

Oregon's Growing Media Sector: Perceptions and Impacts



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Draft Report

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Oregon Governor's Office for Film and Television

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About the Community Service Center

The Community Service Center (CSC) is a research center affiliated with the Department of Planning, Public Policy, and Management at the University of Oregon. It is an interdisciplinary organization that assists Oregon communities by providing planning and technical assistance to help solve local issues and improve the quality of life for Oregon residents. The role of the CSC is to link the skills, expertise, and innovation of higher education with the transportation, economic development, and environmental needs of communities and regions in the State of Oregon, thereby providing service to Oregon and learning opportunities to the students involved.

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EXECUTIVE SUMMARY

The Oregon Governor's Office on Film and Media (known as Oregon Film) promotes the development of the film, television, commercial, and interactive industry in Oregon. Oregon Film works to increase revenues, profile, and reputation of Film and Media both within and outside Oregon. This report analyzes the impacts of incentive programs offered by the Governor's Office of Film and Media on the media sector in Oregon.

Background and Purpose

The goal of this report is to help Oregon Film better understand the dimensions of Oregon's media sector and to better understand the performance of the incentive programs. It has three key objectives:

1. To better document the portions of Oregon's media sector that do not appear in standard data sources. This primarily involves the role of freelancers and sole proprietors that do not have "covered" employees.
2. To evaluate the structure and impact of Oregon Film's three incentive programs: (1) Oregon Production Investment Fund (OPIF); (2) Greenlight Oregon Labor Rebate; and (3) Indigenous OPIF (iOPIF).
3. To understand media professionals' perspective of the business climate related to the media sector and potential actions the state could take to enhance expansion of the sector.

The findings in this report rely on interviews with media sector professionals and two surveys administered by the Community Service Center in October and November 2016.

Oregon Film Incentive Programs

Incentive programs are a tool used to recruit out-of-state productions as well as help locally-owned companies to become more competitive. Oregon is not unique in using this type of tool to bolster the local media sector. Incentive programs are offered in at least 36 states, as well as in Canada. Broadly, the purpose of the incentive programs is to expand Oregon's media sector.

Unlike many incentive programs, Oregon Film's incentives programs are not tax rebates. A unique feature of Oregon Film's incentive program is that they are cash rebates. Potential incentive recipients must apply for the programs and submit receipts or other paperwork to prove that their projects met the thresholds required to receive incentives before they receive payment. Oregon Film administers four incentive programs:

- **Oregon Production Investment Fund (OPIF).** The Oregon Production Investment Fund (OPIF) provides a 20% cash rebate on money spent on

goods and service purchased in Oregon. Incentive recipients can also receive a 10% cash rebate on payroll for employees.

- **Indigenous Oregon Production Investment Fund (iOPIF).** The iOPIF is tailored to foster the media-related activities of Oregon-based producers and companies. Rebates of 20% of goods and services and 10% of Oregon labor are available for projects spending at least \$75,000.
- **Greenlight Oregon Labor Rebate.** This program provides a rebate of 6.2% of the payroll for qualifying employees during the production of the incentivized project. This rebate is limited to productions or production companies that exceed \$1 million in actual expenses within the state.
- **Regional Oregon Production Investment Fund.** Starting in the 2017 fiscal year, Oregon Film will begin operating a new fund that seeks to encourage projects outside of Portland. This is for both Portland-based productions working outside of the Portland metro area, as well as an incentive to have projects locate outside of the metro area permanently.

Oregon Film has provided more than \$78 million in incentives over the past five years. Two-thirds of the incentives are from the Oregon Production Investment Fund.

Summary of Oregon Film incentives by fiscal year, FY 11-FY 16

Fiscal Year	OPIF	iOPIF*	GLOR	Total
FY 2010-2011	6,419,572	357,490	1,650,500	8,427,562
FY 2011-2012	9,204,072	120,570	5,566,537	14,891,179
FY 2012-2013	6,549,999	364,506	4,427,593	11,342,098
FY 2013-2014	7,493,221	464,446	4,499,886	12,457,553
FY 2014-2015	10,607,167	527,201	4,495,550	15,629,918
FY 2015-2016	10,191,622	424,634	4,967,926	15,584,182
Total	50,465,653	2,258,847	25,607,992	78,332,492

Note: iOPIF funds are part of the OPIF program. Thus the total funding of the OPIF program shown in the table is the OPIF + iOPIF columns.

Findings

CSC administered two surveys and conducted eight interviews of media sector experts to address the study objectives. The first survey was of companies that had received incentives from Oregon Film over the past five years. Thirty-eight of the 45 businesses that received incentives responded. The second survey was of professionals working in the media industry. The survey was distributed by various media organizations; CSC received 125 responses. Following are key findings from our research activities.

Characteristics of Oregon’s Media Sector

- **The sector is growing.** In 2007 total economic impacts of the media sector were \$1.39 billion in economic output, \$625 million in labor and other income, and 13,336 jobs. The sector experienced continued

growth and in 2011 total economic impacts were \$1.42 billion in economic output, \$724 million in labor and other income, and 12,243 jobs.

- **The media sector encompasses a broad range of activities.** Survey respondents reported often work in multiple media such as acting and voice-over work. It is common for respondents to work on some combination of feature films, television shows, commercial projects, and web productions.
- **Professional organizations offer opportunities to network in the industry.** Both OMPA and Southern Oregon Film and Media (SOFaM) host monthly networking and educational events. Other media organizations are also putting on these types of events around the state. These events build connections between all the diverse professionals working in the state.
- **Most work by media professionals residing in Oregon is done in Oregon, however, out of state work is important to many professionals.** On average, respondents reported that nearly two-thirds of their work originates in Oregon. Four percent of respondents generate all their work out of state, and more than 30% of respondents reported that all their work is in state.
- **Quality of life is the reason most professionals live in Oregon.** Nearly all rated quality of life as ‘very important’ or ‘important’ to working in the state. Other factors were more divided in their level of importance to respondents—77% stated that a favorable business climate was ‘very important’ or ‘important.’ Proximity to other locations, or the ease of travel to and from the state, was rated as ‘very important’ or ‘important’ by almost 70% of respondents (n=92). Oregon’s lack of sales tax was rated as ‘very important’ or ‘important’ by 52% of respondents (n=91).

Impacts and Perceptions of the Oregon Film Incentive Programs

Based on survey responses and interviews, Oregon Film incentives appear to be expanding opportunities for professionals and businesses within the media sector.

- **Oregon firms are more competitive.** The incentive programs have allowed Oregon-headquartered businesses to become more competitive when attracting out of state work and offer a higher quality of work to other indigenous companies at a price those companies can afford. These companies have invested money into equipment that will allow them to continue handling specialized work and further grow their businesses.
- **Incentives create jobs.** The incentives contributed to the sampled Oregon companies being able to produce an estimated 276 projects. These additional productions resulted in an estimated 203 full time

equivalent positions. A strong majority of respondents intend to grow their business within the next five years. Nearly all the businesses felt that Oregon Film incentives would help them with their planned growth. The NeRC report supports this finding, concluding “Incentivized productions *directly* provided an over 1500 above-average wage jobs and an annual average total of \$93 million in income to Oregonians working in the industries between 2012 and 2015.”

- **Incentives attract productions to Oregon.** The incentive programs are also bringing productions from other states to Oregon. These productions are providing large numbers of jobs to Oregonians. Survey respondents estimated that they hired more than 3,000 Oregonians for work on their projects. The number of additional employees they stated they hired because of receiving incentives ranged from a couple of freelancers to over 600. While most these positions were part-time or limited duration, they contribute to Oregon’s economy and in aggregate provided incomes for many media sector professionals within the state. These jobs pay a higher wage than many occupations in Oregon.

Given the variety of state incentive programs that exist, it is not surprising that **survey respondents indicated that for nearly all their projects the incentives were a deciding factor in bringing their production to Oregon.** Out of state productions tend to have larger budgets, and must spend a minimum of \$1 million in Oregon to qualify for incentives. This money is distributed largely to Oregon media professionals, media production companies, and local businesses in places where the productions film.

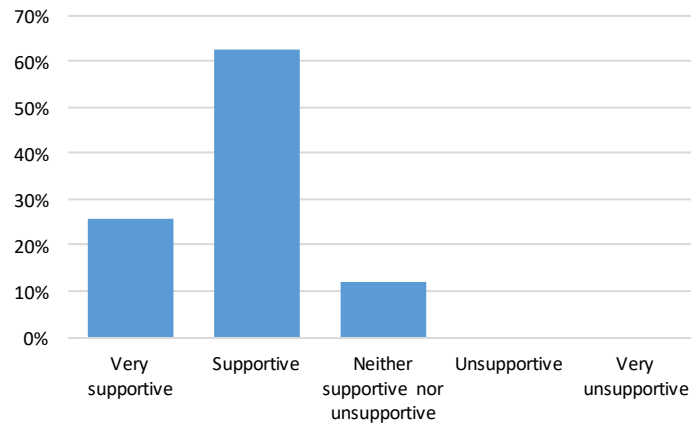
Enhancing Oregon’s Media Sector: Opportunities and Barriers

Oregon’s media sector is, by all measures, growing. Oregon Film is helping facilitate that growth. Survey respondents indicated that economic incentives have allowed them to grow their businesses, import work from out of state, and bring productions to Oregon that would have filmed elsewhere. The incentives are clearly important to many businesses that work in the state, however, our research suggests there are other opportunities and challenges for further enhancing the media sector.

- **Distribution of incentives.** Some respondents felt that too much of the money is earmarked for large shoots in Portland and for projects in the Portland-area more generally (i.e., Grimm, Portlandia, etc.). This is a challenging issue. One objective of the incentive programs should be to maximize impact and exposure. Large productions may accomplish those objectives, but create trade-offs. We don’t anticipate this issue will ever become easier—Oregon Film will always have to make choices about which productions to provide incentives to.

- **Professionals have a positive perception of Oregon’s business climate.** A majority of respondents in the sector-wide survey felt that the business climate in Oregon was either ‘supportive’ or ‘very supportive’ of the media sector.

Media professionals’ have a positive image of Oregon’s business climate



- **The State should increase the incentive programs.** Many respondents felt that the incentive program was not large enough and that we are losing projects to other states with more competitive incentive programs.
- **The State could better support the sector.** CSC asked media sector professionals how Oregon can support their media sector activities specifically. Key themes included:
 - funding educational programs, specifically in southern Oregon and at Southern Oregon University
 - continuing and increasing current incentive programs
 - increasing incentive opportunities for smaller projects and commercial projects
 - providing grants for film festivals
 - increasing the quantity of networking and educational events, particularly outside of Portland
 - promotion of Oregon’s diverse landscapes

Conclusion

The results of this study clearly conclude that the incentive programs administered by Oregon Film have an impact. The incentives are helping indigenous businesses expand, attracting out of state productions to Oregon, and improving perceptions of the media sector business climate in Oregon. Moreover, our research shows that Oregon Film is highly respected by media sector professionals, is doing a good job of administering the incentive programs, and is providing a high level of customer service. It also suggests that expanded incentive programs would support additional growth in the sector and support emerging areas such as video games.

CHAPTER I: INTRODUCTION

The Oregon Governor's Office on Film and Media (known as Oregon Film) promotes the development of the film, television, commercial, and interactive industry in Oregon. Oregon Film works to increase revenues, profile, and reputation of Film and Media both within and outside Oregon. This report analyzes the impacts of incentive programs offered by the Governor's Office of Film and Media on the media sector in Oregon. The report complements an analysis of the economic impacts of Oregon's media sector by the Northwest Economic Research Center (NeRC) at Portland State University.

Background

Oregon's media industry has grown for several decades. A 2011 study by the Northwest Economic Research Center (NeRC) found that the media sector grew 24% between 2007 and 2011.¹ Oregon Film supports development of Oregon's media industry and was established in 1968 with the following mission:

“to promote the development of the film, television, commercial, and interactive industry in Oregon and to enhance the industry's revenues, profile, and reputation within Oregon and among the industry internationally.”

