

**MICHIGAN FILM OFFICE
2008 ANNUAL REPORT**

**FILM INDUSTRY REFUNDABLE TAX CREDIT
OPERATION AND EFFECTIVENESS**

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OVERVIEW

On April 7, 2008, Governor Jennifer M. Granholm signed into law an aggressive film incentive package, part of an overall economic stimulus package design to grow the economy and create jobs in Michigan. The legislation was proposed by the governor in her 2008 State of the State address and was approved with bipartisan support from members of the Michigan House of Representatives and the Michigan State Senate.

Michigan's new film program provides incentives for film, television, and digital media production; infrastructure development; and workforce development. There is an added incentive for hiring Michigan workers and filming in Michigan's 103 core communities, urban communities, and traditional centers of commerce. It also provides a number of other incentives for growing the industry in Michigan, including enhancements for the Michigan Film Office.

Specifically, the new laws provide up to a 40-percent refundable or transferable tax credit for projects in Michigan, with an additional 2-percent available for projects produced in core communities.

The new laws also provide a 25-percent tax credit for film and digital media infrastructure investments for such activities as building new or expanding existing facilities.

Production companies are now eligible to receive tax credits issued by the Michigan Economic Growth Authority (MEGA) against Michigan Business Tax (MBT) liability for the creation of jobs.

In an effort to grow the number of film industry jobs in the state, the new laws establish a Film and Digital Media Worker Job Training Tax Credit of 50 percent for expenditures incurred by a production company providing on-the-job training for Michigan residents. Film, television, and digital media companies are allowed the use of state property for productions without incurring any location fees. This is an option local governments are allowed to authorize as well.

FILM INDUSTRY REFUNDABLE TAX CREDIT – OPERATION AND EFFECTIVENESS

The refundable tax credit has been very effective in attracting qualified productions to Michigan. While 35 states have some type of incentive for the film industry, only 14 are considered competitive. Michigan is currently ranked by various incentive groups and studios as one of the top three incentive states in America, along with New Mexico (tax credits took effect in 2003) and Louisiana (tax credits took effect in 2002). Since the legislation was signed into law, Michigan filming expenditures have gone from barely \$2 million in 2007 to over \$100 million in 2008.

In 2008, 136 applications were received. Of those, 71 applications were approved and 35 productions completed their work in 2008. The completed projects include:

Project Name	Project Type	Project Primary Locations
3rd and Bird	Animation	Southfield
All's Faire	Feature	Flint, Holly
America	Television Movie	Detroit
Art House	Feature	Ann Arbor, Traverse City
Butterfly Effect 3: Revelations	Feature	Detroit
Cherry	Feature	Kalamazoo
Come On Over	Children's Television Series	
Cyrus	Feature	Niles and vicinity
Demoted	Feature	Dearborn, Detroit, Inkster, Milford, Novi, Plymouth, Southfield
Gifted Hands	Television Movie	Detroit
Grand Torino	Feature	Detroit, Highland Park
Hey Josh	Feature	Grand Rapids
High School	Feature	Howell
Horse Crazy	Feature	Howell vicinity
Hung	Television Pilot	Orchard Lake and vicinity
Intent	Feature	Detroit
Kevorkian	Documentary	
Miss January	Feature	
Offspring	Feature	Muskegon
Prayers for Bobby	Television Movie	Ann Arbor, Bloomfield Township, Detroit, Ferndale, Royal Oak
Prince of Motor City	Television Pilot	Detroit, Rochester Hills, Royal Oak
Raised Alone	Feature	Redford Township
Red and Blue Marbles	Feature	Detroit
Regional Roots	Documentary	
Rothbury Music Festival	Documentary	Rothbury
Steam	Feature	Grand Rapids
Street Boss	Feature	Jackson, Saginaw
The Job	Feature	Detroit, West Bloomfield
The Pentagon Memorial	Documentary	Ann Arbor
Tug	Feature	Holland
Virgin on Bourbon Street	Feature	Detroit, Ann Arbor
Wedding Day	Reality Show	Saginaw
Whip It	Feature	Ann Arbor, Birch Run, Detroit, Ferndale, Frankenmuth, Novi, Royal Oak, Troy, Ypsilanti
Wonder Pets	Animation	Southfield
Youth in Revolt	Feature	Ann Arbor, Interlochen, Madison Heights, Traverse City

Other areas will be added as the Michigan Film Office receives all of the project location lists.

The law allows production companies to request confidentiality regarding their budgets; therefore, only the total amount spent by the companies on Michigan jobs and products is being reported.

Total Michigan expenditures made by the 35 completed projects: \$125,000,000

Estimated Michigan jobs for the 35 projects: 2,800

Film industry refundable tax credits for 2008: \$47,992,000*

*Based on reporting as of February 3, 2009

Attached is an “Estimates of the Economic Impact of Michigan’s 2008 Film Production” prepared by Michigan State University. This impact analysis represents 32 of 35 productions completed, which is the information that was available as of February 3, 2009.

As evidenced above, not only are Michigan’s aggressive film incentives bringing new investment to the state, they also are laying the foundation for an industry that will support long-term growth. This is evidenced by the Michigan Economic Growth Authority (MEGA) board’s recent approval of state tax credits for three new film industry projects. The combined investment for all three projects is expected to be \$156.8 million.

Motown Motion Pictures LLC plans to develop a film studio and production services company with nine sound stages in Pontiac; Wonderstruck Studios LLC, part of Detroit Center Studios, will produce film content with an emphasis on computer-generated (CG) visual effects and animation in downtown Detroit; and Stardock Systems Inc., a software developer and publisher, plans to expand its Plymouth Township facilities to allow for the development and implementation of a new PC game.

MICHIGAN FILM OFFICE ADVISORY COUNCIL

The Michigan Film Office Advisory Council, formerly the Michigan Film Commission, is responsible for advising the office, the fund, the Governor, and the Legislature on how to promote and market Michigan to film, television, digital media, and related industries. The council may make inquiries, studies, and investigations, hold hearings and receive comments from the public.

MEMBERS

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Xenia E. Castillo-Hunter, Southfield	Manager Film Detroit (a division of Detroit Metro Convention & Visitors Bureau)
Hopwood Depree, Holland	Chief Executive Officer TicTock Studios
Marcia C. Fishman, Southfield	Detroit Branch Executive Director Screen Actor's Guild
Cory A. Jacobson, Southfield	Owner Phoenix Theaters
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