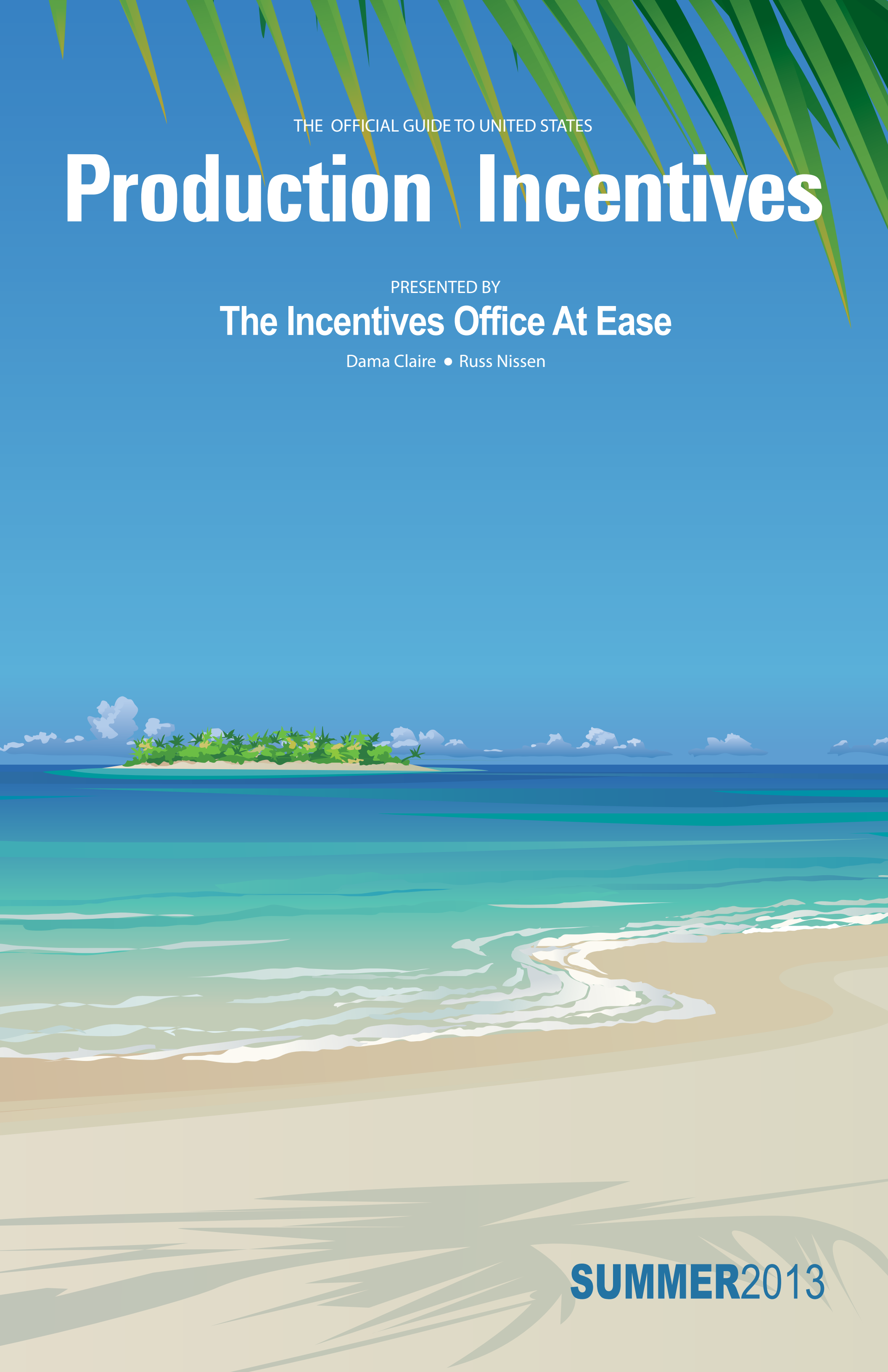
THE OFFICIAL GUIDE TO UNITED STATES

Production Incentives

PRESENTED BY

The Incentives Office At Ease

Dama Claire • Russ Nissen



SUMMER2013

The Summer 2013 Official Guide to U.S. Production Incentives

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Incentives programs continue to evolve, with some states expanding their programs, some introducing new restrictions, and a few shutting down completely. State treasury and revenue departments are now carefully auditing reports from 3rd party CPAs. It is still possible to benefit from U.S. state production incentives, but you need to know the states that can best satisfy your needs and to fully understand what is required to qualify for the incentive.

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To stay informed, please subscribe to our U.S. Incentives Updates and Alerts, at www.incentivesoffice.com.

Electronic copies of this Guide may be obtained from the same address.

Definitions

Please note that unless otherwise indicated the following definitions apply to all states, referred to as "Standard Qualified Expense," "Standard Qualified Labor," and "Standard Qualified Production" definitions.

Qualified Expense: An expense that a state allows to be included in the rebate or tax credits calculation. This varies from state to state. Typically, this includes all expenditures clearly and demonstrably incurred in the state related to pre-production, production, or post-production, including: expenditures for payroll, purchases including production equipment, production software, post-production work, post-production equipment, post-production software, set design, set construction, props, lighting, wardrobe, makeup, makeup accessories, special effects, visual effects, audio effects, film processing, leasing vehicles, meals and lodging for people working on the production; airfare purchased through an in-state travel agency or company; insurance and bonding purchased through an in-state vendor, music, sound mixing, editing, location fees, sound stages and other direct costs incurred by the production company from in-state vendors, and used for production of the film. Labor is not included.

Qualified Labor: Unless indicated otherwise, this includes payroll and fringes paid to a resident of the state for work actually performed in the state. Definitions of "resident" vary from state to state.

Qualified Production: Unless indicated otherwise, this includes motion pictures; documentaries; long-form; specials; mini-series; music videos and interstitials television programming. Commercials, infomercials, interactive television and video games are included only if specifically enumerated. It does not include: any ongoing television program created primarily as news, weather or financial market reports, a production featuring current events, sporting events, an awards show or gala event, a production whose sole purpose is fund raising, a production that primarily markets a product or service, a production used for corporate training, or any production containing material that is obscene.

Frequently Asked Questions

What is the Incentives Office? What do you do? The Incentives Office at Ease works with producers and states to facilitate the incentives process. Additionally, we estimate the tax credits for lenders, so that producers can get tax credit or soft money loans.

For producers, we can manage the entire process. We help choose the best location to shoot, taking into consideration the available tax credits or rebate, crew availability, comparative location costs, infrastructure, and whatever else is needed for the production. We revise the budget with the line producer or UPM to maximize the incentive. We prepare and file the needed paperwork, and interface with the state. Bottom line — **We help get your money.**

For lenders, we prepare or evaluate estimates of the anticipated tax credits or rebate; these estimates are bankable by many lenders, and if needed, completion bond companies can also bond our estimate of qualified spend.

We also help states create or improve their film incentives programs.

How is Ease different from other payroll companies? Ease is the only entertainment payroll company that is bonded (by Fireman's Fund); so the security of your funds is guaranteed. No other payroll company offers this protection. Ease is also very incentives friendly; their state-of-the-art production accounting system includes the ability to track qualified spend at any time, which is essential when planning and estimating incentives as part of your financing package. The Ease team includes executives who have actually produced feature films, so they can better understand what problems you may encounter, and quickly help resolve them. Simply put, the service, software and security help producers save money.

Can you broker my tax credits, or fund my rebates? We work with virtually every broker in states with transferable tax credits, so we can arrange to get you the best price, and work to advance against the credits where possible. Plus, we work with nearly every mezzanine lender and entertainment bank, so we can introduce you to the best sources for cash-flowing the rebate for your project. We are frequently able to make introductions to sources for gap or pre-sales financing, as well as equity investment, so please contact us for assistance with specific project finance. But our main focus is on production incentives – as we think directly selling or brokering credits could compromise our ability to get you the best price.

How can you maximize our incentive? We review the budget, and suggest ways that might enhance your rebate. We know which national vendors (production insurance, payroll companies, completion bonds) are qualified in which states. We can also negotiate with the state when we think you maybe entitled to more than you are getting.

ALABAMA FILM OFFICE
www.alabamafilm.org

Alabama

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Alabama offers a 25% rebate for ATL and BTL personnel, goods and services purchased in the state; and a 35% rebate for resident crew, plus a waiver of sales and lodging tax. The minimum spend for film projects is $500,000, and $50,000 for qualified soundtracks. The maximum qualified spend that can receive a rebate is $20 million.

The annual cap is $15 million for fiscal years 2013 and 2014, and $20 million in 2015 and each year thereafter. All loan-outs must register with the state, but there is no AL state withholding tax on loan-outs.

A CPA audit is required, in addition to filing a state tax return, and submitting a $100 application fee.

Alabama has growing production centers in Birmingham, Huntsville and Mobile.

Alaska

Alaska Film Office
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www.film.alaska.gov

The Incentives Office worked closely with Alaskan filmmakers and state legislators to develop strong production incentive legislation. The Alaska Film Office website, www.film.alaska.gov, has a variety of useful information.

Effective July 1, 2013, the Alaska incentive program offers a 30% base transferable tax credit for all ground spend, plus a 6% uplift for rural filming, and 2% uplift for out- of- season shooting. The state offers 50% tax credits for resident cast and crew, 30% for non-resident crew, and 5% for non-resident ATL, plus dollar value equal to AK resident spend, and only ½ of round trip interstate airfare qualifies.

Minimum Alaska spend is $75,000 of qualified expenditures over a 36 month period and there are no production or salary caps.

All projects greater than $1 million must use an independent payroll company. Verification of all claimed expenses by an independent, Alaska-licensed CPA is required with the final application. The verification standards are stringent (and costly), and require sampling to a 99% confidence level. All films must obtain an Alaska business license in order to prequalify with the state. Alaska has a growing crew base and local production facilities.

The website includes a comprehensive locations database.

Arizona

www.azcommerce.com/film

The program terminated on December 31, 2010, and there is no longer an Arizona Film Office. Anyone interested in shooting in Arizona should coordinate with the local municipal film offices and/or chambers of commerce. The local film commissions may be found by going to www.afci.org, and searching for Arizona.

Arkansas

Arkansas Film Commission
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t: (501) 682-7676
t: (800) ARKANSAS
f: (501) 682-3456
www.arkansasedc.com

The Arkansas program provides for a rebate equal to 20% of all qualified expenses (including resident and non-resident labor) incurred in Arkansas for the development, pre-production, production, or post-production of a qualified production. A bonus of 10% is provided for resident Arkansas crew, bringing the rebate for resident crew to 30%. The salaries of cast or crew who receive more than $500,000 will not qualify. Cash payments to vendors must not exceed 40% of verified costs. Projects must register in advance with the film office, and loan-outs must register with the state.

