Global Film and Television Production Incentives

A White Paper by Olsberg•SPI

November 2024

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Key Highlights

Over the past decade, governments around the world have introduced or expanded production incentives in order to attract valuable investment and foster the development of their film and television sectors.

As of October 2024, 120 incentives are in operation globally, all following common principles, but with tailored rules and objectives based on local priorities. Government investment in these programs aims to stimulate long-term industry growth, with a particular focus on attracting valuable film and television projects that drive cross-industry spending and create high-quality jobs.

Production incentives generate a wide range of impacts. Incentives should be evaluated not only in terms of their impact on direct production activity but also through broader economic metrics such as gross value added (GVA), job creation, infrastructure development, and tourism benefits. While incentives deliver considerable tax impacts directly to government, this is too narrow a lens to adequately assess their return on investment (RoI), which should always take into account the wider economic goals and effects of these programs.

To stimulate high-value investment, incentives must be attractive to producers. Successful incentive programs meaningfully reduce the net cost of production, and consider an incentive's effective value – its net value after factoring in expenditure rules, caps, and other regulations – in driving investment. Territories such as Australia, Georgia, and the United Kingdom offer stable, high-value incentives that cover most of a production's expenditure, and these programs have been crucial in delivering sustained industry growth.

Well-structured production incentives drive long-term industry growth, benefiting both local economies and broader public interests.

1. The Global Film and Television Production Landscape

1.1. Introduction

In recent years, film and television production has become a significant driver of economic growth in many jurisdictions, driven by consumer and investor demand for content.

For governments and legislators, film and television production can deliver an attractive suite of benefits alongside economic impacts – including skills development and job creation in a future-facing digital sector, and other strategic benefits such as national branding, soft power, and tourism.

The value of film and television production is underlined by the expansion of investment policies and strategies that many governments and legislators around the world have implemented to drive growth in this area. Production incentives – which broadly offer a return on qualifying production expenditure – are the most widely used, flexible, and effective policy tool globally for governments and other authorities aiming to attract valuable inward production investment and stimulate or retain domestic production.

This White Paper, undertaken for the Motion Picture Association ("MPA") by creative industries strategy consultancy Olsberg•SPI ("SPI"), highlights the expansion, purpose, and impact of film and television production incentives worldwide. It is an update of a White Paper first published in 2019 and aims to provide independent and clear analysis of the global incentives landscape in 2024 – including the function of incentives as economic development tools, analysis of key government policy choices and objectives, and impacts generated.

Across three sections, the White Paper covers:

01

Trends in the global film and television production landscape.

02

The purpose of film and television production incentives.

03

Impacts of production incentives.

For the purposes of this White Paper, the term 'production incentives' is used to refer to incentive programs that return a percentage of a production's qualifying expenditure. This definition does not include selective funding systems – which may disburse funding based on artistic or other criteria – or exemptions on specific taxes.

1.2. Trends in Global Film and Television Production – A Valuable and Strategic Economic Sector

Over the last decade, the scale of global film and television production has expanded significantly to meet an unprecedented audience demand for new original content.

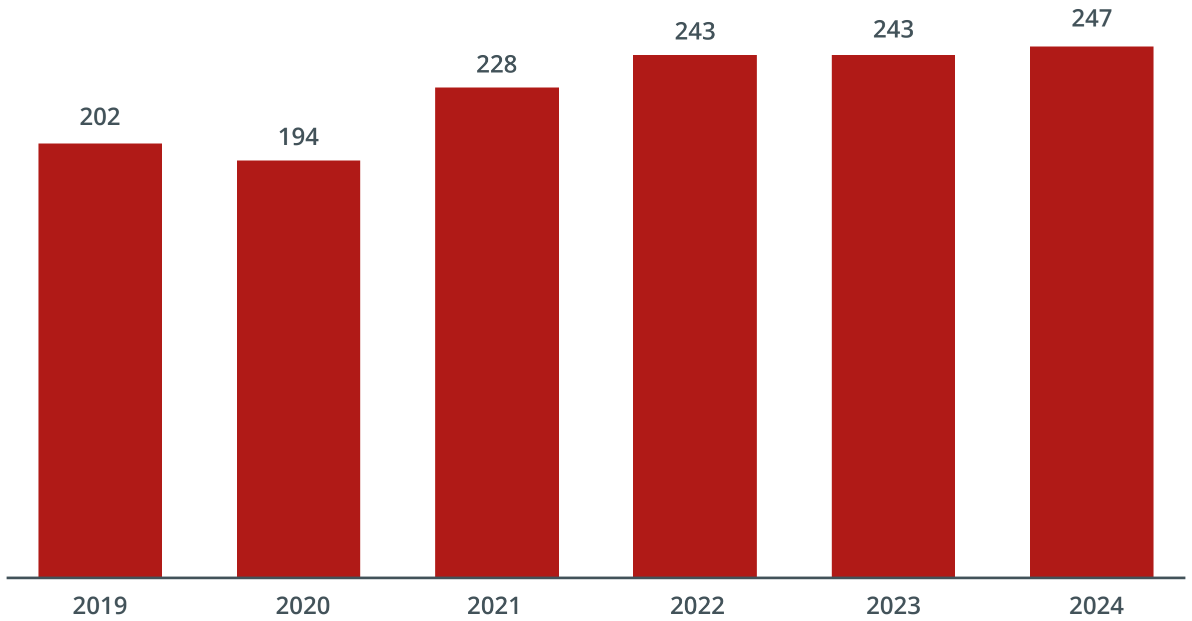
Studios and broadcasters increased their production activity, while the rise of global and regional streaming platforms has brought significant new investment into the production sector, and given original productions an increasingly global reach.

The COVID-19 pandemic and its restrictions in many markets initially had severe impacts on the film and television production sector. However, the sector demonstrated its economic and strategic value in the way it rebounded rapidly and significantly as soon as pandemic restrictions were lifted.

After more than a decade of unprecedented growth, it is clear that production investment growth is now normalizing. The broader focus has now shifted from growth to overall company profitability, leading to a rationalization of content expenditure and a renewed focus on production costs. Despite this, the global outlook for film and television production is robust: while overall content spend is not projected to decline, the growth rate seen in previous years has slowed. Ampere Analysis projects that global content spend will increase 2% year on year in 2024 to US$247 billion.[1]

1. *Content spend to grow 2% in 2024, after strike-hit 2023*, Ampere Analysis, 2nd February 2024. **Accessible here.**

Figure 1 – Global Content Spend, 2019-2024 (US$ billions)



Source: Ampere Analysis. Includes licensed programming and sports.

Content budgets are also being redistributed. While investment is expected to increase in sports and unscripted programming, fewer scripted series productions were made in 2023: in 2022, 599 scripted series aired in the US, more than double the 288 series which aired a decade prior in 2012, but 2023, 516 series aired – still an enormous increase when compared to a decade prior, but a reduction compared to 2022.[2]

Nevertheless, there remains a significant economic opportunity for governments and legislators to stimulate film and television production expenditure and generate its associated economic and strategic impacts. This includes North America, where production is expanding beyond the two traditional hubs of California and New York, and globally across Europe, the Middle East, Africa, Asia, and Latin America. Indeed, the sector is seeing expanding attention from governments and other entities in these regions.

