

Virginia's Film Industry: Recent Trends & Impact

INDUSTRY TRENDS

Nationwide, state film production incentive programs have largely grown in lock-step with industry expansion. The National Conference of State Legislatures produced a study six months ago assessing trends and efficacy of state film and television incentive programs, finding:

"SINCE 2021, WITH THE ECONOMY WELL ON THE REBOUND AFTER THE PANDEMIC, AT LEAST 18 STATES HAVE ENACTED MEASURES TO IMPLEMENT OR EXPAND FILM TAX INCENTIVES."

- NCSL, State Film and Television Incentive Programs, April 8, 2024

Zooming in on our region, the increase in production incentives has been particularly significant. North Carolina, Maryland, Tennessee, and West Virginia have increased their annual incentive caps by an average of over 300% in the last decade.

1. North Carolina has gone from \$10M to \$34M since 2014.
2. Maryland has gone from \$8M in 2019 to \$25M next year.
3. West Virginia has gone from \$10M to \$5M to ending their incentive programs entirely in 2018 -- only to reinstitute them with NO annual cap in 2021.

Virginia ranks 35th out of 40 states or territories that use these funds nationally, with an annual cap of \$11M. Not factoring states with uncapped programs, the **national average** for annual program funding is **\$75M** in 2024.

VIRGINIA'S CONTENT MANUFACTURING INDUSTRY

Since the 2017 JLARC report was published, Virginia has utilized GMPOF and MPPTC to secure 26 projects for Virginia. Major projects and their impact include:

SWAGGER S1-S2

Qualified Virginia Expenditures:

\$100,372,444

Total Economic Impact:

\$185,689,021

MPPTC & GMPOF Allocated:

\$19,000,000

DOPESICK

Qualified Virginia Expenditures:

\$57,828,661

Total Economic Impact:

\$106,983,023

MPPTC & GMPOF Allocated:

\$8,000,000

THE WALKING DEAD: TWB S1-S2

Qualified Virginia Expenditures:

\$93,080,069

Total Economic Impact:

\$170,953,739

MPPTC & GMPOF Allocated:

\$25,000,000

THE GOOD LORD BIRD

Qualified Virginia Expenditures:

\$33,007,394

Total Economic Impact:

\$60,073,457

MPPTC & GMPOF Allocated:

\$7,000,000

WONDER WOMAN 1984

Qualified Virginia Expenditures:

\$24,862,821

Total Economic Impact:

\$45,250,334

MPPTC & GMPOF Allocated:

\$1,000,000

HOMELAND S7

Qualified Virginia Expenditures:

\$41,002,978

Total Economic Impact:

\$74,625,420

MPPTC & GMPOF Allocated:

\$7,200,000

PROGRAM EFFICACY

Despite the marginal fiscal cost incurred by all states that utilize film incentive programs, most states continually invest in and expand upon them. That's because the fiscal impact, while an important factor for the Commonwealth's consideration, tells one part of a larger story.

Dr. Fletcher Magnum, from the Governor's and General Assembly's Joint Advisory Board of Economists, and past president of the Virginia Association of Economists, studied Virginia's film incentives in 2020, and concluded that every **\$1 of film incentives generates \$13 in economic activity in Virginia's economy.**

The jobs created aren't stereotypical Hollywood jobs that often first come to mind. They are high-paying positions for skilled Virginians, including lighting operators, construction professionals, costumers, truck drivers, electricians, camera operators, sound techs, and payroll accountants, with an average annual industry wage of \$86,000.

The overall baseline GDP and economic ROI numbers for film incentives nationwide are positive, and here in the Commonwealth, our program works even harder. According to legislative watchdogs, Virginia is incredibly efficient with the dollars we spend compared to other states. Georgia's legislative oversight group looked at film tax incentives in December 2023. They found that **Virginia's state government fiscal ROI is 3x as high as Georgia's.**

MISSED OPPORTUNITIES

Virginia offers a long list of assets that make it a natural draw for this lucrative industry; close proximity to DC, NYC, and LA, globally renowned crews, unparalleled and diverse locations, an experienced staff recognized for their customer service, and film and business-friendly locales. Our industry relationships are strong and they want to bring work to Virginia, but without enough incentive fuel to compete, we will continue to lose opportunities to other states.

A few notable lost projects:

Secretariat A movie about a horse from Virginia, with a director from Virginia. Considered Virginia, but filmed in Kentucky and Louisiana. The total economic impact was **\$30 million.**

Hidden Figures An Oscar-winning film telling an iconic Virginia story. Considered Virginia, but filmed in Georgia, and had an economic impact of nearly **\$46 million.**

Mindhunter Popular two-season Netflix series, set in Virginia. Considered Virginia, but filmed in Pennsylvania, with an economic impact of over **\$150 million.**

George & Tammy A Golden Globe-winning limited series for Hulu. Considered Virginia, but filmed in North Carolina. **\$91 million** in economic impact.

TAX CREDITS VS GRANTS

Content manufacturing at scale, and the permanent infrastructure therein, requires a long-term financial commitment from the private sector. Tax Credits offer a longer-term fiscal runway and landscape for an investor to justify such large construction projects. A ten-year sunset would be necessary.

DISRUPTION EQUALS OPPORTUNITY

Artificial Intelligence is changing the way content is made. Virginia has an opportunity today, to be leaders in this space. Our competition has built older tools. We have a chance to partner with Apple, Amazon, Google, Microsoft, Netflix, Universal, Sony and others – to build a creative content manufacturing industry of the future.

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