



2020 Report and Recommendations of the New Mexico Film Council

1 December, 2020

Honorable Michelle Lujan Grisham
Honorable Brian Egolf, House Speaker
Honorable Mimi Stewart, President Pro Tempore of the Senate (elect)
Cabinet Secretary Alicia J. Keyes, Economic Development Department

Madams and Sirs:

Pursuant to Section 9-15-4.1 NMSA 1978, per statute, the Governor's Council on Film and Media Industries (the "Film Council") was created to advise the Economic Development Department and the Governor on ways to promote film production in New Mexico, assist in the design and implementation of the department's strategic plan for building a media infrastructure in the state, assist in designing a workforce training program for film production and to make recommendations for incentives and funding for these efforts. The Film Council is comprised of ten members appointed by the Governor to serve four-year staggered terms. The annual report of Film Council is below, followed by member bios and appendices including 2020 meeting agendas and minutes and the full reports from our three Working Groups.

Introduction

At its initial 2020 virtual meeting, the Council agreed to form "working groups", sub-committees empowered to bring in expert opinion from non-Council members, conduct surveys, and delve deeply into key issues. We created the Incentive Optimization, Business Development, and Education and Training working groups, which have been meeting all year, as has the full Council. We tasked all working groups to address issues related to COVID-19 and diversity, as well.

Cognizant of New Mexico's current fiscal situation, we attempted to steer clear of unrealistic short-term recommendations. At the same time, we see a robust film industry as key to sparking a rapid recovery of the New Mexican economy, along with the growth of sustainable careers, corollary industries and an expanded tax base. At a minimum, we need to avoid creating challenges to the industry's post-COVID recovery. More maximally, we look ahead to prepare for future growth in digital media, and take bold steps where possible. While we expect out-of-state workers will migrate here, the key to our success will be educating and training the existing New Mexico workforce to fill the demand for new jobs.

Incentive Optimization Working Group

The purpose of the Incentive Optimization Working Group is to examine the current system of incentives and to recommend changes that will help grow the economy without overly challenging the state's budget. Put simply, the core recommendation of the Working Group is that the state remain fully and publicly committed to the

current incentive program. Even quiet mention of trimming incentives could (and has in the past) dissuaded industry decision-makers from expanding their commitment to New Mexico.

The current effective cap on film incentives is 35% of qualified expenditures, including a base incentive of 25%, a 5% “Breaking Bad” uplift for longer-term series, and a 5% uplift for productions in more rural areas of the state. In the face of fiscal reality, we do not recommend expanding this upward limit of 35%, but we do recommend expanding the pathways for productions to gain that maximum incentive.

The “rural” uplift is currently available for qualified activities taking place 60 miles away from the Santa Fe and Bernalillo county lines. We recommend re-defining the qualifying geography for this uplift to be a 60-mile radius from Albuquerque and Santa Fe *City Halls*. This would align the incentive with similar geographic distinctions used by unions, and include areas that are in fact rural and impoverished and yet are currently ineligible for the uplift. As a side note, the name “rural” is somewhat of a misnomer, as this program even as amended would include many non-rural areas, such as Las Cruces. Perhaps it could be renamed the “Geographic Diversity” uplift.

Speaking of Diversity, we propose a potential 5% diversity uplift for productions that hire and train a diverse New Mexican work force, including Native, Hispanic, and Black New Mexicans. Note that the Academy of Motion Picture Arts and Sciences has announced that only films made with diverse cast, crew, and story lines will be eligible for Best Picture awards, from 2024 on. Competing venues such as Illinois add a 15% diversity incentive uplift on top of their already generous maximum incentive. We can’t recommend that level of support, given fiscal realities, but rather suggest adding diversity as a pathway to achieving the 35% maximum. Exact definitions of what qualifies as diverse should be based on national standards, including the Motion Picture Association, but modified to reflect our unique population.

