



**ARIZONA DEPARTMENT
OF COMMERCE**

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economic advancement*

Motion Picture Production Tax Incentives Program

**Annual Report
Calendar Year 2007**



Motion Pictures Production Tax Incentives Program Annual Report Calendar Year 2007

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Prepared by:

Kent Ennis, CFA
Deputy Director
Arizona Department of Commerce

Lisa Danka
Asst. Deputy Director, Finance and Investment
Arizona Department of Commerce

Jessica Smothermon
Director, Research and Population Statistics
Arizona Department of Commerce

Peer and Technical Reviewers:

Jim Rounds
Senior Vice President
Elliott D. Pollack & Co

Vincent G. Perez
Assistant Director, Audit Division
Arizona Department of Revenue

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Preface

ARS §41-1517 requires the Arizona Department of Commerce (Commerce) to prepare an annual report related to the Motion Picture Production Tax Incentive Program (MOPIC). This report covers calendar year (CY) 2007 and was prepared by the Economic Research Section of Commerce. The data and information presented herein are from, or based on, public sources or are authorized for release in this report by Arizona law.

Overview

The MOPIC was initially authorized by the Arizona Legislature in 2005 and effective January 1, 2006. The program features a total of seven exemptions from Arizona Transaction Privilege, Use and Income taxes:

Five Transaction Privilege Tax (TPT) Exemptions:

- Machinery, equipment and other tangible personal property used directly in the motion picture (A.R.S. §§42-5061(B)(23) and 42-5071(B)(2)(b)).
- Job printing, engraving, embossing or copying that will be used directly in production (A.R.S. §42-5066(B)(4)).
- Leases or rentals of lodging space (A.R.S. §42-5070(C)(2)).
- Catered food, drink and condiments (A.R.S. §42-5074(B)(10)).
- Construction contracts associated with production (A.R.S. §42-5075(B)(20)).

TPT exemptions are generally received at the point of sale or contract, and are available to pre-approved applicants *even if the amount of income tax authorized for the year have all been allocated or if an applicant does not want the income tax credits*. Applicants are required to report the amount of their TPT exemptions to Commerce. The TPT exemption discussed in this report is limited to that provided by the State. It is unknown if, or how many, cities in Arizona are also providing TPT abatements.

Use tax exemption: machinery, equipment and other tangible personal property (A.R.S. §42-5066.B.5). Pre-approved applicants are exempted from paying use taxes for items purchased outside Arizona which are then transported here and used in a production. Like TPT exemptions, use tax exemptions are available even if the income tax credits authorized for the year have all been allocated or if an applicant does not want the income tax credits. Applicants are also required to report the amount of their use tax exemptions to Commerce.

Income tax credits: Transferable state income tax credits in the amount of \$250 million were authorized over a five-year period¹ and “capped” each year as shown in Figure 1:

Figure 1

Income Tax Credits Authorized by Calendar Year	
2006	\$30 million
2007	\$40 million
2008	\$50 million
2009	\$60 million
2010	\$70 million
2011 and thereafter*	\$70 million

*If reauthorized by the Arizona Legislature

¹ Most tax credit programs in Arizona are authorized for only five years, and must be reviewed and reauthorized by the Arizona Legislature every five years to remain in effect.

If MOPIC is renewed by the Legislature in 2010, the amount of income tax credits authorized in 2011 and thereafter will be \$70 million annually. These tax credits may be used to offset Arizona income tax liability, sold or transferred; unused tax credit amounts may be carried forward for up to five taxable years (A.R.S. §§43-1075 and 43-1163). Any income tax credits remaining unused from the cap at the end of the calendar year can be rolled forward for one year, increasing the following year's cap.

The income tax credits are allocated to qualified applicants based on the amount of expenses in Arizona directly attributable to a motion picture production. Figure 2 shows the breakdown of qualifying productions costs and the credits associated with each in CY 2007:

Figure 2

Allocation of Income Tax Credits	
<i>Qualifying Production Costs</i>	<i>Credit*</i>
\$250,000 - \$1,000,000	10%
\$1,000,001 - \$3,000,000	15%
More than \$3,000,000	20%
*In CY 2008, credit percents will increase as follows: \$250,000 - \$1,000,000: credit will be 20% Over \$1,000,000: credit will be 30%	

Commerce accepts applications year round, on a first come, first served basis and determines eligibility for program incentives. An applicant may be qualified for a twelve-month period if it:

- Is primarily engaged (more than 50%) in producing motion pictures;
- Has a physical office and bank account in Arizona;
- Begins production within four-months of pre-approval;
- Anticipates incurring qualifying production costs of at least \$250,000 in the twelve-month pre-approval period; and
- Estimates employing Arizona residents during production activities as follows:

<i>Year</i>	<i>Full-time Requirement</i>
2006	25%
2007	35%
2008	50%

To receive the income tax credits, applicants must apply and meet the eligibility requirements of the program in order to receive "pre-approval," which secures their priority position and a specific amount of tax credits (known as their "allocation") from the amount authorized in the calendar year (the "cap"). Applicants must produce their pre-approved production and then file with Commerce to receive "post-approval." Commerce reviews Arizona spending, employment and other aspects of an applicant's production activity before issuing post-approval, which may be less, but not more, than the pre-approved amount based on the final qualifying production costs. Only upon receipt of a post-approval letter from Commerce can an applicant actually claim the tax credits.

MOPIC is the State's only transferable (salable) tax credit. Because the credits may be sold to others with Arizona tax liability, it is more likely these credits will actually be claimed. This contrasts with all other Arizona tax credits, which cannot be transferred and therefore, are more likely to expire and not be fully claimed to offset tax liability.

As a result of the fact that the five TPT and the use tax exemptions are separate tax credits and may continue to be abated even after the cap has been fully allocated, the actual amount of tax impact is the sum of all three categories: income, TPT and use taxes.

Administration of the program within Commerce is handled by two program managers in the Business Development Finance Office. The expenses associated with program administration are funded from a \$180,000 appropriation from the annual cap amount for MOPIC. The Department of Revenue incurs additional administrative costs related to audits, tracking the sale of tax credits and other activities. These additional costs are funded through the budget of the Department of Revenue and are not included in this report.

2007 MOPIC Activity

Figure 3 provides a summary of MOPIC in 2007. The CY activity related to Legislation, Applications, Tax Credit Utilization, Spending, Employment and Wages are discussed in the ensuing pages, followed by an analysis of the economic and fiscal impact of applications post-approved in CY 2007.

Legislation

During the 2006 legislative session, several changes were enacted to MOPIC and applied retroactively to January 1, 2006. These changes include:

- Clarification of the requirement for an applicant to begin production within four months of pre-approval;
- Authorization for Arizona employees to be counted toward the residency requirement if hired by an authorized payroll service company;
- Authorization for the allocation of the next year's tax credit cap on November 1st of each year if the current year's cap has been fully pre-approved by October 31st;
- Addition of an exemption from transaction privilege tax on job printing classification; and
- Authorization for the reallocation of tax credit amounts returned to a calendar year's cap if returned during the calendar year in which originally allocated.

Application Activity

Commerce received 51 applications from 26 production companies for income tax and TPT/use tax credits in calendar year 2007. The names of the applicants (production companies) and their productions, and the amounts pre-approved and post-approved are shown in Figure 4. This information for CY 2006 is also included in Figure 5 to provide a cumulative picture of the program.

