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# Filmmaking in North Carolina: A Second Home for Hollywood

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by Sharon Overton

*North Carolina has gained a reputation as a hospitable state for the film industry, with a roll call of hits like "Bull Durham," "Sleeping with the Enemy," and "The Color Purple" among its credits. The state Film Office, which uses an estimate of economic impact rather than actual dollars spent, says that the movie industry has pumped \$2.9 billion into the state's economy since the state began courting Hollywood in 1980.*

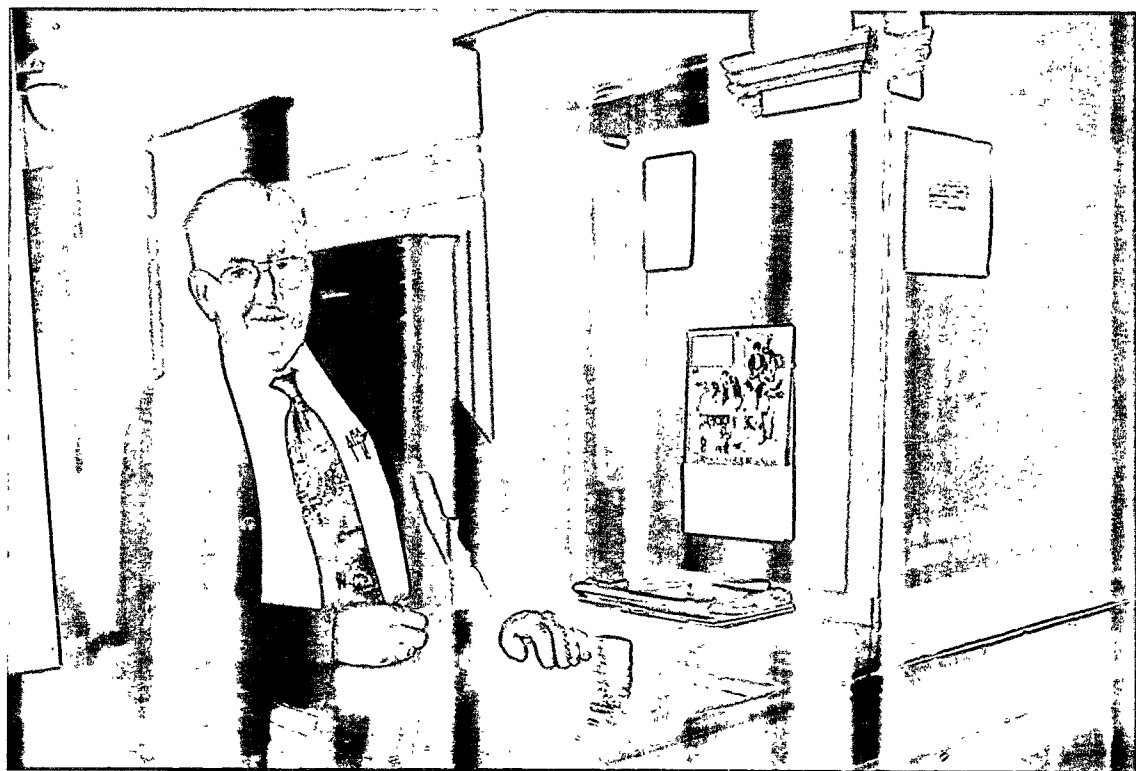
*This article examines the impact a major motion picture can have on a small North Carolina town, discusses the development of a homegrown film industry, and considers what steps North Carolina should take to compete with other states attempting to attract movie business.*

*Among the findings:*

*—A major motion picture can provide a quick shot-in-the-arm to a local economy, but most North Carolina communities would not want to build an economic development strategy around such short-term activity.*

*—Money remains a major obstacle to a home grown film industry. Investing in movie making is risky business. So far, commercial lenders in North Carolina have been unwilling to take the leap. Small-scale features and big-budget productions conceived and financed elsewhere may be the foreseeable future for making movies in North Carolina.*

*—Features like North Carolina's diverse geography, comfortable climate, and the cooperative spirit of its citizens may be more attractive to moviemakers than any reasonable incentives package that could be assembled by the state. Aggressive marketing of these assets may be all that is required to keep North Carolina competitive.*



Jeff Holland

**Jake Covington behind the desk of the Terminal Hotel in Hamlet, scene of the depression-era film "Billy Bathgate."**

**I**t's a typical morning at Hamlet's Terminal Hotel. No murders in the upstairs bedrooms. No gangsters hanging out in the lobby. Just a few of the regular patrons—day laborers and old men down on their luck—watching "The Price is Right" on a worn-out TV.

The Terminal Hotel was built in 1912 and named for its proximity to the Hamlet train station. Once a thriving enterprise, it is now a run-down rooming house with 30 more or less permanent residents and a small sign in the window that reads "Outreach for Jesus."

On this muggy August morning in 1992, there is little to suggest that two years ago, this was the scene of Hollywood magic. But Jake Covington, the hotel's 73-year-old owner, leads a visitor on what amounts to Hamlet's official

Tour of the Stars. For three months in the fall of 1990, he explains, Hamlet was transformed into the Depression-era town of Onondaga, New York, for the film "Billy Bathgate."

Upstairs is the suite of rooms where Dustin Hoffman killed one of his gangster associates. "Cut his head off, actually," Covington says. Down the hall is another suite that was occupied by Hoffman's on-screen girlfriend, played by actress Nicole Kidman.

Out on Main Street, many of the storefronts still retain their 1930s movie facades. The old Hamlet theater boasts a new marquee, courtesy of the movie company. And

over at the Seaboard Station Cafe, owner Judy Page proudly displays her autographed picture of "Dustin," as everyone in town calls him, behind the cash register.

When "Billy Bathgate" left Hamlet almost two years ago, however, it left behind more than scenery and autographs. The movie pumped an estimated \$3 million into the local economy<sup>2</sup> and

**When "Billy Bathgate" left Hamlet almost two years ago, it left behind more than scenery and autographs.**

*Sharon Overton is a Raleigh free-lance writer. North Carolina Insight Editor Mike McLaughlin contributed to this article.*

brought much-needed short-term jobs to a county that in 1990 had a 5.6 percent unemployment rate.

