

Michigan Film Advisory Commission

Minutes

November 19, 2003

The Chairperson, Richard McLellan, called the meeting to order at 3:00 p.m.

Members present: Mary Kay Baribeau, Bob Brown, Jim Burnstein, Harry Carlson, Alice Gilbert, Nancy Hagan, John Kelly, and Dan Pero.

Janet Lockwood, Director of the Michigan Film Office, was also present.

1. Introduction of the Members: Each member introduced himself or herself.
2. Agenda: The Commission unanimously adopted the agenda, which is attached to these minutes.
3. Previous Minutes: Mr. Carlson recommended that item six of the previous minutes be changed to show that Ms. Hagan attended the Research Committee's meeting. The Commission unanimously adopted the minutes for the October 21, 2003 meeting, as amended.
4. Update on Michigan Film Office: Ms. Lockwood reported that she is working with several commercial shoots, a VH1 shoot, and two student productions. Mr. Dave Lam of the History, Arts and Libraries wrote the program to get the Film office website together. The site's address will be www.michigan.gov/filmoffice, and it will hopefully be up and running by Thanksgiving. The site will feature a searchable production guide and a way for people to add or change information in the guide by submitting their information to Ms. Lockwood through the website. Ms. Lockwood recommended keeping the internet presence committee until the website is finalized and satisfactory. The Chairperson agreed that keeping the committee was a good idea and encouraged Commission members to visit the site and provide feedback.
5. Report from Vice Chairperson: The Vice Chairperson met with representatives from the University of Windsor and the Center for Creative Studies about the idea of a film festival in southeastern Michigan. He also spoke with Ms. Liz Boyd of the Governor's office, who said the governor would support such a film festival. He envisioned incorporating the film festival into the International Freedom Festival, which is sponsored by both the United States and Canada. The film festival would have a theme to attract international filmmakers, the Vice Chairperson suggested "social justice." The role of the Commission would be to serve on panels, serve on organizational committees and to help initiate the festival. The University of Windsor is interested in cooperatively funding the festival. The festival would help attract industry to Michigan.

The Chairperson then asked for comments from the Commission.

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- Mr. Shields said, it was a good idea to serve as a catalyst.
- Mr. Pero also liked the idea, but would like the Commission to pick a subject matter that would be more of a draw. He also suggested that it might be beneficial to support existing festivals.
- Mr. Brown pointed out that festivals are difficult to produce. They involve an enormous amount of time and money, and require volunteers and committees. He said that location is a key to drawing crowds. He also noted that they are a marketplace for filmmakers but the group that receives the most benefits are local businesses.
- Mr. Burnstein agreed with Mr. Brown and noted that there are already a number of film festivals. He said that a student film festival would only feature shorts, as this is all students would likely be able to afford to produce. He emphasized that it would be important to have a focus. He suggested that if student films were to be the focus, the Commission could use the school's end-of-term competitions to select entrants, and perhaps find a sponsor for a prize.
- Ms. Hagan thought that a film festival might not be the best use of the Commission's time and effort. She wanted to focus the Commission's effort on the tax incentives. She also questioned whether it was appropriate for the Commission to be creating a film festival to support the Canadian as well as Michigan film industry.
- Ms. Baribeau agreed that a film festival might not be the best thing for the Commission.
- Mr. Carlson would be willing to support a film festival if someone develops a plan for it.
- Ms. Gilbert liked the idea of a film festival. She suggested that a big sponsor would be necessary for an international film festival. She also brought up the idea of having competitions at schools with film programs to support the festival.
- The Chairperson believed that encouraging existing and new festivals would be more in the scope of the Commission's legislative purpose and budget. Unless a donor could be arranged to fund the efforts necessary for a successful film festival. Over time the Commission may be more capable of supporting a film festival. He also thought that something similar to the Governor's Arts Awards might be better than a film festival.
- The Vice Chairperson responded that he believed the Commission should take on a more active role. He also thought it was important to have an event to showcase the industry in Michigan and to help it grow. The International

Freedom Festival was suggested because it has a large budget and little substance outside of the fireworks.

The Chairperson suggested that the Vice Chairperson write a letter to the existing Michigan film festivals to get an idea of what is needed to create and put on a film festival. He also suggested that the Planning Committee look into the idea of a film festival.

6. Committee Reports: The Research Committee presented its findings from its study of tax incentives in other states. Mr. Brown reported that he also contacted Film Offices in other states. He made contact with 47 Offices. Seven gave no response, two had been closed for good. Of the 38 remaining Offices, California had the largest budget and Arkansas had the lowest at \$13,000. Michigan's Film Office had the fourth smallest budget. The committee with the help of Ms. Lockwood selected the three states with the best tax incentive plans.