Of the 51 applications received in CY 2007:

- 4 were denied pre-approval by Commerce for various reasons. Denied applicants may appeal a denial decision.
- 9 were withdrawn by the applicant before receiving pre-approval;
- 6 applicants voluntarily relinquished their tax credit after pre-approval for various reasons;
- 10 pre-approved companies had tax credits rescinded by Commerce because they failed to begin production within four months of pre-approval; and
- 22 were pre-approved;
- 1 applied for and received post-approval².

MOPIC activity increased steadily in CYs 2006 and 2007. However, it should be noted that there were several film project applications that did not receive post-approval due to one or more of the following reasons: 1) the project did not start within the required timeframe; 2) the applicant voluntarily

² In addition to the application post-approved for CY 07 cap, six applications from CY 06 also received post-approval for a total of seven post-approvals.

relinquished its application; 3) the applicant waived the request for tax credits; or 4) the application was denied.

Figure 3

MOPIC Summary for CY 2007	
Application Activity	
Total number of applicants	26
Applications received	51
Applications denied ³	4
Applications withdrawn ⁴	9
Applications voluntarily relinquished ⁵	6
Applications rescinded ⁶	10
Applications pre-approved	22
Applications post-approved (1 from CY 06 and 6 from CY 07)	7
Tax Credit Utilization	
2007 authorized cap	\$40,000,000
Unused cap from CY 06 rolled forward	0
CY 06 cap returned in CY 07 (by applicants unable to complete productions)	\$517,394
Total CY 07 cap available	\$40,517,394
Total cap amount pre-approved	\$40,517,394
Average pre-approval cap amount	\$862,072
Total TPT and use tax exemptions taken	\$72,623
Total tax credits post-approved	\$2,740,855
Total tax incentives (from CYs 06 and 07)	\$2,813,478
Unused cap rolled forwarded to CY 08	\$8,696,546
Spending	
Total estimated spending by pre-approved applicants	\$184,000,000
Estimated spending in Arizona by pre-approved applicants	\$164,000,000
Post-Approved Applicants' Total Spending (all locations)	\$24,682,004
Post-Approved Applicants' Spending in Arizona	\$20,070,809
Percent of Total Spending in Arizona	83%
Film Industry Employment and Wages in Arizona	
Number of employees in CY 07	809
Increase (decrease) in employment from CY 06	(146)
Number of companies in CY 07	222
Increase (decrease) in number of companies from CY 06	23
Average annual wage in CY 07	\$39,788
Increase (decrease) in average annual wage from CY 06	\$8,736
Average hourly wage in CY 07	\$19.13
Increase (decrease) in average hourly wage from CY 06	\$4.20
Economic and Fiscal Impact in Arizona	
Direct FTEs created by post-approved applicants in CY 07	222*
Estimated Indirect and Induced FTEs from CY 07 post-approved applications	203*
Estimated State and local tax revenues generated by CY 07 post-approved applicants	\$1,111,979*
Net benefit (cost) to the General Fund of CY 07 post-approved applications	(\$1,701,499)

*Estimated using the Minnesota IMPLAN Professional economic model

³ "Denied" means Commerce found the application ineligible due to failure to meet statutory requirements, to provide required documentation or other reason.

⁴ "Withdrawn" means the applicant withdrew the application before receiving pre-approval.

⁵ "Voluntary relinquished" means the applicant withdrew their application after receiving pre-approval.

⁶ "Rescinded" means Commerce took back the allocation because the applicant did not meet program requirements, such as starting the production within the 4 month deadline.

Numerous applicants continue to find that they are not able to start production on time and to hold their credit allocation. During 2006 and 2007, several applicants subsequently reapplied. Due to production delays and other reasons, it is expected that there will always be more initial MOPIC applicants than the number that actually receive post-production tax credits.

Post-approved Applications: Seven applicants received post-approval in CY 07. One of the post-approved applications was from CY 2007 and the remaining six from CY 2006.

Figure 4

2007 Pre-Approved and Post-Approved Productions†			
<i>Production Company</i>	<i>Production</i>	<i>Pre-Approved \$</i>	<i>Post-Approved \$</i>
Hidden Palms Productions	Hidden Palms Season 2 Episodes 19 & 20	\$920,000	*
Hidden Palms Productions	Hidden Palms Season 2 Episodes 15 & 16	\$920,000	*
Chris Lamont Productions, Inc	Deadly Sanctuary	\$700,000	*
Hidden Palms Productions	Hidden Palms Season 2 Episodes 11 & 12	\$920,000	status unknown
Hidden Palms Productions	Hidden Palms Season 2 Episodes 1 & 2	\$920,000	status unknown
Spring Break '83 Production, LLC	Spring Break '83	\$1,000,000	*
The Dark West, LLC	The Dark West	\$84,000	*
Hidden Palms Productions	Hidden Palms Season 2 Episodes 21 & 22	\$920,000	status unknown
Hidden Palms Productions	Hidden Palms Season 2 Episodes 17 & 18	\$920,000	status unknown
Middle Link Inc.	Wild Horses	\$5,000,000	*
Hidden Palms Productions	Hidden Palms Season 2 Episodes 5 & 6	\$920,000	status unknown
Hidden Palms Productions	Hidden Palms Season 2 Episodes 9 & 10	\$920,000	status unknown
Hidden Palms Productions	Hidden Palms Season 2 Episodes 25 & 26	\$920,000	status unknown
Veritas Pictures, LLC	1. Suicide Club 2. A Matter of Faith 3. Laughing Your Way to a Better Marriage 4. Faith Campaign	\$390,450	still in production
Middle Link Inc.	Queenie and Dell	\$2,199,140	*
Brothers' Ink, LLC	Capture the Flag	\$1,000,000	*
Hidden Palms Productions	Hidden Palms Season 2 Episodes 3 & 4	\$920,000	status unknown
Hidden Palms Productions	Hidden Palms Season 2 Episodes 13 & 14	\$920,000	status unknown
Venture Court Productions	2 Cents	\$154,644	*
Hidden Palms Productions	Hidden Palms Season 2 Episodes 23 & 24	\$920,000	status unknown
Hidden Palms Productions	Hidden Palms Season 2 Episodes 7 & 8	\$920,000	status unknown
FilmWest Productions, LLC	The Laundry Warrior	\$5,000,000	status unknown
FilmWest Productions, LLC	Pieces of Dreams	\$1,559,898	*
FilmWest Productions, LLC	Clandestine	\$5,000,000	status unknown
Child's Cry, LLC	Child's Cry	\$642,000	*
FilmWest Productions, LLC	Dolan's Cadillac	\$5,000,000	*
FilmWest Productions, LLC	Dot or Feather	\$900,409	status unknown
FilmWest Productions, LLC	Bad Company	\$5,000,000	status unknown
Eleventh Hour Productions, LLC	Cystallize	\$100,000	*
Conditional Love, LLC	Conditional Love	\$1,200,000	*
Scripps Howard Broadcasting Company, dba KNVX-TV	1. ABC 15 Local News 2. Sonoran Living	\$1,926,956	**
Blue Voodoo Technologies	Burden	\$1,905,210	*
Arizona Production Resources, LLC	Shiver	\$402,057	*
Arizona Production Resources, LLC	Seven Deadly Sins	\$1,400,000	*
Randy Murray Productions	Comet	\$62,000	\$62,000
Universal City Studios, LLLP	Kids in America	\$1,361,999	**
Touchstone Television Productions, LLC*	Football Wives	\$638,687	*
Golden Days Productions, Inc.	Wild Oats	\$3,248,600	*