It also left some bitter feelings. Some merchants complained that filming closed downtown streets and hurt their business. The boost in tourism that some people expected after the movie's release never materialized, since the film bombed at the box office.

While many Hamlet residents say they would welcome another production for the money and attention it brings, others express a different view. "A lot of people don't want to deal with another

movie," says Jake Covington's son Ernie. "They'd shoot you first."

For the past 13 years, North Carolina has basked in the golden glow of Tinsel Town. Looking for locations outside California to shoot its movies, Hollywood found a second home here. And by most accounts, the relationship has been mutually beneficial.

The N.C. Film Office in the Department of Commerce says the movie business contributed \$2.9 billion to the North Carolina economy from 1980-1992. (See Table 1 below.) The film office

applies a multiplier of three for dollars spent by out-of-state producers when they bring film projects to North Carolina.<sup>3</sup> This means each dollar spent generates \$2 in additional spending in the local economy and thus gets counted as \$3 in the film office tally. And it means the Film Office figure is inexact and possibly inflated.<sup>4</sup> (For more on this issue, and Center recommendations, see "More on Multipliers. . .," p. 7.)

Still, the movie business has contributed significant new dollars to the North Carolina economy and generated a whole new infrastructure to support the industry. The state is home to movie studios in Wilmington, High Point, Shelby, and Charlotte, and plans were announced recently for a new state-of-the-art facility in Cabarrus County. At last count, a total of 190 movies had been filmed in whole or in part in the state, including such hits as "Sleeping With the Enemy," "Bull Durham," "Dirty Dancing," "The Color Purple," "Days of Thunder," "Teenage Mutant Ninja Turtles," and "The Last of the Mohicans."

In recent years, North Carolina has ranked consistently among the leading states in revenues derived from film production. (See Table 2, p. 5.) The 1992 General Assembly nearly doubled what North Carolina spends to attract and support the film industry. It also approved a School of Filmmaking at the North Carolina School of the Arts in Winston-Salem.

Much is at stake in a business that, as N.C. Film Office director Bill Arnold puts it, "drops millions like rain-

**Table 1. Feature Films Produced in North Carolina Since 1980 and Revenue from All Productions**

Year	Features Produced	Revenue from All Productions* (In millions)
1980	11	\$ 87
1981	4	65
1982	6	86
1983	8	102
1984	12	115
1985	18	200
1986	22	266.5
1987	22	384.1
1988	19	297
1989	14	314.3
1990	17	426
1991	18	202.5
1992	19	391
Totals	190	\$ 2.9 Billion

\*Actual spending on filmmaking in North Carolina by out-of-state production companies is multiplied by three to arrive at revenue estimates.

Source: North Carolina Film Office  
430 North Salisbury Street  
Raleigh, N.C. 27611  
Phone: (919) 733-9900

**Table 2. 1991 Film Activity in Selected States\***

State	Revenue from Film Production	Number of Films**	1991-92 State Funding	1991 Film Office Staff
California	\$ 8.2 billion	219	\$830,000	10
New York City***	2.7 billion	124	600,000	10
Florida	290 million	42	500,000	4
Massachusetts	209 million	8	400,000	6
North Carolina***	202.5 million	18	267,000	3
Illinois	80 million	17	400,000	8
Georgia	80 million	27	396,000	7
Nevada	76.9 million	18	476,000	3
New York (outside New York City)	48 million	28	327,000	5
Utah	37.2 million	17	500,000	5.5

\* As reported by state film commissions. There is no common system for tallying film production dollars so revenue estimates should not be used to compare or rank states.

\*\* Includes feature films and TV movies. Entries for some states may include other film and video activities.

\*\*\* Includes a multiplier to determine economic impact. Actual production revenues in North Carolina in 1991 were \$63.6 million. New York City figure is for 1990 and includes a multiplier of 2.3. Actual revenues were not available. The N.C. General Assembly increased state funding for the Film Office to \$476,000 for the 1992-93 fiscal year.

*Table by Sharon Overton*

But is the movie business in North Carolina more glitter than gold? For most communities, having a film shot on location is still just a one-time shot in the arm. It is far from a cure for their economic woes. And some caution that an indus-

try that places a high premium on what's hot at the moment could easily turn cold on North Carolina.

"Those guys are here today and gone tomorrow," warns Lowery Ballard, director of the Small Business Center at Richmond Community College near Hamlet. "You're seeing part of the good life, but only for a short time."

***"You're seeing part of the  
good life, but only for a  
short time."***

—LOWERY BALLARD  
RICHMOND COMMUNITY COLLEGE

## **The Movie Business Heads South**

**T**he good life roared into North Carolina in 1984 in the form of an Italian movie producer named Dino De Laurentiis. De Laurentiis came here to shoot the movie "Firestarter," liked what he saw and decided to stay. He established a studio in Wilmington that has accounted for roughly



***The late actress Natalie Wood meets the press with Gov. Jim Hunt at a 1981 news conference touting the filming of "Brainstorm" in the Triangle area.***

a fourth of the movies shot in the state and has secured North Carolina's reputation as a major player.

The De Laurentiis Entertainment Group went bankrupt in 1987 and the studio was sold two years later to Carolco Pictures Inc., the Los Angeles company responsible for such Arnold Schwarzenegger mega-hits as "Terminator 2" and "Total Recall."

But the seeds for what some have called "Hollywood East" were sown long before De Laurentiis arrived. In Shelby, Earl Owensby had been making low-budget horror and action movies since the early '70s. The technicians who cut their teeth on Owensby's soundstages became part of the crew base that Hollywood now lists as one of the state's greatest assets. But while Owensby's movies were a hit at the drive-in, he never has made it to the big-time.

