Zealand native Karl Urban (*Star Trek Into Darkness*) as Jack's brother, Gavin; Oona Laurence as Natalie, the young girl who befriends Pete; and Oscar® winner Robert Redford (*Captain America: The Winter Soldier*, *All the President's Men*) as Grace's father.

*Pete's Dragon* is directed by David Lowery (*Ain't Them Bodies Saints*) and produced by Jim Whitaker, with Barrie Osborne serving as executive producer. The screenplay is by Lowery and Toby Halbrooks. WETA Digital will utilise the latest in digital effects to bring the dragon, Elliott, to life. Weta Workshop is assisting with specialty costume elements and rigs. The film is scheduled to be released in US theatres in August, 2016.

The production is based in Wellington's Stone Street Studios with filming taking place in locations around New Zealand including Wellington, the Rotorua area and the lower South Island.

## Appendix D. Survey of Visitors

### SURVEY QUESTIONNAIRE

#### Welcome

The purpose of this survey is to collect information from current and potential visitors to New Mexico to better understand the role of film and television in attracting visitors to the state. The data is being collected by MNP LLP on behalf of the Albuquerque Convention and Visitors Bureau, the New Mexico Film Office, and the State of New Mexico.

The survey should take approximately 5 minutes to complete. To thank you for your participation, at the end of the survey you will be provided an opportunity to be entered into a draw for a one night stay package at Hotel Albuquerque or Nativo Lodge.

Thank you in advance for your participation!

#### How old are you?

- ☐ 45+
- ☐ 36-45
- ☐ 26-35
- ☐ 18-25
- ☐ 13-17
- ☐ 12 or under
- ☐ Prefer not to say

#### What gender are you?

- ☐ Male
- ☐ Female
- ☐ Prefer not to say

#### What category best describes your annual household income?

- ☐ Under \$24,999
- ☐ \$25,000 - \$49,999
- ☐ \$50,000 - \$99,999
- ☐ \$100,000 or more
- ☐ Prefer Not to Answer

#### Which country are you from?

---

#### Which state are you from?

---

Please describe your interest in visiting New Mexico:

- ☐ I have previously visited New Mexico
- ☐ I have not previously visited New Mexico but am currently planning a trip to New Mexico
- ☐ I do not plan to visit New Mexico

**[If you visited or plan to visit] Please indicate what parts of New Mexico you visited or plan to visit:**

- ☐ Central New Mexico (Albuquerque, Madrid, Rio Rancho, etc.)
- ☐ North Central New Mexico (Los Alamos, Red River, Santa Fe, Taos, etc.)
- ☐ Northeast New Mexico (Las Vegas, Raton, Santa Rosa, etc.)
- ☐ Northwest New Mexico (Farmington, Gallup, Grants, etc.)
- ☐ Southeast New Mexico (Alamogordo, Carlsbad, Roswell, Ruidoso, etc.)
- ☐ Southwest New Mexico (Hatch, Las Cruces, Socorro, Truth or Consequences, etc.)

**Please indicate the main purpose for your most recent visit or planned visit to New Mexico:**

- ☐ Leisure
- ☐ Business
- ☐ Other, please specify... \_\_\_\_\_

**During your most recent trip to New Mexico, how many total days and nights did you spend in the State?**

Number of days	<input type="text"/>
Number of nights	<input type="text"/>

**During your most recent trip to New Mexico, approximately how much did you spend per day, on each of the following?**

Please indicate the average amount in US dollars per day.

Lodging (before tax)	<input type="text"/>
Restaurants	<input type="text"/>
Retail purchases	<input type="text"/>
Entertainment & sightseeing	<input type="text"/>
Gas, parking & local transportation	<input type="text"/>
Other	<input type="text"/>

**How many people's travel expenses did the spending reported above cover?**

Number of adults	<input type="text"/>
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Number of children under the age of 18

**Are you aware of any films and/or television series filmed in New Mexico?**

- ☐ Yes  
☐ No  
☐ Don't Know

**Please list any films and/or television series filmed in New Mexico that you are aware of.**

**To what extent has your awareness of a film and/or television series filmed in New Mexico influenced your decision to travel to the state?**

- |                       |                         |                       |                           |                        |                       |
|-----------------------|-------------------------|-----------------------|---------------------------|------------------------|-----------------------|
| 1 - No<br>influence   | 2 - Slight<br>influence | 3 - Some<br>influence | 4 - Moderate<br>influence | 5 - Great<br>Influence | Don't<br>Know         |
| <input type="radio"/> | <input type="radio"/>   | <input type="radio"/> | <input type="radio"/>     | <input type="radio"/>  | <input type="radio"/> |

