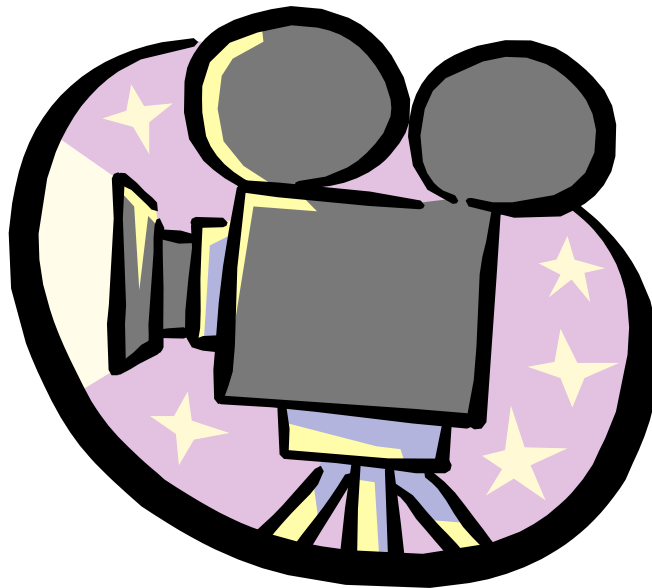




MOTION PICTURE ASSOCIATION OF AMERICA, INC.

2008 STATE-BY-STATE TAX INCENTIVES

FOR THE FILM INDUSTRY



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STATE	TAX INCENTIVES January 1, 2008
Alabama:	State and local sales and use tax exemption for the purchase or lease of equipment, props, supplies, materials and services used in production. Additionally, no state and local lodgings tax for rooms used by production staff.
Alaska:	No state sales tax. No state individual income tax.
Arizona:	A tiered transferable income tax credit for in-state expenditures spending \$250,000 - \$1million, a 10% credit; between \$1million-\$3million a 15% credit; over \$3million a 20% credit, includes a 5-yr.carryforward provision requires the hiring of at least 25% of full time employees in 2006, 35% in 2007 and 50% in 2008. If the year's allocation (\$30M – 06; \$40M – 07; \$50M – 08; \$60M - 09; \$70M – 2010 and after) is spent prior to 10/31, Dept. can rollover application to next year's credits. Also beginning 1/1/2006, a motion picture production company is exempt from the transaction privilege tax for purchase of machinery, equipment and other property used directly in the motion picture production, lodging leases or rentals, catered food and construction of in-state buildings or structures.
Arkansas:	Full gross receipts and use tax refund on the purchase of property and services including lodging in connection with production costs. To qualify, a production company must spend at least \$500,000 within six months or \$1 million within 12 months in connection with the production.
California:	<p>No sales or use tax on production or postproduction services on a motion picture or TV film. No sales and use tax on services generally. Such industry specific services include writing, acting, directing, casting and storyboarding. A partial sales tax exemption (5% except for 2001, when it was 4.75%) on the purchase or lease of postproduction equipment by qualified persons.</p> <p>No sales and use tax on 45% of the charges for sets, including labor to design, construct and strike and no sales tax on the full charge for the rental of personal property. No state hotel tax on occupancy, however, cities or counties that impose a local tax have a tax exemption for occupancies in excess of 30 days.</p>
Colorado:	A 10% refund: For a production company that originates the film production in Colorado the 10% refund if the in-state expenditures equal or exceed \$100,000; For a production company not originating the film production activities in Colorado the 10% refund if in-state expenditures equal or exceed \$1 million. Must spend at least 75% of its production expenditures in state and 75% of the actors and crew must be Colorado residents. Annual statewide cap is \$500,000 for 2006-07 and increases with inflation in subsequent years. No sales and use tax on film company services if, in fact, the company is providing a service and not tangible personal property. No hotel Occupancy tax for hotel stays in excess of 30 days.
Connecticut: Connecticut: Cont.	Provides a 30% transferable production tax credit on expenditures related to film, TV and digital media with a minimum in-state spend of \$50,000. The credit for compensation paid is capped at the first \$15 million (1/1/08). Production credits may be carried forward for 3 years. Beginning 1/1/09, only 50% of expenses or costs will be allowed when incurred outside the state and used within the state.

