

## MI Governor Signs SB569 - Applications to be accepted after Jan 1

Written by Mark Adler

Wednesday, 21 December 2011 17:34 - Last Updated Friday, 03 February 2012 16:20

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Snyder signs new film incentive program, battery production tax credit into law Wednesday, Dec. 21, 2011

LANSING, Mich. - Gov. Rick Snyder on Wednesday signed legislation that will help the advanced battery manufacturing and film industries grow while ensuring that economic development incentives awarded by the state are used to create jobs.

"The goal of these changes is to make sure that economic incentives result in job creation," Snyder said.

Senate Bill 569, sponsored by Senate Majority Leader Randy Richardville, replaces film credits that are currently hidden in the tax code with a \$25 million budget appropriation for the new Film and Digital Media Production Assistance Program, which the Michigan Film Office will run. To qualify for funding, an eligible production company must have direct production expenditures and/or Michigan personnel expenditures of at least \$100,000.

Under the new legislation, the Michigan Film Office must also create a publicly available performance dashboard, which will include specific measures including the amount of each incentive dispersed for each state-certified qualified production.

Gov. Snyder today also signed S.B. 855, sponsored by state Sen. Mike Kowall, which authorizes the Michigan Economic Growth Authority (MEGA) to enter into agreements to provide incentives for the construction of advanced battery manufacturing facilities, but scales back the amount of incentives that can be offered and requires jobs to be created in order for companies to receive the incentives.

"As we work to bring new investment and create jobs, it is vital that we leverage Michigan's rich and varied asset base," said MEDC President and CEO Michael A. Finney. "The advanced battery and film production sectors offer significant opportunities to take advantage of our high quality talent. These credits will enable us to continue to attract major projects in both sectors within a targeted and fiscally responsible framework."

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S.B. 569 and 855 are now Public Acts 291 and 292 of 2011.

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### In A Nutshell Cash Incentive Program

#### SB 569

- To be eligible, projects must have expenditures of \$100,000 or more.
- Percentages
  1. 27% of direct production expenditures (goods and services purchased in the state)
  2. Michigan Personnel Expenditures (resident above and below the line)
    - 32% through January 1, 2015
    - 27% after January 1, 2015
- 1. Crew Personnel Expenditures (non-resident below the line)

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- 25% through January 1, 2013 (2012)
- 20% through January 1, 2014 (2013)
- 15% through January 1, 2015 (2014)
- 10% after January 1, 2015 (2015 and beyond)

### 1. Qualified Personnel Expenditures (non-resident above the line)

- 27% through January 1, 2015
- 12% after January 1, 2015

#### 1. 3% for expenditures at a qualified facility or postproduction facility

2. Payments for MI producers shall not exceed 10% of expenditures, 5% for non-MI producers

- Not less than 5% of the funding awarded shall be awarded for postproduction expenditures for qualified productions.

- Application fee equal to .2% of the funding request (minimum \$200, max \$5,000).

### REFUNDABLE

- The Film Office must process the application within 21 days after the application is complete as determined by the office.

- Participants receiving production assistance funds will be required to include an acknowledgement provided by the Michigan Film Office that promotes the Pure Michigan tourism campaign or any successor campaign.

- Funding may be reallocated at the end of each fiscal year from unclaimed certificates of completion.

- For interactive games, eligible production company need not possess ownership or legal control of intellectual property rights.

- A television show may submit an application for no more than two successive seasons, notwithstanding the fact that the successive seasons have not been ordered.

- The Michigan Film Office must disclose the identity and amount of all gifts, grants and other donations on its website.

- The Film Office must submit a quarterly status report to the Legislature.

- Commercials are not eligible.

- Sunsets September 30, 2017.

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