



Film in Montana

The Economic Impact of the Film Production Industry
in Montana and the MEDIA Act

Report Scope

- Time Period: July 2020 – June 2022
- Focus Groups with Local Cast and Crew
- Categories of Analysis: Productions Filmed w Tax Credit Application, All Other MT Productions
- Broader Impacts: Capital Investment, Creative Talent Attraction, Tourism and Media Impressions, Additional “Visitor” Spending

Media Production in Montana by the Numbers

Productions that Have Filmed, July 2020- June 2022

195	\$191.8 M	\$77.5 M	\$153.9 M	840 FTE*	\$41.5 M	\$16.6 M
Number of Productions	Total Direct Spending	Total Local Direct Spending	Total Local Economic Impact	Total Jobs	Employee Compensation	Total Tax Revenue

Methodology

ESI used IMPLAN, an industry-standard input-output model to evaluate economic impact:

- **Indirect effect:** Some proportion of that expenditure goes to the purchase of goods and services from local vendors. Local purchases of goods and services support local vendors, who in turn require additional purchasing with their own set of vendors. **Example: A production company needs to purchase goods and services from other businesses, such as catering.**
- **Induced effect:** Some proportion of the expenditure that goes to labor income gets circulated back into an economy when those employees spend some of their earnings on various goods and services. Some of those goods and services will be purchased from local vendors, further stimulating a local economy. **Example: The production company's employees spend the income they earn on housing, groceries, utilities, etc.**
- The total economic impact of Montana film activity is the sum of its own direct economic footprint, plus the indirect and induced effects generated by that direct footprint.



Data Collection

Data Sources

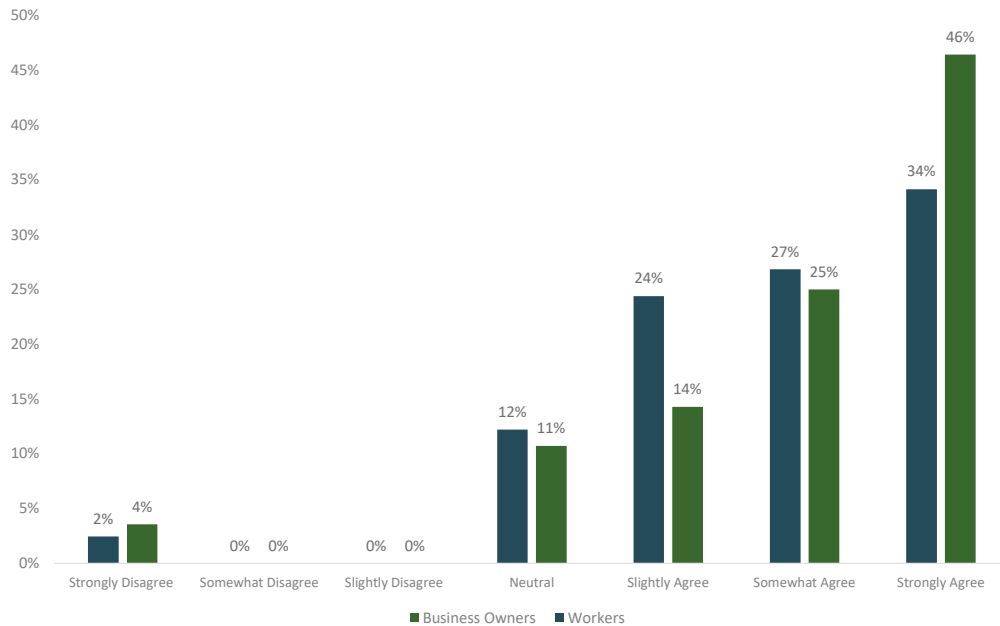
- Actual spend estimates from productions
- Total approved tax credit spending from the Montana Department of Revenue (in aggregate)
- Estimates using the Association of Film Commissioners International (AFCI) when only shoot day information was available
- Interviews with producers and industry leaders
- Evaluation of industry average spending profiles based on production type and duration

Types of Data Collected

- Spend by county for each production
- Total compensation (MT resident and non-resident)
- Total purchasing on goods and services (local and non-local)
 - Rentals
 - Food service/catering
 - Per diems
 - Hotels
 - Other

Key Findings from ESI’s Film Cast and Crew Focus Groups: Expected Growth

“I believe Montana’s film industry will continue to grow.” (For those with 6+ experience in the industry)