2007 Pre-Approved and Post-Approved Productions¹ (continued)			
<i>Production Company</i>	<i>Production</i>	<i>Pre-Approved \$</i>	<i>Post-Approved \$</i>
110 in the Shade Productions, LLC	The Superstitions	\$233,500	*
FilmWest Productions, LLC	Dolan's Cadillac	\$5,000,000	*
Daydreamin' Pictures	The Human Divide	\$300,000	*
FilmWest Productions, LLC	87 Minutes	***\$1,955,046	status unknown
Pacific Direct Inc.	Snappers	***\$0	still in production
Scripps Howard Broadcasting Company, dba KNVX-TV	1. Local ABC 15 News 2. Sonoran Living	\$1,926,975	*
G2 Productions, LLC	Vacuuming the Cat	\$26,000	*
Fifth Wind Films	Child's Cry	\$640,000	*
Arizona Production Resources, LLC	A Killing Season	\$0	*
Old Tucson Productions	Clandestine	\$4,600,000	*
Old Tucson Productions	Soccer Mama Mia (aka) Soccer Mom	\$1,000,000	*
Old Tucson Productions	Dot or Feather	\$700,000	*
Cheyenne Mountain Entertainment, Inc.	Stargate Worlds MMORPG	\$0	still in production

† This list is in the order in which applications were received by the Arizona Department of Commerce. A production may be listed more than once because the production company may have either withdrawn its application or voluntarily relinquished its allocation and later reapplied.

* Indicates the production did not go forward for one of the following reasons: credits were voluntarily relinquished, application was withdrawn, production did not meet investment time requirements, application was denied, tax credits were waived

** Indicates Completion Report under review in CY08; tax credits TBD

*** Indicates allocation came, in whole or in part, from \$517,394 of 2006 credits returned and added to the 2007 cap. \$292,394 went to 87 Minutes and \$225,000 went to Snappers.

Figure 5

2006 Pre-Approved and Post-Approved Productions†			
<i>Production Company</i>	<i>Production</i>	<i>Pre-Approved \$</i>	<i>Post-Approved \$</i>
Universal City Studios, LLP	The Kingdom	\$5,000,000	**
Afterwards Films, Inc	Afterwards	\$345,000	*
Jake's Corner, LLC	Jake's Corner	\$240,000	**
Film West Productions, LLC	1. Twilight Heroes 2. OK Corral	\$435,000	*
Film West Productions, LLC	The Violinist	\$880,000	*
Film West Productions, LLC	Cutthroat	\$1,622,300	*
Film West Productions, LLC	Marble City	\$0	*
Hollywood Sunset Pictures	Beyond Legend Johnny Kakota	\$2,580,000	*
Film West Productions, LLC	Ghost in the Ring	\$1,898,183	status unknown
Film West Productions, LLC	Marble City	\$0	*
Film West Productions, LLC	Rin Tin Tin	\$2,218,559	status unknown
Market Niche Consulting, LLC	The Widow's Son	\$2,000,000	*
2XL Games, Inc.	Baja	\$1,300,000	**
Ghost Town, LLC / Duck Soup Productions	1. Ghost Town ; 2. Commercial	\$0	*
Film West Productions, LLC	Fistful of Blood	\$0	*
Film West Productions, LLC	Bunyan & Babe	\$4,509,317	status unknown
Next Turn Productions, LLC	Jolene	\$610,000	\$296,314
Randy Murray Productions, LLC	1. Nuclear Race; 2. Pandemic 2007; 3. Carne Asada; 4. Video Magazine	\$78,800	\$78,800
Blue Voodoo Technologies	Burden	\$0	*
Film West Productions, LLC	Never Enough	\$0	*
Chris Lamont Productions, Inc.	Netherbeast Incorporated	\$72,500	**
Film West Productions, LLC	Piranha	\$5,000,000	status unknown
Film West Productions, LLC	Cover	\$1,000,000	status unknown
Hidden Palms Productions, Inc.	Hidden Palms Episodes 5 & 6	\$800,000	\$688,097

2006 Pre-Approved and Post-Approved Productions† (continued)			
Production Company	Production	Pre-Approved \$	Post-Approved \$
Hidden Palms Productions, Inc.	Hidden Palms Episodes 7&8	\$800,000	\$170,900 [^]
Hidden Palms Productions, Inc.	Hidden Palms Episodes 3 & 4	\$800,000	\$702,713
Hidden Palms Productions, Inc.	Hidden Palms Episodes 1 & 2	\$747,641	\$742,029
Hollywood Phoenix Studios	Mad Mex	\$0	*
Hollywood Phoenix Studios	Level Seven	\$0	*
Hollywood Phoenix Studios	Cliff Monster	\$0	*
Blue Voodoo Technologies	Burden	\$0	*
Vic's Flicks, LLC	From a Place of Darkness	\$0	*
Lone Tree Productions	Arizona Highways Television	\$0	*

†This list is in the order in which applications were received by the Arizona Department of Commerce. A production may be listed more than once because the production company may have either withdrawn its application or voluntarily relinquished its allocation and later reapplied.

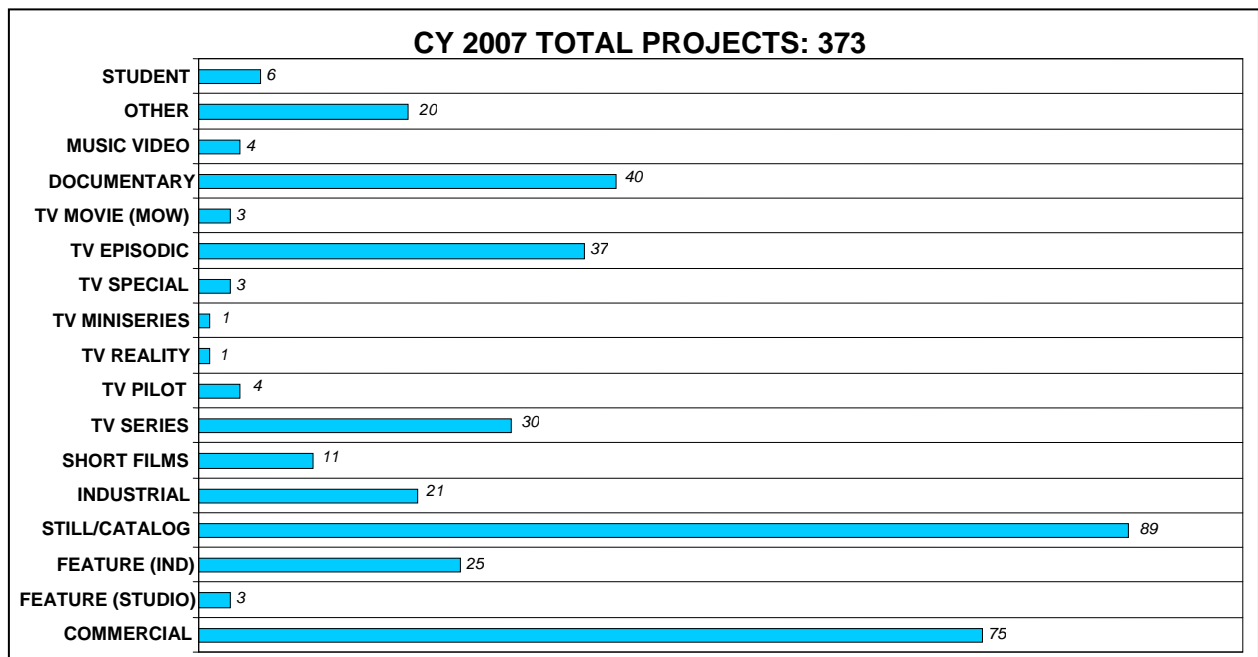
* Indicates the production did not go forward for one of the following reasons: credits were voluntarily relinquished, application was withdrawn, production did not meet investment time requirements, application was denied, tax credits were waived

** Indicates Completion Report is under review in CY08; tax credits TBD

[^] Indicates that only Episode was 7 was completed.