There is a minimum spend of $50,000 to qualify, with an annual cap of $5 million. There is no per-project cap, and funds are disbursed on a first-come, first served basis.

California

California Film Commission
Amy Lemisch, Director
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t: (323) 860-2960 ext 102

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www.film.ca.gov

California's production incentive allocates $100 million per year for "qualified motion pictures." $10 million per year is reserved for "independent" films; that is, films with production budgets between $1 and $10 million (qualified spend) produced by a company that is not publicly traded, and publicly traded companies do not own more than 25% of the producing company. Independent films will receive a transferable tax credit of 25% of qualified expenses.

Feature films ($1 million minimum – $75 million maximum production budget), movies of the week or miniseries ($500,000 minimum production budget) and new television series licensed for original distribution on basic cable will receive a non-transferable credit of 20% of qualified expenses. A TV series that filmed all of its previous seasons outside of California will receive a 25% non-transferable credit (certain restrictions apply).

Note that a non-transferable credit is usable only by an entity with a California tax liability.

To be a "qualified motion picture," 75% of the total budget spent or 75% of production days must be in California; the application must be submitted at least 30 days prior to the start of principal photography, and production must start within 180 days of approval of the application. Post-production must be completed within 30 months.

"Qualified expenses" are amounts paid or incurred for the purchase or lease of tangible personal property and qualified wages for services performed in California. Non-qualified expenses are:

- Wages paid to writers, directors, music directors, music composers, music supervisors, producers and performers, other than background actors with no scripted lines.

- Expenses, including wages, related to new use, reuse, clip use, licensing, secondary markets, residual compensation or the creation of any ancillary produced including but not limited to, a soundtrack album, toy, game, trailer or teaser.

- Expenses related to acquisition, development, turnaround or any rights thereto; financing, overhead, marketing, promotion, or distribution of a qualified motion picture.

- FICA1, FICA2 and FUI

- Audit expenses

All of the 2013-14 funding has been allocated. Productions interested in being placed on the waiting list should contact the California Film Commission. The next round of funding ($100 million) will be allocated by lottery on June 2, 2014. All productions interested in taking part in the California incentive program should submit their application on this date to be included in the Lottery. Applications received prior to that date will be returned.

The California Film Commission supports film, TV and commercial productions with a variety of services, including an extensive digital location library, free on-line permitting, low cost use of state properties as shooting locations, and production assistance. California is home to over 50 local film offices that coordinate with the state film commission. These regional offices can be found on the CFC's website.

There is no sales tax on production services and there is a waiver of the state lodging tax. Most cities waive the local lodging tax after 30 days.

5.25% sales tax exemption on the purchase or lease of post-production equipment for qualified projects. (Exemption is taken by the seller of the equipment and passed on to the buyer at the point of purchase.)

San Francisco:
The “Scene in San Francisco” Film and Television Rebate Program offers a refund of up to $600,000 on any fees paid to the City of San Francisco for a scripted or unscripted television episode or feature length film or documentary. This can include permit fees, payroll tax, up to 4 police officers per day, City owned locations, City owned production office and stage space, street closures, etc. To qualify, productions with budgets under $3 million must shoot 55% in San Francisco; budgets over $3 million must shoot 65% in San Francisco. San Francisco also has a Vendor Discount Program, offering 10-30% off hotels, restaurants, production services, car rentals, and a 5% discount on Virgin America. For details, go to http://filmsf.org.

Colorado

Colorado Office of Film, Television & Media
Donald Zuckerman, Director
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www.coloradofilm.org

- Colorado offers a $1 million incentives program provided that the workforce includes at least 50% Colorado residents: A rebate equal to 20% of the total local spend on productions that originate in the state and spend at least $100,000 in qualified local spend or qualified payroll.

- A rebate equal to 20% of the total local spend for productions that do not originate in the state but spend a minimum of $1 million in qualified local spend or payroll.

- A loan guarantee of up to 20% of production costs is available.

Qualified local expenditures are payments made to Colorado businesses. Qualified payroll is defined as salaries paid to actors, management and crew who are Colorado residents. Qualified payroll status will be extended to wages paid to out-of-state employees who pay Colorado income tax on wages earned in Colorado.

The production company must apply to the film commission prior to beginning production activities in Colorado. Pre-production, production and post-production expenditures qualify.

Connecticut

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OVERVIEW
Connecticut offers a possible 30% transferable tax credit for qualified digital media and motion picture pre-production, production and post-production expenses incurred in the state, including labor. Production companies incurring production costs between $100,000 and $500,000 are eligible for a 10% credit; between $500,000 and $1 million are eligible for a 15%

credit, and productions spending over $1 million receive a 30% credit. The minimum spend requirement is $100,000 and at least 50% of the principal photography days or 50% of post-production expenses – or at least $1 million on post-production – must be spent in Connecticut.

However, due to the need to mitigate CT's projected $2B budget deficit many of the state's programs and services have been cut or trimmed. In line with this, incentives for feature films have been suspended for the next two years effective July, 1 2013.

For the state fiscal years ending June 30, 2014, and June 30, 2015, "qualified production" shall not include a motion picture, and no tax credit voucher for a motion picture may be issued during said years, except for the state fiscal year ending June 30, 2015, "qualified production" shall include a motion picture for which twenty-five per cent or more of the principal photography shooting days are in this state at a facility that receives not less than twenty-five million dollars in private investment and opens for business on or after July 1, 2013, and a tax credit voucher may be issued for such motion picture.

Any feature film production which receives an eligibility certificate prior to July 1, 2013, however, will be eligible to receive a tax credit. Any content that is not specifically produced for theatrical distribution is unaffected by this legislation, including television and commercials.

Salaries for both resident and non-resident cast and crew working in Connecticut qualify. The aggregate qualified salaries for all star talent are capped at $20 million, and must be subject to Connecticut income tax. Equipment and supplies purchased/rented from out-of-state do not qualify for the tax credit, but a CT based production resources company may potentially help qualify certain goods and supplies.

Regulations now provide that not more than 25% of the tax credit may be transferred in any one income year. However, if the production shoots a portion of the film at a qualified production facility, these restrictions do not apply. Note that deferred costs, profit participation and costs related to the transfer of the tax credits do not qualify.

There are a number of qualified facilities in the state, with some new stages planned or presently under construction.

DETAILS

The production company must be registered to do business with the Secretary of the State of Connecticut and with the Dept. of Revenue Services. To receive the credit, the production company must first apply to the Office of Film, Television, and Digital Media for eligibility. This application must be made no later than ninety days after the first production expense is incurred.

Loan-outs must register with the Department of Revenue Services in order to qualify for the incentive.

The production company must submit a certified audit (at the production company's expense) by an independent CPA selected from the DECD-approved auditor list. After the costs are verified, the Film Office will issue a tax credit voucher. An eligible production company is not entitled to claim tax credits before the production tax credit voucher is issued.

Once issued, the production company may sell, transfer or assign the voucher, in whole or in part, either directly to a local taxpayer or to a broker. The tax credit may not be sold, transferred or assigned more than three times. Once the tax credit voucher is issued, the state may not conduct any further review or audit of the associated expenditures except in the case of fraud or misrepresentation. In the case of fraud or misrepresentation, the state's sole remedy is with the production company that committed the fraud and not from any transferee. The non-refundable credit may be carried forward for three years after the year in which the costs were incurred. Corporations, insurance companies, hospital and medical service companies may use the tax credit. Individuals may not use the credit.

The 12% hotel occupancy tax is waived for stays over 30 consecutive days. There is also sales tax exemption for certain production related items. Fringes qualify for all resident and non-resident cast and crew.

Delaware

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Delaware Film Office
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t: (302) 739-4271
f: (302) 739-5749
www.dedo.delaware.gov/Film.shtml

There is no state or local sales tax in Delaware. The Delaware Film Office website includes a listing of local crew and facilities.

District of Columbia

Office of Motion Picture & Television Development
Crystal Palmer, Director
film@dc.gov
t: (202) 727-6608
f: (202) 727-3246
www.film.dc.gov

The program is not currently funded. However, projects are being reviewed on a case by case basis.

Florida

Florida Office of Film & Entertainment
Shari Kerrigan, Commissioner
shari.kerrigan@deo.myflorida.com
t: (877) FLA-FILM
t: (850) 717-8990
f: (850) 410-4770
www.filminflorida.com

Los Angeles Liaison:
Susan Simms
t: (818) 508-7772
susan.simms@deo.myflorida.com

The Florida incentives program provides a transferable tax credit for production expenditures within the state for qualified goods and services, and resident hires. The total allocation for six fiscal years starting July 1, 2010 through June 30, 2016 is $296 million. The incentive provides a 20% base rate, plus a 5% bonus for off-season (June 1 - November 30) for certain production types, a 5% bonus for family-friendly product (for certain production types), a 5% bonus for underutilized locations (for certain projects), and a 5% bonus for use of "qualified production facilities". Details about the program are available on the Florida website. Florida also provides a 15% bonus for hiring students or recent film school graduates for the General Production Queue.

Applications will not be accepted for films that have already begun production in Florida.

Florida provides three queues for allocating tax credits: the General Production Queue, the Independent and Emerging Media Queue, and the Commercial and Music Video Queue. If credits for the current fiscal year are exhausted, credits for the following year will be issued. Note that next year's credits may not be used until the following year.

All projects must be pre-certified by the Dept. of Strategic Business Development ("DSBD"), via the Office of Film and Entertainment. Residents are capped at $400,000 per hire, including fringes (only residents qualify) and projects in the General Queue are capped at $8 million, and must provide proof of financing within 90 days or prior to start date (whichever is earlier). Minimum spend in the General queue is $625,000.

Re-billed goods and services from out of state vendors do not qualify, nor do expenses incurred prior to certification from the DSBD. However, most production needs can be met within the state.

Sales Tax Exemption:
Any production company conducting motion picture, television or sound recording business in the State of Florida may be designated a "qualified production company" and receive a single Certificate of Exemption from the Florida Department of Revenue. This certificate shall expire 90 days after date of issuance or effective date, but an extension can be applied for by using the online application at www.filminflorida.com. The film commission also maintains a Discounts and Deals program that lists discounts and special deals from vendors around the state.

Florida is a major production center, with crew, equipment, processing, sound stages and support services available. A comprehensive on-line production guide is available, and a print version may be ordered as well.