To promote the media sector in Oregon, the state legislature established several incentive programs. These programs, described in more detail in Chapter 2, provide rebates on payroll, and goods and services purchased in Oregon.

Both the 2011 NeRC report and a 2007 report by ECONorthwest found that the incentive programs provided significant returns on the investment of incentives in terms of economic activities and in jobs in the industry.² Both studies found that spending does not occur solely within the media industry, but is spread to other industries when productions spend money on hotels, food, drinks, and other goods as part of their production activities. Further, the jobs that are provided in the media industry stimulate additional spending. This effect, is broadly known as an economic “multiplier.” In short, the economic development benefits of stimulating the industry go beyond just spending in related industries.

¹ Northwest Economic Research Center (2011). Contribution of the Film & Television Industry to the Economies of Oregon and the Portland Metropolitan Area. Retrieved from http://oregonfilm.org/wp-content/uploads/2016/06/NeRC_ORFilm_Economic_Impact_2011.pdf.

² ECONorthwest (2007). An Economic Assessment of the Oregon Film and Video Industry in 2007. Retrieved from <http://oregonfilm.org/wp-content/uploads/2016/06/ECONW-ORFilm-07.pdf>.

Purpose and Methods

The goal of this report is to help Oregon Film better understand the dimensions of Oregon’s media sector and to better understand the performance of the incentive programs. It has three key objectives:

1. To better document the portions of Oregon’s media sector that do not appear in standard data sources. This primarily involves the role of freelancers and sole proprietors that do not have “covered” employees.³
2. To evaluate the structure and impact of Oregon Film’s three incentive programs: (1) Oregon Production Investment Fund (OPIF); (2) Greenlight Oregon Labor Rebate (GLOR); and (3) Indigenous OPIF (iOPIF).
3. To understand media professionals’ perspective of the business climate related to the media sector and potential actions the state could take to enhance expansion of the sector.

The findings in this report rely on interviews with media sector professionals and two surveys administered by the Community Service Center in October and November 2016.

Media Professionals Survey

To better understand perceptions of professionals in the media sector, the Community Service Center distributed an online survey through mailing lists maintained by several media production associations in Oregon. These professional organizations included the Oregon Media Production Association (OMPA), the Central Oregon Film Office, and Southern Oregon Film and Media (SOFaM). Representatives of the association distributed an email message with link to the online survey instrument. CSC estimates the messages were distributed more than 850 media professionals on these email lists.



³ Covered employment refers to jobs covered by unemployment insurance, which includes most wage and salary jobs but does not include sole proprietors, seasonal farm workers, and other classes of employees.

CSC received 125 responses to the survey. Because not all questions received a response from each respondent, we include the number of responses to each question when presenting survey results.

Because we used a targeted approach to distributing the survey, the results cannot be extrapolated out to represent the entire media industry in Oregon. The responses reflect a wide variety of professionals employed in the sector, but the distribution of the survey was not a random sample and the results cannot be inferred to be representative of the views of every media professional in Oregon. Regardless, CSC feels the survey provides a reasonable snapshot of activities that are occurring within the state.

Oregon Film Incentives Survey

A key objective of this study was to evaluate the effectiveness of Oregon Film's incentives program. CSC structured the evaluation to assess both outcomes (e.g., do the incentives achieve their intended results) as well as process (e.g., do users of the incentives find the programs easy to access and work with). The survey asked respondents about their how they used incentives and their experiences with Oregon Film. This survey is intended to complement the economic modeling analysis by NeRC of the incentives.

Oregon Film provided the CSC with a list of projects, and their associated production firm, that received incentives from FY 11 to FY 16. Some firms received incentives for multiple years or multiple projects. Between FY 11 and FY 16, 45 firms (or unique contacts) for 130 different productions received incentives. Out of 45 unique production firms, 38 responded to the survey, yielding a response rate of approximately 84%.

Interviews

To supplement the surveys, CSC interviewed eight professionals involved in various aspects of the media sector. Persons interviewed represent a range of interests in the sector—from representatives of professional associations, to firms that received incentives, to freelancers.

These interviews focused on perceptions of barriers and opportunities within the media sector. The CSC interviewed the following individuals:

- Mike Dilley, Executive Director, Eugene International Film Festival
- Janice Shokrian, Executive Director, Oregon Media Production Association
- Tim Williams, Executive Director, Oregon Film
- Juliana Lukasik, Principle/Director, At Large Films and Board Chair, Oregon Film
- Lindsay Gupton, President, Pipeworks Studio
- Michael McHugh, Freelancer
- Jeremy Teicher, Independent Filmmaker
- Roland Gauthier, Executive Producer, Hinge Digital

Information gathered from the interviews generally supported the survey findings. Where appropriate this report uses interviews to bolster survey results, but also where interviewees expressed divergent viewpoints at greater length. Direct

quotes are not attributed to any of the interviewees to respect the potentially sensitive nature of their comments. CSC also uses written comments from the surveys to support the findings presented in this report. Full copies of the survey and comments are available by request from Oregon Film.

CHAPTER 2: THE OREGON GOVERNOR'S OFFICE FOR FILM AND MEDIA

The Governor's Office of Film and Media (Oregon Film) was founded in 1968 to promote the film industry and media sector in Oregon. Oregon Film engages in a variety of activities to promote development of the media sector. According to Oregon Film's website, services include:

- Marketing Oregon as a filming location
- Recruiting out-of-state productions
- Liaising with producers & production groups
- Helping build the indigenous film, video, and multimedia industry
- Sponsoring industry & community events
- Working with partners to build the creative community
- Advising other entities on creating filming regulations
- Strengthening relationships with local communities
- Providing consumer protection information
- Serving as a spokesperson for the industry

In short, Oregon Film serves as an information clearinghouse and portal for anyone looking to engage in media production work in the state. The Oregon Film office produces information on subjects such as regulations within the state and in the media industry more broadly, filming a 'green' or environmentally-friendly project, and permitting processes throughout the state. The office also maintains a database with photographs of locations to film in Oregon. The Oregon Film website (<http://www.oregonfilm.org>) has an extensive list of additional resources as well as information on how to access assistance.

The office promotes educational opportunities in the media sector by maintaining a page with educational opportunities. These include links to grant programs, fellowships, foundations, and other organizations and programs that help aspiring film makers and students enter the media sector. Oregon Film also organizes industry events that seek to promote linkages between media professionals, other media organizations, and other community members.

One of the most public functions of the office is the administration of incentive programs that seek to bolster media production activities within Oregon. These programs provide tax rebates to companies that meet various criteria.

Oregon Film Incentive Programs

Incentive programs are a tool used to recruit out-of-state productions as well as help locally-owned companies to become more competitive. Oregon is not unique in using this type of tool to bolster the local media sector. Media sector-focused incentive programs are offered in at least 36 states, as well as in Canada. Broadly, the purpose of the incentive programs is to expand Oregon's media sector.

Unlike many programs, Oregon Film's incentives programs are not tax rebates. A unique feature of Oregon Film's incentive program is that they are cash rebates. Potential incentive recipients must apply for the programs and submit receipts or other paperwork to prove that their projects met the thresholds required to receive incentives before they receive payment.

Oregon Production Investment Fund (OPIF)

The Oregon Production Investment Fund (OPIF) provides a 20% cash rebate on money spent on goods and services purchased in Oregon. Incentive recipients can also receive a 10% cash rebate on payroll for employees. The program is limited to projects that spend at least \$1 million in Oregon. OPIF is a capped fund with the amount determined by the Oregon State Legislature.

An annual auction of tax credits provides funding for the program. The Oregon legislature has increased funding significantly since the inception of the program. The amount of credits allowed at auction for the 2016 fiscal year was capped at \$12 million, up from \$1 million in 2005. The legislature has approved a tax credit auction limit of \$14 million for the 2017 fiscal year.

Indigenous Oregon Production Investment Fund (iOPIF)

The Indigenous Oregon Production Investment Fund (iOPIF) is designed to function similarly to OPIF, but is tailored to foster the media-related activities of Oregon-based producers and companies. Rebates of 20% for goods and services and 10% for Oregon labor are available for projects spending at least \$75,000. The rebate applies up to the first \$1 million spent. To qualify, the project must be produced by an Oregon resident or Oregon-headquartered company. Additionally, the cast and crew must be comprised of a minimum of 80% Oregon residents.

iOPIF is limited to a percentage of the total Oregon Production Investment Fund for each fiscal year. In 2016, the limit was 5%, but this was raised to 7.5% for 2017.

Greenlight Oregon Labor Rebate

The Greenlight Oregon Labor Rebate began in 2005. This program provides a rebate of 6.2% of the payroll for qualifying employees during the production of the incentivized project. This rebate is limited to productions or production companies that exceed \$1 million in actual expenses within the state. The rebate can be combined with OPIF to further incentivize hiring Oregon-based employees.

Unlike the other incentive programs, this rebate is an uncapped fund. Each year the Oregon Department of Revenue sets aside the personal income tax withholding for the incentivized projects. The Department of Revenue then transfers these funds to the Greenlight Oregon Labor Rebate Fund to be dispersed. The fund received over \$4.5 million in fiscal year 2015 and close to \$5 million in fiscal year 2016.

Regional Oregon Production Investment Fund

Starting in the 2017 fiscal year, Oregon Film will begin operating a new fund that seeks to encourage projects to film outside of Portland. This is for both Portland-based productions filming outside of the Portland metro area, as well as an incentive to have projects locate outside of the metro area permanently.

This fund is capped at 3% of the total OPIF fund and can be combined with OPIF and iOPIF incentive programs. For the purposes of defining the Portland metro area, the production must undertake production work outside a 30-mile radius from either the center of the Burnside Bridge, if they are primarily based in Portland.

For Portland-based productions, the fund will provide up to \$200 per person, per day for expenses related to traveling and staying overnight outside of the Portland region. This is capped at \$10,000 per day and \$50,000 overall for each production.

For productions already based outside of Portland, the fund will provide an additional 10% rebate on top of the OPIF or iOPIF rebate. To qualify, a production must spend 50% plus one day of their total production work outside of Portland. Productions based outside of Portland cannot receive both the additional 10% rebate and the ‘distant travel’ award of up to \$10,000 per day, regardless of whether they travel away from their production headquarters.

Incentive Programs in Other States

Competition to attract films and the economic activity they bring with them has led many other states to operate incentive programs. Oregon Film was interested in better understanding the nature of programs used by other states. This section summarizes programs in four states and British Columbia, Canada. These states provide incentives that, at least anecdotally, attract productions that may have also considered filming in Oregon. Figure 1 summarizes programs included in the review.

Figure 1. Incentive programs in Oregon and comparable states

Location	Amount of Incentive	Rebate/Tax Credit	Minimum Spending	Annual Cap
Oregon	20%/10% /6.5%	Rebate	\$1 million	\$14 million
Washington	30%/35%	Rebate	\$500k/\$300k/\$150k	\$3.5 million
Utah	20%/25%	Tax credit	\$500k/ \$1 million	\$6.79 million
Georgia	20%/30%	Tax credit	\$500k	none
California	20%/25%	Tax credit	\$500k/ \$1 million	\$330 million
British Columbia	28%/+6%/+6% %/+17.5%	Tax credit	\$100k/\$200k/\$1 million	none

Washington⁴

Washington Filmworks offers a rebate to qualifying productions of 30% for motion pictures and series with fewer than six episodes and 35% for series with six or more episodes. A smaller rebate is available for commercial productions.

To receive incentives in Washington, projects must spend a minimum of \$500,000 for feature films, \$300,000 per episode, or \$150,000 for a commercial. Non-resident labor can also qualify for rebates if at least 85% of the cast and crew are Washington residents. Productions must also follow a number of other regulations and guidelines to meet eligibility.

