

Top Film Production Incentives

Contributed by Jennifer Marino

The past year has proven that incentives are an integral part of the production process — the big-budget films Terminator Salvation, Transformers: Revenge of the Fallen and Public Enemies have all filmed in incentive-friendly locations. As incentives spring up in more areas and worldly competition heats up, the top contenders — both domestic and international — are staying ahead of the game by using attractive rebates to lure productions to their regions.

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EUROPE

Austria is currently offering one of Europe's most alluring incentives. A production can qualify for a reimbursement of up to 50 percent of eligible expenditures for filming in Tirol. "If needed, Cine Tirol assumes the role of an intermediary between filmmakers, local authorities and location providers," says Johannes Koeck, director of the Cine Tirol Film Commission. "Cine Tirol's neutral position is backed by a network of partners who all work together to facilitate positive solutions that are agreeable to all parties involved."

The Italian Parliament enacted a law that will provide attractive tax credits for investments in Italian films. According to the Italian Film Commission, this is available for Italian projects — with some limitations — for tax credits of up to \$6.5 million to producers, distributors, movie theater owners and technical industries. The law shelters profits for film production and distribution companies and is subject to European Union approval.

TRINIDAD AND TOBAGO

According to Carla Foderingham, CEO of the Trinidad and Tobago Film Company, international projects are on the way due to their outstanding incentive options. "Filming in Trinidad and Tobago is easy and affordable," she says. "There is a generous, cash-rebate system on offer and a diverse range of locations to choose from, all within easy reach from the USA and Europe."

The Production Expenditure Rebate Program provides cash rebates from 12.5 to 30 percent, ranging in required expenditures from \$100,000 to over \$1 million accrued while filming on the twin islands. Capped at \$2 million, film, TV and advertising shoots can gain rebates from expenditures including but not limited to local equipment, supplies and services, local crew employment, accommodations, food and location fees.

NEW ZEALAND

“New Zealand offers straightforward incentives that are not tax-related, but rather paid as a cash grant,” says Judith McCann, CEO of Film New Zealand. The great advantage of New Zealand’s Large Budget Screen Production and Post/Digital/Visual Effects incentive is that they include a 15-percent cash rebate on qualified in-country expenditures for eligible productions, postproduction and visual and digital effects. According to the New Zealand Film Commission, the minimum expenditures are set at NZ\$15 million for large-budget screen productions, and NZ\$3 million for post, digital and visual effects grants. Applications can be made when the production work is completed or if qualifying expenditures exceed NZ\$50 million.

Another attractive New Zealand incentive is the Screen Production Incentive Fund, which is available for productions that have significant New Zealand content. Feature films that spend a minimum of NZ\$4 million can receive 40 percent of the qualifying New Zealand production expenditure, while TV and other format screen productions can receive 20 percent, provided the value of the expenditures reach the required minimums. Other eligible productions include documentaries and short-form animation.

AUSTRALIA

According to Screen Australia, the Producer Offset is a 40-percent rebate off qualifying Australian production expenditures (QAPE) incurred on a feature film. For a film to be eligible for the offset, the film must be completed, contain “significant Australian content,” and be in an eligible format. Only Australian companies (or foreign companies with an Australian permanent resident and Australian business number) are eligible. In addition to nationwide incentives, many states offer their own financial perks.

CANADA

Manitoba offers up to 65 percent in tax credit on local qualified labor. In addition to a 45-percent base rate, producers are eligible for a 10-percent Frequent Filming Bonus after shooting a third film in a two-year period. A five-percent Rural and Northern Bonus is offered for filming within approximately 25 miles of Winnipeg, and a five-percent Manitoba Producer Bonus when co-producing with a Manitoba producer. “Many productions qualify for a minimum of 60 percent, but many access 65 percent,” says Carole Vivier, CEO of Manitoba Film and Music. “We have a deeming provision for labor, and our tax credit that has no Canadian content or copyright ownership requirements.”

