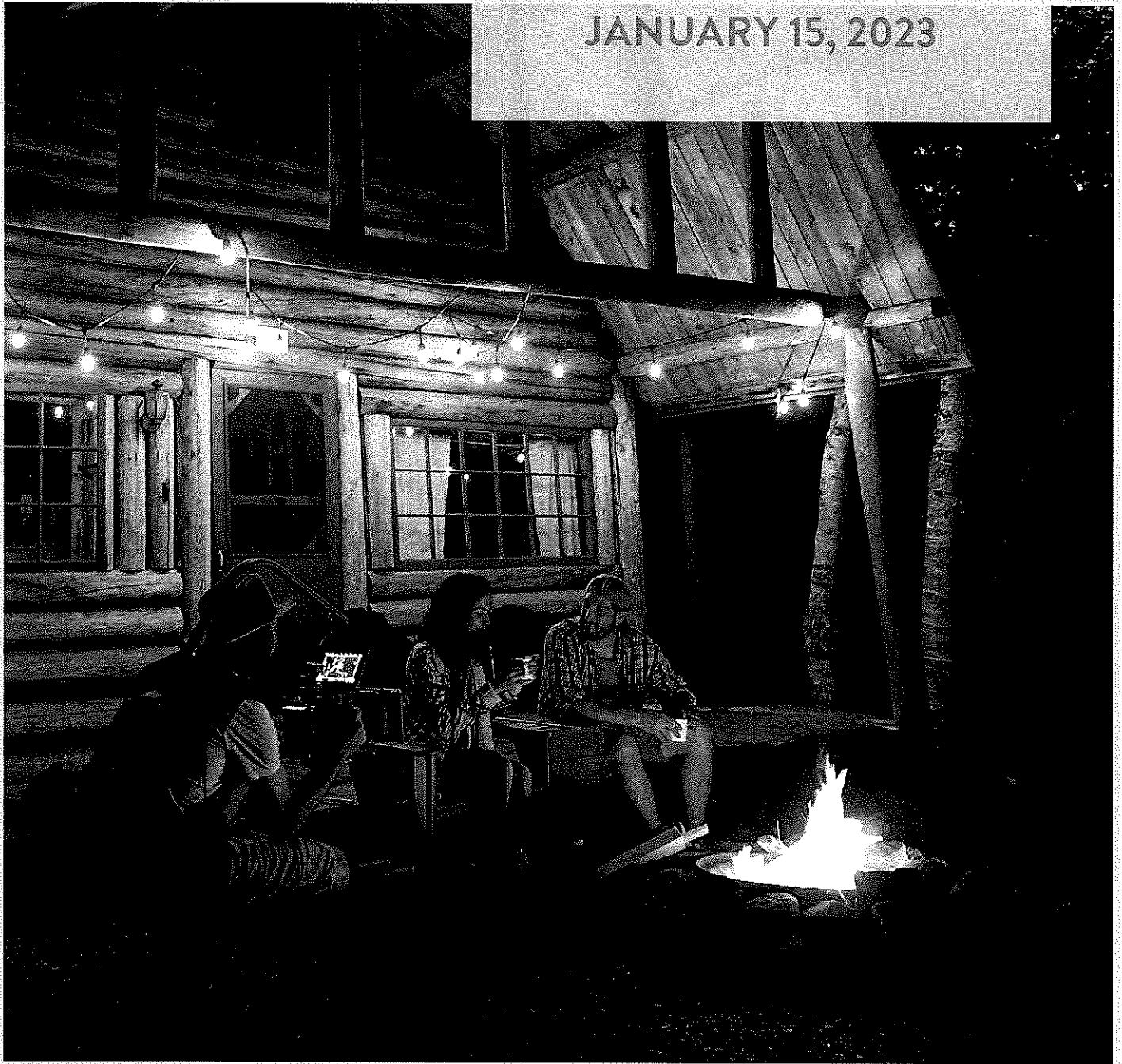


2022 ANNUAL REPORT

JANUARY 15, 2023



MAINE / FILM OFFICE

KAREN CARBERRY WARHOLA, DIRECTOR

MAINE FILM OFFICE

To: Senator Nicole Grohoski, Chair
Representative Joe Perry, Chair
Members of the Joint Standing Committee on Taxation

From: Karen Carberry Warhola, Director, Maine Film Office

Date: January 15, 2023

Re: 2022 Annual Report for the Maine Attraction Film Incentive Plan.

Overview

The Maine Film Office is a division of the Maine Office of Tourism (MOT) within the Department of Economic and Community Development. Historically, the Film Office had a General Revenue line in the budget and was moved into the Office of Tourism during budget cuts and statutorily resides within MOT today.

