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Working Title: Analyzing the Effect of Film Production Tax Incentive Programs on Location Representation in the Film Industry

This study evaluates the impact of tax incentive programs for film production and their impact on production and setting location choice in movies by building upon previous primary research. The main goal of this research is to examine the relationship between ratings for state film production tax incentive programs and the number of films produced in a state as well as the amount of times films produced in a state had narratives set in the same state (labeled as location representation). To analyze this impact, the previous research included 427 movies released between 2015 and 2017 that played in at least 1000 theaters in the U.S. in the analysis. From the results of logistic regression, the ratings for tax incentive programs have a negative relationship with the likelihood of a particular film featuring location representation ($p = 0.0027$). However, since this measured the likelihood, it is not necessarily true that the ratings of state film production tax incentives have no impact on the total number of films that include location representation.

For the purposes of this study, both the methodology will be modified and the sample size of data will be increased and refined. Where the previous research focused on the likelihood ratio of location representation, this study will focus on the total number of films produced in a state as well as the total number of films in state that feature location representation to produce a broader understanding of the effect of film production tax incentive programs. The other major change in methodology is that instead of using the ratings created by the company Film Production Capital, a formula will be created to estimate the ratings for individual states' programs as well as the programs of foreign countries. In the original research, films produced in foreign countries could not be included in the final analysis since they had no rating, but now their impact in the film industry can be analyzed. The sample for this analysis will include two criteria changes from the previous analysis: films released in 2018 will be added into the data set, and the number of theaters a film must have played in will decrease to 500. These modifications should lead to a sample size of 693 films. As well, while the original analysis could use only 1/3rd of the sample set due to a variety of limiting factors, the inclusion of foreign-produced films in the analysis means approximately 2/3rd of the films will be included in the final analysis. This analysis will be run as a multiple-regression with controls for population and size of the existing film industry in a state among others. From the results of the previous research, it is expected that regions with a higher film production tax incentive rating are positively correlated with the total number of films produced and the total number of films featuring location representation.