

**BUILDING A SUSTAINABLE FILM INDUSTRY:
WHAT IDAHO CAN LEARN FROM BRITISH COLUMBIA AND AUSTIN**

For the Idaho Film Community

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Thanks to all the people who helped me understand the complexities of the film industry in Idaho. I spoke with several people in the film community and beyond and gained many useful insights. I hope the ideas in the report will be helpful for Idaho's future film industry development.

Kengo Usui

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EXECUTIVE SUMMARY

This study of the Idaho film industry generated four key findings:

- Six factors that drive Film Industry development are: marketing, tax incentives, human infrastructure, physical infrastructure, financial infrastructure, and leadership.
- Two primary approaches to building a local film industry are: the “Bring it in from the outside” approach and “Nurture from within” approach.
- The two approaches generate different industry life cycle: (a) implementing all six factors in the early stage to generate rapid growth; and (b) gradually adding the factors to generate gradual growth.
- Successful film industries have strong and complex networking ties among the local and out-of-state film communities.

INTRODUCTION

“When film productions come to B.C. (British Columbia), they bring significant economic benefits across a variety of sectors and regions.”

PETER LEITCH, CHAIR OF THE MOTION PICTURE PRODUCTION
INDUSTRY ASSOCIATION OF BRITISH COLUMBIA¹

“Austin's emergence as an important player in film may be the City's biggest success story since Austin transformed itself from a government and university town into an international technology hub.”

BREWSTER MCCRACKEN, CITY OF AUSTIN COUNCIL MEMBER²

The film and visual media industry continues to grow in terms of size, total economic impact, and employment. Many states and countries have tried aggressively to develop a local film and visual media industry. Two symmetrical approaches are common in regions that successfully develop their local film industries. One is the “Bring it in from the outside” approach, which tries to develop a local film industry primarily by attracting out-of-state filmmakers and production teams to its region to increase production spending and number of jobs. The other is the “Nurture from within” approach, which

tries to build the industry primarily by nurturing local filmmakers and production teams to increase production spending and number of jobs.

The State of Idaho is currently developing its film industry. Idaho is attractive for filmmakers because of its rich and diverse scenery, but it has not yet capitalized upon its resources and potential. To help understand what Idaho needs to develop a sustainable film industry, this research study examined the dynamics of the industry and potential opportunities.

This report has seven sections. Part I discusses the networking structure of local film industries. Part II discusses six factors that drive the development of local film industries. Part III examines two different approaches to develop a local film industry: "Bring it in from the outside" and "Nurture from within." Part IV examines the industry life cycle of each approach, using the British Columbia and Austin film industries as examples. Part V analyzes the six factors in the Idaho film industry. Part VI compares the local film industries of British Columbia, Austin, and Idaho. Finally, Part VII is the conclusion of the study.

Study Approach

The purpose of the case study was to:

Identify driving factors that will help develop and nurture a film industry in Idaho.

The study took place during fall 2005 and drew from many information sources:

- Interviews with 20 people, including local filmmakers, local film directors, a State representative, a city council member, a Hollywood actress, a professional film school founder and director, professors, production companies, a local television production company, the Idaho Commission on the Arts, the Idaho Film Bureau, a financial investor, and a business consultant.

- Externally published information, including news articles and academic articles about and reviews of film industry, networking, clusters, and creative industries.
- Idaho Task Force meeting reports and other regional film industry research reports.

The researcher conducted all interviews, each of which took from 0.5-2 hours. He recorded most and worked from transcriptions to analyze key ideas.

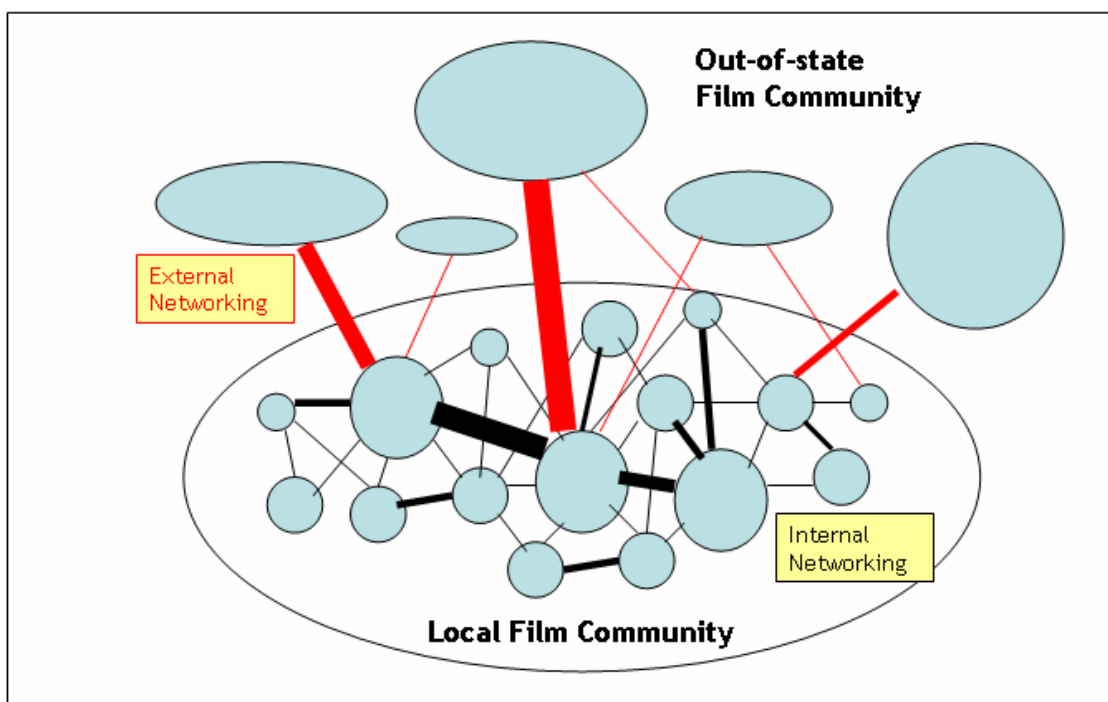
To understand the complexities of a local film industry, this report will first discuss the networking structure of a local film industry. Then it will examine and discuss the driving factors that will help develop and nurture a film industry in Idaho.

PART I: NETWORKING STRUCTURE OF A LOCAL FILM INDUSTRY

A goal for developing a sustainable film industry is to increase the total economic impact and number of jobs in a given location. Regions with successful local film industries tend to have strong networking ties among the local and out-of-state film community. The networking ties vary by density and multiplicity among the local and out-of-state film people and organizations. The density, or “thickness”, of networking represents the trust and strength of the connection. Exhibit 1 shows this by the thickness of lines among different groups.

The multiplicity of networking ties represents the number of contacts a person or group has within the film community. It is measured by the number of links. In Exhibit 1, the internal networking ties among the local film community are shown in black lines, and the external networking ties between the local and out-of-state film community are shown in red lines.

Exhibit 1. Networking Matrix.



