Legislative Analysis

FILM AND DIGITAL MEDIA INCOME TAX CREDIT PROGRAM

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House Bill 4907 as reported from committee
Sponsor: Rep. Jason Hoskins

House Bill 4908 as reported from committee
Sponsor: Rep. John R. Roth

Committee: Economic Development and Small Business
Revised 9-4-24

SUMMARY:

House Bills 4907 and 4908 would amend the Michigan Strategic Fund Act and the Income Tax Act, respectively, to create a transferrable income tax credit administered by the Michigan Film and Digital Media Office that would be available to companies that produce ***qualified productions*** in Michigan. The new program would repeal and replace the former Film and Digital Media Production Incentive, which was eliminated in 2015 (see **Background**, below). The bills are tie-barred together, meaning that neither can take effect unless both are enacted.

Qualified production would mean single media or multimedia content created wholly or partially in Michigan for distribution or exhibition by any means and media in any digital format, film, or videotape.[1] It would *not* include any of the following:

- A production containing sexually explicit conduct for which age-verification records are required by federal law.
- A production that includes obscene matter or an obscene performance.
- A production that primarily consists of televised news, current events, a live sporting event, or political advertising.
- A weather show or financial market report.
- A radio program or talk show.
- A game show or an unscripted reality production that is not a commercial.
- An awards show or other gala event production.
- A production with the primary purpose of fundraising.

House Bill 4907 would amend the Michigan Strategic Fund Act to authorize the Michigan Film and Digital Media Office to exercise its duties and responsibilities under sections 285 and 677 of the Income Tax Act, the sections that would be added by HB 4908 to create the film and digital media tax credit program.

The Michigan Film and Digital Media Office (MFDMO) is led by a governor-appointed Michigan Film Commissioner and is authorized by the Michigan Strategic Fund Act to provide

[1] A qualified production would include, but not be limited to, a motion picture, documentary, television production, music video, advertisement, commercial photography production, web-based content, and animation.

several services pertaining to film, digital media, and television.[2] Under the bill, the office would instead provide services specifically related to films, television, commercials, corporate videos, commercial photography, and digital media, and the Michigan Strategic Fund would be responsible for appointing the Michigan Film Commissioner.

The Michigan Film Commissioner could promulgate rules as necessary to administer the program, and the MFDMO would be able to do all of the following:

- Prescribe forms for applications, notifications, contracts, and other agreements.
- Accept applications, determine eligibility, and issue qualified production certificates for tax credits for ten years after the program goes into effect.
- Work with ***applicants***, ***qualified Michigan vendors***, and other vendors to ensure that all qualified personal expenditures and qualified production expenditures eligible for the proposed tax credit are paid.
- Assist applicants to promote, foster, and support qualified productions and related job creation or retention in Michigan.
- Subject to appropriation, employ sufficient personnel for the administration, operation, and support of the tax credit program and to discharge its duties and responsibilities under the Michigan Strategic Fund Act and the Income Tax Act.
- Require an applicant to keep proper books of record and accounts.
- Require books, records, and other documents related to a qualified production that are in the custody or control of an applicant to be open to reasonable inspection by the MFDMO for at least one year after the completion of a certified public accountant's determination of and attestation to the production's qualified expenditures.
- Take any necessary or appropriate actions to protect the interest of the state in the event of bankruptcy, default, foreclosure, or noncompliance with the terms and conditions of the tax credit program or any agreement or contract under the program.

  Applicant would mean a taxpayer that is engaged in the business of producing qualified productions and that owns the copyright to a production during the ***production period***, or that is authorized by or has a contract with another entity or copyright holder engaged in the business of producing qualified productions. It would not include an entity that is more than 30% owned, affiliated, or controlled by an entity or individual that is in default on a loan made or guaranteed by Michigan or any other state.

  Production period would mean the period between the greenlighting of a qualified production and its completion, including preproduction, production, and postproduction. It would not, however, include the time to develop or acquire rights to produce the project or the time to market, promote, or distribute the production.