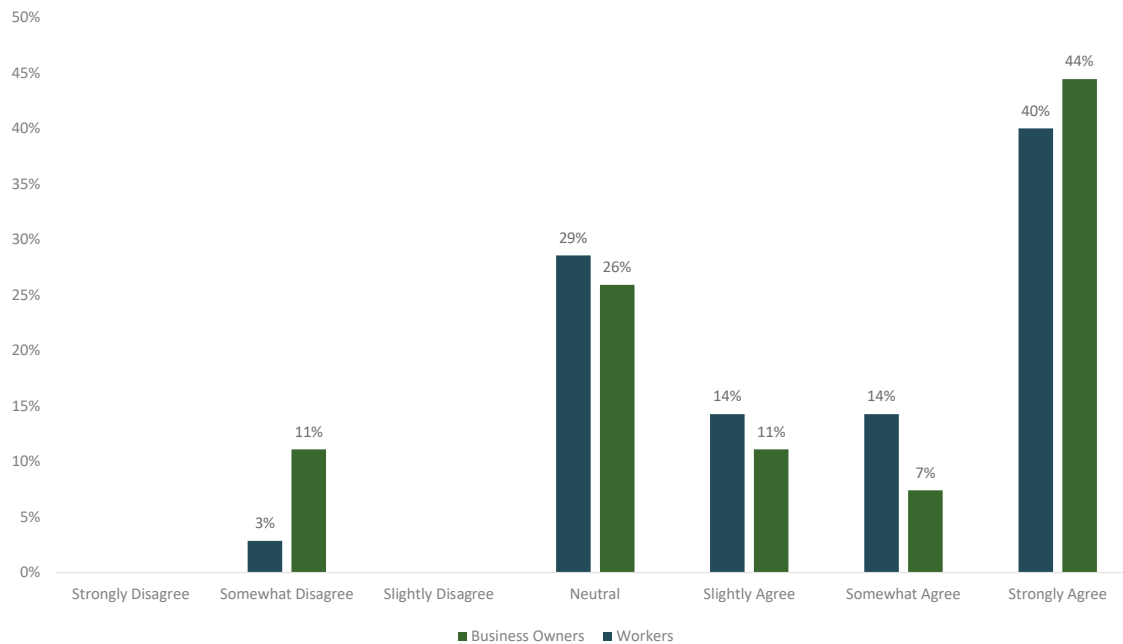
I strongly believe that the industry is going to be growing in Montana. That’s one of the reasons why I’ve started my acting studio. I’ve been in the industry for over ten years here and I’ve seen the progression.”

—Small Business Owner, Focus Group Participant

- Both survey respondents and focus group participants reported more work opportunities within the past few years compared to earlier in their careers, with 57 percent of business owners and 46 percent of indicating they somewhat or strongly agree with the sentiment “There are more work opportunities in Montana now than when I started.”
- Additionally, both survey respondents and focus group participants anticipate the industry will continue to grow, with 71 percent of business owners and 61 percent of crew indicating they somewhat or strongly agree with the sentiment “I believe Montana’s film industry will continue to grow.”

Key Findings from ESI’s Film Cast and Crew Focus Groups: The MEDIA Act (Pros)

“I have realized the benefits of the MEDIA Act over the past year.”



“...when the incentive went into place...that’s when I decided to go back into production accounting.”
—Women-Owned, Small Business Owner, Focus Group Participant

- In the focus groups, several participants indicated the almost immediate effect of the MEDIA Act on their work and business decisions within the film industry. One participant detailed how the tax credit had an “absolute” direct impact her behavior when she decided to move back to Montana after nearly two decades in Los Angeles.
- However, the MEDIA Act isn’t merely a catalyst for film work, it’s critical. All focus group participants unanimously agreed that it is a necessity condition for the film industry to thrive at all, with one participant stating, *“you are not working in the space if it [the MEDIA Act] wasn’t [in place].”*

Key Findings from ESI's Film Cast and Crew Focus Groups: The MEDIA Act (Cons)

"...when I was talking to the producer, he said, 'I will never shoot in Montana again because the tax incentive was so difficult.'"

—Business Owner, Focus Group Participant

"This production incentive is so complicated. It's ridiculous. I've studied it a lot. And I think I mostly understand it. We get productions coming to us all the time. We're a one stop shop for features under half a million dollars, commercial, short films, all that stuff. And I am trying to explain it...long term, I think we should simplify it..."

