

The Filmed in Oklahoma  
Rebate Program  
White Paper

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## INTRODUCTION

SB608, the Filmed in Oklahoma Rebate Program, has delivered on projections that a new cluster of film industry jobs and positive economic impact would occur if the rebate cap was set at \$30 million. Furthermore, the success of the program suggests that the incentive program should be adjusted with a new cap of \$50 million, and a NEW program should be developed for Oklahoma-based production companies for another \$50 million, giving a total of \$100 million for film rebates.

## SUCSESSES

Oklahoma has enjoyed many successes from recent investments in film and TV production incentives. Most visibly, *Killers of the Flower Moon* has received significant global attention and publicity. Its rebates have come from the older Compete with Canada Film Program. In addition, these films also were shot in Oklahoma:

*Reservation Dogs* by FX has benefitted from the newer Filmed in Oklahoma Rebate Program (SB608) and has become the state's first successful episodic series providing the desired residual impact for both jobs and services. Residual series, because they facilitate a lasting and growing infrastructure of expertise and more permanent high paying jobs, are even more important to the growing film industry in Oklahoma. It's also important to note that key crew members will move to a new film state for an episodic series because of the residual employment opportunity. They will not do this for films.

*Tulsa King*, created by the acclaimed Taylor Sheridan, recently completed 10 episodes for season 1. They have slated a total of 70 episodes for the series, which could have led to 6 more years and 60 more episodes in Oklahoma. This series created over 1,000 crew positions, 500 cast and stunt positions and over 2,500 background extras. Oklahomans comprised 200 of the crew members and all background extras were Oklahoman. There is a strong desire for all crew members to be Oklahoma-based as we continue to grow our crew base here. This production spanned over 120 days of principal photography with another 3 months of prep and wrap out.

The *Tulsa King* production was granted a \$14 Million rebate on \$65 Million of documented expenses. The production qualified for, per the terms of SB608, a 30% rebate. Because of the incentive program cap of \$30 Million, the production company only received a 21% rebate. If the current cap had been higher and the company had received 25 – 30%, the producers would have likely decided to stay in Oklahoma for season 2 filming. Unfortunately, they are headed elsewhere to take advantage of “stronger incentives.”

The movie *Reagan* with fan favorite actor Dennis Quaid is sure to be a hit with millions of Americans who considered themselves part of the Reagan Revolution. We have also discussed the possibility of keeping some of the standing sets in Oklahoma to serve as a tourist destination in the middle of the country. This film created about 300 jobs, most of which were Oklahoma-based and spanned over 40 days of principal photography with another 2 months for prep and wrap out.

The story lines that were depicted in these movies either told a history of our great state or emphasized the values that Oklahomans hold dear.

- *Killers of the Flower Moon*: The movie explains the rich indigenous history of Oklahoma along with the greed of businessmen trying to steal the rich oil lands of the Osage. It also reveals the process by which local law enforcement transitioned into federal law enforcement as the Federal Bureau of Investigation came into being.
- *Reservation Dogs*: This comedic TV series shot in Oklahoma provides laughter and joy for its audience. It describes the lives of a few indigenous teenagers caught up with theft and the crazy that evolve from the lifestyle.
- *Tulsa King*: This TV series invites its audience into the thrilling life of the Mob with Sylvester Stallone as the Capo Manfredi. Scenes directly shot in Downtown Tulsa help describe the Capo's new start to building his criminal empire in Tulsa after being exiled from New York by his family.
- *Reagan*: This biography brings the "Great Communicator" to life and reveals Reagan's convictions and character which helped restore America and end the Cold War.

The first year of the Film in Oklahoma Rebate Program has certainly lifted the industry to a whole new level in Oklahoma. As seen below from data provided by The Oklahoma Department of Commerce (ODOC), the resulting jobs and wages during FY22, the first year of the program launched by SB 608, are significantly higher than the averages for jobs and wages from the activity during 2014 – 2020.

