

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 569

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
by amending sections 9, 29a, and 29d (MCL 125.2009, 125.2029a, and
125.2029d), section 9 as amended by 1987 PA 278 and sections 29a
and 29d as added by 2008 PA 75, and by adding section 29h.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9. (1) The fund shall transmit to the legislature ~~an~~
2 ~~annual~~ **EACH QUARTER A** status report of its activities. The report
3 shall include, but not be limited to, information on name and
4 location of all applicants, amount and type of financial assistance
5 being requested, type of project or product being financed, number
6 of net jobs created or retained, duration of financial assistance,
7 amount of financial support other than state resources, and the

1 status of any loans of the fund, excluding industrial development
2 revenue loans, which are in default. The report shall not include
3 information exempt from disclosure under section 5.

4 (2) The auditor general or a certified public accountant
5 appointed by the auditor general annually shall conduct and remit
6 to the legislature an audit of the fund and, in the conduct of the
7 audit, shall have access to all records of the fund at any time,
8 whether or not confidential. Each audit required by this section
9 shall include a determination of whether the fund is likely to be
10 able to continue to meet its obligations, including a report on the
11 status of outstanding loans and agreements made by the fund.

12 (3) **THE FUND SHALL ALSO TRANSMIT THE STATUS REPORT DESCRIBED**
13 **IN SUBSECTION (1) AND AUDIT DESCRIBED IN SUBSECTION (2) TO THE**
14 **CHAIRPERSON AND MINORITY VICE-CHAIRPERSON OF THE SENATE**
15 **APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT AND THE HOUSE OF**
16 **REPRESENTATIVES APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT.**
17 **THE FUND SHALL MAKE THE STATUS REPORT AND AUDIT AVAILABLE TO THE**
18 **PUBLIC ON THE FUND'S WEBSITE.**

19 Sec. 29a. (1) The Michigan film office is created in the fund.
20 The office shall be the successor to any authority, powers, duties,
21 functions, or responsibilities of the Michigan film office under
22 **FORMER** section 21 of the history, arts, and libraries act, 2001 PA
23 63. ~~MCL 399.721.~~

24 (2) The office may do all of the following:

25 (a) Promote and market locations, talent, crews, facilities,
26 and technical production and other services related to film,
27 digital media, and television production in this state.

1 (b) Provide to interested persons descriptive and pertinent
2 information on locations, talent, crews, facilities, and technical
3 production and other services related to film, digital media, and
4 television production in this state.

5 (c) Provide technical assistance to the film, television, and
6 digital media industry in locating and securing the use of
7 locations, talent, crews, facilities, and services in this state.

8 (d) Encourage community and Michigan film, digital media, and
9 television production industry participation in, and coordination
10 with, state and local efforts to attract film, digital media, and
11 television production in this state.

12 (e) Serve as this state's chief liaison with the film, digital
13 media, and television production industry and with other
14 governmental units and agencies for the purpose of promoting,
15 encouraging, and facilitating film, digital media, and television
16 production in this state.

17 (f) Explain the benefits and advantages of producing films,
18 digital media, and television productions in this state.

19 (g) Assist film, digital media, and television producers with
20 securing location authorization and other appropriate services
21 connected with film, digital media, and television production in
22 this state.

23 (h) Scout potential film locations for national and
24 international film, digital media, and television prospects.

25 (i) Escort film, digital media, and television producers on
26 location scouting trips.

27 (j) Serve as a liaison between film, digital media, and

1 television producers, state agencies, local agencies, federal
2 agencies, community organizations and leaders, and the film,
3 digital media, and television industry in this state.

4 (k) Assist film, digital media, and television producers in
5 securing permits to film at specific locations in this state and in
6 obtaining needed services related to the production of a film,
7 digital media, or a television program.

8 (l) Represent this state at film, digital media, and television
9 industry trade shows and film festivals.