  Qualified Michigan vendor would mean a business that meets all of the following requirements:

  - It has commercial domicile or is incorporated or registered to do business in Michigan prior to commencing work on the qualified production.
  - The vendor has at least one physical location in Michigan.

[2] Currently, the list of services the MFDMO is authorized to provide includes scouting potential filming locations and escorting producers on location scouting trips. House Bill 4907 would remove these provisions.

- The vendor has been doing business for at least six months before the date of the accredited production certificate (as provided for by House Bill 4908) and is subject to taxation under the Income Tax Act, the General Property Tax Act, and the General Sales Tax Act.
- If the vendor sells or rents equipment, it maintains inventory in Michigan on a continuous basis and has at least one full-time employee in the state.

In connection with the tax credit program, the MFDMO also could gather information and conduct inquiries as it considers appropriate, including information for the purpose of making designations or certifications, information to assist with any recommendations or guidance in furtherance of the purposes of the tax credit program, and financial reports or other records relating to the applicant or qualified production. Upon written request, the MFDMO could require applicants to issue any necessary authorization to the appropriate federal, state, or local authority for the release of the information.

Finally, the bill would repeal the previous Film and Digital Media Production Assistance Program.

MCL 125.2029 et seq.

House Bill 4908 would amend the Income Tax Act to provide an income tax credit for certain expenditures incurred in Michigan for qualified productions. The bill would add two sections to the act—one to Part 1, which deals with the individual income tax, and one to Part 2, which addresses the corporate income tax. The credits would be available for ten years, beginning when the bill takes effect, and would be claimed after all other tax credits under Part 1 or Part 2, as applicable.

The bill would allow the Michigan Film and Digital Media Office to approve a credit against the individual or corporate income tax for a ***state-certified qualified production*** for the following amounts:

- 30% of the ***qualified production expenditures*** if the proposed production includes approved logos[3] or an approved alternative marketing mechanism.
- 25% of the qualified production expenditures if the proposed production does *not* include approved logos or an approved alternative marketing mechanism.
- 30% of the ***qualified personnel expenditures*** attributable to employees who are Michigan residents at the time the applicant begins work on the production.
- 20% of the qualified personnel expenditures attributable to employees who are *not* Michigan residents.
- 10% of the ***qualified probationary Michigan vendor*** expenditures that would have been qualified production expenditures if the vendor was a qualified Michigan vendor.

State-certified qualified production would mean a qualified production that has been issued a tax credit certificate by the MFDMO.

[3] These logos would be the MFDMO-approved "Filmed in Michigan," "Pure Michigan," "Michigan Film Industry Association," and "Michigan Film & Digital Media Office" logos.

Qualified production expenditure would mean an expenditure made in Michigan during the production period to a qualified Michigan vendor that is directly attributable to a qualified production and is subject to taxation in Michigan, including any of the following:

- Rental or use of facilities or equipment, location fees, and any related services and materials to the extent that the tangible assets are used in Michigan for the qualified production.
- Use of vehicles and fuel costs for transportation in Michigan, including chartered aircraft based in Michigan, that are directly attributable to the production of a qualified production. The chartering of aircraft for transportation outside of Michigan would not qualify, and the costs attributable to in-state chartered aircraft would be limited to two round-trip fares per individual for each production.
- Commercial airfare for domestic travel to, from, or within Michigan that is directly attributable to the production or distribution of a qualified production. Commercial airfare expenditures would be limited to two round-trip fares per individual for each production.
- Insurance coverage or bonding if purchased from a Michigan-based insurance agent.
- Postproduction costs directly related to the qualified production during the production period, including animation, dailies, editing, sound recording or editing, special or visual effects, scoring, beginning and end credits, and dubbing and subtitling.
- Stock footage or stock music.
- Expenditures made to purchase, lease, or use tangible personal property during the production period or to acquire services performed in Michigan that are directly attributable to the production.

A qualified production expenditure would *not* include any pass-through transactions or purchases made from a qualified Michigan vendor for any goods or services that are not within the vendor's ordinary course of business. It also would not include an expenditure related to the acquisition or licensing of content used in the production or the purchase of tangible assets if the assets retain residual value or are not fully consumed by the qualified production during the production period.