Statewide Production Activity. In preparing this report, the Commerce Film Office reached out to the 12 local film offices in Arizona for data reflecting CY2007 activity in their area. Seven responded, while five were unable to respond due to staffing issues; the State office also provided data.⁷ Figure 6 recaps the types of projects in CY 2007. It should be noted that 373 separate productions were reported in Arizona in CY 2007, with the 51 MOPIC applications representing only 13.6% of the total number productions.

Figure 6



⁷ Beginning with this report, performance measure data are reported on a calendar year basis to better align with MOPIC.

Tax Credit Utilization

At the end of CY 2007, 22 pre-approved applications were still active and represented \$40 million in allocated tax credits. Two of the 22 applications were allocated credits from the 2006 cap that were returned in 2007 in the amount of \$517,394, making the total amount of credits allocated in 2007 \$40,517,394.

Post-approved Applications. As shown in Figure 7, income tax credits of \$2,740,855 and TPT/use tax abatements of \$72,623 were post-approved for seven applicants, for total tax incentives of \$2,813,478. Almost the entire amount of the tax subsidy provided by Arizona (97.5%) for these productions is in the form of income tax credits, with only 2.5% being taken in TPT and use exemptions. This ratio may change as additional applications are post-approved.

Figure 7

2007 Post-Approvals: Tax Credit Utilization	
Income Tax Credits Post-approved	\$2,740,855
TPT and Use Tax Abated	\$72,623
Total Arizona Tax Incentives Post-approved	\$2,813,478
TPT and Use Tax as % of Total Tax Incentives	2.5%

Spending

The 22 active pre-approved applicants in 2007 estimated they would spend a total of \$184 million on their productions, with \$164 million being spent in Arizona. As these productions provide post-production documentation of spending, their tax credits will be reported in future MOPIIC Annual Reports.

Post-approved Applications. As shown in Figure 8, the seven applicants post-approved in CY 2007 reported combined total spending of \$24.6 million to produce their film projects, \$20.07 million (83%) of which was spent in Arizona. Based on the total tax incentives post-approved (\$2.813), the State subsidized (paid for) 13.7% of the spending in Arizona.

Figure 8

2007 Post-Approvals: Spending	
Total Spending of Post-approved applicants (all locations)	\$24,682,004
Arizona Spending of Post-approved applicants	\$20,070,809
Percent of Total Spending in Arizona	83%
Average Total Spending Per Project	\$3,526,001
Average Arizona Spending Per Project	\$2,867,259
Tax credit subsidy on Total Arizona Spending	13.7%

Spending reports provided to Commerce by the seven applicants in the post-approval process showed that the \$20.07 million of total Arizona spending was dispersed across a broad range of expense categories, shown in Figure 9. Wages paid were not specifically provided as they tend to be embedded in various expense categories. The top four spending categories in the seven post-approved applications are Producer and Staff (\$4.7 million), Other (\$2.9 million), Talent (\$2.7 million) and Transportation (\$1.3 million). The Other category includes a broad range of otherwise unclassified expenses including:

- Petty Cash
- Insurance
- Writers, Producers, Talent and Production staff
- Set design and Costume
- Transportation
- Post production and Production Costs

Figure 9

2007 Post-Approvals: Spending by Category		
<i>Category</i>	<i>Total</i>	
	<i>Qualified AZ Cost</i>	<i>Category %</i>
1. Story & Rights	\$0.00	0.0%
2. Writing	\$329,396.00	1.6%
3. Producer & Staff	\$4,724,144.00	23.5%
4. Director & Staff	\$420,583.64	2.1%
5. Talent	\$2,776,710.08	13.8%
6. Extra Talent	\$211,158.89	1.1%
7. Production Staff	\$913,363.93	4.6%
8. Photography	\$721,338.97	3.6%
9. Special Photography	\$15,500.00	0.1%
10. Special Effects	\$500.00	0.0%
11. Video Tape	\$7,238.00	0.0%
12. Production Sound	\$200,592.07	1.0%
13. Picture Vehicles/Animals	\$100,984.25	0.5%
14. Art Department	\$175,993.49	0.9%
15. Set Construction	\$471,816.40	2.4%
16. Set Dressing	\$378,623.00	1.9%
17. Set Operations	\$593,306.77	3.0%
18. Electrical	\$707,838.82	3.5%
19. Props	\$202,667.19	1.0%
20. Wardrobe	\$338,181.36	1.7%
21. Makeup & Hair	\$257,890.08	1.3%
22. Production Dailies	\$89,927.14	0.4%
23. Music	\$0.00	0.0%
24. Post Production Sound	\$0.00	0.0%
25. Set Strike	\$209,364.00	1.0%
26. Optical, Mattes and Inserts	\$0.00	0.0%
27. Laboratory Processing	\$0.00	0.0%
28. Second Unit	\$25,112.37	0.1%
29. Additional Unit	\$7,235.94	0.0%
30. Location Expense	\$967,030.76	4.8%
31. Editing	\$5,715.00	0.0%
32. Film & Stock Shots	\$278,123.62	1.4%
33. Insurance	\$73,843.00	0.4%
34. Travel & Living	\$196,650.14	1.0%
35. Transportation	\$1,345,152.30	6.7%
36. Fringe Benefits	\$123,398.43	0.6%
37. General Expenses	\$273,582.43	1.4%
38. Other	\$2,927,847.15	14.6%
Total Expenditures	\$20,070,809.22	100.0%

Film Industry Employment and Wages in Arizona

Film projects are generally known to involve mobile and temporary employment. This is reflected in definition of full-time employment developed in conjunction with the industry and which includes any employee who averages at least *4 hours per day during the period of employment for the production*. Further, the MOPIC statutes do not require permanent, on-going, full-time employment or minimum wage levels as with other incentive programs (Enterprise Zones, Commerce and Economic Development Commission, and Job Training, for example). As a result, it is not possible to determine how many FTEs continue to exist after a production is completed. In addition, the actual amount of wages paid to employees by applicants is generally not known because it is often embedded across multiple spending categories.

However, the Quarterly Census of Employment and Wages (QCEW) data provides an indication of the status of the number of firms, wages and employment in various sectors of the motion picture industry. The QCEW derives its data from quarterly tax reports submitted to state employment security agencies by employers subject to state unemployment insurance (UI) laws and certain federal agencies. These sources comprise 99.7% of all wage and salary civilian employment.

It should be noted, however, that since many workers in the film industry are part-time or temporary, they may not qualify for unemployment insurance benefits. Because the QCEW dataset is drawn from unemployment insurance records, the actual number of employees in this industry – in Arizona and elsewhere – will probably continue to be difficult to measure.