2. *The End of Peak TV: 516 Original Scripted Series Aired in 2023, a 14% Dip, FX's John Landgraf Says*, Variety, 9th February 2024. **Accessible here.**

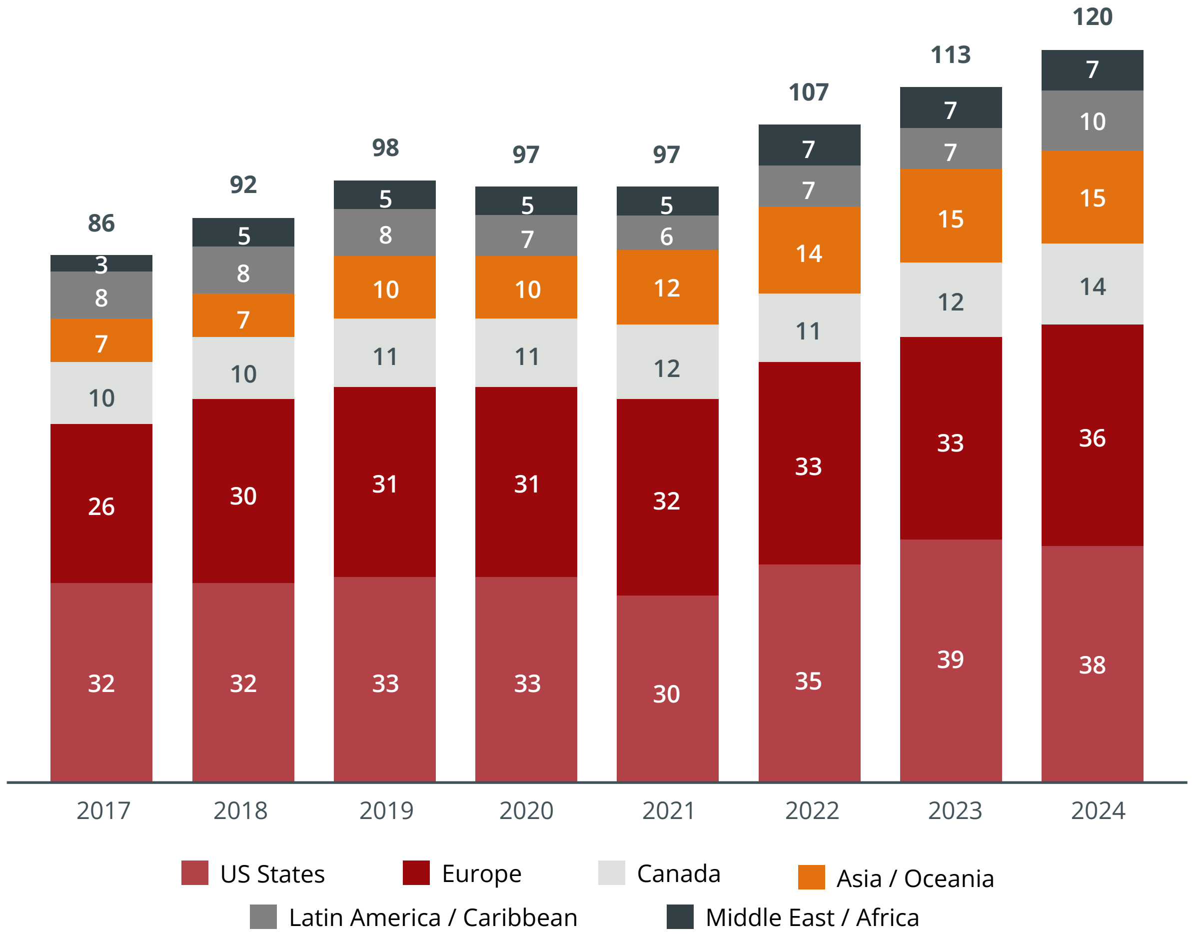
1.3. About Film and Television Production Incentives

In line with the growth in production spend over the last decade, many more governments around the world have introduced incentives to attract investment and stimulate film and television sector development.

Production incentives offer eligible productions a percentage return on their qualifying expenditure, subject to the program's administrative rules. A detailed overview of key rules is provided in Section 2.3 of this White Paper.

Between 2017 and 2024, the provision of production incentives at country, state, and province level globally increased by 39% (Figure 2). Incentive development is being undertaken worldwide.

Figure 2 – Global Film and Television Production Incentives, 2017-2024



Source: SPI. Covers country, state, and province-level incentives. Data correct as of October 2024.

Production incentives are flexible policy tools and typically support both international and local productions, both of which are key elements of a healthy overall film and television sector. Production incentives were originally implemented to stimulate film productions but, in response to the expanding opportunity presented by other types of production, have expanded to cover television series, and in many cases components of the broader production sector (e.g. VFX, unscripted projects).

Nonetheless, the core opportunity for most public authorities is to stimulate the physical production – i.e. filming – of high-value film and television projects and the cross-industry investment that this activity generates. Individual projects of this type can be highly valuable – in some cases with the ability to inject hundreds of millions of dollars of direct expenditure into a jurisdiction's economy, often in a relatively short timeframe. The majority of this production expenditure goes towards salaries, creating high-quality jobs.[3]

In addition to new incentives, existing programs are also being revised and optimized to ensure ongoing relevance and competitiveness in a rapidly changing sector. Depending on the specific objectives of the jurisdiction, incentives can be flexibly engineered to target a range of strategic aims. These could include, for example, development of local workforce and job creation, stimulating private investment in production infrastructure such as studios, or encouraging regional expenditure and investment outside of established hubs.

Example of targeted skills development objective

Ireland

Ireland has operated a film support program since 1987 and introduced its current production incentive, Section 481, in 2015.[4] The incentive requires all projects which incur more than €2 million ($2.2 million) in qualifying expenditure to submit a skills development plan. Over time, this has resulted in a wide range of skills-focused initiatives and has helped Ireland to build a large, highly skilled film and television production workforce. In addition to the specific skills and employment impacts of each production, in aggregate productions also support high levels of job creation: an economic study of a sample of nine Irish productions found that they supported 1,391 full-time equivalent jobs.

In addition, in many instances regions and cities have introduced incentives – either as top-ups to national programs, or as standalone incentives where no higher-level incentive exists.

Example of sub-national incentive

São Paulo

While Brazil has no national production incentive, São Paulo has a standalone Film Attraction Program which provides an incentive worth 20% of qualifying expenditure. A 10% uplift is available based on the script, use of local infrastructure, affirmative policies, and sustainable filming practices.

3. Analysis of MPA member companies' productions found that, on average, local wages represent 55% of a series' local spending during location shooting. Source: *How Production Benefits Local Communities*. MPA, 2024.
4. Section 481 & The Film/TV Industry, PWC. Spring 2020. Accessible here.

2. Production Incentives

2.1. Why Governments Invest in Production Incentives

Incentives are investments in the long-term growth of a film and television production sector. At a basic level they are designed to attract, stimulate, or retain production expenditure, which, in the absence of the incentive, would not have occurred or would have been undertaken elsewhere.

The incentive is issued to the production only after the expenditure has been undertaken in the jurisdiction, after individuals hired by the production (often hundreds of individuals, or more) have been paid, and after robust verification that the spend is eligible given the rules of the system.

As with any other economic development investment, the impact of production incentives should be measured with economic metrics including gross value added (GVA) and job creation as well as other markers such as impacts on infrastructure growth, and broader sectoral development. Given the high cultural value of film and television production, broader impacts should also be considered – including on strategic outcomes such as tourism and national branding. These impacts are covered in detail in Section 3 of this White Paper.

Production incentives stimulate both local and international projects – both key components of a healthy film and television production sector. Across emerging and established markets, large-scale international productions can bring high levels of investment, transferable skills, and infrastructure development. Meanwhile, a strong local industry also delivers these impacts, and can also deliver cultural value and produces talent that also play a critical role – both creatively and technically – in contributing to the successful production of international projects.

The most successful incentive programs are conceived as long-term, continued investments that sustain activity over many years. An ongoing incentive offer is critical in economic development terms, since each screen production will be budgeted, financed and sited by its investors as a standalone project – much like an investment in a new infrastructure development.