—Post-Production House Business Owner, Focus Group Participant

- Focus group participants unanimously agreed that a consistent, long-term tax incentive program is vital for the industry to grow and compete within the national landscape.
- While the MEDIA Act fulfills this necessary requirement, many respondents also noted that the cap on the tax credit is a definite impediment to the larger productions needed for infrastructure investment and expansion.
- In fact, the plans for a \$20 million film studio were stopped and the developers pointed to the cap, which was seen as a limit on industry growth from an investment standpoint: turning a previously profitable investment into an unviable one.
- In addition to the tax credit cap, the complexity of the incentive program can also work as a disincentive for out-of-state projects to locate in Montana or for smaller in-state projects to apply.
- Both the complexity and credit cap of the MEDIA Act work as barriers to creating a film ecosystem that is inclusive of all production sizes and promotes the investment in infrastructure needed to thrive.

Key Findings from ESI's Film Cast and Crew Focus Groups: Constraints

Housing Affordability

The housing market in Montana was cited as an issue for living, working, and expanding within the state:

"I want to open a school. The problem I'm looking at here is, I can't even afford a house here."

— Focus Group Participant

"We're turning down projects because we can't handle everything. If I hire more people, I absolutely have to train them there. We work out of my home office. We have a clerk that comes in part-time, so three people in a little office is terrible. And the thought of like trying to find office space in Bozeman--there's no way, I have no idea how that's going to work. I mean, it's just so incredibly expensive here."

— Focus Group Participant

Workforce Skill Perception and Competitive Pay

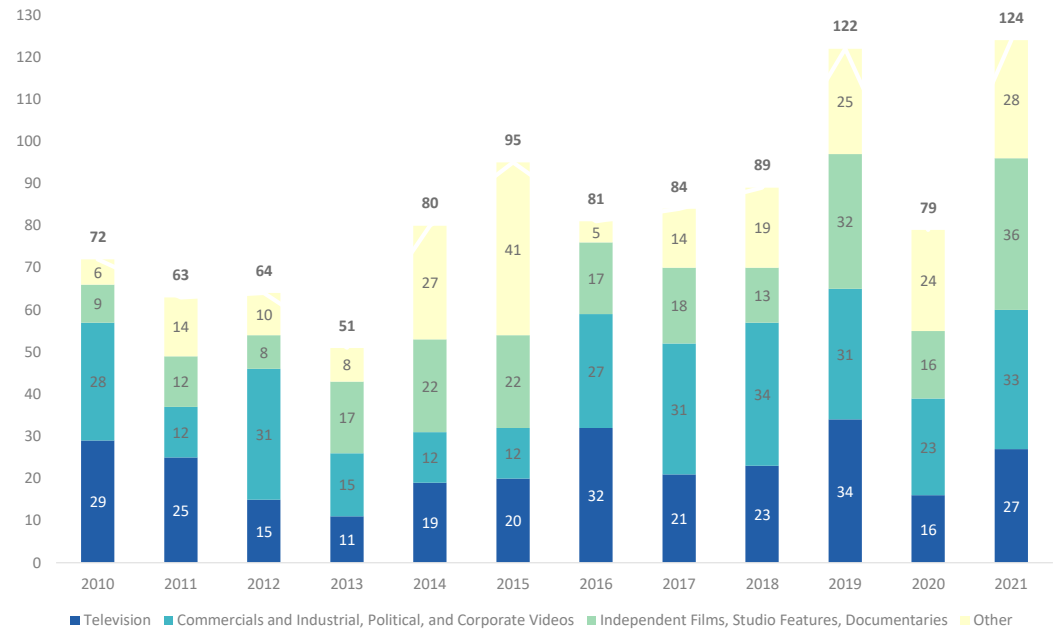
Many focus group participants noted that there is a perceived lower skill level of the workforce in Montana which at times can lead to less competitive pay:

"On the casting side, I've learned to set my own standard as far as a base pay for casting. I had a \$2 million budget film coming in this past summer. They basically backed me in a corner and only paid me a thousand bucks to do their casting...so, of course there's the few that put a bad taste in everyone's mouth. Those very, very small few times that productions have come in, I get the impression that they don't take us seriously. They don't think that we're professional. And they think that we're maybe not well educated as far as how the film industry works as far as pay."