Figure 10 shows a 2007 snapshot of the status in Arizona of Sector 5121 (the primary NAICS sector for motion pictures) and several key subsectors based on the QCEW. Subsector 51213 is excluded from discussion in this report as it represents largely movie theater employment and is not eligible under MOPIC. It is included in Figure 9 merely to provide an accurate picture of the overall motion picture industry in Arizona.

Figure 10

2007 Quarterly Census of Employment and Wages for Arizona Production Activity for NAICS* Sector 5121 and Subsectors 51211, 51212, 51213 and 51219					
<i>NAICS Code</i>	<i>Sector or Subsector</i>	<i>Average Annual Employment - AZ</i>	<i>Average Annual Wage (2080 hour year)</i>	<i>Average Hourly Wage</i>	<i>Average # of Firms</i>
5121	Total Motion Picture Video Sector (includes subsectors below)	4,261	\$17,070	\$8.21	268
51211	Motion Picture and Video Production	751	\$39,833	\$19.15	189
51212	Motion Picture and Video Distribution	7	\$44,709	\$21.49	7
51213**	Motion Picture and Video Exhibition	3,452	\$11,746	\$5.65	45
51219	Postproduction Services and Other Motion Picture and Video Industries	51	\$38,447	\$18.48	26

* North American Industry Classification System
 ** Subsector 51213 is excluded from discussion in this report as it represents largely movie theater employment and is not eligible under MOPIC. It is included in this table merely to provide an accurate picture of the overall motion picture industry in Arizona.
 Source: Bureau of Labor Statistics

As with most other sectors of Arizona's economy, the overall 5121 NAICS sector has experienced significant change over the last several years. Figure 11 shows the changes by year in the number of firms, total wages, average annual employment and average annual and hourly wages since 2000 for sector 5121, excluding subsector 51213 motion picture exhibition.

Figure 11

Quarterly Census of Employment and Wages Arizona Production Activity for NAICS 5121* (excluding 51213) 2000 - 2007					
Year	Average Number of Firms	Total Annual Sector Wages	Average Annual Employment	Average Annual Wage	Avg. Hourly Wage for 2,080 Hour Year
2000	169	\$39,207,170	830	\$47,252	\$22.72
2001	167	\$28,201,440	724	\$38,979	\$18.74
2002	175	\$24,385,048	642	\$37,998	\$18.27
2003	177	\$22,387,976	609	\$36,777	\$17.68
2004	179	\$28,547,216	733	\$38,932	\$18.72
2005	179	\$26,454,898	826	\$32,047	\$15.41
2006	199	\$29,654,312	955	\$31,052	\$14.93
2007	222	\$32,178,686	809	\$39,788	\$19.13

* Combined NAICS 51211, 51212 and 51219; does not include subsector 51213, Motion Picture Exhibition
 Source: Bureau of Labor Statistics

Appendix A shows in greater detail the components of the motion picture production industry that combine to make up the film production category in Arizona. It is possible that some film production related jobs are not reported by employers in the related NAICS film categories. Such workers might be located in several industry codes. In addition, workers that are not part of the Unemployment Insurance system would not be counted in these statistics.

To better understand any changes as a result of MOPIC, data should be considered over two discrete time periods: CYs 2000 through 2005 (prior to implementation of MOPIC) and CYs 2006 and 2007 (the first two years of MOPIC). As seen in Figure 12, most measures of employment and wages have increased since the implementation of MOPIC with the exception of average annual employment, which has decreased by 17 jobs.

Figure 12

Changes in Employment and Wages Before (2000-05) and After (2006-07) MOPIC				
	CY 2000-05		CY 2006-07	
	#\$ Change	% Change	#\$ Change	% Change
Motion Picture firms in AZ	10	5.9	43	24
Total Sector Wages	- \$12,752,272	- 32.5	\$5,723,788	21.6
Average Annual Employment	- 4	- .4	- 17	- 2
Average Annual Wages	- \$15,205	- 32.1	\$7,741	24.1
Average Hourly Wages*	- \$7.31	- 32.1	\$3.72	24.1

* Based on 2080 hour year
 Source: 2007 Quarterly Census of Employment and Wages, Bureau of Labor Statistics

Post-approved Applications. Figure 13 shows aggregated employment and wage information for the seven post-approved applications. The seven post-approved applicants reported a total of 168,430 of employee hours worked, including 100,893 (60%) worked in Arizona. This represents 97 FTEs based on the program's definition of full-time (4 hours per day), or 49 FTEs based on a

standard 2,080 hour work year. At \$2.8 million in total tax credits, these 97 jobs cost the State \$29,004 each, or \$27.89 per hour worked as reported by applicants.

Figure 13

2007 Post-Approvals: Employment and Wages	
Total Arizona Tax Incentives Approved	\$2,813,478
Total Hours Worked reported by Post-approved applicants	168,430
Hours Worked in Arizona	100,893
Percent of Total Hours Worked in Arizona	60%
Estimated Arizona FTEs (based on 4 hours worked per day)	97
QCEW Arizona Average Hourly Wage (AHW) in Film Production ⁸	\$19.13
Incentive Cost Per AZ Hour Worked (\$2.8 mil/100,893)	\$27.89
QCEW Arizona Average Annual Wage in Film Production ⁹	\$39,788
Incentive Cost Per FTE (\$2.8 mil/97)	\$29,004
Source: Commerce records	

The Incentive Cost Per FTE of \$29,004 compares with other job-based incentive programs as depicted in Figure 14:

Figure 14

Cost Per Job Comparisons Among Various Arizona Job-based Incentive Programs (Ranked by Incentive Cost Per Job)			
<i>Program</i>	<i>Job Requirements</i>	<i>Transferable (Salable)?</i>	<i>Maximum Incentive Cost Per Job</i>
MOPIC	<ul style="list-style-type: none"> • No new job creation requirement (AZ residency is required) • No full-time requirement • No minimum wage requirement • No health insurance requirements 	Yes	\$29,004
Military Reuse Zone Job Tax Credits	<ul style="list-style-type: none"> • Must be new or dislocated full-time positions • No minimum wage requirement • No health insurance requirements 	No	\$7,500 (new) \$10,000 (dislocated)
Commerce and Economic Development Commission (CEDC)	<ul style="list-style-type: none"> • Must be new/retained, full-time and permanent • Must pay at or above the average county wage • Employer must offer to pay at least 50% of employee health insurance costs 	No	\$3,658*
Enterprise Zone New Job Tax Credits	<ul style="list-style-type: none"> • Must be new, full-time (1750 hours annually) and permanent • Must pay above the "Wage Offer by County" • Employer must offer to pay at least 50% of employee health insurance costs 	No	\$3,000
Healthy Forest New Job Tax Credits	<ul style="list-style-type: none"> • Must be new, full-time (1,550 hours annually) • Must pay above the "Wage Offer by County" • Employer must offer to pay a portion of employee health insurance based on year of operations 	No	\$3,000
*Made to Abraxis BioScience, Inc. Source: Arizona Revised Statutes, Commerce records			

⁸ 2007 QCEW data for NAICS 5121, excluding 51213

⁹ Ibid.

CY 2007 Economic and Fiscal Impact

Proponents of industry initiatives usually cite the “multiplier effects” of increased direct spending and tax revenue generation related to a specific industry. “Multipliers” attempt to measure the interactions of employment, spending, investment and earnings among and between industries, and are different for each industry and geographic locality. Multipliers are generally based on industry spending interrelationships estimated by the US Department of Commerce, Bureau of Economic Analysis. Private software companies use this government data as the basis for the analysis of new spending or new jobs in an area or industry.

