

WISCONSIN FILM TAX CREDIT PROGRAM

Wisconsin's Film Tax Credit Program provides two types of tax credits:

- **FILM PRODUCTION SERVICES CREDIT** provides tax credits for hiring Wisconsin residents to work on an accredited production, and also for incurring certain production expenditures. To qualify, the production must be pre-accredited by the department.
- **FILM PRODUCTION COMPANY INVESTMENT CREDIT** provides tax credits to new and existing film production companies in Wisconsin that expand.

A total of \$500,000 in credits is available each fiscal year (7/1 through 6/30). All credits are refundable and non-transferable.

FILM PRODUCTION SERVICES TAX CREDIT

Eligibility Requirements:

An Accredited Production must

- be a film, video, broadcast advertisement, or television production, for which the aggregate salary and wages included in the cost of the production for the period ending 12 months after the month in which the principal filming or taping of the production begins exceeds \$50,000; or
- an electronic game for which the aggregate salary and wages included in the cost of production for the period ending 36 months after the month in which the principal programming, filming, or taping of the production begins exceeds \$100,000.

Accredited Productions do ***not*** include the following:

- News, current events, or public programming or a program that includes weather or market reports.
- A talk show.
- A production with respect to a questionnaire or contest.
- A sports event or sports activity.
- A gala presentation or awards show.
- A finished production that solicits funds.
- A production for which the production company is required under 18 U.S.C. 2257 to maintain records with respect to a performer portrayed in a single media or multimedia program.
- A production produced primarily for industrial, corporate, or institutional purposes.

In determining whether to accredit a production, the Department of Commerce will consider whether the production will:

- Occur in Wisconsin without the tax credits.
- Enhance economic development in Wisconsin.
- Enhance the potential for increasing the film, video, or electronic game industry in Wisconsin.
- Hurt the reputation of the state of Wisconsin.

Eligible Expenditures and Credit Amounts:

Claimants can earn Film Production Services Tax Credits for the following:

- 25% of the salary, wages, or labor-related contract payments paid by the claimant in the taxable year to individuals, including actors, who were residents of Wisconsin at the time they were paid and who worked on an accredited production in the state, **not** including the salary, wages, or contract payments paid to any individual who was paid more than \$250,000. The total amount

of the credits that a claimant may claim in a taxable year shall not exceed an amount equal to the first \$20,000 of salary, wages, or labor-related contract payments paid to each eligible individual. A Wisconsin resident is a person with the intent to live in Wisconsin permanently or indefinitely.

- 25% of the production expenditures paid by the claimant in the taxable year to produce an accredited production. "Production expenditures" means expenditures that are incurred in Wisconsin and directly used to produce an accredited production.

Production Expenditures Include:

Set construction and operation, wardrobes, make-up, clothing accessories, photography, sound recording, sound synchronization, sound mixing, lighting, editing, film processing, film transferring, special effects, visual effects, renting or leasing facilities or equipment, renting or leasing motor vehicles, food, lodging, and any other similar expenditure as determined by the Department of Commerce.

They Do Not Include:

Salary, wages or labor-related contract payments.

No credits may be claimed for the purchase of tangible personal property or items, property, or goods, if the sale is not sourced to the state.

At least 35 percent of the total budget for the accredited production has to be spent in Wisconsin in order to claim Film Production Services Tax Credits.

An application for Film Production Services Tax Credits must be submitted to the Department of Commerce **prior** to the start of the principal filming, taping or programming of the production. There is a non-refundable application fee of two percent of the budgeted production expenditures or \$5,000, whichever is less. The fee must be submitted with the application. The application is available at <http://commerce.wi.gov>.

Final Reporting and Release of Film Production Services Tax Credits.

At the completion of the project and prior to the approval of the release of any tax credits, a final project report must be submitted to the Department of Commerce. The final report must document that the estimated eligible expenditures set forth in the claimant's proposed budget and application documents and agreed to by the parties were incurred by the claimant to produce the accredited production and are eligible for release.

The final report must include documentation of:

- Eligible salaries, wages, and labor-related contract payments; and
- Eligible production expenditures.

The final report must include a statement signed by the director or principal officer of the claimant attesting to the accuracy of the expenditures set forth in the final report.