The program is capped at \$3.5 million in rebates per year. There is no cap on the share of the total program that any one project can receive.

Utah⁵

The Utah Film Commission offers a tax credit of 20% for projects that spend at least \$500,000 or 25% for projects that spend more than \$1 million. A separate program offers incentives to projects spending under \$500,000 that meet certain conditions including that at least one senior creative person is a Utah resident and that at least 85% of the cast and crew are also Utah residents.

The program is capped yearly at \$6.79 million with no per project cap.

Georgia⁶

The Georgia Film, Music & Digital Entertainment (FMDE) Office offers a 20% transferrable tax credit to productions that spend a minimum of \$500,000 in the state. All labor costs, regardless of the residency of the individual qualify. An additional 10% tax credit can be issued if the production lists Georgia in the credits and provides a link to Georgia's tourism board on their website.

Unlike most other programs, Georgia does not have an annual cap on their program overall nor for individual projects.

California⁷

The California Film Commission offers several types of incentives for different kinds of projects. Feature films, TV pilots, new TV series, and miniseries are eligible for a 20% non-transferrable tax credit. Budget requirements for these projects range from \$500,000, to \$1 million per episode, depending on project type. Independent films with \$1 million budgets are eligible for a 25% transferrable tax credit. Finally, television shows that move production from another state to California are eligible

⁴ <http://washingtonfilmworks.org/funding/production-incentive-program>

⁵ <https://film.utah.gov/incentives-information/>

⁶ <http://www.georgia.org/industries/entertainment/georgia-film-tv-production/production-incentives/>

⁷ <http://www.film.ca.gov/Incentives.htm>

for a 25% non-transferrable credit for their first season, and the regular 20% thereafter.

California also allows a 5% credit uplift, up to 25% total, on expenses for projects that film away from a specific area. The uplift can also apply for visual effects expenses and for music recording by musicians.

California's program is capped at \$330 million annually. There is no per project cap.

British Columbia, Canada⁸

British Columbia has used a range of incentives to stimulate a billion-dollar industry for production of domestic and indigenous programming. Currently, these public sector initiatives comprise:⁹

1. Direct Federal and provincial assistance in the form of grants, loans and equity investments in Canadian content programming;
2. Federal and provincial refundable tax credit programs available to domestic producers of Canadian content programming;
3. Federal and provincial refundable tax credit programs available to domestic and foreign producers of non-Canadian content programming that employ Canadians and choose Canada as a location or service center; and
4. Canadian content program recognition designation for both qualifying Canadian domestic productions and foreign co-ventures.

Creative British Columbia (BC) offers a tax credit of 28% for qualifying resident labor. Projects are eligible for an additional 6% rebate for filming outside of the Vancouver area. There is an additional 6% rebate for projects that film outside of the lower mainland area. These credits can all be combined.

To further incentivize post-production and visual effects work, British Columbia offers an additional 16% incentive on labor expenses for digital animation and visual effects.

To qualify, 30 minute or less television shows must spend \$100,000 per episode. Other television shows must spend at least \$200,000 per episode. Other types of projects must spend at least \$1 million. An exemption is granted for digitally animated productions of less than 30 minutes, who do not have a minimum spending requirement. Advertising is one of several categories of media productions that are not eligible for the tax credits.

British Columbia does not have an annual nor a per-project cap on their incentive programs.

⁸ <http://www.creativebc.com/programs/index>

⁹ <http://www.casselsbrock.com/files/file/docs/CCBB%20Overview%20of%20Canadian%20Production%20Services%20Tax%20Credits%20-%20August%202012.PDF>

CHAPTER 3: CHARACTERISTICS OF OREGON'S MEDIA SECTOR

The media sector is comprised of a variety of activities from feature film production and local news to video game programming. The sector has a diversity of players – from freelancers to large corporations – that represent a broad range of functions. Further complicating the effort to understand what comprises this sector, there are significant differences between indigenous productions and out-of-state productions.

Oregon-headquartered companies have regular employees that comprise a local economic base. These companies may import work into the state or they may serve the media needs of local companies. Productions that come from out of state to film in Oregon can have significant economic impacts both in terms of payroll for temporary employees and freelancers, as well as services that support the productions (i.e., equipment rentals or post-production facilities). These companies are also likely to spend money on hotels, food and beverages, and provide extra work to indigenous companies.

This chapter is based primarily on the sector-wide survey administered through various media sector associations throughout the state. Additional information taken from the survey of businesses that received incentives and interviews is used to support and provide nuance to the survey responses.

Defining Oregon's Media Sector

The 2007 ECONorthwest study established the definition of the media sector used in subsequent studies. ECONorthwest stated:

“...the film and video industry is defined as all of the film and video production done by groups, firms, and self-employed individuals in Oregon for entertainment, news, advertising, and educational programming. This includes production spending and filming in Oregon by non-resident firms and individuals.”

ECONorthwest also commented on the difficulty of accurately measuring impacts of the sector, in part, because many of its economic activities are not fully captured by traditional data sources. ECO concludes “often missing from official data is work done by individuals acting as freelancers, by out-of-state entities, and by groups or individuals working within firms that are not classified as film and video companies.”

Both ECONorthwest and NeRC divide the sector into three component activities:

1. Indigenous film and video consists of businesses and individuals that are based in Oregon and engaged primarily in the production of movies, interactive games, and videos.

2. Television and cable broadcasting is composed of television stations that broadcast programs and produce television programming.
3. Out-of-state film and video productions represent the spending in Oregon by companies and individuals from out of state who come to Oregon to film specific projects.

Economic Impacts of Oregon’s Media Sector

Oregon Film sponsored three economic impact studies of Oregon’s Media sector. The first, conducted by ECONorthwest in 2007, concluded that total economic impacts were \$1.39 billion in economic output, \$625 million in labor and other income, and 13,336 jobs. The 2007 study concluded that between 2002 and 2007, output increased 66%, labor and other income increased 50% percent, and employment increased 29%.

The 2011 NeRC study showed continued growth of the sector –*total* economic impacts of \$1.42 billion in economic output, \$724 million in labor and other income, and 12,243 jobs.

The 2016 NeRC report focused more narrowly on the impacts of Oregon Film incentive programs. NeRC estimates the total economic impact of incentivized production activity included well over 3,000 jobs and \$200 million in state Gross Regional Product (“Value Added”) in 2015. These figures correspond to over \$18 million in state and local tax revenues.

The results of these studies suggest a strong and growing media sector. Enhancing the sector is about more than just incentives—the overall economic climate, perceptions of doing business in Oregon, and the structure of the sector are important factors needed to support continued growth. The next section presents a qualitative assessment of the sector based on a survey of media sector professionals.

Results of the Oregon Media Professional Survey

To better understand perceptions of professionals in the media sector, the Community Service Center distributed an online survey through mailing lists maintained by several media production associations in Oregon. CSC estimates the messages were distributed more than 850 media professionals on these email lists. CSC received 125 responses to the survey. As not all questions received a response from each respondent, we include the number of responses to each question.

“Thank you for doing this study.”

Because we used a targeted approach to distributing the survey, the results cannot be extrapolated out to represent the entire media industry in Oregon. The responses reflect a wide variety of professionals employed in the sector, and while we were unable to use a random sampling methodology, CSC feels the survey provides a reasonable snapshot of activities that are occurring within the state.

Media Sector Activities

Respondents to the media professionals survey participate in a wide variety of media activities. These include virtually all facets of the media industry.

Respondents reported that they engage in choreography, writing, photography, acting, production, direction, education, music, advertising, editing, prop creation and more. The media these respondents work in include television, feature films, commercial advertising, web production, documentaries, radio, and games production.

The survey results revealed several trends. First, a broad range of activities are encompassed by the media sector. Respondents often work in multiple media. Many participants indicated that they act in addition to doing voice-over work. Others are involved in many facets of production work. Few respondents engaged in solely one type of work. It was also very common for respondents to work on some combination of feature films, television shows, commercial projects, and web productions.

Film festivals and networking are also common activities. Interviews revealed that these types of events are critical to building the connections and culture required to sustain the industry. Several interviewees indicated that informal and formal networking was how they found work, financing, and mentorship.

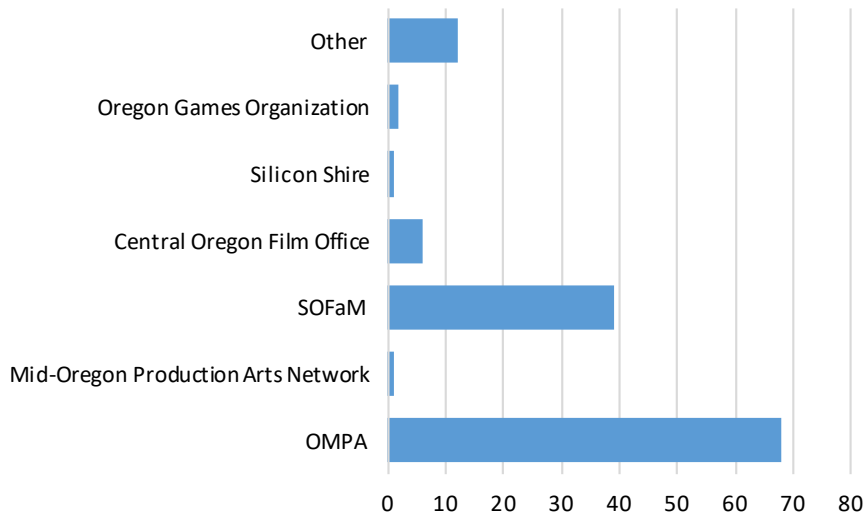
Though representation in the games industry was relatively absent from survey respondents, interviews revealed that this is a growing element of the media sector. One interviewee noted that games are very much like traditional filmmaking and television – it is primarily about storytelling.

Media Associations

Interviews suggest that the ability to network is critical for many media sector professionals. Professional associations provide a platform for networking to occur. To better understand both the professional affiliation of respondents, we asked them to indicate their affiliations.

Figure 2 shows respondent affiliation with media associations. Note that respondents could indicate involvement with multiple media related organizations. Oregon Media Production Association was the most common response, with 68 of the 125 respondents indicating some type of involvement with the organization. Southern Oregon Film and Media was the second most common, with 39 responses indicating involvement. Involvement with other organizations was less common.

Figure 2. Respondent affiliation with Oregon media associations



These results are not surprising – the survey was distributed through professional association mailing lists. Respondents could write in affiliations for other organizations. These included: Portland Filmmaking Collective, Klamath Film Makers Group, unions, several educational institutions, and local media production organizations.

These professional organizations offer opportunities to network in the industry. For example, both OMPA and Southern Oregon Film and Media (SOFaM) host monthly networking and educational events. One seeks to encourage professionals to network and another aims to provide educational opportunities for students and professionals. Other media organizations are also putting on these types of events around the state. These events are an effort by the associations to break down what several interviewees felt was a major barrier: building connections between all the diverse professionals working in the state.

Media Sector Professional Organizations

OMPA - Oregon Media Production Association. OMPA is the champion of the film, television and interactive media industry. OMPA achieves our mission through the pillars of advocacy, producing Source Oregon Directory and for being the hub for networking and promoting our members. OMPA grows Oregon's industry by promoting the work of these members and advocating for them in state and local governments. <http://ompa.org>

SoFAM – Southern Oregon Film and Media. The mission of SOFaM is to promote and strengthen the development of film, video, and multimedia production in Southern Oregon and to serve as the voice of those industries in the region. <http://www.filmsouthernoregon.org/>

Central Oregon Film Office. The Central Oregon Film Office assists local and visiting productions with facilitating permits, provide preliminary location scouting, and engaging the local workforce and vendor resources. They also provide inter-agency assistance such as risk management for insurance liability and coordinate with police, fire and rescue services for the safety of the public during shoots.