As policy makers consider building a dynamic film and TV production industry in Oklahoma, potential considerations for raising the rebate level and investing in the upcoming *Twisters* production is warranted.

## FY14-FY20 Average vs FY2022 ROI Comparison

Year	Wages	Goods Services	Total Output	Total Hires	Rebate Payout	OUTPUT MULTIPLIER	ROI
FY14-FY20 AVERAGE	\$6,896,528	\$7,099,933	\$13,996,461	1875	\$8,000,000	1.2	2.10
FY22	\$41,803,982	\$58,783,005	\$100,586,987	5919	\$30,000,000	1.9	6.37

### HIGH-PAYING JOBS FOR OKLAHOMANS

Nearly **14,000 jobs** were created during FY21 and FY22, and wages were an eye-popping **\$143.7 million**. Of course, above-the-line (ATL) workers earn really high wages, but even below-the-line (BTL) production workers make substantially more than the minimum wage. According to Rachel Cannon, Co-CEO of Prairie Surf Media, many production workers were leaving their minimum wage jobs from companies like Wal-Mart to work in various production departments for over \$30 per hour working 12+ hour days (R.Cannon, personal communication, November 2<sup>nd</sup>, 2022).

Fiscal Year	Total Hires	Wages ATL	Wages BTL	Wages Extras	Total Wages
2013					
2014	466	\$19,575	\$1,786,692		\$1,806,267
2015	669	\$91,345	\$997,203		\$1,088,548
2016	1,707	\$1,498,809	\$2,767,938		\$4,266,747
2017	2,545	\$4,812,886	\$8,363,655		\$13,176,541
2018	2,132	\$2,253,918	\$4,833,537		\$7,087,455
2019	1,781	\$1,534,717	\$3,024,393	\$28,131	\$4,587,241
2020	3,827	\$7,124,071	\$8,683,216	\$455,611	\$8,448,003
2021	7,981	\$67,087,075	\$32,569,507	\$2,233,432	\$101,890,014
2022	5,919	\$24,301,393	\$14,490,364	\$3,012,225	\$41,803,982
Totals	27027	\$108,723,789	\$77,516,505	\$5,729,399	\$184,154,798

**Table 1:** Data provided by the Oklahoma Department of Commerce (ODOC) which houses the Oklahoma Film & Music Office. ATL = above the line workers which include producers, directors, writers, and lead talent. BTL = crew working on the production project. Extras = background talent

**Table 1** above reveals the acceleration that has taken place for jobs and payroll from the combination of the Compete with Canada Film Rebate Program and the newer Filmed in Oklahoma Rebate Program (SB 608). Some of the qualified spending on wages is allowed to non-residents in special cases, but this portion of the spending is not disclosed in ODOC data, and adjustments cannot be made. Nevertheless, the incentive programs are clearly creating high paying jobs and great wages for Oklahoma workers.

Let's turn now to the inclusion of goods and services resulting from the industry and some estimates for return on investment.

## FISCAL YEAR 2022 ECONOMIC IMPACT

Reliable economic impact studies require both detailed data on industry activity and significant professional judgment in applying multipliers to the activity. Hard data about jobs, wages and spending on goods and services should be emphasized over and above flimsy economic impact analysis. We have already seen the jobs and wage numbers for the Oklahoma film incentive programs. The spend on goods and services indicate a similar story of accelerating growth and success. See **Table 2**.

Fiscal Year	Goods and Services
2013	\$12,542,158
2014	\$2,837,239
2015	\$1,520,447
2016	\$4,103,424
2017	\$12,446,176
2018	\$7,815,857
2019	\$4,829,421
2020	\$16,146,966
2021	\$67,488,911
2022	\$58,783,005
Total	\$188,513,604

**Table 2:** Data provided by ODOC.

Recent data from ODOC indicates total incentivized spending of \$101 million (\$41.8 million of wages and \$58.8 million of goods and services) in FY 2022, the first fiscal year of the SB 608 incentive. This total does not include the sizable spend of \$169 million for *Killers of the Flower Moon*, which received incentive dollars under the Compete with Canada Program.

