



# Semi-Annual Project Report

## January 13, 2012



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## Michigan Film Office Semi-Annual Project Report – January 15, 2012

### OVERVIEW

The Michigan Film Office was created in 1979 to assist and attract incoming production companies and to promote the growth of Michigan's own film industry.

Through December 31, 2011, the Michigan Film and Digital Media Production Incentive provided qualified production companies up to a 40 percent refund across the board for Michigan expenditures with the opportunity to earn an additional 2 percent for filming in one of Michigan's 136 core communities. Up to a 30 percent refund was offered for non-Michigan below-the-line labor.

Eligible projects included motion pictures, documentaries, TV series, miniseries, interactive television, music videos, interactive games, video games, Internet programming, sound recording, digital animation and interactive websites.

The Michigan Economic Development Corporation (MEDC) Film Review Committee, comprised of senior MEDC staff including the Michigan Film Commissioner, vets all completed applications.

Using statute as a guide for approval decisions, preference is given to projects that best meet the following criteria:

1. The production is financially viable.
2. Utilization of existing infrastructure (studios, post-production facilities, equipment rental, etc.).
3. The number and wage levels of direct jobs for Michigan residents created by a production.
4. Ability to show Michigan in a positive light and promote the state as a tourist destination.
5. Magnitude of estimated expenditures in Michigan.

Through December 31, 2011, the incentive program was jointly administered by the Michigan Film Office and the Department of Treasury and all projects were required to be approved in concurrence with the State Treasurer. Beginning in 2012, projects must be approved in concurrence with the President of the Michigan Strategic Fund.

In Fiscal Year 2012 the Michigan Film Office is operating within a \$25 million annual incentive budget for new film projects using Public Act 291 of 2011 as the framework for the program.

## **PROCESS**

Through December 31, 2011 both the Michigan Department of Treasury and the Michigan Film Office, in coordination with the MEDC review committee, were required to concur on all production incentive applications in order for the agreement to be approved. Michigan has a rigorous approval process requiring projects to provide, among other things, proof of financing, budgets, Michigan hires and proposed Michigan locations to be used.

Projects must begin pre-production within 90 days of approval and must have a signed agreement in order for expenses to qualify for the incentives. Money spent before an agreement is signed does not qualify.

Increases in budgets made after the agreement is signed do not qualify for the incentives without prior authorization from the Film Office and Treasury. Productions must submit a revised budget, revised in-state and total expenditures, and request the new credits sought in order to qualify for an authorized credit increase.

Once a production is complete, it must employ an independent Michigan CPA to perform an audit of its Michigan expenditures, which is submitted with the post-production certificate and reviewed. Only after the audit is approved will the Film Office issue a post-production certificate signed by the Film Commissioner – the document that actually allows the production company to receive a credit in a specified dollar amount. For projects that applied in 2011, this signed post-production certificate must then be submitted with the project's Michigan Business Tax return.

Each approved project in 2011 is also charged a 0.5 percent redemption fee for all film-related tax credits, with proceeds going to the Michigan Film Promotion Fund to support the Michigan Film Office.

## **JANUARY 15, 2012 REPORT**

Between July 1, 2011 and December 31, 2011, 16 production companies applied for the Film and Digital Media Production Incentives. The total proposed Michigan investment by the applicants was \$235,979,047 with \$73,382,174 in credits requested. Out of the projects that applied, four projects were approved, with a total estimated Michigan investment of \$2,188,480 and \$915,162 in credits requested.

Of the remaining applications, two have been denied, three withdrew their application or provided insufficient information in their application and four projects are still pending notification of a final decision. Additionally the files for three projects were closed and the projects were notified they could reapply for 2012 funding.

Two additional projects that applied in 2010 – *Keys to the Goose* and *Chasing Jimmy* – were also approved in 2011 bringing the total to 22 projects that were approved in 2011 with \$24,764,052 in incentives being awarded on \$59,520,179 of approved production expenditures.

