

**RIDING HIGH**

More than 20 film and TV projects have filmed in New Mexico this year, including CBS' \$27 million miniseries production "Comanche Moon."

'TAMALEWOOD'

TAKES OFF

With hefty tax rebates and state-of-the-art facilities, **New Mexico** is poised to become a leading production center

By Wolf Schneider



NEW MEXICO IS GETTING A NEW LOOK: THE ONCE-SLEEPY home of hippie artists and everything New Age has reinvented itself as Hollywood Southwest. An aggressive tax rebate, flourishing production infrastructure and 90-minute flight proximity to Los Angeles are among the enticements that have fueled a nearly 40-fold growth in the state's annual production revenue, from \$3 million in 2002 to a projected \$117 million this year.

New Mexico locations recently have doubled for downtown Dallas (for the 2004 crime-drama movie "Suspect Zero"), a Minnesota coal mine (where Charlize Theron toiled to an Oscar nomination in 2005's "North Country") and a back-alley Mexican bordello town (for Ang Lee's acclaimed 2005 hit feature "Brokeback Mountain"). This year alone, the state has been home to DreamWorks' planned July release "Transformers," directed by Michael Bay; CBS' \$27 million miniseries production "Comanche Moon," based on a Larry McMurtry novel and set to air in November; and the Coen brothers' take on Cormac McCarthy's Western novel "No Country for Old Men" for Paramount Vantage, to name but a few.

"We're the end of the Rockies, the end of the Plains, and we have architecture from the 1800s to cutting-edge modern, red rock, white rock, earthships, alpine terrain and six of seven climate zones," says New Mexico Film Office director Lisa Strout, adding that the state can "double for major metropolitan cities and the moon (and is home to) very film-friendly tribal lands."

When executive producer Thom Mount scouted locations for Brad Isaacs' upcoming road-trip movie "A West Texas Children's Story," he, too, landed in New Mexico — even though none of the film is set there. Mount admits that the 1960s coming-of-age drama initially was set to shoot in Texas, but when a financial-



Tech. Sgt. Larry A. Simmons/U.S. AIR FORCE

TOY STORY

Director Michael Bay films a scene for DreamWorks' "Transformers" at Holloman Air Force Base.

participation element fell through there, he moved the \$3.5 million production to New Mexico, largely to capitalize on the state's 25% tax rebate.

"Other states pursued us — Louisiana and North Carolina pursued us," Mount says. "They have aggressive rebates, too, but New Mexico had exactly the right blend of scenery: It'll double for Texas, Baltimore, Tennessee, Georgia and Oklahoma."

With the "Story" shoot based in Albuquerque, Mount notes that, "so far, New Mexico has been unbelievably film-friendly, and I say this with a certain begrudging admiration because I'm on the film commission in North Carolina. I wish our system in North Carolina was as streamlined and as film-friendly, and I'll be trying to learn lessons in New Mexico and apply them in North Carolina."

"It's wonderful also that there's a depth of crew now in New Mexico, lots of people who have been on five or six shows and want to move up," he adds. "The minute you build that depth in your indigenous work force, then you're golden."

Says Mount of his Universal-based Whitsett Hill shingle, which has a distribution deal with Warner Bros. Pictures, "We know we'll be back for another (project) in the next 12-18 months."

Mount is not alone in his enthusiasm for working in New Mexico, for which the state motto is "Grows as It Goes." Since Gov. Bill Richardson took office in 2003 and made filmmaking a priority, the state has been home to more than 50 film and TV productions.

Tim Allen, Tommy Lee Jones, Jennifer Lopez and Jessica Simpson are recent additions to New Mexico's "working

class," and Alan Arkin, Gene Hackman, Val Kilmer, Shirley MacLaine and Julia Roberts are among other luminaries who have made New Mexico home, snapping up adobe ranches. Delirious with the activity, a local paper recently dubbed the state "Tamalewood."