Prior to CY 2007, no applications had been post-approved, making a well-informed analysis of the true outcome of MOPIC impossible. However, the seven applications post-approved in 2007 provide - for the first time - final data to conduct this analysis. For the purposes of this report, the Minnesota IMPLAN Professional[®] economic impact assessment software model¹⁰ was used to analyze both the *economic* and *fiscal* impacts of MOPIC.

Economic Impact. *Economic impacts* may be direct, indirect, and induced, and are related to employment, industry output, and new earnings in the economy, among others. The following *economic impacts* are included in this analysis and are defined as follows by Minnesota IMPLAN:

- **Employment** is average annual full- and part-time (ie, "jobs").
- **Compensation** is the total cost of labor for a business composed of wages and salaries, other labor income (retirement, health insurance), plus employer and employee contributions to social security/payroll taxes.
- **Output** is total revenue from sales/total cost of production for an industry.

These impacts are described in terms of their direct, indirect and induced effects on the economy:

- **Direct** impacts are those directly generated by film and video production companies. Generally, these are considered by the IMPLAN model to be *permanent* jobs.
- **Indirect** impacts are generated by businesses that provide goods and services to film and video production companies.
- **Induced** impacts are generated as a result of the spending by direct and indirect employees in the local economy on such things as food, housing, transportation, etc.

With the assistance of Minnesota IMPLAN, the aggregate Arizona spending of \$20,460,288 provided by the seven post-approved applicants was analyzed using IMPLAN Professional. The *economic impacts* related to employment, compensation and output are shown in Figure 15. It should be noted that these figures are one-time impacts related to the seven specific productions, and will not be repeated in the economy. Further, it is impossible to know how many of the direct, indirect or induced jobs would continue to exist after any given production is completed.

Figure 15

Economic Impacts of CY 2007 Post-Approved MOPIC Applications			
	Employment	Compensation	Output
Direct Impact	222	\$3,799,354	\$20,070,810
Indirect Impact	155	\$3,856,039	\$13,973,071
Induced Impact	53	\$1,944,194	\$6,059,692
Total Impacts	430	\$9,599,587	\$40,103,572
Source: Minnesota IMPLAN Professional economic model for Arizona			

¹⁰ Minnesota IMPLAN Group, Inc., <http://www.implan.com/index.html>

- **Employment** – According to the IMPLAN model, 222 direct jobs result from the \$20.07 million in spending. As noted earlier, direct jobs are considered by the IMPLAN model to be *permanent* jobs. Because the motion picture industry is characterized by part-time and temporary employment, it is questionable to assume the 222 jobs are permanent or full-time. Including indirect and induced jobs, the total impact is 430. This is approximately a 2:1 job creation multiplier ratio (2 indirect/induced jobs result for each film industry job created).

It should be noted that the 430 total jobs estimated by the IMPLAN model is higher than the 97 fulltime equivalents reflected in the hours worked as reported by the post-approved applicants. This may be because jobs are embedded across the spending categories reported by the applicants. If this information was available to include in the modeling, the job numbers might more closely match the IMPLAN figures.

- **Compensation** – The IMPLAN model estimates the \$20.07 million in spending reported by the post-approved applicants generated total compensation in the amount of \$9.59 million. Of this amount, \$3.79 million is direct compensation. Again, because jobs are embedded across expense categories, it is impossible to determine if the direct compensation was paid to employees or to owners/investors of the productions. The \$9.59 million represents a compensation multiplier ratio of approximately .5:1 (50 cents of compensation is created for each dollar of spent).
- **Output** - Output estimated by the IMPLAN model is \$40.1 million, and reflects a spending multiplier ratio of approximately 2:1 (\$2 in industry output is generated for each \$1 spent).

To help put this information in context with other industries, Figure 16 presents the impact of the creation of 100 new jobs in Arizona in various industries, measured in terms of total output (column 1), indirect and induced jobs created (column 2) and wages generated (column 3). Highlighted in various colors are industries that are important to Arizona's economy. These lists, developed using the Minnesota IMPLAN Professional economic model for Arizona, have been sorted to present the highest ranking industries at the top. Industries such as Electronic Computer Manufacturing, Computers & Other Electronics, Transport Equipment, Guided Missile and Space Vehicle Manufacturing and Search/Detection/Navigation Instruments produce substantial returns to the economy across all three categories.

Figure 16

Additional Economic Output in Arizona Resulting from 100 New, Direct Jobs per Industry		Indirect and Induced Jobs created throughout the Arizona economy as a result of 100 New, Direct Jobs per Industry		Wages Generated throughout the economy as a result of 100 New, Direct Jobs per Industry	
Industry	Total Output (\$)	Industry	Indirect & Induced Jobs (#)	Industry	Total Wages (\$)
Electronic Computer Manufacturing	246,466,800	Electronic Computer Manufacturing	1,370	Lessor of Nonfinance Intang. Assets	1,283,755,124
Lessor of Nonfinance Intang. Assets	163,905,772	Lessor of Nonfinance Intang. Assets	1,227	Beverage & Tobacco	995,153,982
Pipeline Transport	70,179,043	Pipeline Transport	578	Pipeline Transport	564,797,949
Primary Metal Mfg	66,300,738	Water Transport	503	Water Transport	259,568,983
Chemical Mfg	60,913,926	Computer & Other Electronics	412	Primary Metal Mfg	246,971,057
Beverage & Tobacco	54,160,791	Funds- Trusts & Other Finan.	400	Computer & Other Electronics	242,310,833
Computer & Other Electronics	50,217,764	Primary Metal Mfg	396	Chemical Mfg	179,361,227
Utilities	50,021,378	Chemical Mfg	345	Funds- Trusts & Other Financial	114,138,221
Water Transport	48,527,901	Beverage & Tobacco	340	Transport Equipment	112,450,404
Aircraft Engine / Engine Parts Mfg	43,193,480	Food Products	253	Food Products	86,633,609
Guided Missile and Space Vehicle Mfg	41,040,590	Forestry & Logging	247	Utilities	68,922,351
Transport Equipment	35,558,884	Search/ detection/navigation instmts	210	Forestry & Logging	57,770,146
Food Products	34,391,241	Air Transport	207	Rail Transport	47,042,448
Search/ detection/navigation instmts	32,941,290	Utilities	204	Paper Mfg	45,204,233
Funds- Trusts & Other Financial	31,757,703	Rail Transport	204	Broadcasting	44,181,416
Paper Mfg	30,858,214	Aircraft Engine / Engine Parts Mfg	204	Air Transport	39,879,229
Rail Transport	30,443,649	Guided Missile and Space Vehicle Mfg	202	Nonmetal Mineral Prod.	38,780,256
Broadcasting	28,869,026	Broadcasting	199	Machinery Mfg	35,513,041
Machinery Mfg	27,553,225	Internet & Data Proc. Svcs	191	Electrical Equipment & Appliances	28,039,531
Forestry & Logging	26,848,270	Transport Equipment	189	Waste Mgmt & Remediation Svcs	25,421,750
Air Transport	23,146,773	Machinery Mfg	176	Internet & Data Proc. Svcs	24,303,683