2.2. Types of Incentives

There are two main types of production incentives – tax credits and cash rebates. These are described below.

Tax credits

Under tax credit measures, a percentage of a production's qualifying expenditure is issued as a credit that can be used against the applicant's other tax liabilities. However, because productions may not have tax liabilities in the jurisdiction in which they are filming, there are usually options to monetise the tax credits in other ways.

Refundable tax credits

These credits are converted to a cash equivalent and, except for the fact they are administered through the tax system, are similar to cash rebates.

Examples include the UK's Audiovisual Expenditure Credit, British Columbia's Production Services Tax Credit, and New York's Film Tax Credit.

Transferable tax credits

These can be sold to third parties. They are sold at a discount (e.g. the buyer may pay 90¢ for every $1 of credits) and the third party can therefore use them to pay off their tax liabilities at a discount.

Examples include the Georgia Entertainment Industry Tax Credit, Massachusetts' Film Incentive Program, and the New Jersey Film & Digital Media Tax Credit Program.

Non-refundable / non-transferable tax credits

These can only be used to pay tax liabilities that the production has in the jurisdiction and cannot be directly converted to a cash equivalent or transferred to a third party.

Examples include California's Film & Television Tax Credit Program 3.0.

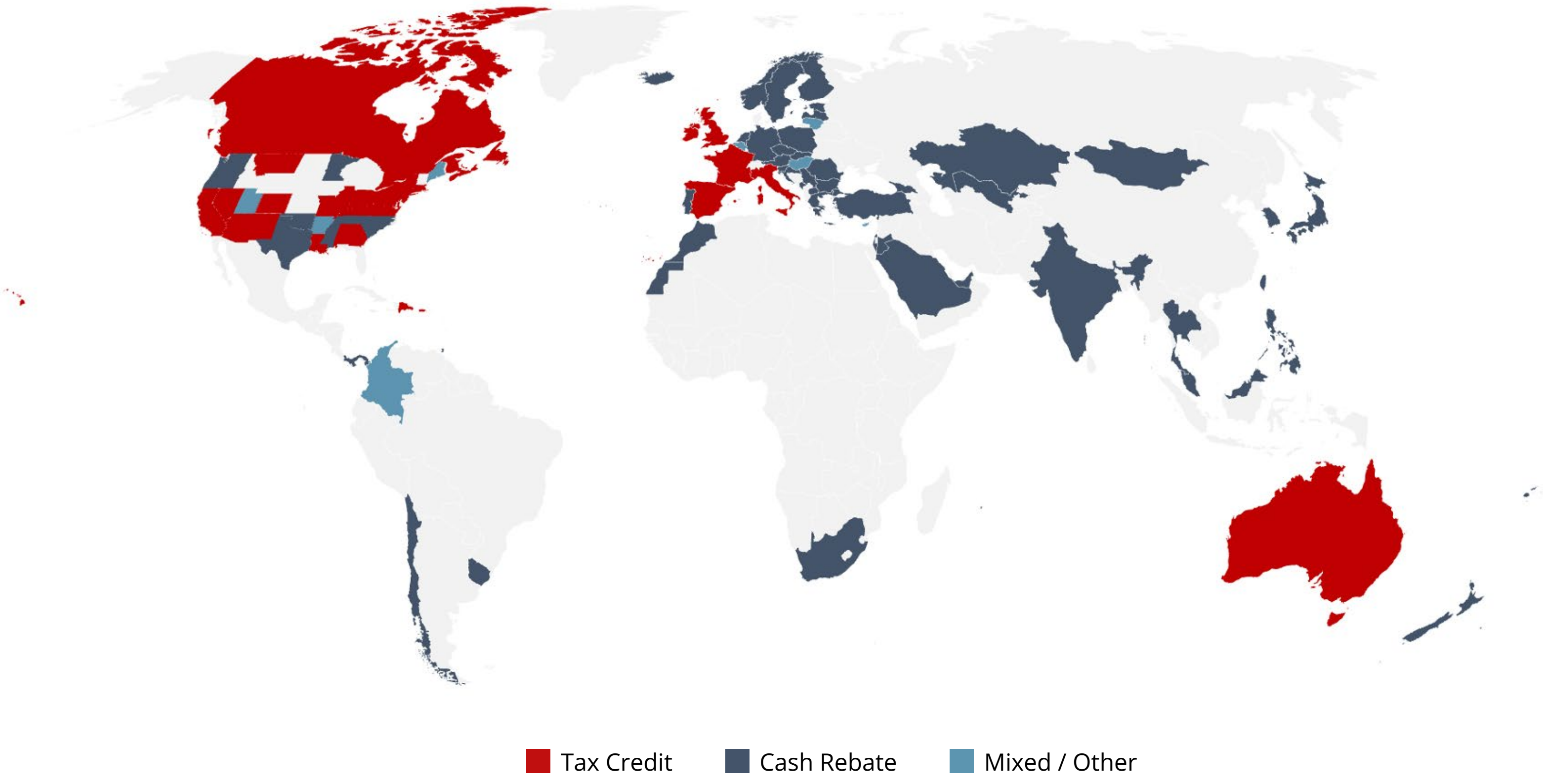
Cash rebates

Under a cash rebate, a percentage of a production's qualifying expenditure is repaid as cash by an administering authority. The amount repaid is based on a stipulated set of regulations. Unlike grant programs or selective funds, cash rebates are expenditure-focused incentives based on a clear set of guidelines, and are open to all qualifying productions (in some cases subject to budget availability).

Examples of cash rebates include New Zealand's Screen Production Rebate, and the Czech Republic's Production Incentive.

Most major incentives are structured as tax credits, however in smaller markets, cash rebates offer simplicity and transparency, especially where international investors might be unfamiliar with the local tax system. As shown in the map below, most incentives in the US, Canada, Western Europe, and Australia are structured as tax credits.

Figure 3 – Map of Global Production Incentives by System Type



Note: Production incentives are often referred to as 'tax' incentives. In fact, incentives are often only indirectly linked to a tax system and are (with the exception of non-refundable / non-transferable tax credits) always intended to be monetized as a cash sum, based on production expenditure and not tax liabilities. For this reason, they are more correctly referred to as production incentives, or fiscal incentives.

Source: SPI. Covers country, state, and province-level incentives. Data correct as of October 2024.

Other forms of investment, which are not covered in this White Paper, can include:

- **Grants or selective funds**
  Such funds and/or grants are similar to cash rebates but typically involve a more discretionary selection process. Further, such grants are often negotiable and not automatically triggered by production expenditure.
- **Tax rebates / tax exemptions**
  Under these measures, applicant productions receive a refund on or exemption from a specific tax (e.g. payroll tax, withholding tax, or VAT). The value of tax rebates and exemptions (unlike cash rebates or tax credits) is based on whether the production is likely to incur significant liability in the tax they affect. They are not calculated based on production expenditure.

Many jurisdictions offer a range of different supports, usually aimed at different parts of an industry – some selective funds are specifically for project development or promotion, rather than production. These are usually organized as cultural supports for local projects, and are not seeking to deliver an economic return on investment.

2.3. Administrative Controls

Production incentives are highly effective policy tools in part because of their simplicity, transparency, and ease of understanding.

Nevertheless, each program has a detailed set of rules and regulations which ensure that governments and public authorities have significant control over their operation. Such administrative controls allow public authorities to direct their investment strategically, and can include:

- Restrictions on the types of applicants and productions that are eligible for the incentive.
- Documents and supporting information that must be provided as part of evidencing an application, as well as external audit requirements.
- The incentive rate, which may differ across different applicants and projects.
- The types of costs that can qualify towards the incentive value.
- Annual or per-project caps or limits on the incentive.
- The process and timing for payment of the incentive.