Arnold traces the development of North Carolina as a location for big-budget Hollywood movies to a conversation Durham native Thom Mount had with Governor James B. Hunt Jr. in 1978. Mount, who was vice president in charge of production for Universal Studios, told Hunt that producers were looking for new locations to make

their movies. Mount, who later would return to his hometown to make "Bull Durham," had just finished filming the Burt Reynolds hit "Smokey and the Bandit" in Florida and Georgia. All but five states had established film commissions, he told the governor. If North Carolina didn't act soon, it would be left behind.

The following year, Hunt proposed the establishment of a North Carolina Film Office with a budget of \$149,000. State legislators were skeptical, to say the least. "They just laughed it out of existence," says Arnold.

Undeterred, Hunt used his executive powers to create the commission. Arnold, then head of travel and tourism, and Paula Wyrick, an executive assistant to former Secretary of Commerce Lauch Faircloth, were picked to staff the office. They had no movie experience and no operating budget. But they made two trips to Los Angeles that first year, touting North Carolina's assets: low labor costs, a long shooting season, and varied topography. Their efforts paid off. The state hosted 11 movies in 1980.

In his cramped, cluttered office in downtown Raleigh, Arnold slumps behind a manual type-

*—continues on page 12*

North Carolina, and ultimately work to the industry's benefit. Armed with an accurate estimate of the economic impact of filmmaking, state policymakers would be better positioned to gauge the amount of state resources needed to nurture this important industry. The result could be a Hollywood ending for both the Film Office and the state's budding motion picture industry.

—Mike McLaughlin

## FOOTNOTES

<sup>1</sup>For more on the use and misuse of multipliers, see J. Barlow Herget and Mike McLaughlin, "Not Just Fun and Games Anymore: Pro Sports as an Economic Development Tool," *North Carolina Insight*, September 1992 (Vol. 14: No. 2), pp. 2-25.

<sup>2</sup>Arnold says while some states may not use multipliers, they have other ways of boosting their estimates of annual spending on filmmaking. California and New York City, for example, count certain commercial television and video production in their figures. North Carolina does not count this activity, although it could boost the state's figures substantially, Arnold says. Raycom Sports, which produces sporting events for broadcast, and SAS Institute, which uses computer technology to produce special effects videos, are two such North Carolina operations.

<sup>3</sup>North Carolina Film Industry Revenues Top \$314 million in 1989," news release issued by the Governor's

Communications Office, Jan. 18, 1990, p. 3. The remark is attributed to Gov. Jim Martin. A similar observation is attributed to then-Commerce Secretary Jim Broyhill in "North Carolina Reports Record Movie Revenues," a release issued by the Department of Commerce Public Affairs Office, Feb. 12, 1991.

<sup>4</sup>"North Carolina Film Industry Revenues Down in 1991," news release issued by the Department of Commerce Public Affairs Office, Jan. 21, 1992, p. 1.

<sup>5</sup>"North Carolina Reports Record Movie Revenues," news release issued by the Public Affairs Office, North Carolina Department of Commerce, Feb. 12, 1991, p. 1.

<sup>6</sup>"Governor Reports Record Year for North Carolina Moviemaking," news release issued by the Governor's Communications Office, Jan. 13, 1988, p. 1.

<sup>7</sup>"Governor Announces Record Movie Making year for North Carolina," Governor's Communications Office, March 19, 1987, p. 2. Whether other states use a multiplier, as the release maintains, is debatable. In a telephone survey of the top 10 film commissions for 1991, only one outside North Carolina, the New York City film commission, acknowledged using a multiplier in its figures. That commission uses a multiplier of 2.3. Still, estimating film production dollars spent on location is no science, and it may be stretching things to call it an art. The commissions have in common a strong interest in depicting their locations as popular places to shoot movies, and the figures they provide probably reflect that interest.

<sup>8</sup>For more on the Bureau's multipliers, see U.S. Department of Commerce, Bureau of Economic Analysis, *Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMS II)*, second edition, Washington, D.C.: U.S. Government Printing Office, May 1992.

—continued from page 6

writer, surrounded by posters of movies shot in the state: "Reuben, Reuben," "Being There," "No Mercy," "Blue Velvet." He doesn't look like the kind of guy you'd expect to find wheeling and dealing in Hollywood. He wears a rumpled suit. A perpetual cigarette dangles between his fingers.

Arnold, who made his name in tourism as the guy who launched the slogan "Virginia is for lovers," runs the North Carolina Film Office on a shoestring budget. Until 1992, when the legislature nearly doubled the Film Office budget, state appropriations hovered around \$250,000. The budget increase brought North Carolina in line with Florida, Illinois, and Utah, to mention just three competing states.

North Carolina never has advertised in the movie trade magazines or spent a lot on promotions. Other states go to extremes to reach Holly-

wood decision-makers. The Illinois Film Commission, for example, had lighted signs installed above the exits in the Forum for Los Angeles Lakers basketball games, ran a full-page ad in the Lakers' program, and put a billboard on Sunset Strip.<sup>5</sup> North Carolina also doesn't offer tax credits or rebates, as Arnold says states such as Arkansas, South Carolina, and Virginia have done, as an incentive for movies to locate here.<sup>6</sup>

What the North Carolina Film Office staff does do is scour scripts for scenes it can match with North Carolina locations. "If we've got photographs, we send them," says Arnold. "If we don't, we go out and shoot them." The Film Office also sends information on essential services such as proximity to an airport, area hotel rooms, and catering availability.

"The next step is, if they like the photographs, they send people in to actually look," says Arnold.

At this stage, Arnold will go to great lengths to try to get movies filmed *somewhere* in North Carolina. This means running interference and solving problems to make North Carolina locations work.

In 1986, for example, Arnold says Steven Spielberg was scouting locations to film "The Color Purple." Spielberg had had death threats against him and wanted permission to have his two bodyguards carry concealed weapons while he was in the state. The Film Office found this was against federal law, but did manage to get the governor to assign a Highway Patrol officer to guard Spielberg while he was in North Carolina.