Qualified probationary Michigan vendor would mean a Michigan vendor that would be a qualified Michigan vendor except that the vendor has been doing business in Michigan for less than six months before the date of the accredited production certificate and, if that vendor is engaged in the business of selling or renting equipment, it does not have at least one full-time employee in Michigan.

Qualified personnel expenditures would mean payments and compensation of up to $500,000 for each employee per qualified production project who performs services in Michigan that are directly attributable to the qualified production, including payment of wages subject to the Income Tax Act's withholding requirements and payments to a ***loan out company*** if it has complied with those withholding requirements for each employee who performs services in Michigan directly attributable to the production.

Loan out company would mean a personal service corporation[4] or another entity contracted with by the applicant to provide specified individual personnel (such as artists, crew, directors, or producers) for services that are directly in a qualified production. (It would *not* include an entity contracted with to provide goods or ancillary services for a production, such as catering, construction, trailers, equipment, or transportation.)

The MFDMO could approve an additional 5% for each of the amounts listed above if the applicant has qualified production expenditures or qualified probationary Michigan vendor expenditures that are attributable to a qualified Michigan vendor that is a certified minority- or woman-owned business, a certified business owned by persons with disabilities, or a veteran-owned business.[5] The office could also approve an additional 5% credit if an applicant has qualified personnel expenditures attributable to employees who are members of a minority, disabled, or veterans.

For commercial photography productions or productions that are under 20 minutes in duration, the total amount of credits awarded by the MFDMO could not exceed $25.0 million for each of the first three years, $50.0 million for each of the next three years, and $75.0 million for each of the final four years. For qualified productions that are at least 20 minutes in duration, the annual cap would be $100.0 million for the first three years, $150.0 million for the next three years, and $200.0 million for the final four years.

A single applicant could not receive a credit worth more than 20% of the annual cap unless the MFDMO decides that a greater amount would be in the best economic interest of the state.

Applications

Applicants would be required to submit an application to the MFDMO that includes a detailed description of the proposed production and an estimate of the production's qualified production expenditures, qualified probationary Michigan vendor expenditures, and qualified personnel expenditures, in addition to any additional requested records or information.

Applicants would also have to pay a nonrefundable application fee to the MFDMO, which would be $1,000 for a production under 20 minutes in duration and $2,000 for a production 20 minutes or longer. The fees would be deposited in the Michigan Film Promotion Fund.

If the MFDMO receives an incomplete application, it would have to notify the applicant within two days to describe the deficiency and request that additional information be submitted within 30 days. The office could not process or approve an application until it is complete.

Completed applications would have to be considered in the order received. The MFDMO would have seven days to approve or deny a completed application for a proposed qualified production that is at least 20 minutes in duration and two days to approve or deny a completed

[4] ***Personal service corporation*** would mean that term as defined under section 269A of the Internal Revenue Code: https://www.govinfo.gov/content/pkg/USCODE-1998-title26/pdf/USCODE-1998-title26-chap1-subchapB-partIX-sec269A.pdf. It would also include any other entity, such as a sole proprietorship or independent contractor, that meets the principal activity and ownership requirements.

[5] Veteran owned business would mean a business enterprise where veterans own, control, and operate more than 50% of the voting shares and where more than 50% of the business's net profit or loss accrues to shareholders who are veterans.

application for a production that is under 20 minutes in duration or for a commercial photography production. The MFDMO could not consider an application received fewer than seven days before the beginning of production for a project that is at least 20 minutes in duration, or fewer than two days before the beginning of production for a project under 20 minutes in duration.[6]

The MFDMO would have to consider the overall annual cap and the following information in determining whether to approve an application:

- If the production has verified financing.
- If the applicant expects to spend at least $300,000 in Michigan during production for a project that is at least 20 minutes in duration.
- If the applicant expects to spend at least $50,000 in Michigan during production for a project that is under 20 minutes in duration or that is a commercial photography project.
- If the applicant or its owning or controlling entity is delinquent in any state taxes or other obligations.
- If the applicant intends to begin work on the production within 90 days after the application is approved and an accredited production certificate is granted.