We also recommend a 5% uplift for productions based on the creativity of homegrown New Mexican “above the line” talent, who often feel sidelined by out-of-state productions that have little incentive to partner with New Mexico’s creative class. A film ecosystem emphasizing New Mexican writers, directors, producers, and actors will help build a more sustainable film economy. To additionally support homegrown productions, we should clarify that script development should qualify for the tax credit, contingent on a distribution deal.

“Pass through” companies, local businesses that bring in products or services not readily available in New Mexico such as period or specialty wardrobe, props or vehicles, drones and other technology, are a necessary component to production work flow. In the short-term, increased oversight by the Film Office will avoid abuse and assure rules are reasonably enforced, while our ultimate goal should be to build truly local vendors. A study of what is most frequently passed-through might offer clues for local entrepreneurs.

Business Development Working Group

The purpose of the Business Development Working Group is to seek out new opportunities for the industry’s growth.

Globally, the film and digital media industry is moving rapidly towards digital and cloud-based platforms. Developing the physical and legal infrastructure for this digital transformation will directly enhance traditional film and media, but also the related fields of visual effects, gaming, post-production, artificial intelligence, cloud computing, and eventually all aspects of data and software development and delivery. Intelligently orchestrated public investment can stimulate the private sector to develop thousands of high paying jobs that will diversify our state’s tax base.

Our surveys of industry leaders around the nation and the world confirm that without fast, affordable, high-speed internet, there is no future for technologically-oriented sectors in our state. Overhauling the state’s

broadband internet infrastructure to bring 5Gb or 10Gb connectivity to every city (and where possible into more rural areas) seems daunting, and would best be accomplished by leveraging state, federal and private sector collaboration. With COVID-accelerated geographical reorganization of the sector, we have a tremendous opportunity to benefit from expected industry migration away from traditional hubs such as Los Angeles and New York. In the short term, as we map out the future and explore the costs and benefits of newer technologies versus fiber optics, we should optimize under-utilized current capacity including the “Lambda” rail.

Media giants such as Netflix, Amazon, Apple, Disney, Microsoft and Google are now storing movies, games, software and other data in the cloud. In fact, this “cloud” is an integration of land-based servers connected via internet. New Mexico’s dependable carbon-free electricity and inexpensive land make us an ideal location for this booming sector, as evidenced by multiplying Facebook data centers. The construction and maintenance of such facilities will provide employment, as will the re-location of corollary industries to New Mexico. For New Mexico to become a national center for streaming data, we should clarify that global access to this data will not incur local fees or taxes. If an end user in Miami accesses streamable content uploaded onto New Mexico servers by a California company, there should be no taxable “nexus”. This policy would not constitute a tax incentive, but rather something akin to a data duty-free zone.

As film industry budgets shift from “production” (“lights, camera, action!”) to data-centric post-production activities, we need to adapt our incentive and training programs. As a cautionary tale, recall that in 2007 during the Richardson administration, Sony Imageworks moved to Albuquerque with plans to develop a 100,000 square foot facility, partnering with UNM and others to train and employ hundreds of digital artists. In 2012, during the uncertainty of the Martinez administration, Sony relocated to Vancouver, where they now operate a 74,000 square foot facility with 500 high paying jobs.

A thriving private sector source of investment and debt financing has been key to industry growth in other states. Unfortunately, private capital is relatively scarce in New Mexico, not only for start-ups but to help scale successful firms. What we do have are strong state-run finance entities from the New Mexico Finance Authority to the State Investment Council, which could help fill the role played by the private sector in other states.

Specifically, expanding the role of LEDA funding for the film industry could help stimulate rapid growth. Also, in 2003, SB380 established a pool of 2.5% of the Severance Tax Permanent Fund for investment in film projects. As managers have effectively choked off this significant source of funding through unrealistic guidelines, we recommend an overhaul of lending rules, and expanding the program to allow for expanding already successful credit-worthy, film-related businesses from building new sound stages to developing ancillary businesses.