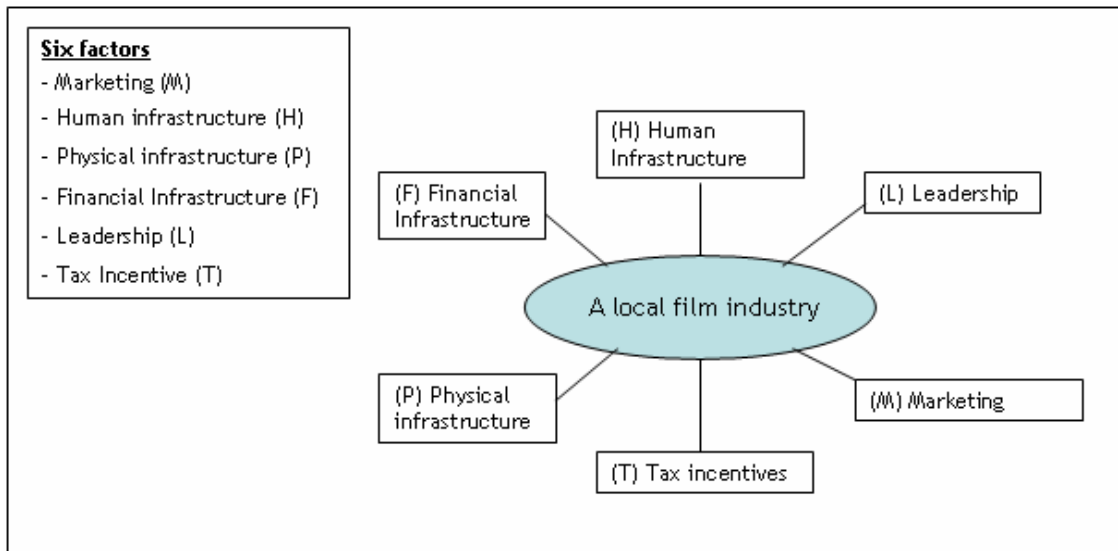
*Reference: Coe, N (2001). A Hybrid agglomeration? The Development of a Satellite-Marshallian Industrial District in Vancouver's Film Industry, *Urban Studies*, 38(10), 1765

The study also identified six important driving factors that help increase the density and multiplicity of internal and external networking ties.

PART II: SIX DRIVING FACTORS

Six driving factors appear to help nurture and develop a film industry. They are: marketing, tax incentives, human infrastructure, physical infrastructure, financial infrastructure, and leadership. Exhibit 2 illustrates the six factors to develop a local film industry.

Exhibit 2. Six factors to develop a local film industry.



Marketing

“Idaho needs to reach out to bring out-of-state productions in.”

PROFESSIONAL FILM INSTITUTE FOUNDER IN IDAHO

Filmmakers and production teams seek to simultaneously maximize the quality of their film and minimize production costs. When filmmakers and production teams choose a filming location, they compare advantages and disadvantages of various regions including the tax incentives, human infrastructure, physical infrastructure, diverse locations, and climate. Therefore, it is important that Idaho communicates well and markets its advantages with local and out-of-state filmmakers and production teams.

Tax incentives

“Most films have budget cost of over \$50 million and budget constraint is one of the major factors in deciding the filming location.”

IDAHO LOCAL FILMMAKER

“In the past, filmmakers called Idaho’s Film Commission to ask for good locations to shoot. Today, filmmakers call the Idaho Film Commission for information on its State tax incentives.”

HOLLYWOOD ACTRESS

Filmmakers and production teams look for locations that allow them to film within their budget.

Human infrastructure

“Human infrastructure is important to develop a local film industry because if filmmakers had a choice on where to film, they would go to where the crews are qualified.”

PROFESSIONAL FILM INSTITUTE FOUNDER IN IDAHO

Production teams rely on the selected location to provide local personnel talent, to reduce costs. This includes technical personnel who are directly involved in the production and also the indirect personnel such as those supporting companies that cater food and house the film production team workers.

Physical infrastructure

“Having the right equipment (grip truck, lights, etc) and studios are important factors when big production companies select filming locations.”

LOCAL IDAHO FILMMAKER

Successful regions offer a complete physical infrastructure with everything from equipment rentals to state-of-the-art facilities. An environment with great facilities and equipment enhances the development of high quality films. A fully equipped physical infrastructure also helps minimize the production costs because it avoids trucking necessary equipments from other locations.

Financial infrastructure

“Film is a product, and investment is necessary. Somebody needs to take the risk to invest and provide opportunities.”

LOCAL IDAHO FILMMAKER

Whether it is training the individuals, providing the opportunity for filmmakers, renting the right equipment, or developing an ideal environment for creative individuals, investment is vital to the development of a local film industry.

Leadership

“We need a leader who can lead the industry, an individual who is well recognized in Hollywood. Somebody like Austin’s Richard Linklater.”

GOVERNMENT EMPLOYEE

Successful film industries have strong leadership who help take their local film industry to the next level. The individual, organization, or the government with the leadership role has strong ties and network among its local and out-of-state film industries. Justice Greene, the first film commissioner for the British Columbia Film Commission, and Austin filmmaker Richard Linklater from the Austin Film Society played a large role in the development of their local film industries.

PART III: THE TWO APPROACHES TO FILM INDUSTRY DEVELOPMENT

As stated above, six factors drive the development of the film industry and help increase the density and multiplicity of internal and external networking ties. Although all of these factors are important in the development of any film industry, they may vary depending on the approach that a region uses to nurture and develop its local film industry.

Two different approaches of film industry development that appear common are: the “Bring it in from the outside” and “Nurture from within.” While most industries use a combination, the report will illustrate examples of regions that

used primarily one or the other to show the advantages and disadvantages of each.

The two most vivid examples are: the Province of British Columbia's "Bring it in from the outside" approach and the City of Austin's "Nurture from within" approach.

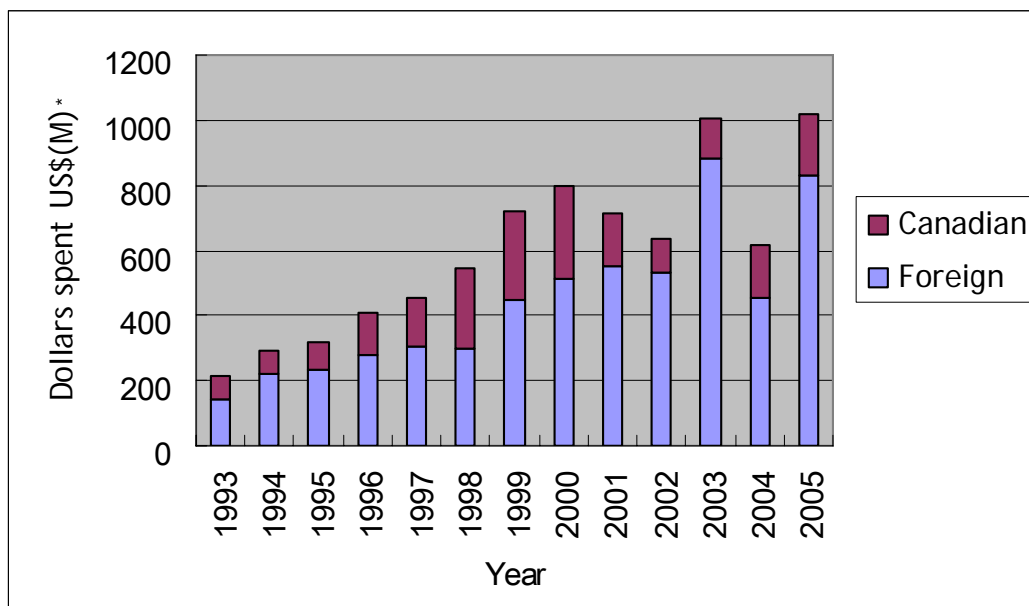
"Bring it in from the outside" approach: British Columbia's film industry development model

Background of British Columbia's film industry

British Columbia is the third largest film and television production center in North America.³ In 1978, the film and television production spending in British Columbia was US\$10.5 million. In 2004, the film and television production spending increased to over US\$1 billion.⁴ Today, about 30,000 British Columbia residents rely on the film industry for their livelihood.⁵ The development of the film and television industry in British Columbia has helped build a sustainable industry that translates approximately US\$2.9 billion in total economic impact.⁶

The British Columbia film industry is one of the first regions that started to market and attract outside productions to come to its region for production. This strategy has worked greatly for the development of British Columbia's film industry. Before the British Columbia Film Commission was established in 1978,⁷ most films in British Columbia were done by local production teams. Today, approximately 80% of the production spending comes from foreign productions.⁸ Exhibit 3 illustrates the 13-year trend of foreign and Canadian production spending in British Columbia.

