Written by Bob Strauss, Staff Writer, Daily News

Entertainment industry insiders gathered in Hollywood Friday to hash out their most pressing issues and possible opportunities in the first State of the Entertainment Industry Conference.

While panels touched on runaway production and piracy and potential threats, the day started off with a reminder of how valuable the entertainment industry is to Los Angeles County.

"You're looking at 247,000 people who are working in this industry, one way or another, whether they're earning a paycheck or self-employed," Robert Kleinhenz, chief economist at the Los Angeles County Economic Development Corp., said while presenting his organization's "The Entertainment Industry and the Los Angeles County Economy" report.

The study found nearly $19 billion worth of payroll locally distributed over all facets of the entertainment business in 2011. The average annual wage for entertainment workers was an impressive $117,000, which is more than double the county's overall average private sector industry yearly income of $53,300.

The report also notes that showbiz-associated indirect job creation (caterers, florists, for example) yields close to 586,000 jobs countywide. Entertainment directly generates $47 billion in annual output, or some 8.4 percent of L.A. County's $558 billion in 2011, and accounts for $6 billion in state and local taxes each year.

Nice. But clouding the conference were constant reminders that one of L.A.'s biggest industries is beset

by threats ranging from intellectual property piracy to new amusement technology to runaway production to other states and countries.

Outgoing 39th District state Assemblyman Felipe Fuentes, who co-authored the bills to extend California's $100 million-per-year production tax credit program for the next three years, noted in an interview how important it was to make incentives as attractive as those offered in

competing states.

"The most important thing that policymakers can do to help stabilize this very California industry is to send good market signals like we've done so far," Fuentes noted. "We've made a very good start by extending this very successful tax credit program on a yearly basis. But film and entertainment, like any other business, needs more predictability. They need to understand that California is wed to this program, to maintain those very good jobs that have benefited California."

Los Angeles Mayor Antonio Villaraigosa, who made a discursive and often hilarious speech about his "Hollywood Mayor" image to the industry crowd, spoke more seriously in an interview outside the conference room.

"Beyond all the jokes, L.A. is the city that creates and innovates," Villaraigosa said. "I've been a big advocate since the late 1990s for the film tax credit. We need to make it permanent and at least double the size of it."

"The jobs behind the camera are more important than the people in front of it," Villaraigosa continued. "That's why I walk red carpets and advocate for all of this creative economy, because it's the heart and the soul of the L.A. economy."

Across town at City Hall on Friday, the City Council called for measures that would refund 75 percent of the sales tax related to productions, and study how to develop a new tax rate for radio and television broadcasters.

"These industries can generate their signals from anywhere," Councilman Eric Garcetti said. "We want to keep them in Los Angeles."

Under the proposal, the city will study changing the gross receipts tax and offer a minimum tax rate for the industry, similar to what is done with film companies.

Garcetti said he also wants to study possible incentives for the video game industry.

"Right now, the video game industry is bigger than Hollywood," Garcetti said. "I was talking with one video game producer and he said he is moving to Montreal because of the incentives they are offering."

www.dailynews.com