MOPAN - Mid-Oregon Production Arts Network. MOPAN is an economic development association for media production professionals centered in and near Lane County, Oregon, and is a non-profit, volunteer group. <http://mopan.org/>

Oregon Games Organization. OGO's mission is to make Oregon the best place in the world to make games – a destination for people dedicated to their craft. <http://www.oregongames.org/>

Silicon Shire. The Silicon Shire offers technology businesses of all kinds the supportive infrastructure to build and grow their business along with the desirable quality of life to attract and retain great talent. <https://siliconshire.org/>

Several interviewees stated that these organizations and the connections they provide are invaluable to them as media professionals. Others stated that connecting professionals within their disciplines and to other disciplines helps spur new ideas and greater productivity. These organizations also help filmmakers connect to talent. One interviewee stated that he found almost all the talent he needed for a film through a list maintained by OMPA.

Scope of Media Sector Work

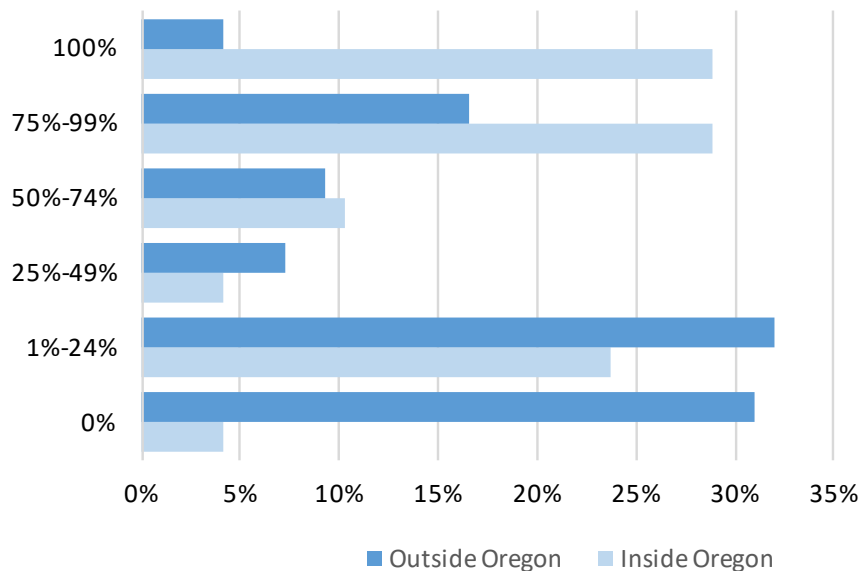
Consistent with the wide variety of activities that media professionals engage in, there was considerable variation in the number of projects that they work on in a typical year (Figure 3). Fifty-five percent of respondents reported working on 10 or fewer projects per year. The range was very large, however, with 9% of respondents working on 100 or more projects per year. The median number of projects respondents work on per year was eight.

Figure 3. Number of projects completed annually as reported by respondents (n=94)

Number of Projects	Number of Respondents	Percent of Respondents
1-4	32	34%
5-9	18	19%
10-14	15	16%
15-19	4	4%
20-49	11	12%
50-99	6	6%
100+	8	9%
Total	94	100%

We asked survey respondents to estimate the percentage of their work that originates from within Oregon. On average, respondents reported that nearly two-thirds of their work originates in Oregon. Figure 4 shows that 4% of respondents generate all their work out of state, and more than 30% of respondents reported that all their work is in state.

Figure 4. Percentage of work that originates within and outside of Oregon (n=97)



These responses indicate that out of state work is important in bringing in funds and keeping media professionals employed, but also that indigenous work represents a large portion of the overall work they do.

Some interviewees noted that out of state work is necessary to keeping a community of media production sustained and that bringing in additional work can help to build a more self-sustaining media sector. Moreover, many of the

interviewees and survey respondents felt that the incentive programs are critical to bringing in out of state work.

Factors Contributing to Respondents Working in Oregon

The media industry is a global industry. Given that Oregon is not a major hub of media activity, working in Oregon is a choice for many professionals in the industry. To understand why these individuals are choosing to work in Oregon as opposed to other states, we asked survey respondents to rate the importance of several factors in their decision to work in the state.

“Oregon is the place to be.”

“Great Crews. Great Partnerships. Great State”

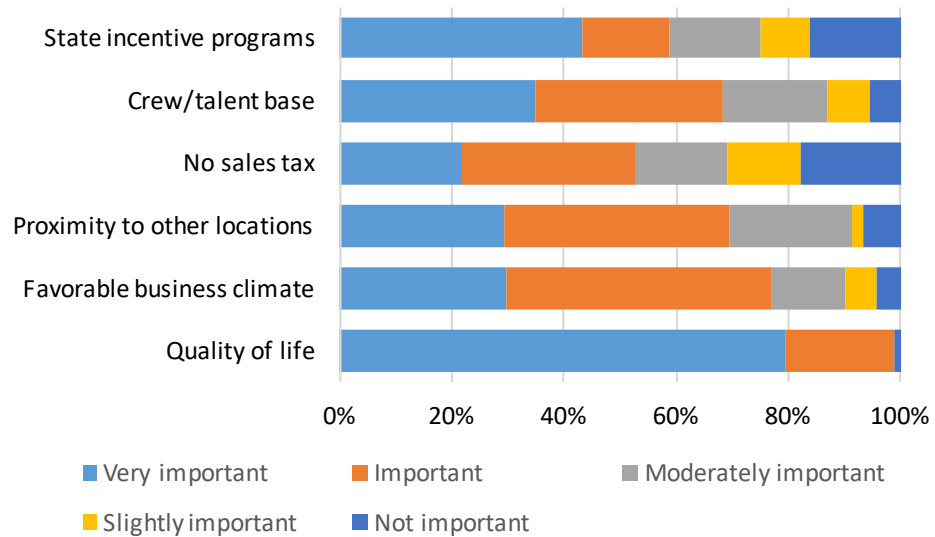
“I love working in Oregon and hope we support more projects in the future.”

By far the highest rated factor was quality of life. Nearly 99% of respondents (n=92) rated quality of life as ‘very important’ or ‘important’ to working in the state. Other factors were more divided in their level of importance to respondents. Out of 91 responses, 77% stated that a favorable business climate was ‘very important’ or ‘important.’ Only 4% stated that a favorable business climate was ‘not important.’

Proximity to other locations, or the ease of travel to and from the state, was rated as ‘very important’ or ‘important’ by almost 70% of respondents (n=92). Oregon’s lack of sales tax was rated as ‘very important’ or ‘important’ by 52% of respondents (n=91). Slightly over 30% of respondents indicated that a lack of sales tax was ‘not important’ or ‘slightly important’ to them.

Approximately 67% of respondents (n=92) felt that the local crew and talent base was an important factor, while 13% felt it was ‘not important’ or ‘slightly important.’ About 59% of respondents (n=92) rated the state incentive programs as ‘very important’ or ‘important.’

Figure 5. Importance of factors in decision to work in Oregon (n=92)



It is notable that more than half of respondents felt that these factors were important or very important. While quality of life is by far the most important

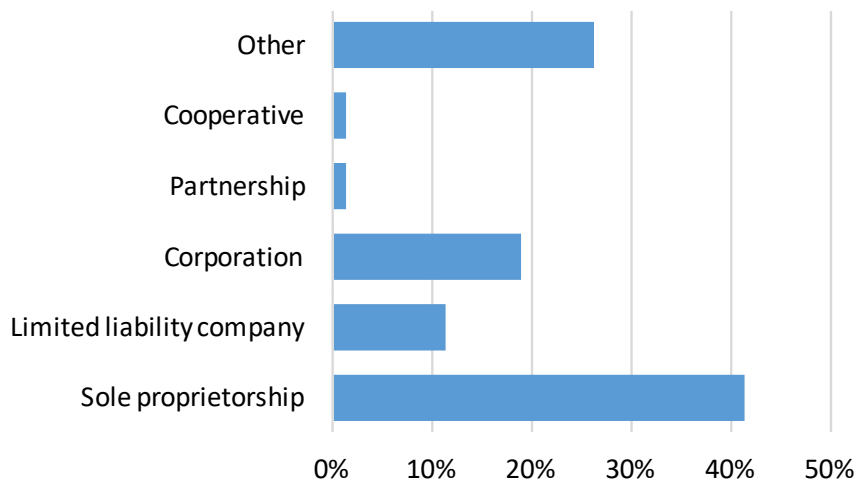
reason respondents reported to work in the state, the other factors are also important. Efforts to grow the sector should consider these diverse motivations.

Interviewees also provided insight into why they believed that Oregon was a place professionals choose to work. These reasons included the ones listed in Figure 5, as well as Oregon’s diverse landscapes (i.e., coast, mountains, desert, etc.) and cheaper costs compared to other states, particularly California. A major theme in interviews backs up the results of the survey—respondents want to live in Oregon for the quality of life.

Size and Composition of Businesses

The survey asked respondents how their business was structured (Figure 6). Over 40% of respondents (n=80) are sole proprietors. Other common structures included a limited liability corporation (11%), and a corporation (19%). Less common were partnerships and cooperatives, both of which comprised approximately 1% of responses. The remainder, or 26% of responses, selected ‘other.’ In their explanation, these ‘other’ respondents were mostly commonly working for non-profits or in the educational sector. Several respondents in this category stated that they are freelancers. Several others worked in municipal government. This suggests a diversity of membership in the professional associations.

Figure 6. Legal structure of respondents’ business



Just over one-third (34%) of respondents reported that they had regular employees (n=74). Twenty-six respondents provided information about the full-time equivalent (FTE) positions of their employees. These responses ranged from ‘hiring freelancers as needed’ to ‘150-200’. The sum of FTE positions was 480 with an average of 21 FTE for respondents who answered this question.

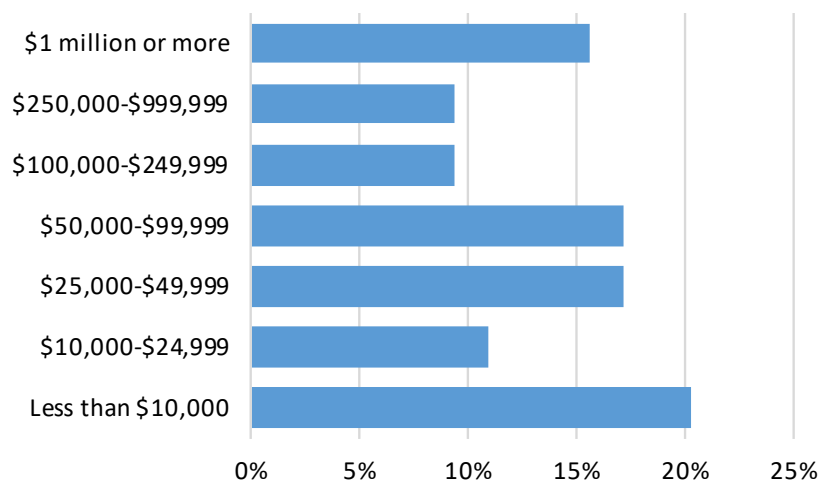
These results confirm anecdotal interview responses that suggested the media sector in Oregon is quite diverse, but is largely composed of freelancers and smaller businesses with a few larger production firms. This also suggests that much of the money generated within the industry benefits Oregon residents in direct ways.

The estimated 480 FTE is not directly comparable to the 3,233 FTE estimated by NeRC. The estimated FTE suggests that the survey may have received responses from employers who represent 15% of the total covered employment in the industry.

Nearly 75% of sector-wide survey respondents (n=79) plan to grow their business within the next five years. This represents a continuation of the trend of increased employment in the media sector over the past several years. The accompanying NERC report notes that employment in the sector has increased almost 9% since between 2012 and 2015.

Figure 7 shows annual gross revenue from media-related activities as reported by respondents. Sixty-four respondents provided useable responses. Responses varied ranged from \$400 to \$25 million. Two-thirds of respondents reported revenue of less than \$100,000, while 16% reported revenues of over \$1 million. The median gross revenue reported was \$40,000. This is unsurprising given that the sector is comprised of many sole proprietors and freelancers. The data does confirm however, that there are many small and mid-sized businesses producing media content within the state.