According to SaskFilm, the Saskatchewan Film Employment Tax Credit Program offers up to 55 percent for eligible labor on each individual project with no content or copyright restrictions. This is available without obligation to film additional projects in the province in order to qualify for an additional rebate. The base rate is 45 percent of total wages of all eligible above-the-line and below-the-line deemed labor, which can include non-Saskatchewan labor provided they mentor a Saskatchewan resident. An additional five-percent bonus of total production expenditures in the province is offered to productions that choose to film in rural areas that are 25 miles or more from Regina and Saskatoon.

The British Columbia Production Services Tax Credit has a base tax credit of 25 percent of accredited qualified BC labor expenditures, a Regional tax credit of six percent and a Digital Animation or Visual Effects credit of 15 percent.

Nova Scotia's Film Industry Tax Credit is a fully refundable corporate income tax credit ranging from 50 to 65 percent. "The province has witnessed a tremendous amount of interest and seen more than a dozen scouts since the start of the year," says Ann MacKenzie, president and CEO of Film Nova Scotia. Qualified productions and co-productions produced and/or shot in the province are eligible for the tax credit. Also, there's no limit on the production budget size, no corporate or asset cap, and no requirements on Canadian content or copyright ownership.

Alberta just enhanced their current funding program by increasing grant percentages for eligible costs to 29 percent on all spend and a \$5 million per-project cap. These changes are retroactive to April 1, 2009, and the fund's value remains fixed at \$20 million for fiscal year 2009/2010.

New Brunswick offers a Film Tax Credit equal to a maximum of 40 percent of eligible salaries paid to New Brunswick residents.

The Newfoundland & Labrador Film Development Corporation offers a tax credit that is the lesser of 40 percent of eligible labor expenditures or 25 percent of total production costs of an eligible project with no maximum.

THE UNITED STATES

Alabama is shooting its way up the incentive chart with an incentive known as the Alabama Entertainment Industry Incentive Act of 2009. According to the Alabama Film Office, eligible productions can receive a tax credit of 25 percent of qualified production expenditures (excluding payroll and benefits paid to Alabama residents). A 35-percent rebate of all payroll including benefits paid to Alabama residents working on the production is also available when expenses range from \$500,000 to \$10 million. A 25- to 35-percent rebate also extends to production expenditures exclusive to recording soundtracks.

Missouri, with its 35-percent tax credit, is another standout state. According to the Missouri Film Commission, film companies are eligible for the tax credit if they have a Missouri budget of at least \$100,000 for films longer than 30 minutes in length. Film companies with films running less than 30 minutes can still qualify if their budget exceeds \$50,000. The tax credit program has a \$4.5 million cap.

According to the Tennessee Film Office, the state offers two incentives — a 17-percent Film & Television Production Incentive and a 15-percent Headquarters Refund — that total up to 32 percent. To qualify for the Film & Television Production Incentive plan, production companies based outside of Tennessee must spend at least \$500,000 per production or per episode.

According to the West Virginia Film Office, the Appalachian state offers productions a transferable tax credits that total up to 31 percent of in-state spending. In addition to its 27-percent base-tax credit, filmmakers can benefit from an additional four percent, if they hire at least 10 West Virginians full-time. The credit simply requires applicants to spend \$25,000 in-state. The state funds the credit \$10 million annually. To lure even more productions, the state also bequeaths onto filmmakers sales tax exemptions for services such as lodging.

According to the Texas Film Commission, the new production incentive program provides Cash Grants up to 17.5 percent for Option A and up to 29.25 percent for Option B. Unlike States that offer Tax Credits, which require a broker fee and return only a portion of the face value, the Texas Production Incentive is a Cash Grant. Texas also offers no state sales tax on productions, no personal or corporate state income tax, no hotel tax, low to no cost for Texas permits and ease of Production.

Alaska Film is now promoting an incentive that can total up to 44 percent starting with a 30-percent transferable tax credit on qualified expenditures for filmmakers who spend a minimum of \$100,000 within 24 consecutive months; an extra two-percent by filming between October 1 and March 30 of each year; an additional two-percent for filming in rural areas; and an additional 10-percent is granted for wages paid to Alaska residents with no salary cap per employee/per production.