Exhibit 3. Foreign & Canadian production spending in British Columbia.

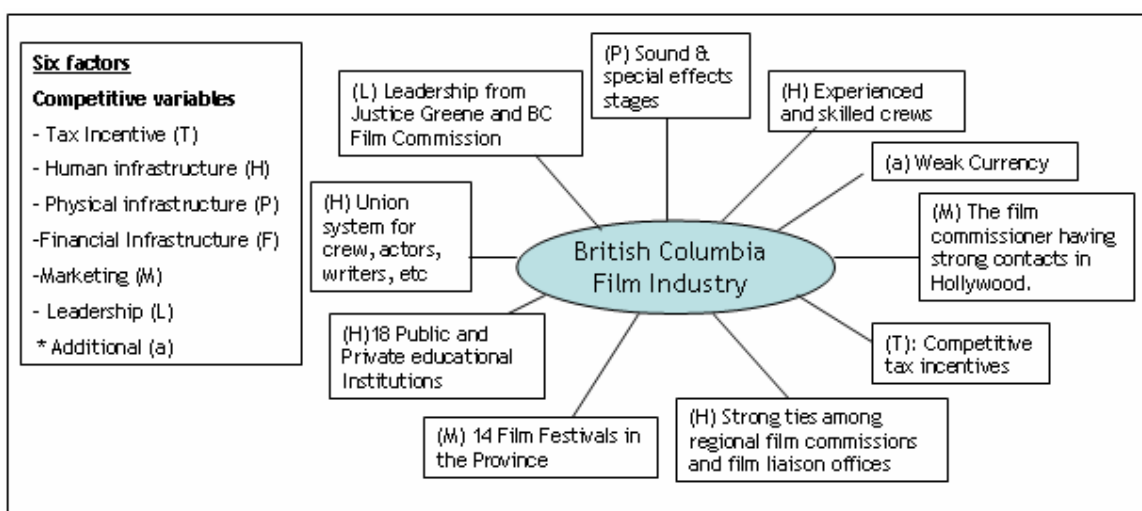


*Currency rate: Pacific Exchange Rate Service, <http://fx.sauder.ubc.ca/plot.html>

Analysis of the six factors in British Columbia's Film Industry

To develop its film industry, British Columbia implemented all six factors strongly. Exhibit 4 illustrates the six factors and their key inputs.

Exhibit 4. "Bring it in from the outside" approach: British Columbia film industry.



Marketing

Strong contact with Hollywood

The British Columbia Film Commission was established in 1978. It has promoted British Columbia as the “motion picture destination and a world-class production center to the international film and television industry.”⁹ Justice Greene, a film producer, the first film commissioner, successfully used his strong contacts in Hollywood to attract and bring the productions into British Columbia.¹⁰

Film festivals

British Columbia had 14 film festivals (10 in Vancouver) in 2005 including the internationally recognized Vancouver International Film Festival.¹¹ The *Vancouver International Film Festival* is “Western Canada’s foremost professional development and networking event for the filmmaking community,¹² and more than 150,000 people from 50 countries attended 500 screenings of over 300 films in 2005.”¹³

Tax Incentives

Attractive incentive package

In 1954, the Canadian Government introduced its first film tax incentives by offering 4 to 8% tax rebates to those foreign productions that co-produced films with Canadian companies. In 1997, the Canadian Government extended the tax rebates to 11% and removed the requirement on co-producing films with Canadian companies. In addition to the incentives from the Canadian Government, the Provincial Government also introduced a film incentive tax credit that offers 11% tax rebates. These tax incentives further helped attract outside production teams to come to British Columbia. As a result, the production dollars spent in British Columbia started to grow dramatically.¹⁴ Today, the Provincial Government provides film incentive tax credit of up to 18% for foreign productions in addition to the Canadian Government’s 16%.¹⁵

Human Infrastructure

Skilled and experienced crews

As the number of productions increased, the number of local skilled and experienced crews increased as well. This development of human infrastructure was largely fostered by the unions in partnership with the British Columbia Film Commission. The technical labor unions played an important role in film industry development by providing range of skills, subcontractors and support services to meet all the production needs of incoming productions.¹⁶ Today, nine labor unions with highly skilled and experienced crews are registered in the Province of British Columbia.¹⁷

Province and regional film offices

One of the British Columbia film industry's strengths is its infrastructure of film commission offices across the Province. With the support from the seven British Columbia regional film commissions and 47 liaison film offices across the province, the British Columbia Film Commission acts as the "center gateway."¹⁸ The British Columbia Film Commission markets the British Columbia locations for filming, and helps coordinate and support the provision for filming activities.

Educational Support

Today in British Columbia, there are 18 public and private educational institutions that provide courses in film theory and practical film production. These educational institutions help prepare young talent with the necessary skills and knowledge to work in the highly technical film industry.¹⁹

Physical Infrastructure

Studios, stages, and equipment

In 1986, the Provincial Government renovated an old bus depot to become Bridge Studios, with six sound stages and a large special effects stage.²⁰ Since then, Bridge Studios have become a popular filming studio because of its convenient location, just 30 minutes from the Vancouver International Airport and 15 minutes from downtown Vancouver.²¹ As more productions entered British Columbia, the province built more studios. Today, the province has over 60 stages in the area.²² In addition, a complete range of film equipment such as cameras, grip truck, and lights are offered as well.

Financial Infrastructure

Funding

In 1986, the Provincial Government invested US\$3.6 million to build Bridge Studios.²³ The Province continues to fund the film industry, spending over US\$36.5 million between 1990 and 2004.²⁴

Leadership

The Provincial Government initiated development of the British Columbia film industry by investing in physical infrastructure, establishing the Film Promotion Office within the Ministry of Tourism, and assigning Justice Greene as the first film commissioner. Using his strong contact and ties in Hollywood, Greene succeeded in bringing Hollywood productions into British Columbia. In his first six months of assignment, the Hollywood productions brought in US\$15.3 million to the province and in the first full year, US\$35.1 million to the province.²⁵

Additional Important factor

Currency rate

The consistently weak Canadian dollar, compared to the US dollar, helped attract outside filmmakers and production teams to come to Vancouver because it gave them additional cost reduction on top of the attractive tax package.²⁶

