North Carolina Film Incentives:

2025 – 2026

Policy Analysis and Recommendations

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Executive Summary

This white paper provides a nonpartisan analysis of North Carolina’s film incentive program within the context of the state’s political and economic climate over the past decade. It traces the historical evolution of the incentive system, reviews its economic impact, compares it with neighboring states, and assesses the current grant program. The analysis emphasizes bipartisan values of job creation, economic return, and sustainable development. Recommendations are framed to be relevant across the political spectrum, with a focus on transparency, fiscal responsibility, and long-term growth (North Carolina Department of Commerce, 2022; Peinhardt & Seaman, 2019).

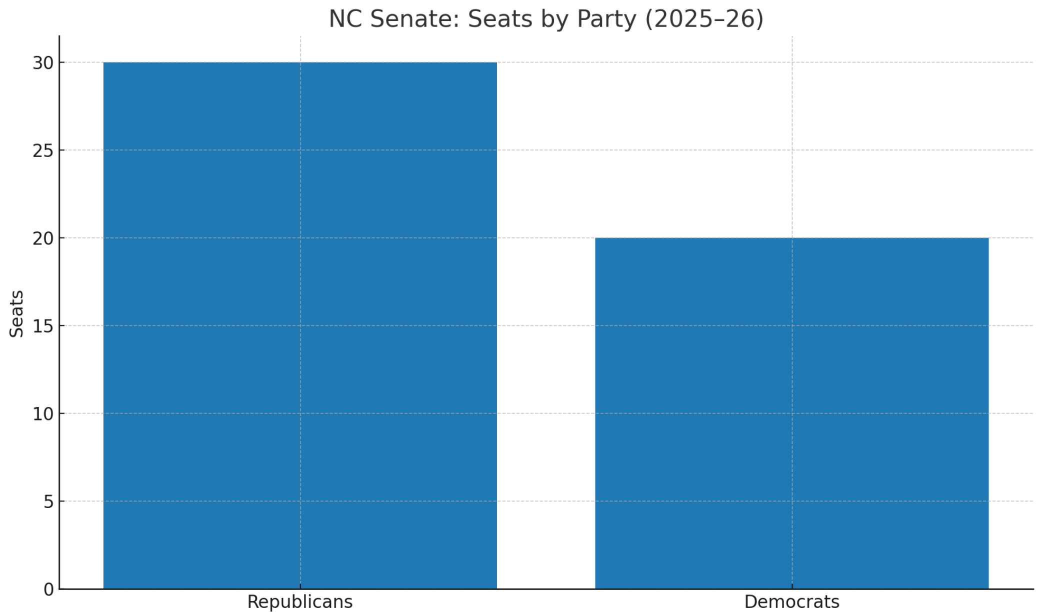
1. Introduction

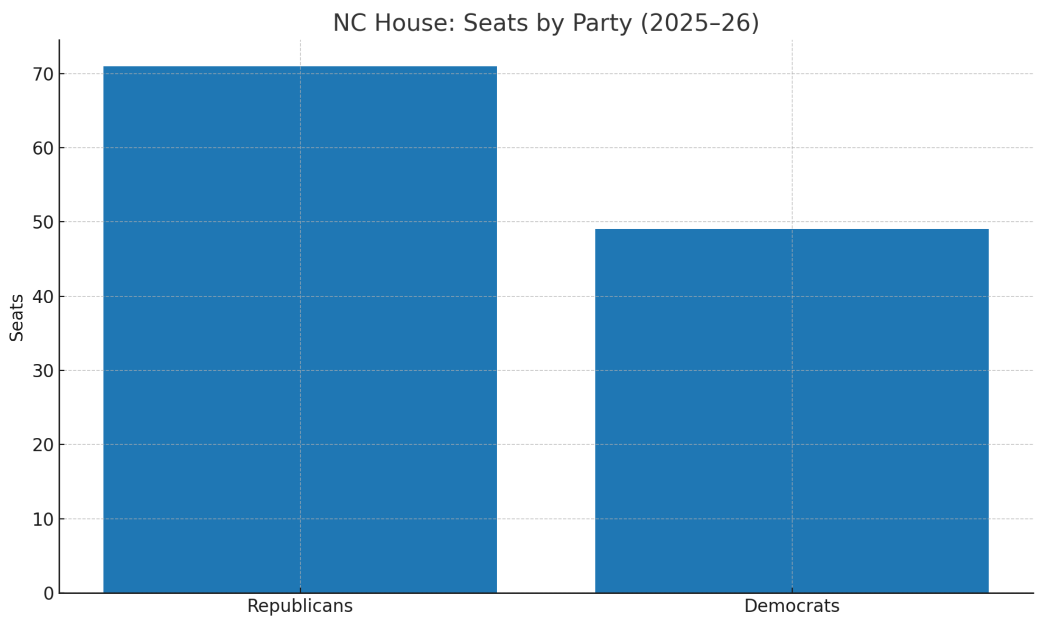
The film and television industry represents both cultural expression and economic opportunity. North Carolina has long played a notable role in U.S. media production, particularly in the Wilmington region, often referred to as 'Hollywood East.' Incentive policy has been central to this role, and changes in state approaches have influenced the scale and stability of industry activity (UNC School of Government, 2020). This paper examines the state’s current grant system, its regional position, and potential pathways for policy refinement that can meet bipartisan priorities.