Slated to begin filming next month is James Mangold's high-profile remake of the 1957 Elmore Leonard-penned Western feature "3:10 to Yuma." Headquartered in Santa Fe, the planned 2007 Fox release, starring Russell Crowe and Christian Bale, centers on a small-time rancher who



SIZE MATTERS



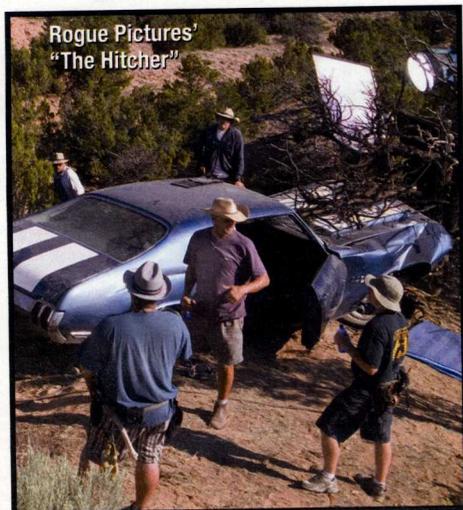
Building a production facility in New Mexico has its advantages, the biggest of which is space

When Pacifica Ventures finishes its \$74 million, 28-acre Albuquerque Studios, the complex will include eight soundstages — four 24,000-square-foot stages with a 55-foot height and four 18,000-square-foot stages with a 45-foot height. The stages will be paired, with each pair sharing a sound-rated partition wall that can be opened to double the size of the facility.

The studio also will include 78,000 square feet of production office and support space (for wardrobe, hair and makeup, greenrooms, etc.) and a 70,000-square-foot mill that can be used for set construction or storage. Also available are 93,000 square feet of long-term office space, 13,000 square feet of bungalows for executive offices and 45,000 square feet of retail space.

Says Pacifica chairman and chief financial officer Hal Katersky, "There's no production too big for us to accommodate."

— Michael Burr



assumes custody of a captured outlaw awaiting a train to Yuma, Ariz., where the outlaw is set to appear in court.

Los Angeles-based attorney and dealmaker extraordinaire Peter Dekom is on retainer with the state and advises those who dole out its production tax rebate, which only recently was upped to 25% (see related story on page S-10).

"For New Mexico, with 2 million (residents), to become competitive with every other state is amazing," Dekom says. "We're like at the top of the food chain."

In addition to tax rebates, New Mexico offers a film-loan investment program by which nearly 20 projects have received as much as \$15 million apiece, with participation in lieu of interest.

Like a rising tide lifting all boats, the increase in filming activity has had a significant effect on the state's infrastructure. New Mexico's crew base has swelled from 100 in 2002 to 1,200 at present — enough to man five full crews split between Albuquerque, a metropolis with 470,000 residents that is only a 1½-hour flight from Los Angeles, and state capital Santa Fe, an art-and-adobe town of 70,000 located about an hour's drive north. Film permits are free in Albuquerque and cost only \$25 a day in Santa Fe, and the process for obtaining police, fire and parking personnel usually is streamlined into a one-stop exercise.

Perhaps best of all for the state's budding production sector, in July came news that a permanent local infrastructure is taking hold as ground broke on Albuquerque Studios, a \$74 million, 28-acre Hollywood-style backlot that will include eight soundstages, space for set construction, postproduction suites, offices and retail space. The project is backed by Pacifica Ventures, which owns Culver Studios in Culver City, and its first two soundstages are slated to open in January, with the rest opening by May or June.

"Los Angeles and New York will always be primary centers for film and TV, but Albuquerque can be the third-largest — it can be



MADE IN



NEW MEXICO

This year, the state has doubled for locales ranging from New Jersey to Germany in more than 20 film and TV projects

'Beerfest' (Warner Bros. Pictures)

Albuquerque stands in for Colorado and Munich, Germany, in this lowbrow comedy from the Broken Lizard gang.