Georgia

Georgia Film, Music & Digital Entertainment Office
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www.georgia.org/fmde

The Georgia Entertainment Industry Investment Act grants a tax credit for qualified production and post-production expenditures. Tax credits are available for motion picture projects such as feature films, television series, commercials and music videos, and also to new industries such as game development and animation.

The legislation provides a transferable tax credit of 20% for in-state expenditures, with an additional 10% tax credit available if an approved placement of a Georgia promotional logo is featured in above the below the line crew crawl or the production company offers equal or better promotional opportunities for the state. The tax credits are issued after the production company files its Georgia tax return. Any amounts in excess of $500,000 per W2 hire will not count toward the credit, although there is no salary cap on individuals receiving Form 1099 working under a personal services contract or as a "loan-out". **As of January 1, 2013, production companies must register all personal service companies (loan-outs) and withhold 6%.**

Workers compensation and payroll processing qualify only if paid to a local vendor. Most fringes are qualified expenses. Airfare qualifies if a Georgia travel agency or airline is used. Georgia has a substantial crew base, equipment rentals and services, a 35mm lab, soundstages, and significant post-production services.

The tax credits may be transferred or sold only once to one or multiple Georgia-based taxpayers to use against their tax liability, but transfers may now be on different dates. Various local brokers can assist with the sale of the credits, and may provide cash advances as well. Should the state have reason to void a credit due to fraudulent misrepresentation of tax information, the buyer's recourse will be to/against the seller.

Out-of-state purchases will only qualify if obtained from a local vendor who rents or sells like items. Goods ordered from companies in the business of purchasing from out-of-state, that do not operate a rental or sales business, and do not maintain an inventory, will not qualify for the film tax credits.

Hawaii

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OVERVIEW

Effective July 1, 2013, Hawaii offers a 20-25% refundable tax credit based on a production company's Hawaii expenditures while producing a qualified film, television, commercial, or digital media project. The credit equals 20% of qualified production costs incurred any of the state where the population exceeds 700,000 (currently Oahu), and 25% in any county of the State where the population is 700,000 or less (currently Big Island, Kauai, Lanai, Maui and Molokai). There is an $15 million credit cap per production. All fringes qualify for the incentive, although workers compensation and payroll processing fees must be paid to a local company to qualify.

DETAILS

To use the 20-25% tax credit, a Production Registration Form must be submitted to the Hawaii Film Office at least one week prior to the first Hawaii shoot date. The production must make an effort to hire local crew, and must also make a financial or in-kind contribution toward local educational or workforce development efforts (the commission website provides a list of acceptable workforce development contributions). A shared card end credit for the state of Hawaii must be included in the film. To be eligible for the credit, at least $200,000 in qualified production costs must be expended in Hawaii. Only costs incurred in Hawaii and subject to Hawaii's general excise tax or income tax will be considered "qualified production costs." Loan-out companies must register to do business in Hawaii. The loan-out will need to obtain a Hawaii General Excise Tax License and pay general excise tax on gross proceeds earned from fees paid to the loan-out in order to qualify. Note that this is a refundable credit; the production company must file a production report within 90 days following the end of each tax year in which qualified costs were expended, and file a state tax return, and have a CPA audit.

Hawaii boasts a burgeoning film infrastructure, including equipment rental and a state-owned film studio in Oahu.

Idaho

Idaho Film Office
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f: (208) 334-2631

Diane Norton, Film/Tourism Specialist
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www.filmidaho.com

Program is not currently funded.

Illinois

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www.illinoisfilm.biz

Chicago Film Office
t: (312) 744-6415
f: (312) 744-1378
www.cityofchicago.org/FilmOffice

Illinois offers a 30% transferable tax credit on goods and services rented or purchased from local vendors, and on salaries paid to Illinois residents ($100,000 cap per hire, including post-production). An additional 15% tax credit is offered on wages paid to Illinois residents from economically disadvantaged areas. In addition to the credit, Chicago is a major production center with a deep crew base and can supply full crew, equipment, studios, sound stages, post-production facilities and 35mm processing.

Minimum in-state spend is $50,000 for productions less than 30 minutes and $100,000 for those 30 minutes or more. An application must be submitted at least five days before the start of principal photography. Applicants must demonstrate competitive need and must file a Diversity Plan to hire a diversified crew. The tax credit sunsets on May 27, 2021, and is renewable in five-year increments thereafter.

The 14.9% hotel occupancy is waived after occupancy of 30 days, retroactive to the start of the stay. However, there is no waiver of sales tax.

Indiana

Film Indiana/Indiana Economic Development Corporation
Erin Schneider, Director
One North Capitol Avenue, Ste. 700
Indianapolis, IN 46204-2288
t: (317) 234-2087
f: (317) 232-4146
filminfo@iedc.in.gov
www.filmindiana.com

The program was allowed to sunset on December 31, 2011.

Iowa

Iowa Film Office
t: (515) 281-5111
f: (515) 725-3010
www.filmatiowa.gov

The Iowa incentives program has been terminated.

Kansas

Kansas Film Commission
Peter Jasso, Director
pjasso@kansascommerce.com
t: (785) 296-2178
f: (785) 296-3490
www.filmkansas.com

The Kansas incentive expired on December 31, 2012 and has not been reinstated at this time.

Kentucky

Kentucky Film Office
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www.kyfilmoffice.com

Kentucky offers a 20% refundable tax credit of all qualifying expenses; including all BTL wages for both resident and non-residents, and 20% of the first $100,000 in wages for ATL salaries (both resident and non-resident) for each ATL crew member. Effective July 1, 2012 there is no funding cap.

The minimum spend for feature films is $500,000; $200,000 for commercials; and $50,000 for documentaries. Broadway plays produced for national tour also qualify.

The production company must file an application with the state 30 days prior to incurring any expenses for which they are seeking to earn the tax credit. The Kentucky Film Office may request an administrative fee equal to the greater of 0.5% of the estimated film incentive or $500. Please contact the Kentucky Film Office for further details.

An acknowledgement that the film was shot in Kentucky must be included in the credits.

The program is planned for sunset/ review on December 31, 2014.

Louisiana

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OVERVIEW

Louisiana offers a 30% transferable income tax credit for expenditures actually made within the state, e.g., purchases made from a Louisiana vendor. ATL, resident and non-resident, labor qualify for this incentive, which has no salary caps. An additional 5% credit is offered on the first million dollars of each Louisiana resident's payroll. This brings the total credit earned on Louisiana resident labor to 35% (subject to the $1 million per hire cap on the 5%). The state provides for an 85 cent buy-back of all certified tax credits for projects which receive their initial certification on or after July 1, 2009. The minimum in-state spend is $300,000 and there is no production or annual cap. All fringes qualify, as do payroll-processing fees paid to a local vendor, however, only the portion of the fees for services performed in Louisiana will qualify. Inclusion of a state brand or logo is required for certified productions.

DETAILS

Pre-production, production, and post-production expenses qualify for the credit. Qualified payroll is defined as salary, wages, and other compensation. The production company must be a Louisiana LLC or corporation, etc. In addition, post-only expenditures for post production services performed in Louisiana may also qualify for the credit.

A "resident" is defined as any natural person domiciled in the state or any other person who maintains a permanent place to live and spends more than six months of each year within the state.

The initial certification process begins when the production company submits an application to the Office of Entertainment Industry Development ("LED") along with a detailed multi-market distribution plan, a detailed preliminary budget, a script or synopsis, a statement that the project meets the definition of a state-certified production, and other required information. The minimum application fee is $200 and the maximum fee is $5,000 (the fee is calculated as 0.2% of estimated tax credits). After review, the state may issue an initial certification letter or a denial letter to the production. Effective August 1, 2013, LED is required to issue or deny a precertification letter 60 days after receipt of proper application paperwork, and issue a tax credit letter 120 days after receipt of a properly completed production audit. If you spend money prior to receiving the pre-certification it may qualify – provided it is within one year of the date the Film Office received the application.

During production (once the minimum in-state spend threshold of $300,000 is met (and principal photography has started) the producer may request that expenditures to date be certified; once certified by the film office, they may be sold to brokers or private buyers. It is not necessary to complete the film prior to selling certified credits if earned in accordance with Louisiana state law. However, the statute prohibits the transfer of credits before they are certified. Expenditures may be certified twice during the duration of the production, at no charge. Thereafter, there may be a fee per additional certification. An independent CPA, licensed in Louisiana, must audit and certify a production's expenditures before the State will certify credits; each time a production requests certification of expenditures, an audit report must be sent to the Office of Entertainment Industry Development.

The credit may be used against the Louisiana tax liability of an individual or corporation, sold, or the investor may transfer credits to the Office of Entertainment Industry Development for 85 cents on the dollar. Some tax credit brokers and various banks will advance funds against the credits. If the credit exceeds the tax liability, it may be carried forward for ten years. Within 30 days of a sale or transfer, both parties must notify the Department of Revenue (DOR) and the Office of Entertainment Industry Development, in writing. If for any reason, the DOR disallows the credit claimed by the transferee, the transferee's recourse is against the transferor.

There are three major Louisiana production centers – New Orleans, Baton Rouge and Shreveport – with additional production in Lafayette, Alexandria, and other parts of the state. Louisiana offers a substantial crew base; camera, grip, and electrical equipment are also available in the state.

Additionally, the City of Shreveport offers a tax rebate equaling the City of Shreveport sales taxes, with a basic cap of $150,000 per project, and a subsequent production cap of $165,000. There is a $10,000 cap increase for productions which use a Caddo Parish based post-production facility. Jefferson Parish also offers a local rebate for projects filming there with a cap of $100,000 per project ($115,000 for subsequent projects within 12 months).
Only work actually done in the state qualifies; outsourcing of any type

of service performed outside of the state of Louisiana is not a qualified expenditure. Louisiana requires production companies agree to pay all undisputed obligations, to publish a notice that creditors should file requests for payment by a specific date, and to agree that failing to file by that date does not waive the obligation. A claim for the film production credit may not be filed until the film office delivers written notification to the Secretary of the Department of Revenue that the film production company has fulfilled all requirements for the credit. Further, the state recently enacted related party transaction rules. These expenditures may require a second audit payable by the production company.

The state has become very strict in regards to related party transactions ("RPT"), and these must be identified by the CPA on the audit report. There is a limitation cap on all RPT ATL and producer fees; 12% of qualifying spend for projects $25 million and under, and up to 8% for projects above $25 million. Details about the RPT policy may be found at http://louisianaentertainment.gov/index.php/film/faq/accounting

Maine

Maine Film Office
Karen Carberry Warhola, Director
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www.filminmaine.com

The "Maine Attraction Film Incentive Plan" includes two components. The first is a wage based incentive offering a rebate equal to 12% of wages paid to Maine residents and 10% of wages paid to non-residents. For purposes of this incentive, wages are capped at $50,000 per individual. Secondly, Maine offers a 5% non-transferable tax credit on all qualified production expenses. The minimum in-state spend is $75,000.