10 (m) Sponsor workshops or conferences on topics relating to
11 filmmaking, including, but not limited to, screenwriting, film
12 financing, and the preparation of communities to attract and assist
13 film, digital media, and television productions in this state.

14 (n) Encourage cooperation between local, state, and federal
15 government agencies and local film offices in the location and
16 production of films, digital media, and television programming in
17 this state.

18 (o) Coordinate activities with local film offices.

19 (p) Facilitate cooperation from state departments and
20 agencies, local governments, local film offices, federal agencies,
21 and private sector entities in the location and production of
22 films, digital media, and television programming in this state.

23 (q) Prepare, maintain, and distribute a directory of persons,
24 firms, and governmental agencies available to assist in the
25 production of films, digital media, and television programming in
26 this state.

27 (r) Prepare, maintain, and distribute a digital library

1 depicting the variety and extent of the locations within this state
2 for film, digital media, and television productions.

3 (s) Prepare and distribute appropriate promotional and
4 informational materials that do all of the following:

5 (i) Describe desirable locations in this state for film,
6 digital media, and television production.

7 (ii) Explain the benefits and advantages of producing films,
8 digital media, and television productions in this state.

9 (iii) Detail services and assistance available from state
10 government, from local film offices, and from the film, digital
11 media, and television industry in this state.

12 (t) Solicit and accept gifts, grants, labor, loans, and other
13 aid from any person, government, or entity. **THE FILM OFFICE SHALL**
14 **DISCLOSE THE IDENTITY AND AMOUNT OF ALL GIFTS, GRANTS, AND OTHER**
15 **DONATIONS ON ITS WEBSITE.**

16 (u) Employ technical experts, other officers, agents, or
17 employees, permanent or temporary, paid from the funds of the
18 office. The office shall determine the qualifications, duties, and
19 compensation of those the office employs.

20 (v) Contract for goods and services and engage personnel as
21 necessary to perform the duties of the office under this chapter.

22 (w) Study, develop, and prepare reports or plans the office
23 considers necessary to assist the office in the exercise of its
24 powers under this chapter and to monitor and evaluate progress
25 under this chapter.

26 (x) Exercise the duties and responsibilities vested in the
27 office under this chapter and all of the following:

1 (i) Section 88d.

2 (ii) Section 88j(3)(e).

3 (iii) Section 4cc of the general sales tax act, 1933 PA 167, MCL
4 205.54cc.

5 (iv) Sections 455 to 459 of the Michigan business tax act, 2007
6 PA 36, MCL 208.1455 to 208.1459.

7 **(Y) CREATE AND OPERATE A FILM AND DIGITAL MEDIA PRODUCTION**
8 **ASSISTANCE PROGRAM TO ENCOURAGE FILM AND DIGITAL MEDIA PRODUCTION**
9 **THROUGHOUT THIS STATE AS PROVIDED IN SECTION 29H.**

10 **(Z) ~~(y)~~**All other things necessary or convenient to achieve
11 the objectives and purposes of the office, this chapter, or other
12 laws that relate to the purposes and responsibilities of the
13 office.

14 (3) The enumeration of a power in this chapter shall not be
15 construed as a limitation upon the general powers of the office.
16 The powers granted under this chapter are in addition to those
17 powers granted by any other law.

18 (4) The commissioner and the president of the fund shall
19 cooperate in administering the budget, procurement, and related
20 management functions of the office. The fund may provide the office
21 with staff support and other services to assist the office in
22 performing the functions and duties of the office.

23 (5) State departments, agencies, boards, commissions, and
24 officers and local film offices shall cooperate with the office in
25 the performance of the office's duties under this chapter.

26 Sec. 29d. (1) The Michigan film promotion fund is created
27 within the state treasury.

1 (2) The state treasurer may receive money or other assets from
2 any source for deposit into the promotion fund, including federal
3 funds, other state revenues, gifts, bequests, and other donations,
4 including, but not limited to, all of the following:

5 (a) Fees deposited in the promotion fund under sections 455 to
6 459 of the Michigan business tax act, 2007 PA 36, MCL 208.1455 to
7 208.1459.