'Buried Alive'

Because of a high risk of forest fires due to dry conditions, this horror film's setting was changed from a log cabin in the high desert to an abandoned house in a remote canyon.

'Carriers' (Paramount Vantage)

Four friends flee a viral pandemic in this horror thriller.

'Comanche Moon' (CBS)

This prequel to Oscar-winning writer Larry McMurtry's 1989 miniseries "Lonesome Dove" — also shot in New Mexico — stars Val Kilmer, Steve Zahn and Karl Urban.

'Employee of the Month' (Lionsgate)

Dax Shepard and Dane Cook vie for the affection of Jessica Simpson in this quirky comedy shot at a Costco store in Albuquerque.



'Fanboys' (Weinstein Co.)

New Mexico doubles for Las Vegas, small-town Iowa and Northern California in this road-trip adventure about four "Star Wars" fans on their way to George Lucas' Skywalker Ranch.

'The Flock' (MGM)

Richard Gere and Claire Danes contended with chilly wintertime temperatures while shooting this crime thriller, in which they play federal agents.

'The Hitcher' (Rogue Pictures)

Miles of desolate highway provided the perfect setting for this remake of a 1986 horror thriller, in which Sean Bean takes over Rutger Hauer's original murderous-hitchhiker role.

'In Plain Sight' (USA Network)

Albuquerque fills in for Phoenix in this TV pilot.

'Intervention'

Set at a high-end rehabilitation clinic, this comedy was shot almost entirely at the Vista Clara Ranch Spa Resort in Galisteo, 20 miles southeast of Santa Fe.

'The Living Hell'

A closed section of the New Mexico State Penitentiary — the site of infamous 1980 riots — doubles as a decommissioned U.S. Army base in this independent horror film starring Johnathon Schaech as a mild-mannered teacher who must stop a deadly organism from destroying everything in its path. Because of the set's proximity to the active correctional facility, crew members were not allowed to wear orange.

very, very significant,” Pacifica chairman and chief financial officer Hal Katersky says. “It can be bigger than Vancouver eventually: It’s got better weather than Vancouver, it’s closer (to Hollywood and New York), and the incentives are as good, if not better.”

Albuquerque Studios vp Nick Smerigan is equally confident. “I think it’ll (generate) every bit of \$400 million-\$500 million a year, once it gets rolling,” he says. “Once people feel comfortable with the service they’re getting, then it will be a destination for film and TV. We’ll definitely be competitive with Vancouver from the standpoint of business leaving California and coming into Albuquerque.”

Adds producer Christopher Racster, who shot Robert Cary’s \$1 million independent drama feature “Save Me” in New Mexico this summer: “I could see this becoming a ‘little Vancouver’ in terms of how much production could end up here. It’s amazingly beautiful, and it can be Anywhere, USA.”

One of New Mexico’s biggest production success stories is its relationship with the indie shingle Lionsgate. In addition to shooting the third season of its ABC Family drama series “Wildfire,” for which a New Mexico horse ranch doubles for one in central California, the company recently filmed Greg Coolidge’s planned Oct. 6 comedy feature release “Employee of the Month” in New Mexico and is drafting plans for a \$15 million soundstage complex in Rio Rancho, north of Albuquerque.

“Wildfire” executive producer Lloyd Segan notes that without tax incentives, his show could not afford to shoot in New Mexico, “no matter how beautiful the backdrop is.”

Lionsgate also began shooting last month on Sci Fi Channel’s \$20 million miniseries production “The Lost Room,” set to air in December. “We were able to get a lot of bang for our buck in New Mexico,” Lionsgate senior vp television and finance Mark Manuel says. “For \$20 million, we could get more than \$20 million in value — in locations, in permits, in availability of fire and police, in availability of the film commission.”

Designing such a film-friendly environment is the purview of Eric Witt, Richardson’s director of legislative and political affairs and media industries development. Previously vp finance at Dino De Laurentiis Communications, Witt came with a strategy.