There are no taxes on accommodations exceeding 28 days.

Maryland

Maryland Film Office
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f: (410) 333-0044
jgerbes@choosemaryland.org
www.marylandfilm.org

Production Guide:
www.mdrpg.com
filminfo@marylandfilm.org

OVERVIEW

Maryland offers a refundable tax credit of 25% (27% for television series) of the total direct cost of production incurred in the state. Salaries and wages of residents and non-residents making under $500,000 qualify. The film must spend at least $500,000 in the state and 50% of principal photography must occur in the state. $25 million is available in fiscal year 2014 (6/30/14), with $7.5M available in years 2015 and 2016, any unused amounts carrying forward to the next year. This year's funds are exhausted.

DETAILS

Qualifying projects include feature films, television projects, commercials, corporate films, infomercials, music videos, digital, animation, and multimedia projects. Not included are student films, non-commercial personal videos, sports broadcasts, video games, broadcasts of live events or talk shows. Qualified costs include costs incurred for employee wages and benefits; fees for services (payroll handling fees are not included); acquiring or leasing real property or tangible or intangible personal property; and other qualified expenses necessary to carry out a film production activity.

To qualify for the rebate, the production company must notify the Department of Business and Economic Development of its intent to seek the rebate before commencing film production activity.

Additionally, Maryland offers an exemption from its 6% sales tax for purchases and rentals used in the production of the film. An application must be filed in advance; if approved, an Exemption Certificate will be issued to present to vendors, who will not charge sales tax on exempted purchases. Both on-line and printed production guides are available.

Massachusetts

Massachusetts Film Office
Lisa Strout, Commissioner
lisa.strout@state.ma.us
t: (617) 973-8401
f: (617) 973-8525
www.mafilm.org

OVERVIEW

Massachusetts offers a 25% income tax credit equal to the qualified in-state spend if at least 50% of the movie is shot in-state or more than half the production budget is spent in-state; there are no salary or annual production caps. Filmmakers may choose to receive the credit as a rebate, equal to 90% of the face value after fulfilling corporate tax obligations, or the credit may be transferred or sold at the current market rate. Minimum spend is $50,000. Cast and crew from out of the state qualify. State withholding taxes must be paid on all qualifying wages. All loan-out companies must register and are subject to 5.25% withholding tax. Additionally, filmmakers are eligible for a 100% sales and use tax exemption on any production related items purchased in the state. Note that production insurance, legal and finance-related expenses, licensing and acquisition costs for stock footage and archival materials, and travel/shipping to and from Massachusetts and marketing costs are not qualified expenses. Other exclusions apply.

DETAILS

Eligible: Feature-length film, video, digital media project, a TV series with a maximum of 27 episodes, a commercial for theatrical or TV viewing or as a TV pilot. Multiple episodes of a TV series or multiple commercials for the same client may be aggregated to qualify.

Not eligible: individual TV series episodes, news, current events, weather and financial market reports;

talk show; game show; sporting events; awards show or other gala event; fundraising production; long form production marketing product or service; corporate training and in-house corporate advertising; video games. Minimum qualifying spend is $50,000 for a consecutive, 12-month period.

Pre-production, production, and post-production expenses qualify as long as they are directly incurred in the production of the film. Qualified expenses include payroll; "payroll" means salary, wages or other compensation including all fringe benefits. Costs associated with marketing or advertising a picture, the transfer of the tax credits, or any amount paid as profit participation do not qualify.

The incentive is comprised of two components: a payroll credit and a production spend credit. The pay- roll credit is equal to 25% of the total payroll that is sourced to Massachusetts, when production costs exceed $50,000 for the taxable year. For purposes of the payroll credit, total payroll does not include any portion of the salary of any employee whose salary is equal to or greater than $1,000,000. Both residents and non-residents working in Massachusetts qualify for the payroll credit.

The production spend credit is equal to 25% of all Massachusetts production expenses (not including the payroll expenses included in the labor credit) if either the Massachusetts production expenses are more than 50% of the total budgeted production costs, or at least 50% of the total principal photography days take place in Massachusetts. For purposes of the production credit, the entire amount of each salary that is equal to or greater than $1 million may be used to calculate the production credit. Recent rules have been implemented to insure proper registration and tax payments on loan-out companies.

The credits can be carried forward for 5 years, but once the credits have been transferred they are no longer refundable.

In addition, a point-of-purchase sales tax exemption is available for qualified expenses. An application is available at www.mafilm.org and must be filed in advance for this exemption.

There is currently a sunset provision in the law which calls for the film tax credit to expire at the end of December, 2022.

Michigan

Michigan Film Office
Margaret O'Riley, Commissioner
orileym1@michigan.org
t: (800) 477-3456
t: (517) 335-2693
f: (517) 241-2930
www.michiganfilmoffice.org

The Film and Digital Media Production Assistance Program will have a budget of $50 million for the new fiscal year beginning October 1, 2013.

- Michigan Personnel Expenditures (Michigan resident ATL and BTL) are 32% until 12/31/2014, and 27% thereafter.
- Qualified Personnel Expenditures (non-resident ATL) are 27% until 12/31/14, and 12% thereafter.
- Crew Personnel Expenditures (non-resident BTL) are 20% until 12/31/2013, 15% through 12/31/2014, and 10% thereafter.
- Direct Production Expenditures are 27%.
- An additional 3% can be awarded for Direct Production Expenditures and Michigan Personnel Expenditures carried out at a qualified facility or post-production facility.

Payments and compensation for all resident producers must not exceed 10% of the Direct Production Expenditures and Michigan Personnel Expenditures; this cap is 5% for non-resident producers, in addition to a $2 million per hire cap. Airfare qualifies for flights to Michigan (half of round trip) along with intrastate travel, if booked through a Michigan travel agency. Box rentals are qualified only for Michigan residents, and shipping only qualifies if intrastate.

Loan-out companies are subject to 4.25% state income tax withholding.

A logo promoting Michigan, as provided by the Film Office, is required to be included to qualify for the award. Projects must have Michigan Personnel and Direct Production Expenditures of more than $100,000 combined to qualify. A fee of .2% of the funding request, to a maximum of $5,000, is required with the application.

The Michigan Economic Development Corporation (MEDC) Film and Digital Media Review Committee, comprised of senior MEDC staff including the Michigan Film Commissioner, reviews all completed applications using the Film and Digital Media Production Assistance Program statute to guide approval decisions.

Minnesota

Minnesota Film and TV Board
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www.mnfilmtv.org

Minnesota's "Snowbate" offers a rebate of up to 25% of qualified production costs for projects that spend 60% of principal photography in state and meet minimum spend requirements of $1M or more for productions located in the metropolitan area within a 12 month period, and offers 20% for productions that spend less than $1M in the metropolitan area within a 12 month period and meet state guidelines.

$10M is allocated to the program until expended, which included ATL non-resident costs and post production expenditures.

Mississippi

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www.FilmMississippi.org

Mississippi provides a 25% rebate for qualified local spend, a 30% rebate on resident cast and crew, and a 25% rebate for non-resident cast and crew, up to and including $5 million per hire. An additional 5% may be earned on payroll for employees who are honorably discharged veterans.

For purposes of this program, payroll means salary, wages, or other compensation including related benefits paid to employees upon which Mississippi income tax is due and has been withheld. For loanouts to qualify, Mississippi income tax of 5% must be withheld and paid to the state.

The 7% sales/use tax is reduced to 1.5% for rental or purchase of specfied production equipment. The sales/use tax reduction may be used in conjunction with the production rebate. Currently, fringes do not qualify for the incentive. Applications for the incentive must be submitted prior to the start of production; expenditures made prior to certification will not be approved.

There is a $50,000 minimum instate spend required, an $8 million per project rebate cap, and a $20 million annual cap. There is no minimum required percentage of production spend, local crew hired, or number of filming days in the state.

Missouri

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f: (573) 522-4322
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www.mofilm.org

Missouri offers a 35% transferable tax credit of qualified expenses incurred in the state with an annual cap of $4.5 million. Projects must spend at least 50% of their budget in the state and be fully financed.

The Missouri Film Commission was not funded in the current budget, and the office has been shuttered. The Missouri Department of Economic Development is administering the incentives program, which sunsets on November 28, 2013.

Montana

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t: (406) 841-2876
f: (406) 841-2877
www.montanafilm.com

OVERVIEW
Montana has a refundable tax credit equal to 14% of the first $50,000 paid to each crew or cast member that is a Montana resident,

as well as a 9% refundable tax credit on all additional production company expenditures made in state (excluding labor). There is no cap and no minimum spend requirement. Per diem paid to employees while in-state does qualify for the 9% expenditure credit, as does travel purchased through a Montana travel agent. FICA, FUI and SUI, however, do not qualify. Workers compensation, health insurance and payroll processing fees qualify if paid to an in-state vendor.

The Big Sky Film Grant offers cash in hand 30 to 60 days after principal photography wraps and can be combined with the Tax Incentive for up to 20% back on qualified productions. Productions must shoot 50% of principal photography in the state or spend at least $300K.

Montana also offers these free services to filmmakers: script breakdown, location scouting, office furniture and Fax machines, as well as traffic control signage.

Montana does not have a sales tax; the 7% accommodations and lodging taxes are refunded for stays of more than 30 consecutive days.

DETAILS

Qualifying productions include feature, commercial, documentary, and magazine advertising (other than advertising for tobacco products). Projects produced with money received for tobacco placement do not qualify. Goods and services obtained from out-of-state, or services provided by out-of-state residents do not qualify.

The production company must apply to the Montana Film Office prior to the start of principal photography. The film office will reply to the application within 30 days of submission. If the production is a feature-length film, the end credits must acknowledge that the production was filmed in Montana. Within 60 days of completion of principal photography, the production company must submit a report of all Montana expenditures and compensation paid to Montana residents. A fee of $500 is charged by the state to administer the tax credit and is due when the production files its tax return.

Both the employment production credit and the expenditure credit may be claimed as a credit against either corporate or individual taxes. If the employment credit exceeds the tax liability, it may be refunded or carried forward for the four succeeding years. If the qualified expenditure credit exceeds the tax liability, it must be refunded.

Montana has a strong local crew base with over 300 freelance crew members and all major production support service available. Databases are available on-line for production crew and support services at www. montanafilm.com

Nebraska

Nebraska Film Office
t: (800) 228-4307
t: (402) 471-3746
www.filmnebraska.org

There are currently no incentives, other than both sales and lodging taxes waived for a hotel stay of 30 days or more. Photos of locations are provided on the Nebraska Film Office website.