Recent spending has moved well above the long-term trend. The FY22 spend represents a more than **seven-fold** increase in activity relative to the FY14 to FY20 period. FY22 average wage rates have roughly doubled or more for all worker classes relative to historical levels.

A 2020 report <sup>1</sup> by Mark Snead (RegionTrack), Dan Rickman (Oklahoma State University), and Amy Jones (RegionTrack) on the economic impact of the film industry in Oklahoma examined the appropriate multipliers to use in evaluating the industry. The conclusion was that care must be taken in not using a multiplier that is too greatly aggregated or that includes movie theaters in the industry definition. A recent research article <sup>2</sup> by Dr. Rickman and Dr. Hangbo Wang

The 2020 report further finds that economic multipliers for the industry will rise significantly as the industry expands. States with very small film and TV industries tend to have very small multipliers while states with the largest industries have far larger multipliers. An examination of multipliers for all 50 states finds that the top 10 states with a high concentration of film and TV industry activity have output multipliers that average 1.91. With much higher activity in FY22, 1.9 is viewed as a reasonable multiplier for assessing the industry output impact in Oklahoma under the expanded incentive program.

Whereas the ROI for the years FY14-FY20 only averaged \$2.10 for every \$1 Oklahoma invested, the FY22 data indicates an ROI of 6.37. See **Table 3** which uses the data provided by ODOC and the reasonable multiplier of 1.91 to determine the ROI. Clearly, the Filmed in Oklahoma Program has taken the benefits of taxpayer investment to a whole new level by **increasing the ROI 203%!**

## Return on Investment Data for \$30M with 38% cap from SB608 Film Rebate Program (FY2022)

### Total Jobs

- 5,919 for FY2022
- Tulsa King, Rez Dogs, Reagan

### Economic Output

Wages = \$41,803,982  
 Goods & Services = \$58,783,005  
 Total = \$100,586,987

**\$30M  
Input**



AVG Industry  
Multiplier = 1.9  
For \$191,115,275 benefit

**ROI = 6.37**



**Table 3:** *The return-on-investment estimate is my own and should not be attributed to Dr. Mark Snead. Minimum multiplier of 1.9 for NAICS 512 in Georgia, Louisiana, and New Mexico.*

## NATIONWIDE COMPETITION

Oklahoma has quickly become a go-to destination for the film industry, but the competition is fierce. While considering the possibility of increasing the cap on the Filmed in Oklahoma Rebate, it is important to understand the make-up of the leading programs in the United States.

Georgia and New Mexico are considered two of the top states outside of California for attracting film and TV productions. Georgia attributes tens of thousands of high-paying jobs from the industry. New Mexico boasts a return-on-investment of 8.40 and an economic benefit of over \$1 Billion. A review of their incentive programs clearly highlight that the newer Filmed in Oklahoma Rebate Program is very competitive, and Oklahoma would benefit greatly by putting more resources into the program.

### 1. Georgia

- 20 percent base transferable tax credit.
- 10 percent Georgia Entertainment Promotion (GEP) uplift can be earned by including an embedded Georgia logo on approved projects and a link to [ExploreGeorgia.org/Film](https://ExploreGeorgia.org/Film) on the project's landing page.
- Production expenditures must be made in Georgia from a Georgia vendor to qualify.
- No limits or caps in Georgia spend. No sunset clause, No salary cap on individuals paid by 1099, personal service contract or loan out.