For the actual shooting, the Film Office arranged to have the Anson County Sheriff's Department deputize Spielberg's bodyguards so they could carry their weapons legally. Later, when a scene called for a mature corn crop early in the growing season, the Film Office put Spielberg in touch with a specialist at North Carolina State University who applied steroids to accelerate the crop's growth.

Location scouting can hold perils all its own. Arnold recalls how Paula Wyrick, assistant director of the Film Office, prevented a scout who was

shooting video over the Atlantic Ocean from plunging from a state helicopter. "She asked the pilot to go sideways and when he tilted the machine the door flew open and she almost fell out," says Arnold. "Paula grabbed her by the seat of her britches and actually saved her life." (For another example of an extraordinary effort to attract a production to North Carolina, see "The One That Got Away," p. 15)

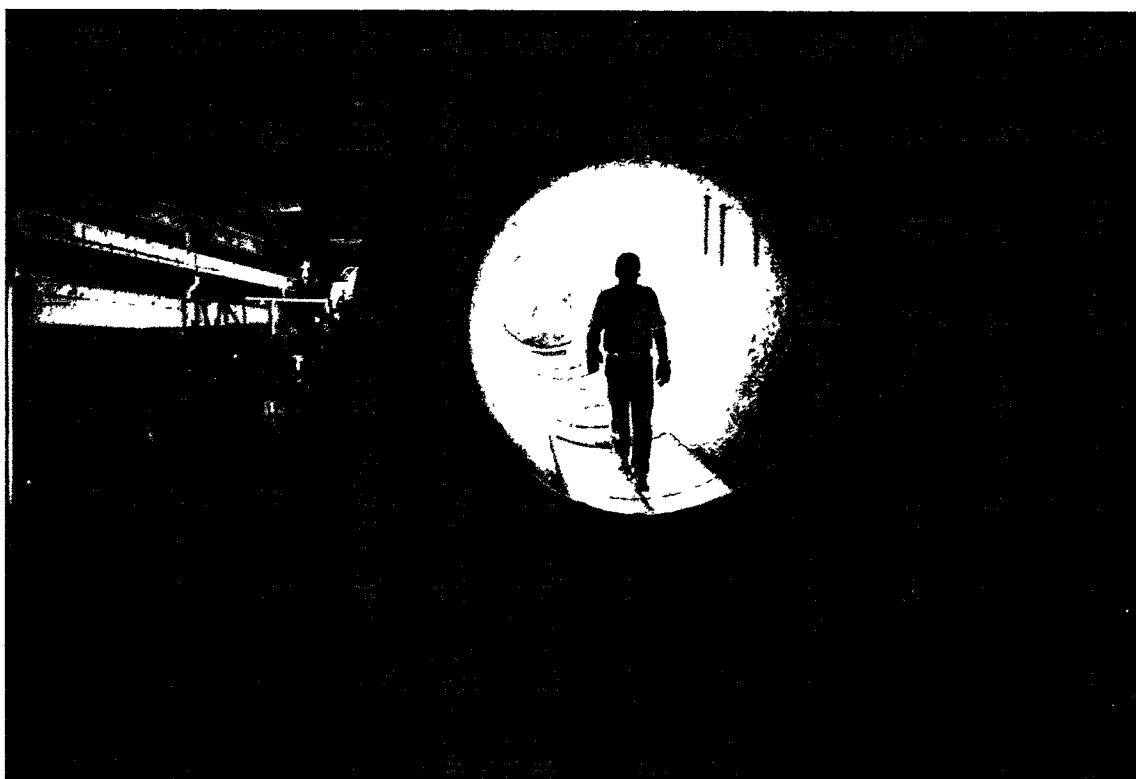
Personal contact with Hollywood decision-makers such as producers, directors and production managers also is important. That means frequent trips to Los Angeles to develop and maintain industry contacts. "Whenever possible, we take the governor with us," says Arnold. A visit from the governor makes an impression on those who make decisions about where to shoot movies. "They like to know that if they are coming to the end of the Earth and get in real trouble, state government's top man knows what they do, who they are, and will do what he can to help solve problems."

Producers chose North Carolina for the filming of 17 feature films and TV movies in 1990. Arnold estimates the economic impact of these

***Chairs await the stars at a private home in Durham, where  
"A Handmaid's Tale" was filmed.***



Karen Tam



***This tunnel plays a role in the final scene of "Super Mario Brothers," filmed on location in Wilmington, the state's movie capital.***

films at \$426 million—the highest total ever. “Frankly, based on our track record, we’re beating the stuffing out of 9/10 of the other states by NOT doing it like everyone else,” Arnold says. “We’re literally taking their lunch from them.”

### Port City Becomes Movie Mecca

Nowhere in North Carolina is the boom more evident than in Wilmington. In the last 10 years, Wilmington has changed from a sleepy Southern port city into a movie mecca. When a major production is underway, stargazing rivals beachcombing as a popular pastime for tourists. It’s not uncommon to see stars such as Julia Roberts or Nicholas Cage dining at one of the chic new waterfront restaurants, where ordering vegetarian is *de rigueur* but asking for autographs is discouraged.

John Kretschmer moved to Wilmington eight years ago to get a job in the burgeoning movie business. It was a quiet town then, says Kretschmer, a 30-year-old assistant set decorator whose credits

include “Rambling Rose” and “The Abyss.” “In the winter, half the restaurants closed down. We joked about a rush *half* hour.” Now traffic jams are a daily occurrence.

While the completion of Interstate 40 certainly contributed to Wilmington’s traffic woes, the movie business has helped put the town on the map and has pumped millions into the economy. In 1991, revenues from film and television projects had an economic impact of roughly \$76 million<sup>8</sup> in Wilmington and the surrounding areas, more than was spent in the entire state of South Carolina.

The impact is felt almost everywhere—from hotels that house out-of-town crews, to building suppliers that provide materials for sets, to furniture stores, to vintage clothing shops, and even to a local zoo, which recently sold several hundred New Hanover County toads at \$2 a head for the movie “Super Mario Brothers.”