If requested by the department, the claimant agrees to make all documents (or copies) necessary to confirm the expenditures set forth in the final report available for inspection by the department.

FILM PRODUCTION COMPANY INVESTMENT TAX CREDIT

Eligibility Requirements:

To be eligible, a claimant must be doing business in the state as a film production company. "Film production company" means an entity that exclusively creates accredited productions as defined by the

Film Production Services Tax Credit. Claimants can be either new or existing film production companies.

Eligible Expenditures:

Claimants can earn Film Production Company Investment Tax Credits for the following:

- 15% of the purchase price of depreciable, tangible personal property and items, property, and goods if the sale of the tangible personal property, items, property, or goods is sourced to the state.
- 15% of the amount spent to construct, rehabilitate, remodel, or repair real property, if the claimant began the physical work of construction, rehabilitation, remodeling, or repair, or any demolition or destruction in preparation for the physical work, after 12/31/08, and the completed project is placed in service after 12/31/08.
- 15% of the amount spent to acquire real property, if the property is not previously owned property, and if the claimant acquires the property after December 31, 2008, and the completed project is placed in service after December 31, 2008.

At least 50% of the use of the tangible personal property, item, property, or good must be for the claimant's business as a film production company.

"Physical work" does not include preliminary activities such as planning, designing, securing financing, researching, developing specifications, or stabilizing property to prevent deterioration.

"Previously owned property" means real property that the claimant or a related person owned during the two years prior to doing business in Wisconsin as a film production company, and for which the claimant may not deduct a loss from the sale of the property to, or an exchange of the property with, the related person as defined under section 267 of the Internal Revenue Code.

In determining whether to award Film Production Investment Tax Credits to an eligible claimant, the department will consider whether the investment will:

- Occur in Wisconsin without the tax credits.
- Enhance economic development in Wisconsin.
- Enhance the potential for increasing the film, video, or electronic game industry in Wisconsin.

An application for Film Production Company Investment Tax Credits must be submitted to the Department of Commerce **prior** to the start of the investment project. The application is available at <http://commerce.wi.gov>.

Final Reporting and Release of Film Production Company Investment Credits.

At the completion of the project and prior to the department approving the release of any tax credits, a final project report must be submitted to the Department of Commerce. The final report must document that the estimated eligible expenditures set forth in the claimant's application documents and agreed to by the parties were incurred by the claimant to either establish or operate a film production company and are eligible for release.

The final report must include a statement signed by the director or principal officer of the claimant attesting to the accuracy of the expenditures set forth in the final report.

If requested by the department, the claimant agrees to make all documents (or copies) necessary to confirm the expenditures set forth in the final report available for inspection by the department.

For more information, contact Steve Sabatke at the Wisconsin Department of Commerce at 608/267/0762 or at Steven.Sabatke@Wisconsin.gov.

WISCONSIN DEPARTMENT OF COMMERCE

FILM PRODUCTION SERVICES CREDIT/FILM PRODUCTION COMPANY INVESTMENT CREDIT

SECTION I
CLAIMANT/APPLICANT INFORMATION

Organizational Structure : <input type="checkbox"/> C Corp <input type="checkbox"/> S Corp <input type="checkbox"/> LLC <input type="checkbox"/> LLP <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Not-For-Profit		
Legal Name: 		
Address:		
City, State, Zip:		County:
FEIN #: <small>(Federal Employee Identification Number –Tax ID or Social Security Number)</small>		State of Organization: <small>(Per Articles of Incorporation or Organizing Document)</small>
Website Address:		
Tele. #:	Fax #:	
CEO Name:	CEO Title:	
<i>Individual To Contact Regarding Questions About The Claimant:</i>		
Claimant Contact Name:		Title of Contact:
Email Address:		
Tele. #:	Fax #:	
Address:	City, State, Zip:	
<i>Individual To Contact Regarding Questions About The Project:</i>		
Project Contact Name:		Title of Contact:
Email Address:		
Tele. #:	Fax #:	
Address:	City, State, Zip:	
Primary Product, Service, or Business of Claimant:		
Total Claimant Employment:	Full Time:	Part Time:
Total Claimant Wisconsin Employment:	Full Time:	Part Time:
Total Projected Employment (After Project Completion):	Full Time:	Part Time:
Date Established:	SIC or NAICS:	
Minority Owned: <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, the Minority Classification is: <input type="checkbox"/> Eskimo <input type="checkbox"/> Native Hawaiian <input type="checkbox"/> Hispanic <input type="checkbox"/> Native American <input type="checkbox"/> Aleut <input type="checkbox"/> Asian-Indian <input type="checkbox"/> Asian-Pacific <input type="checkbox"/> African American		
Women Owned: <input type="checkbox"/> Yes <input type="checkbox"/> No	Owned by a Person with a Disability: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Foreign Owned: <input type="checkbox"/> Yes <input type="checkbox"/> No If yes: Country:	% of ownership:	