— Focus Group Participant

Sizing the Industry

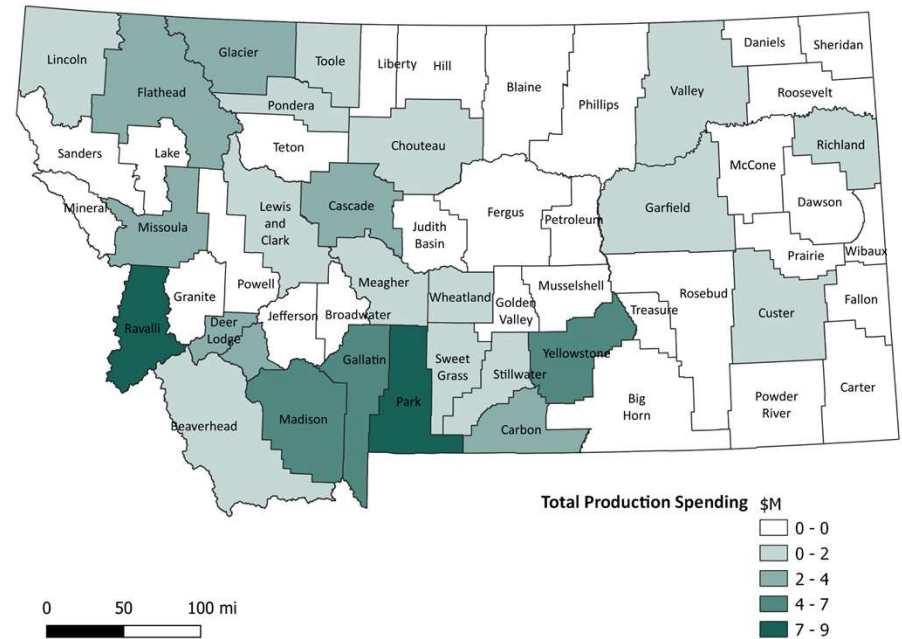
- Over the past decade, there has been an average of 87 productions in Montana each year (up from an average of 80 productions last year)
- The overall arts and culture industry in Montana represented \$1.8 billion in production value in 2020, contributing to 3.4 percent of the State's GDP and supporting 15,230 jobs



Economic and Fiscal Impact of the MT Film Industry

Sizing the Industry

- 195 total productions evaluated
- 32 productions were certified to participate in the MEDIA Act Tax Credit program
- 33 counties were home to a production, or about 59 percent of all counties in the state