If the MFDMO approves an application, it would have to provide applicants with an accredited production certificate (APC) that certifies the proposed production as a qualified production and that includes the following:

- A requirement that the applicant begin work in Michigan on the production within 90 days. (An applicant could request an extension of up to 90 additional days based on good cause, and the MFDMO could not unreasonably deny the request.)
- A statement that identifies the applicant and the production
- A unique number assigned to the production.
- A requirement that the production cannot depict obscene matter or an obscene performance.
- A requirement that the applicant grant preference to qualified Michigan vendors and residents.
- A requirement that the applicant provide the MFDMO with any information and independent certification that the MFDMO and Department of Treasury determine are necessary to verify qualified expenditures and credit eligibility.

If the MFDMO does not receive enough applications to award the maximum total credit amount for that year, the remaining amount would carry forward and be available for the next calendar year in addition to that year's annual cap.

Tax credit certificate

Within two years of completing the qualified production, the applicant would have to submit a request to the MFDMO for a tax credit certificate with an itemized statement of the qualified production expenditures, qualified probationary Michigan vendor expenditures, and qualified personnel expenditures for the production. The applicant would also be required to provide the MFDMO with an independent certified public accountant's report that determines and attests

[6] For the purposes of the credit, work would be considered to commence on the date that filming, taping, photographing, or other digital capturing for the production begins, including any necessary preparation activity. The commence work date of an animated production would be the date the artwork that is to be used in the actual frames of the production begins.

to the amount of the production's qualified expenditures, in addition to any other information or independent certification required by the MFDMO to verity the expenditures and calculate the amount of the credit.[7] The MFDMO would have to verify the report and notify the Department of Treasury of the amount of the credit to be awarded no more than 60 days after receiving the necessary information.

After verifying the amount of the credit and determining that the applicant has complied with the terms of the APC, the MFDMO would have to issue a tax credit certificate (TCC)[8] to the applicant within 15 days. The office would not have to issue a TCC until it is satisfied that all qualified expenditures and eligibility are adequately established. Each certificate would have to include the following:

- The Michigan Film Commissioner's signature.
- The name of the applicant and the state-certified qualified production.
- The applicant's qualified production expenditures, qualified probationary Michigan vendor expenditures, and qualified personnel expenditures for the production.
- The amount of the applicant's tax credit and the designated tax year.
- The date of completion for the state-certified qualified production in Michigan.
- The unique number assigned to the production by the MFDMO.
- The applicant's federal employer identification number and Michigan Treasury number.
- Any independent certification required by the MFDMO.

The MFDMO would have to forward each TCC to the governor, the state treasurer, the chair of the Senate Finance committee, the chair of the House Tax Policy committee, the director of the Senate Fiscal Agency, and the director of the House Fiscal Agency.

Credit amounts would be reduced by 1.0% or $500, whichever is greater, as a redemption fee to be deposited into the Michigan Film Production Fund. A credit amount that is authorized or assigned to a partnership, limited liability company, or subchapter S corporation could be claimed against the tax liability of the partner, member, or shareholder under Part 1 of the Income Tax Act based on their proportionate share of ownership or an alternative method approved by the Department of Treasury.

An applicant could transfer some or all of the credit to up to 10 assignees. Assignments would be irrevocable and would have to be made within one year after a production's TCC is issued. Treasury would have to provide a form for the credit assignments, which an assignee would have to submit with their tax return and copy of the TCC. Credits could only be claimed under an assignee's individual or corporate income tax liability.

If the amount of the allowed credit exceeds the tax liability of an applicant or assignee for the tax year, or if the taxpayer claiming the credit does not have a tax liability under Part 1 or Part 2 of the Income Tax Act for the tax year, that portion of the credit that exceeds the tax liability would not be refunded but *could* be carried forward to offset tax liability under the Income Tax Act for up to five years or until used up, whichever occurs first.

