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The following study was conducted at the request of the Livingston Economic Development Council (LEDC) using generally accepted research methods, models and techniques.

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Sincerely,

A handwritten signature in black ink that reads 'William Joubert'. The signature is written in a cursive style with a long, sweeping tail on the letter 't'.

William Joubert  
Director  
Business Research Center

**Southeastern Louisiana University Business Research Center**  
*A Collaborative Effort of the Southeast Louisiana Business Center and  
the Southeastern Louisiana University College of Business*

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# Estimated Economic Impacts of

# Potential Television and Film Production in Livingston Parish, Louisiana

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February 2012

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## EXECUTIVE SUMMARY

Film and television production has become a significant contributor to Louisiana's economy over the last 10 years, in large part due to the attractive tax credits offered by the State. Although productions have been filmed throughout Louisiana, most of the activity has been based in Baton Rouge, New Orleans, or Shreveport, where production facilities, professional crew, and supporting businesses are primarily located.

This report analyzes the potential economic impacts of attracting future film productions to Livingston Parish.

Typical budget totals for Louisiana productions were obtained from Fiscal & Economic Impact Analysis of Louisiana's Entertainment Incentives (Baxter, 2011). Expenditure categories and allocations were obtained from a sample small-budget film production budget accessed at <http://motionpicturebudgets.com/pdf/Low%20Bud.pdf>.

Based on a typical Louisiana film production (circa 2010) with a budget of \$8.23 million being filmed in Livingston Parish, an estimated \$1.28 million would be spent within the Parish, \$5.01 million in the rest of Louisiana, and \$1.94 million outside of the state.

Over half of the projected spending in Livingston Parish would be direct wage payments to individuals, with over 70 percent of the wages paid to truck drivers for production and crew transport vehicles. The balance of the wages paid would be to skilled and semi-skilled production assistants, extra/stand-in talent, and first-aid personnel.

Approximately 22 percent of the projected in-parish expenditures would go to hotels and food service and drinking establishments providing lodging and meals for the production crew and actors.

IMPLAN Professional 2.0© software and model structures for Livingston Parish were used to analyze the impacts of the projected spending on the Parish economy.

The \$1.28 million of spending in Livingston Parish would have an estimated total output impact of \$1.91 million on the Parish economy, supporting an estimated 24 jobs with wages of \$1.00 million. The associated economic activity would generate approximately \$75,000 in state and local tax revenues.

The current lack of production facilities, professional crew, and specialized support industries in Livingston Parish requires that a much greater share of a film's production budget be spent outside of the Parish, and restricts the in-parish expenditures to more general, ancillary sectors.

If Livingston Parish successfully recruited the specialized film production support sectors to locate within the Parish in the future, more of a locally-filmed production's expenditures would be likely to remain in the Parish.

## INTRODUCTION

Louisiana was the first state in the U.S. to create a statewide movie production incentive (MPI), when, in 1992, it promulgated a tax credit for “investment losses in films with substantial Louisiana content” (Tax Foundation, 2010). This initial incentive program had little impact, with only three films produced in the state from 1992-2002 ([http://www.louisianaentertainment.gov/film/films\\_by\\_year.cfm](http://www.louisianaentertainment.gov/film/films_by_year.cfm))

With the passage of Louisiana’s entertainment industry tax credit program in 2002, film production in Louisiana expanded rapidly, growing from eight productions in 2002 to an average of approximately 90 film and TV productions per year for the period 2008-2010.

Louisiana’s expanded entertainment tax credit started an incentives war among states, and by 2009 a peak of 44 states offered movie production incentives (Luther, 2010). With the subsequent suspension of the incentive programs in Kansas and Iowa, the number is currently at 42.

Louisiana’s tax credit program remains one of the most generous, however. As described on Louisiana Economic Development’s “LouisianaEntertainment.gov” web site:

**“Louisiana offers a 30% transferable incentive for total in-state expenditures related to the production of a motion picture. An additional 5% labor incentive can be earned on the payroll of Louisiana residents that are employed by a state certified motion picture production. The incentives are fully transferable and Louisiana has no limit to the amount of incentives that can be earned by a single production. Only money spent on your production costs within the borders of the state of Louisiana will qualify for the 30% incentive. That includes all services that are performed in Louisiana from residents and non-residents alike. Now, you have the option to transfer credits (incentives) to the state for .85 on the dollar, and we will send you a check immediately. For specific examples of acceptable production expenditures, see Act 478.”**

(<http://www.louisianaentertainment.gov/film/content.cfm?id=149>, accessed 2/10/2012)

The generous incentive program, coupled with the development of Louisiana’s film production infrastructure and labor force, has led to continued strength and growth in film and television production in the state.