Comprised of one staff position and funded through an annual transfer of Other Special Revenues from the Office of Tourism, the Film Office is the official liaison between productions companies and federal, state, and local agencies, and promotes filming in communities in all four corners of the state.

The Film Office plans and executes a marketing strategy to increase production in Maine; provides productions with essential support services and resources; and encourages the hiring of Maine residents and sourcing of goods and services from Maine businesses to deepen the industry's economic impact in Maine.

Below is a formal summary submitted annually, per statute. In accordance with Maine's statutory requirements, this report provides: a description of any rulemaking activity related to the implementation of the credit and reimbursement activities; outreach efforts to visual media production companies; the number of applications for the visual media production credit and tax reimbursement; the number of credits and reimbursements granted; the revenue loss associated with the credit and reimbursement; and the amount of visual media production expenses generated in the state as a result of the credit and reimbursement.

We look forward to working with you on issues related to film, television, and media production and particularly any potential incentive legislation that may be presented this legislative session.

If you have any questions relating to this report, please contact Karen Carberry Warhola at 207-624-9828 or 207-215-2462.

We respectfully submit this Fiscal Year 2022 Annual Report as required by MRS Title 5, §13090-L, providing a detailed review of the incentive programs activities and status.

FY 22 was a busy and productive year:

- Throughout 2022, the Film Office connected with and provided production support for 124 productions; and worked with the local film community, Maine businesses, communities, residents, organizations, educational facilities, and students.
- Five productions received a Maine Media Production Certificate through the Maine Attraction Film Incentive Plan, and their anticipated amount of spending is \$4,733,573.
- In addition to the five productions that were accepted in the program in 2022, 38 productions that filmed in Maine registered their productions with the Film Office.
- Combined, all productions that applied for the program and those that registered their production with the Film Office had an anticipated spend of \$7,816,912, a figure that represents a portion of productions that filmed in Maine in 2022.
- The cost of the program supplied by Maine Revenue Services, "Fewer than 10 claims were received during 2022 for the Maine Attraction Film Incentive Plan (combined film production wage reimbursement and income tax credit). The combined total amount paid for both programs was \$164,601."

Data in the Annual Report

Information in the report is based on the calendar year. Information from the program applications (MAFI-1) is included in the report in the year the application was filed and is based on the production's anticipated spend. Information from the final production report (MAFI-2) is included in the report in the year it was filed and is based on the production's actual spend. Since production can span more than one calendar year, some final production reports (MAFI-2) are filed the year after the application (MAFI-1) is filed.

The cost of the program included in the report is based on actual costs and MRS provides the Film Office with information about the cost of the program for the annual report filed by the Film Office.

Production Tax Credit Program

Productions are required to spend money first before receiving any reimbursements or tax credits through the program. Productions file an application (MAFI-1) for the program based on their anticipated spend and file a final production report (MAFI-2) with actual production costs after production is completed.

The Department of Economic and Community Development (DECD) processes the applications for the Film Tax Incentive. The Department of Revenue Services (MRS) oversees the payment of the reimbursements and tax credits claims.

The program offers a 10-12% wage reimbursement and a 5% production spend tax credit. The wage reimbursement is 12% for Maine employees and 10% for out-of-state employees. The tax credit is non-refundable, non-transferable and doesn't carry forward. There is no annual program cap or per-production cap, but the wage reimbursement is capped at \$50k per employee, which serves as a cap for the program.

A process to develop and add any necessary routine technical rules to administer the program began in 2022 and will continue into 2023. Any final rules adopted from this process will be included in the 2023 report.

Pandemic Recovery:

In 2020, the Coronavirus outbreak upended the global film industry and altered the way Film Offices market their jurisdictions.

When the industry shuttered and film and photography shut down in Maine in March, the Film Office continued to promote Maine as a filming location to businesses, television networks, production companies and executives in diverse areas of the screen sector and worked with the local film community and production companies from across the country as they prepared safety plans to start filming again as soon as the time was right.

The Film Office also assisted with the Department of Economic and Community Development's work to provide Maine businesses with economic recovery support and worked with the Business Answers program throughout 2020 to help respond to questions about the state's support efforts, including COVID-19 prevention guidance checklists, grants, reopening resources, and other financial assistance programs.

With trade shows, conferences, film festivals and in-person industry meetings curtailed across the country, the Film Office shifted its marketing online and created a virtual marketing campaign including:

- In-person events and meetings were replaced with virtual outreach, and appointments and contacts made by Zoom, email, phone and social media led to increased productions filmed in Maine.
- A "Coronavirus Update" page on the Film Office website was created to provide the global production community with critical guidance for safely filming in Maine.
- A "Local News" page on the Film Office website was created to update the media production sector with the latest industry news and safety protocols for filming during the pandemic.