These administrative controls are covered in the following sub-sections of this White Paper.

2.3.1. Application and Payment Process

The incentive application process differs across different types of programs but typically involves an initial application (submitted before production begins), a certification of eligibility, an external audit, and a final application for payment (submitted after production has finished and all expenditure has been incurred).

2.3.2. Applicant Requirements

The rules for an incentive will typically specify the types of companies that are eligible to apply.

In some cases, these rules will have basic residency requirements – e.g. the applicant must be a locally-registered company with a recognized company ID or tax number.

In addition, the rules might specify the kind of companies that can apply, e.g. production companies, production services companies, and / or international studios.

These rules can also require the applicant to submit documentation proving that they are fully authorized to make the production, or that they have an official co-production agreement or distribution agreement in place.

Figure 4 – Typical Production Incentive Application and Payment Process

Initial Application

This application is typically made before production begins in the jurisdiction. The applicant provides information on the production company, the project, and the cast and crew, as well as an estimate of the project's qualifying expenditure.

Certification

Provided the production and the applicant meet the requirements of the incentive, the incentive agency may then issue a preliminary certificate to confirm the applicant's eligibility.

Audit

After the production is finished (usually after filming in the incentive location is complete) the applicant engages an external accountant to audit the production expenditure.

Final Application for Payment

The audited budget is submitted to the incentive agency as part of a final application, including a detailed account of qualifying expenditures and the request for the tax credit certificate or payment.

Issuance / Payment

Tax credit certificate issuance or payment is made after the expenses have been verified by the incentive agency.

2.3.3. Project Requirements

In addition to applicant requirements, which typically focus on technical aspects of the applicant company, incentive rules will also usually specify the types of projects that can apply.

Such a definition enables the incentive authority to direct the investment into the project types that meet its objectives.

These can specify, for example, the eligible or non-eligible formats for the incentive, minimum qualifying expenditure thresholds, production-related thresholds (e.g. a minimum number of local crew), or other project-related requirements.

2.3.4. Qualifying Expenditure

Film and television projects generate substantial expenditure during their production, in many different areas – for example, cast and crew salaries, equipment hire, location fees, catering, accommodation, and transport.

Depending on the qualifying expenditure rules, some of these expenses will count towards an incentive (i.e. qualifying expenditure) and others will not.

Incentive authorities use qualifying expenditure rules to ensure the incentive is only used for its intended purpose. Qualifying expenditure rules will commonly differentiate between, for example:

- Expenditure incurred during different phases of production (e.g. pre-production, principal photography, post-production, post-release).
- Above-the-line (e.g. cast, director, writer salaries), below-the-line (e.g. crew wages), and vendor expenditure.
- Salaries of residents or non-residents.

The most competitive incentives qualify a wide range of costs, provided they are attributable to the production.

Example of qualifying expenditure

Louisiana

The Louisiana Motion Picture Production Tax Credit Program offers a 25% refundable tax credit that covers a broad spectrum of typical production expenses. This includes above-the-line and below-the-line salaries up to a cap of $3 million per individual, as well as vendor costs such as camera, prop, and soundstage rentals. Because the incentive applies to such a wide range of production costs, the effective or net value of the incentive remains closer to the advertised rate of 25%.

2.3.5. Incentive Rate and Uplifts

The incentive value is calculated by multiplying a production's qualifying by the incentive rate, which is a percentage figure usually around 30%.

Increasingly, incentives also include targeted "uplifts" which provide additional value if productions satisfy additional, optional criteria.

The incentive rate and uplifts are a key part of the overall value of the incentive to a producer, but should be assessed in context alongside qualifying expenditure, caps, and other rules.

Example of uplift

New Zealand

New Zealand's Screen Production Rebate for International Productions offers a 20% incentive on qualifying expenditure, with a 5% uplift available for high-impact productions, and no per-project cap. The uplift was originally invitation-only and discretionary, but was reformed in 2023 to an objective, points-based test. The revised uplift offers much greater clarity for potential applicants by providing a transparent and predictable framework. Points are available in six areas: sustainability; New Zealand production activity; New Zealand personnel; skills and talent development; innovation and infrastructure; and marketing, promoting, and showcasing New Zealand.

Example of an uncapped incentive

United Kingdom

The UK Audiovisual Expenditure Credit, introduced in 2024, offers a 25.5%-29.25% tax credit with no per-project or annual cap. It builds on more than a decade of stable incentive provision in the UK, starting with the Film Tax Relief in 2007 and the High-End Television Tax Relief in 2013. Both the former tax relief incentives and the new Audiovisual Expenditure Credit system are uncapped, meaning productions have had equal access to incentives, encouraging strong industry growth and scalability. Incentive-supported production expenditure in the UK has grown from £849.2 million ($1.1 billion) in 2007 to £4.2 billion ($5.5 billion) in 2023.[5]

2.3.6. System Caps

In some cases, public authorities can use financial limits – or 'caps' – to control the budget required for an incentive, or to manage the distribution of incentive money.

Not all incentives have caps, but those that do typically utilize either:

- Annual caps: Limits on the amount a government can award in a single year
- Per-project caps: Limits on the amount a single production or episode can receive.

While allowing for budget management, the presence of an annual cap requires the incentive to implement either a selection / ranking process for projects, or a first-come first-served system, to determine which projects can access the available budget. In either case, if the incentive is oversubscribed, some projects that would otherwise be eligible (i.e. that meet the eligibility criteria) will be excluded.

This has a more pronounced effect on series productions, which can generate consistent annual production activity and reliable employment – making them highly attractive to governments – but require stable and predictable incentives. Uncapped incentives are particularly appealing to series productions because they provide a greater degree of certainty that incentives will be available for potential future seasons. This stability is crucial for long-term planning and investment.

2.3.7. Issuance or Payment

After the production is completed (and its expenditure has been incurred) in a jurisdiction, the applicant submits a breakdown of its expenditure to an external auditor, and then provides the audited qualifying expenditure breakdown to the incentive agency as part of the final application.

After the incentive agency has verified the audited expenditure statement, it issues or pays out the incentive:

Cash rebates

The incentive is paid in cash to the applicant company.

Tax credits

The incentive is a tax credit issued to the applicant. For refundable tax credits, any tax credits in excess of the applicant's tax liabilities are refunded as cash, similar to a cash rebate.

5. 2007 figure: *Screen Business*, SPI with Nordicity for the British Film Institute. October 2018. **Accessible here.** 2023 figure: *Film and high-end television programme production in the UK: full-year 2023*, British Film Institute. 1st February 2024. **Accessible here.**

2.4. Consideration of Effective Value

The aim of an incentive is to stimulate production investment, while also providing economic value back to the local economy. Governments can employ administrative controls as part of incentive operation, but successful incentives must also be attractive to producers.

It is therefore critical for a successful incentive to have a material impact on the net cost of production, as this is one of the main (but by no means only) factors guiding the decision of where productions are ultimately made.[6]

Any production considering an incentive will budget the local cost of production and estimate the effective value of that incentive. An incentive may be advertised as a "30% tax credit", but its effective rate takes into account qualifying expenditure stipulations, caps, and other relevant rules. A 30% tax credit that applies to half of the production budget in a location would have an effective value of 15%.

The key areas where an incentive's effective value is reduced are covered in Figure 5 below.

Figure 5 – Key Areas of Effective Rate Reduction

Expenditure Exclusions

Exclusions or limits on key costs, such as above-the-line salaries or non-resident costs – or in some cases, non-wage expenditure.

Caps

Annual caps or per-project caps, which either exclude projects or limit the per-project incentive value.

Tax Credit Transfers

With transferable tax credit systems, producers typically sell the tax credits at a discount to other companies. The discount rate affects the effective value of the incentive.