“Nurture from within” approach: Austin (TX) film industry development model

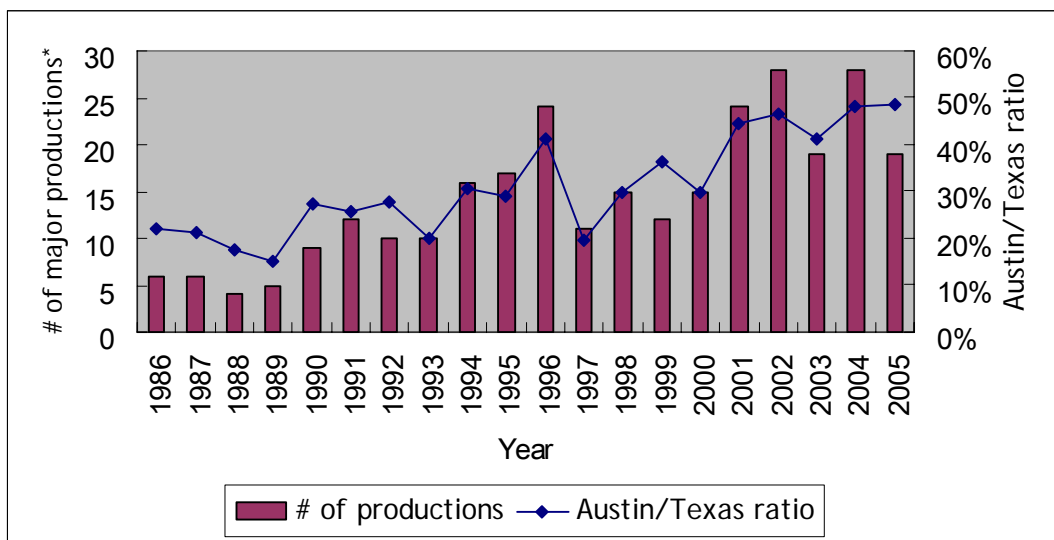
Background of Austin’s (TX) film industry

The City of Austin has played a large role in the development of Texas Film Industry especially in recent years. Since 2000, Austin has been named among the “top moviemaking cities” in the country by the *MovieMaker* magazine. In

2004, Austin was ranked number one on the list of "Top Ten Cities for Moviemakers."²⁷ *MovieMaker* says "Best of all, the city respects the passion and pocketbooks of its Indie community." Also, for six straight years, the total production spending on film and television in Austin was the highest in the state of Texas.²⁸ In 2003, a "record-breaking year" for the City of Austin, US\$197 million of production spending (US\$320 million total economic impact) occurred representing 84% of the total film industry revenue in the State of Texas. The Austin film industry generated 3,512 permanent jobs in 2003.²⁹ The total number of productions being made in Austin has been increasing as well.

Exhibit 5 illustrates the 20-year trend in the total number of productions made in the City of Austin.

Exhibit 5. Total number of major productions filmed in Austin (TX).³⁰



*Data on total numbers of major productions are used because the data on production spending for the past 20 years were not obtainable.

Source: Texas Film Commission

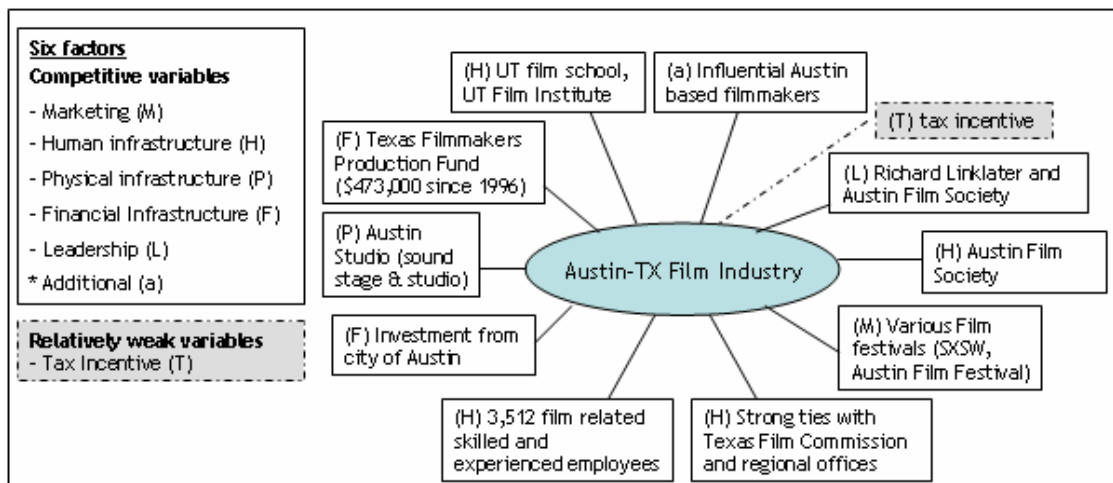
In 1980, Austin accounted for less than ten percent of Texas productions. Today, over half are Austin productions.

Analysis of the six factors in Austin's (TX) Film Industry

Unlike the British Columbia film industry, not all of the six factors were strongly implemented in Austin (TX) to develop its film industry. Exhibit 6 illustrates

which were most important.

Exhibit 6. "Nurture from within" approach: Austin (TX) film industry.



Marketing

Film festivals

The State of Texas hosts 23 film festivals a year and Austin hosts about 10 film festivals annually.³¹ South by Southwest Film Conference and Festival (SXSW Film) and Austin Film Festival are among the most notable festivals in the nation. These 10 festivals bring Austin \$8.6 million in tourism dollars.³² These film festivals have helped Austin become known as one of the leading film industry cities in North America.

Tax Incentives

Although the State of Texas provides sales tax exemptions, this tax incentive package is much smaller than British Columbia's.³³ Since the State's tax incentive plan is not controlled by the City of Austin, it cannot directly improve this factor.

Human Infrastructure

Austin Film Society

The Austin Film Society is a not-for-profit community film organization,

established in 1986. Since the formation of the organization, it has provided various support and resources for local filmmakers. The Austin Film Society offers consultation for individual filmmakers on their projects, information on networking events, screening opportunities, and various educational opportunities through workshops. In 2003, the Austin Film Society had over 1,200 members, and the attendance reached over 35,000 in 2003.³⁴

University of Texas Radio-Television-Film program

The film school at the University of Texas Radio-Television-Film program is one of the most highly regarded film schools in the nation. Current students and alumni of their film school have won numerous awards at international, national, and regional film festivals. Several of the well-known alumni are filmmakers Richard Linklater, Robert Rodriguez, and Wes Anderson.³⁵

Skilled and experienced crews

There are more than 3,500 highly skilled and experienced film related employees in the City of Austin³⁶ and many talented University of Texas graduates are choosing to stay in town. This “ongoing pool of talent” is one of Austin’s strongest assets that have helped lead the local film industry to success.³⁷

Strong ties with the State and other regional film offices

The strong ties with the Texas Film Commission and other regional film commissions enable the Austin Film Commission to support the filmmakers and production teams.³⁸

Physical Infrastructure

The 100,000 square feet Austin Studios

Austin Studios was created in 2000, when the Austin Film Society suggested to the City of Austin that they should convert the abandoned hangars at the Mueller airport into a movie production facility.³⁹ Austin Studios, “the centrally located 20-acre film and video production facility, contains a 10,000 square foot production office building and over 100,000 square feet of production space.” The Austin Studio also has onsite vendors that provide rental film equipment service and catering.⁴⁰

Financial Infrastructure

Texas Filmmakers' Production Fund

The Texas Filmmakers' Production Fund was established to award cash grants to the local filmmakers who demonstrate promising works and skills. Each year the Austin Film Society serves as a fiscal sponsor and sponsors approximately 25 independent filmmakers. Since 1996, the Austin Film Society has supported over 200 film productions and given away over \$500,000 of cash grants.⁴¹

City of Austin,

Through a partnership with the Austin Film Society in 2000, the City of Austin leased the abandoned hangars at the Mueller airport to Austin Studios for \$100 a year. Since then, Austin Studios has had a \$150 million direct impact on the Austin economy and has given many people opportunities.⁴²

Leadership

The Austin Film Society and the homegrown producers helped nurture the “*Indie* (independent)” film community in Austin. “*Indie*” films are low budget films produced by filmmakers who “work outside of the established studio system.”⁴³ Led by Richard Linklater, the Austin Film Society has helped connect enthusiastic local film talents, leading to the development of a passionate Austin film industry. Richard Linklater and the Austin Film Society play a center role for networking among the City of Austin, Austin Film Commission, local film festivals, and other local film organizations.