**During your most recent trip to New Mexico, did you learn about film and/or television related tourism activities?**

- ☐ Yes  
☐ No  
☐ Don't Know

**During your most recent trip to New Mexico, did you participate in film and/or television related tourism activities?**

- ☐ Yes  
☐ No  
☐ Don't Know

**What types of film and/or television related tourism activities did you participate in during your most recent stay in New Mexico?**

**Please indicate whether the film and/or television related tourism activities you learned about or participated in during your most recent trip to New Mexico lead you to do any of the following.**  
Please select all that apply

- ☐ Extend the length of your stay in New Mexico  
☐ Try to extend the length of your stay in New Mexico but could not due to hotel room availability  
☐ Book a return trip to New Mexico  
☐ Intend to return to New Mexico  
☐ Recommend New Mexico as a travel destination  
☐ Other (please specify) \_\_\_\_\_  
☐ None of the above

**During your most recent trip to New Mexico, were any of your travel choices or purchases (e.g. restaurants, locations to visit, hotel accommodations) influenced by film and/or television?**



- ☐ Yes
- ☐ No
- ☐ Don't Know

**[If yes] Please elaborate.**

**Would you like to be entered in a draw for a prize?**

Prize: Breaking Bad or Better Call Saul one night stay package at Hotel Albuquerque or Nativo Lodge.  
Value of \$180.

- ☐ Yes
- ☐ No

**Please provide the following information to be entered in the draw:**

This following information is for the administration of the draw only.








Email

**Thank you!**




Please click "Submit" below to complete your survey.

## SURVEY RESULTS






### How old are you?

Response	Chart	Percentage	Count
45+		80.6%	150
36-45		13.4%	25
26-35		4.3%	8
18-25		1.1%	2
13-17		0.0%	0
12 or under		0.0%	0
Prefer not to say		0.5%	1
<b>Total Responses</b>			<b>186</b>














### What gender are you?

Response	Chart	Percentage	Count
Male		32.8%	61
Female		67.2%	125
Prefer not to say		0.0%	0
<b>Total Responses</b>			<b>186</b>
































### What category best describes your annual household income?

Response	Chart	Percentage	Count
Under \$24,999		5.4%	10
\$25,000 - \$49,999		21.5%	40
\$50,000 - \$99,999		38.2%	71
\$100,000 or more		19.4%	36
Prefer Not to Answer		15.6%	29
<b>Total Responses</b>			<b>186</b>




### Which country are you from?

Response	Chart	Percentage	Count
United States		90.7%	166
Australia		1.1%	2
Brazil		0.5%	1
Canada		1.6%	3
France		1.1%	2
Germany		0.5%	1
Ireland		0.5%	1
Italy		0.5%	1
Spain		0.5%	1
Switzerland		0.5%	1
Thailand		0.5%	1
Turkey		0.5%	1
United Kingdom		1.1%	2
<b>Total Responses</b>			<b>183</b>

### Which State are you from?

Response	Chart	Percentage	Count
Arizona		10.6%	17
Arkansas		1.2%	2
California		15.5%	25
Colorado		6.2%	10
Connecticut		1.9%	3
Florida		5.6%	9
Illinois		1.2%	2
Iowa		0.6%	1
Kansas		0.6%	1
Kentucky		1.2%	2
Louisiana		0.6%	1
Maryland		3.1%	5
Massachusetts		0.6%	1
Michigan		3.1%	5
Minnesota		1.2%	2
Missouri		1.2%	2
Nevada		0.6%	1
New Hampshire		0.6%	1
New Jersey		3.1%	5
New Mexico		8.7%	14
New York		3.7%	6
North Carolina		1.2%	2
Ohio		1.9%	3
Oklahoma		2.5%	4
Pennsylvania		1.9%	3
South Carolina		0.6%	1
Tennessee		0.6%	1
Texas		15.5%	25
Utah		0.6%	1
Washington		1.9%	3
Wisconsin		1.9%	3
<b>Total Responses</b>			<b>161</b>