Most major production incentives offer incentives that have an effective value that is close to the marketed rate – e.g. Australia, Georgia, and the United Kingdom. These territories offer stable incentives that apply to the majority of a production's local expenditure, and have underpinned steady long-term industry growth as a result.

It is also important to highlight that the cost of production (before incentives) varies greatly between jurisdictions – and between productions. The cost of labor may be lower in less established markets[7], but key equipment might also be unavailable locally and need to be brought in, adding significant cost in other areas. This means that the overall value of an incentive is highly specific to the jurisdiction, and the individual production.

6. Other factors include the individual, creative requirements of the project, the availability of skilled crew and experienced production companies, relevant locations, and security considerations.
7. Across the US, however, labor costs are relatively similar regardless of the state or region due to the collective bargaining agreements in place.

3. Summary of Film Production Incentive Impacts

3.1. The Value of Incentives to Governments

The 120 film and television production incentive programs currently in operation globally are all based on a common structure (i.e. an incentive calculated as a percentage of a qualifying production expenditure).

Beyond this, they can be designed to target a wide range of different impacts or strategic objectives. This section provides a detailed overview of both the core economic impacts of incentives, as well as the broader indirect, cultural, and social impacts of incentivized production.

3.2. Primary Impacts

3.2.1. Production Expenditure

Film and television productions generate large amounts of production spending across cast and crews, industry vendors, and a wide range of businesses in other economic sectors outside of the film and television sector.

The simplest function of an incentive is to stimulate production expenditure, which in turn drives the range of economic, cultural, and social impacts outlined in this White Paper.

Individual productions can deliver transformative levels of direct investment in a very short timescale. While each production using an incentive differs in scale, the average MPA member company series production spends $48.9 million over the course of a location shoot globally, including $26.7 million in local wages, while hiring over 1,850 local workers.[8] SPI analysis of UK-based productions found that low-budget films made in regional hubs (i.e. production centers outside of London) spent £13,000 ($17,000) locally per day of principal photography, while for high-budget films the per-day spend averaged £256,000 ($332,000).[9]

8. *How Production Benefits Local Communities*. MPA, 2024.
9. *Average Local Production Spend Rate Card*. SPI for Filming in England, 2023. Accessible here.

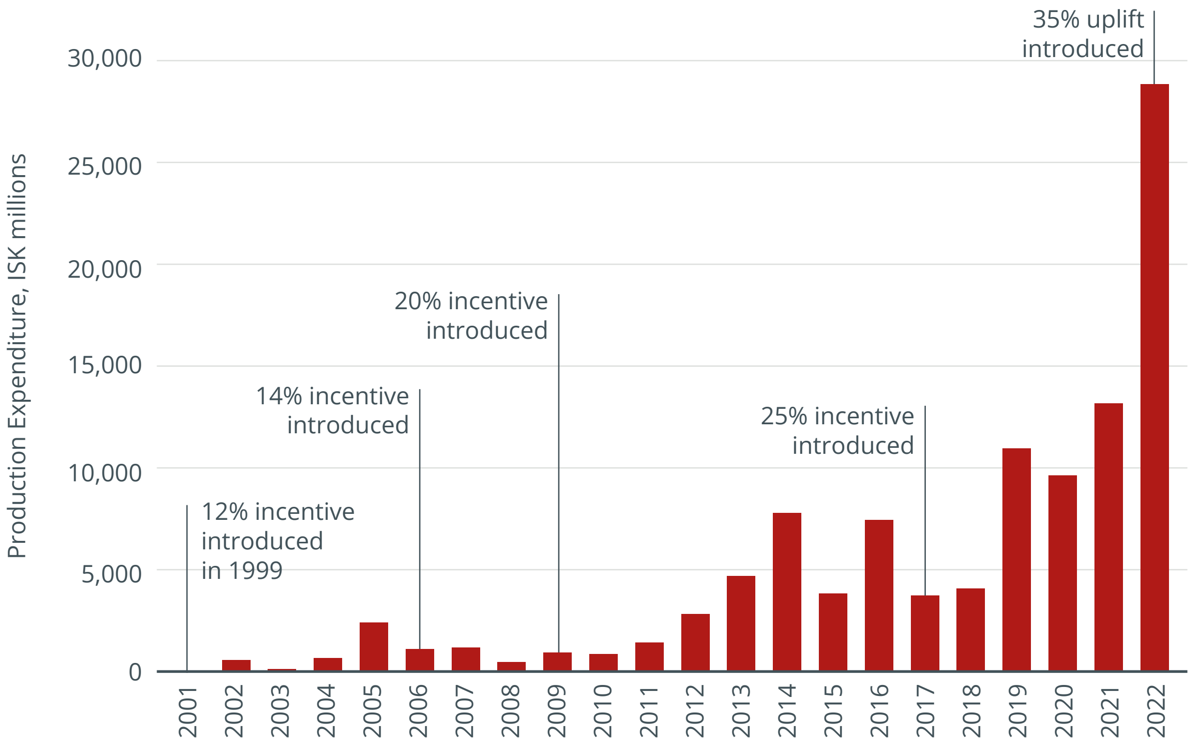
In the aggregate, productions can deliver huge volumes of investment across a year, or over a longer term. In the Czech Republic, international productions spent CZK9.2 billion ($401.5 million) in 2023[10], while in Spain, international productions spent €1.3 billion ($1.4 billion) locally between 2019 and 2022, in both cases generating economic impacts, job creation, and a host of other benefits.[11]

Example of effective incentive expansion

Iceland

Iceland has progressively expanded its incentive since its original introduction in 1999. Analysis of production expenditure data in Iceland over this period shows gradual growth, with a major recent uptick as a result of a new uplift for high-impact productions (which raises the headline value of the incentive to 35%). To be eligible for the higher incentive rate, the production must incur ISK350 million ($1.9 million) or more in qualifying expenditure, spend at least 30 production days in Iceland, and employ at least 50 Icelandic staff.

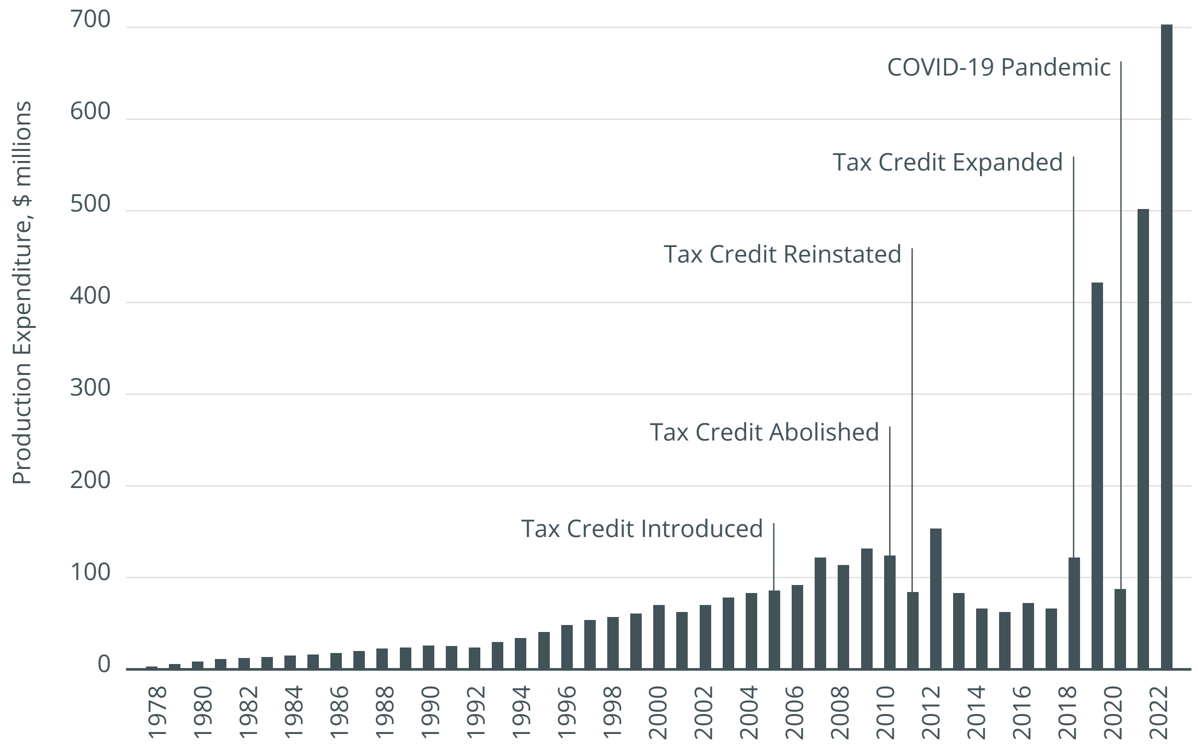
Figure 6 – Incentivized Production Expenditure in Iceland, 2001-2022