8 (b) Fees deposited in the promotion fund under section 367 of
9 the income tax act of 1967, 1967 PA 281, MCL 206.367.

10 (c) Proceeds deposited in the promotion fund under section
11 88d.

12 **(D) FUNDS APPROPRIATED TO CREATE AND OPERATE THE FILM AND**
13 **DIGITAL MEDIA PRODUCTION ASSISTANCE PROGRAM.**

14 (3) The state treasurer shall direct the investment of the
15 promotion fund and shall credit to the promotion fund interest and
16 earnings from promotion fund investments.

17 (4) Money in the promotion fund at the close of a fiscal year
18 shall remain in the promotion fund and shall not lapse to the
19 general fund.

20 (5) Money in the promotion fund may be expended, upon
21 appropriation, to support the functions of the office under this
22 chapter and other applicable law and for purposes authorized under
23 this chapter.

24 **(6) BEGINNING OCTOBER 1, 2011, THE FUND SHALL TRANSFER TO AND**
25 **DEPOSIT IN THE PROMOTION FUND ALL MONEY APPROPRIATED FOR MICHIGAN**
26 **STRATEGIC FUND - FILM INCENTIVE FUNDING UNDER SECTION 1201 OF 2011**
27 **PA 63.**

1 SEC. 29H. (1) THE MICHIGAN FILM OFFICE SHALL CREATE AND
2 OPERATE THE FILM AND DIGITAL MEDIA PRODUCTION ASSISTANCE PROGRAM.
3 THE FILM AND DIGITAL MEDIA PRODUCTION ASSISTANCE PROGRAM MAY
4 PROVIDE FUNDS TO ELIGIBLE PRODUCTION COMPANIES FOR DIRECT
5 PRODUCTION EXPENDITURES, MICHIGAN PERSONNEL EXPENDITURES, CREW
6 PERSONNEL EXPENDITURES, OR QUALIFIED PERSONNEL EXPENDITURES FOR
7 STATE CERTIFIED QUALIFIED PRODUCTIONS.

8 (2) IF THE OFFICE RECEIVES APPLICATIONS THAT WOULD EXCEED WHAT
9 THE OFFICE CAN AWARD IN ANY YEAR, THE OFFICE MAY PRIORITIZE THAT
10 APPLICATION FOR FUNDING IN THE SUBSEQUENT YEAR.

11 (3) THE FILM AND DIGITAL MEDIA PRODUCTION ASSISTANCE PROGRAM
12 SHALL PROVIDE FOR ALL OF THE FOLLOWING:

13 (A) FUNDING SHALL BE PROVIDED ONLY TO REIMBURSE DIRECT
14 PRODUCTION EXPENDITURES, MICHIGAN PERSONNEL EXPENDITURES, CREW
15 PERSONNEL EXPENDITURES, OR QUALIFIED PERSONNEL EXPENDITURES.

16 (B) TO BE ELIGIBLE TO APPLY FOR FUNDING, THE ELIGIBLE
17 PRODUCTION COMPANY SHALL HAVE DIRECT PRODUCTION EXPENDITURES,
18 MICHIGAN PERSONNEL EXPENDITURES, OR A COMBINATION OF DIRECT
19 PRODUCTION EXPENDITURES AND MICHIGAN PERSONNEL EXPENDITURES, OF
20 \$100,000.00 OR MORE.

21 (C) TO BE ELIGIBLE TO APPLY FOR FUNDING, THE ELIGIBLE
22 PRODUCTION COMPANY SHALL NOT BE DELINQUENT IN A TAX OR OTHER
23 OBLIGATION OWED TO THIS STATE OR BE OWNED OR UNDER COMMON CONTROL
24 OF AN ENTITY THAT IS DELINQUENT IN A TAX OR OTHER OBLIGATION OWED
25 TO THIS STATE.