### Please describe your interest in visiting New Mexico:

Response	Chart	Percentage	Count
I have previously visited New Mexico		78.0%	145
I have not previously visited New Mexico but am currently planning a trip to New Mexico		21.5%	40
I do not plan to visit New Mexico		0.5%	1
<b>Total Responses</b>			<b>186</b>

**Please indicate what parts of New Mexico you visited or plan to visit:**

Response	Chart	Percentage	Count
Central New Mexico (Albuquerque, Madrid, Rio Rancho, etc.)		82.5%	151
North Central New Mexico (Los Alamos, Red River, Santa Fe, Taos, etc.)		68.9%	126
Northeast New Mexico (Las Vegas, Raton, Santa Rosa, etc.)		29.0%	53
Northwest New Mexico (Farmington, Gallup, Grants, etc.)		30.6%	56
Southeast New Mexico (Alamogordo, Carlsbad, Roswell, Ruidoso, etc.)		39.9%	73
Southwest New Mexico (Hatch, Las Cruces, Socorro, Truth or Consequences, etc.)		35.5%	65
<b>Total Responses</b>			<b>183</b>

**Please indicate the main purpose for your most recent visit or planned visit to New Mexico:**

Response	Chart	Percentage	Count
Leisure		85.2%	156
Business		6.0%	11
Other, please specify...		8.7%	16
<b>Total Responses</b>			<b>183</b>

**Are you aware of any films and/or television series filmed in New Mexico?**

Response	Chart	Percentage	Count
Yes		75.7%	140
No		14.6%	27
Don't Know		9.7%	18
<b>Total Responses</b>			<b>185</b>

**To what extent has your awareness of a film and/or television series filmed in New Mexico influenced your decision to travel to the state?**

	1 - No influence	2 - Slight influence	3 - Some influence	4 - Moderate influence	5 - Great Influence	Don't Know	Total Responses
	57 (30.8%)	29 (15.7%)	36 (19.5%)	30 (16.2%)	28 (15.1%)	5 (2.7%)	185








**During your most recent trip to New Mexico, did you learn about film and/or television related tourism activities?**

Response	Chart	Percentage	Count
Yes		32.6%	47
No		63.2%	91
Don't Know		4.2%	6
<b>Total Responses</b>			<b>144</b>




During your most recent trip to New Mexico, did you participate in film and/or television related tourism activities?

Response	Chart	Percentage	Count
Yes		14.5%	21
No		83.4%	121
Don't Know		2.1%	3
		<b>Total Responses</b>	<b>145</b>

Please indicate whether the film and/or television related tourism activities you learned about or participated in during your most recent trip to New Mexico lead you to do any of the following.

Response	Chart	Percentage	Count
Extend the length of your stay in New Mexico		23.4%	11
Try to extend the length of your stay in New Mexico but could not due to hotel room availability		4.3%	2
Book a return trip to New Mexico		12.8%	6
Intend to return to New Mexico		51.1%	24
Recommend New Mexico as a travel destination		57.4%	27
Other (please specify)		8.5%	4
None of the above		21.3%	10
		<b>Total Responses</b>	<b>47</b>

During your most recent trip to New Mexico, were any of your travel choices or purchases (e.g. restaurants, locations to visit, hotel accommodations) influenced by film and/or television?

Response	Chart	Percentage	Count
Yes		23.4%	34
No		68.3%	99
Don't Know		8.3%	12
		<b>Total Responses</b>	<b>145</b>

## Appendix E. Survey of Tourism-Related Businesses and Organizations

### SURVEY QUESTIONNAIRE

#### Welcome

MNP LLP has been engaged by the New Mexico Department of Finance and Administration (DFA) and the New Mexico Film Office to conduct a four-phase study of New Mexico's film and television industry. As part of the study, we are conducting a survey of tourism organizations and industry representatives to better understand the relationship between the film and television industry and tourism industry in New Mexico.

The survey should take approximately 10 to 15 minutes to complete. Your participation is voluntary and the information you provide is for the purpose of this study only. Should you have any questions or require clarification, please feel free to contact:

For your interest, reports from completed study phases are available online at:

<http://www.nmfilm.com/Statistics.aspx>

#### Contact Information

Please provide the following information.

Name

Title/Role

Company/Organization

In what region(s) of New Mexico is your company/organization located?

- ☐ Northwest Region (Farmington)
- ☐ North Central Region (Santa Fe)
- ☐ Northeast Region
- ☐ Central Region (Albuquerque)
- ☐ Southwest Region (Las Cruces)
- ☐ Southeast Region

#### Organizational Profile

Which of the following tourism categories does your business/organization belong to?