## ANALYSIS METHODOLOGY

This analysis utilized the input-output method to estimate the potential economic impacts of local film productions on the Livingston Parish economy. The input-output method is based on the economic linkages between various sectors and industries, which cause every dollar of expenditures to “ripple through” the study area’s economy. This results in expenditures being “multiplied” to various degrees, causing a larger economic effect than the original amount of the expenditure. These “ripple” or

“multiplier” effects continue to contribute to the economic impact of the expenditure until the effects leave the study area or become too small to measure.

The total economic contribution of an organization, company, industry, event, or project consists of *direct*, *indirect*, and *induced* effects.

*Direct* effects are the immediate effects on business activity in the area occurring as a direct consequence of the company, industry, event, or project being studied.

*Indirect* effects occur in sectors that supply materials, goods, and services to the directly-affected entity. For example, a landscaping contractor hired for the project under study is *directly* impacted by expenditures of the project organizers. Plant nurseries which provide plants to the landscape contractor are *indirectly* impacted, when the landscaper purchases plants to use on the organization’s projects. In turn, businesses that provide goods and services to the plant nurseries are indirectly impacted from the increased activities of the nurseries. These indirect impacts continue to contribute to the economic impact until the subsequent expenditures become too small to measure or leave the study area, e.g. if the plant nursery purchased their potting soil from outside the study area, that portion of the impact chain would stop. However, other expenditures by the nursery, such as fuel and maintenance for greenhouses, may continue to accrue to the study area.

*Induced* effects are created by the increase in consumer spending generated by increased payrolls in the directly and indirectly impacted industries. In the example above, the entity managing the project has employees with their associated wages, the landscape contractor will hire employees (or increase the work hours of existing employees) to handle the work at the project, and the plant nurseries will hire workers to produce the plants for the landscape contractor. All of these employees in the various industries will then spend their wages on food, housing, entertainment, etc., creating further economic benefits in the region. The sum of all of the impacts deriving from increased payroll spending is the induced effect.

The sum of the direct, indirect, and induced effects represents the total economic contributions. The total economic impacts divided by the direct effect yields the economic impact *multiplier* of the organization, company, industry, event, or project in question. In most cases, the multiplier will be between 1.0 and 2.0.

IMPLAN Professional 2.0© software and structural matrices (©Minnesota IMPLAN Group) were utilized to complete the analysis of the estimated economic impacts of potential film production expenditures on Livingston Parish.

## **DATA, ASSUMPTIONS, and MODEL CONSTRUCTION**

The authors of this study decided to conduct the impact analysis on a “per film” basis, using the in-state expenditures of a “typical” Louisiana film production as the starting point to calculate the direct amount of spending a film production would bring to Livingston Parish.

Expenditure data through 2010 was available from a recent analysis of Louisiana's entertainment incentive program entitled Fiscal & Economic Impact Analysis of Louisiana's Entertainment Incentives (Baxter, 2011).

### ***Louisiana Film and Television Production Expenditures***

Prior to 2006, Louisiana's film production tax credits were based on the total amount spent on a film produced in Louisiana, whether or not the spending actually occurred in Louisiana. The average percentage of total film budgets spent in Louisiana in 2006 was 34 percent (Baxter, 2011).

Legislation was passed in 2006 to specify that only spending within the state would qualify for tax credits. Following the 2006 eligibility changes, and also reflecting the growth in Louisiana's production infrastructure and labor force, the percentage of total production budgets spent in Louisiana has ranged from 83 percent in 2007 to an estimated 64 percent in 2010 (Baxter, 2011).

The 2010 percentage was decreased by the inclusion of several high-budget "mega-productions", which tend to import more crew and equipment from out of state, and export more editing and production work to other locations. When these large productions are excluded, and the statistics are based on those projects with budgets of \$20 million or less (which account for the bulk of Louisiana projects), the percentage of total production budgets spent in Louisiana in 2010 was 77 percent (Baxter, 2011).

Total budgets for all projects filmed in Louisiana from 2008-2010 varied from \$653 million in 2008, to \$519 million in 2009, to an estimated \$1.1 billion in 2010. The portion spent in Louisiana over those same years was \$474 million, \$362 million, and \$674 million, respectively (Baxter, 2011).

On a per project basis, the average total budget for the 276 motion picture projects filmed in Louisiana from 2008-2010 was \$8.23 million, with \$5.5 million of that total being spent in Louisiana.