The Education and Training Working Group

The purpose of the Education and Training Working Group is to address issues of education, training, mentoring and liaising for New Mexicans working in or pursuing employment in the film industry, including current and potential students.

A key recommendation is that COVID-19 training programs must rapidly respond to changing situations. The following three documents will ensure safety of crew members and cast and can be shared with academic institutions. Links may have been updated check www.nmfilm.com for the latest documents:

<https://nmfilm.com/wp-content/uploads/2020/10/Back2One-10-21-2020.pdf>

<https://nmfilm.com/wp-content/uploads/2020/10/Return-to-Work-Agreement-9-21-20.pdf>

<https://nmfilm.com/wp-content/uploads/2020/07/IWLMSC-Task-Force-White-Paper-6-1-20.pdf>

Another recommendation is that New Mexico’s two- and four-year higher education institutions develop streamlined “articulation” that will allow students to move more seamlessly from community colleges to universities, and from institution to institution. Currently, course credit transfers are difficult and sometimes impossible. Statewide transfer articulation agreements could allow film students to graduate in 4 years, instead of the currently more typical 5 or more

years. The Higher Education Department could play a key role in coordinating better articulation. Also, we should consider marketing New Mexico's film education programs to non-residents for increased enrollment and revenue, as well as conduct outreach to rural, disenfranchised and diverse local populations. The development of a resource portal that can provide prospective students and film workers with information on all New Mexican film education opportunities, cost-of-living comps, qualifications to join film unions, and internship opportunities would also help.

To train our people with skill sets that are likely to be in high demand, we recommend a pilot post-production project involving both two- and four-year institutions. We also recommend expanding the FCAP (Film Crew Advancement Program) to include post-production, or the creation of a separate PCAP incentive.

We would like to see enhanced mentorship and training programs for students and working professionals with transferable skills, from paid internships to increased collaboration between current employers, unions and students. Internship and employment opportunities could be streamlined through a centralized portal, a database where students from any school in the state can apply with a resume, short video, and a completed questionnaire. We should also streamline pathways to union membership and related industry jobs and develop an outreach program to identify New Mexicans with transferrable skill sets applicable for film industry crafts jobs. In efforts towards meaningful actions in diversity initiatives we would like to see the development of a diversity training program that can allow access to on the job training from industry professionals and pathways to union memberships for individuals from underrepresented and diverse communities.

The "Senator John Pinto Native Filmmakers Memorial Fund" should be made permanent, and replicated to create similar grants for Hispanic and Black filmmakers. Ideally, some aspects of the old "Governor's Cup" program could be integrated with these grants, supporting directors and writers from underrepresented communities with access to training, production equipment, crew from the Film Technician's Training Program, and other pathways into the job market. We can also streamline access to existing programs such as FCAP and JTIP for our diverse population. We note with approval the Film Office's plans to track current levels of diversity and measure changes through payroll companies, starting in 2021, and believe that enhanced diversity not only serves the local population but will make New Mexico a more attractive location for out-of-state productions.

To support these initiatives, we believe the Film Office would benefit from three additional FTEs, one working on diversity outreach including to tribal areas, one on enhanced training, and the third on supporting the growth of ancillary business vendors.

Conclusion

Summary of Key Recommendations:

- Preserve existing incentive caps while expanding pathways for diverse and local talent.
- Redefine "rural" to redefine parameters for the rural incentive uplift.
- Improve broadband infrastructure to expand a duty-free digital economy.
- Overhaul state lending guidelines to provide needed funding for the industry.
- Develop seamless articulation between our two- and four-year film programs.
- Create a centralized portal for internship opportunities for students.
- Develop outreach and training programs for diverse individuals and professionals with transferable skills.
- Expand the Film Crew Advancement Program (FCAP) to include post-production.
- Develop COVID-19 training programs to adapt to the changing circumstances.
- Expand and replicate the John Pinto Memorial Fund, including training components to expand diversity.
- Expand New Mexico Film Office staffing.

