

**Arkansas Legislative Council Report  
For Emergency Approval of  
Consultant Services Agreement  
by and between  
the Bureau of Legislative Research and  
Olsberg/SPI Limited  
October 14, 2024**

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On September 19, 2024, the Executive Subcommittee of the Legislative Council authorized the Bureau of Legislative Research (“BLR”) to enter negotiations with Olsberg/SPI Limited (“Olsberg”) for a Consulting Services Agreement, to assist the Subcommittee with its study of the Motion Picture Production Industry in the State of Arkansas (the “Agreement”). The Executive Subcommittee also authorized Senator Rice and Representative Wardlaw, as Legislative Council Co-chairs, to approve the final Agreement by emergency action.

On October 14, 2024, Senator Rice and Representative Wardlaw were notified that all terms of the Agreement have been finalized. Expedited approval of the Agreement was required due to time constraints regarding the work to be performed by Olsberg to provide recommendations regarding economic analysis and tax incentives prior to the conclusion of the 2025 Regular Session.

Under Rule 16 of the Rules of the Arkansas Legislative Council, Senator Terry Rice and Representative Jeff Wardlaw, Co-Chairs of the Legislative Council, have determined that emergency approval of the attached Agreement, is necessary in order to expedite the work of Olsberg with regard to the Subcommittee's Motion Picture Production Industry Study, and in accordance with the directive of the Executive Subcommittee to take emergency action.

This action is taken by the Co-Chairs on behalf of the Legislative Council and shall be reported to the Legislative Council at its next regularly scheduled meeting, in accordance with Rule 16. A copy of the Agreement is attached hereto.

Respectfully Submitted,



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Senator Terry Rice, Co-Chair  
Arkansas Legislative Council



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Representative Jeff Wardlaw, Co-Chair  
Arkansas Legislative Council

## CONSULTANT SERVICES AGREEMENT

THIS AGREEMENT is dated [DATE] October 14, 2024 (the “Agreement”)

BETWEEN:

(1) Bureau of Legislative Research (the “Client” or “BLR”) of State Capitol Building, Room 315, 500 Woodlane Street, Little Rock, Arkansas, 72201.

Contact person(s): Marty Garrity, Director (email: [garritym@blr.arkansas.gov](mailto:garritym@blr.arkansas.gov) )  
Jillian Thayer, BLR Legal Counsel (email: [thayerj@blr.arkansas.gov](mailto:thayerj@blr.arkansas.gov) )

and

(2) Olsberg/SPI Limited (the “Company” or “SPI”) of 222 Regent Street, London W1B 5TR, United Kingdom.

Contact person: Leon Forde, Managing Director, Olsberg•SPI (email: [leon@o-spi.com](mailto:leon@o-spi.com) )

The contact person’s duty is to monitor and control the implementation of the Agreement and to convey information regarding the implementation of the Agreement.

Hereinafter, the Client (or BLR) and the Company (or SPI) may be referred to as the “Parties” and individually as a “Party”.

WHEREAS:

(A) The Company has experience, expertise, and skills in providing international first-class services as required hereunder.

(B) The Client wishes to engage the Company to provide the international first-class services as detailed in the Scope of Services, Attachment A, hereto, which is incorporated into this Agreement by reference (the “Services” or the “Study”), and the Company agrees to provide the Services in accordance with the terms and conditions set out in this Agreement.

IT IS AGREED as follows:

### 1. TERM OF AGREEMENT

1.1 Subject to the provisions hereof, the term of this Agreement shall commence on October 14, 2024, and shall continue in full force and effect until June 30, 2025 (the “Term”), unless otherwise mutually agreed by and between the Parties. The Company’s commitment to completing the Services by such date shall be a material provision of this Agreement.

## 2. PROVISION OF SERVICES

2.1 The Executive Subcommittee of the Arkansas Legislative Council (the “Subcommittee”) is undertaking a study concerning motion picture production in the State of Arkansas, to include the following:

- Review of issues related to the economic impact of the motion picture industry in Arkansas;
- Review of existing Arkansas laws incentivizing motion picture production within the state;
- Recommendations for increasing motion picture production within the state; and
- Best practices and recommendations related to state government organization and oversight of the motion picture industry.

The Company has been selected by the Subcommittee to provide consulting services, as set forth as Attachment A hereto and incorporated into this Agreement by reference (the “Services”), to submit its analysis to the Subcommittee for its review and use in the Subcommittee’s ongoing study of the Motion Picture Production Industry in the State of Arkansas.

BLR is the contracting entity for the Subcommittee and will oversee the work of the Company as it relates to providing the Services to the Subcommittee.

The Client hereby agrees to engage the Company, and the Company hereby accepts the engagement, on a non-exclusive basis, to provide the Services to the Client and the Subcommittee, which shall be performed by the Company, devoting such time and resources as necessary to carry out the Services.

The Company hereby nominates and assigns Leon Forde, Meera Sadier, and Joe Stirling Lee to provide the Services and perform the obligations and tasks hereunder for and on behalf of the Company (Team Bios are attached hereto as Attachment C). For the purpose of this Agreement, any act or omission by all or any of the Nominated Consultants shall be deemed as if it is done by the Company, and the Company shall be fully liable to the Client for such act or omission.

2.2 The Company shall complete the Services in accordance with Attachment A and shall allocate sufficient resources to the Services to enable it to comply with this obligation.

2.3 Unless agreed otherwise in writing, the Client shall provide feedback on Deliverables within ten (10) working days from receipt thereof. For the sake of clarity, in the event the Company has not received feedback within ten (10) days of receipt of the Deliverables by the Client, the Company shall presume acceptance of the Deliverable by the Client, and the Deliverable shall be deemed to be completed in accordance with the terms of this Agreement. Provided that this clause shall be particularly applicable to instances where an invoice is tied to a completed deliverable, in accordance with Attachment B of this Agreement.

2.4 During the Term of this Agreement, the Company reserves the right to alter the persons providing the Services but shall not appoint any person to provide the Services (other than the Nominated Consultants) without obtaining the prior consent of the Client.

2.5 The Company shall ensure that it provides the Services with all necessary care and skill and to the best of the Company's ability and shall give to the Client all accurate and up-to-date information as it may reasonably require in connection with the provision of the Services.