The movie business provides jobs as well. As many as 600 crew members—technicians, make-up artists, carpenters, costumers, and caterers—are now based in Wilmington. Salaries can range from about \$500 a week for an entry-level produc-



***"I can work in this industry for 20 years and when I'm done, I've got whatever I came out of it with."***

—BILLY ALFORD  
WILMINGTON SET DRESSER

tion assistant to \$2,000 a week for a department head. Local retirees and others also do a brisk business as extras, pocketing \$50 to \$100 a day.

Despite its glamorous image, movie-making is a long, often tedious business. Seventy-two-hour work weeks are the norm. And because most North Carolina crew members don't work with a union contract, their pay is lower and they don't get benefits such as health insurance or retirement plans. "I can work in this industry for 20 years and when I'm done, I've got whatever I came out of it with," says Billy Alford, a 35-year-old Wilmington set dresser.

Bryan Unger, a union organizer with the International Alliance of Theatrical and Stage Employees in New York, says the lowest level crew members in North Carolina earn from \$12 to \$14 per hour with no benefits for what essentially is temporary work. That compares to a rate of about \$20 an hour with benefits for similar work in union states.

Unger says movie producers pay less and provide fewer benefits in North Carolina, both because the state is promoted to the trade as a right-to-work state and because North Carolina's movie industry is rooted in the anti-union sentiments of De Laurentiis. "If

you allow employers to come in and treat North Carolinians like second-class citizens, they will do exactly that," says Unger. Many of the higher-paid workers on a set, he says, are still imported from out-of-state.<sup>9</sup>

But Kent Swaim, executive director of Carolco Studios Inc., disagrees sharply with Unger's portrayal of the North Carolina movie industry. Swaim says the hourly minimum wage for film workers in New York is actually \$18 an hour—lower than the \$20 mentioned by Unger but perhaps still too high to be competitive.

"Just maybe the union crew rates in New York might be part of the reason fewer movies are being filmed in New York," says Swaim. "Wilmington

## *The One That Got Away*

**A**s director of the North Carolina Film Office, Bill Arnold has been at least partially responsible for bringing 190 movies to the state in the last 13 years. But one that stands out in his mind is the one that got away.

Barbra Streisand had been planning to make "The Prince of Tides" in South Carolina for more than a year when executives at MGM asked her to take a look at North Carolina. They were familiar with the state's crew base and felt costs could be controlled better here, Arnold says.

For two days, Arnold escorted Streisand around the state in a motor home, showing her potential locations. "We went to elaborate extremes to keep her under wraps," he says, including having a Highway Patrol advance team. Arnold also flew the entire length of the North Carolina coast in a state-owned airplane, taking photographs of isolated coves and inlets that might work for the movie.

On Figure Eight Island, Streisand fell in love with a house she felt would be perfect for the film. When told that the private island did not allow movie shooting under any circumstances, she asked them to make an exception for her. "They wouldn't even consider it," Arnold says.

In the end, "The Prince of Tides" stayed in South Carolina, as author Pat Conroy wrote it, and the movie went on to be nominated for seven Academy Awards in 1992.<sup>1</sup>

—Sharon Overton

### FOOTNOTE

<sup>1</sup> Line producer Shel Shrager, whose "Prince of Tides" project went to South Carolina, six months later brought "The Last of the Mohicans" to North Carolina.

**Table 3. Top 10 Grossing Movies Filmed in North Carolina, and Academy Awards or Nominations**

Rank	Movie	Box Office Receipts	Academy Awards or Nominations
1	Teenage Mutant Ninja Turtles*	\$132,934,855	none
2	The Hunt for Red October	120,221,149	sound effects editing
3	Sleeping with the Enemy	96,956,060	none
4	The Color Purple	94,028,572	three nominations
5	Days of Thunder	81,297,608	none
6	Teenage Mutant Ninja Turtles II	78,656,813	none
7	The Last of the Mohicans**	70,557,651	N.A.
8	Dirty Dancing	62,915,776	best song
9	Bull Durham	50,276,467	none
10	Weekend at Bernie's	29,433,521	none

*Source:* Table researched by Katherine Snow for *The Business Journal*, Charlotte, N.C., July 24, 1991, p. 66. "The Last of the Mohicans" was released in 1992 and added to update the table. Figures were updated for "Teenage Mutant Ninja Turtles II," which was still showing when *The Business Journal* published its research.

\* "Teenage Mutant Ninja Turtles," its sequel, "Teenage Mutant Ninja Turtles II" and "Dirty Dancing" represent the three most successful independently produced pictures of all time, according to Entertainment Data, Inc., and *The Hollywood Reporter*.

\*\*Through Dec. 24, 1992. *Source:* Entertainment Data, Inc.

locals working in the movie industry are earning excellent wages for our local area. Even Mr. Unger's own figures of \$12-\$14 per hour for 'lowest level' crew members is a far cry from second-class citizenship when labor rates in the Wilmington area [for industry in general] are \$14.64 to \$17.21 per hour for the 'highest experience' pay grade."

Union officials suggest that workers in the North Carolina movie industry are cautious about organizing for fear of not getting a job on the next production. "It's the classic problem," says Chris Scott, director of the North Carolina chapter of the AFL-CIO. "They're not making what they ought to be making, and they're not getting the protec-

tion that they ought to be getting, but they are getting more than they would be getting somewhere else."

But Kretschmer, the Wilmington assistant set decorator, says work is plentiful in the Wilmington area and independent crew members are earning good money. Independent filmmakers have not felt the need to organize. "It's a business question," says Kretschmer, "not a fear question."

At this point in her career, Heather Pendergast isn't complaining about pay or benefits. The 18-year-old student at Winston-Salem's N.C. School

of the Arts landed her first movie role in the summer of 1992—a minor part in "Super Mario Brothers," a \$30 million-plus movie starring Dennis Hopper and Bob Hoskins that is loosely based on the Nintendo game.