“First we wanted midsize indie productions, then larger studio productions, then repeat business — particularly from the studios — then TV series that would help us build the crew base, then building out the physical infrastructure,” he says. “With the new Albuquerque Studios, postproduction is part of their plan — editing, scoring, effects, the whole deal.”

Filmmaking has not been this good to New Mexico since the state’s 1980s-’90s heyday, which began with the 1985 feature “Silverado” — an oft-repeated story goes that the movie’s

‘The Lost Room’ (Sci Fi Channel)

Peter Krause plays a detective who finds a key to a mysterious motel room that acts as a portal to an alternate universe in this eight-part sci-fi thriller.



Sci Fi Channel’s “The Lost Room”

‘No Country for Old Men’

(Paramount Vantage)

Josh Brolin plays a hunter who stumbles upon a stash of heroin and more than \$2 million in cash near the Rio Grande in Joel and Ethan Coen’s thriller based on Cormac McCarthy’s best-selling novel.

‘Save Me’

Chad Allen, Robert Gant and Judith Light star in this drama about a Texas “rehab” center that “cures” gay people.

‘Seraphim Falls’ (Samuel Goldwyn Films)

New Mexico doubles for Wyoming and northern Nevada in this post-Civil War drama starring Pierce Brosnan, Liam Neeson and Anjelica Huston.

‘3:10 to Yuma’ (Fox)

James Mangold’s remake of a 1957 Elmore Leonard-scripted Western is slated to begin filming next month, starring Russell Crowe and Christian Bale.

‘Trade’ (Lionsgate)

New Mexico fills in for settings ranging from El Paso, Texas, to Paterson, N.J., in this sex-trafficking drama starring Kevin Kline.

‘Transformers’ (DreamWorks)

Michael Bay’s big-budget adaptation of the 1980s comic, toy and animation franchise was shot on and around the White Sands Missile Range and Holloman Air Force Base.

‘Wanted: Undead or Alive’

Crew members sometimes arrived at the wrong set when this zombie Western, starring James Denton and Chris Kattan, filmed at the Bonanza Creek Ranch near Santa Fe at the same time as CBS’ “Comanche Moon” and Buena Vista’s “Wild Hogs.”

‘A West Texas Children’s Story’

Contrary to the title, most of this 1960s drama about two 12-year-olds who embark on a journey to find new parents was filmed in the Los Lunas/Belen region of New Mexico.

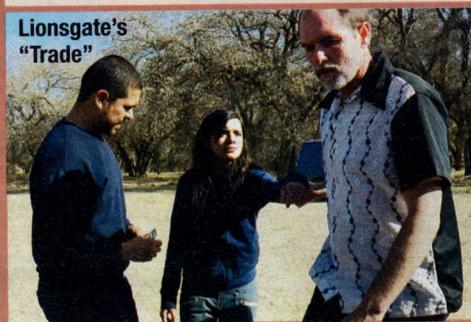
‘Wildfire’ (ABC Family)

Set in Northern California, this popular series — now in its third season — shoots in and around the city of Rio Rancho, where Lionsgate Entertainment is planning to build a \$15 million studio.

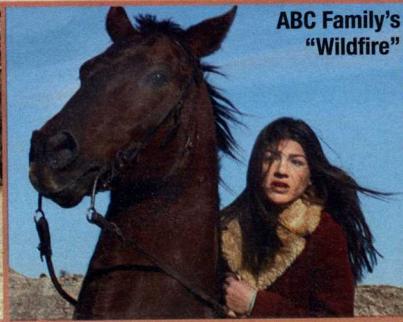
‘Wild Hogs’ (Buena Vista)

Tim Allen, Martin Lawrence, William H. Macy and John Travolta play suburban biker wannabes who hit the road seeking adventure in this comedy, for which Albuquerque doubled as Cincinnati and other parts of the state stood in for Indiana and the Ozarks.