2.6 Nothing contained in the Agreement shall be deemed or construed for any purpose to establish, between the Client and the Company or the Client and all or any of the Nominated Consultants, a partnership or joint venture, a principal-agent relationship or employer-employee relationship. Neither Party including any of the Nominated Consultants shall have any authority or right to bind or commit or incur any liability for the other Party.

2.7 In order to perform the Services, the Company will require information that is held by various entities other than BLR, including without limitation the Department of Commerce, Arkansas Economic Development Commission, and the Department of Finance and Administration. The parties acknowledge that such data and information is in the possession of third parties; that the Company must rely on these third parties to cooperate in providing this data and information; and that the data and information may be subject to laws restraining or preventing their release or dissemination. BLR authorizes the Company to contact the various entities holding the information that the Company requires in order to perform the Services under this Agreement. BLR Staff will be available to help to facilitate the contact with these entities upon request from the Company. BLR acknowledges and agrees that while the Company is relying on this data and information from such third parties in connection with its provision of the services under this Agreement, the Company makes no representation with respect to and shall not be responsible for the accuracy or completeness of such data and information. It is acknowledged that the process of data access may necessitate amendment to delivery timescales, which will be agreed to in writing with the Client and the Subcommittee.

2.8 In connection with the Services to be provided, the Company will prepare a study containing various components of analysis, including without limitation analysis of the cost and impact of the incentive, and strategic and logistical recommendations, and will attend legislative committee meetings, either in person or virtually, to present the results of its work, as requested, (the "Deliverables") to be provided to the BLR for use by the Subcommittee, the Arkansas Legislative Council, and the Arkansas General Assembly. BLR will own all Deliverables provided under this Agreement.

The Company will maintain full ownership of: (a) working papers of the Company; (b) pre-existing Company materials or studies used in the provision of the Services and the Deliverables; (c) The Company's know-how and processes used in the provision of the Services and Deliverables as well as any and all intellectual property owned by the Company that may be employed in providing the Services and Deliverables. This includes the underlying economic model used for the study. The Company is providing the Services and Deliverables for the use and benefit of the Subcommittee and the Arkansas Legislative Council. The Services and

Deliverables are not for a third party's use, benefit or reliance, other than members of the General Assembly and as authorized by the Subcommittee, of which authorization the Company will be notified by BLR. Except as described in Section 5 of this Agreement, the Company shall not discuss the Services or disclose the Deliverables until such time that the BLR provides the Company notice that the BLR has disclosed the Services and Deliverables to third parties.

### **3. CONSULTANCY FEES AND EXPENSES**

3.1 The Fees and Expenses related to this Agreement are outlined in the Fee Schedule, attached hereto as Attachment B and incorporated in this Agreement by reference. The maximum amount BLR will pay to the Company for the provision of the Services is Ninety Seven Thousand Two Hundred Dollars (\$97,200.00). The Company shall submit itemized monthly invoices to the BLR, based upon the per day pricing set forth in Attachment B. Where relevant, the monthly invoices will include reimbursements for travel related to the work being performed by the Company and attendance at legislative committee meetings. All mileage amounts will be calculated per Mapquest and copies of the Mapquest routes will be provided to the BLR with the monthly invoices, as well as copies of receipts for reimbursement of actual travel expenses.

In the event that services in addition to those described in Attachment A of this Agreement are required during the term of the Agreement, the Subcommittee may vote to authorize additional work, subject to the approval of the Subcommittee co-chairs, who shall have the power to approve the additional services and an additional fee for those services in an amount not to exceed ten percent (10%) of the maximum contract amount.

3.2 The Company shall keep secure and maintain until two years after the final payment of all sums due under the Agreement, full and accurate books and records relating to the Services.

### **4. TERMINATION**

4.1 The Client may terminate this Agreement with immediate effect at any time by notice of 7 (seven) days in writing to the Company if the Company:

- (a) Commits a material breach or non-observance of the terms of this Agreement; or
- (b) Is unable to pay its debts, becomes insolvent or is adjudicated as bankrupt, enters compulsory or voluntary liquidation, has a receiver, administrator or administrative receiver or trustee in bankruptcy appointed over the whole or any of its assets, enters any arrangement with creditors, ceases or threatens to cease for any reason to carry on business or if any analogous situation to any of the above occurs in relation to it under the law of any jurisdiction; or
- (c) Causes loss or damage to the Client by its or his/her negligent act or omission; or

(d) Ceases to operate its business.

4.2 The Company may terminate this Agreement, with immediate effect at any time, by notice of seven (7) days in writing to the Client if the Client:

(a) Commits any material breach or non-observance of the terms of this Agreement, including non-payment of the Fee in accordance with Attachment B of this Agreement.

4.3 Termination of this Agreement by either Party, for any reason shall not prejudice each Party's rights and liabilities accrued up to the effective date of termination. For the sake of clarity, the obligations of both Parties relating to Confidential Information as detailed in Clause 5 shall survive termination of this Agreement by either Party, for any reason.

4.4 On termination of this Agreement by either Party, the Company shall immediately deliver to the Client (i) all deliverables, materials and works with respect to the Services actually produced up to the effective date of termination; and (ii) all materials, information and data provided by the Client to the Company for the purposes of this Agreement.

4.5 On termination of this Agreement for any reason, the Client shall pay the Company all fees owed to the Company at that time, based on documented days worked and actual expenses incurred, in accordance with the fee schedule provided under Attachment B of this Agreement.

## **5. CONFIDENTIAL INFORMATION AND RESTRICTIVE COVENANTS**

5.1 Confidential Information means all information which may be imparted in confidence or be of a confidential nature relating to the activities or prospective activities of the Parties, current or projected plans or internal affairs of the Parties and in particular, but not limited to, all information comprised in formulae, specifications, designs, drawings, databases, software, manuals held in whatever form relating to the creation, production or supply of any products by the Parties.

Due to Client being a public entity within the State of Arkansas, all terms of this Agreement, including without limitation fee and expenses structure, are subject to disclosure under the Freedom of Information Act of 1967, Ark. Code Ann. § 25-19-101, et seq.