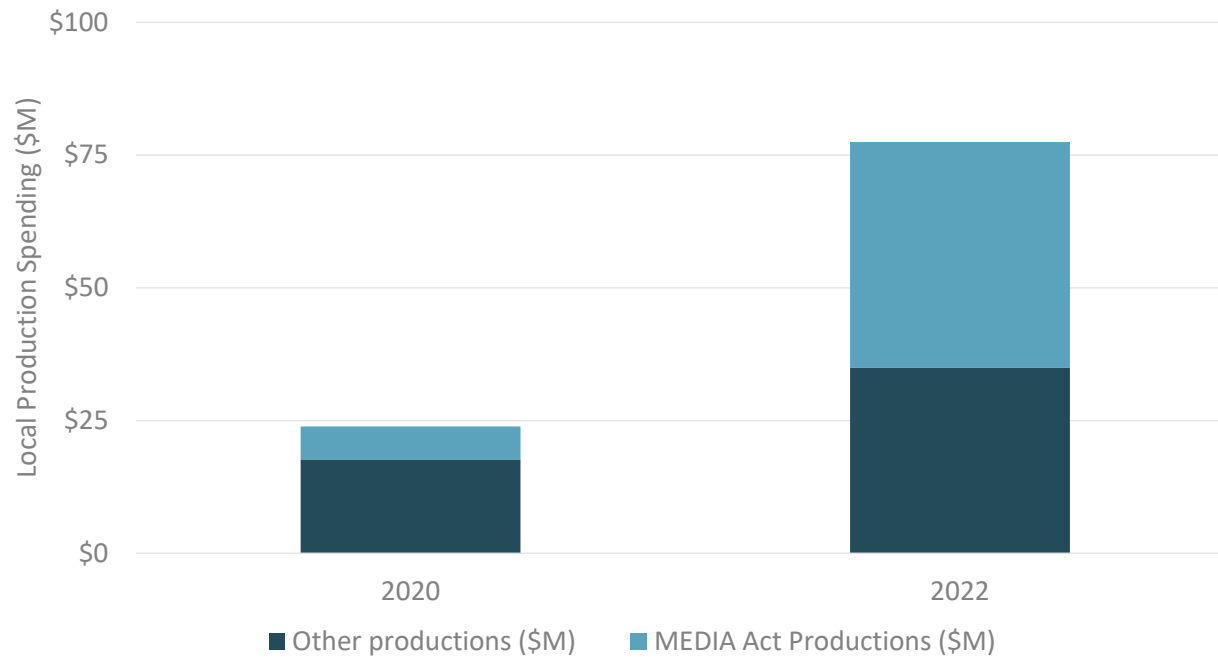


Production Type	Number of Productions	Production Spend	Total MT Production Spend
MEDIA Tax Act Productions	32	\$130.1	\$42.6
Other MT Productions	163	\$61.8	\$34.9
Total	195	\$191.8	\$77.5

Estimated Production Spending

Production Type	Number of Productions	Total Production Spend	MT Spend	Resident Emp Comp	Total MT Production Spend	Non-Resident Emp Comp
Commercials	42	\$12.6	\$5.6	\$3.2	\$8.8	\$3.8
Documentaries	17	\$5.4	\$1.7	\$3.1	\$4.8	\$0.6
Independent Features	36	\$42.4	\$14.5	\$4.4	\$18.8	\$23.6
Industrial/Corporate	7	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0
Music Videos	4	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0
Network Television	4	\$88.8	\$20.4	\$4.3	\$24.7	\$64.1
Online/Web Content	7	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1
Political	10	\$0.1	\$0.0	\$0.0	\$0.1	\$0.0
Short Films	14	\$1.0	\$0.8	\$0.1	\$0.9	\$0.0
Still Photography	16	\$1.3	\$0.6	\$0.3	\$0.9	\$0.4
Television	38	\$40.0	\$10.1	\$8.2	\$18.3	\$21.7
All Productions	195	\$191.8	\$53.8	\$23.7	\$77.5	\$114.3

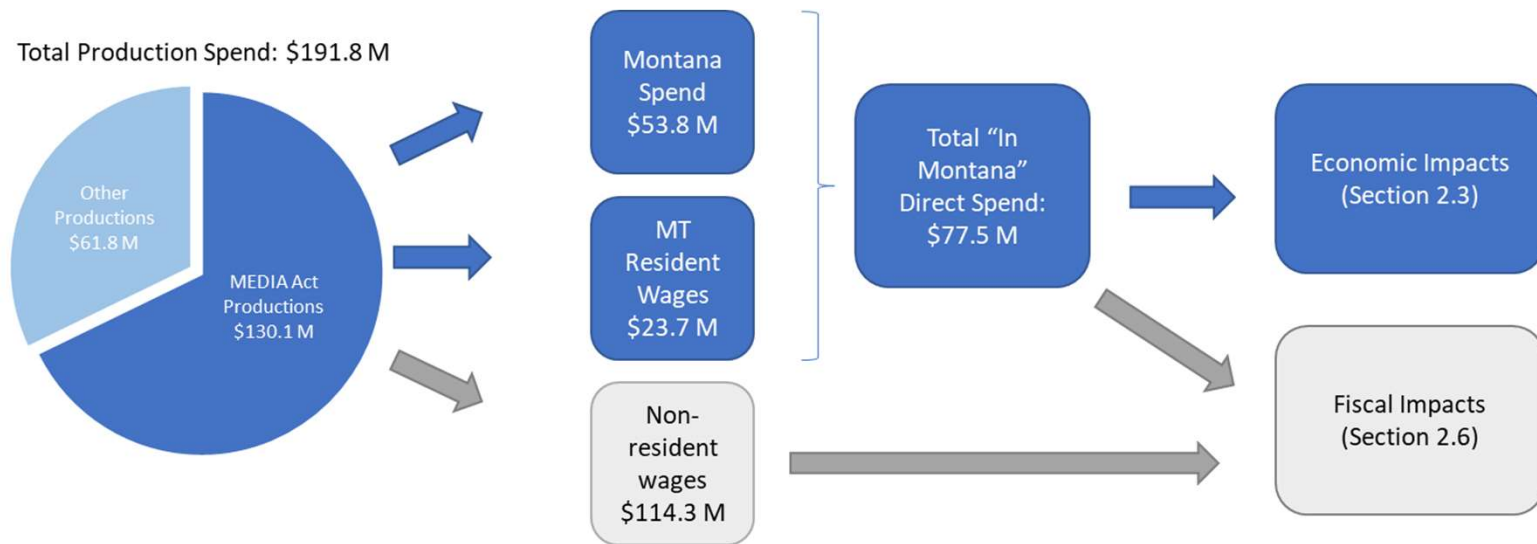
Comparison of 2020 and 2022 Report Spending in Montana