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	No hotel occupancy tax for hotel stays in excess of 30 days.
Delaware:	No state sales tax.
Florida:	Sales and use tax exemption for the purchase or lease of motion picture, video or other equipment (depreciable equipment with a useful life of at least three years) if used exclusively as an integral part of production activities in the preparation of motion pictures, tapes, TV or productions produced for commercial use or sale. If equipment and personnel used belong to the producer of a qualified motion picture, no tax on fabrication labor Subject to annual appropriation (\$25 million 2007-08) Rebate program on in-state expenditures. There are 4 queues; 1) Films, TV, commercials music videos, expenditures in excess of \$650,000 get a 15-22% rebate, 2) multiple commercials/ music videos minimum combined expenditures of \$500,000 and a \$100,000 per project minimum get 15-20% rebate, 3) Indies spending \$100,000-\$625,000 get 15%-17% rebate, 4) Digital media projects -10% rebate. No state individual income tax.
Georgia:	Sales and use tax exemption for the purchase or lease of a wide range of production and postproduction equipment and services for use in qualified production activities in the state. Transferable income tax credit equal to 9% of all in-state costs for in-state film and TV investments of \$500,000 or more. Additional 3% credit on wages (up to \$500,000) paid to GA residents and 3% credit for productions in designated distressed communities. An additional 2% credit for TV productions that spend more than \$20 million.
Hawaii:	Effective 7/1/06, a refundable income tax credit of 15% (for production in counties with a population greater than 700,000) or 20% (for production in counties with a population equal to or less than 700,000), which is deductible from net income tax liability, of the costs incurred in the state in the production of motion picture and television films, and up to 7.25% rebate for the for transient accommodation tax (hotel room tax). Must spend at least \$200,000 in Hawaii. Overall cap of \$8M. Repealed on 1/1/2016.
Idaho:	Idaho provides for a rebate of the 6% sales tax on tangible personal property when \$200,000 is spent on a wide variety of qualifying expenses. No hotel occupancy tax on hotel stays of 30 days or longer.
Illinois:	Sales and use tax exemption for products of photoprocessing produced for use in motion pictures for public commercial exhibition. A transferable 20% income tax credit for Illinois production expenditures, plus a 15% credit for Illinois labor expenditures capped at the first \$100,000 in wages for each employee. Repealed 1/1/09. The 14.9% hotel tax is reimbursed for stays in excess of 30 days.
Indiana:	State-owned and state university owned property is available free of location fees for virtually all productions. Production related businesses with tax liability in Indiana can qualify for up to a 10% tax credit based on investment in equipment or buildings. No hotel tax on stays of 30 days or longer.

