



Los Angeles Area  
Chamber of Commerce

TUESDAY | Aug. 30, 2005

THE BUSINESS PERSPECTIVE:

# Keep Hollywood in California



## Coming up at the Chamber

[View all upcoming events on our web calendar.](#)

**WED | Sept. 7**  
Health Care Committee Meeting  
[more info](#)

**TUE | Sept. 13**  
Referral Network  
A Growing Companies program sponsored by Wells Fargo  
[more info](#)

**WED | Sept. 14**  
Member Orientation  
[more info](#)

**WED | Sept. 14**  
New Member Reception  
[more info](#)

**THU | Sept. 15**  
Environmental Quality Committee Meeting  
[more info](#)

**FRI | Sept. 16**  
Accenture Pancakes & Politics  
[more info](#)

**FRI | Sept. 16**  
Education and Workforce Committee Meeting  
[more info](#)

**TUE | Sept. 20**  
Transportation & Goods Movement Committee Meeting  
[more info](#)

**TUE | Sept. 20**  
Trade Briefing: Doing Business with Israel  
[more info](#)

**WED | Sept. 21**  
Business After Hours: Radisson Wilshire Plaza Hotel  
[more info](#)

**THU | Sept. 22**  
Economic Development & Land Use Committee Meeting  
[more info](#)

**TUE | Sept. 27**  
Referral Network  
a Growing Companies program sponsored by Wells Fargo  
[more info](#)

**WED | Sept. 28**  
Entertainment Industry Business Council  
[more info](#)

**THU | Sept. 29**  
Access L.A. City Hall  
[more info](#)

The Los Angeles Area Chamber of Commerce, with more than 1,400 members, is the voice of business in L.A. County. Founded in 1888, the Chamber promotes a prosperous economy and quality of life in the Los Angeles region. For more information, visit [www.lachamber.org](http://www.lachamber.org)

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If there is one industry that embodies California, it is undoubtedly entertainment. We invented it. We built an economy around it. Hundreds of thousands of Californians depend on it for their livelihood--and the multiplier effect is even greater.

California should do all it can to keep production here. The fact that there's even any question about that strikes me as ridiculous; it would be similar to Michigan telling the auto industry that they could go elsewhere. However, the public debate over tax incentives to combat "runaway production" has unfortunately evolved into an exchange of misperceptions about the film industry instead of its contributions to our economy.

Since Assembly Speaker Fabian Nunez (D- Los Angeles) recently introduced AB 777, a chorus of critics have chimed in. Some of these are the usual suspects who shout "corporate welfare" anytime there is talk of a tax cut for businesses. Others are those who have an ax to grind with Hollywood because of its perceived support for Democratic Party causes.

It's a shame that the debate on AB 777 is missing the point--lots of points.

Nunez introduced AB 777 in response to the extremely generous tax incentives by other states (and nations), which are luring filmmakers away from California. AB 777 would provide tax credits of up to \$3 million on films for which 75 percent of production is in California. These credits could be used only on wages and equipment.

As is frequently the case in the legislature and the court of public opinion, knee-jerk reactions abound, with a common refrain that the film industry only consists of rich producers and stars who are already raking in millions.

Not so. Yes, some Hollywood execs are millionaires, but the truth is that the overwhelming majority of entertainment industry workers are struggling to exist in our middle class. AB 777 will help to keep the movies, commercials and television shows that fuel our region's economy and keep those skilled jobs here.

Think about all the workers who support entertainment production. Costume shop owners, production shops, caterers, set builders, and many others--mostly small businesses--benefit when production stays here. They benefit and their employees keep their jobs.

As recently as 2002, the film industry accounted for \$34 billion in economic activity in California and 245,000 jobs according to the Motion Picture Association of America. I think we can assume that most of that activity was in L.A. County.

Meanwhile, Canada, which has lured many noteworthy productions away from L.A. County, has become a popular and cost-effective place for movie -of-the-week film shoots, which account for \$12 million in economic activity, on average, according to the [California Film Commission](#).

The *Los Angeles Times* recently chronicled the stories of [several producers and film crew members who have moved their families to other states](#), such as Louisiana, which have slashed taxes for filmmakers. This shows that not only is runaway production real, but it is taking filming--and our middle class--out of L.A.

If AB 777 is not passed, we run the risk of our talent pool moving their families to other states that desperately want our film industry. When other states are actively recruiting away an industry as vital to California as entertainment, legislators must act to keep that industry here and make our state more competitive.

Let's hope that legislators have learned the lessons of the past, such as when Fortune 500 companies moved their headquarters to less expensive states in the early 1990s. Let's hope that they learned another lesson when aerospace and defense businesses packed up and moved jobs out of California after the Cold War ended.

Because if they've failed to learn these lessons when jobs and tax revenues are at stake, we're in for an even worse economic future than we thought.

AB 777 is perhaps the most important economic development bill of

*The Business Perspective* is an award-winning weekly opinion column by Rusty Hammer, President & CEO, LA Area Chamber

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the year. Pass it!

And that's *The Business Perspective*.



Russell J. Hammer  
President & CEO  
Los Angeles Area Chamber of Commerce

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### TALK BACK TO THE CHAMBER

Please tell us your thoughts on this issue. Include your name, company and email address and your response may appear in next week's *Business Perspective*.

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