



WELCOME

2010 TAMPA BAY AREA
STATE OF THE
INDUSTRY MEETING



FILM COMMISSION



Film Commission · FloridasBeachFilm.com

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Tampa Museum of Art



www.filmflorida.org



INTERCONTINENTAL.
TAMPA

The Incentive

- Program Administered by The Office of Film & Entertainment (OFE)
- \$242 million in transferable tax credits over 5 years
- \$53.5 million transferable tax credits authorized for the 2010/2011 fiscal year
- 20% - 30% transferable tax credit
 - 20% base percentage
 - 5% Off Season Bonus
 - 5% Family Friendly Bonus
- The priority for qualifying/certifying projects for tax credit awards is determined on a first-come, first-served basis within its appropriate queue.



Three separate queues based on project type/budget:

1. General Production Queue (94%)
2. Commercial and Music Video Queue(3%)
3. Independent & Emerging Media Production Queue (3%)



General Production Queue (94%)

- Eligible productions: films, TV, documentaries, digital media projects, commercials and music videos
- \$50,290,000 in tax credits available
- Minimum spend: \$625,000
- Maximum incentive reward: \$8,000,000



Commercial and Music Video Queue(3%)

- \$1,605,000 in tax credits available
- Minimum spend: \$100,000 per commercial or music video
- *After* a production company produces national or regional commercials, music videos, or both and reaches the threshold of \$500,000, it is eligible to apply (*can bundle projects*)
- Maximum incentive reward: \$500,000



Independent & Emerging Media Production Queue(3%)

- Eligible: films, TV, documentaries, digital media projects
- \$1,605,000 in tax credits available
- Minimum spend: \$100,000
- Maximum spend: \$625,000
- Maximum incentive reward: \$125,000



Bonuses or Add-On Features

- An off-season certified production that is a feature film, independent film, or TV series or pilot is eligible for an additional 5% tax credit
- A certified theatrical or direct-to-video motion picture production or video game determined by the Film Commissioner with the advice of the Florida Film and Entertainment Advisory Council, to be family-friendly, based on the review of the script and the review of the final release version, is eligible for an additional tax credit equal to 5% of its actual qualified expenditures
- Qualified high-impact television series (min \$625,000 per episode with an order of at least 7 episodes per season) have priority for tax credits awards not yet certified
- Min 50% production cast and below-the-line production crew must be legal Florida residents on all qualified/certified projects (except digital media projects)
- Min 75% positions must be legal Florida residents on digital media projects
- Qualified production expenditures include pre-production, production and post-production but exclude costs for development, marketing, and distribution



Florida Application Process

- Only projects with a principal photography or project start date within 180 days of the application date will be accepted (principal photography or project start date must be July 1, 2010 or later to qualify)
- June 9, 2010 (*starting at 12:00 pm EST*) is the first day the OFE will accept applications for the **2010/2011** fiscal year
- Applications are to be submitted electronically



First Come First Serve

- The submitted application form must be complete in order to secure a position in the appropriate queue for certification
- By 5 pm EST the following business day the OFE must be in receipt of all required supporting schedules and documents (hard copy and electronic version on disc) in order to be considered completed.
- Please note: a hard copy of the completed application with original signatures is required. Supporting schedules/documents will only be accepted by an overnight delivery service (*ex: FedEx, UPS, US mail*). NO HAND DELIVERY.



Qualification & Certification

- Applications will be reviewed, qualified, certified or denied within 20 business days of receipt
- If all tax credits in the queue are certified to other productions, subsequent qualified productions will be placed on a “wait list”
- If tax credits are returned to a particular queue (final project audits are less than original certified amounts, projects dropping out) they will go to the next project on the wait list
- Once a production starts principal photography or a project starts it can not be certified for any additional tax credits
- Once a qualified production starts principal photography or a project starts without being certified, it will be removed from the wait list



Non-Qualifying Projects

- Pornographic
- Weather or Marketing
- Sports Events
- Sport Shows
- Galas
- Home Shopping
- Political Programs
- Solicitation
- Political Documentary
- Political Ads
- Gambling Related
- Concerts
- Current Event/Affairs
- Local
- Regional
- Internet Only News



