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Governor Blagojevich Applauds Passage of the Expanded Film and Television Production Tax Credit

*New Legislation Will Help Attract More Movies and Television Productions,
Jobs and Revenue to Illinois*

CHICAGO – Gov. Rod R. Blagojevich applauded the Illinois General Assembly for ensuring the continued growth of the Illinois television and film industry by enhancing the successful film and television production tax credit today. In 2003, film production had declined to approximately \$26 million as studios looked for less expensive locations, both across the nation and around the world. This meant that thousands of Illinois-based cast and crewmembers were largely without work within their professions. The film tax credit passed by the General Assembly and signed by Gov. Blagojevich turned these fortunes around over the last two years by making Illinois productions even more attractive. By 2004, productions generated an estimated \$77 million and led to approximately 14,000 people being hired by the industry. In 2005, production revenue increased to an estimated \$94 million, which led to approximately 15,000 people being hired by various film and television projects. But this business has become even more competitive over the past several years, which is why the Governor supported this new legislation that will continue the flow of film and television projects into Illinois. State Senator Rickey Hendon (D-Chicago), one of the Illinois film industry's leading advocates, and State Rep. Ken Dunkin (D-Chicago) are sponsors of Senate Bill 2030, which now heads to the Governor's desk.

“Over the past three years, we have shown Hollywood that Illinois has everything a production needs – great cities, great locations and great actors and crews. Our film tax credit has helped bring a number of new productions to our state, which have pumped millions of dollars into our economy and put thousands of talented people to work. Other states have noticed our success, which is why we must continue working with this important industry because we don't want Illinois to be cut from these productions,” Gov. Blagojevich said.

The primary change in the tax credit would be to make it a 20 percent credit on total Illinois production spending, rather than Illinois film production wages. Illinois production spending would be defined as all salary and expense costs associated with production activities taking place within the state. This can include salaries, spending with local vendors and lodging. Labor costs incorporated into Illinois production

spending would be capped at \$100,000 per individual. Expenses tied to activities taking place outside Illinois, or related to travel into or out of the state (i.e. - airline tickets), would not be covered.

“Gov. Blagojevich and I believe that we must work aggressively here in Illinois to remain one of the top locations for all kinds of movie and television projects. This new legislation will ensure that even more projects will be filmed in our state, which means more revenue and more Illinois jobs,” State Senator Rickey Hendon (D-Chicago) said.

“This legislation is going to bring more television and film productions to Illinois, which is going to ensure that this important industry continues to thrive in our state. This will help grow our economy and put even more people to work,” State Senator Kwame Raoul (D-Chicago) said.

“During these challenging fiscal times, we must continue to take advantage of all of our assets that promote economic growth. Illinois has proven that we have what it takes to compete for all kinds of movie and television productions, but Gov. Blagojevich and I know that we must tailor our financial support to meet the changing needs of this important industry,” State Rep. Ken Dunkin (D-Chicago) said.

To qualify, minimum Illinois film and television production spending would have to be greater than \$100,000 and minimum Illinois commercial production spending would have to be greater than \$50,000. It would also continue encouraging the hiring of Illinois residents from economically disadvantaged areas.

The current Illinois Film Production Tax Credit provides a 25 percent tax credit on wages paid by a production company to each employee that is an Illinois resident. The credit is limited to the first \$25,000 in wages.

"This new legislation will be another important boost for Illinois film and television production, which translates into thousands of jobs for cast, crew members, back office staff and other workers connected to our industry. We appreciate Governor Blagojevich's strong leadership, and we will continue the partnerships that have been so successful over the last several years," Illinois Production Alliance President and AFTRA/SAG-Chicago Executive Director Eileen Willenborg said.

Over the past year, a cross section of Hollywood studios have delivered the production and filming of tomorrow's big screen hits to the state, including *The Lake House*, *The Break-Up* and *Stranger than Fiction*. Already, the critically acclaimed television series *Prison Break*, the state's

first dramatic television series in six years, has captivated audiences nationwide.

Productions in 2005 included Prison Break (FOX Television), The Lake House (Warner Bros.), Stranger Than Fiction (Mandate Pictures), The Break-Up (Universal Pictures), Drunk Boat (Magnificent Mile Productions, Ltd.) and You Are Going to Prison (Prison Pictures, LLC). Theater marquee has also been lit up with a variety of other recent movies filmed in Illinois, including The Weather Man, Ice Harvest, Ocean's 12, Batman Begins, Derailed and Roll Bounce.

Already in 2006, there are eight film and television productions currently filming or slated to film in Illinois. Productions include independent films Grace is Gone starring John Cusack and Butter Fly On a Wheel with Pierce Brosnan, Enemies (Touchstone Pictures television pilot), Prison Break (FOX Television), Judge Mathis (Warner Bros.), ER (Warner Bros.), Design on a Dime (HGTV) and Design to Sell (HGTV).

"Film and television production helps spur economic development and job creation in Illinois, and Gov. Blagojevich knows that we must keep this industry strong to continue hearing 'lights, cameras and action' in our state. These three simple but important words put thousands of people to work both in front of the camera and behind the scenes. We needed this new legislation to continue making this a reality," Illinois Department of Commerce and Economic Opportunity Director Jack Lavin said.

"Gov. Blagojevich has been clear in his directive that we need to reach out to Hollywood studios and bring more business back to Illinois. We've had great success over the past two years, but there is much more potential for growth as studios see the incredible results of films produced in our state. This enhanced tax credit is a critical step in the right direction," said Brenda Sexton, Managing Director of the Illinois Film Office.