An applicant or assignee that claims a credit would have to submit a copy of the TCC with their annual tax return.

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[7] The MFDMO would have to provide instructions and procedures to the accountant to complete the report.

[8] In some sections, the bill refers to the certificate as a "qualified production certificate of completion."

An applicant that willfully submits fraudulent or false information would be liable for a civil penalty of up to the amount of the credit, in addition to any other penalties provided by law. Penalties would be deposited in the Michigan Film Promotion Fund.

<u>Reports</u>
The Department of Treasury would have to provide an annual report to the governor, the president of the Michigan Strategic Fund, the chair of the Senate Finance committee, the chair of the House Tax Policy committee, the director of the Senate Fiscal Agency, and the director of the House Fiscal Agency of the total amount of the credits claimed that exceed the taxpayer's tax liability for the most recent year that tax information is available and for which returns have cleared and been processed. The report would have to be provided as soon as possible once the information is available.

By March 1, 2025, and every subsequent March 1 while the credit is in effect, the MFDMO would have to evaluate the credits and submit an annual report to the governor, the president of the Michigan Strategic Fund, the chair of the Senate Finance committee, the chair of the House Tax Policy committee, the director of the Senate Fiscal Agency, and the director of the House Fiscal Agency. The report would have to include the following information, in addition to ***economic impact data*** for the program:

- A brief assessment of the overall effectiveness of the credit in attracting qualified productions to Michigan during the immediately preceding calendar year.
- For the immediately preceding calendar year, the number of applications received, the names of the applicants, descriptions of the proposed qualified productions and Michigan locations to be used during the production, and the proposed amount of money to be spent in Michigan by the applicants for the productions.
- The applications approved during the immediately preceding calendar year.
- The number of TCCs issued during the immediately preceding calendar year and the total amount of credits awarded.

  Economic impact data would mean data related to the types of jobs that the applicant created and retained in Michigan over the course of the qualified production and data related to the amount of money spent in Michigan on the production, including all of the following:
  - The number of entry-level and management-related positions.
  - The number of talent positions and ***production staff and crew***.[9]
  - The number of qualified Michigan vendor-related positions.
  - The number of individuals hired to work a single day and the number of those hires who were Michigan residents.
  - Whether those workday hires were entry-level, production staff and crew, management, ***talent-related positions***,[10] or ***vendor-related positions***.[11]
  - The number of postproduction vendor-related positions, including visual effects.

[9] ***Production staff and crew*** would mean office, production, and postproduction staff working on the qualified production.
[10] ***Talent-related positions*** would mean individuals with any speaking, background, or extra roles that appear on or off the screen.
[11] ***Vendor-related positions*** would mean jobs obtained or created through a contractor or subcontractor, such as security, janitorial, or printing services.

- The amount of qualified production expenditures, qualified probationary Michigan vendor expenditures, and qualified personnel expenditures attributable to labor and vendors, respectively.
- The amount of any other expenditures incurred for the production.
- The total amount of qualified production expenditures in Michigan and the amount of those expenditures attributable to qualified Michigan vendors.
- The extent to which the productions had the effect of promoting Michigan as a tourist destination.
- The extent to which the credit attracted private investment in Michigan during the production.

Any information, records, or data received, prepared, used, or retained by the MFDMO that is considered by the applicant to be confidential and acknowledged as such by the MFDMO would not be subject to disclosure under the Freedom of Information Act. The information would only be considered confidential to the extent that it describes the commercial and financial operations or the intellectual property of the applicant, including the portion of information or records that include expenses that could qualify as qualified expenditures for which a credit could be claimed; the information, records, or data have not been publicly released; and disclosure could put the applicant at a competitive disadvantage.

Finally, the bill would make complementary changes to section 703 of the Income Tax Act, which prescribes tax withholding requirements for production companies.