### ***Estimated Portion of Expenditures Occurring Within Livingston Parish***

To date, Louisiana film production projects have predominantly been located in or near Baton Rouge, New Orleans, and Shreveport. These cities are where many of the professional staff and specialized equipment vendors necessary to support film productions are located.

The three afore-named cities are also home to all of Louisiana's existing sound stages, meaning that post-production work on projects filmed in other parts of the state are typically done in one of these three large cities.

In order to gain some knowledge of what types and amounts of film production expenditures could be realistically anticipated to be spent within Livingston Parish under current conditions, an itemized sample budget for a "small budget" production (total budget = \$5.95 million) was obtained from <http://MotionPictureBudgets.com> (accessed on 2/13/2012).

The authors have no way of determining how realistic the cost structure of the sample budget is, but it is the only itemized budget that the authors could locate, and was referenced on other industry web sites and blogs as being a useful reference.



The sample budget is based on a production shot in Maryland and California, and has costs allocated to both locations. To adapt the budget to Louisiana, all of the Maryland and California production costs were assumed to occur in Louisiana, with only the studio, director, cast, and overhead (insurance, benefits, etc.) costs remaining out-of-state. In making these adjustments, 76.5 percent of the total expenditures were allocated to Louisiana, which is very close to the 77 percent in-state spending for small-budget films in 2010.

In order to scale the sample budget up to the level of the average Louisiana production budget of \$8.23 million, a factor of 1.38 ( $\$8.23/\$5.95$ ) was multiplied by all expenditures in the sample budget. After this adjustment, the total sample film budget showed out-of-state expenditures of approximately \$1.9 million and Louisiana expenditures of \$6.3 million.

In order to calculate potential impacts on Livingston Parish, the Louisiana expenditures had to be allocated between Livingston Parish and the rest of the state. In making these allocations, the authors attempted to estimate which expenditures could realistically be expected to go to Livingston Parish residents and companies, and which would most likely have to be fulfilled by companies and professional staff from outside the Parish.

Table 2 (on the following page) reveals the sample budget expenditures as adjusted and allocated by the authors.

Approximately \$1.3 million of the total \$8.2 million film production budget for a theoretical film shot in Livingston Parish is projected to have a reasonable possibility of being spent in the Parish. With no studios or production facilities located in Livingston Parish, most of the potential expenditures in the Parish are for on-site production expenses, as illustrated in Table 1 (below).

<u>Acct. #</u>	<u>Description</u>	<u>Example Expenses</u>	<u>Amount</u>
15-00	ATL* Travel & Living	Hotel & personal (per-diem) expenditures	\$ 44,622
Various	Total Fringes	Payroll services	\$ 7,748
20-00	Production Staff	Payroll clerk, Asst. Prod. Office Coord., Prod. Assts.	\$ 35,006
21-00	Extra Talent	Extras & stand-ins	\$ 79,853
25-00	Set Operations	Location first-aid services	\$ 10,046
29-00	Wardrobe	Cleaning and dyeing of clothes	\$ 5,533
31-00	Makeup & Hair	Assistant Makeup Artist & Assistant Hairdresser	\$ 31,197
34-00	Production Sound	Batteries, recording tape, etc.	\$ 3,029
35-00	Transportation	Truck drivers, rental cars, fuel, maint., sewer pumping	\$ 520,516
36-00	Location	Site rental, BTL* hotel/per diems, catering, office equip., security svcs., Asst. Loc. Mgr., Loc. Prod. Asst.	\$ 426,068
72-00	Contingency	10% Contingency of all above costs	\$ 116,362
		Total	\$ 1,279,980

\*ATL = "Above the Line" or artistic staff and crew      BTL = "Below the Line" or technical staff and crew

**Table 2. Sample small-budget film production budget**  
**Source of base budget: MotionPictureBudgets.com**

Adjusted Sample Budget (\$8.23 million total)