26 (D) FOR STATE CERTIFIED QUALIFIED PRODUCTION EXPENDITURES
27 AFTER SEPTEMBER 30, 2011, AN AGREEMENT UNDER THIS SECTION SHALL

1 PROVIDE FOR FUNDING EQUAL TO THE SUM OF THE FOLLOWING:

2 (i) 27% OF DIRECT PRODUCTION EXPENDITURES.

3 (ii) MICHIGAN PERSONNEL EXPENDITURES AS FOLLOWS:

4 (A) 32% AFTER SEPTEMBER 30, 2011 AND BEFORE JANUARY 1, 2015.

5 (B) 27% AFTER DECEMBER 31, 2014.

6 (iii) CREW PERSONNEL EXPENDITURES AS FOLLOWS:

7 (A) 25% AFTER SEPTEMBER 30, 2011 AND BEFORE JANUARY 1, 2013.

8 (B) 20% AFTER DECEMBER 31, 2012 AND BEFORE JANUARY 1, 2014.

9 (C) 15% AFTER DECEMBER 31, 2013 AND BEFORE JANUARY 1, 2015.

10 (D) 10% AFTER DECEMBER 31, 2014.

11 (iv) QUALIFIED PERSONNEL EXPENDITURES AS FOLLOWS:

12 (A) 27% AFTER SEPTEMBER 30, 2011 AND BEFORE JANUARY 1, 2015.

13 (B) 12% AFTER DECEMBER 31, 2014.

14 (v) IN ADDITION TO THE EXPENDITURES DESCRIBED IN SUBPARAGRAPHS

15 (i), (ii), (iii), AND (iv), 3% OF DIRECT PRODUCTION EXPENDITURES AND

16 MICHIGAN PERSONNEL EXPENDITURES AT A QUALIFIED FACILITY OR

17 POSTPRODUCTION FACILITY FOR A QUALIFIED PRODUCTION PRODUCED AT THE

18 FACILITY.

19 (E) PAYMENTS AND COMPENSATION FOR ALL PRODUCERS OF A QUALIFIED

20 PRODUCTION RESIDING IN THIS STATE SHALL NOT EXCEED 10% OF THE

21 DIRECT PRODUCTION EXPENDITURES AND MICHIGAN PERSONNEL EXPENDITURES

22 FOR THE QUALIFIED PRODUCTION.

23 (F) PAYMENTS AND COMPENSATION FOR ALL PRODUCERS OF A QUALIFIED

24 PRODUCTION WHO ARE NOT RESIDENTS OF THIS STATE SHALL NOT EXCEED 5%

25 OF THE DIRECT PRODUCTION EXPENDITURES AND MICHIGAN PERSONNEL

26 EXPENDITURES FOR THE QUALIFIED PRODUCTION.

27 (G) A TELEVISION SHOW MAY SUBMIT AN APPLICATION FOR NO MORE

1 THAN 2 SUCCESSIVE SEASONS, NOTWITHSTANDING THE FACT THAT THE
2 SUCCESSIVE SEASONS HAVE NOT BEEN ORDERED. THE SUCCESSIVE SEASON'S
3 DIRECT PRODUCTION EXPENDITURE, MICHIGAN PERSONNEL EXPENDITURE,
4 NONRESIDENT ABOVE THE LINE PERSONNEL EXPENDITURE, AND NONRESIDENT
5 BELOW THE LINE CREW EXPENDITURE AMOUNTS SHALL BE BASED ON THE
6 CURRENT SEASON'S ESTIMATED EXPENDITURES. UPON THE COMPLETION OF
7 PRODUCTION OF EACH SEASON, A TELEVISION SHOW MAY SUBMIT AN
8 APPLICATION FOR NO MORE THAN 1 ADDITIONAL SEASON.