- ☐ Transportation (i.e. passenger services via air, rail, and boat, as well as inter-urban, charter and tour busses and vehicle rental)
- ☐ Accommodations (i.e. hotels, inns, hostels, camping and rental properties)
- ☐ Food and Beverage (i.e. restaurants as well as food service provided by accommodations)
- ☐ Retail (i.e. retail store, souvenir shop)
- ☐ Meetings and Events (i.e. conventions and business meetings, as well as major events and festivals)
- ☐ Attractions (i.e. recreation and entertainment activities, as well as cultural, natural and historical attractions)
- ☐ Visitor Center

☐ Other, please specify: \_\_\_\_\_

**How many people (including yourself) does your business/organization currently employ in New Mexico?**

- ☐ 1
- ☐ 2 to 4
- ☐ 5 to 9
- ☐ 10 to 19
- ☐ 20 to 49
- ☐ 50 or more

**Approximately what are the total annual revenues related to your company or organization's operations in New Mexico?**

- ☐ Under \$250,000
- ☐ \$250,000 to \$499,999
- ☐ \$500,000 to \$999,999
- ☐ \$1,000,000 to \$1,999,999
- ☐ \$2,000,000 and over
- ☐ Not applicable

### **Film and Television Induced Tourism in New Mexico**

Film induced tourism is the phenomenon of films and television programs encouraging viewers to visit the location where filming occurred.

**In your opinion, to what extent have films and/or television series filmed in New Mexico influenced the number of visitors to your region?**

1 = not at all, 3 = somewhat, and 5 = to a large extent.

- ☐ 5 – To a large extent
- ☐ 4
- ☐ 3 – Somewhat
- ☐ 2
- ☐ 1 – Not at all
- ☐ Don't know/Not applicable

**Please estimate what percentage of visitors have been attracted to your region over the last year as a result of film and/or television productions.**

**In your opinion, to what extent have films and/or television series filmed in New Mexico influenced the number of visitors to New Mexico overall?**

1 = not at all, 3 = somewhat, and 5 = to a large extent.

- ☐ 5 – To a large extent
- ☐ 4
- ☐ 3 – Somewhat
- ☐ 2

- ☐ 1 – Not at all
- ☐ Don't know/Not applicable

**Please estimate what percentage of visitors have been attracted to New Mexico over the last year as a result of film and/or television productions.**

### **Film and Television Induced Tourism and Your Business**

Film induced tourism is the phenomenon of films and television programs encouraging viewers to visit the location where filming occurred.

**In your opinion, to what extent has film and/or television induced tourism impacted your business/organization?**

Where 1 = not at all, 3 = somewhat, and 5 = to a large extent.

- ☐ 5 – To a large extent
- ☐ 4
- ☐ 3 – Somewhat
- ☐ 2
- ☐ 1 – Not at all
- ☐ Don't know/Not applicable

**Please describe how film and/or television induced tourism has impacted your business/organization.**

**Does your business/organization provide any film and/or television related activities?**

- ☐ Yes
- ☐ No
- ☐ Don't know/Not applicable

**[If yes] In what year did your business/organization start providing film and/or television related activities?**

**[If yes] What types of film and/or television related activities does your business/organization offer?**

**[If yes] What prompted your business/organization to start providing film and/or television related activities?**

**How are visitors made aware of the film and/or television related activities that your business/organization offers?**



- ☐ Word of mouth
- ☐ Local tourism website
- ☐ Tourism information center
- ☐ Other, please specify: \_\_\_\_\_

**Has the presence of the film and television industry helped you to promote or market your business/organization to customers/visitors (e.g. celebrity visits, photos with cast members, etc.)?**

- ☐ Yes
- ☐ No
- ☐ Don't know/Not applicable

**Please provide some examples.**

**Do you currently track the impact of tourism (i.e. visitor spending) on your business/organization?**

- ☐ Yes
- ☐ No
- ☐ Don't know/Not applicable

**How are the impacts of tourism on your business/organization tracked or measured?**

**Do you track the impact of tourism on your business/organization that is due in whole or in part to film and television?**

- ☐ Yes
- ☐ No
- ☐ Don't know/Not applicable

**Please describe or provide examples of some of these impacts.**

**Please estimate what percentage of your revenues over the last year were derived from film induced tourism (i.e. viewers visiting New Mexico, in whole or in part, because of a film and/or television program).**

**Has your business undertaken any hiring as a result of film and/or television induced tourism?**

- ☐ Yes
- ☐ No
- ☐ Don't know/Not applicable

**Please estimate the number of full time and part time employees you have hired as a result of film and/or television induced tourism over the last year.**

Full time

Part time

**Please describe the types of occupations of the individuals hired.**

### Film and Television Production and your Business

**Has your business/organization been directly engaged by a film and/or television production?**

This could include spending made directly by the production on hotel rooms, catering or other services.

