



MICHIGAN FILM INCENTIVE PACKAGE SUMMARY

- ◆ 40 % tax rebate / credit against Michigan business tax for direct production expenditures for qualified productions. 42% tax rebate / credit if in one of 103 core communities.

Must spend at least \$50,000 in Michigan for the development, preproduction, production, or postproduction costs of a qualified production, including but not limited to:

- Motion pictures
- Music videos
- Internet videos / programming
- Trailers, pilots, video teasers and demos created primarily to stimulate the sale, marketing promotion or exploitation of future investment in a production
- Television series / mini-series
- Video games
- Digital animation

Must apply for incentives through the State of Michigan Film Office, and include:

- Project's estimated expenditures in Michigan, including but not limited to:
 - Rental / purchase of Michigan equipment, materials, products, services
 - Rental of Michigan buildings
 - Michigan contracted services (e.g. casting, security)
 - Michigan lodging, food, labor
- Script / storyboard
- Insurance documents
- Budget

On completion of project must request postproduction and investment certificates from Michigan Film Office. Completed certificates submitted to Michigan Department of Treasury. If the amount of the production credit exceeds the company's tax liability for the tax year, the Michigan Department of Treasury refunds the excess.

- ◆ Direct production expenditures include, but not limited to:
 - Above the line talent and management wages, benefits, and fees
 - Below the line crew/labor if Michigan residents
 - Payments to vendors doing business in Michigan
 - Equipment
 - Software
 - Props, lighting, wardrobe, makeup
 - Expenses for optioning/purchasing intellectual property
 - Advertising, marketing, and distribution
 - Sound mixing, editing, film processing
 - Photography, music
 - Production work
 - Postproduction work
 - Set design, construction, operations

- ◆ 30% tax rebate for below the line crew personnel expenditures who are not Michigan residents.
- ◆ Up to 50% tax credit for qualified job training expenditures (if not already credited as a production expense).
 - Salary and other expenditures paid to provide on-the-job training as a member of the below the line crew to enhance skills of Michigan residents.
 - Salary and expenditures paid to an experienced advanced crew person who is hired and mentored by a key or supervisor.
 - No cash refund, but may claim as credit for up to 10 years.
- ◆ 25% tax credit for production company's base investment (including fabrication and installation) in infrastructure, e.g equipment, property, and production and post production facilities.
 - Assets must be located in Michigan.
 - Investment must be greater than \$250,000 after 12/31/08.
 - No cash refund, but may claim as credit for up to 10 years.
- ◆ Loans for up to 80% of expected and estimated tax credit.
- ◆ Loans for production companies or film and digital media private equity funds eligible for tax credit under Michigan Economic Growth Authority.
- ◆ Free use of state property.

For more information regarding the film incentive package, and how to qualify, contact Karl Butterer, chair of the Entertainment Law Industry Group at Smith Haughey, at kbutterer@shrr.com or 616.458.9294.

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