- Development costs, promotion, marketing, story rights and most fees do not qualify.
- INCENTIVE OVERVIEW:
  - Eligible projects include feature films; television films, pilots or series; televised specials; televised commercials; and music videos that are distributed outside of Georgia. The \$500,000 annual minimum expenditure threshold can be met with one project, or the total of multiple projects aggregated in a single tax year.
  - The income tax credit may be used against Georgia income tax liability or the production company's Georgia withholding, or it can be sold or transferred to one or more Georgia taxpayers.
  - Once the base investment requirement has been met, the film tax credit can be claimed after the audit (if required) when a Georgia tax return is filed.<sup>3</sup>

## 2. New Mexico

- Film Tax Credit
  - A film production company that meets the requirements of the Film Production Tax Credit Act may apply for, and the taxation and revenue department may allow, a tax credit in an amount equal to 25% to 35% of qualified spends made in New Mexico.
 

▪ <b>Base credit amount:</b>	<b>25%</b>
▪ <b>Additional uplifts (see below):</b>	<b>5%</b>
▪ <b>Maximum credit amount:</b>	<b>35%</b>
- Series Television and Standalone Pilots Intended for Series Television Uplift (An additional 5% tax credit is available if certain criteria are met when filming series television or a pilot.)
  - Series television production must be:
    - Intended for commercial distribution
    - Have an order for at least 6 episodes in a single season
    - NM budget of at least \$50K per episode
    - Pilot must be: Intended for series production in New Mexico <sup>4</sup>

## HOW OKLAHOMA MEASURES UP

The Filmed in Oklahoma Rebate Program is much simpler and more economical than the above programs. It offers a 20% base incentive which is only received upon actual production spend. The base incentive can ultimately rise to 38% based upon the following additional criteria: certified soundstages, episodic or multi picture, rural and post-production done in state.

The authors of SB 608, Senator Chuck Hall and Representative Scott Fetgatter, made conservative fiscal principles a priority for the upgrade to the film rebate program: rebates based upon performance, a cap of \$30 million to have cost constraints and a sunset date to make sure the program gets properly evaluated.

The Georgia and New Mexico programs use transferable tax credits which is akin to just turning over cash to producers. Georgia has an unlimited cap on their program. Neither program has a sunset date, which encourages producers to establish their episodic series knowing they can plan for run of show depending on the rebate program.

Yet in spite of the more conservative aspects of the Oklahoma program, we have seen no limit in interest by production companies to come to Oklahoma. They love our people, services, vistas, and landscapes. If the program cap is raised, we are quite confident that more productions will come.

*“In our recent recruiting trip to Los Angeles, we met with top executives at Disney, Netflix, Apple, Amazon, Fox, Warner Bros, NBC Universal, Paramount and ALL are eager to bring their productions to Oklahoma. We have been talking with them about the right projects for over a year now, but the money hasn’t been there to support them coming. When it does, they will.”* – Rachel Cannon, co-CEO Prairie Surf Media

Furthermore, the overall incentive rate, which appears to be averaging around 28%, provides further evidence that the Oklahoma rebate program is more efficient and more economical than the programs of Georgia and New Mexico.

Producers and actors love working in Oklahoma. Please note the following observations and comments:

*“Aside from the fact that we strove for authenticity in our locations and wanted to film where the show actually takes place, there are certain qualities in Oklahoma that you simply can’t find anywhere else...the blend of art deco and western architecture, the unique settings, the incredibly sky – particularly the sunsets – just don’t exist elsewhere. And the people! The natural charm, helpfulness, and friendliness of everyone we’ve encountered here have made this production a joy right from the start”* – **Tulsa King** Producer and Showrunner Terence Winters 5

*“I couldn’t be prouder of this show that I created with my friend Taika Waititi. It was born out of a conversation in Taika’s kitchen and has now made its way into the lives of people across the world. Excited to bring you more laughter and love from the Rez. Ahoooo!”* – **Reservation Dogs** Showrunner & Director Sterlin Harjo 6

*“The plains of Oklahoma have become the backdrop for studios and producers to create movie magic. From the local workforce to the state government, ‘the Sooner State’ has welcomed film makers, actors, and everyone in between with open arms. I thoroughly enjoyed my time there during the Reagan shoot and I can’t wait to come back.”* – **Reagan** Actor Dennis Quaid 5

Research cited earlier makes it clear that increased activity in a developed film and TV market results in higher economic multipliers. Should Oklahoma policy makers raise the rebate cap; the following scenario for additional production spending and growth should be realistic and likely.