Figure 7. Annual revenue from media activities as reported by respondents



Key Findings

- **The sector is growing.** In 2007 total economic impacts of the media sector were \$1.39 billion in economic output, \$625 million in labor and other income, and 13,336 jobs. The sector experienced continued growth and in 2001 total economic impacts were \$1.42 billion in economic output, \$724 million in labor and other income, and 12,243 jobs.
- **The media sector encompasses a broad range of activities.** Survey respondents reported often work in multiple media such as acting and voice-over work. Others are involved in many facets of production work. It

was also very common for respondents to work on some combination of feature films, television shows, commercial projects, and web productions.

- **Film festivals and networking are also important activities.** Interviews revealed that these types of events are critical to building the connections and culture required to sustain the industry. Several interviewees indicated that informal and formal networking was how they found work, financing, and mentorship.
- **Professional organizations offer opportunities to network in the industry.** Both OMPA and Southern Oregon Film and Media (SOFaM) host monthly networking and educational events. Other media organizations are also putting on these types of events around the state. These events build connections between all the diverse professionals working in the state.
- **While most work by professionals based in Oregon is done in Oregon, out of state work is important to many professionals.** On average, respondents reported that nearly two-thirds of their work originates in Oregon. Four percent of respondents generate all their work out of state, and more than 30% of respondents reported that all their work is in state.
- **Quality of life is the reason most media professionals live in Oregon.** Nearly all rated quality of life as ‘very important’ or ‘important’ to working in the state. Other factors were more divided in their level of importance to respondents—77% stated that a favorable business climate was ‘very important’ or ‘important.’ Proximity to other locations, or the ease of travel to and from the state, was rated as ‘very important’ or ‘important’ by almost 70% of respondents (n=92). Oregon’s lack of sales tax was rated as ‘very important’ or ‘important’ by 52% of respondents (n=91).

CHAPTER 4: IMPACTS AND PERCEPTIONS OF THE OREGON FILM INCENTIVE PROGRAMS

This Chapter presents a qualitative evaluation of Oregon Film’s incentive programs. The NeRC report presents quantitative analysis of the economic impacts of Oregon Film’s incentive programs. The purpose of this evaluation is to understand the impacts of the incentive programs beyond the economic data—the number of jobs created and money spent because of the media industry. Understanding how companies, both indigenous and out of state, are using the incentives can help to improve their efficacy. The evaluation also reviewed recipient satisfaction with processes used administer the program, including perceptions of Oregon Film staff.

The evaluation is primarily based on the results of an online survey of firms that received incentives between FY 11 and FY 16. Between FY 11 and FY 16, 45 production firms (or unique contacts) for 130 different productions received incentives. Out of 45 unique production firms, 38 responded to the survey, yielding a response rate of approximately 84%. CSC supplemented the survey with interviews.

The chapter begins with a description of recipient characteristics, then describes impacts as reported by survey respondents, and concludes with perceptions of processes used to administer the incentives.

Program Activity

Chapter 2 provided an overview of the three incentive programs: (1) Oregon Production Investment Fund (OPFI); (2) Greenlight Oregon Labor Rebate; and (3) Indigenous OPIF (iOPIF). Data provided by Oregon Film indicates that 169 separate production companies received incentives during the five-year period between FY 11 and FY 16.

Figure 8. Number of production firms that received incentives, FY 11-FY16

Fiscal Year	OPFI	iOPIF	GLOR	Total
FY 2010-2011	5	9	9	23
FY 2011-2012	6	3	12	21
FY 2012-2013	4	6	14	24
FY 2013-2014	5	14	14	33
FY 2014-2015	6	7	16	29
FY 2015-2016	6	19	14	39
Total	32	58	79	169

Source: Oregon Film

Figure 9 summarizes the amount of incentives provided by program for FY 11 through FY 16. Oregon Film has provided more than \$78 million in incentives over the past five years. Two-thirds of the incentives are from the Oregon Production Investment Fund.

Figure 9. Summary of Oregon Film incentives by fiscal year, FY 11 – FY 16

Fiscal Year	OPIF	iOPIF*	GLOR	Total
FY 2010-2011	6,419,572	357,490	1,650,500	8,427,562
FY 2011-2012	9,204,072	120,570	5,566,537	14,891,179
FY 2012-2013	6,549,999	364,506	4,427,593	11,342,098
FY 2013-2014	7,493,221	464,446	4,499,886	12,457,553
FY 2014-2015	10,607,167	527,201	4,495,550	15,629,918
FY 2015-2016	10,191,622	424,634	4,967,926	15,584,182
Total	50,465,653	2,258,847	25,607,992	78,332,492

Source: Oregon Film

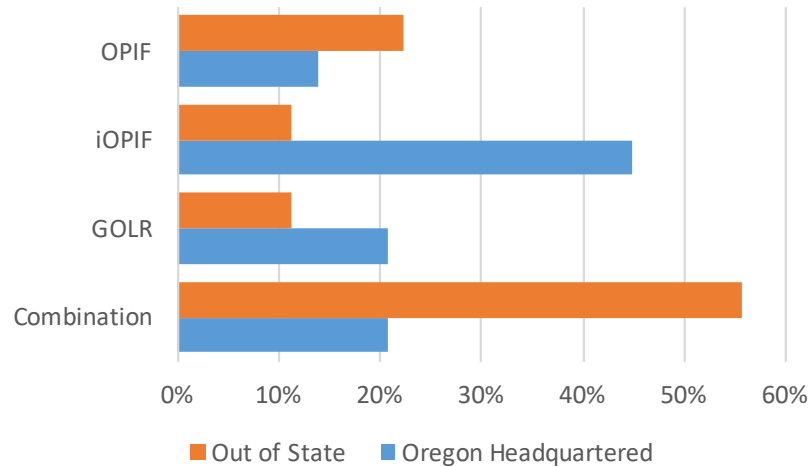
Note: iOPIF funds are part of the OPIF program. Thus the total funding of the program shown in the table is the OPIF + iOPIF columns.

The 2016 NeRC report developed a set of empirical estimates of the economic impact of Oregon Film incentive programs on indigenous productions. NeRC estimates that incentivized indigenous productions generated an estimated annual average of 1,543 direct jobs (e.g., jobs provided directly by the businesses that received incentives), and that the indirect and induced impacts of industry activity support another 1,652 jobs elsewhere in the Oregon economy. The resulting income paid to Oregon workers averaged \$149 million per year - \$93.5 million directly paid by media productions, and another \$55 million supported indirectly by industry activity and consumer purchases. Total value added by the industry within the Oregon economy, including multiplier effects, averaged \$193 million per year per year.

Incentive Recipient Characteristics

Because the survey was only distributed to companies that had received incentives, all the respondents had participated in one or more of the Oregon Film incentive programs. With respect to individual programs, 37% of respondents reported using the Oregon Production Investment Fund (OPIF), 47% the Greenlight Oregon Labor Rebate, and 53% used the Indigenous Oregon Production Investment Fund (iOPIF). Figure 9 shows the useful of incentive programs by location of business. The results show that out of state businesses are more likely to use a combination of incentives. This may be because out of state firms engage in larger productions.

Figure 9. Use of Incentive Programs by Location of Business



Seventy-six percent of survey respondents reported that their company is headquartered in the state. The number of projects completed by respondents that received incentives varied widely—ranging from 1 to 525. The median number of projects completed was five. Excluding companies that only received the Greenlight Oregon Labor Rebate, which is an uncapped fund, incentivized companies produced hundreds of projects between 2010 and 2016.¹⁰

Of the 38 respondents to the survey, nine (24% were headquartered outside of Oregon). All nine of those respondents indicated that the Oregon Film incentives contributed to their company working in Oregon. Respondents whose businesses are not headquartered in Oregon were asked to rate the importance of several factors in their decision to film in Oregon (Figure 10). All respondents stated that incentives were ‘important’ or ‘very important’ in their decision-making, with 88% indicated that incentives were ‘very important.’

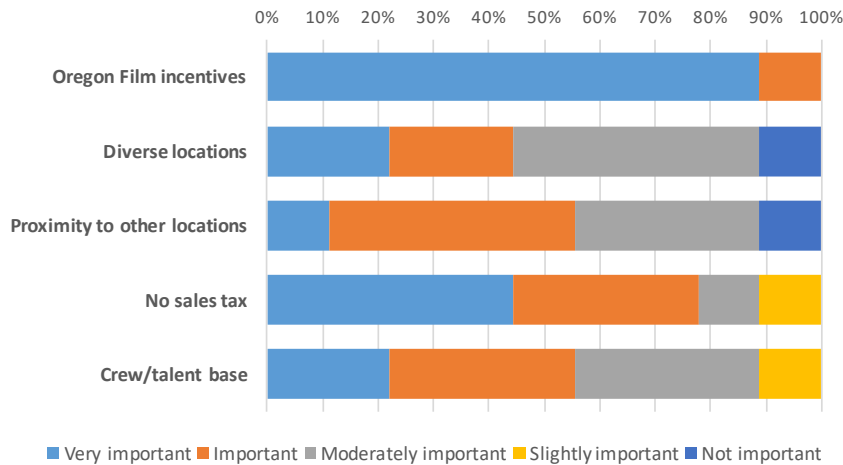
No sales tax was ‘important’ or ‘very important’ for approximately 78% of respondents. Oregon Film notes on the incentive website that the lack of sales tax results in immediate savings of 7% or more compared to other states. While this is not a rebate, the additional savings are an important consideration for companies that are looking for locations to produce media projects.

Respondents also indicated the importance of other factors in bringing their work to Oregon. The diversity of locations was a ‘very important’ or ‘important’ factor for 44% of respondents. Oregon’s proximity to other locations, or the ease of traveling to and from the state, were also rated as important or greater by over half of respondents. Talent and crew base were rated similarly, though this category was listed as ‘very important’ by 22% of respondents compared to 11% for proximity to other locations. Overall, respondents generally felt that these factors were important. Diversity of locations and proximity to other locations are the only

¹⁰ It is difficult to accurately estimate the number of individual media projects the incentive programs supported. Many local companies are able to receive GOLR incentives for multiple commercial projects during a calendar year. To provide context, in 2015 more than 300 commercial projects were completed by local companies in the GOLR program.

factors that any respondent rated as 'not important'. Each of these had only one response out of nine indicate that they were not important in the company's decision to film in Oregon.

Figure 10. Importance of factors in decision to work on projects in Oregon for companies headquartered outside Oregon (n=9)



These results are consistent with findings from the Media Sector Professional survey. A majority of respondents to both surveys indicated state incentive programs, the crew and talent base, no sales tax, and proximity to other locations rated these factors as 'important' or 'very important.' A closer examination suggests that economic factors (incentives and no sales tax) are more important to companies located outside Oregon and that other factors such as quality of life and other locational factors are more important to companies located in Oregon.

Recruiting in Out of State Projects

All nine respondents who indicated their business is headquartered outside of Oregon reported that incentives were a contributing factor to them working in Oregon. Respondents stated incentives were the deciding factor to work in Oregon for 20 projects total between 2010 and 2016. Only one respondent reported that incentives were not a deciding factor on any of their projects.

We had a very good experience working in Oregon. WILD shot all over the state. The film office was extremely helpful throughout.

Respondents were asked to indicate if they are considering filming in Oregon again. Seven of the nine out of state companies are considering filming another project in Oregon. Of the two that indicated they are not, reasons listed include filming California-centric projects and that incentives are too small.

In addition to bringing in out of state productions to film in the state, the incentive programs allow in-state businesses to import work into the state. Anecdotes from several interviews suggested that Oregon businesses can be more competitive, particularly for commercial work. Several producers stated that they were able to take on projects that may not have

produced a financial return. Higher end production companies can work more cheaply for other Oregon-based businesses that they might not have been able to without the incentives. This helps to keep media professionals employed and increases the reputation of Oregon media production companies.