— Compiled by Michael Burr



Lionsgate’s “Trade”



ABC Family’s “Wildfire”

Claire Danes on the set of MGM's "The Flock"



processing lab complimented cinematographer John Bailey, asking which filters he had used, and drew the response, "None at all; the skies really look like that" — followed by 1988's "The Milagro Beanfield War," the 1989 miniseries "Lonesome Dove," 1991's "City Slickers" and 1994's "Wyatt Earp." The latter project propelled New Mexico's 1994 film production revenue to \$62 million.

This time, the business seems here to stay. "We're committed to having the most aggressive incentive program in the country for the long term, whether it's a combination of tax rebates, 0% production loans, our crews having mentorship support or the use of state lands," Witt says.

Equally crucial is the business savvy of Dekom, who vets every production loan made by the state. "The first thing we look at is: Who is guaranteeing the principal back if it doesn't earn out?" he says. "Is there a bona fide guarantor of the principal?"

New Mexico's production future thus looks solid — or even sunnier. "We've been growing at an annualized rate of 20%, and we expect that trend to continue," Witt says. "And with the studio facilities coming in, we expect that growth to even increase." ■

UNDERSTANDING NEW MEXICO'S PRODUCTION TAX INCENTIVES AND LOAN PROGRAM

New Mexico's production-tax rebate was initiated at 15% in 2002, increased to 20% last year, then skyrocketed to 25% in January under film-friendly Gov. Bill Richardson, making it possibly the most aggressive and easy-to-access production incentive anywhere.

"The rebate is based on all expenditures made in-state that have some form of state tax attached to them, so that's all your labor, lumber, hotels, etc.," New Mexico Film Office director Lisa Strout says. "This has grown the vendor side as well as the labor side here: We have Panavision, Kodak, Fuji, movie insurance, movie equipment and transportation equipment. We put it all on the Web site, www.nmfilm.com."

The rebate kicks in whether a project shoots in the state for two days or 200 days, Strout notes. "And it is a rebate, not a credit — as opposed to Louisiana and many other states, where you can't take that credit out of state and you have to sell it to a broker," she says. "This is a check from the state to the production. Nobody is taking a piece out of it — you get rebated on your entire expenditure. Let's say you spend \$92 on something, and you have tax, and it's \$100. You're going to get \$25 back."

Productions also can register their loan-out companies in New Mexico and receive rebates on actors' fees, even if the actors are not state residents. Among projects that recently have taken advantage of that incentive, Strout cites the CBS miniseries "Comanche Moon," set to air in November, and Buena Vista's adventure movie "Wild Hogs," directed by Walt Becker and set to hit theaters in March.

New Mexico's film-investment loan program offers as much as \$15 million to each project, with participation in lieu of interest. Terms are negotiated, the minimum eligible production budget is \$1 million, and at least 85% a project must be shot in New Mexico for it to be eligible. In addition, an investment-grade guarantor must be in place for the principal loan amount, scripts must meet an eligibility requirement, distribution must be arranged, and 60% of a project's below-the-line payroll must be allocated to New Mexico residents.

Los Angeles-based powerhouse attorney Peter Dekom, who as film adviser to the New Mexico State Investment Council helps to ensure that projects meet those criteria, notes that 50-100 films are evaluated seriously for loans each year, "and by serious evaluation, I mean, 'Here's the film; here are the creative elements; here's our guarantor; here are the terms of the distribution agreement; here are the projections' — not just an e-mail with an idea.

"The state basically does not take a risk on principal — we don't do that," he adds. "We have no loans that have defaulted on principal and no evidence of any loans approaching default."

Film and TV projects that have received loans from the council include the ABC Family drama series "Wildfire," Lionsgate's planned Oct. 6 feature release "Employee of the Month," MGM's planned Oct. 20 release "Bordertown" and Samuel Goldwyn Films' planned December release "Seraphim Falls."

"We negotiate with the filmmaker that we will get a percentage of the upside," Dekom says. "It's interest-free in terms of traditional interest on the loan, but the interest is a percentage off the upside."

— Wolf Schneider



AT A GLANCE



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