

2008 MOPIC Economic Impacts

Study Highlights – July 24, 2009

Prepared by ESI Corp

ESI Corp recently completed their economic impact analysis on the MOPIC program and below are some high level findings of their report. Detailed results and policy recommendations are available in their full report.

ECONOMIC IMPACT OF THE MOPIC PROGRAM IN 2008 – COMPARISON OF FINDINGS

	ADOC	ESI
Jobs created	730	2,049
Wages & Salaries paid	\$43.5 million	\$82.2 million
State/Local taxes generated	\$2.3 million	\$7.8 million
Net cost to the General Fund	\$6.3 million	\$837,279

ANNUAL ECONOMIC IMPACT OF FILM PRODUCTION, DISTRIBUTION, AND EXHIBITION IN ARIZONA

The MOPIC program analysis only represents the economic impact of those film projects that applied for and were approved for tax credits. When examining the entirety of film production in Arizona, one can see that the impact is indeed quite significant.

- 9,905 jobs created
- \$282.8 million in wages/salaries paid
- \$33.6 million contributed to Arizona's General Fund
- \$431.7 million in Gross State Product (GSP) generated
- The overall industry has an economic multiplier of 3.2, meaning that for every \$1.00 spent by the film industry, another \$2.21 is generated in additional spending

KEY METRICS OF THE FILM AND MULTI-MEDIA PRODUCTION BUSINESS

Since the enactment of the tax credit program in Arizona, there has been an upsurge in economic activity.

- 12 percent growth in the number of production companies in AZ from 2005-2007
- 11.5 percent growth in annual wages in the film industry in AZ from 2005-2007
- 9.5 percent growth in enrollments in film programs at SCC and ASU for the 2007-2008 academic year
- 52 percent growth in the number of degrees awarded in film programs at SCC and ASU for the 2007-2008 academic year
- Average annual wage of all occupations within the film industry in 2008 was \$52,659, compared to all occupations in Arizona at \$39,280

WHY KEEP THE MOPIC PROGRAM?

Over 40 states are currently competing for film production activity through incentive programs. The discontinuance of Arizona's MOPIC program would not only induce immediate and significant negative impacts on the local film industry, but would effectively render Arizona uncompetitive in this area of business attraction.

RECOMMENDATIONS FOR IMPROVING THE MOPIC PROGRAM

1. On an annual basis, require an independent audit of the MOPIC program from an outside agency or other third party.
2. Expand the definition of “qualified expenditures” to include local commercial, advertising, and music video (CAMV) spending and infrastructure expenditures in the economic impact model.
3. Include an estimate of self employed people in the MOPIC analysis of film production employment.
4. Allow sufficient time before judging the long-term value of the MOPIC program.
5. Adopt a policy that allows for the inclusion of out-of-state actor salaries as qualified expenditures within the MOPIC program.
6. Formalize a series of metrics to evaluate the MOPIC program.