- ☐ Yes
- ☐ No
- ☐ Don't know/Not applicable

**Please elaborate.**

**Please estimate what percentage of your business is derived from film and/or television production related spending.**

### General Questions or Comments

**Do you have any suggestions regarding other individuals or organizations that we could speak to about film and television induced tourism in New Mexico?**

If yes, please provide their contact information below.

**Do you have any final comments or suggestions that would be valuable to this study?**

**Lastly, if we have further questions, may we contact you?**

- ☐ Yes
- ☐ No

**Please provide us with your contact information.**

Phone

Email

**Thank you for your participation!**

Click the "submit" button below to complete your survey.

## SURVEY RESULTS

### In what region(s) of New Mexico is your company/organization located?

Response	Chart	Percentage	Count
Northwest Region (Farmington)		4.4%	5
North Central Region (Santa Fe)		42.5%	48
Northeast Region		8.8%	10
Central Region (Albuquerque)		27.4%	31
Southwest Region (Las Cruces)		19.5%	22
Southeast Region		10.6%	12
		<b>Total Responses</b>	<b>113</b>

### Which of the following tourism categories does your business/organization belong to?

Response	Chart	Percentage	Count
Transportation (i.e. passenger services via air, rail, and boat, as well as inter-urban, charter and tour busses and vehicle rental)		5.6%	6
Accommodations (i.e. hotels, inns, hostels, camping and rental properties)		27.1%	29
Food and Beverage (i.e. restaurants as well as food service provided by accommodations)		21.5%	23
Retail (i.e. retail store, souvenir shop)		13.1%	14
Meetings and Events (i.e. conventions and business meetings, as well as major events and festivals)		25.2%	27
Attractions (i.e. recreation and entertainment activities, as well as cultural, natural and historical attractions)		30.8%	33
Visitor Center		13.1%	14
Other, please specify:		42.1%	45
		<b>Total Responses</b>	<b>107</b>

### How many people (including yourself) does your business/organization currently employ in New Mexico?

Response	Chart	Percentage	Count
1		15.0%	16
2 to 4		14.0%	15
5 to 9		19.6%	21
10 to 19		13.1%	14
20 to 49		10.3%	11
50 or more		28.0%	30
		<b>Total Responses</b>	<b>107</b>

**Approximately what are the total annual revenues related to your company or organization's operations in New Mexico?**

Response	Chart	Percentage	Count
Under \$250,000		28.6%	30
\$250,000 to \$499,999		14.3%	15
\$500,000 to \$999,999		10.5%	11
\$1,000,000 to \$1,999,999		7.6%	8
\$2,000,000 and over		14.3%	15
Not applicable		24.8%	26
<b>Total Responses</b>			<b>105</b>

**In your opinion, to what extent have films and/or television series filmed in New Mexico influenced the number of visitors to your region?**

Response	Chart	Percentage	Count
5 – To a large extent		14.0%	14
4		22.0%	22
3 – Somewhat		31.0%	31
2		15.0%	15
1 – Not at all		10.0%	10
Don't know/Not applicable		8.0%	8
<b>Total Responses</b>			<b>100</b>




**In your opinion, to what extent have films and/or television series filmed in New Mexico influenced the number of visitors to New Mexico overall?**

Response	Chart	Percentage	Count
5 – To a large extent		19.0%	19
4		26.0%	26
3 – Somewhat		36.0%	36
2		6.0%	6
1 – Not at all		1.0%	1
Don't know/Not applicable		12.0%	12
<b>Total Responses</b>			<b>100</b>





**In your opinion, to what extent has film and/or television induced tourism impacted your business/organization?**

Response	Chart	Percentage	Count
5 – To a large extent		10.6%	10
4		13.8%	13
3 – Somewhat		21.3%	20
2		19.1%	18
1 – Not at all		24.5%	23
Don't know/Not applicable		10.6%	10
<b>Total Responses</b>			<b>94</b>