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Iowa:	Beginning in 2007, a transferable Iowa income tax credit based on 25% of qualified in-state expenditures go to the "Producer" if there is a minimum in-state spend of \$100,000 based exclusively on Iowa-based companies or Iowa resident individuals. Transferable Iowa income tax credit based on 25% of qualified in-state expenditures to go to the "Investor."
Kansas:	A credit equal to 30% of in-state production and postproduction related expenditures including wages, fringes, and payments to personal services corporations under certain conditions. Minimum in-state spend of \$100,000 for productions over 30 minutes. Credits are capped at \$2 million annually. No hotel tax on stays of 28 days or longer.
Kentucky:	Sales and use tax refund for purchases made by a motion picture production company in connection with filming in Kentucky if the company films or produces one or more motion pictures in the state during any 12-month period.
Louisiana:	Provides a transferable investor tax credit equal to 25% of the in-state investment made if it is in excess of \$300,000. Beginning 1/1/2006, the employment tax credit will be transferable and equal to 10% of the salaries in-state residents hired (no salaries in excess of \$1million will qualify). (New program includes an alternative option to transfer credits through the Governor's Office.)
Maine:	<p>A wage rebate equal to 10% of non-Maine residents' wages and 12% of Maine residents' wages on qualified productions. Income tax offset for companies investing in Maine productions.</p> <p>Sales and use tax exemption for tangible personal property and services used primarily in production. Revenue Department Ruling in 2004 proclaimed film production a manufacturing process. Hotel occupancy taxes are rebated after 28 consecutive days.</p>
Maryland:	State sales and use tax exemption for the purchase or lease of production or postproduction equipment, services, supplies, props and sets used in the production of motion picture, television, video, commercials and corporate films. No state sales tax for hotel stays in excess of 30 days. Subject to additional appropriation, wage rebate program, up to \$12,500 per eligible employee for film and television production activity in the state if in-state spending exceeds \$500,000. The maximum rebate granted for any single production is capped at \$2 million state capped total rebates of \$6.875 million.
Massachusetts: Massachusetts: Cont.	Beginning 1/1/2007 a choice of a transferable employment credit (or refundable credit equal to 90% of the credit value), equal to 25% of Massachusetts sourced income, if an individual's salary is not equal to or greater than \$1 million. The incentive also includes a film production tax credit (FPTC) equal to 25% of in-state production costs (not including payroll expenses used to claim the payroll credit) if 50% of the total production costs or 50% of principal photography days occur in the state. There is a minimum in-state spending requirement of \$50,000 in order to qualify for all the production incentives and the payroll and FPTC include a five-year carry forward provision.
	Beginning 1/1/2007, a refundable tax credit (essentially a rebate) for motion

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Michigan:	pictures, television series or pilots and commercials (once they spend a minimum of \$200,000 in state). There is a graduated scale for the rebate amount depending on the amount of in-state spend, ranging from a 12% to a 20% refund. The funding for the entire program is capped at \$7 million each calendar year.
Mississippi:	Effective March 2007. For all feature films, television projects, documentaries, or commercials: a 20% rebate of all base investment in-state production-related expenditures, excluding non-resident payroll. 25% rebate for the next four million dollars (between \$1 million and \$5 million) and a 30% rebate of the base investment that is in excess of \$5 million. Rebate capped at \$5 million per production; A rebate equal to 10% of the portion of the base investment for non-resident employees' salaries less than \$1 million, subject to income tax withholding. a reduced sales tax (7% to 1½ %) for motion picture equipment (camera, lighting, audio, projection, editing, etc.); a sales tax exemption for the purchase of film, videotape, set building materials, set dressing, props, wardrobe, fabric, make-up, most expendable items. Sunset July 1, 2012.
Missouri:	Beginning 1/1/2008 Provides a transferable/carry forward (5yrs) income tax credit up to 35% of expenditures in the State. Productions must spend a minimum of \$100,000 for features and productions in excess of 30 minutes and \$50,000 for productions less than 30 minutes. No credit on compensation in excess of \$1 million. \$4.5 million/year available for total credits. No sales tax on hotel stays after 31 days.
Montana	Beginning in 2007, Film and TV productions eligible for a 14% refundable tax credit on up to \$50,000 in wages paid to Montana residents. Also a refundable tax credit of 9 percent on their total qualified expenditures in the state. No state sales tax. No business equipment tax on motion picture related vehicles and equipment brought into the state for the first 180 days. State 7% accommodations tax rebate for stays in excess of 30 days. Credits may also be carried forward for 4 years.
Nevada:	No corporate or individual Income tax. Low hotel room tax.
New Hampshire:	No state sales tax. Individual Income tax on interest and dividends only.
New Jersey: New Jersey: Cont.	Sales tax exemption for all film and video and digital media related machinery and equipment as well as services of installing, repairing and maintaining the equipment, used directly in production and post production of motion pictures, television or commercials. Loan Guarantee Program up to a maximum of \$1,500,000 (or an amount no greater than 30% of any loan for the film project that is derived from other sources, whichever is less), to production companies if 70% of the shooting days are in the state and at least 50% of the below-the-line expenses are in state. Beginning 1/12/2006 the state will provide a transferable corporate and income tax credit equal to 20% of in-state production related expenses for films, TV shows and series. Additionally, sixty percent of the total production expenses, excluding post-production costs, must be incurred in the state. The film/TV and video program is capped at \$10 million per fiscal year digital media is capped at \$5 million per year and includes a roll-over provision. If the funds are exhausted in any fiscal year, any remaining qualified taxpayers will be first to receive the credit in the subsequent fiscal year.