Nevada

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cgeocaris@bizopp.state.nv.us
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www.nevadafilm.com

Effective January 1, 2014, there is a 15% transferable film tax credit on qualified goods and services, with a 2% uplift if using more than 50% local hires, and 2% for certain counties, along with a $750,000 per hire cap. Projects must spend 60% in the state, with producer fees capped at 5% of direct spend for non-residents, and 10% for residents. Minimum spend is $500,000, with a $6M per project cap. The state allocated $20M for the program, which will require an audit of all costs before credits are issued.

New Hampshire

New Hampshire Film & Television Office
Matthew Newton, Director
film@nh.gov
t: (603) 271-2220
f: (603) 271-6826
www.nh.gov/film

There are currently no incentives other than no sales/use tax, personal income tax or capital gains tax. Additionally, many locations are available at little or no cost and there are no permit fees. An on-line production guide is available on the New Hampshire Office of Film and Television website.

New Jersey

New Jersey Motion Picture and Television Commission
Steven Gorelick, Executive Director
njfilm@njfilm.org
t: (973) 648-6279
f: (973) 648-7350
www.njfilm.org

Production companies meeting certain criteria are eligible for a transferable credit equal to 20% of all in-state expenditures. To qualify, at least 60% of the total expenses of a project, exclusive of post-production costs, must be incurred for services performed and goods used or consumed in New Jersey. Principal photography must begin within 150 days after the approval of the application for the credit. Both resident and non-resident labor qualifies.

There is no minimum spend requirement or project cap, but there is a $10 million statewide cap that is allocated on a first-come basis. The production company must produce a finished print of the project before submitting their final figures for approval.

In addition to the criteria detailed above, a feature film, televisions series, or television show must be 15 minutes or more and intended for a national audience.

Qualified expenditures mean the expense must be incurred in New Jersey and includes post-production costs incurred in New Jersey. Qualified expenses include but are not limited to wages and salaries of residents and nonresidents on which income tax has been paid or are due. All fringes qualify, as do payments to loan-out companies (no withholding required,) but payments to loan-outs should be prorated for any work done outside New Jersey. Marketing or advertising costs do not qualify. All costs must be audited by a CPA.

There is also a rebate of the lodging tax upon application, provided a room is occupied for 14 or more consecutive days.

New Mexico

New Mexico Film Office
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www.nmfilm.com

OVERVIEW

New Mexico offers several incentives programs, attracting both studio and independent projects.

Three programs are available: a 25%-30% refundable tax credit, a Film Investment Loan, and a Film Crew Advancement Program/Incentive.

The 30% refundable film tax credit applies to resident cast and crew, and in-state rentals, purchases and services that are subject to state taxation in NM. Payments for non-resident performing artists (actors and on-camera stunt performers), providing services in NM, will qualify if paid via a “super loan-out” company which pays gross receipts tax (“GRT”) in New Mexico on the payments (wages) and the performing artist receiving payments pays New Mexico income tax. The state withholding tax (PIT) payment of 4.9% must be withheld by or caused to be withheld by the production company (e.g. via the payroll company) for all qualifying non-resident talent.

Projects eligible for the 30% credit include television series with a minimum order of six episodes budgeted at $50,000 each, or feature films which commit to a minimum number of qualified facility days in New Mexico; 10 days for films budgeted under $30M or less, and 15 days for films budgeted of $30M or more. Note feature films will only earn the 30% on resident wages and fringes; whereas tv series will earn the 30% on all qualified direct production expenditures (including talent).

Because the 5.125% GRT is eligible for the credit, the net credit for non-resident performing artists is reduced to 21.15% if structured through a non-New Mexico "super loan-out." The refundable tax credit related to performing artists' salaries is capped at $5 million collectively for ALL performing artists in a production. In other words, the wages of non-resident actors' collective salaries (including tax) up to $20 million qualify for the credit through a "super loan-out" (in addition to other qualifying direct production expenditures). It may be possible for the film office to allow certain non-resident "specialty hires" to qualify for the tax credits provided that GRT and handling fees are paid to the NM based employer for those hires. Please follow up with the state film office for more information.

The Governor signed a $50 million annual rolling cap for the program that becomes available each July. Payments of the refundable tax credits totaling up to $2 million will be paid out immediately after the NM Tax and Revenue Department performs an internal review and the company files their state tax return at the close of their taxable year.

Credits over $2 million but less than $5 million will be paid out in two equal payments; the 2nd payment due 12 months after the first payment is issued. Credits exceeding $5 million will be paid in three equal payments over a 24 month period (one year apart). A 3rd party CPA audit is required if payments exceed $5 million. There is no per production cap or minimum spend requirement. Non-resident crew does not qualify, but their per diem, including housing, does.

TAX CREDIT PROGRAM: Pre-production, production, and post-production for feature films, short films, television, national commercials, regional commercials (with more than one media buy), documentaries, video games, animation, webisodes, infomercials and music videos intended for commercial exploitation and exhibition qualify for the tax credit. Stand-alone post-production services also qualifies.

Direct production expenditures include payments of wages, resident fringe benefits (pension), or fees for talent, management, or labor for a person who is a resident of New Mexico for purposes of the Income Tax Act.

Costs of goods and services necessary for production qualify, if purchased from a New Mexico vendor and subject to New Mexico state tax. Buying services may not be used ("pass-throughs"); however a vendor may order items from out-of-state that are not available in NM that relate to their business, but the vendor must maintain an inventory of similar items, e.g. out-of-state camera equipment will not qualify if ordered by the caterer. Insurance, including workers compensation, qualifies if purchased through a local vendor. All qualifying vendors must have a physical presence in New Mexico

Post-production expenses services

will qualify if performed in New Mexico and are subject to taxation by the state of New Mexico.

Costs that do not qualify include expenditures for advertising, marketing, and distribution; purchases made on the internet unless the seller is located in NM; federal/state unemployment tax, FICA, workers compensation tax; payments to federal/state government, including permits and postage; FedEx/UPS packages (unless sent from New Mexico); purchases from non-profits, purchases made on Native American tribal lands, including gas stations, hotels, restaurants, location fees etc. located on these lands; and, cell phone reimbursements if the billing address is outside New Mexico.

The production company may apply all or a portion of the tax credit against a personal or corporate income tax liability. If the credit exceeds the production company's tax liability, the excess will be refunded.

For companies that are partnerships and that were organized on or after January 1, 2011, the film tax credit must flow through the owners of the partnership and the owners will have to file a tax return in New Mexico to obtain the credit in order to receive their respective share of the film production tax credit (See nmfilm.com)

NM FILM INVESTMENT LOAN PROGRAM: This program is managed by the State Investment Council ("SIC"). The former zero percent interest loan program has been replaced with interest bearing loans subject to SIC approvals. Minimum loans are $500,000 with a maximum of $15 million, interest is currently national prime plus 1.5%, with payback terms not to exceed two years. Qualified projects must have a distribution agreement in place, post a completion bond and 75% of the production crew (persons and payroll) must be NM residents.

FILM CREW ADVANCEMENT PROGRAM: This program reimburses 50% wages for on-the-job training of qualifying New Mexico residents in primarily advanced BTL crew positions. On average, two crew members per department may qualify for the program.

New Mexico is not a "right to work" state, and has a substantial crew and vendor base. I- 25 Studios and Albuquerque Studios are located only a few minutes from the Albuquerque airport. Other studios/sound stages in New Mexico include Santa Fe Studios and and Garson Studios.

The website includes a searchable crew directory, location database and links to production services, equipment, facilities and supplies available in the state.

New York

New York State Governor's Office for Motion Picture and TV Development
Gigi Semone, Executive Director
gsemone@esd.ny.gov
t: (212) 803-2330
f: (212) 803-2339
www.nylovesfilm.com

Mayor's Office of Film, Theatre, & Broadcasting
Katherine Oliver, Commissioner
info@film.nyc.gov
t: (212) 489-6710
f: (212) 307-6237
www.nyc.gov/film

New York State offers 30% BTL refundable tax credits of qualified New York expenditures for feature films and episodic television shows that do at least one day of their filming on qualified soundstages in New York State, plus an additional 10% for labor costs for filming and post production work in specific upstate counties. $420 million per year ("Pool 2") has been allocated through calendar year 2014, with no per-project caps. Up to $7 million per year of this total amount will be available to the separately administered 30% NY State Post-Production credit, which offers 35% if the qualified facility is upstate. In order for costs related to post-production work to qualify for the 30% - 35% incentive, the production must meet the location threshold and incur at least 75% of post-production expenses in New York State.

New York State offers a BTL credit only; talent, producers, writers and directors do not qualify. The state website includes a detailed budget template, indicating specifically what is qualified.

There are now two types of eligible feature film and television productions, Level 1 (aka "independent" productions - defined in the law) and Level 2 productions.

A LEVEL 1 production is a qualified production that:

- Has a production budget of no more than $15 million, and
- Is being produced by a company in which no more than 5% of the beneficial ownership is owned, directly or indirectly, by a publicly traded entity.

A LEVEL 2 production is a qualified production that:

- Has a production budget over $15 million, or
- Is being produced by a company in which more than 5% of the beneficial ownership is owned, directly or indirectly, by a publicly traded entity.

There are three threshold requirements:

Facility Threshold refers to qualified costs incurred during and related to work at a production facility.

Location/Other Threshold refers to principal photography shoot days in NY State outside a production facility.

Post-Production Threshold refers to qualified costs directly related to post-production.

A production must meet the facility threshold, but does not have to meet all three of the above thresholds, in order to participate in the program; the specifics of the threshold differ for Level 1 and Level 2 productions.

In New York City there will now also be two levels of Qualified Production Facilities ("QPF"), called Level 1 and Level 2 facilities. Level 2 productions filming on a QPF within the five boroughs of New York City ONLY, will have to use a Level 2 facility. (Level 2 productions may use any QPF outside of New York City.) For a complete list of Level 2 facilities please call (212)803-2330.

For a Level 1 feature film or television project to be eligible for the New York State tax credits, the production must satisfy the following:

1. Shoot at least one full day on a set built expressly for the production at a New York State QPF.
2. Any QPF located anywhere in New York State or City, whether is it called a Level 1 or Level 2 facility, will do for a Level 1 production.
3. At least 75% of the total of all expenses related to work (excluding post-production) done at all facilities anywhere utilized by the production must be related to work done at the QPF.