Pendergast makes \$1,500 a week for two or three days' work and gets \$350 a week for living expenses. She has her own trailer on the lot and someone to bring her food and mineral water. A tall brunette, Pendergast has just signed with an agent in North Carolina and plans to get one in L.A. soon.

***Gregory Peck on the set of "Painting Churches" in Raleigh's Oakwood neighborhood.***



*Karen Tam*

"It's wonderful," she says, looking cool in dark sunglasses despite the sweltering 98-degree heat. Asked if the job has any drawbacks, she thinks for a long time. "There *has* to be something," she says.

If there is a down side to the movie business in North Carolina, it may be the unpredictable nature of the beast. For 10 years, the state enjoyed fairly steady growth. And then the bottom fell out. In 1991, revenues fell from \$426 million in estimated economic impact to \$202.5 million, the lowest since 1985. Part of the problem was belt-tightening in Hollywood due to the recession. At the same time, budget cuts forced the state film office to start curtailing basic services, such as mailing

out location photographs to interested producers or picking up prospects at the airport, Arnold says.

And Swaim points out that the 1991 total represents an anomaly in a 12-year track record of steady growth. "In a recession year, I would not consider revenues of \$202.5 million to be 'the bottom fell out,'" Swaim says. For the state as a whole, Swaim says, film production remains a fairly reliable generator of revenue, and "a big industry for North Carolina."

Film revenues were up again in 1992, with the Film Office estimating \$391 million in economic impact. A total of 19 movies and two network television series—"Matlock" and "The Young Indiana Jones Chronicles"—were shot in the state.

## *Major Motion Picture Studios in North Carolina*

The following is a list of major motion picture studios in North Carolina, along with addresses, phone numbers, and selected facts about these facilities:

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**Carolco Studios Inc.**, 1223 North 23rd St., Wilmington, N.C. 28405. (919) 343-3500. This studio features eight sound stages, the world's largest seamless blue screen for special effects, and a backlot of three blocks of city streets that can be used to represent different times and places. Built in 1984 by filmmaker Dino De Laurentiis and purchased in 1989 by Carolco Pictures, Inc. of Los Angeles.

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**Carolina Atlantic Studios**, 2000 Brentwood St., High Point, N.C. 27262. (919) 887-3456. Carolina Atlantic offers one 14,000-square-foot sound stage and supporting facilities. The studio opened in 1988 in a city known more for furniture than film, but it has won praise for its high-quality design and technical support.

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**The Creative Network Studios**, 4202 Barringer Drive, Charlotte, N.C. 28217. (704) 523-9272. This is North Carolina's newest facility, established in 1989. Its features include two 7,500-square-foot sound stages and supporting facilities, along with a cast of script writers, production managers, location scouts, and complete crews.

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**Earl Owensby Studios**, Shelby, N.C. (704) 487-0500. North Carolina's first motion picture studio opened in 1973. EO Studios features eight sound stages, its own motel, and a private airstrip, plus its own make-up, wardrobe, set design and construction, and work and production crews.

*Source:* "On Location North Carolina Film and Video Directory," North Carolina Film Office, Department of Commerce, Raleigh, N.C., 1992, pp. 10-14.

But North Carolina may have lost some ground to states like Florida, Georgia, and Illinois, which have been more aggressive in marketing their locations.

Perhaps more than any other state, Florida has launched an all-out offensive to become the premier movie-making location outside California. Home to Disney-MGM and Universal Studios Florida, the state offers filmmakers a number of incentives, including exemption from the sales and use tax for certain activities and one-stop permitting for such needs

as getting streets closed temporarily for filming. The Florida Commission for Film and Television opened a satellite office in Los Angeles last year and has established a fund to assist with the cost of promoting movies filmed in the state.

To keep pace, the 1992 N.C. General Assembly increased the Film Office's budget from \$267,000 to \$476,000 for fiscal year 1992-93. (Florida has a budget of roughly \$500,000.) Arnold says he will use the money to restore basic services, improve the state's file of photos for potential film locations, and step up marketing.

But some people say money alone may not be enough. Critics complain that North Carolina has become complacent and out of touch. Its Film Office serves as little more than a "clearing-house for information," one insider says. Even the state's logo, "On Location in North Carolina," which it prints on T-shirts and brochures, is out of date, says John Kretschmer, the Wilmington set decorator. "Much of the industry now calls North Carolina home."

Some North Carolina filmmakers believe that what the state really needs to do is nurture an indigenous industry so that movies can be created from start to finish and more of the profits can remain in North Carolina. (See "Homegrown Movies: What Would It Take?" p. 24 for more.) One obstacle, however, is financing. "Making movies is like drilling for oil," says Swaim, a former Twentieth Century Fox executive. "It's very speculative." When there is a profit, says Swaim, much of it goes to the distributor. "The idea that more profits will remain in North Carolina from an indigenous movie industry ignores the realities of motion picture distribution."

Swaim says the state took the right approach by nearly doubling the budget of the N.C. Film Office in 1992. The Film Office, he says, had been doing a good job on a shoestring budget, but other states were spending more and reaping a return on their investment. The tightfistedness in Raleigh

had to change if North Carolina was to remain competitive. "Thus far, we've been extremely lucky," Swaim says. "I don't think we can expect our luck to continue without more input toward promotion at the state level."

Still, Swaim believes the role of the

state should be about what it has been in the past—promoting the advantages of filming in North Carolina, maintaining a well-stocked photo file, and squiring producers around to various locations. "They just need to do a good job of keeping North Carolina's name before producers and servicing those producers who want to look in the state," says Swaim.

As for the "on location" logo, Swaim says it's an accurate description of the role North Carolina plays in the movie industry—a place where out-of-state directors and producers go to shoot movies. Conception, financing, adding a sound track, and final editing all are likely to take place elsewhere for the foreseeable future, Swaim says. "We are a location production destination," says Swaim. "All we need to do is continue to be that."