Additional Economic Output Resulting from 100 New, Direct Jobs per Industry (continued)		Indirect and Induced Jobs created throughout the economy as a result of 100 New, Direct Jobs per Industry (continued)		Wages Generated throughout the economy as a result of 100 New, Direct Jobs per Industry (continued)	
Industry	Total Output (\$)	Industry	Indirect & Induced Jobs (#)	Total Output (\$)	Total Wages (\$)
Nonmetal Mineral Prod.	23,075,102	Paper Mfg	174	Oil & Gas Extraction	23,901,343
Electrical Equipment & Appliances	22,876,746	Nonmetal Mineral Prod.	168	Management of Companies	23,543,180
Textile Mills	22,819,337	Electrical Equipment & Appliances	144	Monetary Authorities	21,928,167
Monetary Authorities	22,039,131	Fishing- Hunting & Trapping	142	Textile Mills	20,544,810
Plastics & Rubber Prod.	21,262,569	Management of Companies	139	Plastics & Rubber Prod.	20,385,299
Oil & Gas Extraction	20,416,877	Waste Mgmt & Remediation Svcs	137	Mining	18,920,344
Optical Instrument & Lens Mfg	19,982,370	Textile Mills	132	Fabricated Metal Prod.	15,630,649
Internet & Data Proc. Svcs	19,379,440	Crop Farming	131	Credit Intermediation & Related	15,516,188
Mining	19,207,494	Monetary Authorities	128	Crop Farming	15,325,921
Fabricated Metal Prod.	18,656,126	Publishing Industries	128	Publishing Industries	14,750,531
Waste Mgmt & Remediation Svcs	17,754,766	Mining	124	Misc. Mfg	13,261,009
Misc. Mfg	17,650,937	Misc. Mfg	121	Electronic Computer Manufacturing	12,223,211
Real Estate	17,581,413	Construction	121	Construction	11,744,988
Crop Farming	17,220,158	Optical Instrument & Lens Mfg	119	Wholesale Trade	11,459,325
Construction	16,774,812	Motion Picture & Sound Recording	117	Insurance Carriers & Rel.	11,406,704
Publishing Industries	16,470,129	Plastics & Rubber Prod.	116	Search/ detection/navigation instrmts	10,747,499
Credit Intermediation & Related	16,231,233	Professional- Scientific & Tech. Svcs	112	Guided Missile and Space Vehicle Mfg	10,589,174
Management of Companies	15,921,898	Fabricated Metal Prod.	109	Real Estate	10,476,163
Insurance Carriers & Rel.	15,580,174	Credit Intermediation & Related	105	Professional- Scientific & Tech. Svcs	10,378,074
Wood Products	15,128,607	Rental & Leasing Svcs	105	Ambulatory Health Care	10,366,725
Wholesale Trade	14,999,911	Insurance Carriers & Rel.	103	Textile Products	10,190,076
Furniture & Related Prod.	14,162,357	Livestock	102	Postal Service	9,827,653
Rental & Leasing Svcs	13,503,325	Truck Transport	102	Construction Infrastructure	9,678,395
Textile Products	13,384,945	Wholesale Trade	101	Truck Transport	9,306,833
Livestock	13,081,437	Hospitals	101	Aircraft Engine / Engine Parts Mfg	9,000,274
Motion Picture & Sound Recording	13,056,229	Ambulatory Health Care	97	Hospitals	8,947,591
Mining Services	12,041,907	Museums & Similar	97	Rental & Leasing Svcs	8,843,837
Professional- Scientific & Tech. Svcs	11,721,185	Furniture & Related Prod.	95	Motor Veh. & Parts Dealers	8,477,394
Construction Misc.	11,720,400	Construction Infrastructure	95	Construction Misc.	8,419,135
Truck Transport	11,716,546	Oil & Gas Extraction	94	Wood Products	8,342,382
Construction Infrastructure	11,458,946	Postal Service	93	Motion Picture & Sound Recording	8,083,653
Ambulatory Health Care	11,070,686	Construction Misc.	92	Furniture & Related Prod.	7,358,079
Leather & Allied	10,894,310	Real Estate	91	Mining Services	6,957,323
Hospitals	10,771,147	Construction Commercial	83	Sightseeing Transport	6,902,068
Motor Veh. & Parts Dealers	10,692,791	Securities & Other Financial	81	Construction Commercial	6,859,725
Govt. & Non NAICs	10,345,984	Wood Products	78	Printing & Related	6,324,301
Apparel Mfg	10,249,214	Motor Veh. & Parts Dealers	77	Govt. & Non NAICs	6,299,127
Postal Service	9,616,052	Textile Products	76	Optical Instrument & Lens Mfg	6,053,451
Construction Commercial	9,593,661	Mining Services	69	Warehousing & Storage	6,042,058
Warehousing & Storage	9,085,310	Warehousing & Storage	66	Leather & Allied	5,781,285
Repair & Maintenance	9,035,273	Govt. & Non NAICs	64	Museums & Similar	5,737,564
Printing & Related	8,464,897	Sightseeing Transport	63	Securities & Other Financial	5,055,178
Furniture & Home Furnishings	8,416,768	Leather & Allied	62	Electronics & Appliances Stores	5,021,671
Museums & Similar	7,587,140	Repair & Maintenance	61	Furniture & Home Furnishings	4,780,395
Securities & Other Financial	7,556,505	Printing & Related	60	Repair & Maintenance	4,684,691
Sightseeing Transport	7,461,560	Furniture & Home Furnishings	59	Livestock	4,572,365
Accommodations	7,405,940	Apparel Mfg	57	Food & Beverage Stores	4,332,593
Food & Beverage Stores	7,387,240	Food & Beverage Stores	56	Bldg Materials & Garden Dealers	4,160,075
Bldg Materials & Garden Dealers	7,274,663	Accommodations	54	Accommodations	3,869,079
Electronics & Appliances Stores	7,171,572	Electronics & Appliances Stores	53	Health & Personal Care Stores	3,768,546
Health & Personal Care Stores	6,952,467	Health & Personal Care Stores	51	Gasoline Stations	3,766,547
Gasoline Stations	6,325,948	Bldg Materials & Garden Dealers	50	Couriers & Messengers	3,675,822
Amusement- Gambling & Recreation	6,308,474	Educational Svcs	50	Religious/Grantmaking/Similar Orgs	3,396,640
Couriers & Messengers	6,307,602	Personal & Laundry Svcs	49	Educational Svcs	3,236,586
Fishing- Hunting & Trapping	6,273,012	Admin. Support Svcs	49	Nursing & Residential Care	3,199,650
Personal & Laundry Svcs	6,109,212	Amusement- Gambling & Recreation	48	Amusement- Gambling & Recreation	3,185,978
Transit & Ground Passengers	6,050,381	Performing Arts & Spectator Sports	48	Admin. Support Svcs	3,174,524
Educational Svcs	5,175,662	Couriers & Messengers	47	Apparel Mfg	3,159,890
Admin. Support Svcs	5,174,424	Gasoline Stations	46	Transit & Ground Passengers	3,067,499
Clothing & Accessories Stores	5,156,490	Religious/Grantmaking/Similar Orgs	46	Performing Arts & Spectator Sports	2,799,203
Food Svcs & Drinking Places	5,065,831	Transit & Ground Passengers	44	Personal & Laundry Svcs	2,786,675
Non-Store Retailers	4,840,066	Nursing & Residential Care	43	Clothing & Accessories Stores	2,744,663
General Merch. Stores	4,833,803	Misc. Retailers	38	General Merch. Stores	2,690,345
Nursing & Residential Care	4,766,770	Clothing & Accessories Stores	37	Misc. Retailers	2,630,874
Misc. Retailers	4,546,486	Food Svcs & Drinking Places	36	Ag. & Forestry Svcs	2,222,458
Religious/Grantmaking/Similar Orgs	4,525,090	Non-Store Retailers	34	Sports- Hobby-Book & Music Stores	2,124,252
Performing Arts & Spectator Sports	4,273,150	General Merch. Stores	31	Food Svcs & Drinking Places	1,988,819
Sports- Hobby-Book & Music Stores	3,583,675	Social Assistance	30	Social Assistance	1,865,011
Social Assistance	3,544,598	Sports- Hobby-Book & Music Stores	24	Non-Store Retailers	1,677,014
Ag. & Forestry Svcs	2,136,939	Ag. & Forestry Svcs	24	Fishing- Hunting & Trapping	1,656,051

Sources: Elliott D. Pollack & Co, Minnesota IMPLAN.