Additional Important Factor

Influential Austin based filmmakers

Austin has nurtured several well-known local based filmmakers. Among these filmmakers, Robert Rodriguez and Richard Linklater are most notable. Robert Rodriguez is one of the nation's 25 most influential Hispanics according to *Time* magazine in 2005⁴⁴ and Richard Linklater is one of the most well known filmmakers from Austin. Linklater and Rodriguez's success have led the young local film talents to believe that first class producers and feature movies can

be nurtured and developed locally and can stay local.

Comparison of the two approaches

Most variables implemented in the two approaches are required for developing a local film industry. The common variables are those that help build human, physical, and financial infrastructures, and leadership.

Alongside these common variables, there are others used within each approach. The specific variables for the “Bring it in from the outside” approach help develop competitive advantages to attract outside filmmakers and production teams, whereas, the specific variables for the “Nurture from within” approach help the development of its local film talent.

The specific variables for the “Bring it in from the outside” approach are:

- weak currency
- strong contact with Hollywood
- aggressive tax incentive

Specific variables for “Nurture from within” approach are:

- influential local based filmmakers
- Austin Film Society
- funding opportunities for independent filmmakers

The common and specific variables are illustrated in Exhibit 7.

Exhibit 7. Variables comparison chart.

	"Bring it in from the outside" British Columbia	"Nurture from within" Austin
Specific variables	<ul style="list-style-type: none"> •Weak currency •Strong contact with Hollywood •Aggressive tax incentive 	<ul style="list-style-type: none"> •Influential Austin based filmmakers •Austin Film Society •Funding opportunities for independent filmmakers
Common variables	<ul style="list-style-type: none"> •Film festivals •Skilled and experienced workers •Film office (including regional offices) •Educational film institutions •Studios & stages •Funding for building and developing infrastructure •Leadership 	

PART IV: INDUSTRY LIFE CYCLE FOR THE TWO APPROACHES

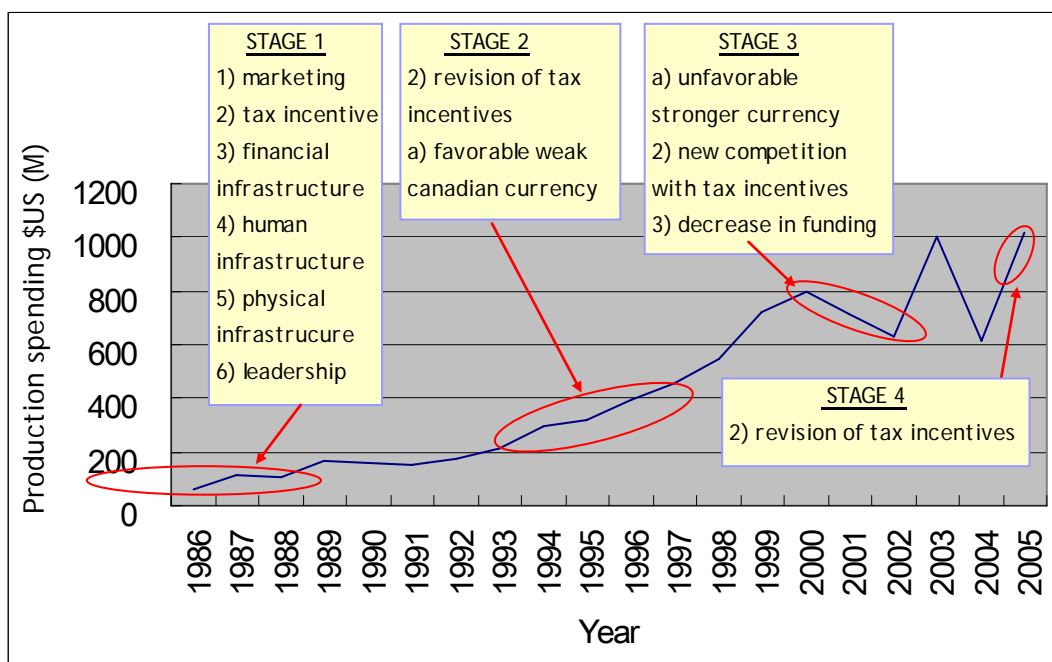
The two industry development approaches have had different life cycles. Growth happens more rapidly and consistently when all six factors work together, as in the “Bring it in from the outside” approach. On the other hand, growth is more gradual and inconsistent in the “Nurture from within” approach.

Industry life cycle for “Bring it in from the outside” approach

The British Columbia film industry was one of the early pioneers that started to bring foreign productions into its region. Although the Canadian film industry has enjoyed a rich history for over 100 years, it wasn’t until 1986 that British Columbia’s film industry started to develop into a sustainable film industry. In the early development stage (stage 1), the British Columbia film industry implemented all six factors into its film industry. Along with the tax incentive (implemented in 1954), the leadership and marketing from Justice Greene and the British Columbia Film Commission, supported by the human, physical, and financial infrastructure, the film industry started to develop in 1986. During stage 2, the British Columbia film industry’s film revenue grew rapidly due to its revision of tax incentives and favorable weak Canadian currency. However, in stage 3, the film revenue started to decrease due to unfavorable stronger Canadian currency (1993: US\$1=CND\$0.76 -> 2002: US\$1=CND\$0.64⁴⁵), rising of

new competition with tax incentives (New Mexico, Louisiana, etc), and decrease in funding (1996-2000: US\$2.4M-> 2001-Current: US\$1.5M⁴⁶). In stage 4, once again the film revenue increased, thanks to the favorable weak Canadian dollar and an improved tax incentive introduced by the Province effective of January 2005. The new tax incentive introduced in January 2005 includes increase in foreign film tax credit rate from 11 to 18%, and increase in domestic film tax credit rate from 20 to 30%.⁴⁷ Exhibit 8 illustrates the four stages of British Columbia's film industry life cycle.

Exhibit 8. "Bring it in from the outside" approach: British Columbia film industry life cycle.



Source: British Columbia Film Commission

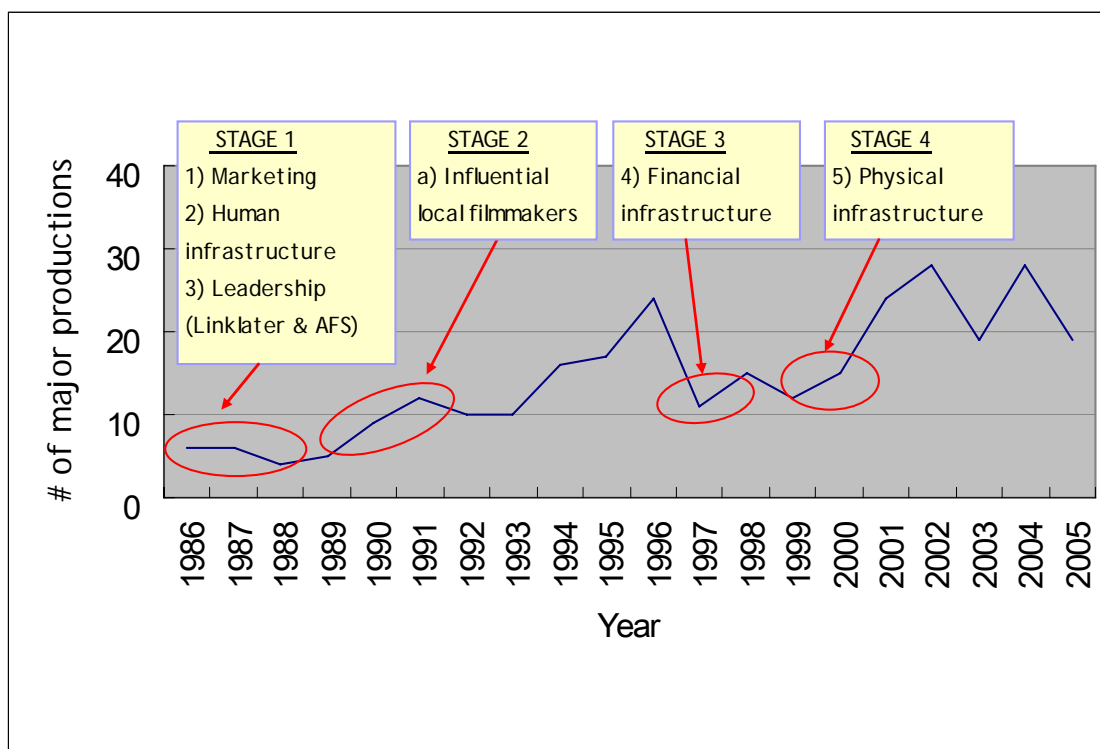
(http://www.bcfilmcommission.com/industry_profile/2005Package.pdf)