For a Level 2 feature film or television project to be eligible for the New York State tax credits, the production must satisfy the following:

1. Shoot on a set built expressly for the production on a stage located in a QPF;
2. If the QPF is located within the five boroughs of the City of New York, it must be a Level 2 QPF (if the QPF is located within New York State but outside New York City, there is no distinction and any QPF can be utilized by the Level 2 production)
3. At least 10% of the total principal photography shooting days spent in the production of a Level 2 qualified production (other than pilots) must be spent at the appropriate QPF; and
4. At least 75% of the total of all expenses related to work (excluding post-production) done at all facilities anywhere utilized by the production must be related to work done at the QPF.

Pilots are exempted from this 10% of principal photography days requirement, even if they are Level 2 productions, but pilots will still have to shoot one day at a Level 2 stage.

In the Location/Other threshold, there is no distinction between Level 1 and Level 2 productions; everything is the same for both types of production.

For location work, pre-production and all costs related to work other than post-production work done in New York outside the facility to be eligible, either:

1. At least 75% of all principal photography days shot on location outside the facility must be in New York State, or
2. The production must spend at least $3 million related to work at the QPF. (In which case, there is no percentage for location days).

If you have met the appropriate Stage filming requirement, and you meet one of these two thresholds, all costs related to stage filming, location filming, pre-production and all BTL costs other than post-production will qualify for the credit.

For post-production costs to qualify;

- You must have met the Facility threshold.
- You must have met the Location/Other threshold and,
- At least 75% of all qualified post-production costs spent anywhere must be spent in NY State.

Note that in the calculation of thresholds, only qualified costs (as indicated by "Yes" on Form B) are counted, so costs for talent, music licenses/rights etc, which are not qualified costs, are not included and do not count against the 75%.

Specific end credits requirements have been made mandatory by the new law; failure to comply with the end credit requirements will result in rejection of the final application for the credit.

There are two ways a production can meet the end credit requirements. Either:

1. Include in the end credits of each qualified film "Filmed With the Support of the New York State Governor's Office for Motion Picture and Television Development" and the New York Film logo provided by the Film Office, or:
2. Include in each qualified film distributed by DVD, or other media for the secondary market, a New York promotional video approved by the Governor's Office for Motion Picture and Television Development.

Prior to the issuance of a final Certificate of Tax Credit, every production will be required to provide proof of compliance with the end credit requirements in the form of a still shot, frame grab, edited DVD, or other materials which the Film Office may request.

It is not necessary to use vendors based in New York State; however, only purchases from vendors who have registered to collect and remit sales tax in New York State will qualify. To determine if a given individual or company is registered, get their New York State Sales Tax Vendor ID Number, and go to: https://www7b.nystax.gov/TIVL/tivlGateway, and enter the Vendor Tax I.D. number.

Both the film and the stand alone post programs require productions to file New York State and city tax returns. (Note a production can only apply for one of these programs). New York state tax credits are payable over one year if less than $1 million, over two years (in equal 1/2 payments) if between $1 million – $5 million, and over 3 tax years (in equal amounts of 1/3) if greater than $5 million.

Credits earned under the program may be applied against the New York State taxes of the person or entity that owns or controls the applicable qualified film. If the person or entity is not able to use all or some credits during the year in which the credit is earned, that person or entity may get a refund from the State of New York of the unused amount of the credit.

These credits will be offered on a first-come, first-served basis. To apply for the credits, a production company will need to first notify the New York State Office for Motion Picture and Television Development. Separate from the increased incentive, New York provides a waiver of sales tax for most BTL expenses. To take advantage of this benefit, the producer must first become a registered vendor, by filling out Form DTF-17, which is available at www.nylovesfilm.com/tax.asp.

North Carolina

North Carolina Film Office
Aaron Syrett, Director
aaron@ncfilm.com
t: (919) 733-9900
f: (919) 715-0151
www.ncfilm.com

OVERVIEW

North Carolina provides a refundable income tax credit of 25% of all the goods, services, and labor purchased and used in-state. The credit is not assignable. There is a $1 million hire cap, and the maximum credit per feature film is $20 million. Minimum spend is $250,000. There is no cap on other types of eligible production expenses. Compensation and wages paid to both resident and non-resident employees qualify if the services are performed in North Carolina and withholding payments are remitted to the Department of Revenue. Payments to loan-out companies are subject to 4% withholding, and this must be paid in order for the production to earn the refundable tax credit. Insurance is a qualified expense. Payroll processing fees paid to an in-state vendor will qualify. Only the taxable portions of per diems qualify for both residents and non-residents. Fringes, per diems and stipends are qualifying expenses.

DETAILS

Eligible productions include theatrical, television, direct-to-video/DVD features, episodic television series, television mini-series, animation productions, and commercials. For purposes of this credit, episodic TV is considered one production. Political advertising, sporting event coverage and news productions do not qualify.

Any company interested in taking advantage of the 25% tax incentive should complete and submit the form “Notification: Intent to Film” at www.ncfilm.com. Qualifying expenses include: goods and services leased or purchased from a North Carolina business and used or performed in North Carolina; compensation and wages on which

North Carolina withholding tax is paid to the Department of Revenue. For goods with a purchase price of $25,000 or more, the qualified amount is the purchase price less the fair market value of the item at the time production is completed. In order for payments to a loan-out company to be eligible for the film credit, the production company (or payroll company) must withhold 4% on payments made to the loan-out company (even if the loan-out company is registered to do business in the state). Spending for services is eligible for the credit regardless of whether paid to residents or non-residents, as long as the services are performed in North Carolina. Payments for meal and hotel per Diem, living allowances, and fringe benefits are eligible to the extent they are included in the recipient's taxable wages subject to withholding. Post-production expenses qualify for the credit if performed in North Carolina.

To receive the refund, the production company must file a Form NC-415 with the state and file a state tax return at the end of it's taxable year. Once the NC-415 is filed, DOR will perform an audit and issue an audit certificate that will be filed with the tax return. The credit will be reduced by any state taxes owed and the excess, if any, will be refunded in by check. The NC-415 Form can be filed as soon as all principal photography has been completed, however, you won't receive your refund until your tax return is filed.

The accommodations sales tax is refunded for stays in excess of 90 days.

There is a substantial crew and equipment base in North Carolina, with a number of fully equipped sound stages available, and a major ten stage studio facility in Wilmington including a 37,500 sq. ft. stage with an indoor water tank.

Provided there are any credits on the production, both the North Carolina Film office and the regional office for the area where filming took place must be acknowledged.

North Dakota

Production Guide:
www.ndtourism.com/industry/media-links

There are no production incentives or film commission, but there is an on-line production guide.

Hotel stays of 30 consecutive days or one month are exempt from state/city/lodging taxes. However, stays in excess of 30 consecutive days or one month are subject to tax unless they total another 30 days or one month.

Ohio

Ohio Film Office
Gail Mezey, Ohio Film Office Liaison
gail.mezey@development.ohio.gov
t: (614) 644-5156
f: (614) 644-0108
www.ohiofilmoffice.com

The Ohio Motion Picture Tax Credit provides a refundable, non-transferable tax credit that equals 25% of in-state spend and non-resident wages and 35% of Ohio resident wages on eligible productions. The minimum Ohio spend is $300,000. The per project maximum is $5 million, with each episode of a TV series seen as a separate project. Filmmakers must apply to the state for the incentive, and after review, the approved amount is set aside for the project. After OH spend is complete, projects must have a CPA audit and file an Ohio tax return at their year end in order to earn the rebate. The CPA audit fee is not qualified spend.

All loan-outs must register to do business in the state.

The Ohio House and Senate passed legislation increasing the allocation to $40 million per fiscal biennium, with a fiscal year cap of $20 million.

Oklahoma

Oklahoma Film & Music Office
Jill Simpson, Director
jill@oklahomafilm.org
t: (800) 766-3456
t: (405) 230-8440
f: (405) 230-8640
www.oklahomafilm.org

The Oklahoma Film Enhancement Rebate Program provides a rebate of 35% (plus a 2% bonus for local music) of documented expenditures made in Oklahoma directly attributable to the production of a film, television production or commercial. "Crew" includes ATL salaries paid to loan-out companies, provided they have registered to do business in the state, but cannot comprise more than 25% of the total rebated amount.
If a film is not bonded, rebate money will not be released until evidence is provided that all Oklahoma crew and vendors have been paid along with evidence that there are no liens against the production company in the state of Oklahoma.

A comprehensive production guide is available online.

No funds are available through June 30, 2014.

Oregon

The Oregon Governor's Office of Film & Television
Vince Porter, Executive Director
vince@oregonfilm.org
t: (503) 229-5832
f: (503) 229-6869
www.oregonfilm.org

Oregon Media Production Directory:
http://sourceoregon.com/directory/
Northwest Production Index:
www.nwfilm.com

Oregon's incentive provides a 20% rebate on all in-state expenditures for goods and services, plus a labor rebate of 16.2% on all cast and crew (resident and non-resident), for whom Oregon withholding applies. The labor rate consists of two components: a 10% rebate from the Oregon Production Investment Fund (OPIF), which requires a minimum in-state spend of $750,000 to qualify, and 6.2% from Greenlight Oregon, which requires a minimum of $1 million to be spent in the state. New legislation provides for a "local filmmaker" incentive under the OPIF program for projects with Oregon spend of $75,000, but less than $750,000; plus 80% of the payroll must be for Oregon residents. There is no per-project cap but there is an annual cap of $6 million per fiscal year. No funda are available through June 30, 2014.

Note that OPIF is funded by Oregon residents who purchase shares in the Fund.

While the employer's portion of state and federal taxes do not qualify for the incentive, pension, health and welfare contributions along with the full amount of meal and hotel per diems do qualify for both residents and non-residents performing services in Oregon.

There are 231 fee-free State parks, and there is no sales tax on anything. Lodging taxes are waived for rooms held longer than 30 days, and a parking rebate fee is available.

The 10% rebate is based on payments made for employee salaries, wages, and benefits for work done in Oregon. The 6.2% rebate is based solely on actual wages. In order to claim the 6.2% rebate, the production company must (1) submit an application to OFVO within 10 business days of the start of pre-production in Oregon and, (2) withhold and pay, to the Oregon Department of Revenue, a minimum aggregate amount of 6.2% of the qualifying compensation. The 20% rebate is based on all other actual expenses paid in Oregon, including costs paid for principal photography, production and post-production in Oregon. Amounts paid by the production company to an individual who receives compensation in excess of $1 million are excluded and ineligible for a rebate.