The Michigan Film Office has been making headlines with an incentive package for film productions that includes a refundable, assignable tax credit ranging from 30 to 42 percent of the amount of a production's eligible expenditures. The required in-state minimum spend is only \$50,000, and the incentive has no caps, except for a \$2 million per hire cap on wages or loan-out corporations. Additionally, qualifying expenditures made in one of the 103 designated core communities are eligible for a 42-percent tax credit, while qualified expenditures made in non-core communities are eligible for a 40-percent tax credit. And, productions using out-of-state crews receive a 30-percent tax credit.

Effective January 1, 2009, the state of Illinois Film Office began promoting a 30-percent transferable tax credit on all qualifying expenditures. Although there is not an expiration date, only residents' salaries qualify with a \$100,000 cap per-hire.

According to the Connecticut Commission on Culture & Tourism's Film Division, eligible production companies are eligible for a transferable tax credit of up to 30 percent for qualified digital media and motion picture production, preproduction and postproduction in-state expenses exceeding \$50,000. Out-of-state purchases and rentals qualify for one half of the tax credit at 15 percent. Additionally, the state has a talent cap of \$15 million per hire.

The Georgia Film, Music & Entertainment Office is offering a transferable tax credit of up to 30 percent. If a producer includes an animated Georgia promotional logo in the approved project, 10 percent is added to the base credit of 20

percent. The minimum spend is \$500,000 but loan-out corporations and independent contractors are not capped, nor is there a project cap.

According to the Louisiana Film & Television Office, Louisiana is enticing filmmakers with a 30-percent transferable credit for total in-state expenditures on motion picture productions. An additional five-percent labor credit is available for payroll of Louisiana residents that are employed by a state certified film production. The tax credits are fully transferable and Louisiana has no limit to the amount of tax credits that can be earned by a single production. Only money spent on your production costs within the borders of the state of Louisiana will qualify for the 30-percent tax credit.

You can't go to Louisiana without getting a little lagniappe. Jefferson Parish offers an additional three-percent cash rebate with a few exceptions to productions that spend a minimum of \$150,000 locally and is capped at \$125,000.

Productions that film at least 50 percent of their principal photography in Puerto Rico, or spend a minimum of \$1 million on Puerto Rican businesses, qualify for a 40-percent tax credit. The Puerto Rico Film Commission recommends that applicants set up their Puerto Rico budget through production service companies or local UPMs.

Alaska Film

www.alaskafilm.org

Alabama Film Office

www.alabamafilm.org

Alberta Film Office

www.culture.alberta.ca/filmdevelopment

British Columbia Film Commission

www.bcfilmcommission.com

Cine Tirol Film Commission

www.cinetirol.com

Connecticut Commission on Culture & Tourism

www.ctfilm.com

Film New Zealand

www.filmnz.com

Film Nova Scotia

www.film.ns.ca

Georgia Film, Music & Entertainment Office

www.georgia.org

Illinois Film Office

www.filmillinois.state.il.us

Italian Film Commission

www.filminginitaly.com

Jefferson Parish Louisiana Film Office

www.jeffparish.net

Louisiana Economic Development (LED)/Louisiana Film & TV

www.lafilm.org

Manitoba Film and Music

www.mbfilmsound.ca

Michigan Film Office

www.michigan.gov/filmoffice

Missouri Film Commission

www.mofilm.org

New Brunswick/BNB

<http://www.nbfilm.ca/>

Newfoundland and Labrador Film Development Corporation

www.newfilm.nf.net

Puerto Rico Film Commission

www.puertoricofilm.com

SaskFilm & Video Development Corporation

www.saskfilm.com

Screen Australia

www.screenaustralia.gov.au

Tennessee Film Entertainment & Music Commission

www.filmtennessee.com

Texas Film Commission

www.governor.state.tx.us

Trinidad and Tobago Film Company

<http://www.trinidadandtobagofilm.com>

West Virginia Film Office

www.wvfilm.com