**Does your business/organization provide any film and/or television related activities?**

Response	Chart	Percentage	Count
Yes		35.1%	33
No		51.1%	48
Don't know/Not applicable		13.8%	13
		<b>Total Responses</b>	<b>94</b>




**(If yes to previous question) How are visitors made aware of the film and/or television related activities that your business/organization offers?**

Response	Chart	Percentage	Count
Word of mouth		66.7%	22
Local tourism website		33.3%	11
Tourism information center		27.3%	9
Other, please specify:		60.6%	20
		<b>Total Responses</b>	<b>33</b>



**Has the presence of the film and television industry helped you to promote or market your business/organization to customers/visitors (e.g. celebrity visits, photos with cast members, etc.)?**

Response	Chart	Percentage	Count
Yes		31.9%	30
No		51.1%	48
Don't know/Not applicable		17.0%	16
		<b>Total Responses</b>	<b>94</b>


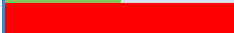
**Do you currently track the impact of tourism (i.e. visitor spending) on your business/organization?**

Response	Chart	Percentage	Count
Yes		54.2%	32
No		28.8%	17
Don't know/Not applicable		16.9%	10
		<b>Total Responses</b>	<b>59</b>



**(If yes to previous question) Do you track the impact of tourism on your business/organization that is due in whole or in part to film and television?**

Response	Chart	Percentage	Count
Yes		25.0%	8
No		75.0%	24
Don't know/Not applicable		0.0%	0
		<b>Total Responses</b>	<b>32</b>

(If yes to previous question) Has your business undertaken any hiring as a result of film and/or television induced tourism?

Response	Chart	Percentage	Count
Yes		33.3%	3
No		66.7%	6
Don't know/Not applicable		0.0%	0
<b>Total Responses</b>			<b>9</b>

Has your business/organization been directly engaged by a film and/or television production?

Response	Chart	Percentage	Count
Yes		45.2%	42
No		45.2%	42
Don't know/Not applicable		9.7%	9
<b>Total Responses</b>			<b>93</b>

## Appendix F. Survey of Educational Institutions

### SURVEY QUESTIONNAIRE

#### Welcome

The New Mexico Film Office in conjunction with the New Mexico Department of Finance and Administration has partnered with MNP LLP to conduct a four-phase study of New Mexico's film and television industry. As part of the study, we are gathering information from representatives of film-related educational programs to better understand the impact of the film and television industry on educational programs and outcomes in the state.

While your participation in this study is completely voluntary, we hope that you will take a few moments to help us in understanding how the industry effects educational programs. The survey that follows is straightforward and should only take approximately 10-15 minutes to complete. Should you need to save your responses to continue at a later time, simply click the "save and continue later" at the bottom of your screen.

Reports from completed study phases are available online at: <http://www.nmfilm.com/Statistics.aspx>

#### Basic Information

Please provide the following information:

Name	<input type="text"/>
Title/Role	<input type="text"/>
Institution	<input type="text"/>
Department	<input type="text"/>

In what region(s) of New Mexico is your institution located?

- ☐ Northwest Region (Farmington)
- ☐ North Central Region (Santa Fe)
- ☐ Northeast Region
- ☐ Central Region (Albuquerque)
- ☐ Southwest Region (Las Cruces)
- ☐ Southeast Region

What type of educational institution do you represent?

- ☐ Private College/University
- ☐ State College/University



- ☐ Community College
- ☐ Secondary School
- ☐ Other, please specify... \_\_\_\_\_

General Information

Does your institution offer one or more of the following film-related program(s)?

Select all that apply.

- ☐ Crew training program (technical trades program)
- ☐ Production program
- ☐ Post production program
- ☐ Other, please specify: \_\_\_\_\_

Please provide a brief description of the film-related program(s) offered at your institution.

(A website address containing a description of the program(s) would also be sufficient.)

Approximately how long has the film-related program(s) been offered at your institution?

Please indicate the number of years.

What prompted the institution to start offering a film-related program?

In your opinion, to what extent has New Mexico's film and television industry had an impact on the following at your institution?

1 = no impact at all, 3 = somewhat, and 5 = major impact.

	No impact	2	3 - Somewhat	4	5 - Large impact	Don't Know
Enrollment in film-related program(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Number of graduates from film-related program(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internships available to students in film-related program(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employment rates of graduates from film-related program(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Enrollment

How do students typically hear of the film-related program(s)?

