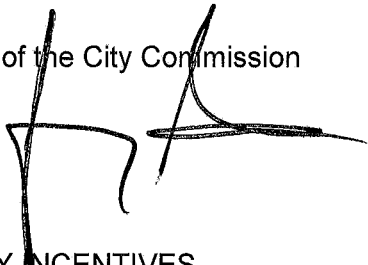


MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager 

DATE: February 8, 2017

SUBJECT: DISCUSSION OF FILM INDUSTRY INCENTIVES

This memo is in response to the request for a discussion item on recent media reports about the current state of film incentives and how to keep Miami Beach competitive as a film location. For over 50 years, Florida, and Miami Beach in particular, achieved recognition as a major film and television production destination. In the 1960's, the Jackie Gleason Show broadcast in front of the "greatest audience in the world" in Miami Beach to millions of viewers weekly on CBS while Frank Sinatra, Jerry Lewis and James Bond made Miami Beach hotels into icons and international fixtures on movie screens. In the 1980's *Miami Vice* revolutionized television on NBC, giving South Beach its revitalized look and feel, while *Scarface* made Ocean Drive an iconic film location. The 1990's brought major movie stars to film in Miami Beach, including Jim Carrey, George Clooney, Cameron Diaz, Martin Lawrence, Jennifer Lopez, Jack Nicholson, Al Pacino, Michelle Pfeiffer, Robert Redford, Arnold Schwarzenegger, Will Smith, Sylvester Stallone and Robin Williams. At the time, both Hollywood Reporter and Variety devoted special issues to the area, naming Miami and Miami Beach "Hollywood East," with the area the third most used filming locale in the United States, after Los Angeles and New York.

At the beginning of this century, states including Louisiana and New Mexico began offering tax-based incentives that mirrored successful national programs in Canada, Australia and Europe. Their success in luring productions from the historic production centers lead to a proliferation of programs throughout the United States, with 44 states offering film incentive programs by 2009. Florida began its incentive program in 2003 under Governor Jeb Bush with a modest pilot program that lured the Jason Statham starring French production *Transporter 2*. Under Governor Charlie Crist, the program advanced in funding each year, climbing to a \$20 M appropriation in 2007, and helping lure major film and television projects, including the Vanessa Williams starring CBS series *South Beach* and *Burn Notice*, which would go on to launch USA Network's original programming slate, attracting nearly 7 Million viewers a week over seven seasons. Following the recession, Film Florida, the state's entertainment trade association, which helped build and lobby for the incentive program since its inception, worked with Governor Crist and the Florida Legislature to pass the Florida Film and Entertainment Industry Tax Incentive Program in 2010, converting the appropriation to a long-term tax credit base and allocating \$296 Million over five years to attract film, television and digital media productions. The incentive was a runaway success, bringing major film and television projects, including *Magic City* (Starz), *Bloodline* (Netflix), *Ballers* (HBO), *Pain & Gain* (Paramount), *Rock of Ages* (New Line), *Step Up Revolution* (Lion's Gate), and portions of *Iron Man 3* (Marvel), at the time the fastest film to reach \$1B at the global box office. It also serviced digital media/ video game projects and telenovelas,

allowing Telemundo and Venevision to substantially invest in and expand their Miami-Dade operations, helping Telemundo to overtake Univision in key demographic ratings.

The Florida Film and Entertainment Industry Tax Incentive Program was a performance-based program that rebated only on Florida expenditures and hires only after spending and an audit occurred. The program brought in over \$1.25 Billion in qualified Florida expenditures, created 117,111 jobs for over \$740 Million in Florida wages and provided over 210,000 hotel room nights. The incentive produced a range of Return on Investment estimates, from 5.6 to 1 when looking solely at the program; 15 to 1 when factoring in its impact on Florida Gross Regional Product; and 20 to 1 when factoring in its impact on Florida Tourism, per a study of the MPAA and Visit Florida, which found 22.7% of leisure visitors and 19.5% of all visitors polled chose to come to Florida because of a film or television production filmed in the state. The Southeastern region of Florida, including Miami and Miami Beach, accounted for over 60% of incentivized productions during the program's run. Comparing permit figures before (2009) and after (2013) implementation of the incentive program, Miami Beach saw a 83.8% jump in film permits issued permits and 403.3% jump in production revenue reported in Miami Beach, with a record \$127,782,612 spent in Miami Beach in 2013 and a record 28,901 room nights in Miami Beach in 2012. In 2016, the final year of any incentivized productions, those figures are down to \$71,869,023 (-44%) spent and 18,681 (-36%) room nights used in Miami Beach.