Qualified Expenditures

- Goods purchased or leased from, or services provided by, a vendor or supplier in this state which is registered with the Department of State or the Department of Revenue, has a physical location in this state, and employs one or more legal residents of this state
- Payments to residents of this state in the form of salary, wages or other compensation (fringes) up to a maximum of \$400,000 per resident
- Only pre-production, production and post production expenditures can be qualified expenditures. Costs associated with development, marketing, or distribution are not qualified expenditures
- For a qualified production involving an event, such as an awards show, the term 'qualified expenditures' excludes expenditures solely associated with the event itself and not directly required by the production



Qualified Expenditures

- Up to \$300,000 of the costs of newly purchased computer software and hardware unique to the project, including servers, data processing, and visualization technologies, which are located in and used exclusively in the state for the production of digital media
- Expenditures made prior to certification by The Office of Tourism Trade & Economic Development (OTTED) can not be considered qualified expenditures, with the exception of the pickup of additional episodes of a television series within a single season
- Only NET expenditures paid to Florida vendors and wages/salaries paid to Florida residents are qualified expenses
- Out of state equipment, payroll or services are not qualified expenditures



Obtaining and Using Credit

- Once all qualified expenditures have been made by the certified production, it must hire a third-party Florida-based Certified Public Accountant (CPA) of the production's choosing, at the production's expense, to verify its qualified expenditures
- Once all expenses are verified by the CPA, the CPA's verification report and copies of all supporting documents (including the Final Signed Summary Statement document available online or by request) shall be submitted to OFE
- The tax credit award amount is based on the final qualified Florida expenditures associated with wages of legal Florida residents and products and services purchased from Florida businesses and vendors
- The final tax credit award amount may not exceed the original certified tax credit award



Obtaining and Using Credit

- Tax credits may not be claimed against any tax liability for any tax period beginning before July 1, 2011
- The tax credits may be applied against sales and use tax (FS chapter 212), corporate income tax (FS chapter 220) or a combination of the two, or may elect to transfer
- The certified production company may transfer/carry forward tax credits up to 5 years



Marketing Requirements

- The on-screen end credits, must include the following:
 - Official Incentive Recipient End Credit Logo provided by the OFE
 - Acknowledgement language as specified below:

Filmed in Florida using Florida's Entertainment Industry Financial Incentive



Transferring the Credits

- Get brokers/placement agents involved early (via sellers agreement).
- Do your research and always ask for references.
 - A reputable firm should supply these immediately upon request
- Ask around to get an idea of what the market is in that particular state.
 - FL market should be competitive with other AAA states
- Make sure you receive a fully transparent purchase agreement outlining full details of the transfer.



Marketability of Transferable Credit

- Amount of Credits Available for Purchase
- Allowable Offset
- Recapture Provisions
 - Audit Procedures
- Carry-forward
- Amount of Corporate Tax Liability
- State Buy Back Provision
 - MA .90, LA .85
 - FL .90 proposed



Financing Using the Incentive

- Two common ways producers use the anticipated incentive for financing
 - Prefunding: using the anticipated credit as collateral for the final piece of your financing
 - Bridge Loan: generally right before or right after the final app is filed with state, the production company will use the credit as collateral for a bridge till payout.



Prefunding Requirements

- Pre-qualification, if necessary (PA,NJ, CT, LA, FL etc)
- Sellers Agreement with broker
- Budget and Cash Flow Schedule
- Completion bond
- Purchase agreement
 - Between production co, broker, and purchaser
- Audit Company involved, even if not necessary (GA, RI)
- Financing Details: If the bank is getting involved early, they will most likely want the picture to be fully or near-fully funded. AND of course THEY want rights to the credits/incentive

Bridge Loan

- Pre-qualification, if necessary (PA, NJ, CT, LA, and FL, etc)
- Purchase agreement
 - Between production co, broker, and purchaser
- Audit Report, even if not necessary (GA, RI)
- Final App filed with the state
- Financing Details: proof that said producer has ownership rights to the anticipated credits

Office of Film & Entertainment

More details can be found on www.filminflorida.com

- All Relevant Documentation
- Sample Applications
- Sample Budget
- Program Regulations
- Timeline
- Frequently Asked Questions





**THANK
YOU!**

