



## THE NEW FLORIDA ENTERTAINMENT INDUSTRY FINANCIAL INCENTIVE PROGRAM: OVERVIEW & HIGHLIGHTS

The Entertainment Industry Financial Incentive program is created within the Office of Film and Entertainment (OFE). The purpose of this program is to encourage the use of this state as a site for filming, for the digital production of films, and to develop and sustain the workforce and infrastructure for film, digital media, and entertainment production.

### TAX CREDIT AWARD ELIGIBILITY BY PROJECT TYPE:

PROJECT TYPE	20% BASE AWARD	5% OFF SEASON BONUS	5% FAMILY FRIENDLY BONUS
Theatrical Motion Pictures	\$	\$	\$
Direct-to-Video Motion Pictures	\$	\$	\$
Visual Effects/Digital Animation Sequences produced in conjunction with a motion picture	\$		
Documentary Films	\$		
Industrial or Educational Films	\$		
Made-for-Television Motion Pictures	\$		
Television Pilot Programs	\$	\$	
Television Series Including:	\$	\$	
Dramas	\$	\$	
Reality shows	\$	\$	
Comedies	\$	\$	
Soap Operas	\$	\$	
Telenovelas	\$	\$	
Game Shows	\$	\$	
Awards Shows	\$	\$	
Miniseries	\$	\$	
Digital Media Projects	\$		
Video games	\$		\$
Commercials	\$		
Infomercials	\$		
Music Videos	\$		

### INELIGIBLE PROJECTS:

Pornographic productions, weather or market programs, sporting events, sports shows, galas, productions that solicit funds, home shopping programs, political programs, political documentaries, political advertisements, gambling-related projects or productions, concert productions, current-events or current affairs shows, local, and regional or internet-only distributed news shows

## PROGRAM HIGHLIGHTS:

- **5 year - \$242 million transferable tax credit**
- **\$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
- Three separate queues based on project type/budget:
  - 1. General Production Queue**
    - 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
  - 2. Commercial and Music Video Queue**
    - \$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
  - 3. Independent & Emerging Media Production Queue**
    - 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
- **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** on actual qualified expenditures
- 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
- Qualified projects must be certified (*tax credits allocated to project*) prior to principal photography or project start date (*not applicable to qualified projects in the commercial and music video queue*)
- 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

## 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 (*details forthcoming*)

- The priority for qualifying/certifying projects for tax credit awards is determined on a first-come, first-served basis within its appropriate queue.
- **After** a qualified production company produces national or regional commercials, music videos, or both and reaches the threshold of \$500,000, it is eligible to apply for certification for a tax credit award
- 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 complete. 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. Please see the list of required documents below.**

**REQUIRED DOCUMENTS:**

REQUIRED DOCUMENTS LIST	FILMS/ DOCUMENTARY	TELEVISION PROJECT	DIGITAL MEDIA	VISUAL EFFECTS	DIGITAL ANIMATION	COMMERCIALS/ MUSIC VIDEOS
Florida Qualified Expenditures Budget	X	X	X	X	X	X
Script or Story Boards	X	X	X	X	X	X
Synopsis	X	X	X	X	X	
Shooting Schedule or copy of Production Board	X	X				X
Day Out Of Days ( Actor Work Detail) if applicable	X					
Production Schedule (animated productions)					X	
Production Calendar (TV Series)		X				
Project's Production Schedule (digital media projects)			X			
Shot List (visual effects)				X		
Expected Completion Date (visual effects)				X		
Request for Confidentiality (OPTIONAL)	X	X	X	X	X	X
Supplemental application for <b>each</b> commercial/music video						X
Daily Call Sheets for <b>each</b> commercial/music video						X
Crew list for <b>each</b> commercial/music video						X
Production Stills, Posters if applicable						X
DVD of <b>each</b> finished commercial and/or music video						X

## QUALIFICATION & CERTIFICATION PROCESS:

- 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
- A qualified production partially certified shall have priority for tax credits that become available in its queue
- 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

## 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
- 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 & USING YOUR TAX 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
- 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
- At the time the final tax credit is awarded by the OFE, the certified applicant **MUST** make an irrevocable election to apply the credit against taxes due under chapter 220, against state taxes

collected or accrued under chapter 212, or against a stated combination of the two taxes (*the election is binding upon any distributee, successor, transferee or purchaser*)

- Transferee is subject to the same rights and limitations as the certified production company awarded the tax credit, **EXCEPT** the transferee may not sell or otherwise transfer the tax credit
- The certified production company may transfer/carry forward tax credits up to 5 years from the date the credit is awarded after which the credit expires and may not be used
- The certified production company may apply tax credits against sales and use tax (chapter 212) or transfer them one time to one transferee
- The certified production company may apply tax credits towards corporate income tax (chapter 220) or transfer them one time to no more than 4 transferees within the same taxable year
- A qualified production company that is not a corporation as defined in s.220.03 may elect to distribute tax credits awarded to its partners or members in proportion to their respective distributive income or loss in the taxable year in which the tax credits were awarded
- Tax credits may succeed to a surviving or acquiring entity and are subject to the same conditions and limitations as the original certified production company. However, they may not be transferred again by the surviving or acquiring entity
- Surviving or acquiring entity may not sell or otherwise transfer the tax credit

### **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:

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- The production agrees to provide five (5) different high resolution still production photos in a digital format to the OFE before public distribution of the production, with rights cleared for Florida's promotional use only
- The production agrees to provide three (3) copies of the full-size poster for the production to the OFE before public distribution of the production. If none are created, two copies of other marketing materials shall be provided
- The production agrees to provide one (1) copy of the EPK for the production at the time it is made available to the press, if one is created
- The production agrees to include a 30-second "Visit Florida" promotional video on all optical disc formats of a film, unless such placement is prohibited by licensing or other contractual obligations
- The production shall supply three (3) DVD copies of the final released version of the production to the OFE

### **WITHDRAWAL OF ELIGIBILITY:**

- If principal photography or production started in Florida before the applicant became designated as a qualified or certified production by OTTED the applicant is no longer eligible
- Certified projects must start within 45 calendar days before or after the production's principal photography or project start date as listed in the application or lose certification
- If a production determines it must delay its original principal photography or project start date, it must notify the OFE in writing no later than 30 calendar days prior to the original principal photography or project start date and provide proof of financing dedicated to the production equal to or greater than its approved qualified expenditures in a form acceptable to the OFE
- Providing such proof of financing will allow your certified or qualified project access to an additional 45-day window to start project. Not doing so may forfeit your incentive certification
- OTTED may revoke or modify any written decision qualifying, certifying or otherwise granting eligibility for tax credits if it is discovered that the tax credit applicant submitted any false

statement, representation or certification in any application, record, report, plan or other document filed in an attempt to receive tax credits

- A project not agreeing to the terms and conditions of the contract will forfeit its certification
- Failure to meet the spending and threshold requirements of their queue will forfeit certification
- Failure to provide documentation requested by the OFE will forfeit certification
- Including pornographic or obscene content, as defined by Florida's Supreme Court will forfeit certification
- Applicants must comply with all existing Labor, Employment, Immigration and Internal Revenue laws and regulations. Failure to comply will forfeit certification.