

The film industry is the spark plug for New Mexico's economic recovery

Written by By James Gollin Chair, Gov.'s Council on Film and Media Industries
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New Mexico's film industry is uniquely poised for rapid growth, and can serve as the spark plug to re-ignite our COVID-battered economy. The sad truth is that even before COVID, our state ranked at or near the bottom of the nation in areas from education to child poverty. We need to not just recover, but to leap to a 21st century economy that can boost employment in communities that have been here for generations, as well as stimulate the migration of talented creatives from New York, California, and beyond.

Unlike other sectors which are in structural decline or have limited prospects for growth, the film industry is poised to double in size as soon as COVID abates, then to double again over the next few years, and then can continue to grow for decades. This is a quick-starting industry that can rapidly deliver much needed jobs to New Mexico.

There is an annual ritual before each legislative session wherein opponents of the film industry criticize the film incentive, often recycling falsehoods. Let's look at some facts. First, available rebates are not based on the total cost of a film, but only on the strictly delimited "qualifying" expenditures in New Mexico. This spending stimulates the economy, creating waves of taxable activity.

For example, when carpenters build a movie set, they pay tax on their income and then might take the family out to eat. With tips from film industry patrons, restaurant workers can buy school supplies for their children, creating another round of sales tax revenue. Depending on how many times each film dollar circulates through the New Mexican economy — what economists refer to as direct, indirect, and induced spending — the resultant activity completely

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covers or significantly mitigates the costs of the incentives. "Film induced tourism" also brings well-documented income and revenue to our state.

Admittedly, every dollar of film spend is not alike. Some create more benefit than others, and the incentive program could benefit from modest tweaks, a subject that is discussed within the working groups of Gov. Michelle Lujan Grisham's newly reorganized Council on Film and Media Industries, which I chair. <https://nmfilm.com/about/governors-council/>

One key finding of the Film Council is that the industry needs to grow beyond its current sweet spot of film production. "Post-production" is key, including visual effects, gaming, sound design, and booming new fields from virtual reality to artificial intelligence. On-site editing and special effects will effectively double the economic impact of each film. Thankfully, the new Netflix expansion will include post-production.

As a cautionary tale, recall that during the latter days of the Richardson administration, Sony Imageworks announced that it planned to center its post-production activities in New Mexico, and started construction of a massive tech campus that was to employ hundreds or even thousands of high wage workers. When Gov. Martinez threatened to upend the film incentive system, Sony shifted gears and moved its post-production center to Vancouver. Eventually, Gov. Martinez came to support film incentives as a key to fostering economic growth, but the damage was done. Vancouver's gain was our loss.

Let's not repeat that error.

With nearly unlimited land, wind, and sun, New Mexico is a natural location for the massive data farms needed by streaming services and other industries of the future. We can become a global center for Big Data, accessible to the world through new investments in broadband internet, as evidenced by Facebook's successful new server farm near Los Lunas.

Is the film incentive system perfect? Of course not. But let's discuss how we can improve it, bringing more local Native and Hispanic storytellers into the process, empowering women, training our students to participate in the tech-centric world of post-production, and further developing film tourism.

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Let's not endanger the industry that is our best hope for economic growth, but rather seek to remove obstacles to its potential advance, and nurture a new generation of New Mexican filmmakers.

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