When Maine re-opened for film and photography on June 1, 2020, the Film Office reached out to the industry to promote Maine as a great place to film in this "new normal" and worked with productions to hire local; source goods and services locally; and ensure they followed Maine's COVID-19 Prevention Checklist Industry Guidance and had COVID-19 safety protocols in place on their productions.

Given Maine's appealingly lower COVID-19 infection numbers, productions started filming again in Maine as soon as film and photography re-opened in June. Despite a pandemic production shutdown from March to June, the number of productions that filmed in Maine during 2020 increased over 2019 as productions prioritized finding safe places to film.



Current Status:

The increase in productions filmed in Maine has continued into 2022 with no signs of decreasing.

Many states and countries require film-specific permits to film in their jurisdictions. Since Maine does not require film permits, productions are asked to register their production with the Film Office, a voluntary process started to help gather information about filming in Maine that provides several beneficial functions: economic impact research and reporting; providing production support and community outreach; and bolstering film-friendly practices to support filming and minimize disruption to local communities, residents, and government resources. Below is a sample of productions filmed in Maine in 2022 that registered with the Film Office:



PRODUCTIONS FILMED IN MAINE – HIGHLIGHTS –

“MAINE CABIN MASTERS”

Magnolia Network, TV Series, Season 9

“THE LOST KITCHEN” WITH MAINE’S ERIN FRENCH

Magnolia Network, TV Series, Season 3

“RESTAURANTS AT THE EDGE OF THE WORLD”

National Geographic, TV Series Episode

“MY LOTTERY DREAM HOME”

HGTV, TV Series Episode

“AMERICAN PICKERS”

The History Channel, TV Series Episode

“CABIN CHRONICLES”

Magnolia Network, TV Series Episode



Outreach efforts to visual media production companies:

The Film Office markets Maine as a filming location for all forms of production including feature films, television, digital media, photography and catalog shoots; supports productions by assisting with finding support services and resources within Maine; processes incentive applications; works with communities to prepare them for productions of all types and sizes; and maintains the website, FilmInMaine.com, as a comprehensive resource including an online production guide and a state-wide location library.

In-person meetings to promote Maine as a filming location to businesses, television networks, production companies and executives in diverse areas of the screen sector are critical. Having a presence at trade shows, screenings, conventions, and industry events facilitates making contacts and introductions to key players in an industry that is driven by personal relationships.

In-person events went online when the COVID-19 pandemic started in 2020. The Film Office attended three key industry events that resumed in-person events in 2022:

- SXSW Conference, Film Festivals and Creative Industries Expo – March in Austin, TX
- Association of Film Commissioners International, AFCI Week – April in Los Angeles
- Toronto International Film Festival and Industry Conference – September in Toronto

These events are an extraordinary opportunity to meet with filmmakers, producers, and industry VIPs from around the world. They are intense events of appointments, and networking opportunities – screenings, panels, workshops, and industry meetings - to connect with the industry and promote Maine as a filming location to the global film community without traveling to their respective states and countries.

Sampling of Success Stories: Productions Registered with the Film Office:

MAINE CABIN MASTERS

Kennebec Cabin Company works with local craftsmen and vendors and is home to a retail store stocked with New England art, crafts, and tools handpicked by the Cabin Masters themselves. The Woodshed offers food and Maine microbrews on draft, seven days a week. During the summer, food and beverages are available from their food truck and outdoor bar along with live music and events at least four days a week on their "Rock the Dock" stage. "Kennebec Cabin Company's mission is to share the best of Maine and celebrate the place we call home." I've been a guest on their podcast and was amazed at the number – and enthusiasm – of the tourists who had travelled to Manchester to meet the Cabin Masters and enjoy time spent vacationing in Maine.

<https://kennebeccabincompany.com/>

THE LOST KITCHEN

People travel to Maine to eat at The Lost Kitchen (TLK), a restaurant in Freedom that quickly became one of the hardest restaurants in the country to book a table. TLK has expanded the business to include an online store that sells an expanding assortment of products from local vendors. A seasonal physical market and outdoor dining was added, and lodging cabins were built. The movie rights to Erin French's novel "Finding Freedom: A Cook's Story" was sold in a bidding auction to a major industry producer. TLK also partnered with Maine Organic Farmers & Gardeners Association and Maine Farmland Trust to help provide relief for farmers affected by the soil contamination of PFAS, otherwise known as "forever chemicals," and raise awareness to help protect Maine farmland for the future.

<https://www.findthelostkitchen.com/>

Impact:

The Maine Attraction Film Incentive Plan is an essential program for the development of this industry in Maine. The film industry supplies value-added benefits and is inextricably linked to Maine art, business, tourism, and other industries. The value-added resources offered by the industry help get the Maine message out there and can be a valuable resource for the State's recovery efforts and economic development strategy.

Thank you for your support.