According to Arnold, Florida is trying to out-hype Hollywood, and that won't work for North Carolina. Filmmakers have found North Carolina's laid-back approach to be a pleasant contrast to the Hollywood hustle. And Florida has made a few promises it can't deliver. Its promotional fund for films shot in Florida, for example, depends on private dollars and so far has raised few of them, Arnold says. He says that filmmakers who had hoped to use the fund have been disappointed.

North Carolina does not need to create such a fund or offer major tax breaks to moviemakers, Arnold says. "I'm uncomfortable with giving away seed money, because we've never had to do that," he says.

Arnold sees little reason to try and match the Florida approach. "Florida is pushing and gouging and trying to get the advantage," says Arnold. "We're aggressive without being pushy. The

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***"It's significant how little outlay you have to make to get huge amounts of dollars brought in."***

—BILL ARNOLD  
NORTH CAROLINA FILM OFFICE

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***Extras head to the courthouse square for a picnic in a scene from "Silver Bullet," filmed in Burgaw.***

people in L.A. respond well to the way we operate and the way people in this state operate."

Some North Carolina communities are beginning to do some pushing of their own by forming organizations to help with movie production. Wilmington and Winston-Salem have established their own film commissions to recruit and support the movie industry. Charlotte and Asheville have formed more informal organizations. In the last nine months, at least 20 different communities across the state have contacted the Film Office about starting some sort of movie group, Arnold says.

"Lots of economic development organizations have run out of prospects," he says, explaining why the movie business is so appealing right now. "At the same time, they see all these film companies coming in and spending tons of money."

But how well do movies work as a tool for local economic development? The answer depends on whom you talk to.

As a rule of thumb, approximately one-third of a film's budget stays in the community in which it's made, Arnold says. The community spends little, if anything, in return. "It's significant how

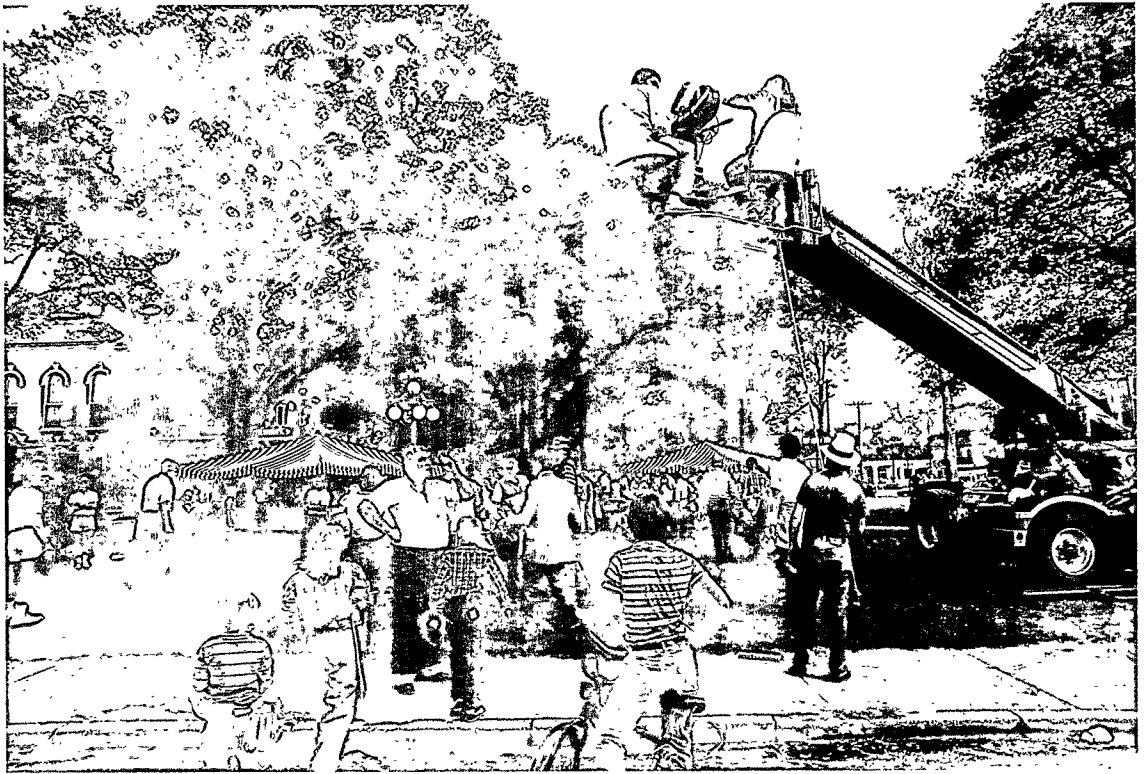
little outlay you have to make to get huge amounts of dollars brought in," says Arnold. "Really, the most you have to do is shut down streets for a couple of days."

Leigh von der Esch, president of the Association of Film Commissioners International and director of the Utah Film Commission, says, "They pay for every service they use. You don't have to build roads, sewers or educate their people. . . . They come in, they spend their money, they leave it behind, and they go."

Also, having a movie shot in an area can be good for tourism. Since "Thelma and Louise" was filmed in Utah, the state has had an influx of single women taking vacations in the state, von der Esch says.

### **Economic Impact in Epic Proportions**

**T**he North Carolina mountains attract movies for the same reason they attract tourists: an abundance of relatively unspoiled scenery. In 1991, Twentieth Century Fox chose Lake James in McDowell and Burke counties to make its \$46-million epic, "The Last of the Mohicans." The lake also was used several years ago for the clos-



Karen Tam

**Hollywood films a scene—and makes a scene—on the village green in Burgaw.**

ing scene of the submarine thriller, "Hunt for Red October."

As an incentive to the "Mohican" filmmakers, the Burke County Chamber of Commerce, Burke County Economic Development, and the McDowell Tourism Development Authority agreed to spend about \$25,000 to restore roads and other areas disrupted by the movie. In return, the production company spent about \$2.5 million in the two counties, says Cy Lynn, executive director of the Burke chamber. Officials with the U.S. Forest Service and Crescent Resources Inc., both of which owned property the film was shot on, say the filmmakers left the land in good shape.

