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## Company Town

THE BUSINESS BEHIND THE SHOW

### On location: Puerto Rico expands film tax credits in bid for larger Hollywood role

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With its lush mountains, tropical rain forest and sugar-white beaches, Puerto Rico has long prided itself as a “paradise of locations” for filmmaking.

But the U.S. territory has never been ranked in the top tier of filming destinations, in part because it had only a small pool of money allocated for its tax-credit program. That could change now that the Caribbean archipelago wants to grab a larger share of Hollywood’s production pie.

Last week, Puerto Rico Gov. Luis G. Fortuño signed into law a new package of film incentives aimed at making his commonwealth competitive with some of the top production hubs in the U.S.

The new law broadens the existing 40% production tax credit to include TV programs and documentaries, and for the first time allows producers to claim a 20% tax credit for hiring non-residents, including salaries of actors. Additionally, the new law lifts the annual cap in tax credits to a maximum of \$350 million from a paltry \$15 million. It also provides a 25% tax credit toward the development and expansion of studios, post-production houses and other service companies that are critical to building a local film industry.

While Puerto Rico has a number of smaller soundstages, it lacks the infrastructure of more established film locations such as Louisiana, the United Kingdom and New Zealand, limiting its appeal to filmmakers.

Puerto Rico’s new legislation comes after a recent announcement by neighboring Dominican Republic to introduce a 25% film tax credit. And, it comes at a time when several U.S. states, notably New Mexico and Michigan, have announced plans to significantly scale back their film incentives to balance their budgets.

“We look at the film industry as an engine of economic development,” said José Ramón Pérez-Riera,

Puerto Rico's secretary of economic development and commerce, which oversees the film program. "With this new law, I think we can compete favorably with any jurisdiction."

Pérez-Riera said the timing of the new tax-credit law, which has been in the works for six months, was purely coincidental with rollbacks in some states.

"I can't say we're doing this because other states are cutting back, but the timing works quite nicely for us," he said. "As other states are cutting back we're stepping up so we can capture a substantial portion of the market for some of these high-budget films."

Joe Chianese, senior vice president of Burbank-based Entertainment Partners, which specializes in providing production services, said the new incentives will make Puerto Rico competitive with leading film states such as Louisiana and Georgia.

"It's a great move for them," he said. "It definitely raises the stakes."

Puerto Rico has managed to lure dozens of productions over the last decade thanks to its diverse and tropical terrain. The commonwealth has stood in for Cuba in the USA Network TV show "Royal Pains"; Bolivia in the Warner Bros. action movie "The Losers"; Brazil in the upcoming Universal Pictures' sequel "Fast Five"; and even Kuwait and Iraq in "The Men Who Stare at Goats," the independent film starring George Clooney.

And the government would like to see Hollywood crews hang around for a bit longer to fuel the local economy. For example, Walt Disney Pictures' "Pirates of the Caribbean: on Stranger Tides" shot only a few days in Ft. San Cristobal in Old San Juan and in Palominito, an isolated island on the east coast of Puerto Rico.

"We wanted to bring the entire production here," Pérez-Riera said, "but we were competing with Hawaii."

-Richard Verrier

*Photo: Explosion scene in financial district of San Juan for the Warner Bros. movie "The Losers," which was filmed in Puerto Rico. Credit: Puerto Rico Film Commission*

## Where the cameras roll

Overall production days were down 21% last week for TV, film and commercial shoots in the Los Angeles area compared with the same period last year, according to FilmL.A. Inc.

### Production days for three main categories

	Television	Features	Commercials
<b>February 28-March 6, 2011 (510 total production days)</b>	326	52	132
	-25%	-4%	-15%
<b>March 1-7, 2010 (646 total production days)</b>	436	54	156

### Sampling of permitted shoots this week



#### Commercials

- A L'Oreal**  
Los Angeles, Mon.  
Tempesta Inc.
- B Schweppes**  
Beverly Hills, Tue.-Wed.  
H.S.I.
- C Lucozade**  
Venice, Wed.-Thu.  
Clifford Benski Inc.
- D Wendy's**  
Pasadena, Sun.  
Redtree Productions
- E Acura**  
L.A. County, Mon.-Tue.  
Anonymous Content

#### Features

- F Stitch**  
Los Angeles, Sat.  
Thunderbolt Entertainment
- G The Sentient**  
Los Angeles, Thu.  
Quincy Pictures
- H Deadly Sibling Rivalry**  
Topanga, Sat.  
DSR the Movie
- I Default**  
Los Angeles, Mon.-Sun.  
Default Pictures
- J Delivery**  
Van Nuys, Thu.  
Type AB Inc.

#### Television

- K The Mentalist**  
Los Angeles, Mon.  
Warner Bros.  
Entertainment Inc.
- L The Event**  
Hollywood, Mon.-Sun.  
Open 4 Business Productions
- M House**  
Los Angeles, Thu.  
NBC Universal
- N Beverly Hills Fabulous**  
Beverly Hills, Mon.  
Fresh Horses
- O Man Up**  
Pasadena, Thu.  
FTP Productions
- P Our House**  
North Hills, Sat.-Sun.  
Pilgrim Operations Inc.
- Q Battleship**  
Santa Clarita, Fri.  
CBS
- R Locke & Key**  
Santa Clarita, Wed.  
20th Century Fox
- S Death Valley**  
Sun Valley, Mon.-Sun.  
Hollarado Inc.
- T Black Out**  
Castaic, Mon.  
Aalen Ltd.
- U True Blood**  
L.A. County, Fri.  
Fangbanger Productions Inc.

Note: Permits are subject to last-minute changes.  
Sources: FilmL.A. Inc.; cities of Beverly Hills, Santa Clarita and Pasadena  
THOMAS SUH LAUDER Los Angeles Times

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