Source: National Audit Office (2001-2018), SPI (2019-2022).

10. *Audiovisual sector reports 2023 turnover of 13.5 billion*, Audiovisual Producers Association. 30th June 2024. Accessible here.
11. *Economic Impact of Spain's Rebates for Investments in International Film and Television Series*, SPI for Spain Film Commission, 30th August 2024. Accessible here.

Figure 7 – New Jersey Production Expenditure, 1978-2022



Source: NJ Motion Picture & Television Commission. 2022 Annual Report, NJ Motion Picture & Television Commission. 2023. Accessible here.

Example of an incentive's impact on growth

New Jersey

New Jersey's Motion Picture and Television Commission has tracked production expenditure levels since the late 1970s, with the associated data showing the gradual growth of the industry over time. The introduction of several iterations of New Jersey's tax credit production incentive, most notably the expanded program introduced in 2018, can be seen to have a boosting effect on the state's production levels.

3.2.2. Additionality

A key aim of public investment in production incentives is to encourage production activity that would have otherwise been undertaken elsewhere, or not at all.

In economic terms, this represents 'additional' production activity, and the degree to which an incentive stimulates this activity is referred to as its 'additionality effect', an important metric for incentive evaluation.

The additionality effect of most incentives is significant. While there are a variety of factors that influence the production location decision (notably the creative needs of a production – e.g. a film project that is set in Rome) the net cost of production is among the most important. The average production is relatively flexible (e.g. there are locations that can double for Rome, or the production's 'location' scenes can be filmed in soundstages), so provided that skilled crew and relevant infrastructure are available, cost is often the key determining factor for the production location decision.[12]

Multiple evaluations undertaken by SPI underline the high additionality of incentives in attracting investment.

Examples of additionality

New Mexico

For 92% of productions taking place in New Mexico, the incentive was the most important factor identified by decision-makers when choosing where to produce the film and television projects and only 8% of total productions would have taken place in New Mexico without the state's tax credit.[13]

Georgia

In Georgia, 82% of expenditure between 2018 and 2022 was found to be additional, showing that the tax credit in Georgia attracts a significant portion of production expenditure that would not have otherwise occurred in the state.[14]

United Kingdom

In the UK, 91% of film production expenditure between 2017-19 was additional, as was 84% of high-end television expenditure in the same period.[15]

Iceland

In Iceland, an evaluation determined that 86% of production expenditure between 2020 and 2022 was additional.[16]

Norway

In Norway, 92.2% of production expenditure estimated to not have occurred without the incentive.[17]

12. This applies to larger international productions that might be made elsewhere, but also for local projects, which otherwise might not be made at all.
13. *SPI Economic Impact Study Finds New Mexico's Film Incentive Programme Delivers Strong Economic Benefits*. SPI, 9th December 2021. **Accessible here.**
14. *Economic Impact Study of Georgia's Entertainment Industry Tax Credit*. SPI, 2023. **Accessible here.**
15. *Screen Business*. SPI with Nordicity for the British Film Institute, December 2021. **Accessible here.**
16. *Economic Impact Study of Iceland's Screen Production Incentive*. SPI, 23rd October 2023. **Accessible here.**
17. *Study of the Norwegian Film and Series Incentive Scheme*. SPI, February 2023. **Accessible here.**

3.2.3. Expenditure in Other Sectors

As well as supporting individuals and companies within the film and television sector, productions spend across a wide range of businesses in other sectors.

In many cases, productions will spend as much or more in other businesses (e.g. hotels, transport, catering, laundry, security) as they do within the film and television sector.
In addition, productions hire writers, musicians, artists, and others, supporting the broader creative sectors.

Examples of ripple analysis

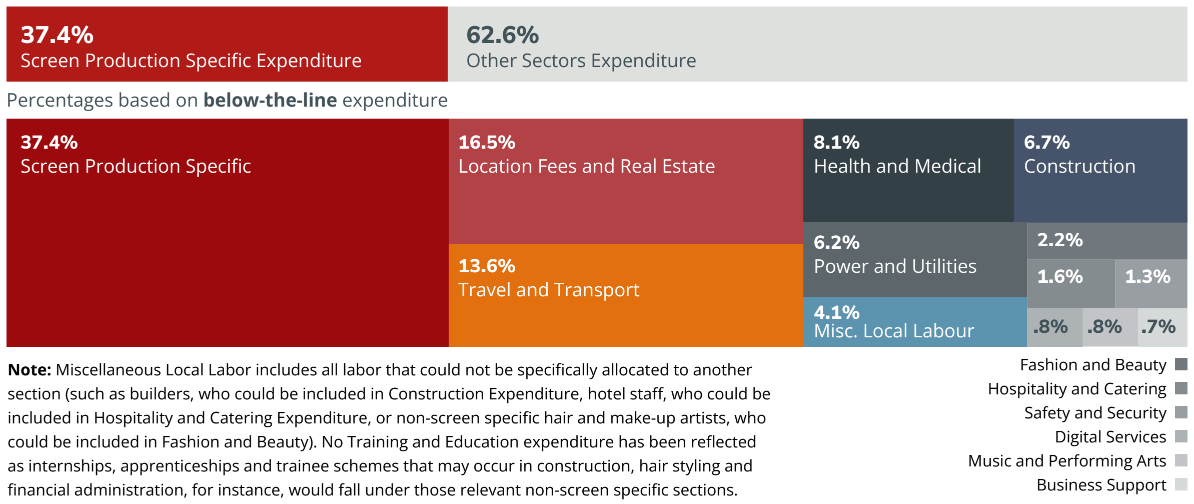
Illinois[18]

SPI analyzed a mid-budget drama series that was produced in Illinois, finding that 62.6% of its below-the-line and vendor expenditure was incurred outside of the film and television production sector. This included expenditure in Location Fees and Real Estate (16.5%), Travel and Transport (13.6%), Power and Utilities (6.2%), Fashion and Beauty (2.2%).

Australia[19]

SPI analyzed a mid-budget drama series that was produced in Australia, finding that 60% of its below-the-line and vendor expenditure was incurred outside of the film and television sector. This included expenditure in Travel and Transport (11.7%), Construction (8.5%), Location Fees and Real Estate (7.6%) and Business Support (6.8%).

Figure 9 – Ripple Analysis of a Drama Series in Illinois – Mid-budget



Note: Miscellaneous Local Labor includes all labor that could not be specifically allocated to another section (such as builders, who could be included in Construction Expenditure, hotel staff, who could be included in Hospitality and Catering Expenditure, or non-screen specific hair and make-up artists, who could be included in Fashion and Beauty). No Training and Education expenditure has been reflected as internships, apprenticeships and trainee schemes that may occur in construction, hair styling and financial administration, for instance, would fall under those relevant non-screen specific sections.

