

MEDIA

Politician in Louisiana Wants Cut of Hollywood Hits Filmed There

By MICHAEL CIEPLY APRIL 5, 2016

LOS ANGELES — We've had the Square Deal, the Fair Deal and the New Deal.

Now, Billy Nungesser, who has been the lieutenant governor of Louisiana since January, is pondering what could be called the Reel Deal.

With the state's substantial film and television production incentives under pressure because of a budget crisis that arrived with falling oil prices, Mr. Nungesser is proposing a novel approach: Louisiana will extend the incentives in return for a promise that taxpayers will share in the profits from any big winners at the box office.

"I can't think of any good argument against it," said Mr. Nungesser, who floated his proposition — at this point, just a trial balloon — in a telephone interview this week.

Others are not so sure.

"It would create a financial proposition that would not be competitive with other states and countries," Vans Stevenson, the senior vice president for state government affairs at the Motion Picture Association of America, also speaking by phone, said of Mr. Nungesser's suggestion.

Mr. Nungesser's proposal is a simple, but radical, one.

It appears that none of the approximately three dozen states offering tax credits and other financial incentives to the film industry ask for what even the lowlier Hollywood writers and producers routinely get: some participation in

receipts or profit, if only in the form of what old hands call “sucker points.” Those are keyed to net profit, and they are defined by terms so restrictive they are likely to pay only on the most enormous of hits.

Louisiana, which spends up to \$180 million annually on movie and television incentives, has already witnessed the power of a global blockbuster. Under a program that currently underwrites about 30 percent of qualified expenses on a film, with a number of restrictions and limits, the state paid part of the \$150 million or more than it cost to make “Jurassic World.”

Released by Universal Pictures in 2015, the film went on to collect more than \$1.67 billion in worldwide ticket sales.

But Louisiana taxpayers received only the benefits that typically come with production incentives: added jobs, increased local spending, enhanced tourist cachet and so forth.

Mr. Nungesser, who oversees a state tourism office that faces possible budget cuts of 30 percent, figures taxpayers might tolerate continued spending on film production if they saw a chance to share Hollywood’s wealth.

“It’s like drilling oil wells,” he said. “If one in 30 makes it, you’re going to get your money back.”

Of course, nothing is quite that easy where the entertainment business — never mind Louisiana politics — is concerned.

An immediate hurdle, noted Mr. Stevenson of the M.P.A.A., is other state governments, including those of California, New York, Pennsylvania and Georgia, that might still offer subsidies without demanding a piece of the action.

Another complication involves the political landscape in Louisiana, where Mr. Nungesser, a Republican, serves under Gov. John Bel Edwards, a Democrat, and where both must work with a Legislature with a Republican majority.

Only recently, the former Republican governor, Bobby Jindal, led a successful effort to cap film subsidies at \$180 million a year, after having paid \$250 million in credits during 2014. Even as Louisiana was expanding its incentives program in 2008, some in government felt sticker shock at the price

tag for high-profile films like the Brad Pitt vehicle, "The Curious Case of Benjamin Button," for which taxpayers were billed more than \$27 million.

One of the next major films receiving incentives from Louisiana is "Deepwater Horizon," starring Mark Wahlberg. The movie is about the 2010 oil spill that polluted the Gulf of Mexico, and much of Plaquemines Parish, where Mr. Nungesser was parish president. Its release by Lionsgate and its Summit Entertainment unit in September will find Louisiana supporting a movie that highlights the inherent risks of its already hard-pressed oil industry.

"Deepwater Horizon" could make things stickier for Mr. Nungesser. But Governor Edwards, he said, has expressed willingness to join him in exploring long-term fixes to the incentives program, including, perhaps, his preliminary proposal that Hollywood share at least part of its profits.

"We've got to give the taxpayer a comfort level, that it's a good investment," Mr. Nungesser said.

"I'm passionate about making that happen."

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