<u>Acct. #</u>	<u>Description</u>	<u>Out-of-State</u>	<u>Liv Parish</u>	<u>Rest of LA</u>	<u>Total</u>
11-00	Story, Rights, Continuity	\$ 109,272	\$ -	\$ -	\$ 109,272
12-00	Producers Unit	\$ 177,425	\$ -	\$ -	\$ 177,425
13-00	Direction	\$ 173,314	\$ -	\$ -	\$ 173,314
14-00	Cast	\$ 805,018	\$ -	\$ 153,811	\$ 958,830
15-00	ATL Travel & Living Expenses	\$ 60,446	\$ 44,622	\$ 7,884	\$ 112,952
16-99	Total Fringes	\$ 159,535	\$ 2,582	\$ -	\$ 162,117
	Total Above-the-Line (ATL) Costs	\$ 1,485,010	\$ 47,204	\$ 161,695	\$ 1,693,910
20-00	Production Staff	\$ -	\$ 35,006	\$ 419,611	\$ 454,617
21-00	Extra Talent	\$ -	\$ 79,853	\$ 27,690	\$ 107,543
22-00	Set Design	\$ -	\$ -	\$ 98,269	\$ 98,269
23-00	Set Construction	\$ -	\$ -	\$ 156,501	\$ 156,501
24-00	Set Striking	\$ -	\$ -	\$ 6,916	\$ 6,916
25-00	Set Operations	\$ -	\$ 10,046	\$ 259,465	\$ 269,511
26-00	Special Effcts	\$ -	\$ -	\$ 13,832	\$ 13,832
27-00	Set Dressing	\$ -	\$ -	\$ 234,146	\$ 234,146
28-00	Property	\$ -	\$ -	\$ 166,483	\$ 166,483
29-00	Wardrobe	\$ -	\$ 5,533	\$ 142,267	\$ 147,800
31-00	Makeup & Hairdressing	\$ -	\$ 31,197	\$ 82,491	\$ 113,687
32-00	Lighting	\$ -	\$ -	\$ 198,952	\$ 198,952
33-00	Camera	\$ -	\$ -	\$ 244,189	\$ 244,189
34-00	Production Sound	\$ -	\$ 3,029	\$ 85,427	\$ 88,457
35-00	Transportation	\$ -	\$ 520,516	\$ 201,028	\$ 721,544
36-00	Location	\$ -	\$ 426,068	\$ 266,628	\$ 692,696
37-00	Production Film & Lab	\$ -	\$ -	\$ 156,857	\$ 156,857
43-99	Total Fringes	\$ -	\$ 5,166	\$ 624,261	\$ 629,428
	Production Period Totals	\$ -	\$ 1,116,414	\$ 3,385,013	\$ 4,501,427
45-00	Film Editing	\$ -	\$ -	\$ 304,966	\$ 304,966
46-00	Music	\$ -	\$ -	\$ 221,311	\$ 221,311
47-00	Post-production Sound	\$ -	\$ -	\$ 204,090	\$ 204,090
48-00	Post-production film & lab	\$ -	\$ -	\$ 198,759	\$ 198,759
49-00	Main & end titles	\$ -	\$ -	\$ 8,991	\$ 8,991
51-99	Total Fringes	\$ -	\$ -	\$ 40,937	\$ 40,937
	Post-Production Totals	\$ -	\$ -	\$ 979,055	\$ 979,055
65-00	Publicity	\$ 25,589	\$ -	\$ -	\$ 25,589
67-00	Insurance	\$ 105,123	\$ -	\$ -	\$ 105,123
68-00	General Expenses	\$ 16,598	\$ -	\$ 33,197	\$ 49,795
70-99	Total Fringes	\$ 6,418	\$ -	\$ -	\$ 6,418
	Total Other Costs	\$ 153,728	\$ -	\$ 33,197	\$ 186,925
	Sub-totals (before contingency)	\$ 1,638,738	\$ 1,163,618	\$ 4,558,959	\$ 7,361,316
72-00	Contingency (10%)	\$ 163,874	\$ 116,362	\$ 455,896	\$ 736,132
73-00	Completion Bond	\$ 132,597	\$ -	\$ -	\$ 132,597
	Total End-of-Budget Expenditures	\$ 296,471	\$ 116,362	\$ 455,896	\$ 868,729
	<b>Grand Totals</b>	<b>\$ 1,935,209</b>	<b>\$ 1,279,980</b>	<b>\$ 5,014,855</b>	<b>\$ 8,230,045</b>
	Grand Total Percentages	23.5%	15.6%	60.9%	

In order to estimate the economic impact of this sample movie production on Livingston Parish, the estimated expenditures from Table 1 were input into the appropriate industry sectors in the IMPLAN© model for Livingston Parish, as illustrated in Table 3. Note that the authors assumed that all crew and staff would stay in Livingston Parish hotels while on site in Livingston Parish, and that all per diems would be spent at Livingston Parish restaurants and drinking establishments.

Table 3 is shown in declining order of expenditures by sector, and gives a general idea of those Livingston Parish sectors expected to be most heavily influenced by local film productions.

