

EXPANDING THE REGIONAL FILM TAX CREDIT

Opening Statement

Film and television producers that either film or produce outside of the Designated Vancouver Area receive a Regional Tax Credit as a result of the BC Film and Television Tax Credit Regulation^{1,2}. This policy disincentivizes production within the Lower Mainland and reduces the amount of economic activity available to municipalities in this region. Although the film and television industry are major contributors to the provincial Gross Domestic Product (GDP) and Canada's Gross National Income (GNI), there is room for policy improvement to enable allow greater levels of production and to compete with other large North America production zones such as Hollywood.

Background

The film and television production industry have been significant contributors to the province's economic GDP and the country's GNI. The industry made \$3.8 billion in 2017, making Vancouver the 3rd largest production centre in North America³. Over 42,000 direct and indirect jobs are generated by film & TV production in BC, with more than 80% located in Metro Vancouver⁴.

There are many reasons for a profitable production sector in BC, including a climate that allows filming for longer periods of time, talent pool, and available incentives provided by the BC Government. These inventive programs are provided through three broad categories: Production Services Tax Credit (PSTC); Film Incentive BC (FIBC), and; Digital Animation Visual Effects and Post-Production (DAVE).

Under the PSTC the following credits are available:

1. Basic tax credit on 28%
2. Regional Tax Credit of 6% to production companies
3. Distant Location credit of 6%, and;
4. DAVE for 16%.

Under the FIBC, which is an initiative designed to encourage film, television, digital animation and visual effects production in BC, eligible applicants receive:

1. A basic credit of 35% on a maximum of 60% of total cost of production;
2. 12.5% regional tax credit
3. 6% distant location tax credit;
4. 30% tax credit for training;
5. 16% tax incentive for DAVE; and,
6. 35% tax credit for scriptwriting.

To receive the regional tax credits of 12.5% and 6% under the PSTC and FIBC, production must occur outside of the Designated Vancouver Area. The Designated Vancouver Area includes North Vancouver (city and district), Vancouver, Burnaby, Port Moody, Coquitlam, Port Coquitlam, New Westminister, Surrey, Delta, White Rock, Richmond, Bowen Island, and West Vancouver.

1 http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/4_99#section15

2 https://drive.google.com/file/d/14FT3VXeSnq2vZmmdlDEC49gIJK_zFCYv/view

3 <https://www.vancouvereconomic.com/film-television/>

4 <https://www.vancouvereconomic.com/film-television/>

Downtown Vancouver is a film and television production hub. Even without the tax credit the majority of production occurs in this area including 65+ movies and 55+ TV series' annually, as well as hundreds of other filming days for commercials, TV pilots and other features.⁵

There has been an increased level of production in the region surrounding Vancouver. In Surrey alone where was 302 days of filming in the in 2017, up from 88 days in 2012 – a 243% increase over five years.⁶

Why Is This Important to the Economy and Business

Shrinking the Designated Vancouver Area will increase production in the areas that are no longer in the Designated Vancouver Area. With greater production, local economies will see more spending in the area.

Production could be increased further if there was a competitive incentive program. Removing many of the jurisdictions from the Designated Vancouver Area would instigate production. This production will lead to more jobs in the region, greater profile of the area for production, and increased spending within the municipalities.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Complete a cost-benefit analysis to adjust the Designated Vancouver Area; and
2. Once a cost-benefit analysis has been conducted, amend legislation to readjust the Designated Vancouver Area boundary.

Submitted by the Surrey Board of Trade, South Surrey/White Rock Chamber of Commerce, Delta Chamber of Commerce and the Cloverdale Chamber of Commerce

⁵ <https://www.vancouvereconomic.com/film-television/>

⁶ <https://www.surreynowleader.com/entertainment/film-industry-skyrocketing-in-surrey/>