The OFVO will approve applications for eligibility if the production: meets the non-monetary portions of the "qualifying film or television production" definition; is reasonably anticipated to reach the minimum spend requirement of $750,000; includes a letter to the OFVO stating the producer's intent to film the production in Oregon and its willingness and ability to enter into a contract with the OFVO setting forth the terms and conditions of the rebate.
The OFVO may deduct reasonable costs incurred by the OFVO in verifying the production expenditures in Oregon, including the costs of an outside accounting firm to review the production's financial records.

Pennsylvania

Pennsylvania Film Office
Janice Collier, Film Tax Credit Manager
jacollier@pa.gov
t: (717) 720-1313
www.filminpa.com

Pennsylvania offers up to a 30% transferable tax credit (25% base credit plus a 5% bonus), with a maximum of $60 million available per fiscal year. Pennsylvania has issued new guidelines, which are now in effect, and include, but are not limited to the following:

- A non-refundable application fee of 0.2% of 25% of the estimated Pennsylvania expenditures capped at $5,000.

- Limitations on the use of "Pass Through" companies.
- An additional 5% of qualified expenses may be earned by production companies filming a feature film, television film or television series, which is intended as programming for a national audience and films at a qualified production facility which meets the minimum stage filming requirements;

Productions with less than $30 million in Pennsylvania production expense mustmeetthe following minimum stage filming requirements:

1. Build at least one set at a qualified production facility;
2. Shoot a minimum of ten days at a qualified production facility;
3. Spend or incur at least $1.5 million in direct expenditures relating to the use or rental of tangible property at or for services provided by a qualified production facility;

Productions with more than $30 million in PA production expense must meet the following minimum stage filming requirements:

1. Build at least two sets at a qualified production facility;
2. Shoot a minimum of 15 days at a qualified production facility;
3. Spend or incur at least $5 million in direct expenditures relating to the use or rental of tangible property at or for services provided by a qualified production facility;

- A "qualified production facility" is defined as a Pennsylvania film production facility that contains at least one sound stage with a column-free, unobstructed floor space and meets other defined criteria; these stages may be found in Pittsburgh and Philadelphia;

- 60% of the production's total production expenses be incurred in Pennsylvania:

- If the department determines the financial benefit to Pennsylvania from the direct investment in or payments made to Pennsylvania outweighs the benefit of maintaining the 60% requirement, the department may waive the 60% requirement for productions that are feature films, television films, or television series intended as programming for a national audience that have at least $30 million in Pennsylvania production expenses and meet the minimum stage filming requirements;

- In any fiscal year, the department may award up to 30% of the tax credits available in the next succeeding fiscal year, 20% of credits available in the second successive fiscal year, and 10% of credits available in the third successive fiscal year;

- A state annual cap of $60 million in tax credits.

To qualify, 60% of the total production spend, including post-production, must be for "qualified Pennsylvania expenses." The incentive is then calculated on the qualified (i.e., Pennsylvania) expenses. Cast and crew need not be Pennsylvania residents, provided their wages are subject to state taxes. Also, goods and services necessary for the production of the film qualify, but they must be purchased from Pennsylvania vendors or through a Pennsylvania service company. There is an aggregate talent cap of $15 million per picture. Pass-thru companies that are intended to allow out-of-state purchases, with no other function for non-incentives related productions, are prohibited.

Loan-outs must register to do business with the state prior to the beginning of their services to qualify. Production insurance, completion bond and workers compensation qualify if purchased from a Pennsylvania vendor. Film processing and post-production expenses qualify only if the work is subject to Pennsylvania taxes. Note that a film is "complete" once it is delivered to investors.

A third-party CPA is required; the audit may not begin until the completed film has been delivered and is ready for distribution! Audit fees qualify if they were part of the original budget and only if paid to an auditor registered to do business in Pennsylvania, and the bulk of the work is performed in the state. If the production spends more than planned, and thus did not initially request enough credits, the award will not be increased to match the actual amount spent.

The application process requires filling out and submitting the new application form; submitting a budget top sheet; providing proof that 70% of the funding is in place; submitting a copy of the script; completing and submitting the separate "Single Application" form; sending the non-refundable application fee of 2% of 25% of your estimated PA expenses (maximum: $5,000).

A monthly Reporting Form must be prepared and filed every month. A logo and thank you must be included with all print and electronic copies of the film. A number of reports must be prepared and filed after completion of the film. Copies of these reports are available at: www.filminpa.com.

The PA Film Office will determine the competitiveness of application by conducting a quantitative analysis based on the following criteria:

1. The anticipated number of production days in a qualified production facility.
2. The anticipated number of Pennsylvania employees.
3. The number of preproduction days through postproduction days in Pennsylvania.
4. The anticipated number of days spent in Pennsylvania hotels.
5. The Pennsylvania production expenses in comparison to the production budget.
6. The use of studio resources.

The key element is the economic

benefit to the state that will result from granting the incentives to the specific project. The screenplay is part of the process, but not the determining factor. Applications not approved may be reviewed and considered in subsequent application periods; a new application period starts each quarter of the year. Any funds expended prior to approval and execution of a contract with the state, will not qualify for the incentive. **There are no funds currently available.**

Puerto Rico

Puerto Rico
Puerto Rico Film Commission
Demetrio Fernandez Manzano, Film Commissioner
demetrio.fernandez@puertoricofilm.pr.gov
t: (787) 754-6444
f: (787) 756-5706
www.puertoricofilm.com

Puerto Rico offers a transferable tax credit of 40% of the monies paid to Puerto Rican residents and/or entities (labor, services and purchases).

A 20% tax credit is available for non-resident talent, but a withholding tax of 20% will be imposed.

A maximum of $50 million in tax credits is available per year. Productions with a completion bond or letter of credit to the benefit of the PR Treasury Department may be eligible for an advance of 50% of the estimated tax credit. Absent a bond, 50% of the credit may be made available when the CPA on the application by the production company certifies that 40% of the money budgeted for Puerto Rican residents has been paid. Most equipment and crew is available locally.

The tax credits, or the balance if an advance is obtained, are certified after; (1) an agreed upon procedures audit of the payments made to Puerto Rico residents by the CPA is completed, and (2) the Treasury Department certifies the tax credits to the PR Film Commission; the Treasury Department has 30 days to certify the tax credits after it receives the report from the auditor. Once the Puerto Rico Film Commission receives the certification from Treasury, it has one day to certify the availability of credits for use and transfer.

To apply for the incentive, projects must be endorsed in advance by the Puerto Rico Film Commission and approved by the Secretary of the Treasury. The Film Commission charges a license fee equal to 1% of the Puerto Rico budget, which it uses to manage and promote the incentive program and to pay for the agreed upon procedures audit.

An on-line resources database is provided on the film commission's website.

Rhode Island

Rhode Island Film & Television Office
Steven Feinberg, Executive Director
steven@arts.ri.gov
t: (401) 222-3456
hotline: (401) 222-6666
f: (401) 222-3018
www.film.ri.gov

Rhode Island offers The Motion Picture Production Tax Credit, a 25% transferable tax credit for qualified state and out-of-state cast and crew working in Rhode Island. There are no salary caps, but there is a $5 million project cap for video games and theatrical projects (films and television automatically receive a waiver) and total production budget must exceed $100,000. For documentaries, a minimum of 51% of the principal photography must be shot on the ground in Rhode Island, or 51% of final production budget provided 5 different personnel are employed. The motion picture entity must be incorporated or domiciled in Rhode Island. A total of $15 million per year is available.

South Carolina

South Carolina Film Office
Contact: Tom Clark
tclark@scprt.com
1205 Pendleton Street, Room 529
Columbia, SC 29201
t: (803) 737-0490
f: (803) 737-3104
www.FilmSC.com

South Carolina now offers a 30% supplier and 20% wage rebate for all cast and crew, plus 25% for residents. The minimum spend is $1 million. There is a $1 million hire cap for both resident and non-resident cast and crew wages. Wages paid to loan-out and personal service corporations also qualify for the rebate if South Carolina withholding tax (2% for loan-outs) is paid.

Everything purchased in the state from a local supplier that is used for the production qualifies. Any production over $250,000 may apply to qualify for an exemption of the 5-13.5% sales/use tax, and accommodations tax. Applications require a $500 processing fee. The production office is expected to remain open until the Supplier rebate audit is finished. To expedite the process, a progressive (every two weeks) audit is conducted so that a production company can be paid within 60 days of the end of physical production.

The production company must complete an Incentive application in advance of the production. An audit is conducted by the state at no cost to the production, and the rebate check is cut within 30 days of the completion of the audit and verification of compliance with the South Carolina Department of Revenue. The wage rebate is assignable to a financial institution.

South Dakota

South Dakota Film Office
Katlyn Richter, Film & Media Relations Representative
katlyn.richter@state.sd.us
filmsd@state.sd.us
t: (605) 773-3301
f: (605) 773-5977
www.filmsd.com

The former film incentive was allowed to sunset on June 30, 2011.

Tennessee

Tennessee Film Entertainment and Music Commission
Bob Raines, Director
bob.raines@tn.gov
t: (877) 818-FILM (3456)
t: (615) 741-3456
f: (615) 741-5554
www.tn.gov/film

Starting July 1, 2013, Tennessee offers a 25% rebate on Qualified local Spend (TN residents and TN vendors). Minimum spend for features $200,000. Minimum spend for TV series $200,000 per episode. A 3rd-party CPA review required. Guidelines and application forms will be available July 1st through state website www.tn.gov/film.

Texas

Texas Film Commission
Heather Page, Director
film@governor.state.tx.us
t: (512) 463-9200
f: (512) 463-4114
http://www.governor.state.tx.us/film

The Texas Moving Image Industry Incentive Program offers a direct payment (grant) of up to 25% of qualified labor (this option is not available for reality television, commercials, or video games) or up to 15% of all qualified Texas expenses (less for talk and reality programs). A possible bonus of 2.5% is available for projects if 25% or more of the production is completed in an underutilized or economically distressed area, for television and film projects selecting the wage only option the underutilized bonus is 4.25%. There is no cap on a project's incentive payment amount, however, qualifying individual's wages will be capped at $1 million per project (regardless of option selected).

Filmmakers are also eligible to receive sales tax exemptions on most rentals and purchases used directly in production, a waiver of state occupancy taxes after the 30th consecutive day of hotel occupancy, and a refund of taxes paid on fuel used for off-road generators, boats or unlicensed vehicles.

Total Qualifying Texas Wages Option (for film and scripted television only): 8% grant for wages between $250,000 and $1 million; 17% grant for wages between $1 million and $5 million; and a 25% grant for wages above $5 million.

Total Qualifying Texas Spend Option (for film, television and video game production): 5% grant for spend between $250,000 and $1 million for film and television, and between $100,000 and $1 million for Video Games; 10% grant for spend between $1 million and $5 million; and 15% grant for spend above $5 million.