<u>Expenditure</u>	<u>IMPLAN Sector</u>	<u>IMPLAN Sector Description</u>	<u>Amount</u>
Wages for local employees	5001	Employee compensation	\$ 602,335
Food service (catering & restaurants)	413	Food services and drinking places	\$ 152,357
Hotels	411	Hotels and motels, including casino hotels	\$ 105,123
Site rentals	360	Real estate	\$ 82,992
Vehicle rental	362	Automotive equipment rental and leasing	\$ 44,470
Fuel and oil	326	Retail - Gasoline stations	\$ 34,580
Security services	387	Investigation and security services	\$ 20,914
Office equipment rental	365	Comml. and indust. machinery and equip. rental and leasing	\$ 17,739
Telephone and cellular service	351	Telecommunications	\$ 17,290
Catering space & tents	363	General and consumer goods rental (exc. video)	\$ 14,524
Air conditioning	365	Comml. and indust. machinery and equip. rental and leasing	\$ 14,524
Office space rental	360	Real estate	\$ 12,449
Payroll service	368	Accounting, tax preparation, bookkeeping, and payroll svcs.	\$ 7,749
Photography (site scouting, etc.)	378	Photographic services	\$ 6,916
Maintenance & repairs	414	Automotive repair and maintenance, except car washes	\$ 5,533
Dry cleaning and dyeing	421	Dry-cleaning and laundry services	\$ 5,533
Telephone system rental	365	Comml. and indust. machinery and equip. rental and leasing	\$ 5,187
Miscellaneous supplies	330	Retail - Miscellaneous	\$ 4,412
Telephone installation	39	Nonresidential maintenance and repair	\$ 4,150
Sewage pumping service	390	Waste management and remediation services	\$ 2,075
Parking fees	360	Real estate	\$ 1,383
Permits and fees	432	Other state and local government enterprises	\$ 1,383
		Total of Itemized Expenses	\$ 1,163,618
Contingency	--	10% factor on all above expenses	\$ 116,362
		Total Estimated Expenditures	\$ 1,279,980

## ESTIMATED ECONOMIC IMPACTS ON LIVINGSTON PARISH

Based on the IMPLAN© model for Livingston Parish, the \$1.28 million of spending (described above) would have estimated impacts on the Livingston Parish economy shown in Table 4 on the following page.

The “Total Output” impact is merely a measure of throughput in the Parish economy, and is provided solely for comparison to published economic impacts of other projects and events. The output impact of the \$1.28 million in projected direct spending within the Parish is \$1.91 million, representing an output multiplier of 1.49.

The “Earnings” and “Employment” impacts are the more meaningful measures for Livingston Parish residents, because they represent wages and jobs brought to the Parish. It should be noted that the employment impact represents a cumulative annual equivalent of the jobs associated with the film production, which are primarily temporary and/or part-time and exist only for the duration of the production.

**Table 4. Estimated economic impacts of sample film spending on the Livingston Parish economy**

<u>Impact Type</u>	<u>Estimated Impact</u>
Total Output	\$1.91 million
Earnings	\$1.00 million
Employment	24 jobs
State & Local Taxes	\$74,861

## SUMMARY

The goal of this analysis was to estimate the economic impact on Livingston Parish of a single production filmed at a location within the Parish. The authors have not determined how many productions could realistically be attracted to the Parish per year, nor how the hiring of a film commission coordinator may influence the recruitment of productions to the Parish.

Based on typical film production expenditure totals for Louisiana and an adjusted sample itemized budget, the authors estimated that \$1.28 million of expenditures from a film production with a total budget of \$8.23 million could realistically be spent within Livingston Parish.

These expenditures would generate an estimated \$1.00 million in wages within the Parish, supporting the equivalent of 24 jobs.

Over half (52 percent) of the estimated in-Parish expenditures would be for direct wages, with 71 percent of the in-Parish wages being paid to truck drivers for the numerous production and personnel transportation vehicles. The remainder of the wages would be for skilled and semi-skilled production crew and extras and stand-ins.

Approximately 22 percent of the estimated expenditures would go to hotels and food service and drinking establishments, representing lodging and meals for a substantial number of crew members which may be in the Parish for several weeks.

A much larger share of a film’s total production expenditures would currently be spent outside of the Parish, where sound stages, professional crew, and specialized equipment rental companies are located. As a result, the expenditures and impacts on the rest of Louisiana from the sample production used in this analysis are approximately four times those of Livingston Parish.

If Livingston Parish were to attract some of the supporting industries, their share of film production expenditures and impacts would likely increase.

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