

From the Greater Baton Rouge Business Report

Lights, camera, action

New law provides credits only for work done in Louisiana.
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After graduating from LSU in 2002, Andre Champagne had to go to Los Angeles to try to make it in the movie business.

Now, with new state tax incentives to lure film production companies, the actor-turned-producer is moving home to Baton Rouge to work in his field.

"The tax credits changed everyone's world," Champagne says. "It's creating a new industry that will be very successful. Louisiana is not just a location. It's now a production hub."

The Louisiana Motion Picture Incentive Program, passed by the state Legislature in 2002, was revamped in 2005 so that only work done in Louisiana would be eligible for the tax credits. The new law went into effect Jan. 1, 2006.

Between 2002 and 2006, movies "based" in Louisiana could get a 15% tax credit for the entire production, even if half the work was done in Los Angeles.

The current law provides a 25% tax credit for production-related goods and services, a 15% tax credit on infrastructure and a 10% credit on payroll for Louisiana residents. Those figures are based on an investment of more than \$300,000. Much of the work being done in Louisiana will fall under two of those categories, resulting a total 35% tax credit for Louisiana resident employees and 40% for infrastructure. And those tax credits are transferable.

The credit for production-related goods and services is slated to go down to 20% in 2010 and 15% in 2012.

Film production in Louisiana has boomed since the 2002 law was passed, going from \$20 million that year to \$640 million in 2005. The Governor's Office of Film and Television Development predicts film production will bring in \$700 million next year.

That could be an optimistic estimate since the law was changed, says Will French, president of Louisiana Producers Capital, a New Orleans/Shreveport company that brokers movie tax credits. Most movies now in production were certified in 2005 before the new law took effect, so they were basically grandfathered in under the previous legislation. It may be another year before we see the financial impact of the new law. "The last thing we want as a tax-credit broker is a decrease in the tax credits that are out there," says French.

If the previous law was too generous, at least the 2005 change is definitely better for Louisiana in some ways.

"This is a great incentive," French says. "It's bringing people home who left Louisiana years ago to go to Los Angeles. It's not what Louisiana is used to. We're used to brain drain."

For people like Champagne, it's an opportunity he couldn't pass up.

The Napoleonville native plans to move the home office of his Emerge Motion Pictures and Emerge Casting to Baton Rouge in December.

Emerge is the latest in a wave of movie studios setting up shop in the area.

Baton Rouge landed Louisiana's first post-production movie studio in October. Brendan O'Conner plans to have the first of seven soundstages completed at Celtic Media Centre this spring. And two women in New Roads are buying a century-old cottonseed mill to use as the soundstage for Emerald Bayou Studios.

Meanwhile, HK Productions wrapped up filming of Race to Glory, starring Christopher Lloyd, at the Baton Rouge Raceway on Oct. 28. And The International Alliance of Theatrical Stage Employees is doing a low-budget film in St. Francisville called Dream Boy.

But Baton Rouge is lagging behind northwest Louisiana on the film frontier, even though much of All the King's Men was filmed in the Capital City. Since Hurricane Katrina disrupted filming in New

Orleans a year ago, 11 projects have been filmed in northwest Louisiana--primarily Shreveport and Bossier City--pumping some \$200 million into the local economy. Last year, Shreveport was Louisiana's second city of movie production, ranked behind New Orleans and ahead of Baton Rouge. (As far as states go, Louisiana ranked No. 3 behind California and New York.) Homeland Security, starring Meg Ryan and Antonio Banderas, is a \$17 million independent film currently being produced in the Shreveport area. And Blonde Ambition, which stars Jessica Simpson and Luke Wilson, should begin production there soon. New Orleans has slowly been regaining its footing and the reputation it acquired in 2004 as Hollywood South after Ray was filmed in the Crescent City. The film about Ray Charles was the first major production to take advantage of the state's movie tax credits.

New Orleans was host to two major films this year, the \$150 million production of *D+j ç Vu*, starring Denzel Washington, and *The Curious Case of Benjamin Button*, which stars Brad Pitt and has an estimated budget of \$200 million. It is currently in pre-production. Large movie companies often do their production work back in California, so only part of those total budget figures will be spent in Louisiana.

Champagne said he realized soon after arriving in Los Angeles that he was more interested in producing than acting. He founded Emerge Motion Pictures there in 2003.

Emerge got some attention from a 16-minute film it produced in 2004 called *While Tom Waits*. Films of that length, known as "shorts," are often shown at film festivals and used basically as calling cards.

After spending \$30,000 to do *While Tom Waits*, Champagne served as one of five producers on a \$1 million full-length film called *Jimmy and Judy*. The 92-minute film, which starred Edward Furlong, won "best film" at the San Francisco Film Festival this year.

Champagne is now working on a film called *Jimmy High-Five* about two construction workers who find the body of Jimmy Hoffa.

Champagne says that movie, which is now in early pre-production, will be filmed in and around Baton Rouge. Shooting is expected to begin in March and take about 36 days to complete.

Champagne says he plans to make the movie for less than \$5 million.

Champagne says he plans to keep his Los Angeles office open and to open casting offices in New Orleans and Shreveport.

Jordan Kessler, Nick Thurlow and Jerry Gilbert opened Louisiana's first post-production movie company in Baton Rouge on Oct. 23.

Louisiana Media Services will allow production companies to do their post-production film work in Baton Rouge and take advantage of the state tax credit. Post production usually accounts for about 10% of a film's budget.

"I couldn't go anywhere else and do this," says Kessler, chief executive officer of LMS. "I would just run out of money."

Kessler says the group invested about \$500,000 initially in LMS' 4,400-square-foot Baton Rouge studio. He says LMS already has \$1 million in business coming in.

Kessler also owns Los Angeles-based Finish Films. Thurlow and Gilbert own Sonic Magic Inc., a post-production studio in Los Angeles. The owners of LMS plan to keep their California studios in operation while also branching out to Louisiana.

Thurlow, who serves as chief financial officer of LMS, says "it didn't make sense" to open a studio in Louisiana until the tax laws changed.

Thurlow says LMS may use one of the soundstages being built at the Celtic Media Services complex off Airline Highway in Baton Rouge. But he will keep the existing studio open as a training facility.