2. Historical Development of Film Incentives in NC

In the early 2000s, North Carolina implemented refundable tax credits to stimulate film and television production. This period witnessed significant industry growth, including large-scale productions such as *Iron Man 3* and *The Hunger Games* (Charlotte Observer, 2021). By 2014, policymakers shifted to a capped grant program, prioritizing predictability in state expenditures. While this approach reduced fiscal risk, it coincided with a decline in production volume as neighboring states expanded their programs (Carolina Journal, 2023).

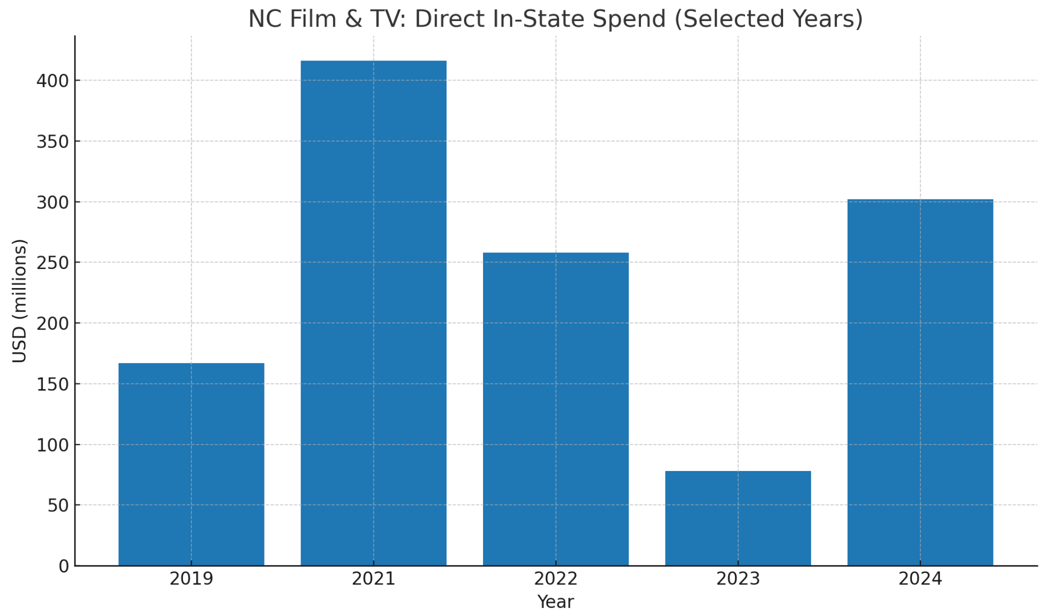
3. Legislative Context





Since 2010, North Carolina's General Assembly has maintained stable majorities that have shaped the direction of incentive policy. Governors of both parties have engaged with the issue, reflecting its importance to the state's economy. The current legislative environment is characterized by an emphasis on fiscal responsibility and measurable returns on investment. This creates an opportunity for incentive policy framed around accountability and workforce benefits, rather than ideological positioning (North Carolina General Assembly, 2024).