5.2 The Parties agree and undertake that they shall (and the Company shall procure that the Nominated Consultants and each of the Company's officers, employees, representatives, advisers, agents, consultants and subcontractors shall) treat as secret and confidential all or any Confidential Information provided by or on behalf of either Party. The Parties, Nominated Consultants, and/or any such persons/entities shall not, either during the continuance of this Agreement or at any time after the termination date, disclose or permit to be disclosed to any person whomsoever, or otherwise make use of or permit to be made use of any Confidential

Information, except as strictly required in the proper performance of the Services, and/or as otherwise agreed mutually by and between the Parties in writing.

5.3 Notwithstanding anything in the foregoing, nothing in this Agreement shall prevent the Parties from making disclosures of Confidential Information as required pursuant to the strict performance of any obligations they may have under law. Provided that the Client shall restrict and/or limit, to the extent permissible under law, disclosure of the Company's Confidential Information, including particularly the Company's Financial Information, under any Freedom of Information requests and/or other public requests for information of a similar nature that the Client is legally obligated to make, in any territory across the world. Provided that in the event the Client is required to make any disclosures of Confidential Information due to their obligations under law, the Client shall provide immediate notice informing the Company of such disclosure obligations, thereby permitting the Company, if necessary, to respond, in a manner and to the extent legally permissible, to restrict and/or limit such disclosures of such Confidential Information.

5.4 Unless otherwise mutually agreed by and between the Parties, the Company is permitted to disclose it has been contracted by the Client to carry out the Services in appropriate corporate materials such as its website and any lists of current and prior assignments it might normally provide publicly or to third parties.

## **6. NO AGENCY**

Nothing in this Agreement shall constitute the Company or any of the Nominated Consultants as agent or subcontractor of the Client and neither the Company nor any of the Nominated Consultants shall have any right or power whatsoever to contract on behalf of the Client or bind the Client in any way in relation to third parties.

## **7. WARRANTIES**

7.1 The Company hereby represents, warrants and undertakes that:

7.1.1 The Services will be provided in accordance with all applicable rules, regulations and laws of England and Wales from time to time in force;

7.1.2 It is free to enter into this Agreement and to grant and assign all rights herein granted and assigned;

7.1.3 It has not and will not and shall procure that the Nominated Consultants have not and will not enter into any professional or other commitments whereby the Company will be prevented from carrying out its obligations pursuant to this Agreement;

7.1.4 It will not and shall procure that all or any of the Nominated Consultants will not incur any liabilities whatsoever on behalf of the Client.

7.2. The Client hereby represents, warrants and undertakes that:

7.2.1. It shall perform its obligations under this Agreement with due care and diligence;  
and

7.2.2. It is free to enter into this Agreement and to grant and assign all rights herein granted and assigned;

7.2.3. It has not and shall not enter into any professional or other commitments whereby the Client shall be prevented from carrying out its obligations pursuant to this Agreement; and

7.2.4. It shall not incur any liabilities whatsoever on behalf of the Company.

## **8. VALUE ADDED TAX (VAT), TAX AND INSURANCE**

8.1 For the avoidance of doubt, the Company confirms that the Nominated Consultants are not and shall not be deemed to be or treated as an employee of the Client, and the Company confirms that it will be solely responsible for and pay any sales tax, VAT, income tax, pay-as-you-earn tax (PAYE), national insurance and social security contributions and any other deductions or payments (including all taxes) which are required by any applicable law (including England and Wales law) to be made in respect of the Nominated Consultants' employment.

8.2 The Company shall be solely responsible for and account for all tax including income tax, sales tax, VAT and National Insurance or similar contributions in respect of the Fee and any other payment by the Client to the Company and any interest, surcharge, penalty or fine in respect of such payments to the competent authorities in such relevant countries.

## **9. DISCLOSURE OF INFORMATION**

Neither the Company nor any of its employees (including the Nominated Consultants), agents or representatives shall issue any press statement or publicity whatsoever in any media concerning this Agreement and the Services without the prior written consent of the Client.

## **10. NOTICE**

Any notice required by this Agreement to be given by either Party to the other Party shall be in writing and shall be served by sending the same by electronic mail, registered post or recorded delivery to the last known address of the other Party and any receipt issued by the postal authority shall be conclusive evidence of the fact and date of posting of any such notice.



**11. CONFLICTS OF INTEREST**

The Company shall take appropriate steps to ensure that it and any of the Nominated Consultants are not placed in a position where there is or may be an actual conflict or a potential conflict between its or his/her pecuniary or personal or other interests and the interests of the Client, the Subcommittee, or the Arkansas General Assembly. The Company will and shall procure that the Nominated Consultants will disclose to the Client full particulars of any such conflict of interest that arises within three (3) business days of learning of the potential conflict of interest.

**12. SUBCONTRACTING**

Other than the Nominated Consultants, the Company shall not use subcontractors to fulfill its contractual obligations hereunder. However, if the Company wished to use a subcontractor, this would be subject to prior written approval of the Client and the Subcommittee. The Company shall be fully responsible and liable for the work of that subcontractor as for its own. The Company is also responsible for ensuring that the subcontractor complies with all contractual obligations for their part.

**13. INTELLECTUAL PROPERTY RIGHTS**

13.1 The Company is responsible for ensuring that the Services supplied under the Agreement, when used in accordance with the Agreement, do not violate any third-party copyrights, patent rights or other intellectual property rights.

**14. SETTLEMENT OF DISPUTES**

14.1 Disputes arising from this Agreement shall, in the first instance, be resolved through negotiation in good faith between the Parties.

14.2 This Agreement shall be governed by the laws of the State of Arkansas, without regard to Arkansas's conflict of law principles. The Company agrees that any claims against the BLR, whether arising in tort or in contract, shall be brought before the Arkansas State Claims Commission, as provided by Arkansas law, and shall be governed accordingly. Nothing in this Agreement shall be construed as a waiver of sovereign immunity of the BLR, the Legislative Council, or the Arkansas General Assembly.

**15. MISCELLANEOUS**

15.1 Any amendments to this Agreement must be in writing and signed by the Parties.

15.2 A waiver by either Party of any terms or conditions of this Agreement in any instance shall not be deemed or construed to be a waiver of such term or condition for the future, or of any subsequent breach of it.

15.3 Neither Party shall be liable for any delay in performing its obligations under this Agreement if such delay is caused by circumstances beyond its reasonable control including, without limitation, an act of government, war, civil unrest, fire, flood or an Act of God (“Force Majeure”).

