# 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**

William H. Black, Rochester Hills Legislative and Community Affairs Director

Michigan Teamsters

Robert L. Brown, Farmington Managing Partner

Purple Rose Films and Charity Island Pictures

James S. Burnstein, Plymouth Owner

Elsinore, LLC

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** 

Danialle Karmanos, Orchard Lake Foundation and Executive Director

Danialle Karmanos' Work It Out

Emery C. King, Bloomfield Hills (Chairman) Owner/Vice President, Kingberry Productions

Communications Director, Detroit Medical Center

Timothy F. Magee, Grosse Pointe Park Vice President

International Alliance of Theatrical Stage Employees

Sue E. Marx, Birmingham Film Producer/President

Sue Marx Films, Inc.

Michael F. Moore, Central Lake Filmmaker/Co-Owner

Dog Eat Dog Films

William P. O'Reilly, Bloomfield Hills President

Montana Corporation

Marc L. Prey, Milford Attorney-At-Law

PROJECT TITLE	PRODUCTION COMPANY	TOTAL MI. EXPENDITURES		GOODS		SERVICES		SALARIES/WAGES	MI HIRES	CONFIDENTIAL
YOUTH IN REVOLT	REVOLT INC.	\$	11,902,120.00	\$	5,255,792.00	\$	130,597.00	\$ 6,515,731.00	130	
THE JOB	THE DETROIT JOB, INC.	\$	1,284,427.00		384,386.00		77,821.00	\$ 822,220.00	192	С
PRINCE OF MOTOR CITY		HAVE NOT FILED YET				İ	,-	, , , , , , , , , , , , , , , , , , , ,	-	С
STREET BOSS	BIERLEIN ENTERTAINMENT LLC	\$	652,629.00	\$	251,175.00	\$	9,067.00	\$ 392,387.00	80	
GRAN TORINO	GT FILMS INC	\$	12,304,028.00	\$	3,886,454.00	\$	315,916.00	\$ 8,101,658.00	126	С
ALL'S FAIRE	DUKE OF YORK PICTURES, LLC	\$	6,574,504.00	\$	994,502.00	\$	748,448.00	\$ 4,831,554.00	210	
THE PENTAGON MEMORIAL	45 NORTH PRODUCTIONS, INC	\$	353,043.00	_	98,495.00	\$	-	\$ 254,898.00	14	
REGIONAL ROOTS	ONE OF US, INC	\$	90,000.00	\$	21,486.00	\$	1,194.00	\$ 67,320.00	12	
RED AND BLUE MARBLES	DON'T TREAD ON RED LLC	\$	427,606.00	\$	113,765.00	\$	90,639.00	\$ 223,202.00	73	
TUG	JUMPSTART PICTURES LLC	\$	637,352.00	\$	144,391.00	\$	197,452.00	\$ 295,509.00	47	С
VIRGIN ON BOURBON STREET	DOMAIN ENTERTAINMENT LTD	\$	3,653,507.00	\$	454,085.00	\$	264,442.00	\$ 2,934,980.00	104	
PRAYERS FOR BOBBY	PFB PRODUCTIONS LLC	\$	5,465,424.00	\$	904,157.00	\$	533,774.00	\$ 4,027,493.00	132	
COME ON OVER	ENTHUSIASTIC PRODUCTIONS LLC	\$	498,447.00	\$	50,409.00	\$	101,206.00	\$ 346,832.00	63	
WHIP IT	BABE RUTHLESS PRODUCTIONS LLC	\$	12,385,212.00	\$	2,465,390.00	\$	2,088,855.00	\$ 7,831,967.00	229	С
ROTHBURY MUSIC FESTIVAL	AEG LIVE LLC	\$	387,568.00	\$	136,173.00	\$	16,203.00	\$ 235,192.00	100	С
DEMOTED	PARALLEL THE ZONE, LLC	\$	13,158,461.00	\$	2,594,026.00	\$	224,804.00	\$ 10,339,631.00	77	
ART HOUSE	BIG AND BRIGHT PRODUCTIONS	\$	69,586.00	\$	11,978.00	\$	12,493.00	\$ 45,115.00	45	
INTENT	NEW CASTLE ENTERTAINMENT LLC	\$	1,890,934.00	\$	238,215.00	\$	18,207.00	\$ 1,640,311.00	36	
KEVORKIAN	INTENTIONAL FILMS LLC	\$	193,774.00	\$	39,239.00	\$	1,834.00	\$ 152,701.00	5	
3RD AND BIRD		HAVE NOT	Γ FILED YET							
STEAM	WEST BAY ONE INC	\$	2,926,887.00	\$	1,135,830.00	\$	59,198.00	\$ 1,731,858.00	95	
MISS JANUARY	MISS JANUARY, INC	\$	4,048,114.00	\$	1,151,426.00	\$	164,089.00	\$ 2,732,599.00	124	
OFFSPRING	MODERN OFFSPRING LLC	\$	405,404.00	\$	109,269.00	\$	62,868.00	\$ 233,267.00	45	
HIGH SCHOOL	HS FILM LLC	\$	15,195,964.00	\$	1,799,884.00	\$	1,781,340.00	\$ 11,614,740.00	140	
GIFTED HANDS		HAVE NOT FILED YET								С
HUNG	HANGMAN FILMS INC	\$	3,362,869.00	\$	656,335.00	\$	516,502.00	\$ 2,220,528.00		С
WEDDING DAY	JEAN WORLDWIDE INC	\$	1,281,784.00	\$	181,824.00	\$	232,113.00	\$ 867,847.00	47	С
BUTTERFLY EFFECT 3 REVELATIONS	FLASHBACK FILMS LLC	\$	4,433,101.00	\$	853,619.00	\$	968,845.00	\$ 2,610,637.00	105	
HORSE CRAZY	THE MEDICATION LLC	\$	144,219.00	\$	23,674.00	\$	39,875.00	\$ 80,670.00	10	
CHERRY	CHERRY MICHIGAN MOVIE LLC	\$	771,495.00	\$	362,147.00	\$	23,570.00	\$ 385,778.00	54	
WONDER PETS		HAVE NOT	Γ FILED YET							
CYRUS	LAKESHORE DRIVE ENTERTAINMENT	\$	395,819.00	\$	119,301.00	\$	69,786.00	\$ 206,732.00	17	
HEY JOSH		HAVE NOT	Γ FILED YET							С
RAISED ALONE	SOMER K PRODUCTION	\$	56,451.00	\$	17,959.00	\$	13,557.00	\$ 24,935.00	38	
AMERICA		HAVE NOT	Γ FILED YET							С
TOTALS:		\$	104,950,729.00	\$	24,455,386.00	\$	8,764,695.00	\$ 71,768,292.00		
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