The Michigan Film Commissioner signed 18 post-production certificates between July 1, 2011 and December 31, 2011, with \$24,278,048 in total credits certified.

\$122,000 in redemption fees were assigned between July 1, 2011 and December 31, 2011.

Exhibit A provides a description of applications received during the previous six months, including the name of the eligible production company, the name of the project, the estimated qualifying expenditures, the requested credit, the proposed Michigan locations to be used in the film, the type of project and whether or not the project was approved.

Exhibit B provides a monthly breakdown of the post-production certificates signed by the Film Commissioner between July 1 and December 31 2011, including the total amount of credits certified and the redemption fees collected.

The numbers in these reports are based on the project's application and/or signed agreement and therefore are estimates. A project's actual numbers are only available once the audit process is complete.

Application Report - Exhibit A  
 July 1-December 31, 2011

Production Company	Project Title	Estimated Qualifying Expenditure	Credits	Locations	Description	Status
Actor? LLC	ACTOR?	\$156,000	\$62,520	Farmington Hills	Documentary	Approved
GameTime Productions, LLC	GAMETIME	\$1,187,780	\$498,868	Ann Arbor, Ferndale, Lansing, Pontiac	Feature Film	Approved
Reel Vision Films, LLC	LONG WAY TO GO	\$55,133	\$23,156	Ann Arbor, Benton Harbor, Kalamazoo, Marshall	Documentary	Closed
Mickey Matson, LLC	MICKEY MATSON & THE COPPERHEAD CONSPIRACY	\$388,400	\$162,128	Ludington, Manistee	Feature Film	Approved
W. B. Donner & Company	2011 SALES EVENT TV CAMPAIGN - CHRYSLER	\$6,331,478	\$2,639,844	N/A	Commercial	Denied
SMDEV INC	ALL-AMERICAN MUSLIM	\$946,492	\$377,517	Dearborn	TV Series	Insufficient/Withdrawn
Iron Works Productions III LLC	IRON MAN 3	\$102,100,000	\$33,700,000	Pontiac	Feature Film	Insufficient/Withdrawn
One of Us Inc.	REIMAGINING DETROIT	\$76,475	\$31,100	Detroit, Flint, Kalamazoo	Demo	Closed
Nu Trend Productions LLC	ANYTHING IS POSSIBLE	\$263,000	\$226,125	Detroit, Ecorse, Superior Twp.	Feature Film	Closed
RBKC Inc	THE RUSTY BUCKET KIDS: THOMAS EDISON	\$65,000	\$27,300	Crossroads Village, Port Huron	TV Series	Pending
Twentieth Century Fox Film Corporation	UNTITLED FOX - DREAMWORKS	\$90,172,168	\$24,346,485	Pontiac	Feature Film	Insufficient/Withdrawn
W. B. Donner & Company	2011 SALES EVENT TV CAMPAIGN - CHRYSLER	\$6,342,971	\$2,644,671	N/A	Commercial	Denied
Morton Jankel Zander, Inc	DELTA AIRLINES "LINES"	\$230,366	\$96,753	N/A	Commercial	Pending
Soup J Productions, LLC	ARIEL & ZOEY & ELI, TOO - season 3	\$456,300	\$191,646	Ann Arbor, Livonia	TV Series	Approved
Tar Films, LLC	TAR	\$100,000	\$70,000	Detroit	Feature Film	Pending
Cadillac Way Productions, LLC	CADILLAC HIGH	\$27,107,484	\$8,284,061	Cadillac, Pontiac	Feature Film	Pending
		\$235,979,047	\$73,382,174			

**Post-Production Certificates - Exhibit B**

**July 1 - December 31, 2011**

Month	Number of PPC's Signed	Credit's Certified	Redemption Fee (.05%)
July	4	\$3,736,525	\$18,777
August	4	\$2,941,060	\$14,779
September	5	\$16,726,156	\$84,051
October	2	\$184,019	\$925
November	1	\$66,892	\$336
December	2	\$623,396	\$3,132
	18	\$24,278,048	\$122,000