15.4 Neither Party shall assign this Agreement and its rights and obligations hereunder without the express written consent of the other Party.

15.5 If any term or provision of the Agreement is held to be illegal, invalid or unenforceable under any present or future law or by any governmental entity:

(a) Such term or provision shall be fully severable;

(b) The Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof;

(c) The remaining provisions of the Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance there from; and

(d) In lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of the Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

15.6 Restriction of Boycott of Israel. In accordance with Arkansas Code § 25-1-503, the Company hereby certifies and agrees that it is not currently engaged in, and agrees for the duration of the Agreement not to engage in, a boycott of Israel.

15.7 Restriction of Boycott of Energy, Fossil Fuel, Firearms, and Ammunition Industries. In accordance with Arkansas Code § 25-1-1101, et seq., the Company hereby certifies and agrees that it is not currently engaged in, and agrees for the duration of the Agreement not to engage in a boycott of energy, fossil fuel, firearms, and ammunition industries.

## **16. ENTIRE AGREEMENT**

16.1 This Agreement sets out the entire Agreement of the Parties and supersedes all prior agreements and understandings whether oral or in writing relating to its subject matter.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, Olsberg-SPI and BLR have executed this Amendment this 14th day of October, 2024.

**Olsberg-SPI:**



\_\_\_\_\_  
**Leon Forde**

16th October 2024

\_\_\_\_\_  
**Date**

**BUREAU OF LEGISLATIVE  
RESEARCH:**

  
\_\_\_\_\_  
**Marty Garrity, Director**

10/15/24

\_\_\_\_\_  
**Date**

ATTACHMENT A  
Scope of Services

and

ATTACHMENT B  
Fee Schedule

and

ATTACHMENT C  
SPI Team Bios



# ATTACHMENT A

## THE SERVICES

The proposed specification for the Study is as follows:

### ***Arkansas Production Incentives – Economic Impact and Future Recommendations for Growth***

#### **1. OVERVIEW OF PROPOSAL**

##### **1.1 Introduction**

With a diverse and unique location base and a developed production incentive structure, the State of Arkansas has been able to attract major film and television projects of the scale of season three of HBO's *True Detective* and Jeff Nichols' feature film *Mud*.

Arkansas currently offers two incentive structures for film and television production through the Arkansas Digital Product Motion Picture Incentive – a transferable tax credit and a rebate. However, in the rapidly shifting global screen production landscape it is important that Arkansas ensures that its incentive and industry servicing offer is at the cutting edge. This is underlined by the fact that recent years have seen improvements or increases in incentives or other measures among several competitor jurisdictions such as Oklahoma, Texas, Utah, New Mexico and others.

This document represents a proposal from the screen sector consultancy Olsberg•SPI ("SPI"). It leverages SPI's deep experience in the delivery of economic impacts for film, television, and other screen content production. These include multiple projects at the state level in the US including in Georgia, Utah, North Carolina, Ohio, New Mexico, and Illinois.

This project (the "Study") will consider the holistic impact of the Arkansas incentive program, including economic impacts and broader evidence and analysis of screen production's strategic value to the State. It will also outline recommended improvements to Arkansas' incentives.

The Study would include:

- A full independent economic impact analysis of Arkansas' incentives on the State economy, typically measured in terms of Gross Value Added (GVA) and employment, and consideration of the incentive's economic return on investment. As well as economic impact metrics, this element will include a review of issues related to the economic impact of the motion picture industry in Arkansas
- Wider strategic economic analysis to show how incentivized production impacts are being delivered across the Arkansas economy, including:
  - A ripple analysis examining how incentivized production spend in the State is flowing to economic sectors outside of the screen production sector
  - Heatmapping to show the geographical impacts of incentivized production spend
  - Narrative explanation of the impacts of incentivized production on infrastructure growth, training and skills development, screen tourism, and on the reputation of Arkansas (i.e. soft power effects)
  - Examination of other data to highlight further examples of impact
  - Competitive analysis of selected incentive offers in other jurisdictions that compete with Arkansas for production dollars
- A review of existing Arkansas laws incentivizing motion picture production within the state

- A detailed set of recommendations in relation to how legislators and other key stakeholders could definitively improve Arkansas' competitive position in the valuable screen production market – including by individual incentive structure, and holistically as a market.
- Best practices and recommendations related to state government organization and oversight of the motion picture industry.

### **1.2. The Rationale for Economic Impact Assessments**

An economic impact assessment (EIA) is a standard tool used to quantify the economic contribution of any sector, industry, company or activity (including a program or policy) in a given jurisdiction. For governments and states that invest in the production of film and television content in their jurisdiction, EIAs can provide a powerful evidence base of the system's value, importance, and how it supports local employment and growth.

For this Study, the EIA would enable legislators and other stakeholders to understand the impact of Arkansas' incentives. It would provide an assessment of the additional economic value, measured in terms of GVA, and employment created. Typically, full-time equivalent (FTE) jobs is the preferred measure for employment, as it reflects the freelance nature of many roles in screen production. More specifically, EIAs consider not only direct economic impact caused by new production activity, but also the indirect effects created in the supply chain and the induced effects from new or higher wages.

Studies of this nature often also consider economic return on investment, net tax returns and wider impacts, such as screen tourism benefits, and provide powerful, robust evidence that can be used to support the case for production incentives. In recent years, SPI has expanded its work in this field by including evidence of the micro impacts of incentive programs. These analyses focus on the immediate impact that production has on the wider economy. This is done through our ripple and heatmap analysis which show, in practical terms, the benefits that screen production delivers throughout an economy.

## 2. ECONOMIC IMPACT ASSESSMENT

### 2.1 Economic Impact of the Arkansas Digital Product Motion Picture Incentive

The Study would result in a robust and independent economic impact analysis of the Arkansas Digital Product Motion Picture Incentive. The impact results will be disaggregated by incentive structure and year – with the precise years of analysis to be chosen based on data availability.

A primary driver of the model needed to produce the economic results is incentivized expenditure data. More specifically, SPI would need to ascertain the eligible production spend of companies which have received funds through the Arkansas incentive program and the total value of the incentive provided. The expenditure data would need to be disaggregated for both the rebate and the tax credit.

