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FOR IMMEDIATE RELEASE

September 19, 2019

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State Clears Pending Film Credit Claims

After paying out about \$30 million in backlogged film credits this month, the New Mexico Taxation and Revenue Department has now cleared all pending claims that had built up in prior years.

This month's payout of \$29,976,581 comes on top of \$100 million in backlogged credits that were paid out in June.

About \$175 million is still available this fiscal year for rebates to other films and shows that have finished production but which have not yet filed their claims.

"Following through on our commitment to clear this debt will go a long way toward cementing a long-lasting relationship with the film industry. We are helping to create well-paying, rewarding careers for New Mexicans," said Taxation and Revenue Secretary Stephanie Schardin Clarke.

Film companies are eligible for a tax credit on wages they pay to New Mexico residents and goods and services they purchase in the state.

Under previous law, payouts were capped at \$50 million per year, but productions above that cap kept being approved for future credits, causing the backlog to accrue.

Lujan Grisham made fulfilling the state's film rebate commitments a priority in the 2019 legislative session. Through a bill sponsored by Sen. Nancy Rodriguez, legislators agreed to make up to \$225 million available.

Senate Bill 2 raised the annual payout to \$110 million and created a \$100 million cap on how much unpaid liability the state can accrue beyond the annual cash payout.

The backlog payouts this month were made to 29 productions.

The rebates are just a fraction of what the industry has spent in New Mexico. Since the state passed its film incentives law in 2003, the film and television industry has spent \$3.5 billion here.

In fiscal year 2019, which ended June 30, industry spending here was \$525 million.

The new Film Production Tax Credit Act that went into effect July 1 not only authorized the back payments but also:

- More than doubled annual payout to \$110 million per year for qualified expenditures.
- Established an extra 5 percent incentive for productions in areas outside the Santa Fe-Albuquerque corridor.
- Established an exemption for partnership production studios that agree to purchase or lease a facility in the state for at least 10 years. The work done by these partners is exempt from the cap.
- The credit ranges from 25 to 30 percent, depending on location and whether it is a recurring television production or film, with an additional 5 percent incentive for productions outside the Rio Grande corridor.
- Requires quarterly reporting on taxpayer money spent on the rebate program with greater transparency and cooperation between the Film Office, Economic Development Department and Taxation and Revenue Department.