Industry life cycle for "Nurture from within" approach

Austin's local "Indie" film industry developed after the formation of Austin Film Society, development of human infrastructure, and marketing (SXSW Film) took place in the early development stage (stage 1). Unlike the British Columbia

film industry, not all six factors were implemented in the early development stage. During stage 2, Richard Linklater and Robert Rodriguez's *Slacker* and *El Mariachi* were released and both filmmakers started to gain recognition in the nation.⁴⁸ In stage 3, the Texas Filmmakers' Production Fund was established to support the local independent filmmakers and in stage 4, the Austin Studio was built. Unlike the "Bring it in from the outside" approach, the factors were implemented gradually after the local film industry started to develop. Although the growth trend is rather inconsistent, the trend shows a gradual growth over the past 25 years. Exhibit 9 illustrates the four stages of Austin's (TX) film industry life cycle.

Exhibit 9. "Nurture from within" approach: Austin (TX) film industry life cycle.



*Data on total numbers of major productions are used because the data on production spending for the past 20 years were not obtainable.

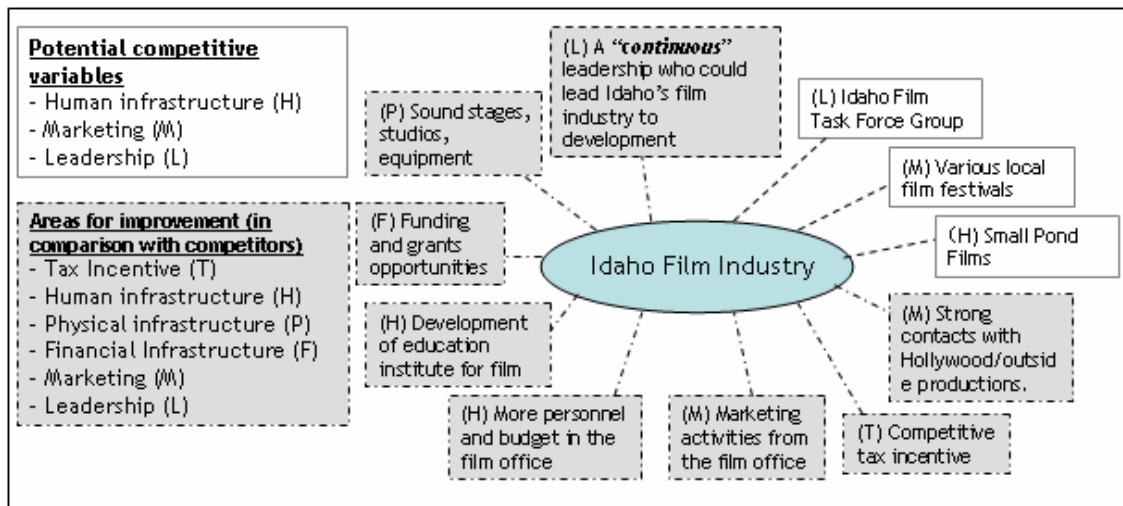
Source: Texas Film Commission

(http://www.governor.state.tx.us/divisions/film/filmography/TX_Productions.pdf)

PART V: ANALYSIS OF THE SIX DRIVING FACTORS IN THE IDAHO FILM INDUSTRY

The Idaho film industry is still in the early development stage. Idaho has several variables that could potentially become competitive factors in the industry. However, no variables are currently competitive. Exhibit 10 illustrates some of the variables that have future potential to become competitive.

Exhibit 10. Six factors for Idaho film industry.



Marketing

Film Festivals

Although five major film festivals⁴⁹ are being held in Idaho each year, only Sun Valley Film Festival is listed under *moviemaker.com*. The film festivals are relatively new and have not gained national or international recognition yet.

Marketing activities from the Idaho Film Bureau

While many regions have gotten aggressive in promoting and selling their State through local film commission offices, the Idaho Film Bureau has not been able to do so, due to lack of budget and personnel staff. However, on March 30, 2006 a new full-time employee appropriation for the Idaho Film Bureau was

approved. The Idaho Film Bureau will add another full-time employee to vitalize its marketing activities.

“The Idaho Film Bureau needs to be doing the networking with the out-of-state producers.”

PROFESSIONAL FILM INSTITUTE FOUNDER

“The Idaho Film Bureau has very limited budget. Not only do they need another person who knows the inside and outside of Hollywood to join the film office, but they need budget for advertising and support more festivals.”

BUSINESS CONSULTANT

Tax Incentives

Until recently, Idaho’s film tax incentive only offered “no sales or lodging taxes with stays of 30 or more days for production teams.” However, on March 30, 2006 Idaho Governor Kempthorne signed a Film and Media Sales Tax Rebate Bill that will take effect on July 1, 2006. When \$200,000 is spent on a wide variety of qualifying expenses, the production team is offered a rebate of the 5% sales tax. Although this is not an aggressive tax incentive compared to some of its competitors such as British Columbia that provides tax incentives of up to 34% both with Federal and Provincial tax credits combined, this is a good start and Idaho should continue to go back to the legislature to get approval for improvement in tax incentives.

“Tax incentives would help Idaho to get into the game. Simplicity would be the key for attractive incentives. Getting the Tax incentive is definitely the right track and it is a good first step.”

FINANCIAL INVESTOR

“Idaho’s tax incentive needs to be as aggressive as anything there is. Tax rebate does not hurt the State. Idaho needs to come up with a big tax incentive to prove that Idaho is serious about this business to the Hollywood productions. Idaho should gradually increase the tax incentive.”

LOCAL IDAHO FILMMAKER

Human Infrastructure

Small Pond Films

Small Pond Films is a community Film Organization started by several enthusiastic Boise filmmakers in 2001. Small Pond Films is a gathering place for filmmakers in Boise to screen their films and to get together to discuss and share information on films. About 40 people attend the gatherings and there are about 300-400 people who are involved in the Small Pond Films today. Small Pond Films has the potential to play an important role in the Boise film industry development because it provides the networking and educational opportunities for local filmmakers.

“Filmmakers are always looking for highly qualified individuals to work with. Film requires expertise from various areas. Therefore, networking places like Small Pond Films helps.”

“I have met about 150 people through the Small Pond Films and 95% of the people I work together now are people that I met from the Small Pond Films network.”

LOCAL IDAHO FILMMAKER

Educational Support

Some public and private institutions in Idaho offer film courses, including Boise State University, Idaho State University, and Idaho Film and Television Institute. Although various film-related courses are offered in Idaho, the completeness and scale of film programs offered by successful film industries are not

comparable. It is very important for Idaho to provide the necessary education and training in all areas of film production to develop a highly skilled and experienced human infrastructure.