Through consultations and a recipient survey SPI will also investigate the additionality of the incentive, i.e. how much production would have happened without Arkansas' incentive. The overall expenditure figure will be adjusted to reflect this.

For US-based projects, SPI uses [IMPLAN](#) which provides access to Input-Output ("I-O") tables needed for such studies.<sup>1</sup> IMPLAN itself draws from numerous data sources – including the latest data from US Bureau of Economic Analysis (BEA) and the US Bureau of Labor Statistics (BLS).

Using the I-O model for Arkansas from IMPLAN, SPI will estimate the state-wide spillover impacts of the production sector. An I-O model provides a snapshot of an economy at any point in time, showing the flow of value across sectors. This modelling tool provides an estimate of the total impact of the production sector in terms of GVA, employment, and taxes in Arkansas.

By means of summary, SPI would estimate the economic impact of the Arkansas incentive in terms of the following indicators:

- GVA – the additional economic value generated by the public funding
- Employment (headcount and FTE)
- Taxes.

These would be presented as state-level impacts – though presentation of county impacts may also be possible – using the following:

- **Direct impact** refers to GVA, employment (headcount and FTEs), and taxes created by incentivized film and television production
- **Indirect impact** refers to GVA, employment (headcount and FTEs), and taxes created within sectors that supply goods and services to incentivized productions
- **Induced impact** refers to GVA, employment (headcount and FTEs), and taxes created because of wage spending by those employed in the direct and indirect channels of impact.

Additionally, it may be possible to present regional or county-level impacts within Arkansas. To do this, SPI would develop a methodology based on the availability and quality of data. This may involve using county-level data for Arkansas via IMPLAN, or incentive application data on where spend occurred.

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<sup>1</sup> IMPLAN is an established economic impact modelling software used by firms and governments across the US



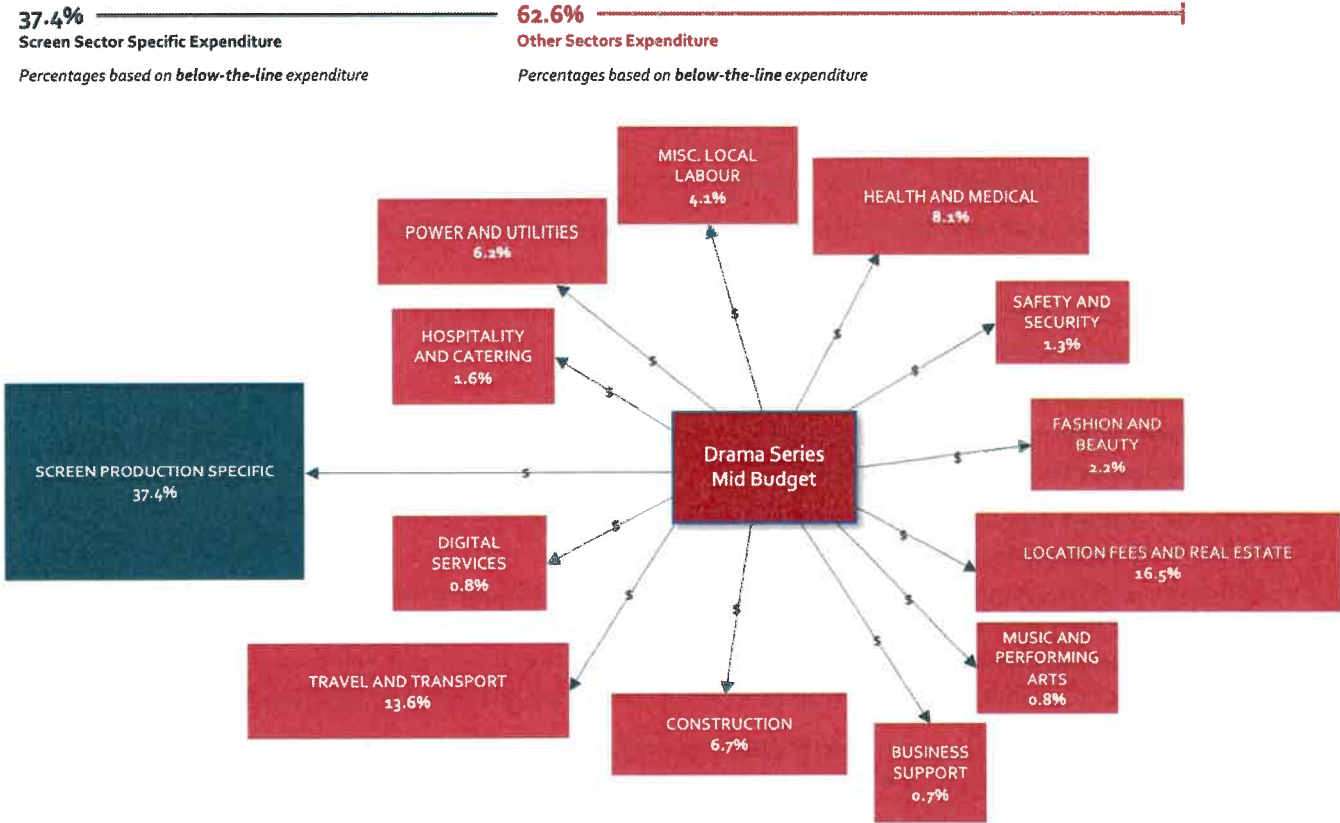
An annual return on investment (RoI) analysis will also be undertaken for the funds that have been invested through the incentive. This would be conducted by assessing the GVA impacts of the incentive against the outlay on the incentive from the State government (i.e. the cost of the incentive minus tax receipts). Given the objectives of incentives as an economic development tool, SPI does not propose undertaking a tax RoI analysis.

Such an approach is consistent with our standard economic impact model, which we have adapted and used in a wide variety of locations around the world. See Section 5 for a list of examples.

**2.2 Ripple Analysis**

To understand the pattern of expenditure in more detail, SPI would undertake a Ripple Analysis. To undertake this analysis SPI works with productions, reviewing detailed budget information to allocate direct below-the-line expenditure into categories of analysis. This in-depth production specific approach provides a high level of detail.

Below is an example of a Ripple Analysis undertaken in another project for a US state. It shows that 63% of below-the-line in-state expenditure was in non-screen production business sectors.