One respondent to the incentivized company survey noted that 90% to 95% of their work is from out of state and 40% to 60% can come from out of the country. In their words, the incentives help them to ‘outsource’ work from other countries and employ Oregonians. They noted that this wouldn’t be possible for them without the incentive programs.

Increasing Employment and Spending

Out of state, incentivized companies were asked to estimate how many employees they used on incentivized projects between 2010 and the time of the survey. Responses ranged from 56 to 2,500. Respondents reported that between 62% and 95% of the employees they used were Oregon residents. In sum, respondents estimated they employed 4,150 on incentivized projects between 2010 and the date of the survey in 2016. Respondents estimated that 3,040 of these employees were Oregon residents.

I have to admit, knowing the incentives were there, encouraged me to choose a local business over out-of-state competitors on a lot of purchases. This had an unexpected benefit of introducing me to businesses and products that I didn't know were in my own backyard and bonded me closer to the Oregon and Portland community.

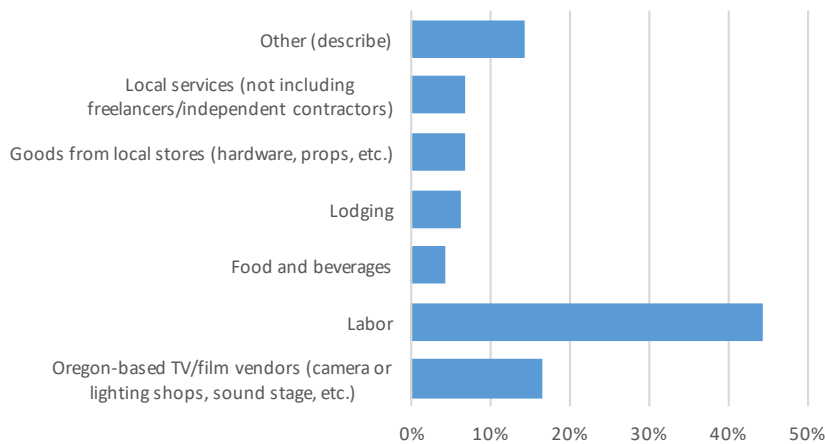
This number may appear high compared to overall employment of 3,233 full-time equivalent positions estimated by NERC, however, out of state productions typically film for a short period of time. These projects may have hired over 3,000 Oregonians, but they were limited duration positions.

Notably, 78% of respondents reported that the incentives increased the number of employees they hired for their projects. We received varied response with respect to the number of employees. Some respondents estimated quantitatively, with responses as high as 600 additional positions, while others described their increased hiring as being ‘a

lot’ or ‘numerous.’ Regardless of the number of additional employees, the survey results strongly suggest that the incentive programs increase overall employment within the sector. Based on survey responses, it appears incentives generate a considerable number of positions on a variety of project types.

Figure 11 shows the average percentage of expenditures by category for companies based outside Oregon that received incentives. The data show that on-average, 44% of expenditures are on labor. About 16% of expenditures were on Oregon-based vendors. Local goods and services, lodging, and food and beverages all averaged less than 10 of total project expenditures. Finally, the results show considerable variation by category.

Figure 11. Project spending by category, out-of-state incentive recipients



It is not possible to extrapolate this data out to say that it is representative of the spending of all out-of-state companies, however, it does suggest several ways that incentives are being spread throughout the economy. First and foremost, labor is a major expense for all the responding companies. This money is being paid out largely to Oregonians and provides jobs within the state. The accompanying NERC report lists the average wage for media sector employees as \$46,235 in 2013, which is above the state average of \$45,010.¹¹ Wages in the media sector increased to \$50,853 in 2015.¹²

The second largest category of expenditure reported was on Oregon-based TV and film vendors. Out-of-state companies reported spending an average of 16% of their budgets in this category. This is a major source of revenue for the large number of small businesses and freelancers and is helping to grow an indigenous ecosystem of companies that serve the media sector.

Thank you! We wouldn't have made three features in Oregon or ultimately moved our production business to Oregon without the incentive program.

One interviewee noted that their region typically received one or two out of state productions each year, but these provided significant revenues for local companies.

Finally, spending on other non-media sector businesses comprises a fairly substantial portion of the expenditures for projects that come to Oregon from other states. Projects must spend a minimum of \$1 million to qualify for the OPIF program and \$75,000 for iOPIF, so even projects spending on the low-end of any of these categories is spending tens of thousands of dollars into the local economy outside of the media sector.

¹¹ Oregon Secretary of State (2016). Oregon Blue Book. Retrieved from <http://bluebook.state.or.us/facts/economy/wages.htm>.

¹² NERC Report. Pg. 12

Expanding In-State Businesses

Out of the total sample of 38 respondents to the incentivized projects survey, 29 indicated that they are Oregon headquartered companies. While the proportion of incentive dollars distributed to Oregon headquartered businesses is well below half of the total of all incentives, the money that is distributed goes to a comparatively large number of businesses. This may be the result of a lower spending limit for iOPIF compared to the OPIF and GOLR programs.

Several indigenous companies noted that it can be difficult for many Oregon-based projects to reach the threshold required for OPIF. Commercial production and games companies must combine multiple projects to qualify for the GOLR rebate, but some reported they were unable to do this for OPIF and iOPIF. Interviews suggested that this is somewhat of a barrier for smaller commercial production companies and game companies that may not have projects that exceed \$75,000 (necessary to qualify for iOPIF) nor do they have labor expenses in excess of \$1 million (required for the GOLR program).

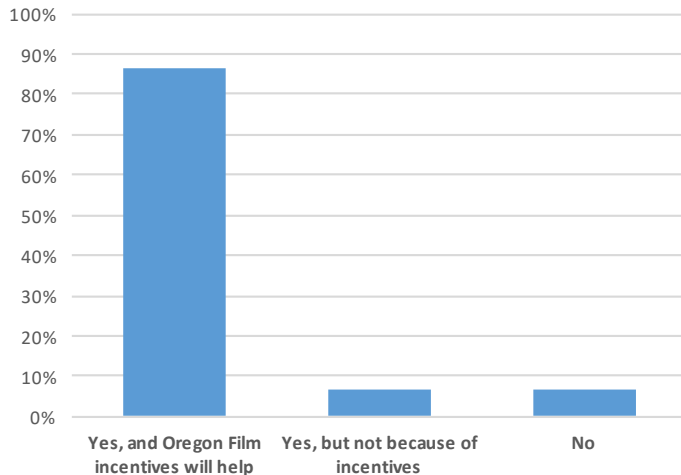
“The programs currently in place are all that I, as a feature film producer, could ask for. The only struggle is the fund cap and there being enough funds for all of the projects that want to shoot in Oregon.”

Of these businesses, about 72% report that incentives helped them expand their businesses. Responses for the number of additional employees ranged from one or more freelancers to 80 additional full-time equivalent positions. The total number of positions estimated was 203 FTE. The responses indicate that not all companies increased hiring because of incentives, but a relatively substantial number of jobs have been created.

Anecdotally, some survey respondents and interviewees noted that they cannot directly attribute employee hiring to the incentive programs, but invested in their businesses, particularly in buying specialized equipment that has enabled them to handle additional projects that they may not have been able to compete for previously. Whether these investments will lead to an absolute increase in employment is uncertain, however, increasing the number of projects increases revenues for Oregon businesses and may eventually lead them to expand their employment rolls as well.

Figure 12 shows that 25 of the 29 responding Oregon businesses plan to expand their business in the future with the help of Oregon Film incentives. Two businesses planned to expand, but not because of Oregon Film incentives. The results suggest that, at least for businesses that receive incentives, the programs help them to expand their operations in ways that may not be possible without the programs.

Figure 12. Expansion plans for Oregon-based businesses



Respondents were asked about the number of their projects that would not have occurred without the incentive programs. Responses ranged from 0 to 100. One respondent indicated that 95% of their projects would not have occurred. Another indicated that incentives made it possible to work on all their projects. The total number of projects estimated to have taken place because of receiving incentives was 276.

Respondents were asked about whether they combined Oregon Film incentives with incentives from other state agencies to grow their business. Nearly 93% of businesses, however, stated that they were unable to combine incentives. One of the two respondents reported that they combined Oregon’s incentive programs with the Montana Big Sky Film Grant, which is a state grant program that seeks to promote filmmaking in Montana.

“Current incentive rules limit startup company access. Many of Oregon’s projects in games come from small startups who would benefit from a lower development cost threshold.”

Respondents were asked ‘what other types of incentives would help you expand your business in the future?’ Tweaking the current incentive programs was suggested by several respondents. The economically focused comments suggested the following strategies would be helpful:

- increasing the overall pool of money available
- increasing the share of funds available exclusively to indigenous companies
- creation of a separate fund for commercial productions, or business tax credits for commercial productions
- making funds available over greater periods throughout the year (this is likely referring to iOPIF funds)
- providing small business loans or grants
- training grants for production specialties
- lowering thresholds for startup companies
- increasing the rebate percentage

Other suggestions not related to the incentive programs included:

- increasing the availability of industrial land in close-in Portland
- investing in technology, research and development, production facilities, and new media
- easier permitting processes for commercial productions

Out of all the suggestions, by far the most common suggestions related to increasing the overall funding for incentive programs. Specific comments suggested that productions were not able to come to Oregon or may have simply not occurred because the incentives were exhausted.

Respondent Experience with Administration of Incentive Programs

“Higher rebate percentage. It’s hard to make movies at home when other places offer more.”

One of the objectives of this study was to evaluate the process of applying for and receiving incentives through Oregon Film. Assessing the process of applying for incentives and the availability of information can help Oregon Film understand “customer” experience with the programs and to identify areas where the Oregon Film could better serve the sector.

The information presented in this section is based on publicly available information and responses the survey distributed to contacts on incentivized projects. Additionally, some interviewees provided additional information on their experiences with the incentive programs.

Incentive Program Information

Information about the incentive programs is shared primarily through the Oregon Film website, through contact with Oregon Film staff, word of mouth, and media industry outlets.

SOURCES OF INFORMATION

Figure 13 shows that more than half of respondents reported that they heard about the incentives through contact with Oregon Film staff. A quarter heard about the incentives through word of mouth. Respondents also indicated that the Oregon Media Production Association (OMPA) provided information to them.

Figure 13. Sources of information about the incentive programs

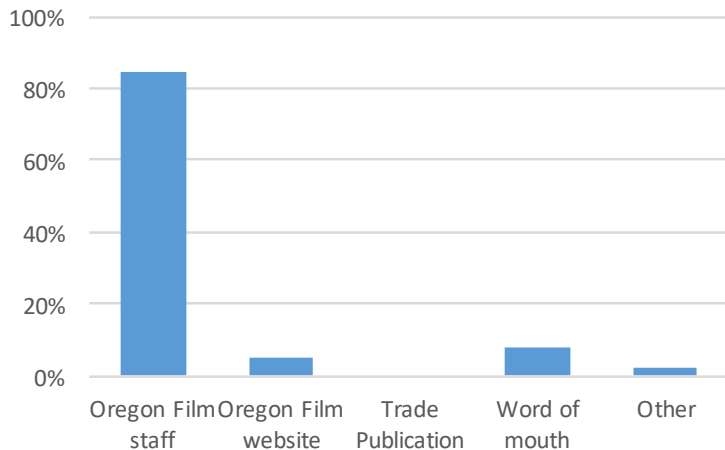
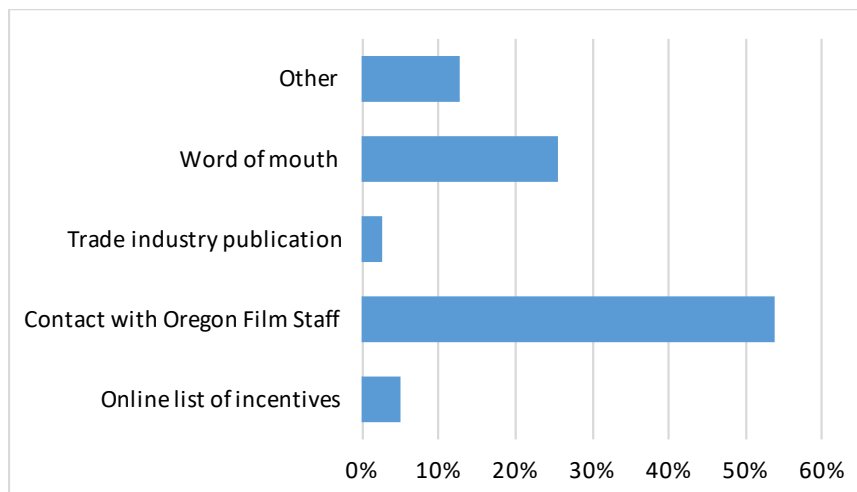


Figure 14 shows sources of information used by survey respondents to get information about the incentive programs. The most frequently listed source was contact with Oregon Film staff. About 25% of respondents mentioned word of mouth. This suggests that Oregon Film staff are doing a good job of reaching out to potential incentive recipients and that there is a tight network in the sector.