Fiscal Impact. Analyzing the *fiscal impact* of a tax credit is also critical in understanding the performance of the program, particularly if it is generating at least as much in state and local tax revenues as is being paid out in the form of credits. In other words, is the program paying for itself? Although “spending” in Arizona generally results in transaction privilege tax revenue generation, it is critical to note it is not a 1:1 relationship. In addition, MOPIC provides for TPT abatements, further impacting the ability of the program to generate enough tax revenue to cover its costs to the General Fund.

Figure 17 shows the *fiscal impact* of the seven applications post-approved in CY 2007 based on the IMPLAN analysis of the reported spending. IMPLAN Professional measures tax revenues generated to state and local government as a result of spending. These revenues generally include corporate and personal income taxes, licenses, fines and fees, business and residential property taxes, dividends and other taxes.

Although \$1,111,979 in state and local tax revenues were created, the cost to the State general fund in the amount of credits was \$2,813,478, a net loss of \$1,701,499.

Figure 17

Fiscal Impact of CY 2007 Post-Approved MOPIC Applications	
Tax Revenues Generated	\$1,111,979
Total Arizona Tax Incentives Post-approved	\$2,813,478
Net Tax Benefit (Cost) to General Fund*	(\$1,701,499)
<small>* Does not include program administration costs incurred by Commerce or the Department of Revenue related to the post-approval process of the 2007 post-approved applications Source: Minnesota IMPLAN Professional economic model and Commerce records</small>	

APPENDIX A

Arizona Motion Picture Industry & Video Employment & Wages by NAICS – from Quarterly Census of Employment and Wages (Source: Bureau of Labor Statistics)

Motion Picture/ Video Production	Year	Average Number of Firms	Total Annual Sector Wages	Average Annual Employment	Average Annual Wage	Avg. Hourly Wage for 2,280 Hour Year
51211	2000	152	\$37,483,636	765	\$59,138	\$28.43
51211	2001	149	\$26,576,915	667	\$39,875	\$19.17
51211	2002	155	\$22,766,339	586	\$38,850	\$18.68
51211	2003	155	\$20,863,471	549	\$38,020	\$18.28
51211	2004	159	\$27,475,664	695	\$39,562	\$19.02
51211	2005	158	\$25,512,751	794	\$32,142	\$15.45
51211	2006	175	\$28,364,534	914	\$31,042	\$14.92
51211	2007	189	\$29,904,913	751	\$39,833	\$19.15

Motion Picture/ Video Distribution	Year	Average Number of Firms	Total Annual Sector Wages	Average Annual Employment	Average Annual Wage	Avg. Hourly Wage for 2,280 Hour Year
51212	2000	6	\$961,865	41	\$23,750	\$11.42
51212	2001	7	\$850,577	33	\$25,775	\$12.39
51212	2002	8	\$874,234	31	\$28,663	\$13.78
51212	2003	7	\$466,775	11	\$41,491	\$19.95
51212	2004	6	\$403,174	11	\$37,505	\$18.03
51212	2005	7	\$197,924	8	\$26,390	\$12.69
51212	2006	6	\$112,681	5	\$25,040	\$12.04
51212	2007	7	\$312,960	7	\$44,709	\$21.49

Motion Picture/ Video Post- Production	Year	Average Number of Firms	Total Annual Sector Wages	Average Annual Employment	Average Annual Wage	Avg. Hourly Wage for 2,280 Hour Year
51219	2000	11	\$761,669	25	\$31,089	\$14.95
51219	2001	11	\$773,948	25	\$31,590	\$15.19
51219	2002	12	\$744,475	25	\$29,484	\$14.18
51219	2003	15	\$1,057,730	49	\$21,586	\$10.38
51219	2004	14	\$668,378	28	\$23,871	\$11.48
51219	2005	14	\$744,223	25	\$30,376	\$14.60
51219	2006	19	\$1,177,097	37	\$32,249	\$15.50
51219	2007	26	\$1,960,813	51	\$38,447	\$18.48

Film Production Total	Year	Average Number of Firms	Total Annual Sector Wages	Average Annual Employment	Average Annual Wage	Avg. Hourly Wage for 2,280 Hour Year
Film Total *	2000	169	\$39,207,170	830	\$47,252	\$22.72
Film Total *	2001	167	\$28,201,440	724	\$38,979	\$18.74
Film Total *	2002	175	\$24,385,048	642	\$37,998	\$18.27
Film Total *	2003	177	\$22,387,976	609	\$36,777	\$17.68
Film Total *	2004	179	\$28,547,216	733	\$38,932	\$18.72
Film Total *	2005	179	\$26,454,898	826	\$32,047	\$15.41
Film Total *	2006	199	\$29,654,312	955	\$31,052	\$14.93
Film Total *	2007	222	\$32,178,686	809	\$39,788	\$19.13
*Combined NAICS 51211,51212 and 51219						

Motion Picture/ Video Exhibition	Year	Average Number of Firms	Total Annual Sector Wages	Average Annual Employment	Average Annual Wage	Avg. Hourly Wage for 2,280 Hour Year
51213	2000	45	\$25,607,262	2,792	\$9,173	\$4.41
51213	2001	43	\$27,116,225	2,921	\$9,282	\$4.46
51213	2002	42	\$29,492,909	3,367	\$8,759	\$4.21
51213	2003	43	\$30,077,890	3,278	\$9,176	\$4.41
51213	2004	41	\$30,772,767	3,154	\$9,758	\$4.69
51213	2005	45	\$32,791,016	3,085	\$10,631	\$5.11
51213	2006	46	\$33,403,873	3,000	\$11,135	\$5.35
51213	2007	45	\$40,546,502	3,452	\$11,746	\$5.65

Total Motion Picture/ Video Sector	Year	Average Number of Firms	Total Annual Sector Wages	Average Annual Employment	Average Annual Wage	Avg. Hourly Wage for 2,280 Hour Year
5121	2000	213	\$64,814,432	3,621	\$17,901	\$8.61
5121	2001	211	\$55,317,665	3,646	\$15,174	\$7.30
5121	2002	219	\$53,877,957	4,009	\$13,439	\$6.46
5121	2003	220	\$52,465,866	3,887	\$13,500	\$6.49
5121	2004	221	\$59,319,983	3,887	\$15,261	\$7.34
5121	2005	224	\$59,245,914	3,910	\$15,152	\$7.28
5121	2006	245	\$63,058,185	3,955	\$15,945	\$7.67
5121	2007	268	\$72,725,188	4,261	\$17,070	\$8.21