- Ms. Hagan reported on New Mexico's program. New Mexico has passed five bills in eight years. Its program is very progressive and head and shoulders above other states. The programs include guaranteed loans and tax credits. The state also has a very nice website that contains a lot of helpful information, such as, liaisons for communities, rules for the incentives, and location assistance. The tax program allows for a gross receipts deduction, which is a sales tax exemption or a fifteen percent tax credit based on in-state expenditures. The state also provides workforce training. The program certifies students and offers incentives to employers who utilize certified employees. The state also invests in filming in New Mexico directly and through loans. To minimize the risk, the state requires a performance bond and a guarantor for any loans. New Mexico also allows for free filming in any one of 800 state owned buildings. The state funded much of the program from oil and gas tax revenue. The Film Office works closely with the Tax department to insure that the programs run smoothly.
- Mr. Carlson reported on Missouri's program. Missouri also has an excellent website with a searchable production guide. The Film Office has three people and a budget of \$200,000. The state has a tax credit program that is designed to attract business. The tax credits must be for a minimum of \$150,000 and can be for as much as \$500,000. They require pre-approval. In Missouri, tax credits can be sold, and they are worth between eighty and ninety percent of their face value. The program is working well; however, there are proposals to cut it back.
- Mr. Brown presented Ms. Marx's findings on the state of Louisiana. The state has a similar program to the others. It uses incentives to lure and keep business in the state. For outside business with a budget between \$300,000 and One million they receive a ten percent tax credit, for budgets over one million dollars the credit is fifteen percent. The credits are good for ten years. For businesses in the state there is an employee labor credit of ten percent for

budgets of \$300,000 to one million and twenty percent for budgets over one million. This credit is also good for ten years. The state also offers a sales and use tax exemption of up to \$250,000 worth of taxes. The sales tax is four percent. The program is coordinated through the film office.

The Committee invited questions and comments from the Commission.

- The Chairperson requested that the Committee put together a list of priorities that would have the maximum impact and suggested getting the proposal with some detail to the Legislative Service Bureau so they could begin drafting legislation. He also said it would be important to present the legislation in a way that legislators would want to support it and to press ahead with the legislation.
- Mr. Pero asked if the Michigan Economic Development Corporation would be an appropriate place to direct the program. The Chairperson believed that Treasury would be the best. Mr. Kelly believed that tax credits should stay with Treasury but other aspects may be appropriate for the MEDC and suggested talking to Dave Hollister. Mr. Pero also discussed the perception that tax credits merely give money to Hollywood, a point that Ms. Hagan made during her presentation. Ms. Hagan responded that the perception is a hurdle, but that it could be overcome by anecdotal evidence from production workers and local businesses and by data showing economic development. Mr. Shields agreed and said that such anecdotal evidence would be helpful to convince legislators of the benefits of tax incentives to Michigan workers and businesses.
- Ms. Lockwood wanted to make sure that any legislation also provided for an appropriate agency or office to administer the program, as it would be taxing on her office.
- Mr. Jack Schick said it would not be too difficult to show legislators that the proposal would bring money into the state. He also said it would be important to get legislators involved, which would create interest in administrative agencies. The legislation from other states could be used to show Michigan legislators how the programs work.

7. Private Support for the Film Office: The Chairperson discussed the possibility of private donations to the Film Office. He has a memorandum that discusses the tax status of similar donations to other government entities. Mr. Carlson said he was involved in similar initiative for Oakland University. The funds were tax deductible and could be earmarked for a specific program. Ms. Lockwood said that the Film Office has an account and exclusive control over the funds put into the account.

8. Meetings for 2004: Suggested meeting sites for 2004 for were: Mr. Jacobson's screening room in Detroit, Celebration cinema in Lansing or Grand Rapids, the University of Michigan, Grace and Wild Studio in Farmington Hills, and the

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Detroit or Grand Rapids area generally. The Commission determined that Mondays would not be a good day to meet and that four meetings should be scheduled for the year. The first meeting is to be at the end of January.

The Commission also decided to have a conference call in the first two weeks of December to move forward on the tax incentive legislation, in hopes of having it included in the State of the State address.

9. Comments: Ms. Lockwood mentioned a Cool Cities event, the Michigan Conference of Arts at the Lansing Center on December 11, featuring Richard Florida.

10. Public Comment: The Commission invited comments from the audience.

- Ms. Marsha Fishman of the Screen Actors Guild said that her organization would be willing to help the Commission, and that they could call on people from across the country.
- Mr. Todd Rollenhagen of Ion Post said that the Commission ought to have a meeting in Grand Rapids. He believes it would be well attended. He liked the idea of a film festival, specifically one that supported and screened student films.
- Mr. Mark Adler of the MPA believes that a film festival would be a good idea. He also presented the Commission with a “Draft for a Strategic Plan for the Industry.” It calls for drafting comprehensive plans to seek funding for the Film Office and commercial work, making the Film Office website and on line production guide better, and developing a plan to educate elected officials about the industry, among other things. He also wanted to emphasize that the Commission should support commercials as well as movies.
- Mr. John DeMonaco, President of Motion Picture Studio Mechanics, Local 812 IATSE, discussed the importance of commercials, industrials, PSA’s, etc. to the industry and the vast number of workers who work on them, but not on motion pictures.

The Chairperson adjourned the meeting at 5 p.m. After the meeting, the Commission was treated to a reception hosted by Lansing Community College and its Motion Picture Production and Direction Program. Ms. Paula Cunningham, President of the College; Mr. Jack Bergeron, Chair of the Visual Arts and Media Department; and Mr. David Haggadone, Program Coordinator of Motion Picture Production and Direction/Media Technology along with faculty and students from the College put on a presentation.