4. Economic Impact of Film & TV in North Carolina

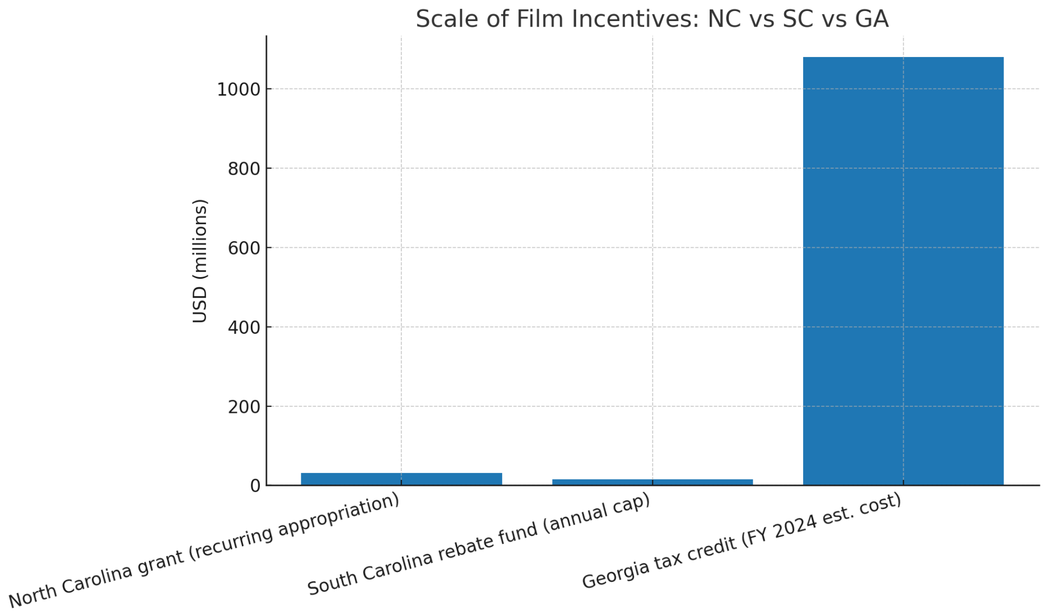


The film and television industry contributes to employment, local business revenues, and tourism. Annual direct in-state spending has fluctuated: approximately $167 million in 2019, $416 million in 2021, and $78 million in 2023 (North Carolina Department of Commerce, 2022). This volatility illustrates both the promise of the sector and the challenges of competing with larger incentive markets. Studies consistently find that film incentives generate multipliers in the range of 3–5 times the state's initial outlay, supporting the argument for continued investment (Scott, 2020; Peinhardt & Seaman, 2019).

5. Current Film and Entertainment Grant Program

North Carolina currently operates a recurring $31 million grant program, administered by the Economic Development Partnership of North Carolina (EDPNC). The program offers a 25% rebate, with caps of up to $12 million per television season, $7 million per feature film, and $250,000 per commercial (EDPNC, 2024). This approach ensures predictable state exposure and aligns with fiscally conservative principles, while still providing a tool to attract productions. Limitations include reduced competitiveness compared with states that offer uncapped or larger-scale incentives (WRAL, 2022).

6. Regional Comparison



North Carolina's incentives operate within a competitive southeastern landscape. Georgia's uncapped tax credit program is among the largest in the nation, costing approximately $1.08 billion annually and making it the top filming destination in the United States (Variety, 2021). South Carolina maintains a capped rebate fund of approximately $15.5 million annually, while Virginia provides hybrid programs worth $10–15 million. North Carolina is positioned between these models, offering more than its smaller neighbors but competing at a disadvantage with Georgia (Charlotte Observer, 2021).