SPI would recommend undertaking the same approach to measure the impact on the auxiliary business sectors for two incentivized productions in Arkansas. The identity of the production is typically kept anonymous, with a rough budget and percentage breakdown given.

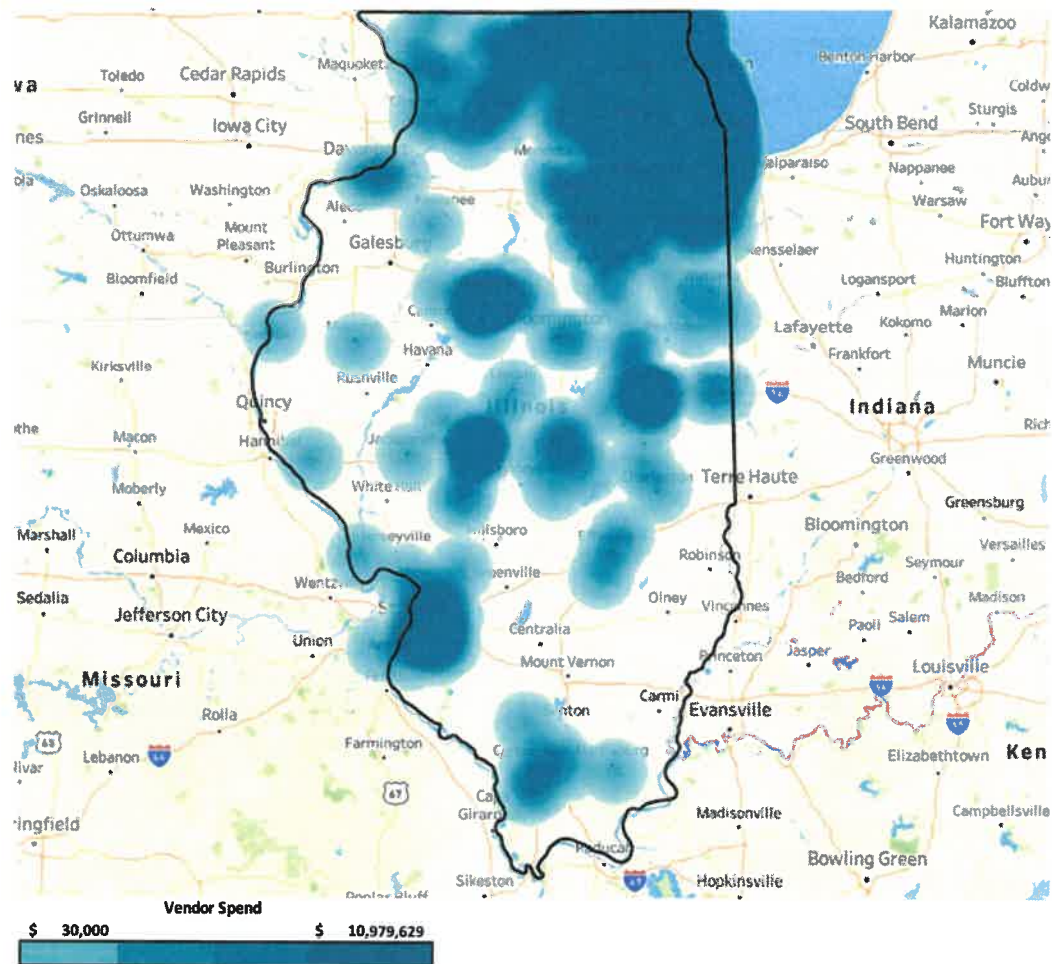
This element would involve identifying and motivating suitable productions, consulting and working with the production team/accountant to identify spend and undertaking a detailed analysis and write up. SPI proposes two example productions in this Study.

### 2.3 Vendor Spend Heatmap

Vendor spend heatmaps are a visual presentation of the location of and intensity of production expenditure. This detailed analysis enables expenditure patterns across different regions, areas and cities to be tracked much more closely, including identifying how spend patterns may align to high priority geographies.

This analysis uses data directly from production accounts of example productions, or if data allows could be built from incentive data. The map below illustrates vendor spend from production expenditure in a public study undertaken in Illinois.

#### *Example of Illinois Production Expenditure Heatmap, FY 2017-FY 2022*



Source: SPI analysis of Illinois Film Office data

To produce a vendor heatmap for Arkansas would involve identifying and motivating suitable productions, working with the production team/accountant to obtain the level of expenditure data, cleaning the data and developing the maps. SPI proposes two projects are included in the Study. Alternatively, it may be possible to utilize wider incentive program data should they exist.

#### **2.4 Wider Strategic Impacts**

Along with the direct and supply chain economic effects, film and television production deliver a range of other impacts. Included in this is the sector's role in attracting visitors, encouraging investment in production infrastructure, providing training, and delivering cultural value. SPI would use a research and consultation phase to explore the wider impacts of the incentive, helping to frame the story of the value which it creates for Arkansas.

SPI has significant experience of presenting evidence of impact to governments and public sectors around the world and would work to ensure the most impactful narrative is crafted, for the key stakeholders and legislators in the state.

#### **2.5 Comparison of Arkansas to Other US States and Global Markets**

Aligned with this would be a comparison of Arkansas with the film and television production markets in selected US states and international territories. The purpose of this analysis would be to underline to the reader where Arkansas sits in terms of its competitive incentive offer.

The research underpinning this analysis would predominantly be conducted based on existing reports, whether from the territories themselves or from third parties. We anticipate that three to five locations would be selected. A small number of consultations may be used to augment this work.

#### **2.6 Additional Areas of Analysis**

In addition to economic impact metrics and analysis of individual production impacts, the economic analysis will also provide a review of issues related to the economic impact of the motion picture industry in Arkansas. For example, this could include issues such as loss of production due to certain uncompetitive elements of the incentive, or it could include consideration of expenditure leakage to neighboring states – e.g. because of a lack of developed specialized vendors. These issues will be primarily identified through the consultations and desk research, as well as the comparison component outlined in Section 2.5.

In addition, the Study will include analysis of existing Arkansas laws incentivizing motion picture production within the state, and provide insight into best practice and recommendations related to state government organization and oversight of the motion picture industry.