Figure 14. Sources of information about Oregon Film incentive programs

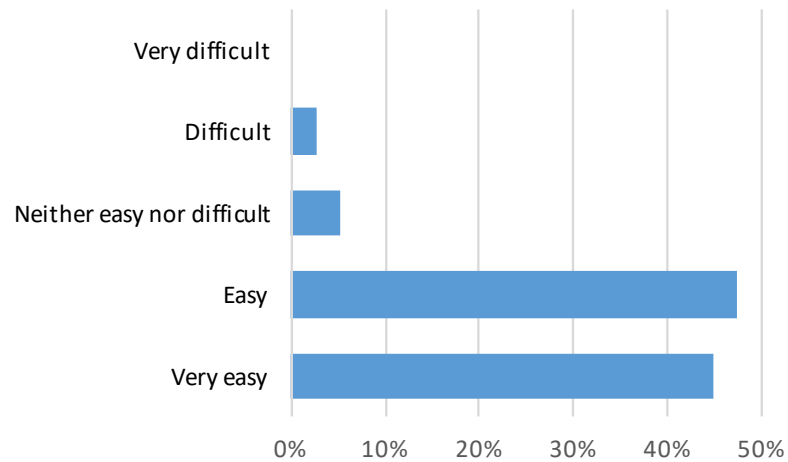


AVAILABILITY OF INFORMATION

Figure 15 shows that nearly 85% of respondents felt that the availability of information for the incentive programs was 'very good' or 'excellent.' Only one respondent felt the availability of information was 'fair.' Respondents were asked a similar question about how easy they found locating information about the incentive programs. Only one respondent felt it was difficult to find information about the incentive programs. More than 92% of respondents felt that it was either 'easy' or 'very easy' to find information about the programs. About 60% of

respondents felt that the application process was 'easy' or 'very easy,' while about 8% reported the process to be difficult.

Figure 15. Ease of locating information about the incentive programs



Survey comments regarding the availability and format of information were nearly all positive. Suggestions to improve availability of information centered around providing information more formally at industry events, holding workshops, or having a yearly information session. One respondent felt it would be helpful to publish an updated ledger of available funds.

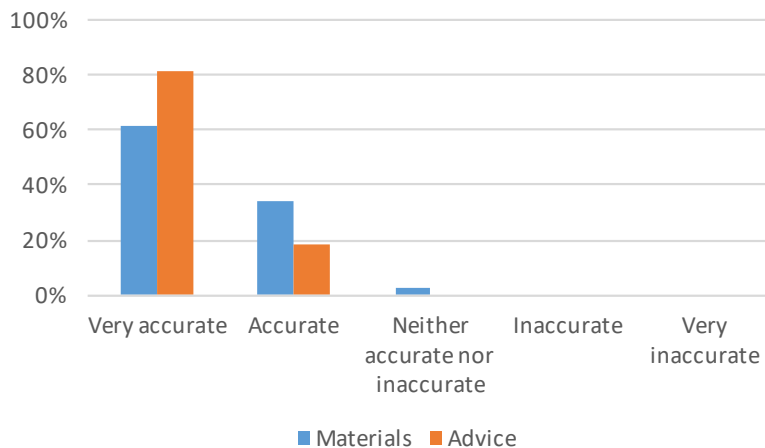
OREGON FILM CONTACT AND MATERIALS

Oregon Film staff play a critical role in distributing information about the incentive programs. Ensuring that they provide helpful and accurate information is therefore essential to the success of the incentive programs.

Figure 16 shows that respondents find Oregon Film materials and advice to be accurate. Over 84% of respondents selected contact with Oregon Film staff as the most effective, compared to 5% reporting the Oregon Film website, approximately 8% reporting word of mouth, and around 3% reporting other. Out of all sources respondents used, contact Oregon Film staff was the most frequently cited resource for information about the incentive programs and application process. The respondent who selected 'other' stated that contact with Tim Williams, Executive Director of Oregon Film, was the greatest source of information. This is a very positive evaluation of Oregon Film staff and materials and suggest that efforts in communicating information related to the incentive programs do not need modification.

Similarly, all respondents rated advice provided by Oregon Film staff as either 'accurate' or 'very accurate.' Nearly all respondents rated the materials provided to them by Oregon Film staff as either 'accurate' or 'very accurate,' with only one respondent stating that they felt the materials were 'neither accurate nor inaccurate.'

Figure 16. Accuracy of materials and advice provided by Oregon Film staff



Application Process

To be considered for incentives, applicants must submit an application to Oregon Film. Applications are accepted on a continuous basis. Applicants must submit a statement of intent to Oregon Film that provides a description of the project, projected budget, production schedule, proof of financing, and other documents that demonstrate that the project will meet the requirements for the incentive programs. Incentives will not be considered for expenses incurred prior to submitting an application.

Once Oregon Film receives the application, the materials are reviewed to ensure they comply with all requirements. If funding is limited, Oregon Film evaluates projects based on criteria established in Oregon Administrative Rule 951-002-0010(3):

- (a) Satisfaction of requirements of section (1);
- (b) Chronological order of receipt of application;
- (c) Amount of production spending anticipated in Oregon;
- (d) Number of film workers expected to be hired;
- (e) Whether the production company intends to pay prevailing industry rates and provide health, retirement and other benefits;
- (f) Whether receipt of a production rebate from the OPIF is a determining factor in bringing or keeping the production in Oregon;
- (g) Experience level of producer;
- (h) Reputation of the producer and its principals;
- (i) Estimated production start date;
- (j) Other benefits to Oregon, including but not limited to promotional value, long-term financial benefits, contribution to development of Oregon’s crew and talent base or production industry infrastructure.
- (k) Whether the production company has contributed to the Oregon Production Investment Fund.

Due to oversubscription for the iOPIF program in recent years, Oregon Film has published notice that they will accept applications before the start of each new

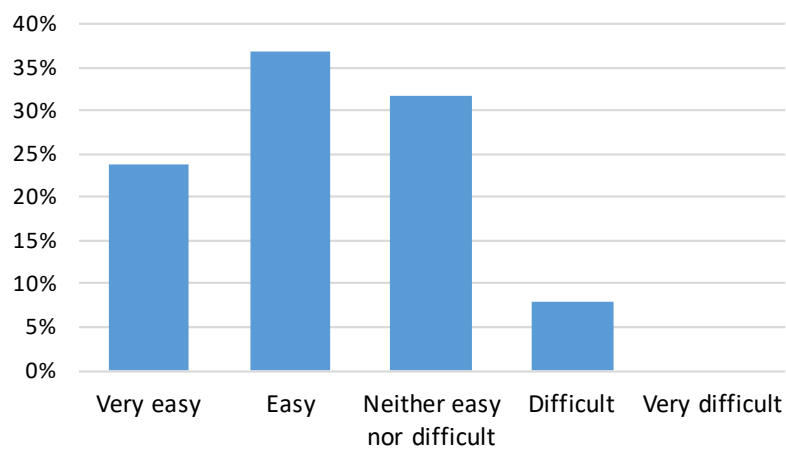
fiscal year. They have provided applicants a one-week window for applying. A review committee then determines the allocation of the limited amount of funds based on the criteria established in OAR 951-002-0010.

An application is also required for the Greenlight Oregon Labor Rebate, despite the uncapped nature of the fund.

Once production is complete companies must submit documentation of all expenses. Oregon Film certifies the expenses and issues a rebate. Rebate checks for the OPIF and iOPIF programs are typically issued within two to three weeks.

Figure 17 shows that more than 60% of respondents felt applying for the program was 'very easy' or 'easy.' Approximately one-third of respondents felt that the process was neither easy nor difficult and 8% found the process 'difficult.'

Figure 17. Ease of Applying for Incentive Programs



Interviews revealed a slightly different perspective on the application process, however. Some interviewees—specifically those who link multiple projects together to qualify for incentives—felt that the application process was easier for single projects that would qualify under the rules. One stated that it was more onerous to compile paperwork for all their projects and vendors compared to a larger feature film. Other interviewees felt that the incentive programs were easy to use. It is worth noting that critical interviewees also stated that they felt the programs worked well and the application process was not overly burdensome.

Improvements to the incentive application process would not increase the likelihood of reapplying for the programs for 73% of the respondents. For the 27% of respondents who stated that improvements would increase the likelihood they would participate again, suggested improvements included:

- streamlining of the application process
- decreasing the amount of paperwork required for commercial project
- allowing the submission of digital records rather than scanned documents
- having funds available throughout the year and accepting applications at any time of the year
- having a fast track option for companies that have successfully used incentives in the past

For the comment regarding having funding available throughout the year, we assume that this incentive recipient is referencing the iOPIF fund. Applications are accepted at any point in the year for all programs, however, iOPIF funds have quickly run out in recent years.

All 38 respondents stated that they would consider applying for incentives through Oregon Film in the future.

Overall Experience

Through survey responses and interviews, respondents continually expressed that they were satisfied with the incentive programs administered by Oregon Film. While respondents had some suggestions on how to improve specific aspects of the program, all respondents felt that the Oregon Film incentive program is a huge boost to the media sector and that it is well managed.

All respondents felt that Oregon Film staff were helpful. This is evidenced in the nearly 95% of respondents stated that their experience with Oregon Film and the incentive programs was 'extremely positive.' The remaining 5% rated their experience as 'somewhat positive.' Though this survey was distributed to companies that received incentives, interviews also frequently contained positive comments and reviews of both Oregon Film and the incentive programs.

In an open-ended question asking for any final comments or suggestions about the incentive program, half of all responses included praise for the Oregon Film staff or the incentive programs generally. Criticisms leveled at the office largely reflected frustration that more incentives were unavailable for specific regions, types of projects, or in general. Comments in interviews were overwhelmingly positive.

Summary

Based on survey responses and interviews, Oregon Film incentives appear to be expanding opportunities for professionals and businesses within the media sector.

The incentive programs have allowed Oregon-headquartered businesses to become more competitive in attracting out of state work and offer a higher quality of work to other indigenous companies at a price those companies can afford. These companies have invested money into equipment that will allow them to continue handling specialized work and further grow their businesses.

The incentives are estimated to have contributed to the sampled Oregon companies being able to produce an estimated 276 projects. These additional productions resulted in an estimated 203 full time equivalent positions. Encouragingly, a strong majority of respondents intend to grow their business within the next five years. Nearly all the businesses felt that Oregon Film incentives would help them with their planned growth.