SECTION II
OWNERSHIP INFORMATION (unless publicly owned)

	Name: (First, Middle Initial, Last)	Phone Number	Ownership %*
1.			%
2.			%
3.			%
4.			%
5.			%

SECTION III-A
PRODUCTION INFORMATION
(If applying for Film Production Services Credits)

Title of Production:

Type of Production : Film Video Broadcast Advertisement Television Production
 Electronic Game Other (Describe):

Production Locations (in Wisconsin and outside of Wisconsin) :

Production Description (Provide a summary of the production subject matter, story line, and how Wisconsin is referenced or portrayed in the story if applicable. Attach additional pages, if necessary.):

Wisconsin Production Starting Date:

Completion Date:

Estimated amount of the aggregate salary and wages that will be included in the cost of the production for the period ending 12 months after the month in which the principal filming or taping of the production begins (For productions other than Electronic Games):

Estimated amount of the aggregate salary and wages that will be included in the cost of the production for the period ending 36 months after the month in which the principal filming or taping of the production begins (For Electronic Games Only):

How much of the total budget for the production will be spent in Wisconsin (%)?

How will the completed production be distributed commercially?

Who owns the copyright in the production?

Would the production occur in Wisconsin without the benefit of the tax credits? (Please explain)

Production Employment: Attach to application a list or spreadsheet of all Wisconsin residents who will work on the production in the state and their projected salary, wages or labor-related contract payments. Include the name of the individual (if known), city, town or village of residence, and a brief description of the individual's responsibilities for the production.

List Attached List Not Attached

Production Expenditures: Attach to application a list or spreadsheet of all production expenditures that will be incurred in Wisconsin and directly used to produce the production. Production expenditures include expenditures for set construction and operation, wardrobes, make-up, clothing accessories, photography, sound recording, sound synchronization, sound mixing, lighting, editing, film processing, film transferring, special effects, visual effects, renting or leasing facilities or equipment, renting or leasing motor vehicles, food, lodging, and any other similar expenditure as determined by the Wisconsin Department of Commerce. "Production expenditures" do not include salary, wages, or labor-related payments.

Tax credits cannot be claimed for the purchase of tangible personal property or items, property or goods, the sale of which is not sourced to this state.

List Attached List Not Attached

**SECTION III-B
INVESTMENT INFORMATION**

(If applying for Film Production Company Investment Credits)

Type of Production(s) Produced by Production Company : Film Video Broadcast Advertisement
 Television Production Electronic Game Other (Describe):

Investment Description (Provide a detailed summary of the production company investment project. Attach additional pages, if necessary.):

Project Street Address:

Square footage of Project facility:

Project Starting Date:

Completion Date:

PROPOSED PROJECT BUDGET

USES OF FUNDING (equip, bldg, qualified rehabilitation, work capital, training, etc.)	SOURCES OF FUNDING* (Bank, Equity, SBA, RLF, etc.)				TOTAL
	SOURCE #1 NAME:	SOURCE #2 NAME:	SOURCE #3 NAME:	SOURCE #4 NAME:	
					\$
					\$
					\$
					\$
					\$
					\$
TOTAL	\$	\$	\$	\$	\$

Production Company Expenditures: Attach to application a list or spreadsheet of the following expenditures that are projected to be incurred to establish or operate a film production company in the state:

- The purchase of depreciable, tangible personal property and items, property, and goods if the sale is sourced to this state, and the tangible personal property, item, property, or good is used for at least 50 percent of its use in the claimant's business as a film production company.
- Acquisition, construction, rehabilitation, remodeling, or repair of real property, and demolition or destruction in preparation for the physical work. Real property that is acquired cannot be previously owned property.

