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Debate On Louisiana Movie Incentives

La. Film and Movie Industry



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There are two sides to every debate: "Point-Counterpoint" In our letters to the editor we present to you two opinions on the issue of current Louisiana movie legislation, its impact upon the Louisiana community and politics involved:

Point

Dear Gov. Blanco:

I represent La. Actors.com who represents approx. 1500 persons and am vice-president of the Motion Picture and Television Assn. of Louisiana. I and those I represent are categorically against the portion of HB 731 which would put a cap on the amount of tax credits which the state could grant to a producer of a motion picture in Louisiana. This would effectively put this fledging industry out of business. If this would have been the law previously, both the movies "Ray" and "All the Kings Men", as well as several others would not have been made in Louisiana. Not only is there direct benefit of salary benefits (in excess of \$60 million dollars, but of overall economic impact of more than \$500 million dollars. This permeates the entire state. This economic benefits all of Louisiana. In particular, the companion bills authorizing music tax credits. After all we have very famous persons from Ferriday (like Jerry Lee Lewis and Mickey Gilley), from Shreveport (like Maggie Warwick), including television projects like the Louisiana Hayride, and other areas of Louisiana like Tim McGraw. This entire state is rich in music heritage, with many songwriters living in North Louisiana. If there music was utilized in films, it would increase usage of Louisiana people tremendously. This increase would have an economic impact throughout Louisiana.

Also, brokers are necessary, not only to explain the complex process to obtain tax credits, but to find additional tax credit buyers. The state should not be the only source. The state does not have the time nor the resources to go after these buyers. This portion of the bill sounds good, but would have a very chilling effect on actually enabling this new industry to flourish.

It is necessary to extend the tax waiver and the labor tax credits. One legislator says the labor tax credits is "double-dipping". This is not correct. The labor tax credits is an incentive to utilize Louisiana labor. I thought one of the many reasons for state government was to increase jobs in the state. This does this. In fact, one of the more notable costume designers in the country lives in North Louisiana. There are many other jobs that will be created all over the state.

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This is an industry that is not a burden on our infrastructure as each portion is passive. It puts Louisiana in a favorable light (which we need). It increases the tourist industry (Miami Vice television show, almost single handily, increased the building boom and increased tourism, in Miami when it was on the air). However, if we let up now, it can be fleeting. Look at Texas. It was a film Mecca, and then Louisiana came up with its tax incentive package (people already love to come to Louisiana, they just needed a reason). Now many of the films that used to go there are coming to Louisiana. Look at Canada. Again, people would rather come to Louisiana, now they have a reason. Are we going to end this industry just when it is really getting started? Are we that insulated from the world, that we don't care about our own? We allowed the music industry to go to Nashville many years ago, are we going to do the same with the film industry? Don't we learn anything from history?

We need to support this industry to give it legs for staying power. We have it now. Don't lose it immediately. Many states are just waiting for us to slow down. They would be happy to step in.

Ellis Paillet

Counterpoint

"Don't mess with my incentives!" was the battle cry at the latest Louisiana Produces meetup at Nirvana May 4 in New Orleans. The pep rally was an explicit filibuster lobbying for maintaining the status quo of our current film tax incentives package. Calls to arms to "Write your legislator!" were overshadowed only by a cacophony of cheers whenever mention was made about how an acting coach here or a lumberyard owner there has been providing well for their family thanks to our new industry.

The verve, energy, and sometimes animation of those speaking—all in support of leaving our robust tax plan in place, was impressive, to say the least. And the organizer performed a strikingly tactful job of keeping the discussion on track, with an extra conviction for the freedom of any group to assemble. However, obvious was any semblance of unbiased discourse, any dialogue contrary to the primary agenda of preserving our current state of film affairs. One would obviously acknowledge that to do otherwise would backslide into an abyss of film-meager retrogression. Unfortunately, as with any mob mentality, general concurrence and consent eliminated any chance of contemplation, examination, and analysis of what's good for the whole.

Sporadically, attendees conveyed their sincerest hopes that our legislators cave to their demands; they simply want to make a living in this exciting business and don't want politics to obstruct that. Indeed, those who are involved in our embryonic film industry want to succeed by acting and casting and teaching future actors, as well as providing representation in any potential future of collective bargaining. They want to thrive by selling everything from food, services, and construction supplies to those silver screen newcomers who have graced our state with fame and glory.

What didn't seem to register, however, was any view of the long-term economic effects brought on by giving away the farm to such a short-term industry. History shows that Hollywood will move wherever necessary to find the best deal, i.e., the least expensive shooting environment, regardless of the economic impact to the host city. And who could blame them; they want to survive as much as any business. Mention was made at the meetup that "our schools haven't suffered and our roads aren't worse" because of our tax incentives. But this is a shortsighted perspective that potentially sets a dangerous precedent.

While our tax incentives were well designed to effectively get production companies here, they also are responsible for the loss of hundreds of millions of dollars in revenue—revenue that could have been used to enhance public education and traffic and transportation improvements, not to mention to provide funding for the development of our own film industry.

The Builder and the Hardware Store – A Parable

An out-of-town builder notices that a town's only hardware store is giving hammers away to attract business. This is a pretty good deal, since a hammer cost over \$10. Knowing a good deal before it smashes a thumb, the builder acquires hammers right and left, and justifies the lack of expense—the free ride as it were—by its contribution to the community in building projects. And the townsfolk agree, feeling that they're getting much more by way of housing regardless that the only hardware store in town is losing money. They even know that the hardware store is also giving away saws and lumber as additional "incentives." But that's okay too because the town is getting many new houses, plus the builder hires a few employees now and then, although they really have to bring in most of their own workers because the townsfolk really are farmers, not builders.

After a few years, the hardware store has given away so many hammers and saws and lumber that it can no longer afford to stay in business—even with supplemental sales of other products such as seed and feed, which has sustained the town in the past. So the hardware store "revises" its pricing and offers the hammers for \$5, the saws for \$10, and the 2 x 4s for \$4—all items still being priced around 50 percent less than any other store in neighboring towns. Now the builder, who had become so used to free tools and lumber, has a choice to make: either buy the reduced price supplies or look for a better deal. While looking around, they discover other stores in neighboring towns offering free tools and lumber, having gotten the idea from the original town. The savvy builder chooses the other stores.

While the original builder is long gone without plans to return, other builders had moved to town because of the free supplies, and they liked the town and its people. And these other builders discovered that they needed construction workers and had no problem training local townsfolk. So, while some builders chose to move on for reasons of economics, others stayed and paid half price for tools because, while they were no longer free, they were reasonable and the builders found the newly trained townsfolk easy to work with and generally pleasant to be around.

But the story doesn't end here. While the store was offering the tools for free, it also was learning how to build houses by the gracious training provided by the builders. So when it came time to sell the supplies instead of giving them away, the loss of builders was barely noticeable because the townsfolk could now build their own houses. A few out-of-town builders stuck around, and it was nice having the experienced businesses around for more complicated construction projects. But now the town is self sufficient because they planned for their future by ensuring that they received enough money from sales of supplies to develop their own construction industry and no longer depended fully on the out-of-town builders.

Moral: Give away your hammers forever and you give away your future. Learn to use your hammer and you'll never be without a house.

By Gary Smith



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