### 3. METHODOLOGY AND DELIVERABLES

#### 3.1 Overview of Methodology

In order to deliver the Study, the following methodology will be undertaken:

- **Preliminary Document Review** – At this stage, SPI would review all relevant documents as preparation for the Inception Meeting including previous studies of the Arkansas incentive.
- **Inception Meeting** – To occur shortly after the start of the Study, the Inception Meeting would be the first of several with the client and is likely to take the format of a conference call or Zoom. The purpose of this meeting will be to explore and obtain feedback on issues raised in this proposal, adding clarification and detail to the methodology, and to ensure that the Study deliverables will meet the requirements of the client.
- **Detailed Desk Research and Data Gathering** – A detailed program of desk research and data gathering will be undertaken to begin the Study, including a review of data from the State of Arkansas, producers (for Ripple Analysis and Heat Map) and other key in-state stakeholders. We would also review at this stage any relevant reports and prior studies and undertake the proposed comparator assessment. At this stage, SPI would also undertake a review of existing Arkansas laws incentivizing motion picture production in the state.
- **Consultations and Market Visit** – up to 20 confidential consultations with key sector stakeholders, including producers, facilities providers, guilds or unions, and legislators and other state stakeholders, to discuss the impact of film and television production and the Arkansas incentives. The purposes of this would be to investigate the wider sector context, surface other evidence, and consider the additionality of the incentive. Consultations would also consider how future amendments to the incentives could increase production expenditure and related impacts. Key consultations would be undertaken during a market visit to Arkansas, including producers and legislators. During this visit, key facilities and sectoral businesses can also be visited.
- **Additionality Survey** – a short online survey sent to decision-makers for each production which accessed the incentive during the study period. It will explore producers' production location decisions and what would have happened in the absence of incentives. This provides the quantitative to inform the additionality.
- **Economic Impact Analysis** – As described above, through the use of data on the State of Arkansas' incentivized film incentive expenditure – disaggregated by the rebate and the tax credit – SPI would use IMPLAN to analyze the direct, indirect, and induced impacts in the State which this investment has generated. The economic analysis will also provide a review of issues related to the economic impact of the motion picture industry in Arkansas.
- **Ripple and Heat Map Analysis** – As described above, this involves analysis of budget data from example projects by our production and mapping experts to produce engaging visuals.
- **Best Practices and Recommendations Related to State Government Organization and Oversight of the Motion Picture Industry** – for this element, SPI will collate insight and evidence into how the industry is managed by key state government entities, compare with a small number of competitors, and undertake a comparison exercise. This will result in a set of robust and actionable recommendations to improve the competitiveness of Arkansas
- **Team Synthesis Workshop** – At this point in the Study, having gathered most of the data for the Study and reached a set of conclusions, SPI would collate, review, and analyze all data and findings at an internal synthesis meeting. A key element of this would be developing a set of robustly evidenced recommendations for the future of the Arkansas incentives and industry. These recommendations will focus on the dual incentive structures

that operate in Arkansas, and will consider all elements – from the formulation as two incentives to the way they are funded to the way they are administered and marketed.

- **Interim Report and Workshop** – An interim report will be prepared for the client following the team brainstorm. The contents of this report will be finalized in advance and agreed with the client before we begin drafting. The interim report would include all key economic impact results and recommendations.
- **Further Desk Research and Consultations** –The client would provide feedback on the interim report, and from this a program of further work will be carried out in order to complete all data and information gathering and analysis. This will serve to supplement and expand upon the findings to date and would be the final research phase prior to writing up the final report.
- **Final Report** – As the research comes to its conclusion, the final report will be drafted. Normally this would be a portrait PDF report, but this may change depending on the client’s particular needs. Based on prior experience, we expect up to three further redrafts after the first draft report before it is finalized, although the SPI team will continue to redraft until the process is completed. SPI would also be available to present the results to stakeholders.

#### **Deliverables**

SPI will provide a detailed written report in our house style that presents the findings in an accessible manner which can then be used to engage with various stakeholders. If alternative deliverable formats are required these can be discussed upon project inception. A summary deck would also be produced, and SPI would be available to present this to the Subcommittee and other legislative bodies, as approved.

SPI has long-standing experience in the delivery of economic impact studies for the film and television industry, which are outlined in Section 5 of this proposal, in an impactful way by using accessible and compelling visuals. This ensures that the Study is well-received by a wide-ranging audience.

## ATTACHMENT B

### FEE SCHEDULE AND STUDY TIMELINE

#### FEE SCHEDULE

The maximum contract amount payable for this Study is set out in Clause 3.1 of the Agreement. The Fee consists of a total of 54 consulting days as outlined in the following Fee Schedule. Expenses included in the schedule relate to the purchase of an IMPLAN license for access to Arkansas input output (I-O) data, which IMPLAN currently prices at \$9,500. In addition, expenses include a five-day research visit to Arkansas for two SPI executives, and an additional visit to Arkansas to present and discuss findings with the Subcommittee and undertake any further research required. Should any visits subsequently not be required, no travel expenses would be charged. Should visits be shorter than estimated, submitted expenses would only reflect actual expenses incurred.

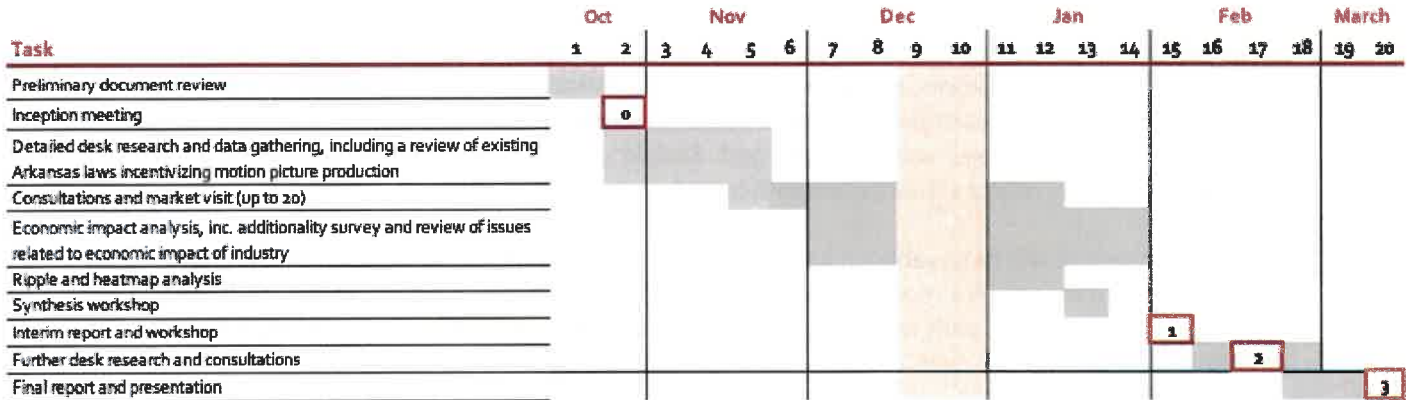
The Fee component will be payable on a monthly basis over the five-month project timeline, with equal instalments each month. For months in which the outlined expenses are incurred by SPI these will be added to the Fee invoice, with receipts. The Fee is exclusive of any VAT or sales taxes, which are not applicable.