We recognize that all of the proposals cannot be acted upon in one year that many will require sustained effort and involve multiple economic sectors. We provide further information in the attached appendices, and are ready to help source expert witnesses for any upcoming rule-making processes and legislative sessions. Based upon the reception of this report and a deepening of our understanding of what might be possible both short and long-term, we hope to amend, expand, and re-focus this report during the coming year. In short, we wish for the work of this Council to be useful for the industries we represent, and for New Mexico as a whole. We are honored to have been appointed to the Film Council and look forward to supporting the New Mexico Film Office and Economic Development Department throughout our terms.

Respectfully submitted,

James Gollin, Chair
Talia Kosh
Luke Renner
Jo Edna Boldin
Rajeev Nirmalakandan
Lance Maurer
Ramona Emerson
Ken Fischer
Liz Pecos
Sam Tischler

cc: Amber Dodson, Director, New Mexico State Film Office



Film Council Bios



James Gollin, Chair

James Gollin, was born in upstate NY, where his father founded the Film Studies Department at the University of Rochester, in association with the George Eastman House Film Archive. He studied at Princeton University, Johns Hopkins School of Advanced International Studies, the International University of Japan, as well as in France and Italy. After work at a number of think tanks and as an investment banker at Nomura Securities in Tokyo and at Morgan Stanley International in Tokyo and London, Mr. Gollin co-founded the investment management company Pacific Partners in New York and managed securities investments, real estate, and other projects. He is a founding member of the Social Venture Network of

socially responsible business-people. As Director of the Angelica Foundation, Mr. Gollin funds environmental and human rights groups, primarily in Mexico. He is currently or has recently been on the boards of non-profits and commissions such as Rainforest Action Network, the Richardson Center for Global Engagement, the Santa Fe Film and Digital Media Commission, the Santa Fe Network, Prajna Mountain Buddhist Order, the Canyon Neighborhood Association, Community Change Action, Livingry Foundation, and others. He is an active investor in private equity and real estate. He has been a Santa Fe resident since 1992. He is eager to serve as Chair of the Governor's Council on Film and Media Industries, where he hopes to work with the New Mexico Film Office, the Economic Development Department and others in government service, as well as with the private sector and relevant non-profits to help promote a rapidly growing, sustainable film and related industry ecosystem in New Mexico.



Talia Kosh

Talia Kosh works at The Bennett Law Group in Santa Fe and is President and Founder of New Mexico Lawyers for the Arts, assisting and educating artists, filmmakers and musicians with business and legal matters. Talia's work also focuses on creating space to develop conversation and solutions to connect creative talent through collaboration in New Mexico.



Luke Renner

Luke Renner is the Professor of the San Juan College Digital Media Arts & Design Program. He worked for 7 years in broadcast television at an NBC affiliate. During this time, he produced over 80 local interest shows including Great Southwest Voice of Native America. Luke then left television to manage marketing and public relations for the Farmington Museum system. He later started a marketing division for the City of Farmington's Parks, Recreation and Cultural Affairs which oversees the museum system and seven other departments. In 2004, he began teaching as adjunct faculty in the San Juan College Creative Arts and Design Program then began teaching full-time in 2007. During this time, he re-designed the existing program into the current Digital Media Arts and Design Program.



Jo Edna Boldin

Jo Edna Boldin CSA -In 2020, Jo Edna was invited to join the Academy of Motion Picture Arts & Sciences. This is the first year that a regional casting director has been invited. In 2019, Jo Edna was inducted into the New Mexico Film & TV Hall of Fame. Jo Edna was on the founding board of New Mexico Women in Film. A proud member of the Casting Society of America (CSA) Jo Edna served on the National board 2017-2019.



Rajeev Nirmalakhandan

Rajeev Nirmalakhandan was born in Sri Lanka, raised in New Mexico, and educated in Los Angeles. He is now a writer and director and is a faculty member at The Creative Media Institute at New Mexico State University. Rajeev has worked creatively for over fifteen years in commercials, films, and other media, and recently co-wrote and directed a feature film entitled, "The Odd Way Home."