MCL 206.285 and 206.677 (proposed); MCL 206.701 and 206.703 (amended)

BACKGROUND:

In 2008, Michigan created a film tax credit to draw production companies to the state.[12] The credit was replaced in 2012 with the Michigan Film and Digital Media Production Assistance Program, an incentive program that administered grants to support and promote certain media productions.[13] However, the program was eliminated in 2015.[14]

At least 37 states, in addition to D.C., Puerto Rico, and the U.S. Virgin Islands, currently offer a film tax credit incentive.[15] In 2023, Missouri became the most recent state to offer such a credit.[16]

BRIEF DISCUSSION:

Supporters of House Bills 4907 and 4908 argue that since most states offer a film incentive, Michigan is automatically out of contention for most projects and will continue to fall behind if it waits any longer to compete. They believe that incentivizing the film industry to select Michigan over other states would attract residents to the state by providing a range of job

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[12] See: http://www.legislature.mi.gov/documents/2007-2008/billanalysis/House/pdf/2007-HLA-5841-4.pdf.
[13] A summary of the bill that created the Michigan Film and Digital Media Assistance Program can be found here: http://www.legislature.mi.gov/documents/2011-2012/billanalysis/House/pdf/2011-HLA-0569-9810F007.pdf.
[14] For an analysis of 2015 PA 117, which ended the program, see https://www.legislature.mi.gov/documents/2015-2016/billanalysis/House/pdf/2015-HLA-4122-23E47A62.pdf.
[15] For information about several of these credits: https://www.castandcrew.com/services/incentives-map/.
[16] See: https://ded.mo.gov/programs/business-workforce/motion-media-production-tax-credit-program.

opportunities for both young people looking to start a career in the industry and established professionals who left the state for areas with more opportunities. Supporters highlight that film production also causes a large ripple effect into local economies, as companies will hire local vendors to work on projects and actors and staff will visit the area's hotels and restaurants. Advocates believe that the bills improve on the former program by adding more oversight and ensuring that there is no cost to the state unless a production invests in Michigan.

Opponents of the bills are critical of film incentive programs' effectiveness given their costs and believe that the incentives prioritize one specific industry over others. They argue that the advertised ripple effect has not come to fruition in states that have a film credit, and other public investments would have a greater impact. Concerns were also raised during committee testimony that big corporations would receive a tax break because they could purchase credits from smaller production companies at a low price. Some opposed to the bills suggest that a better way to incentivize film production would be through a direct grant program, which would provide more transparency and allow for an annual reevaluation during the legislative budget process.

FISCAL IMPACT:

The bills could reduce business income tax revenue by up to $2.1 billion over the 10-year life of the film tax credits, assuming all credits were awarded each year, but it is likely that the overall impact of a film tax credit on state tax revenues would be somewhat lower than the tax credit amount (between an estimated 15% and 20% lower) due to offsetting revenue from additional economic activity (income tax revenues from new wages and sales and use taxes on taxable purchases that wouldn't have occurred but for the film credits). The magnitude of any fiscal impact on state tax revenues would depend on the amount of credit claimed and the corresponding new activity generated that resulted in new tax revenue. It is unclear how the film credits would affect state revenues, primarily general fund revenues and School Aid Fund revenues, in any given fiscal year because of timing issues around redemption.

While the tax credits would reduce general fund revenues, any new tax revenue from new activity would be spread primarily between general fund and School Aid Fund revenues. Approximately two-thirds of net income tax revenues are deposited in the general fund, and one-third is deposited in the School Aid Fund. Approximately 73% of sales tax revenue is constitutionally earmarked to the School Aid Fund, 10% is constitutionally earmarked to revenue sharing, and the remainder is deposited into the general fund. Of the maximum allowable 6% use tax rate, 2% is dedicated to the School Aid Fund. Just under one-third of the 4% rate is levied by the Local Community Stabilization Authority and the remaining portion up to the 4% amount accrues to the general fund.

