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# Follow the Money: A Studio Exec's Take on State Production Tax Incentives

1 message

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# Follow the Money: A Studio Exec's Take on State Production Tax Incentives

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*Production.Ink, Issue #6, here to provide you with useful and relevant news and resources on the business of production. First, we have a:*

## **New Feature Announcement**

*Have you ever had to research the leadership at a local union or guild to help with your production? Our new feature, the Production.Ink [Union & Guild Contact Database](#), will make that painful process better for you.*

*This unique, one-stop resource provides key contact info for folks at all the major unions and guilds. We hope it saves you time and makes your life easier.*

*Now back to our usual programming.*

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Last week, we covered how location [scouts can positively impact a film or TV project](#). But how does money impact, if, when, where, and how projects are produced? Tax incentives can play an oversized role in helping you decide where a production is made—and messing up the incentives process can be a major concern when the final numbers are tallied, especially by [post accountants](#).

With Georgia nearly overhauling their industry-leading tax credit program recently, and the number of available projects (and jobs) shrinking as studios cut volume, state incentive programs have become an increasingly visible part of the financing (for creators) and greenlighting (for producers) process.

So what is most important to know?

We discussed film and television incentives with a studio finance executive at a major production studio (who will remain anonymous at their request) who had the following thoughts on the current environment.

***How do studios think about tax credits, and how do they impact decisions?***

Now more than ever, studios must look at incentives as a key driver in whether a production is even greenlit. Incentives are a must have for jurisdictions to even compete in attracting a project.

It seems like studios are pulling back on the number of projects that are going forward as a way to control costs. This makes incentives even more important as a tool to greenlight a project.

***What is the current tax credit environment like? How are locales competing for projects, and where are the best places to film?***

States and jurisdictions that simply dip their toe in the incentive waters and try out nominal programs will generally fail.

For example, a 10-15% credit drawing from a funding pot of \$10M that qualifies spend on only local resident hires will not attract a major television or film production. It will likely fail.

Compare that to Georgia, which is still the gold standard in the U.S. as far as an incentive framework. Georgia maintains a high rate, 30%, and allows most production spending to qualify, including resident *and non-resident* labor, with few caps to worry about. Most airfare, loan out compensation, per diems, and insurance qualifies, as long as local tax laws are followed and vendors are registered. Scripted and unscripted programming are qualified in GA, which is a nice feature.

It is a great program, and we all love it. However, it should be noted the new mandatory audit rules have soured some feelings on the incentive. The sampling and documentation rules are an over-reach that has caused delays and additional costs for the studios. Many studios have commented that the Georgia Department of Revenue have turned production accountants into the enforcement division of DOR, as the accountants are forced to chase down vendor business licenses and sales tax registrations.

Other states have really improved their incentive programs. New York recently increased its rate to 30% and allows certain above-the-line positions to qualify for the credit. Similarly, Illinois recently allowed certain non-resident positions to qualify for the credit. California is allowing refundability of the credit effective July 1, 2025, which it never did before.

Internationally, the UK is an impressive program that allows a 25% rebate on goods and services “used and consumed” in the UK. “Used and consumed” is a massive lift as it allows US cast and crew working in the UK to qualify for the incentive. Most European jurisdictions do not allow that.

Our neighbor, Canada, is always an option. Not only is it attractive on a currency basis, but the federal government credit and the provinces can be combined for some lofty incentive rates—35-47% roughly, sometimes higher.

***What takeaways should creators remember about state tax credits, and what trends should they be looking out for in the near future?***

Incentives are a massively important factor in deciding which jurisdictions to shoot. It's no secret that when Michigan and Florida, for example, shut down their incentive program, studios turned their interest elsewhere.

Florida, in particular, is a sleeping giant, in my opinion, with the year-round good weather, beaches, palm trees, urban and rural locations. If the state passed even a modest program at say 25% credit based on local spend and local hires, the industry would return in droves.

*Who should we talk to next? Let us know at [info@production.ink](mailto:info@production.ink).*



[Labor negotiations have stalled](#). IATSE didn't meet their first or second set of deadlines for the Basic Agreement, and didn't meet their first deadline for the Area Standards Agreement. The Teamsters start their negotiations this week and IATSE will have to work around them, so IA has will return to the table on June 24. That leaves just over a month to get a deal done before the July 31 expiration. [Onlookers are nervous](#). [Our prediction](#)? Get ready for a strike authorization vote, even if Teamsters boss [Lindsay Dougherty says it's unlikely](#).

In a likely response to souring morale, IATSE targeted the Daytime Emmys, which are traditionally produced by a non-union crew, for disruption. They planned to picket the awards to condemn its use of non-union labor, and the WGA advised its members not to attend rather than cross picket lines. But [crisis was averted](#) when the IATSE and the Awards Committee reached a deal to give union benefits to the non-union folks working on the show.

Sony's CEO [said the quiet part out loud](#) and explained their approach to

AI. We take “efficiency” to mean “cut costs,” and we assume that also means “fewer jobs.” He said the approach also depends on what the new labor deal terms are.

Likely in response to the ScarJo/OpenAI controversy, New York [passed a law requiring actors' consent and representation](#) before a company can license rights to replicate their voice. It's meant to prevent unauthorized copies.

More and better [virtual production this year](#)? That seems to be the story, with virtual stages improving in quality, saving location- and staffing-based costs, and maybe being a safety valve in case of another strike.

The decline in studio spend, especially for film, is being felt across the pond, too: [UK film spend fell](#) by almost half in the first part of this year.

And, our obligatory note that [Paramount and Skydance are \(or were\) in talks](#) to merge. They've since [broken off](#) negotiations, if you believe that's permanent. There are also bids on the table from billionaire and entertainment exec Edgar Bronfman Jr. and an investor group led by producer Steven Paul.

*Have a hot tip? Send it our way at [info@production.ink](mailto:info@production.ink).*



Will Smith and Jada Pinkett Smith's studio, [Westbrook, Inc.](#), named

**Denise Bailey-Castro** as CFO.... **Brian Weinstein** will be the co-CEO of 3 Arts Entertainment and Senior Advisor to [Lionsgate](#) CEO **Jon Feltheimer**.... **Bernadette Spear** joined commercial/infomercial production company [Good Times](#) as Executive Producer.... **Nuno Pereira** is the new VFX Supervisor at [Unit](#), the London post production and VFX company.... [Sibling Rivalry](#), the brand studio and production company, has brought on **David Brickel** as managing director and EP.... [Level Forward](#) has named **Carmelyn P. Malalis** as its new (and first) Head of Impact.... UK-based virtual production company [Final Pixel](#) promoted **Hanah Draper** to Chief Innovation Officer.... European VFX studio [Milk](#) added **Katy Mummery** as its new head of production.... **Jess Biddle** has joined [Something Happy Productions](#) as VP of Film & TV.


*Tell us about your best moves by sending us info (and/or a press release) to [info@production.ink](mailto:info@production.ink) and we'll do our best to post newsworthy below-the-line job changes.*


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***We'll be back in a couple of weeks. Thanks for reading. If you are getting this email forwarded to you, please consider subscribing (it's free!) And if you enjoyed this issue, please consider sending it to a friend. - The Production.Ink team***

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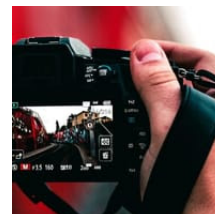
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An interview with Dave Clark, an accomplished film and TV I...



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