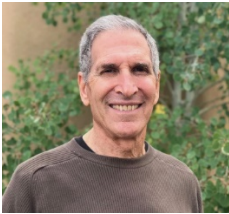
Lance Maurer

Lance Maurer is the CEO and founder of Cinnafilm, Inc, a global leader in enterprise, B2B media conversion software. With over 12 years of experience in cinema, broadcast, and streaming/OTT in global content distribution markets, Lance has worked closely with the world's largest movie studios, networks, and content providers to solve the most challenging conversion issues in a rapidly-evolving industry that demands highest quality playback experience. Cinnafilm works closely with other industry-leading technology leaders like Techicolor, Dolby, Skywalker Sound, NVidia and more, and its technology is used in hundreds of facilities on a wide gamut of professional content ranging from the restoration of Gone With the Wind to the 2020 Olympics. Lance was born and educated here in NM, and currently lives in Albuquerque, NM.



Ramona Emerson

Ramona Emerson is a Diné writer and filmmaker originally from Tohatchi, New Mexico. She received her degree in Media Arts in 1997 from the University of New Mexico and her MFA in Creative Writing (Fiction) in 2015 from the Institute of American Indian Arts. She has worked as a professional videographer, writer and editor for over twenty years and is currently working on her 8th film project, *Crossing the Line*. She is an Emmy nominee, a Sundance Native Lab Fellow, a Time-Warner Storyteller Fellow, a Tribeca All-Access Grantee and a WGBH Producer Fellow. Ramona just finished her first novel, *Shutter* the first of a trilogy, and is now working toward publishing and adapting the series into a screenplay. Through her storytelling, Emerson looks at contemporary stories about her people and aims to question and redefine the expectations of Native cultural identity, highlighting stories that are not a part of mainstream media. She currently resides in Albuquerque, New Mexico where she and her husband/producer, Kelly Byars run their production company Reel Indian Pictures.



Ken Fischer

Ken Fischer worked for over forty years in feature-film post-production, primarily as an award-winning sound editor at Lucasfilm's Skywalker Sound. Ken's credits include, *Apocalypse Now*, *Star Wars: The Empire Strikes Back*, *Indiana Jones and the Last Crusade*, *Terminator 2*, and *Avatar*. Ken volunteers with various New Mexico media non-profits as well as Santa Fe Search and Rescue. He enjoys mentoring new and seasoned film professionals both here in New Mexico and the industry at large. Ken lives in Santa Fe with his wife, author, Carlyn Montes De Oca.



Liz Pecos

Liz Pecos is President of IATSE Local 480, the film technicians' union representing below-the-line film workers in the state of New Mexico. She is also a costume designer and supervisor and has worked on over thirty film and television productions in New Mexico. Ms. Pecos proudly serves as the first female elected to the presidency in Local 480. She is serves as the elected co-chair of IATSE International's Diversity, Equity and Inclusion Executive Committee and chairs several of her Local union's committees. Ms. Pecos is a Vice President on the New Mexican Federation of Labor executive board, and is appointed as the IATSE District 5 Political Coordinator and Women's Committee Coordinator. She serves as an IATSE union delegate to state and national conventions. Ms. Pecos was born and raised in New Mexico and is a member of the Pueblo of Jemez, known as "Walatowa," or "this is the place," by her tribe, and traces her ancestors back to the original Pueblo of Pecos. In her free time, she enjoys hiking with her two German Shepherds.



Sam Tischler

Sam Tischler came up through the ranks of the New Mexico Film Industry. His work has given him first-hand experiences with the various areas and demographics of New Mexico and the many demands of the film industry. He has worked on 18 feature films and over a hundred episodes of television. He currently works as a Production Manager and Line Producer. He is a member of the Directors Guild of America, The International Alliance of Theatrical and Stage Employees and the Location Managers Guild International.