18. *Economic impact of the Illinois Film Production Services Tax Credit*, Olsberg•SPI for Illinois Production Alliance, 19th December 2024. **Accessible here.**
19. *Study on the Impact of Film and Television Production Incentives in Australia*, Olsberg•SPI for Australia and New Zealand Screen Association, February 2023. **Accessible here.**

3.2.4. Gross Value Added

A key metric for assessing an industry's economic contribution is its gross value added (GVA). GVA is an economic measure of the value of goods and services produced in an industry or sector in a given economy, and is comparable with the gross domestic product (GDP) metric used at a national level.

As a result, in some studies the terminology of 'GDP contribution' or 'economic contribution' is used instead. The economic contribution of an incentive should be traced through different channels of impact, namely the direct, indirect and induced impact channels:

- Direct impact refers to the economic activity in terms of the output, GVA, and jobs in companies directly engaged in incentivized productions.
- Indirect impact refers to the economic uplift in terms of the output, GVA, and jobs in companies that supply goods and services to incentivized productions.
- Induced impact refers to the economic uplift in terms of the output, GVA, and jobs created through wage spending by those working on incentivized productions and associated supply chain activity (indirect channel of impact).

In this way, GVA measurement accounts for the entire contribution of the production investment generated by an incentive. Examples of direct, indirect, and induced impacts are outlined in the following figure.

Figure 8 – Examples of the Direct, Indirect, and Induced Impacts Generated by Film and Television Production

Direct Effects

The impact on companies directly working on production

Companies working in production.

Indirect Effects

The effects on companies supplying the production.

A lumber yard from which the production team purchases lumber.

A dry cleaner which the costume department uses.

A local sandwich shop that supplies catering to crew.

Induced Effects

The effects caused by cast and crew and those working in the supply chain spending their wages in the local economy.

A crew member purchasing lumber from the lumber yard to build some decking at their home.

A crew member using a local dry-cleaner for a suit for a personal function.

A crew member taking their family to a sandwich shop at the weekend.

Examples of GVA impacts

Georgia

Analysis of Georgia's Entertainment Industry Tax Credit found that the incentivized production activity and associated studio construction activity generated $5.54 billion in total GVA in the 2022 fiscal year.[20]

Iceland

An economic impact study of the Iceland Film Production Incentive, a 25% to 35% incentive on eligible production costs, found that from 2019 to 2022, the incentive was responsible for approximately ISK82.7 billion ($601.4 million) in direct, indirect, and induced GVA.[21]

Examples of production-specific GVA impacts

Alberta, Canada

The first season of The Last of Us incurred direct production expenditure of $102.8 million in Alberta, Canada, stimulating over C$182 million ($132.7 million) of contribution to Alberta's GDP in 2021-2022. This was split evenly between expenditure on wages and salaries, and spend on local goods and services.[22]

Italy

In Italy, the second season of The White Lotus stimulated over €38 million ($41.5 million) in contribution to Italy's GDP in 2022, with 25% spent on wages and salaries, and the remainder spent on local goods and services.[23]

New Zealand

In New Zealand, Netflix's Sweet Tooth generated NZ$66 million ($40.0 million) in contribution to New Zealand's GDP in 2020. 46% of this was incurred on wages and salaries, with the remaining 54% spent on local suppliers of goods and services.[24]

20. *Economic Impact Study of Georgia's Entertainment Industry Tax Credit*. SPI for Georgia Screen Entertainment Coalition, 6th November 2023. Accessible here.
21. *Economic Impact of the Iceland Film Production Incentive*. Olsberg•SPI for Iceland's Ministry of Culture and Business Affairs, 5th April 2024. Accessible here.
22. *Economic Impacts of The Last of Us Season One in Alberta*. Oxford Economics for the Motion Picture Association, November 2023. Accessible here.
23. *Economic Impacts of The White Lotus Season Two in Italy*. Oxford Economics for the Motion Picture Association, July 2023. Accessible here.
24. *Economic Impacts of Sweet Tooth Season One in New Zealand*, Oxford Economics for the Motion Picture Association and the Australia-New Zealand Screen Association. April 2023. Accessible here.

3.2.5. Return on Investment

Film and television production incentives are an economic development investment. The purpose of a production incentive is to stimulate and sustain long-term industry growth, which in turn delivers a range of associated public benefits described in this report.

While incentives deliver considerable tax impacts (primarily through generating additional taxable income) directly to government, this is too narrow a lens to adequately assess their return on investment (RoI) and does not consider the wider economic effect of these programs.

Instead, the best practice approach is to assess RoI in terms of an incentive's GVA contribution, not in terms of its short-term direct tax impact.[25] Further to the analysis of GVA above, evaluating RoI involves calculating the ratio of the net cost of an incentive to government, and its associated GVA impact effects. This considers the full value of incentive-supported activity in the economy, not just direct taxation.

SPI has undertaken major economic impact studies across a range of jurisdictions, as part of which the GVA RoI was calculated:[26]

Examples of RoI

Australia

In Australia, the GVA RoI across three film and television production incentives – the Location Offset and Incentive, PDV Offset, and Producer Offset was found to range from 4.40 for the Producer Offset to 5.89 for the Location Offset – or for every dollar of investment in the Location Offset by the Australian government, A$5.89 in economic value was returned.[27]

Georgia

In Georgia, the GVA RoI from 2021 to 2022 was found to be 6.3. Therefore, for every $1 invested through the incentive program, the benefit to the state economy is $6.30 through direct, indirect and induced effects.[28]

Iceland

In Iceland, the overall GVA RoI between 2019 and 2022 was found to be 6.8. Therefore, for each krona invested through the incentive program, the benefits to the Icelandic economy are ISK6.80 in terms of additional economic value from direct, indirect, and induced effects.[29]

Norway

In Norway, the GVA RoI generated by the incentive program, was found to be 4.7 between 2020 and 2023.[30]

New Mexico

In New Mexico, the GVA RoI generated across 2020 and 2021 was 8.4. This would mean that for every $1 invested through the program, the RoI is $8.40 in terms of additional economic value.[31]

25. *Asking the Right Questions About Film Tax Incentives*, George Ford, Tax Notes. 6th May 2024. **Accessible here.**
26. Due to differences in data inputs and methodology across economic impact studies, RoI figures are not comparable across jurisdictions.
27. *Study on the Impact of Film and Television Production Incentives in Australia*. Olsberg•SPI for the Australia and New Zealand Screen Association, February 2023. **Accessible here.**
28. *Economic Impact Study of Georgia's Entertainment Industry Tax Credit*. SPI for Georgia Screen Entertainment Coalition, 6th November 2023. **Accessible here.**
29. *Economic Impact Study of Iceland's Screen Production Incentive*. SPI, 23rd October 2023. **Accessible here.**

3.2.6. Employment

Each film and television production involves the contribution of skilled individuals both within the sector and from other sectors.

Analysis of MPA member companies' productions found that, on average, local wages represent 55% of a series' local spending during location shooting,[32] while in Georgia, SPI found that across 21 community spend reports of productions, payroll made up 63% of total production expenditure.[33]

The jobs created by film and television production offer quality employment, with salaries often above the local average: analysis of US salaries found that production jobs paid 36% higher than the national average in 2021.[34]

Measuring job creation is a core part of assessing an incentive's impact. Because most individuals working in the film and television production sector operate across multiple projects in any given year (and therefore one person may represent two to three 'jobs' per year in headcount terms), film and television production employment is best measured in terms of:

- **Full-time equivelants** – An FTE figure, where each FTE is equivalent to one year of full-time work, can be calculated to estimate the number of 'jobs' that the industry supports.
- **Income or earnings** – An income earnings figure represents the gross income paid to individuals.
- **Headcount** – Headcount figures are typically used for individual productions, and show the number of people employed by a production.