List Attached List Not Attached

Would the investment occur without the benefit of the tax credits? (Please explain)

How will the investment enhance the potential for increasing the film, video, or electronic game industry in Wisconsin?

**SECTION IV
PROJECTED EMPLOYMENT**

(for Film Production Company Investment Credit projects)
Full Time Positions Only (2,080 hours/year)

Existing Positions		Position Title	Positions Created as a Result of Project -
Avg. Hourly Wage	Number of Existing		
		TOTAL	

**SECTION V
BENEFIT INFORMATION**

(for Film Production Company Investment Credit projects)

Check the Health Insurance Provided to Employees:	<input type="checkbox"/> None	<input type="checkbox"/> Individual	<input type="checkbox"/> Family
Percent of Health Insurance Premium Paid by Company:		%	%
Average Deductible Paid by Employee:		\$	\$
Other Benefits Provided to the Majority of the Workforce:	<input type="checkbox"/> Life Insurance	<input type="checkbox"/> Pension	<input type="checkbox"/> 401(k) <input type="checkbox"/> Childcare
<input type="checkbox"/> Tuition Reimbursement	<input type="checkbox"/> Other: (Specify)		
Will new employees be provided with substantially the same benefits as described above:	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

**SECTION VI
SUMMARY OF HISTORICAL FINANCIAL INFORMATION**

FYE			
Total Sales			
Net Income			
Total Assets			
Total Liabilities			
Equity			
WI Income Tax Liability (C Corporations Only)			

**SECTION VII
SUMMARY OF PROJECTED FINANCIAL INFORMATION**

FYE			
Total Sales			
Net Income			
Total Assets			
Total Liabilities			
Equity			
WI Income Tax Liability (C Corporations Only)			

SECTION VIII
(for Film Production Company Investment Credit projects)

MARKET INFORMATION

THREE MAJOR CUSTOMERS:		% OF SALES
1.		
2.		
3.		
THREE MAJOR COMPETITORS	LOCATION (City and State)	
1.		
2.		
3.		

SECTION IX
LEGAL INFORMATION*

RESPONSE

Has the applicant, any owner, officer, subsidiary or affiliate been involved in any lawsuits in the last 5 years or have any lawsuits pending?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Has the applicant, any owner, officer, subsidiary or affiliate ever been involved in any bankruptcy or insolvency proceedings or have any proceedings pending?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Has the applicant, any owner, officer, subsidiary or affiliate had any civil or criminal charges in the last 5 years that could have a material adverse impact on the project or have any charges pending?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Does the applicant, any owner, officer, subsidiary or affiliate have any outstanding tax liens?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Please attach a detailed explanation of any YES responses.

***A Request will be deemed ineligible and denied based on any falsification of information**

Completed applications can be sent to:
Wisconsin Department of Commerce
Bureau of Business Finance and Compliance
201 W. Washington Avenue
P.O. Box 7970
Madison, WI 53707-7970

CERTIFICATION STATEMENT

The undersigned hereby, on behalf of the applicant:

1. Certifies that to the best of the applicant's knowledge and belief, the information being submitted to Commerce is true and correct.
2. Certifies that the applicant is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it.
3. Certifies that the applicant is not in default under the terms and conditions of any grant or loan agreements, leases, or financing arrangements with its other creditors.
4. Certifies that the Department is authorized to obtain a credit check and Dun and Bradstreet on the applicant, the business and/or the individual(s).
5. Certifies that the applicant has disclosed and will continue to disclose any occurrence or event that could have an adverse material impact on the project. Adverse material impact includes but is not limited to lawsuits, criminal or civil actions, bankruptcy proceedings, regulatory intervention or inadequate capital to complete the project.
6. Understands that unless it qualifies as trade secret, all information submitted to Commerce is subject to Wisconsin's Open Records Law.

The applicant requests that Commerce treat the following items, if provided, as TRADE SECRET:

	Yes	No	NA
A. Personal financial statements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Personal or business tax returns.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Historical business financial statements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Business financial projections.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Plan or study to be funded by Commerce.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Business Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G. Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If Section 6 is left blank then all information provided to Commerce will be open to examination and copying.

NAME OF APPLICANT: _____

Signature: _____ Date: _____
(Authorized Representative)

Name: _____ Title: _____
(Authorized Representative)