The incentive program was so successful that it ran out of issuable tax credits in a little over 3 years instead of the five years allocated, but continued to serve productions through *Bloodline*, which wraps up this March. Film Florida and the City of Miami Beach pushed an extension and funding renewal of the incentive program the past four years to no avail under Governor Rick Scott. Last year, with tremendous opposition from the Koch Brothers' sponsored Americans for Prosperity organization, which opposes all incentive funding, a request to merely extend the program and not add funding was rejected, allowing the incentive to sunset on June 30, 2016. Since then, we have lost *Ballers* to Los Angeles' aggressive relocation incentive, *Bloodline* was compelled to finish its run in three seasons instead of the intended five, and we only hosted small portions of films *Baywatch* and *War Dogs*, when the producers intended to bring more to Florida. Those projects, like many we have tracked, were lost to Georgia, Louisiana, Los Angeles or New York, which all feature very aggressive and sustainable programs. Florida, once the third most prolific filming destination in the U.S. is now nowhere near the top 20, even while we celebrate the awards season success of *Moonlight*, made by Florida natives and alumni in Miami and Miami Beach in October, 2015, on a modest budget and without incentive support. The Florida House leadership for the next four years (Richard Corcoran of Land o' Lakes followed by Jose Oliva of Miami Lakes) follows the AFP model of incentive opposition, promising not to allow any incentive bills to clear the House floor. As a result, the nearly six decades of investment and development in this high-wage, green, self-marketing industry has been truly decimated, with the vast majority of cast, crew and infrastructure business relocated to Georgia and elsewhere.

The Department of Tourism, Culture and Economic Development has been at the heart of this process, with the City's Film and Event Production Manager serving as President of Film Florida when the incentive passed in 2010. The City additionally markets the destination, along with Film Florida and the Greater Miami Convention and Visitors

Bureau, at annual industry trade shows and festivals, supporting content and content creators from Miami Beach, in hopes of luring them back to film here. This was the model that helped bring *Moonlight* to film in Miami Beach. Additionally, along with the Miami Beach Production Industry Council, TCED has looked towards creating local incentive opportunities, inclusive of potential Miami Beach Visitor and Convention Authority and Miami Beach Cultural Arts Council grants, as well as low-cost or free options on parking and City facilities and easing permit restrictions, in an effort to attract and retain film productions in Miami Beach. TCED is evaluating local Florida incentive programs based on municipal general revenue or tourist development taxes in Sarasota, Tampa Bay and Jacksonville, with the intent to propose a similar Miami Beach local incentive, that would dovetail any future State or Miami-Dade County incentive programs, to further market the destination as film-friendly and economically viable. A comparison of these programs is attached.

JLM/KGB/ES/VW/gw

Florida local film incentive comparisons

Community	Type of Entity	\$ Source	Max award	Min Spend	App deadline	Marketing requirements	Incentive feature
Tampa Bay (Hillsborough)	County	Gen Rev	\$500,000	\$100,000	45 days	N/A	10% on spend/hires within county
Broward	CVB	TDT	\$150,000	N/A	N/A	N/A	Qualified expenditures, case by case basis
Jacksonville	County	Gen Rev	\$150,000	\$500,000	N/A	N/A	5-15% qualified expenditures/ hires in county
Manatee (Bradenton)	CVB	TDT	N/A	\$250,000	N/A	N/A	Based on value of project, inclusive of room nights. 90% of projhect must film in county.
Miami Beach VCA	CVB	TDT	\$30,000	\$120,000	60 days	Y	25% of Miami Beach spend (minus hotels, City services). Requires 250 MB Room nights.
Palm Beach	County/CVB	TDT	\$650,000 total for all projects	N/A	N/A	N/A	N/A
Sarasota	County	Gen Rev	\$25,000	\$1,000	45 days	Y	100% rebate on county fees; 20% on qualified private sector
St. Petersburg-Clearwater	CVB	TDT	\$200,000	N/A	N/A	Y	10% of local spend