Does your educational institution offer financial aid (e.g. bursaries) specifically for film-related programs?

- ☐ Yes
- ☐ No
- ☐ Don't know

[If yes] Please describe the source and approximate amount of funding offered.

Approximately how many students were enrolled in, and graduated from, the film-related program(s) at your institution over each of the past five years?

	Enrollment (number of students)	Graduation Rate (percentage)
2010/11	<input type="text"/>	<input type="text"/>
2011/12	<input type="text"/>	<input type="text"/>
2012/13	<input type="text"/>	<input type="text"/>
2013/14	<input type="text"/>	<input type="text"/>
2014/15	<input type="text"/>	<input type="text"/>
Comments (optional)		

**Approximately what percentage of students enrolled in the film-related program(s) were from out-of-state?**

**Does your institution provide internship opportunities as part of your film-related program(s)?**

- ☐ Yes
- ☐ No
- ☐ Don't know

**[If yes] Please describe the nature of your internship program and the percentage of students that take part in the program during their studies.**

**[If no] Please tell us why not?**

**What areas of internship opportunities do you feel your students would most benefit?**

For example, on-set opportunities, mentorship from industry professionals, etc.

**Do you feel as though there are enough internship opportunities available to students? Please explain.**

### **Outcomes**

**Does your institution offer resources to help graduates gain employment in the film and television industry after graduation?**

- ☐ Yes

- ☐ No
- ☐ Don't know

**[If yes] Please describe the resources offered to students.**

**Roughly what percentage of graduates from your film-related program(s) gained employment in the film and television industry?**

**From your experience, roughly what percentage of graduates obtained employment within New Mexico's film and television industry, versus relocating to other states? Has this changed at all over time?**

## Employment

**Approximately how many staff members are directly engaged in film-related program(s) at your institution?**

	Instructional Staff	Administrative Staff	Other
Full-time (35 hours per week and up)	<input type="text"/>	<input type="text"/>	<input type="text"/>
Part-time (less than 35 hours per week)	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Since 2010, has the number of employees directly related to your film-related program(s):**

- ☐ Significantly increased (greater than 15% increase in employment)
- ☐ Increased (Between 5% and 15% increase in employment)
- ☐ Remained the same (less than 5% change in employment)
- ☐ Decreased (Between 5% and 15% decrease in employment)
- ☐ Significantly decreased (greater than 15% decrease in employment)

**Over the next five years, do you expect that the number of employees directly related to your film-related program(s) will:**

- ☐ Significantly increase (greater than 15% increase in employment)
- ☐ Increase (Between 5% and 15% increase in employment)
- ☐ Remain the same (less than 5% change in employment)

- ☐ Decrease (Between 5% and 15% decrease in employment)
- ☐ Significantly decrease (greater than 15% decrease in employment)

## Partnerships

**Has your institution worked in partnership with film industry stakeholders in New Mexico over the past five years?**

This may include partnerships with film and television production companies, industry associations, industry unions or government agencies.

- ☐ Yes
- ☐ No
- ☐ Don't know

**[If yes] What type of organizations has your institution partnered with over the past five years?**

- ☐ Production Companies/Offices
- ☐ Industry Associations
- ☐ Film Unions
- ☐ Government Agencies
- ☐ Tourism Organizations
- ☐ Other, please specify... \_\_\_\_\_

**[If yes] Please describe the nature of the partnership(s).**

**[If no] Please tell us why you feel your institution has not enjoyed partnerships with industry related organizations.**

**Has your institution received any outside funding for your film-related program(s) in the past five years?**

- ☐ Yes
- ☐ No
- ☐ Don't know

**[If yes] Please describe the source of funding (e.g. government grant, industry funding) and the approximate amount of funding.**

**Do you feel there is a need for additional funding or other support for your film-related program(s)? If so, please describe the area(s) where you feel your programs could benefit from additional funding.**

### **General Questions or Comments**

**Do you have any suggestions regarding other individuals or organizations that we should contact about film-related educational programs in New Mexico?**

If possible, please provide their contact information.

**Do you have any final comments related to this study?**

**Lastly, if we have further questions, may we contact you?**

- ☐ Yes
- ☐ No

**[If yes] Please provide your contact information:**

Phone

Email

**Thank you for your participation!**

Click the "submit" button below to complete your survey.