2020 time frame is January 2019-June 2020

2022 time frame is July 2020-June 2022

Estimated Production Spending

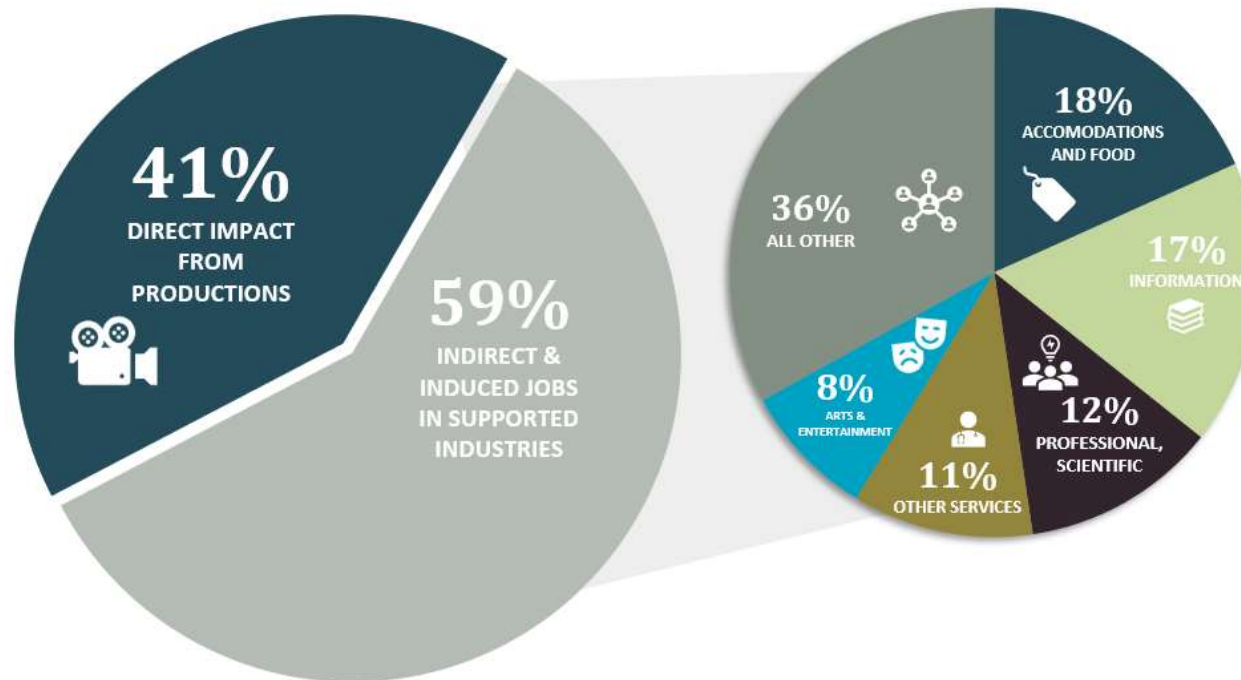


Economic Impact Key Results

The total economic impact of the film production activity that occurred within the State between July 2020 and June 2022 is shown here. In aggregate, these productions have a total economic impact of \$153.9 million, supporting 840 FTE jobs with \$41.5 million in employee compensation.

	Other Productions	MEDIA Act Tax Credit Productions	All Productions
Direct Output (\$M)	\$34.9	\$42.6	\$77.5
Indirect and Induced (\$M)	\$36.0	\$40.4	\$76.4
Total Impact (\$M)	\$71.0	\$83.0	\$153.9
Direct Jobs Supported (FTE)	190	160	350
Indirect and Induced Jobs Supported (FTE)	270	220	490
Total Jobs Supported (FTE)	460	380	840
Total Employee Compensation Supported	\$25.5	\$15.9	\$41.5

How Spending in The Film Industry Produces Spillover Jobs



Local Economic Impact



“Here in Dillon, our population is just under 5,000 people....So, when the films have chosen to stay here at the hotel, we've been thrilled because it has impacted our bottom line and in a positive way, it's also impacted all the restaurants and shop owners, art galleries here in Dillon, sort of putting us on the map...we discounted our suites for the film industry because we wanted their business to stay here.”

