

State of Michigan Film Tax Incentive

Michigan's tax incentive bills became state law in April 2008. When enacted, the incentive package, was the best in the nation, and it was designed to promote the production of motion pictures, television programs, music videos, commercials, interactive games and similar productions in the State.

For State certified qualified productions (application forms are available online at www.michigan.gov/filmoffice), the laws:

- Provide a Cash Rebate on Michigan Expenditures of 40%, and 30% for labor and crew.

Includes preproduction, production and postproduction costs.

For example: Scripts, set design and construction, equipment rental, makeup, special effects, film processing, editing, sound mixing, stage usage, catering, lodging, etc.

Preproduction and Postproduction costs include costs relating to the creation of trailers, marketing videos, commercials, duplication of materials created for consumer consumption. \$50,000 minimum expenditure is required.

30% Credit for qualified personnel expenditures can not exceed \$2 million for any one person.

Rebate rises to 42% for expenditures in Core Communities -- 103 Communities, urban (Detroit, Southfield, Grand Rapids) lakeside (Holland, Grand Haven) and mid-state (Grayling, Sturgis). Rebate is in the form of a Refundable Credit. This credit is also assignable to another company. Except for the \$2 million per individual salary cap, there is no other cap on this Rebate, and no expiration date (also called a sunset).

- Non refundable 25% Tax Credit for investments of \$100,000 or more in 2008 and \$250,000 or more in 2009 or later into qualified film and digital media infrastructure project.

\$20 Million dollar cap on expenditures per year.

Unused credits may be carried forward for up to 10 years.

Unused credits may be assigned in whole or in part.

Sunset on Credit 2015

Allows Loans through the Michigan Film and Digital Media Investment Loan Program for eligible production companies or film and media private equity groups. Loans from \$500,000 to \$15 Million, provided qualified group also obtain additional loans from an accredited financial institution or other approved lender.

50% Credit for qualified job training expenditures paid by a production company to provide on the job training to below the line crew, that are residents of the State of Michigan, for a state certified qualified production.

- State Lands may be used at no charge, with proper authorization.

For more information and news on the incentive package, visit www.michigan.gov/filmoffice.