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<p>New Mexico:</p>	<p>State sales tax exemption on all production costs including set construction, wardrobe, facility and equipment rental, all production and postproduction services. A 25% refundable income tax credit on in-state film production and postproduction expenditures. Also, guaranteed investments may be considered for up to 100% of the estimated production costs, capped at \$15 million per project. Loan structures would have to be "fully and unconditionally guaranteed" by an entity with an investment grade bond rating; and equity structures require presales/distribution. After 30 days, the 4% lodgers' tax is waived for hotel guests.</p>
<p>New York:</p>	<p>Comprehensive State, New York City and local sales and use tax exemption for machinery, equipment and services used in production and postproduction activities in the production of feature length films, television programs, music videos and commercials. Film and television and commercial productions receive tax exemptions whether they are produced and delivered electronically or in tangible form. A 10% corporate/partnership/individual refundable income tax credit for film and television productions (no commercials or music videos) for below-the-line in-state expenses including postproduction (and actors with non-speaking roles) if 75% of the aggregate sound stage work (excluding postproduction) is performed in a NY production facility at least 7,000 square feet. The credit is 50% refundable in the first year and fully refundable after 2 years. If less than \$3 million (excluding postproduction) is attributed to the production facility related costs, then 75% of the aggregate shooting days outside of the facility must be in NY in order for NY location costs to qualify for the credit. Effective in 2006, credit is capped at \$60 million/calendar year, the cap is a rolling cap; if the cap is exhausted in one year the projects will be eligible in the following year on a first-come first-served basis. An additional 5% refundable tax credit against corporate, partnership, or unincorporated business tax liability against New York City tax liability with the same qualification parameters as the state credit. The City's annual credit cap is \$30 million. NYC also offers a discount card to productions for the length of their New York City shoots. It provides a minimum 10% discount and other special offers at over 550 local vendors ranging from production services, hotels, car rentals, parking, cultural institutions, banking services and more.</p>
<p>North Carolina:</p>	<p>Refundable income tax credit equal to 15% of qualifying production expenses for in-state leased or purchased items, must have qualifying in-state expenses of at least \$250,000 (effective 1/1/07 no add-back requirement). Limitations: per feature credit cap of \$7.5 million and assets purchased in excess of \$25,000, qualifying expense limited to the purchase price less the fair market value of the asset at the completion of the production. No wages for individuals earning in excess of \$1 million for a single production. Sales and use tax (1%) rate, on the purchase and rentals to motion picture production firms of cameras, films, set construction materials, as well as chemicals and equipment used to develop and edit film that is used to produce release prints.</p>
<p>Ohio:</p>	<p>No state sales tax on hotel stays in excess of 30 days.</p>
<p>Oklahoma:</p>	<p>Oklahoma Film Enhancement Rebate now funded up to \$5 million per year. Provides a rebate of up to 15% of Oklahoma production expenditures for films/TV/Commercials filming in the state. Minimum production budget of \$500,000 and \$300,000 spent in Oklahoma. Must employ residents for at least 50% of B-T-L crew to qualify for full 15% rebate. Rebates of 5% for up to 24% Oklahomans and 10% for 25 to 49% Oklahomans. Crew tiers are waived for \$5 million in-state spend. Company must provide evidence of a completion bond and evidence of a recognizable domestic or foreign distribution agreement within one (1) year from the end of principal photography. The rebate cannot be used in conjunction with the sales tax exemption. Sales tax exemption on sales of tangible, personal property or services to a motion</p>