—Hotel Manager, Dillon, MT

Economic and Fiscal Impact of the MT Film Industry

Local Economic Impacts, by County

County-specific impacts were calculated for 14 counties in Montana with greater than \$1 million in direct spending.

All Productions	Carbon	Cascade	Deer Lodge	Flathead	Gallatin	Glacier	Lewis and
							Clark
Direct Output	\$2.0	\$2.3	\$3.0	\$2.7	\$6.9	\$1.0	\$1.4
Indirect and Induced	\$1.6	\$2.3	\$2.7	\$2.9	\$7.6	\$0.9	\$1.5
Total Impact	\$3.6	\$4.6	\$5.7	\$5.7	\$14.5	\$1.9	\$2.9
Direct Jobs Supported (FTE)	10	11	14	12	32	5	7
Indirect and Induced Jobs Supported (FTE)	10	15	17	19	46	5	10
Total Jobs Supported (FTE)	20	26	31	31	78	10	17
Total Employee Compensation Supported	\$1.0	\$1.6	\$1.6	\$2.0	\$4.5	\$0.6	\$0.9
Total Tax Revenue (local, county, state)	\$0.3	\$0.3	\$0.4	\$0.4	\$1.0	\$0.2	\$0.2

All Productions	Madison	Meagher	Missoula	Park	Ravalli	Silver Bow	Yellow-
							stone
Direct Output	\$4.7	\$1.2	\$3.0	\$17.6	\$21.0	\$3.1	\$4.8
Indirect and Induced	\$4.1	\$2.2	\$3.7	\$14.4	\$20.8	\$3.5	\$4.3
Total Impact	\$8.8	\$3.4	\$6.7	\$32.0	\$41.8	\$6.6	\$9.1
Direct Jobs Supported (FTE)	19	5	11	58	111	15	24
Indirect and Induced Jobs Supported (FTE)	23	14	22	94	145	22	26
Total Jobs Supported (FTE)	41	19	33	152	256	37	50
Total Employee Compensation Supported	\$3.0	\$1.2	\$2.1	\$7.9	\$8.2	\$1.7	\$2.9
Total Tax Revenue (local, county, state)	\$0.6	\$0.2	\$0.4	\$1.8	\$3.1	\$0.4	\$0.6

All Productions	County Total	Statewide Remainder	State Total
Direct Output (\$M)	\$74.7	\$2.8	\$77.5
Indirect and Induced (\$M)	\$72.7	\$3.7	\$76.4
Total Impact (\$M)	\$147.4	\$6.5	\$153.9
Direct Jobs Supported (FTE)	335	12	350
Indirect and Induced Jobs Supported (FTE)	468	23	490
Total Jobs Supported (FTE)	801	35	840
Total Employee Compensation Supported (\$M)	\$39.3	\$2.2	\$41.5

Capital Investments

- Capital infrastructure investment supports a growing and sustainable regional film production industry
- The Yellowstone Film Ranch, which was starting construction during the production of the last study, has completed construction and wrapped filming of *Murder at Yellowstone City*.
- Montana Studios recently expanded into Butte, MT with the renovation of 40 East Broadway into a Filmmaker Hub which will offer multi-purpose interior space for stages, educational training, and other events.



“Never in a million years would we have built Yellowstone Film Ranch without the MEDIA Act. We didn’t start building until the Act was approved.”

-Richard Gray, Montana-based producer

“Visitor” Spending

- Many productions that film in Montana employ non-resident workers that reside in Montana for the length of filming. Effectively, in terms of economic impact, these workers operate in a similar fashion as “visitors” to Montana.
- However, in the case of film industry cast and crew, a large portion of the spending for and by these workers is provide by the production, and therefore already accounted for in the economic impact results above.
- Nevertheless, these workers will spend a portion of their paychecks locally on entertainment, retail, meals, and alcohol beyond the sums included in the production expenditures category.
- While not included in the overall economic impact, it is estimated that the out-of-state crew working on Yellowstone spend an additional \$757,000 during filming.

Combined, this estimated additional \$757,000 spend in Ravalli County results in an economic impact \$1.02 million and estimated tax revenues of \$28,500 to the local, county, and state governments above and beyond the production spend of *Yellowstone: Season 4*.

