

# The Telegraph

## The Hollywood exodus: Tinseltown loses its allure for filmmakers

Los Angeles in danger of losing its crown as world entertainment capital as tax breaks lure film and TV productions elsewhere

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When millions of Americans tuned in to *Breaking Bad*, the most talked-about television drama for years, they were beguiled by the stunning desert landscapes near Albuquerque, New Mexico, home of the show's main character, the crystal meth magnate Walter White.

But White was not supposed to live in Albuquerque. His creators originally envisioned his story unfolding in a suburb just outside Los Angeles. When New Mexico offered a massive tax break, the fictional White was relocated there, along with the production jobs created by filming.

*Breaking Bad* is just one of dozens of high-profile television shows and big screen blockbusters that have snubbed Los Angeles after being offered financial incentives elsewhere.

In Hollywood, tour buses that used to ferry star-struck visitors past busy filming locations now search desperately for

some action. The exodus has left the self-styled "entertainment capital of the world" reeling and in danger of losing its crown.

Eric Garcetti, the new mayor of Los Angeles elected this summer, has declared a "state of emergency" and pledged to fight "like a dog with a bone" to get back the so-called "runaway production", which he says is vital to the city's economy. He has just appointed a film tsar and waived fees for television pilot episodes that agree to shoot in the city.

Yousef Robb, Mr Garcetti's spokesman, told *The Sunday Telegraph*: "This is top priority. The entertainment industry represents 500,000 jobs in the Los Angeles area and we are not going to let this city suffer like Detroit did when its motor industry fell. If LA's film industry decamps permanently for somewhere like New York, Michigan or London, that hurts us all."

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About 40 other US states and countries including Britain, Australia, Canada and Hungary are involved in what has been described as an “arms race” of tax breaks offered to film productions.

As a result, recent and forthcoming blockbusters, which previously employed tens of thousands of production workers in Los Angeles, are being filmed hundreds or thousands of miles away. That is hurting the local economy.

The biggest box office hit of 2013, *Iron Man 3*, was filmed in North Carolina; *Oz: The Great and Powerful* went to Michigan; *The Lone Ranger* to New Mexico and Utah; *Dawn of the Planet of the Apes* to Louisiana, and *The Amazing Spiderman 2* to New York.

Particularly galling for Hollywood workers was *Battle: Los Angeles*, which was filmed in Louisiana. Next year's *Godzilla*, which has a plot unfolding in California, will be filmed in Vancouver.

The next installment of one of the most famous Hollywood film franchises, *Star Wars*, will be shot at Pinewood Studios in Buckinghamshire. One Hollywood insider told *The Sunday Telegraph*: “Britain is doing a great job of stealing work from here.”

The Golden State offers \$100 million (£62 million) in film tax breaks annually in a lottery. In the latest round, only 31 projects, about one in 10 of those that applied, were successful. California's incentives are dwarfed by the annual \$420 million (£264 million) offered by

New York. In Louisiana, which has unlimited tax breaks, film and television production companies spent \$700 million (£440 million) last year, up 800 per cent in a decade. They spent \$880 million (£552 million) in Georgia, up 600 per cent in eight years.

Mr Garcetti is determined to bring production back to its traditional home. He has Hollywood in his blood and, before being elected, appeared as the mayor of Los Angeles in the television series *The Closer*.

But he has to convince California's state legislators, and the financially cautious governor, Jerry Brown, to increase incentives for the film industry at a time when funding is being cut for groups including school teachers.

Mr Robb said: “People say, why would you want to give Tom Cruise a tax break? But it's not about him. It's about those hundreds of names that scroll down in the credits at the end of the film. Middle-class people, carpenters who build film sets, electricians who wire the lights. People can think this is about giving more money to Tom Cruise and Brad Pitt and it's not.”

In a recent report, the California Film Commission concluded that “many film industry workers report devastating income losses due to the large number of feature films and TV series relocating. Once the epicentre for entertainment production, California can no longer assume this leadership position”.