7. Current Policy Climate

North Carolina's policy climate emphasizes balanced budgeting, accountability, and measurable economic impact. These themes resonate with policymakers across the political spectrum. The challenge for the film industry is to demonstrate clear returns on investment and to link incentives to workforce development and regional growth (UNC School of Government, 2020). Such framing positions film incentives as tools for economic development, rather than cultural or partisan initiatives.

8. Policy Options for Consideration

When reviewing possible adjustments to the current North Carolina Film and Entertainment Grant Program, the following options stand out as both realistic within the present policy climate and beneficial to the state's economy. Each is explained in straightforward terms so that both new and experienced policymakers can evaluate their merits.

Workforce Training Tie-Ins

One of the challenges in film and television production is ensuring that enough local workers are available to meet the demands of a production. Currently, many high-budget productions bring in crew from outside the state, which means fewer jobs for North Carolinians.

By tying incentives to workforce training, the state could require or encourage productions that receive grants to partner with community colleges or universities. For example, a show filming in Wilmington could provide internships, on-set training, or apprenticeships for local students studying film, design, or technical trades.

This approach creates a pipeline of skilled workers, strengthens North Carolina's workforce, and ensures the benefits of film production are spread across local communities.

Tourism-Linked Bonuses

Film and TV productions often highlight locations that attract visitors long after the production is over. Movies like *Dirty Dancing* and shows like *Outer Banks* have brought tourism to the areas where they were filmed (even when, in the latter case, the show was shot in another state).

A tourism-linked bonus would add a small extra rebate percentage for productions that feature North Carolina landmarks, landscapes, or cultural assets. For example, a production that prominently uses the Blue Ridge Mountains or Outer Banks could qualify for an additional incentive.

This option aligns film incentives with the state's tourism strategy, creating long-term economic benefits by drawing visitors.

Greater Flexibility in Project Caps

Currently, the state places limits on how much incentive a single production can receive (e.g., $7 million for a feature film). While this ensures funds are spread across multiple projects, it sometimes makes it harder to attract larger productions that need more support.

Adjusting these caps—without increasing the total statewide program budget—would give the program flexibility to accommodate both large and small productions. For example, a blockbuster movie might require $10 million in support instead of $7 million, but the adjustment could come from reallocating funds, not expanding the overall grant pool.

This flexibility could make North Carolina more competitive with other states while maintaining budget discipline.

Annual ROI Audits and Transparency

One concern about incentive programs is whether the state receives enough return on investment (ROI). Some critics worry that money spent on incentives does not produce enough jobs or economic activity.

Annual audits would provide clear, public reports on how much money productions spend in North Carolina, how many local workers are employed, and what ripple effects occur in hotels, restaurants, and small businesses. By requiring transparency, the state ensures accountability to taxpayers and builds confidence among policymakers of all political perspectives.

This approach demonstrates fiscal responsibility and reassures the public that incentives are delivering measurable results.

Public-Private Match Funds

Film production benefits local economies, so local governments and private investors often want to participate. A match fund system would allow cities, counties, or private partners to contribute additional funds to supplement the state's grant.

For example, if the state grants $2 million to a project filming in Charlotte, the city or county could choose to add $500,000 from its own economic development budget.

This reduces the state's sole burden, encourages collaboration, and ensures that local communities with strong interest in attracting productions have a tool to compete. The result is a shared investment model where state, local, and private partners all participate in creating jobs and economic growth.

9. Recommendations

To ensure that film incentives contribute effectively to North Carolina's economy, this paper recommends a strategy centered on accountability, workforce development, and regional competitiveness. By framing incentives as job-creation mechanisms with transparent reporting, policymakers across the political spectrum can find common ground. Incremental improvements can preserve fiscal discipline while positioning the state for future growth opportunities (Peinhardt & Seaman, 2019; Scott, 2020).

10. Conclusion

The evolution of North Carolina's film incentive policy reflects the state's broader focus on balancing economic opportunity with fiscal responsibility. While large-scale expansions may not be feasible in the current context, measured reforms can maintain competitiveness, generate jobs, and support local communities. A transparent, accountable, and regionally competitive grant program provides a path forward that resonates with policymakers regardless of party affiliation.

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