	"Visitor" Spending
Number of Cast and Crew	380
Average "Off-Days"	43.5
Total Crew Off-Days	16,530
Estimated Off-Day Spend	\$45.8
Estimated Yellowstone "Visitor Spend"	\$757,000
Per Person "Visitor" Spend	\$1,991

From Economic Impact to Tax Impact Key Results

When comparing the validated tax credit to the estimated tax revenue generated from the additional economic activity in Montana, there is a net loss of \$200,000 when considering the tax generated to all jurisdictions.

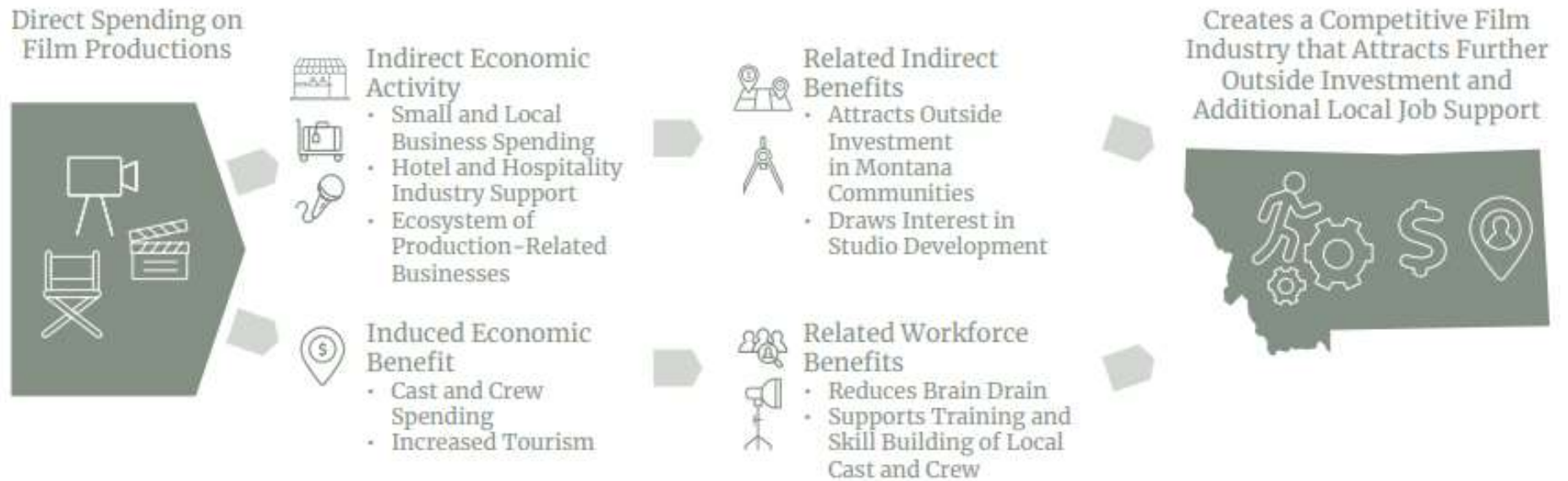
Revenues Generated

	Previous (January 2019- June 2020)	Current (July 2020-June 2022)	Total to Date
State Revenues	\$2.0	\$12.0	\$14.0
Local and County Revenues	\$1.5	\$4.6	\$6.1
Total Revenues	\$3.5	\$16.6	\$20.1

Net Tax Impact

	All Jurisdictions (State, County, Local Combined)	State Revenue
Total Estimated Tax Revenue to Date	\$20.1	\$14.0
Total Credit Validated to Date	\$20.3	\$20.3
Net Tax Revenues	-\$0.2	-\$6.3

Film Industry Spending in Montana: Growing an Ecosystem



Key Takeaways and Potential Recommendations for Consideration

- Significant growth in industry between 2020 study and 2022 study
- Industry growth and impact happening from productions receiving the tax credit and also smaller productions (capacity of companies and workforce growing)
- Like all economic development incentives, the MEDIA Act Tax Credit requires consistent and sustained investment to see returns
- Major investments in infrastructure and workforce development require continued commitment and competitive investment from the State to produce the virtuous cycle that will accelerate the industry
- While we recommend an increased cap to draw in additional out-of-town spending, focus on incentivizing local spend. For example, the “Made in Montana” additional credit could be shifted to apply only to local qualified spend, encouraging more local investment.

Questions?

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