## SURVEY RESULTS

### In what region(s) of New Mexico is your institution located?

Response	Chart	Percentage	Count
Northwest Region (Farmington)		0.0%	0
North Central Region (Santa Fe)		30.0%	3
Northeast Region		10.0%	1
Central Region (Albuquerque)		40.0%	4
Southwest Region (Las Cruces)		20.0%	2
Southeast Region		0.0%	0
<b>Total Responses</b>			<b>10</b>

### What type of educational institution do you represent?

Response	Chart	Percentage	Count
Private College/University		10.0%	1
State College/University		20.0%	2
Community College		40.0%	4
Secondary School		20.0%	2
Other, please specify...		10.0%	1
<b>Total Responses</b>			<b>10</b>


### Does your institution offer one or more of the following film-related program(s)?

Response	Chart	Percentage	Count
Crew training program (technical trades program)		60.0%	6
Production program		80.0%	8
Post production program		60.0%	6
Other, please specify:		80.0%	8
<b>Total Responses</b>			<b>10</b>

### In your opinion, to what extent has New Mexico's film and television industry had an impact on the following at your institution?

	1 - No impact	2	3 Somewhat	4	5 - Large impact	Don't Know	Total Responses
Enrollment in film-related program(s)	0 (0.0%)	0 (0.0%)	1 (10.0%)	2 (20.0%)	7 (70.0%)	0 (0.0%)	10
Number of graduates from film-related program(s)	1 (10.0%)	0 (0.0%)	0 (0.0%)	3 (30.0%)	6 (60.0%)	0 (0.0%)	10
Internships available to students in film-related program(s)	0 (0.0%)	0 (0.0%)	5 (50.0%)	3 (30.0%)	2 (20.0%)	0 (0.0%)	10
Employment rates of graduates from film-related program(s)	0 (0.0%)	1 (10.0%)	3 (30.0%)	4 (40.0%)	2 (20.0%)	0 (0.0%)	10




**Does your educational institution offer financial aid (e.g. bursaries) specifically for film-related programs?**

Response	Chart	Percentage	Count
Yes		50.0%	3
No		50.0%	3
Don't know		0.0%	0
		<b>Total Responses</b>	<b>6</b>





**Does your institution provide internship opportunities as part of your film-related program(s)?**

Response	Chart	Percentage	Count
Yes		88.9%	8
No		11.1%	1
Don't know		0.0%	0
		<b>Total Responses</b>	<b>9</b>

**Does your institution offer resources to help graduates gain employment in the film and television industry after graduation?**

Response	Chart	Percentage	Count
Yes		66.7%	4
No		16.7%	1
Don't know		16.7%	1
		<b>Total Responses</b>	<b>6</b>

**Since 2010, has the number of employees directly related to your film-related program(s):**

Response	Chart	Percentage	Count
Significantly increased (greater than 15% increase in employment)		12.5%	1
Increased (Between 5% and 15% increase in employment)		25.0%	2
Remained the same (less than 5% change in employment)		37.5%	3
Decreased (Between 5% and 15% decrease in employment)		25.0%	2
Significantly decreased (greater than 15% decrease in employment)		0.0%	0
		<b>Total Responses</b>	<b>8</b>



Over the next five years, do you expect that the number of employees directly related to your film-related program(s) will:

Response	Chart	Percentage	Count
Significantly increase (greater than 15% increase in employment)		0.0%	0
Increase (Between 5% and 15% increase in employment)		33.3%	3
Remain the same (less than 5% change in employment)		55.6%	5
Decrease (Between 5% and 15% decrease in employment)		11.1%	1
Significantly decrease (greater than 15% decrease in employment)		0.0%	0
Total Responses			9

Has your institution worked in partnership with film industry stakeholders in New Mexico over the past five years?

Response	Chart	Percentage	Count
Yes		88.9%	8
No		0.0%	0
Don't know		11.1%	1
Total Responses			9

What type of organizations has your institution partnered with over the past five years?

Response	Chart	Percentage	Count
Production Companies/Offices		62.5%	5
Industry Associations		75.0%	6
Film Unions		50.0%	4
Government Agencies		75.0%	6
Tourism Organizations		37.5%	3
Other, please specify...		25.0%	2
Total Responses			8

Has your institution received any outside funding for your film-related program(s) in the past five years?

Response	Chart	Percentage	Count
Yes		44.4%	4
No		22.2%	2
Don't know		33.3%	3
Total Responses			9