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	picture or television production company to be used or consumed in connection with a feature or television production. State sales tax rebate on hotel stays after 30 days.
Oregon:	Beginning with expenditures incurred 1/1/05 Oregon Production Investment fund offers a 10% rebate on production expenditures in Oregon (capped at \$250K maximum rebate for an individual film and \$30,000 per episode for a television series.) Minimum \$1 million spending to qualify. (\$1 million can be over a season of the series). They can only commit rebates to productions to the extent that there are monies in the fund to cover those rebates. Rebates are available for approximately 6.2% of qualified wages to productions. Productions must spend at least \$1-million in Oregon to qualify. No state sales tax. Lodging taxes waived for rooms held longer than 30 days. Other local incentives including parking rebates up to \$1,000 of parking fees incurred within Multnomah County (Portland area) for every 100-hotel room nights purchased.
Pennsylvania:	Effective 7/1/07, a 25% transferable Film Production Tax Credit expenses incurred in PA. Available for feature films, TV shows and series, and commercials intended for a national audience. Must have 60 percent of the total production expenses incurred in Pennsylvania. No hotel tax for stays in excess of 30 days or more. No more than \$75 million per year can be awarded.
Puerto Rico:	Provides Up to a 40% investment tax credit is available for motion picture and television expenditures paid to Puerto Rico Businesses or below the line talent if at least 50% principal photography is in Puerto Rico. The credit is available for projects first approved by the Film Commission once applicants pay ¼ of 1% of the film's budget for a license. Local investors will partner with non-Puerto Rican based companies to help them access the investment tax credit.
Rhode Island:	Provides a 25% motion picture transferable tax credit for all Rhode Island production related expenditures. This also includes salaries for people working on the ground, in R.I. The film/TV/commercials/ video game production must be filmed primarily in the state of Rhode Island and have a minimum budget of \$300,000.
Rhode Island: Cont.	Additionally there is also a non-transferable investor tax credit for Rhode Island residents who invest in film/TV/commercials or video games filmed primarily in Rhode Island. The investor will receive a 15% tax credit (with a 3 year carryforward) for a production with a budget of \$300,000-\$5million. If the investment is in a production with a budget over \$5million, it is a 25% tax credit (with a 3 year carryforward).
South Carolina:	If you spend \$250,000 in-state: available sales and use tax exemption for the purchase of equipment and supplies and an exemption for the State accommodations tax (7%), if you spend \$1 million in-state you receive a maximum of 20% rebate for total aggregate payroll for persons (crew, actors, extras) subject to SC income tax withholding (excludes individual salaries of \$1 million or more) this is capped at \$10 Million per year and up to a 30% rebate for purchases/rentals of certain in-state goods and services.
South Dakota:	Refund for contractors' excise, sales and use taxes paid in connection with films spending over \$250,000 (on taxable costs) in the state. The 4% refunds apply to costs incurred and paid before June 30, 2011.
Tennessee:	Effective 2007, Tiered rebate program for in-state qualified production expenditures 13% base rebate, 2% additional rebate if at least 25% of the cast and/or crew are