Task	Project role: Day rate	Project Manager / Consultant					Project advisor			
		Project Director	Economist	Research Analyst						
	\$	2,000	\$	1,500	\$	1,300	\$	700	\$	900
	TOTAL DAYS									
Preliminary document review	2	0	0.5	0.5	1	0				
Inception meeting	1.25	0.25	0.25	0.25	0.25	0.25				
Detailed desk research and data gathering, including a review of existing Arkansas laws incentivizing motion picture production	6	0	1	2	3	0				
Consultations (up to 20)	11.5	4	4	1	2	0.5				
Economic impact analysis, inc. additional survey and review of issues related to economic impact of industry	9	1	2	5	1	0				
Ripple and heatmap analysis	2	0	1	0	1	0				
Synthesis workshop	1.25	0.25	0.25	0.25	0.25	0.25				
Interim report and workshop	9	1	3	1	2	2				
Further desk research and consultations	1.5	0	0.5	0.5	0.5	0				
Final report and presentation	10.5	1.5	4	2	2	1				
<b>Total Days</b>	<b>54</b>	<b>8</b>	<b>16.5</b>	<b>12.5</b>	<b>13</b>	<b>4</b>				
Total Fees (\$)	\$59,700	\$16,000	\$24,750	\$16,250	\$9,100	\$3,600				
<b>Fees</b>	<b>\$ 69,700</b>									
<b>Fee total (excl. VAT)</b>	<b>\$ 69,700</b>									
<b>Research visits estimate</b>	<b>\$ 18,000</b>									
<b>IMPLAN license</b>	<b>\$ 9,500</b>									
<b>TOTAL</b>	<b>\$ 97,200</b>									

The Client agrees to make payments within thirty (30) days of receipt of invoices. The invoices may be submitted electronically by the Company.

## STUDY TIMELINE

As outlined in the proposal, the study will be undertaken over five months from inception. Key project points are outlined in the follow table. Weekly or fortnightly client meetings will be held, and progress and timing will be a key discussion topic for these meetings.



- Milestones**
- 0 Inception Meeting
  - 1 Submission Draft Report
  - 2 Submission First Draft of Final Report
  - 3 Final Presentation
- Project delivery
- Christmas office closure

## Arkansas Economic Impact Study – Team Bios

### Leon Forde, Managing Director

Leon is SPI's Managing Director, leading and delivering high-level strategic advice, insight and business planning for SPI's global client base.

Current and recent projects include a full update and expansion of [Best Practice in Screen Sector Production](#) for the Association of Film Commissioners International, [an economic impact study of Spain's incentive for international productions](#), for the Spain Film Commission in collaboration with PROFILM, [a study on the potential impacts of a national audiovisual incentive in Brazil](#), [a capacity assessment of North Carolina's film and television sector](#), [a study on the potential for an audiovisual production incentive for Mexico](#), and economic impact studies of production incentives in the US state of Georgia and in Iceland.

Leon is also involved in the [Arts and Humanities Research Council-funded CoSTAR network](#) in the UK, and has delivered the [Creative Industries Tax Evaluation](#) for HM Revenue and Customs (with Ipsos and London Economics), [Screen Business](#) for the British Film Institute, [The Cultural Dividend Generated by Ireland's Section 481 Film and Television Incentive](#), a ground-breaking study for Fís Éireann/Screen Ireland, the [Economic Impact of the New Mexico Film Production Tax Credit](#) for the New Mexico Film Office, the [Economic Evaluation of the Utah Motion Picture Incentive Program](#) for the Motion Picture Association of Utah, with support from the Utah Film Commission, and a [White Paper on Global Film Production Incentives](#) for the Motion Picture Association.

With extensive knowledge of production strategy and incentives, Leon has overseen the creation and development of sectoral policy and funding mechanisms in a wide range of markets globally.

Leon has spoken about the screen sector at international events, including the Marché du Film – Festival De Cannes, the Berlin Film Festival, the Busan International Film Festival, the San Sebastián International Film Festival, FOCUS, Screen International's Finance Forum, AFCI's Cineposium and AFCI Week, the Guadalajara International Film Festival, Durban FilmMart, and the Reykjavik International Film Festival. Leon is also a judging chair for Screen International's Global Production Awards.

Prior to joining SPI in 2013, Leon was a film business journalist and editor for 15 years. He is a member of the British Academy of Film and Television Arts (BAFTA).

### Meera Sadier, Senior Economist

Meera joined SPI in 2024. As a Senior Economist, her work focuses on developing and conducting SPI's Economic Impact Studies (EIS) and data work.

Prior to joining SPI, Meera worked as a Senior Economist at Oxford Economics, gaining a decade of experience in consultancy. During her time there, she worked on various bespoke socio-economic projects, including EIS, for public and international private sector clients at the sub-national level. Her main responsibilities involved leading economic and data analysis, and providing written commentary. Meera also spent three years in Experian's Economic Consultancy team.

Meera graduated from the University of Leicester with a first class honours degree in Economics (BA), and later obtained an MSc in Economics in 2010.

### Joe Stirling Lee, Senior Research Analyst

Joe joined SPI in 2018, and works across SPI's consultancy assignments and data products, providing project management expertise and strategic analysis.

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