**Table 4** highlights the potential economic output of jobs, wages, goods & services. Although the economic multiplier with a larger investment and more continuous activity should increase, we still use the 1.9 average industry multiplier. The calculation indicates an ROI benefit to the taxpayers of 6.3.

## Return on Investment Data for \$100M with 30% cap from SB608 Film Rebate Program (FY2024)

### Total Jobs

- 19,533 for FY2024
- Multiple Series and Big Budget Features

### Economic Output

Wages = \$175,774,500  
Goods & Services = \$155,875,500  
Total = \$331,650,000

**\$100M  
Input**



AVG Industry  
Multiplier = 1.9  
For \$630,135,000 benefit

**ROI = 6.3**



**Table 4:** *The return on investment estimate assumes a higher multiple based upon the reasonable conclusion that greater activity in wages and spending results in a higher industry multiplier as experienced in other states. Minimum multiplier of 1.9 for NAICS 512 in Georgia, Louisiana, and New Mexico.*

Some discussion has circulated that the Filmed in Oklahoma Rebate Program must be “net neutral”. SB608 does not include such a requirement in statute. Nevertheless, we have always contended that net economic benefits should exceed the costs of any incentive program. We have clearly documented that the new Filmed in Oklahoma Program does provide significant economic benefits for more than the costs.

Furthermore, we should point out estimates in the 2020 RegionTrack study find that a \$30 million outlay for film and TV productions would result in \$9.84 million of tax recovery, which represents a very acceptable ratio of one-third.

## RECOMMENDATIONS

Given the success of the Filmed in Oklahoma Rebate Program and the massive industry commitment to new content, we suggest the Oklahoma Legislature consider the following objectives to pursue more high paying jobs and industry growth:

1. Raise the film rebate cap currently set at \$30 million to \$50 million. An incentive of \$30 million supports about \$100 million of film and TV production. Raising the cap could lift annual production to \$170 million. The demand certainly exists. Coming down the pike in the industry is a projected \$180 billion spend for original content in 2024. Oklahoma needs to get in the queue now. We also recommend capping the rebate at 30%. The uplifts provide multiple pathways to get to that 30%, but they need not combine them all for 38% any longer.
2. Policy makers are often only as good as the information they have access to. Information regarding wages, jobs and spending for each film and TV production needs to be readily available. SB608 should be amended to require the Oklahoma Film Commission to publicly disclose this data for taxpayers to see if their tax dollars are being invested for high paying jobs. Greater transparency and public data will enable lawmakers to assess trends, competition and needed adjustments. A simple tweak to the non-disclosure agreement our state currently provides to production companies and can easily facilitate better transparency as well.
3. Prioritize larger productions but retain 10% for lower cost independent productions. Like most business endeavors, the best returns come from the larger projects. The highest paying jobs and the greater leverage of taxpayer dollars result from productions spending over \$10 million. We certainly want to see activity grow in the smaller independent production world, but when it comes to taxpayer dollars, we must mostly pursue a great return on investment.
4. Create a **NEW** program for Oklahoma-based production companies to qualify at 30% with a \$50 million cap. Oklahoma-based production companies must be registered in Oklahoma for at least 12 months to qualify and have at least 3 full-time essential employees with office space in state. Such a program would incentivize new production companies to move to Oklahoma and bring their productions here. It would also help retain productions we already have here while giving the production companies predictability for financing. A critical aspect of launching this program would be countering the false narrative that Oklahoma is giving money to Hollywood. On the contrary, we are doubling down on the Oklahoma opportunity.

## References

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