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	<p>Tennessee residents. ("Day players" and extras not included in determining the 25%), an additional 2% (maximum of \$100,000 rebate) if the production company spends at least \$20,000 for music created by Tennessee residents or for recording music in Tennessee. Out of state production companies must spend a minimum of \$500,000 per production. Approximately \$20 million appropriated for the rebate program.</p> <p>Sales and use tax refund for out-of-state motion picture companies for goods and services purchased or rented in Tennessee if the company spends at least \$500,000 within a 12-month period.</p>
<p>Texas:</p>	<p>Effective in 2007, a rebate program equal to 5% for film, TV, video game productions and commercials. \$1 million minimum in-state spend for film and TV productions, 70% of production crew, actors and extras must be Texas residents, 80% of the production must be filmed in Texas. Cap per film is \$2 million, \$2.5 million cap for TV productions, \$250,000 for video games. Program funding is \$10 million per year for 2 years (plus an additional \$1 million per year for administrative and training expenses); additional funds (in \$5 million increments) will be available for projects for approved plans justifying the fiscal activity that exceeds the cost of the additional grant amounts requested.</p> <p>Comprehensive sales and use tax exemption for purchased or rented equipment or services used in the production of a motion picture or a video recording for ultimate sale, license or broadcast (including cable broadcast).</p> <p>No sales tax on hotel rooms for stays in excess of 30 days.</p>
<p>Utah:</p>	<p>Effective July 25, 2007, through the Motion Picture Incentive Fund approved productions will receive a 15% rebate on Utah expenditures, with a cap of \$500,000 per project and a minimum spend of \$1 million in the State. Also available, a sales and use tax exemption for purchase or lease of machinery and equipment granted to film, television and video productions. The transient room tax exemption applies to sales and use tax taxes for accommodation charges for a stay of 30 consecutive days or longer.</p>
<p>Vermont:</p> <p>Vermont: Cont.</p>	<p>State sales and use tax exemption for the purchase or lease of goods and services used in the production of films, television programs or commercials. Credit for nonresident income tax for commercial film production if Vermont income tax exceeds income tax rate in the state of residence. No hotel or meal tax after 30 days. Effective 7/1/06, a qualified production with at least \$1 million in VT production expenditures can apply for a grant of 10% of qualified production expenditures. Annual overall cap of \$1 million.</p>
<p>Virginia:</p>	<p>Effective July 1, 2006 - \$1.2 Million funding for a performance-based incentive will provide a cash rebate at the Governor's discretion, taking into consideration length of filming, job creation, trainees hired, goods and services purchased. The rebate will be paid to qualified production companies at the end of physical production and payment will be issued upon completion of a report of Virginia expenditures.</p> <p>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. Based on availability, use of a state owned 35,000 square foot office building (Richmond) for office and production is accessible. The Film Office specializing in assisting in negotiating other free or low cost locations that have historically resulted in significant savings to productions shooting in the state.</p>
<p>Washington:</p>	<p>Effective June 30, 2006, a rebate of 20% of qualified production expenses on a feature film with expenditures in WA of at least \$500,000 and \$300,000 for a</p>

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	<p>television episode. Per production cap of \$1 million. Overall cap of \$3.5 million.</p> <p>Sales and use tax exemption for the purchase or rental of production equipment and services used in motion picture or video production or post-production. No sales and use tax on vehicles used in production.</p> <p>No tax on hotel stays in excess of 30 days. No state individual income tax.</p>
Washington, DC:	<p>Effective immediately, a grant program funded at \$1.6 million annually, to reimburse productions for expenses related to the production of nationally distributed film and television projects that spend a minimum of \$500,000 in qualified expenses in a period of five or more days within DC. The grant will not exceed the lesser of 10% of the qualified expenses or 100% of the taxes paid to DC on the qualified expenses.</p>
Wisconsin	<p>Effective for productions after December 31, 2007, refundable individual/corporate income/franchise tax credit equal to 25% of in-state production-related expenditures and a non-refundable wage credit equal to 25% up to the first \$25,000 for in-state wages (excluding the 2 highest paid employees). Also provides for a credit equal to sales/use tax paid on purchases of tangible personal property and taxable services directly used in a production. The unused sales/use tax credit may be carried forward for 15 years.</p>
Wyoming:	<p>Funds will be available 7/1/07 for a rebate program equal to 15% on in-state production related purchases, leases, salaries and benefits (except the two highest paid actors) if a minimum of \$500,000 is spent in state. The rebate also covers payments for preproduction, production, post-production and digital media effects services rendered in the state. The annual cap for the program is \$1 million. Wyoming businesses offer production companies filming in Wyoming a 10% discount on production related services including hotels/motels, restaurants, caterers, etc. No tax on hotel stays in excess of 30 days.No state corporate or individual income tax.</p>

For individual state film office websites, visit: [Http://www.afci.org](http://www.afci.org)