

## MEDIA; Coming Soon to a Screen Near You: New Mexico

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As many cash-short states reduce financing for their film offices, New Mexico is headed defiantly in the opposite direction. Blessed with a budget surplus, the state has started one of the nation's most aggressive film incentive programs, resulting in a flurry of projects like the somber "21 Grams" from Alejandro González Iñárritu and "The Missing," a violent tale of abduction, from Ron Howard.

The New Mexico Film Office estimates that filmmaking in the state -- counting salaries, lodging, food and transportation -- generated \$80 million in spending in 2003, up from \$8 million a year earlier. With several more projects planned this year, Frank Zúñiga, director of the film office, said, "I have every confidence that we'll have double the financial impact in 2004."

How times have changed. Jon Hendry, a Scot who arrived in New Mexico 19 years ago to work on the set of the western "Silverado" and never left, was despondent about its film industry a couple of years ago.

"I was tired of not doing anything, of being unemployed," said Mr. Hendry, the business agent for New Mexico's film technicians union. Last year, membership in his union surged to 400 from 60.

The force behind New Mexico's film boom was the creation of an \$85 million fund that invests directly in film projects through no-interest loans. The money comes from New Mexico's \$3.5 billion Severance Tax Permanent Fund, financed by royalties from natural gas, oil, coal and timber extraction.

The program, drafted by Peter J. Dekom, a prominent entertainment industry lawyer in Los Angeles, allows the state to lend as much as \$7.5 million to help produce films. It also grants a 15 percent tax rebate on all local production costs, provided the film is made largely in New Mexico.

"Our main objective is to become a supportive satellite of Hollywood," Gov. Bill Richardson said in an interview. "We don't want to be greedy with this, but for a state with low per capita income, it's a way for us to attract a clean, environmentally friendly industry that leaves a positive impact."

Unlike many states, New Mexico has a Constitution that mandates a balanced budget, and it also has a history of reining in public spending. As a result, there was little resistance to legislation allowing the state to invest in film projects. In fact, the state's finances allowed officials to expand the authority and influence of its film commission while other states were cutting back.

Few states are as aggressive in luring film projects as New Mexico, with its no-interest loans, although several, like Louisiana and Illinois, offer similar tax incentives.

In California, the film commission was recently folded into the Department of Business, Transportation and Housing and its budget was cut nearly 60 percent. Still, a department spokesman, Patrick Dorinson, said, "Filmmaking has been a priority for the California economy and will continue to be one." He declined to comment on New Mexico's program.

According to The Hollywood Reporter, a newspaper that covers the entertainment industry, Colorado eliminated most of its film office budget last year, and the New Jersey film office was nearly shut down. In Massachusetts, the state film office was closed in 2002. Private fund-raisers responded by creating a nonprofit organization, the Massachusetts Film Bureau, to promote the state as a destination for filmmakers.

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"I wish we had something in the way of loans," said Robin Dawson, the bureau's executive director. "New Mexico is going to be the envy of every film commission in the country."

Elliott Lewitt, producer of "Around the Bend," a road movie about four generations of men from the same family, said the incentives saved the project about \$500,000 on a budget of \$6 million. The film, starring Michael Caine and Christopher Walken, was shot in 2003 in Los Lunas, N.M., south of Albuquerque, and is scheduled for release in October.

"This was a picture we wouldn't have been able to do if we couldn't recover some of the costs," Mr. Lewitt said.

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