Because the tax credits would primarily reduce general fund revenues and any new and offsetting activity would be split between the general fund and the School Aid Fund, as noted above, it is likely that the School Aid Fund would experience a net increase in revenue. Conversely, the general fund revenue reduction would be significant over the life of the credit. Providing a simplified example, a $1.0 million credit awarded based on qualified wages would require approximately $3.3 million in wages (assuming they were all Michigan residents). The direct net fiscal impact on state revenues would be a $906,000 general fund reduction (tax credit amount net of new income tax revenue attributable to the general fund) and an increase of School Aid Fund revenue of about $46,700, for a net decrease of combined general fund/School Aid Fund revenues of approximately $860,000 for a $1.0 million tax credit. There could be additional modest revenue offsets from indirect activity, but that is outside of the scope of this analysis.

As noted above in the legislative analysis and in **Table 1** below, the bills would impose certain annual award caps, but would not impose caps on the amount that could be claimed in any given year. Moreover, any tax credit amount not awarded in a given year would be carried forward into the next year, increasing the amount of tax credits that could be awarded above the given annual cap. Together, these provisions likely would generate significant variation in the amounts claimed annually, especially in the out years as the amount of outstanding tax credit awards grows. It's possible that the amount of tax credits claimed in a year could exceed a given annual award cap and could extend beyond the 10-year horizon of the program.

Because the credit is nonrefundable and would thus not increase refunds, it would reduce both general fund and School Aid Fund revenues. Corporate income tax credits would affect the general fund. Flow through entity tax credits would affect the School Aid Fund and general fund, with the School Aid Fund absorbing about 23.8% of the revenue loss and the general fund absorbing the remaining amount.

Table 1 – Film Tax Credit Award Maximums

Year	Qualified Production Under 20 min.	Qualified Production 20 min. or greater	**TOTAL**
1	$25.0	$100.0	**$125.0**
2	25.0	100.0	**125.0**
3	25.0	100.0	**125.0**
4	50.0	150.0	**200.0**
5	50.0	150.0	**200.0**
6	50.0	150.0	**200.0**
7	75.0	200.0	**275.0**
8	75.0	200.0	**275.0**
9	75.0	200.0	**275.0**
10	75.0	200.0	**275.0**
TOTAL	**$525.0**	**$1,550.0**	**$2,075.0**

Note: Carry-forward provision could make any year after year 1 greater than the maximum amount indicated for any given year.

The bill would impose certain administrative costs for the Film and Digital Media Office related to the duties prescribed under the bills. The scope of these costs is not yet known and would depend on the size and scope of the program under the bills. Both fees and penalties prescribed under the bills would be used to offset these costs, but it is not known whether these would be sufficient pay for the office's operations. Under the bill, the amount of the credit awarded must be reduced by a redemption fee equal to the greater of $500.00 or 1% of the credit claimed and be deposited into the Michigan Film Promotion Fund for administration. Over the 10-year life of the program, assuming all credits were claimed, this amount could total up to $20.1 million. Any additional funds for office operations would be subject to legislative appropriation.

POSITIONS:

Representatives of the following entities testified in support of the bills (2-6-24):

- Avalon Films/Hudson Edit
- Lawrence Technological University
- Michigan Film Industry Association
- Oakland University
- SAG-AFTRA

The following entities indicated support for the bills:

- Detroit Metro Convention and Visitors Bureau (2-6-24)
- Eyedream1world Productions (2-6-24)
- Fagan Productions (2-6-24)
- Haddad's Inc. (4-23-24)
- Healan Video (2-6-24)
- Home Builders Association of Michigan (2-6-24)
- IATSE Local 274 (2-6-24)
- Major Group (2-6-24)
- Michigan Association of Convention and Visitor Bureaus (2-6-24)
- Michigan AFL-CIO (4-23-24)
- National Association of Theatre Owners of Michigan (2-6-24)
- Operating Engineers 324 (2-6-24)
- Stardock Systems (4-23-24)
- Teamsters Joint Council 43 (4-23-24)
- Traverse City Tourism (2-6-24)

A representative of the City of Grand Rapids indicated support for House Bill 4907. (2-6-24)

Representatives of the following entities testified in opposition to the bills (2-6-24):

- Good Jobs First
- Mackinac Center for Public Policy

Americans for Prosperity indicated opposition to the bills. (2-6-24)

Legislative Analyst: Holly Kuhn
Fiscal Analyst: Ben Gielczyk