Commercials are eligible for a 5% grant on qualifying Texas spend, plus an additional 2.5% if shooting in an underutilized area.

Other project qualifications include a minimum Texas spend of $250,000 for film and television projects (per film or per season) and $100,000 minimum spend for commercial and video game projects; at least 60% of shooting days must be completed in Texas; 70% of the total number of paid crew must be Texas residents; and 70% of the total number of paid cast, including extras, must be Texas residents (for commercials and video games this percentage is the combined).

Texas is not required to make payments to projects that portray Texas or Texans in a negative fashion or include inappropriate content.Projects estimated to receive over $300,000 in grant funds require a CPA audit opinion and supporting documentation.

Utah

Utah Film Commission
Marshall Moore, Director
mdmoore@utah.gov
t: (800) 453-8824
http://film.utah.gov

Film Resource Directory:
http://film.utah.gov/resources.htm

The State of Utah offers either a 25% refundable tax creditor a 25% cash rebate on expenditures made in Utah for film and television productions.

Producers have a choice of tax credits up to 25% of the in-state spend, with no per project cap (however a Utah tax return is required), or a cash rebate equal to 25% of the in-state spend, with a cap of $500,000 per project. An ongoing tax credit fund of $6.8 million for the Motion Picture Incentive Fund (MPIF) has been approved. Unused funds roll over to the next year. Productions are required to have a minimum spend of $1 million in the state. A CPA audit is required.

The film incentive application is available online at http://film.utah.gov/incentives.htm. All film incentive applications must be approved by The Governor's Office of Economic Development Board.

Utah also offers a Sales and Use Tax Exemption, which exempts sales tax on rental and sales of film and video equipment. In addition, the state offers a Transient Room Tax Exemption which exempts sales or sales-related taxes for accommodations of 30 consecutive days or longer.

Utah is a right-to-work state, with growing production centers in Salt Lake City, Moab and Park City.

Vermont

Vermont Film Commission
Joe Bookchin, Executive Director
joe.bookchin@state.vt.us

Perry Schafer, Deputy Director
vermontfilm@vermontfilm.com
t: (802) 828-3618
f: (802) 828-0607
www.vermontfilm.com

Vermont offers an exemption from the 6.9% sales tax for all direct production expenses, which are defined as costs essential to the production of a film. For example: A lamp that appears in the film qualifies; a lamp for the production office does not.

A 9% accommodations tax is waived if the room rental is for 31 days or more, and must be contracted in advance.

Non-resident performer's income tax is limited to that of their home state, or the Vermont rate, whichever is lower. There is an on-line resource database.

Virginia

Virginia Film Office
Andrew Edmunds, Film Commissioner
aedmunds@virginia.org
t: (800) 854-6233
f: (804) 545-5531
www.film.virginia.org

Virginia offers a refundable tax credit of 15% to 20%, plus key uplifts. $5 million is available for biennium ending 6/20/14.

Virginia offers a refundable tax credit equal to 15% (20% if the production is filmed in an economically distressed area of Virginia) of qualifying expenditures in Virginia including the first $1 million of salary for each individual whether a resident or nonresident. An additional refundable credit equal to 10% of the total aggregate payroll for Virginia residents may be earned when total production costs in Virginia are at least $250,000 but not more than $1 million. This additional credit is increases to 20% of the aggregate payroll for Virginia residents when total production costs in Virginia are greater than $1 million. If a production continues for more than one year, a separate application for each tax year the production continues must be submitted. Virginia also offers a grant program that is completely discretionary.

Additional state incentives include an exemption from state sales and use taxes and hotel taxes for stays of 30 days or more in many localities. In most cases, state-owned locations are provided free of charge.

A CPA review of production expenses is now required. Also, a pass-through entity must notify the Virginia Film Office in writing at the time the final application is submitted if it wishes to claim the credit at the entity level rather than allocating the credit to its individual members or owners.-It is possible to assemble most crew locally. There is a VA production directory available on-line.

Washington

Amy Lillard, Executive Director
Washington Filmworks
amy@washingtonfilmworks.org
t: (206) 264-0667
f: (206) 382-4343
www.washingtonfilmworks.org

Northwest Production Index
www.nwfilm.com

The Washington Motion Picture Competitiveness program was renewed during the 2012 legislative session, with a $3.5 million annual cap, and minimum in-state spend of $500,000 for features, $300,000 for episodic series, and $150,000 for commercials.

Washington Filmworks (WF) offers funding assistance for qualified in-state expenditures of up to 30% for motion pictures and episodic series with less than six episodes, up to 35% for episodic series with at least six episodes, and up to 15% for commercials. Qualified in-state expenditures include resident labor and fringe as well as goods and services provided by Washington based businesses. Some non-resident labor is allowable (please see WF Guidelines & Criteria for restrictions) and roundtrip airfare qualifies using Washington based travel agencies. An application is required; note that not all projects will be selected for funding.

West Virginia

West Virginia Film Office
Pam Haynes, Director
Pamela.J.Haynes@wv.gov
t: (304)-957-9382
f: (304) 558-1662
www.wvfilm.com

OVERVIEW

The West Virginia incentive provides a base transferable tax credit of 27% on all labor, talent, rentals and purchases in the state, plus a 4% bonus for hiring 10 or more resident labor and talent. The incentive applies to both resident and non-resident wages for talent, management and labor, provided that wages are subject to West Virginia income tax; there are no caps on talent, but there is a $5 million annual cap on credits.

DETAILS

The current incentive is a transferable income tax credit with limitations, as noted above. The incentive is essentially a 27% tax credit on all direct production expenditures (for pre-production, production and post-production), including all labor and talent that is subject to taxation by the state of West Virginia. By hiring 10 or more residents (talent and/or crew), it is possible to increase the total allowable credit by an additional 4%, bringing the maximum credit to 31%, but there is a $5 million annual credit cap. The minimum expenditure requirement is $25,000. Payments to a personal service corporation ("PSC") for out-of-state talent can qualify so long as the individual/talent is subject to West Virginia income tax on the payment and fees earned.

If the credit exceeds the current year tax liability, the excess may be carried forward for two years, after which it expires.

A television series that has been approved and issued an approval letter shall be placed at the top of the queue for an open allocation period on each subsequent year in the life of that series whenever credits are assigned within a fiscal year. Queue placement in subsequent years will be based on the year of original application and original queue number assigned for that series.

West Virginia also offers an exemption from state sales tax for all productions including but not limited to films, television programs, commercials and, music videos. Purchases and rentals of tangible personal property, in addition to the purchase of services, directly used in a qualified production are exempt from the

6% consumer sales and service tax.

Lodging stays in excess of thirty consecutive days are exempt from both the state sales/service tax (6%) and the local hotel/motel tax (varies by region). The exemption begins on the 31st day and is not applicable towards the first 30 days.

There are both on-line and downloadable production resources directories available on the website.

Wisconsin

Film Wisconsin
BJ Plecki, Production Coordinator
BJplecki5@gmail.com
t: (414) 287-4253
t: (414) 333-2366 (cell)
www.filmwisconsin.net

$500,000 per year is available for this incentive, but may be eliminated in the next budget.

Wyoming

Wyoming Film Office
Michell Howard, Manager
t: (800) 458-6657
t: (307) 777-3400
f: (307) 777-2877
info@filmwyoming.com
www.filmwyoming.com

OVERVIEW

Wyoming's Film Industry Financial Incentive program provides a cash rebate of up to 15% of qualified in-state production costs, with a minimum in-state spend of $200,000. There are additional criteria to determine the rebate percentages, which can range from 12%–15%. Generally, wages or other compensation for technical and production crews, directors, producers, performers, and extras who are residents of Wyoming qualify. In addition, expenditures on goods and services in Wyoming for pre-production, production, post-production, digital media effects, rental equipment, meals, lodging, sets and set construction qualify. The program has been extended to June 30, 2016.

DETAILS

Expenditures qualifying for the rebate include costs for goods and services purchased or leased in Wyoming. No reimbursement will be made until the qualified production is complete and substantially all contractual commitments to the Tourism Board have been fulfilled. If the production is not completed according to a reasonable schedule, the agreement may be terminated and the fund reallocated to other productions. The production company must agree to retain all records related to the project for three years following the date of the closeout of the contract.

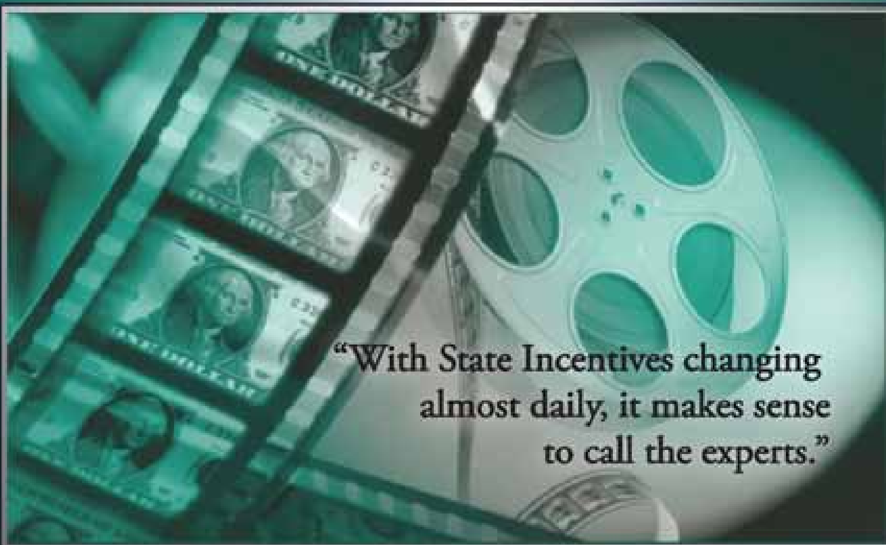
The council will determine a rebate percentage between 12% and 15% based on a number of Wyoming-related criteria.

Lodging tax is waived for hotel/motel stays in excess of 30 days.

The website includes a comprehensive listing of production resources.

TAX CREDITS, LLC

FILM TAX INCENTIVE EXPERTS AND PLACEMENT SPECIALISTS



"National Buying Power- Local Expertise"

* Our professionals have executed over 1600 transactions placing over a $600 million in various state tax credits, nationwide, since 1998.
* We will manage the tax credit process and coordinate with relevant players.
* Maximum market rates…large multi-state buyers.
* Provide reliable, firm pricing...no hidden fees or costs.
* Deliver ethical and efficient service through closing.
* Visit our website or call us at 732-885-2936 for details.

www.taxcreditsllc.com