“Raising the level of local film makers would only help the film industry to develop.”

“There are no trained crews in Idaho so Hollywood productions would have to bring in the whole crew.”

LOCAL IDAHO FILMMAKER

Idaho Film Bureau

Successful regions such as British Columbia and Texas have regional film offices to service and assist the demand of local and out-of-state filmmakers and production teams. Although the Idaho Film Bureau tries to work closely with local towns and cities to become film friendly, Idaho has no regional film offices and therefore cannot provide the same capacity of service and support that other successful regions do. The regions in Idaho would need to work closer together to become competitive in providing support and service to local and out-of-state filmmakers and production teams. Currently, the City of Boise is in the process of setting up its first regional film commission within the city government.

“Connection among the filmmakers within different cities of Idaho is something that is lacking right now. There is very little connection among other regions and cities in the state. The film office should try and tie all the cities together.”

LOCAL TV PRODUCTION COMPANY EXECUTIVE DIRECTOR

“Idaho should develop a good film office that plays a role as the detail and media center. The film office should become a place that helps the filmmakers with information.”

LOCAL IDAHO FILMMAKER

Physical Infrastructure

There are very few stages or sound studios for filmmaking in Idaho. Idaho lacks the completeness of rental film equipment service as well. Although some may argue that stages, studios, and film equipments are not crucial factors for the development of a local film industry, those are attractive sources for big feature productions because it enables them to productively film within their limited budget and schedule.

"If Hollywood productions decide to come to Idaho to film, they may require certain big facilities and equipments."

LOCAL IDAHO FILMMAKER

"It would be nice to have a film facility here in the Boise area because there is a market here."

GOVERNMENT EMPLOYEE

Financial Infrastructure

Investment is important for the development of human infrastructure and physical infrastructure. Successful film industries have managed ways to develop their financial infrastructure. Currently, the Idaho Commission on the Arts provides grants to few local independent filmmakers and film festivals every year. However, the amount is small and not comparable to that of successful film industries.

"Idaho lacks investment. Film is a product and investment is necessary. The talent is here in Idaho but it needs investment, experience, and opportunities. Somebody needs to take the risk to invest."

"Idaho needs to provide more opportunities for grants to local filmmakers."

LOCAL IDAHO FILMMAKER

Leadership

With the guidance and leadership from the Idaho Film Task Force Group, a new film and media tax incentive was approved on March 30, 2006 and will take effect July 1st, 2006. The Idaho Film Task Force Group was formed by Idaho Department of Commerce and Labor Director, Roger Madsen, and Co-chaired by Representative Jana Kemp and Academy Award winning filmmaker Ben Shedd. The Idaho Film Task Force Group held four meetings during the latter half of 2005 and these meetings brought unity to the Idaho film community. The Idaho Film Task Force Group has demonstrated strong leadership to get the new tax incentive approved by the legislature. To develop a sustainable film industry, Idaho would need someone or some group to continuously demonstrate leadership.

PART VI: COMPARISON OF THE THREE LOCAL FILM INDUSTRIES

Exhibit 11 is a comparison of some of the factors relationship to human infrastructure, physical infrastructure, financial infrastructure, and marketing. The purpose of the comparison is to demonstrate the scale of Idaho's film industry compared to the two other film industries. To compare the three local industries, the state or province and its capital city are grouped together.

Exhibit 11. Comparison of the three film industries.

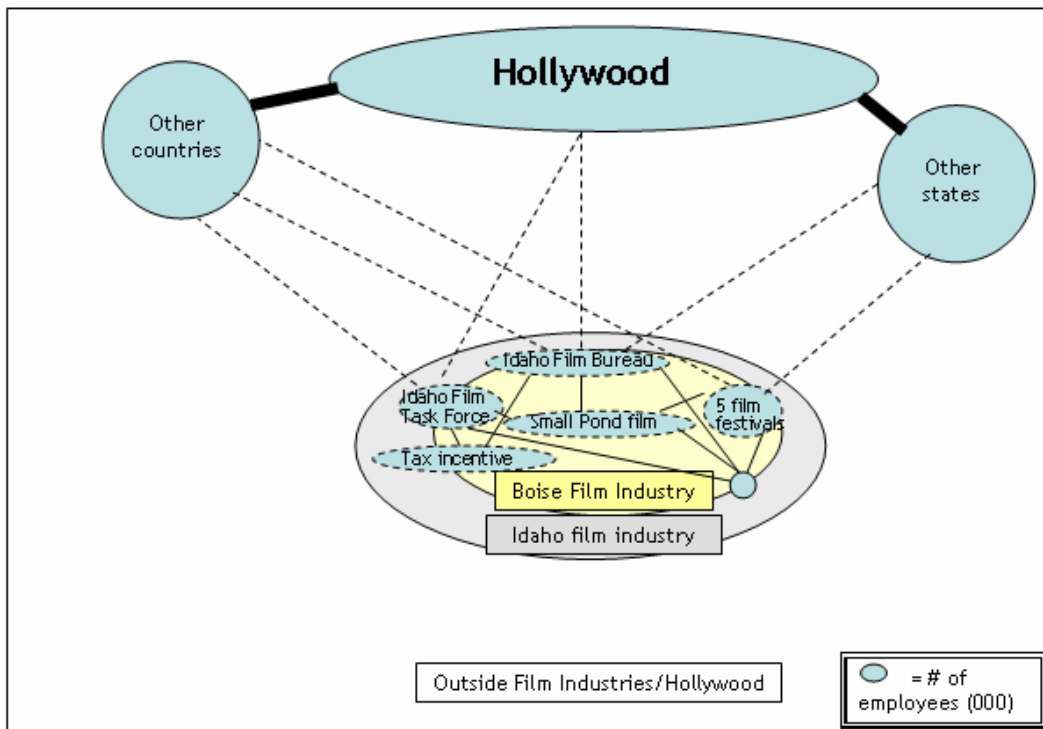
	Vancouver and British Columbia	Austin and Texas	Boise and Idaho
# of staff in the Province/State film office	5	6	1 (+ 1 additional staff in the future)
# of staff in the city film office	7 +other part-time staff	2	0
# of regional office	8	8	0
# of film institutions in Province/State	18	10	2
#of major film institutions in city	9	2	0 (only courses offered)
# of film festivals in Province/State	14	23	5
# of film festivals in city	10	10	4
# of film related employees in Province/State	30,000	16,000	800
# of film related employees in city	unknown	3,500	unknown
major funding sources in Province/State(\$US)	\$38M (from '90-'04)	unknown	few
major funding sources in city (\$US)	unknown	\$550,000 ('96-'05)	None
# of studios and stages in Province/State	60	14+	few
# of studios and stages in city	11	1very large+11	0

Data source: NAICS 5121 Motion picture & video industries, BC Film Commission, Austin Film Guide 2005/2006

*2004 CND-US Currency conversion average rate used for calculation

By using the above measures for the quantitative variables and adding other qualitative variables such as tax incentives and leadership, a networking matrix that illustrates the scale of each film industry can be mapped. As a result, the networking matrix of the Boise and Idaho film industry in Exhibit 12 turned out to be smaller and less complex than that of Vancouver and British Columbia in Exhibit 13 or Austin and Texas in Exhibit 14. The two successful film industries have stronger networking ties among the local and out-of-state/province film community. The thickness of the links represents the trust and strength of the connection among the local and out-of-state/province film community. The multiplicity of networking which represents the number of contacts one has among the film community is measured by the number of links.

Exhibit 12. Boise and Idaho film industry networking matrix.