Lynn says the movie also gave a big psychological boost to an area that has suffered economically. In fact, he was so pleased with the experience that he plans to ask the county for travel development funds to set up a part-time film office.

Others weren't as pleased. Some residents complained of noise from late-night battle scenes and the inconvenience of road detours. There was also disappointment when the fort featured in the movie was demolished and burned after filming.

Some local residents had wanted to use the fort as a tourist attraction.

Even Lynn admits that as a long-term economic development tool, movie-making is a risky proposition. He mentions a shoe factory that has been providing steady employment in the county for years.

"If I had a choice between that company being here as long as it has and a movie once every five or 10 years," Lynn says, "there's no question what I would vote for."

Still, for glitz and glamour, Hollywood beats shoemaking. Many communities would be happy to put up with some inconvenience for a dose of excitement and a short-term influx of dollars. Arnold's office offers free advice to would-be Hollywood hosts, and it's fairly simple to follow. He suggests that communities interested in film-making have photographs taken of interesting features like street scenes, landscapes, and architecture and send them to the film office. A major function of the office is matching movie scripts to photographs of North Carolina locations.

Communities also should compile a list of facts that might be of interest to filmmakers—like an



**Hamlet — known for trains, jazz musician John Coltrane, and a 1991 chicken-processing plant fire that killed 25 people — got a shot in the arm from the depression-era film “Billy Bathgate.”**

inventory of local hotel rooms, sources for supplies filmmakers might need (such as hardware and building supply stores), proximity to businesses that cater to the movie industry (studios and filming and lighting services, for example), and transportation information, such as the nearest airport.

All this may seem a bit fanciful to the town fathers of, say, Frog Level, but filmmakers have descended on communities in 54 of North Carolina's 100 counties, according to the Film Office. Who's to say where it will happen next? Plumtree and Pensacola in the west, Lilesville and Marshville in the Piedmont, and Chadbourne and Burgaw in the east all have had Hollywood come calling in recent years.

It's been two years since Hollywood packed up and left the Richmond County town of Hamlet. The movie facades on Main Street, left up in an anticipation of a tourism boom, are starting to rot and fall away. Some merchants already have re-

placed them with metal awnings. The juxtaposition is strange: In one block, you pass what appears to be a 1930s barber shop; in the next, you stroll by a modern-day video store.

Feelings in the town are mixed as well. One downtown merchant grows angry when the subject is brought up. “It just ruined me for two months,” he says. “I have lots of older customers, and they just couldn't get here.”

Bill Dennis, on the other hand, still isn't tired of talking about the movie. A retired route salesman for Ruth's Salads, he visited the set several times a day and collected every star's autograph. He shows a visitor his three-inch-thick scrapbook and the framed picture of Dustin Hoffman he keeps on the mantel along with his family photographs.

The movie gave Hamlet positive exposure, Dennis says. “The only people who were disappointed were some of the merchants who were looking to get more financially.”



If nothing else, everyone agrees the movie raised people's spirits for awhile. "The attitude of the whole community went to another level," says Lowery Ballard, the Small Business Center director. At the time, he says, "everyone thought it was a no-lose situation." 📺

## FOOTNOTES

<sup>1</sup> Hoffman actually shot his associate in the head, but why wreck a good story?

<sup>2</sup> Source: Lowery Ballard, director of the Small Business Center at Richmond Community College. The \$3 million figure does not include the multiplier of three used by the N.C. Film Commission. It is an estimate of actual dollars spent by the production company in the community.

<sup>3</sup> N.C. Film Commission Director Bill Arnold says the multiplier is applied to out-of-state dollars spent in North Carolina on film productions. Actual dollars would total more than a third of this estimate because the \$2.9 billion figure also includes spending on production by North Carolina firms. Arnold declined to provide an estimate of real spending on film production in North Carolina during the Film Office's 13 years of operation.

<sup>4</sup> The film office does not use the multiplier for spending on films and videos conceived and produced entirely in North Carolina by North Carolina companies, because spending for these projects does not represent an injection of new dollars into the state's economy. According to Film Office Director Bill Arnold, a Department of Commerce survey conducted when the Film Office was founded in 1980 determined that most states employed a multiplier of three to estimate the economic impact of *filmmaking*. Arnold says studies con-

ducted for the department by economist Lewis C. Copeland in 1977, 1978, and 1979 also supported the use of a multiplier of three for the film industry. These studies found the expenditure of every out-of-state dollar by *tourists*—whether traveling for business or pleasure—generated the expenditure of two additional dollars.

<sup>5</sup> Illinois Film Commission Director Suzie Kellett says the Lakers campaign was expensive but extremely effective, culminating in a 30-second display of one of the Forum exit signs in the opening scene of the movie "Grand Canyon." But Kellett says the state of Illinois—in the throes of its own budget crisis—stripped the Illinois Film Office of its advertising budget in 1991. The hard work of selling filmmakers on specific locations within a state is more important than marketing or advertising, Kellett says.

<sup>6</sup> Filmmakers *do* receive one tax break for making movies in North Carolina—a 1 percent cap and an \$80 ceiling on the sales and use tax for buying or renting certain items used in the production of films in the state. G.S. 105-164.4(a)(1d)(b).

<sup>7</sup> Kellett, the Illinois Film Office director, disagrees with Arnold's assessment of North Carolina's performance compared to other states. She says it's difficult to compare the performance of various states because all use different criteria for tallying dollars from film activity. "He's good, and North Carolina is great, but what is he using as his base?" Kellett asks. She says she does *not* use a multiplier in compiling her annual estimate of film-making activity in Illinois.

<sup>8</sup> N.C. Film Office estimate based on a multiplier of three, meaning that a dollar spent on movie production generates two dollars in additional spending.

<sup>9</sup> While crew members still are brought in from out-of-state to work on films shot in North Carolina, Kretschmer, the Wilmington set decorator, says the number of highly paid workers imported for these projects is "a lot fewer than five years ago."