30. *Study of the Norwegian Film and Series Incentive Scheme*. SPI, February 2023. **Accessible here.**
31. *Economic Impact of the New Mexico Film Production Tax Credit*. Olsberg•SPI for the New Mexico Film Office, 19th November 2021. **Accessible here.**
32. *How Production Benefits Local Communities*. MPA, 2024.
33. *Economic Impact Study of Georgia's Entertainment Industry Tax Credit*. SPI for Georgia Screen Entertainment Coalition, 6th November 2023. **Accessible here.**
34. In addition, US employees typically receive a competitive benefits package that includes employer-sponsored health insurance and pension. *The American Motion Picture and Television Industry: Creating Jobs, Trading Around the World*. Motion Picture Association, 2021. **Accessible here.**

Similarly to GVA, employment can also be assessed in terms of direct, indirect and induced impacts.

Example of job creation impacts

Australia

In Australia, film and television production incentives were reported to create a total of 20,600 FTE jobs in the 2022 fiscal year, up from 18,200 FTE jobs in 2021 and 9,000 FTE jobs in 2020.[35]

Germany

In Germany, an economic impact study of Pitch Perfect: Bumper in Berlin found that the production supported 700 full-time and part-time jobs across Germany. Of these, 420 were direct jobs while the remainder were indirect (210 jobs) or induced (70 jobs).[36]

Hawaii

An economic impact study of the second season of NCIS: Hawaii showed that the production supported over 1,100 full-time and part-time local workers in Hawaii in 2022-23.[37][38]

Employment is increasingly assessed in terms of the quality of jobs. The jobs created as a result of production incentives are highly skilled and productive. SPI research shows that workers not only have the highly technical skills needed for the specific roles in the film and television production sector, but are also highly professionalized due to working on productions which provide proximity to internationally accepted work standards, protocols and working patterns.[39] The technical skills required in these jobs, and the crafts associated with them, are also relevant for other sectors of the economy, making such jobs highly transferable and valuable.

35. *Economic Impact Study of the Australian Film and Television Production Incentive*. SPI, 17th August 2022. **Available here.**
36. Economic Impacts of *Pitch Perfect: Bumper in Berlin* in Germany. Oxford Economics for the Motion Picture Association, February 2024. **Accessible here.**
37. *Economic Impact of NICS: Hawaii Season Two*. Oxford Economics, April 2024. **Accessible here.**
38. *Film industry generates $6 billion for Georgia's economy*. Georgia Department of Economic Development. 9th July 2015. **Accessible here.**
39. *Economic Impact Study of Iceland's Screen Production Incentive*. SPI, 23rd October 2023. **Accessible here.**; *The Cultural Dividend Generated by Ireland's Section 481 Film and Television Incentive*. SPI, 24th January 2023. **Accessible here.**

3.3. Additional Impacts

3.3.1. Infrastructure

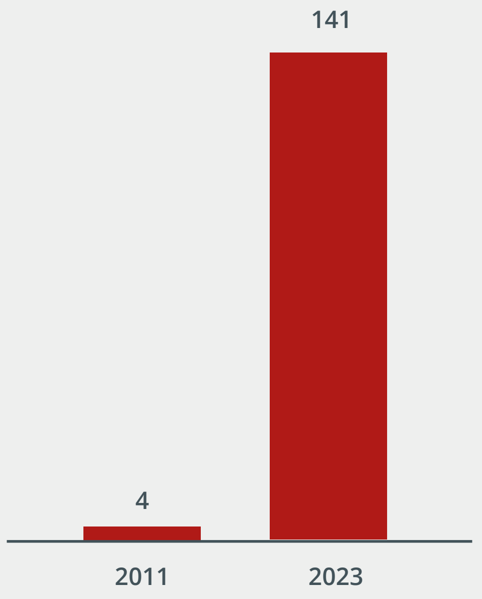
Capital investment in studio infrastructure is undertaken in stable, healthy production sectors, with a reliable sense of future growth. Through supporting the production sector more broadly, a stable incentive can both encourage and underpin investment in infrastructure.

Example of infrastructure growth

Georgia

The US state of Georgia offers a competitive incentive which has led to substantial industry expansion over the last decade. Alongside increasing levels of production activity, the incentive has indirectly stimulated large amounts of private investment in studio infrastructure, as showing in Figure 9.

Figure 9 – Number of Soundstages in Georgia, 2011 and 2023



Source: Georgia Department of Economic Development, Georgia Screen Entertainment Coalition, SPI

In addition, some incentives are purposely geared to attract this investment, through providing additional value to infrastructure developers.

Examples of leveraging infrastructure investment through incentives

New Mexico

Increasingly, jurisdictions are offering 'studio partner' programs, where investors in or developers of studio infrastructure gain access to more competitive production incentives. In New Mexico, studio partners are exempted from the annual caps on incentives, among other benefits.[40]

New Jersey

In New Jersey, studio partners are able to access reserved funding in excess of the cap for non-partner productions, in addition to other benefits.[41]

40. *Economic Impact of the New Mexico Film Production Tax Credit*, New Mexico Film Office, 19th December 2022. **Accessible here.**
41. *NJEDA Awards First Studio Partner Designation to Lions Gate Films Inc.*, New Jersey Economic Development Authority, 21st December 2022. **Accessible here.**

3.3.2. Screen Tourism

Screen tourism – where audiences are motivated to visit a location from seeing it on-screen in films and television series – is an increasing focus for governments investing in supporting the film and television production sector.

While highly production-dependent (some productions will create large amounts of economic impact but will not necessarily draw tourists to a location) incentives can be crucial in attracting productions that generate large impacts in this area.

Such opportunities can be further capitalized through initiatives such as standalone attractions – such as the Warner Bros. Studio Tour London – The Making of Harry Potter – to exhibitions, experiential events, and screenings, thereby further building the tourism impact.

Examples of screen tourism

Georgia

In 2022, more than 850,000 tourists, who were solely motivated by film and television productions based in the state, visited Georgia and spent an estimated US$172 million in the state.[42]

Montana

The television series Yellowstone generated major global interest and awareness of Montana, where the series is set and partially filmed. The production itself had a strong economic impact in the state, supporting $25.3 million in annual personal income across 527 additional jobs. Beyond the production impacts, however, there were 2.1 million visitors to Montana in 2021 who decided to visit as a result of the show. These visitors spent $730.1 million in the state creating a major second wave of impact.[43]

United Kingdom

The Netflix series Bridgerton has had a dramatic effect on tourism in the UK cities of Bath and Bristol, and the surrounding areas where the series is set, contributing over £5 million ($6.4 million) to the local economy.[44]

Canada

In Canada, Netflix in Your Neighbourhood enables the exploration of specific filming locations, including filming locations, restaurants, and events depicted in various Netflix productions filmed in Canada. Research by Netflix showed that most people who have watched Canadian content are more likely to engage with the local culture, while audiences who have watched Canadian content are approximately twice as likely to consider Canada as their first-choice travel destination.[45]

42. *Economic Impact Study of Georgia's Entertainment Industry Tax Credit*, SPI, 2023. Accessible here.
43. *Assessing the Impact of the Yellowstone TV Series on Montana's Tourism Economy*, Bureau of Business and Economic Research, University of Montana. January 2023. Accessible here.
44. *Britain's Quarter of a Billion Pound 'Bridgerton' Boost*. Netflix, 14th June 2024. Accessible here.
45. *How Canadian Content Inspires Global Tourism and Greater Cultural Connection*. Netflix, 2023. Accessible here.

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