*The dotted lines refer to potential competitive variables and out-of-state networking ties

Exhibit 13. Vancouver and British Columbia film industry networking matrix.

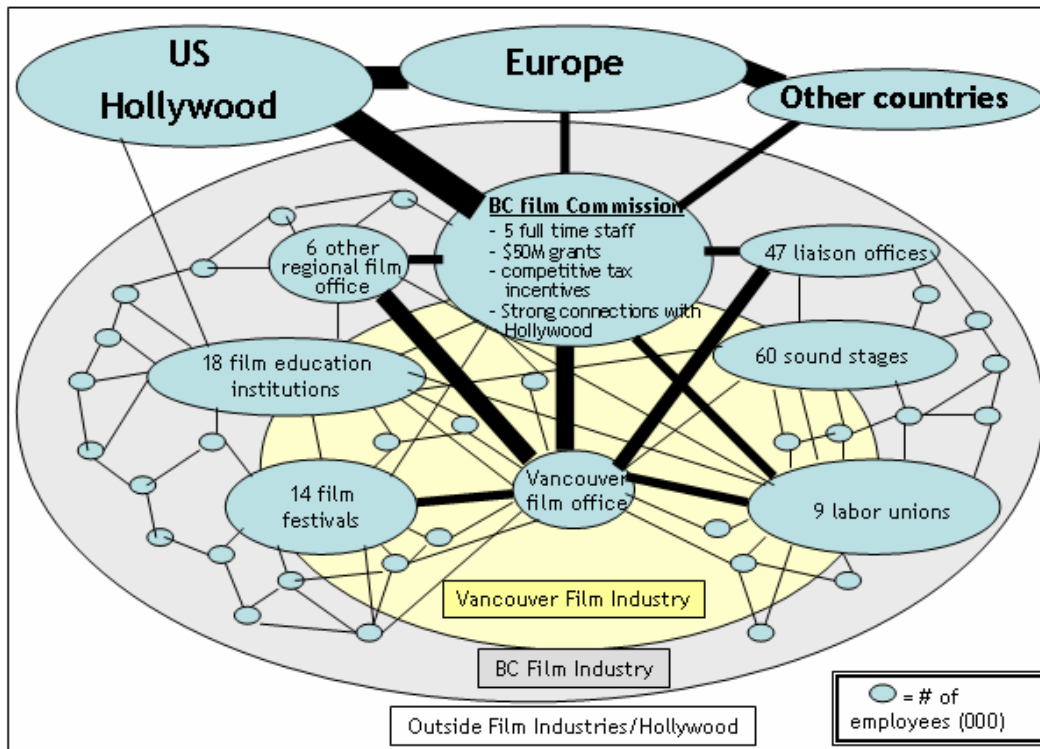
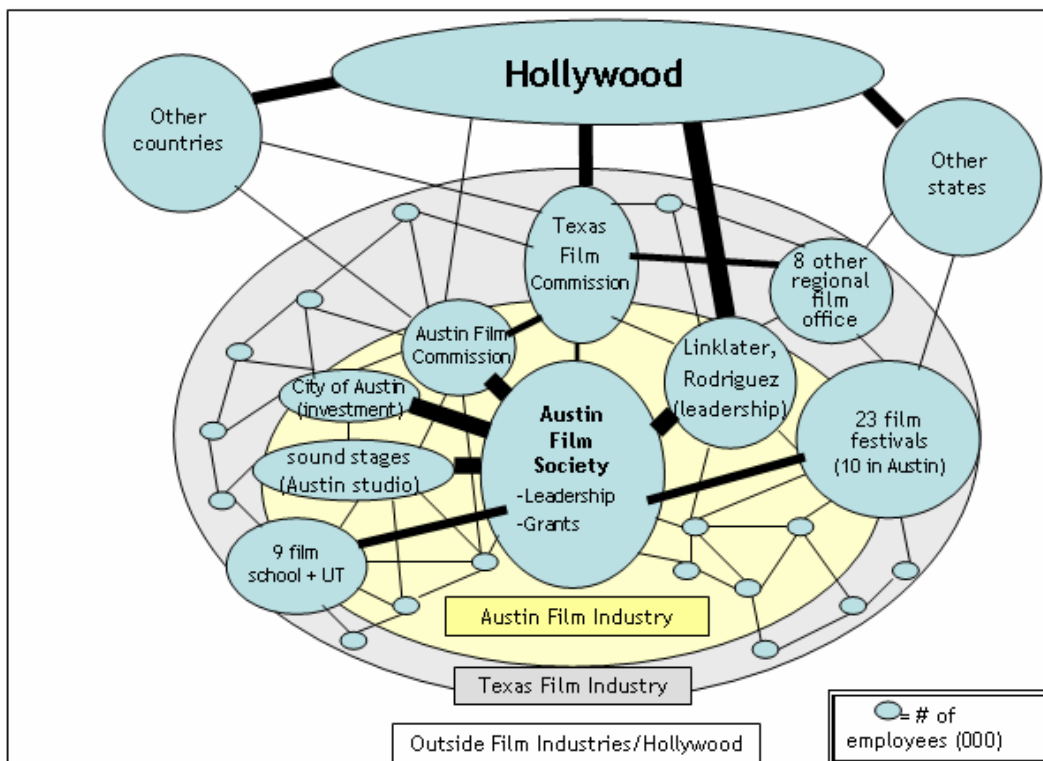


Exhibit 14. Austin and Texas film industry networking matrix.



PART VII: CONCLUSION

Idaho is still in the early development stage trying to establish a sustainable film industry. At this stage, the State has several decisions. Idaho should first, decide which approach to take. Next, it should set the film industry's plan and short-term goals. A "Bring it in from the outside" approach requires larger investment in the early development stage because all six factors need to be implemented. If this approach is taken, Idaho should expect to see a rapid growth after implementation.

On the other hand, the "Nurture from within" approach requires less initial investment, and growth would be gradual.

Currently, Idaho is trying to develop its film industry with a new approach, a combination of "Bring it in from the outside" and "Nurture from within" approach. Although this could become the third approach to successfully develop a local film industry, Idaho needs to be careful not to get stuck in the middle because this could lead to weak competitive advantages in all six factors.

This study was conducted to find the factors that drive the development of a local film industry and to develop a template that could be used across cities, states, and countries when developing a local film industry. Although the focus of the study was the film industry, this template could be applied in other industrial sectors as well. This template could be applied in industries where creativity is an important factor. Such industries could include bioscience, architecture, or high tech industries.

LIST OF INTERVIEWEES

Andrew Ellis, North End Films, LLC
Brandon Hull, Film Producer/Director
Chad & Cecilia Rinn, Full Tilt Boogie LLC
Dan Harpole, Idaho Commission on the Arts
Dawn Wells, Idaho Film and Television Institute
Doug Copsey, Doug Copsey Productions
Ed Lukas, Wells Fargo Bank
Gregory Bayne, Revival + Pictures/ True West Cinema Festival
Jana Kemp, Idaho State Representative
Jerome Mapp, Former Boise City Council Member
John Hale, KPMG, LLP
Madeline Behrendt, Idaho Women Filmmakers
Michael Gough, Super Red Pictures
Nathan Snyder, Owyheesound
Norm Nelson, Echo Film Productions
Peg Owens, Idaho Film Bureau
Peter Lutze, Boise State University
Shane Jibbens, North by Northwest Production
Terry Christenot, Treasure Valley Community Television
Tom Williamson, Executive Film Producer

Also received information from

Heather Rae, Appaloosa Pictures/ True West Cinema Festival
Marian Augustine, Austin Film Commission
Muriel Honey, City Of Vancouver, Vancouver Film Office
Robert Brown, Texas Film Commission

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