The incentive programs are also bringing productions from other states to Oregon. These productions are providing large numbers of jobs to Oregonians. Survey respondents estimated that they hired more than 3,000 Oregonians for work on

their projects. The number of additional employees they stated they hired because of receiving incentives ranged from a couple of freelancers to over 600. While most these positions were part-time or limited duration, they contribute to Oregon's economy and in aggregate provided incomes for many media sector professionals within the state. These jobs pay a higher wage than many occupations in Oregon.

Given the variety of state incentive programs that exist, it is not surprising that survey respondents indicated that for nearly all their projects the incentives were a deciding factor in bringing their production to Oregon. Out of state productions tend to have larger budgets, and must spend a minimum of \$1 million in Oregon to qualify for incentives. This money is distributed largely to Oregon media professionals, media production companies, and local businesses in places where the productions film.

CHAPTER 5: ENHANCING OREGON’S MEDIA SECTOR: OPPORTUNITIES AND BARRIERS

Oregon’s media sector is, by all measures, growing. Oregon Film is helping facilitate that growth. Survey respondents indicated that economic incentives have allowed them to grow their businesses, import work from out of state, and bring productions to Oregon that would have filmed elsewhere. The incentives are clearly important to many businesses that work in the state, however, CSC’s research suggests there are other opportunities and challenges for further enhancing the media sector.

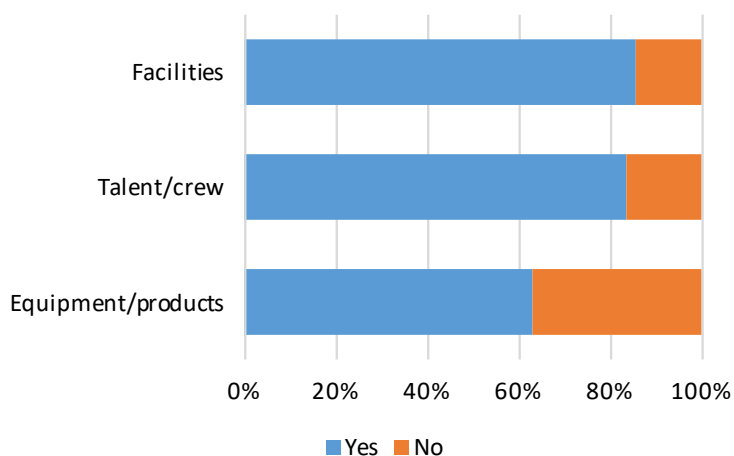
Addressing barriers to working within the state and leveraging strengths can enhance the impact of Oregon Film’s efforts. This research identified opportunities to provide non-monetary assistance and advice to production companies and spur further media production activities with the existing incentive programs.

This chapter describes areas where the media sector has particular strengths and where improvements can be made. Many of the challenges that media companies and professionals face cannot be addressed by Oregon Film, however, they are still important to understand.

Availability of Goods and Services

Media businesses need a variety of goods and services to be able to operate. The survey asked media sector professionals about the availability of goods and services they need for their work. Out of 84 respondents, 63% reported they are usually able to purchase all the equipment and products they need. Over 83% of respondents reported that they can usually hire the crew or staff they need. Out of 83 respondents, nearly 86% reported that they can usually access the types of facilities they need.

Figure 18. Availability of goods and services for Oregon media professionals



Respondents indicated equipment they were sometimes unable to obtain included advanced production gear, high-end audio equipment and lenses, drones, technocranes, high-end projection systems, some types of props, and closed captioning equipment. Respondents indicated that type equipment may be available in the Portland area, but was not available in other regions. Many

“Build the desirability and trendiness of the Oregon brand. Expand economic incentives for both indigenous and outside productions/gaming/media tech firms.”

respondents indicated that they shopped online for equipment because products were unavailable in their area, but also because of better pricing from Internet retailers.

Respondents also indicated that certain types of professional functions were often not available. This includes projectionists, high-level camera operators, creative producers, executive producers, and captioners.

Again, respondents indicated that some of these personnel were unavailable regionally, but may be available in the Portland area. Other responses indicated that there is a shortage of ‘top-tier’ personnel, such as directors and producers.

Despite respondents mostly finding all the facilities they need in Oregon, some reported being unable to get or having difficulty obtaining the proper permits to film in state parks or other public spaces. Some respondents reported difficulty finding appropriate sound stages, post-production facilities, and film labs.

Responses from production companies that received Oregon Film incentives were similar. Slightly more than half of the out of state production companies indicated that they were not able to purchase all the equipment and products they needed in Oregon. Examples of products unavailable in Oregon included large stage backings, specialized vehicles, lighting, special effects makeup, grip, and cameras. These were, for the most part, brought in from Los Angeles, according to responses.

Regional Impacts

Interviews and survey responses indicated that the media sector in different areas of the state faces unique challenges. This is not surprising given the diverse landscapes and economy that Oregon encompasses.

Goods and Services

Interviews suggested that availability of goods (or, more precisely, the lack of availability) is largely a regional issue. Many interviewees stated that when equipment is needed, it is typically rented in Portland regardless of where the production is occurring. One interviewee noted that when large productions are filming in Portland, some of the equipment they need can be difficult to find. Another interviewee noted that Southern Oregon is particularly strong for certain types of costumes and props due to the theater community in Ashland.

Some types of media professionals may also be regionally unavailable. One interviewee noted that many of their talented locals travel to other locations temporarily to find work due to the inability to find enough employment in their area. Several others noted that they occasionally searched out of state because they were unable to find highly specialized types of talent. One interviewee stated

that some types of labor were more expensive in Oregon because there are simply fewer specialized professionals in certain industries. For them, it was cheaper to outsource some of their sound needs to ‘up and coming’ sound professionals in Los Angeles.

Media Sector Funding and Incentives

Distribution of the incentives around the state was one of the most frequently cited issues identified by respondents to the sector-wide survey and in interviews. Some respondents felt that too much of the money is earmarked for large shoots in Portland and for projects in the Portland-area more generally (i.e., Grimm, Portlandia, etc.).

This is a challenging issue. One objective of the incentive programs should be to maximize impact and exposure. Large productions may accomplish those objectives, but create trade-offs. We don’t anticipate this issue will ever become easier—Oregon Film will always have to make choices about what productions to provide incentives to.

This issue may be addressed by the new Regional Oregon Production Investment Fund, which has earmarked 3% of the total OPIF fund to incentivize projects to spend time shooting outside of Portland or to be entirely based outside of Portland. The rOPIF fund will become available for fiscal year 2017. A description of the rOPIF fund can be found in Chapter 2 of this report.

Media Associations

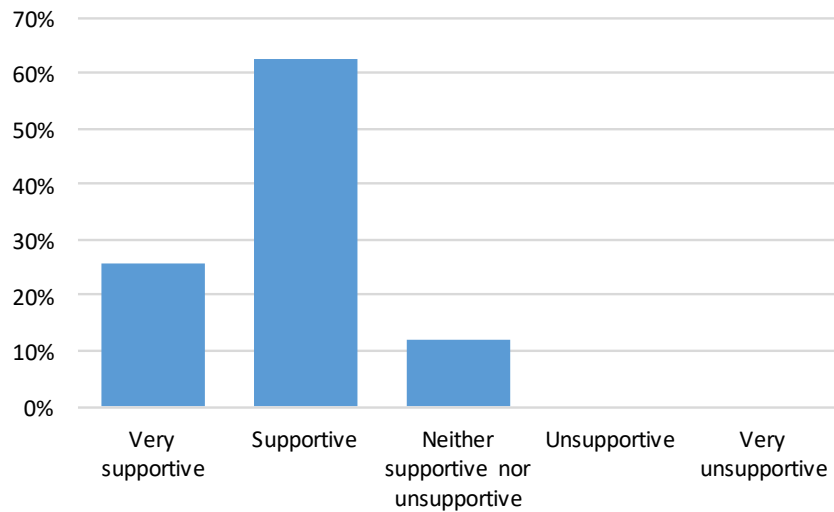
Oregon has several media associations throughout the state. These are professional organizations that represent their various constituencies and regions. A partial listing of organization includes the Oregon Media Production Association, Southern Oregon Film and Media, Mid-Oregon Production Arts Network, Oregon Games Association, the Silicon Shire, and others (see Chapter 2 for a discussion of media organizations).

Oregon Film works with each of these groups to better understand the specific needs of the various regions around the state, as well as encouraging them to work together in a more specific way. For example, OMPA held 3 events in Ashland in 2016 and 6 in Eugene and 12 in Portland. Oregon Film should continue to work with the media associations on ways they can work together to continue to support productions and overall expansion of the media sector.

Business Climate and Barriers

Overall, respondents in the sector-wide survey felt that the business climate in Oregon was either ‘supportive’ or ‘very supportive’ of the media sector. About 12% of respondents (n=85) felt that the business climate was ‘neither supportive nor unsupportive’ and no respondents felt that the business climate was unsupportive.

Figure 19. Media professionals' perception of the Oregon media sector business climate



Respondents were asked an open-ended question about what they considered to be the biggest barriers to working in the media industry in Oregon. Responses were varied and included:

- lack of connections and networking
- not enough work or projects, not enough large-scale projects, and lack of regular opportunities
- lack of projects in the respondent's region
- not enough incentives, generally
- lack of incentives and support for smaller projects
- lower pay for labor compared to other locations
- lack of affordable rental options for specialized equipment
- lack of infrastructure and facilities that are attracted by larger projects
- educational infrastructure to train new crew and promote current crew
- bias against non-white actors or actors of color

"From a talent perspective, the greatest barrier is the perception that local performers are inferior to LA or (to a lesser degree) NY talent. Oddly this misconception is more prevalent with local producers than those who bring work up from LA."

Respondents frequently felt that the incentive program was not large enough and that we are losing projects to other states with more competitive incentive programs. These respondents felt that this is contributing to a lack of work in the state. Many respondents felt that there was not enough work for the number of professionals in the media industry in Oregon.

Interviews confirm many of these issues. The most common barriers cited by interviewees included insufficient amount of money available for incentives, concentration of work in Portland, and that not enough work is available in the state. Other barriers included lack of networking between regions, inability for very small projects to get incentives, and investment. Several interviewees noted that

much of the investment money in the media industry is from outside of the state and that securing funding can be difficult for indigenous productions.

CSC asked media professionals to provide input on how the state can better support the media sector. We received 64 responses. Key themes included:

- raising the cap on incentives or redistributing the incentives to provide more indigenous productions and small productions
- greater promotion of Oregon as a filming location to out of state companies
- raising awareness of how incentives and economic development work for the industry
- increasing availability of networking events, especially outside of the Portland area
- organized tours for location scouts
- luring investment in post-production and sound stage facilities
- lowering taxes and general deregulation
- subsidizing educational programs

Again, the most common sentiment was that raising or eliminating the cap on incentives would improve the amount of work coming into the state.

Interviewees overwhelmingly agreed that more incentives would help to build the media sector. Some also echoed the sentiment that better regional distribution would help outside of the Portland metro area. Interviewees also felt that improved networking events would improve the sector.

CSC asked media sector professionals how Oregon can support their media sector activities specifically. CSC received 57 responses. Key themes included:

- funding educational programs, specifically in southern Oregon and at Southern Oregon University
- continuing and increasing current incentive programs
- increasing incentive opportunities for smaller projects and commercial projects
- providing grants for film festivals
- increasing the quantity of networking and educational events, particularly outside of Portland
- promotion of Oregon's diverse landscapes

“For Central Oregon as a new focus, we are hoping that the success of Portland's increased production will allow us to highlight the diversity we have here. We have excellent support from Tim Williams of Oregon Film, however the incentives are already assigned which makes it tough to sell Bend/Central Oregon as a production destination. We have an opportunity to act as the location for a \$60M series but will probably lose out on it because the incentive kitty is allotted. The economic development this series would bring to the region is substantial, but we can't compete with Seattle/Vancouver/Europe/Australia.”

As with previous responses, increasing or changing the distribution of incentives was the most common response.