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Senate Bill 796 (as introduced 9-9-09)
Sponsor: Senator Nancy Cassis
Committee: Finance

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CONTENT

The bill would amend the Michigan Business Tax (MBT) Act to do the following in regard to the tax credit that an eligible production company may receive for production expenditures:

- **Delete provisions under which information submitted by a production company to the Michigan Film Office is confidential.**
- **Require the Film Office to post on its website a quarterly report regarding production companies' tax credits.**
- **Require a production company's credit agreement to include information about other State or local assistance the company received.**
- **Expand the information that must be included in the Film Office's annual report.**
- **Require the Treasury Department to forward copies of postproduction certificates of completion to the Governor, the president of the Michigan Strategic Fund, and the chairpersons of the Senate Finance Committee and the House Tax Policy Committee.**

The Act authorizes the Film Office, in the Michigan Strategic Fund, to enter into agreements with eligible production companies for a refundable MBT or income tax credit. (An eligible production company is an entity in the business of producing "qualified productions", such as motion pictures, television series, music videos, video games, commercials, and digital animation.) To qualify for the credit, a production company must spend at least \$50,000 in Michigan for the development, preproduction, production, and postproduction costs of a State-certified qualified production. The amount of a credit is equal to 42% of direct production expenditures for a qualified production in a "core community", 40% of those expenses for a qualified production elsewhere, and 30% for qualified personnel expenditures.

Confidentiality; Posting of Information

Currently, the disclosure requirements of the Freedom of Information Act do not apply to information, records, or other data received, prepared, used, or retained by the Michigan Film Office that are submitted by an eligible production company and considered by the taxpayer, and acknowledged by the Film Office, to be confidential. Information, records, or other data may be considered confidential only to the extent that they describe the company's commercial and financial operations or intellectual property, the information or records have not been publicly disseminated at any time, and disclosure may put the company at a competitive disadvantage.

The bill would delete those provisions.

The bill would require the Film Office, on the first of January, April, July, and October each year, to make a detailed quarterly report available on its website. The report would have to contain the number of applications received for a credit in the immediately preceding quarter and the cumulative total for that year, including the name of the eligible production company that submitted an application and a brief description of the proposed qualified production, including the locations in this State to be used in the production and the proposed amount of money to be spent by the company to produce the qualified production in Michigan.

The report also would have to include at least all of the following for the immediately preceding quarter and the cumulative total for the year:

- The number of applications approved.
- The number of postproduction certificates of completion issued.
- The actual amount of refundable credits allowed.

Credit Agreement

The MBT Act allows an eligible production company intending to produce a qualified production in Michigan to apply to the Film Office for an agreement providing the company with a tax credit. If the Film Office, with the concurrence of the State Treasurer, determines to enter into an agreement with the production company, the agreement must provide for specific requirements and statements.

The bill also would require an agreement to include a statement identifying any other State or local government assistance being received or anticipated to be received by the company in relation to the qualified production that the company intends to produce in Michigan.

Annual Report

The Act requires the Film Office, by March 1 each year, to submit an annual report to the Governor, the president of the Michigan Strategic Fund, chairperson of the Senate Finance Committee, and the chairperson of the House Tax Policy Committee. The report must contain specified information, including an estimate of the number of people employed in the State by eligible production companies that qualified for the credit in the immediately preceding year. Under the bill, the report would have to include the number of people employed, rather than an estimate of that number, as well as a breakdown of those jobs classified as full-time or part-time and how many of the people employed were residents of the State.

The bill also would require the report to include the amount of other State and local assistance provided to eligible production companies in addition to the tax credit.

Postproduction Certificate of Completion

Under the Act, if the Film Office determines that an eligible production company has complied with the terms of its agreement, the Office must issue a postproduction certificate of completion to the company. The company then must submit the certificate of completion to the Department of Treasury.

The bill would require the Department to forward a copy of each postproduction certificate of completion it received to the Governor, the president of the Michigan Strategic Fund, the chairperson of the Senate Finance Committee, and the chairperson of the House Tax Policy Committee.

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

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