9 (H) AS A SEPARATE AND DISTINCT PART OF THE FILM AND DIGITAL
10 MEDIA PRODUCTION ASSISTANCE PROGRAM, THE OFFICE MAY CREATE A
11 PROGRAM TO DIRECTLY SUPPORT AND PROMOTE QUALIFIED FACILITIES AND
12 OTHER INFRASTRUCTURE THROUGHOUT THIS STATE.

13 (I) THAT NOT LESS THAN 5% OF THE FUNDING AWARDED UNDER THIS
14 SECTION IS AWARDED FOR POSTPRODUCTION EXPENDITURES FOR QUALIFIED
15 PRODUCTIONS.

16 (4) AN ELIGIBLE PRODUCTION COMPANY INTENDING TO PRODUCE A
17 QUALIFIED PRODUCTION IN THIS STATE MAY SUBMIT AN APPLICATION FOR
18 FUNDING UNDER THIS SECTION TO THE MICHIGAN FILM OFFICE. THE REQUEST
19 SHALL BE SUBMITTED IN A FORM PRESCRIBED BY THE OFFICE AND SHALL BE
20 ACCOMPANIED BY AN APPLICATION FEE EQUAL TO 0.2% OF THE FUNDING
21 REQUESTED BUT NOT LESS THAN \$200.00 AND NOT MORE THAN \$5,000.00 AND
22 ALL OF THE INFORMATION AND RECORDS REQUESTED BY THE OFFICE. AN
23 APPLICATION FEE RECEIVED BY THE OFFICE UNDER THIS SUBSECTION SHALL
24 BE DEPOSITED IN THE MICHIGAN FILM PROMOTION FUND. THE OFFICE SHALL
25 NOT PROCESS THE APPLICATION UNTIL IT IS COMPLETE. THE OFFICE SHALL
26 PROCESS EACH APPLICATION WITHIN 21 DAYS AFTER THE APPLICATION IS
27 COMPLETE AS DETERMINED BY THE OFFICE. AS PART OF THE APPLICATION,

1 THE COMPANY SHALL ESTIMATE DIRECT PRODUCTION EXPENDITURES, MICHIGAN
2 PERSONNEL EXPENDITURES, CREW PERSONNEL EXPENDITURES, AND QUALIFIED
3 PERSONNEL EXPENDITURES FOR AN IDENTIFIED QUALIFIED PRODUCTION. IF
4 THE OFFICE DETERMINES TO AWARD FUNDING UNDER THIS SECTION TO AN
5 ELIGIBLE PRODUCTION COMPANY, THE OFFICE WITH THE CONCURRENCE OF THE
6 FUND PRESIDENT SHALL ENTER INTO AN AGREEMENT UNDER THIS SECTION.
7 THE AGREEMENT SHALL INCLUDE, BUT IS NOT LIMITED TO, ALL OF THE
8 FOLLOWING:

9 (A) A REQUIREMENT THAT THE ELIGIBLE PRODUCTION COMPANY
10 COMMENCE WORK IN THIS STATE ON THE IDENTIFIED QUALIFIED PRODUCTION
11 WITHIN 90 DAYS OF THE DATE OF THE AGREEMENT OR ELSE THE AGREEMENT
12 SHALL EXPIRE. HOWEVER, UPON REQUEST SUBMITTED BY THE COMPANY BASED
13 ON GOOD CAUSE, THE OFFICE MAY EXTEND THE PERIOD FOR COMMENCEMENT OF
14 WORK IN THIS STATE FOR UP TO AN ADDITIONAL 90 DAYS.

15 (B) A STATEMENT IDENTIFYING THE COMPANY AND THE QUALIFIED
16 PRODUCTION THAT THE COMPANY INTENDS TO PRODUCE IN WHOLE OR IN PART
17 IN THIS STATE.

18 (C) A UNIQUE NUMBER ASSIGNED TO THE QUALIFIED PRODUCTION BY
19 THE OFFICE.

20 (D) A REQUIREMENT THAT THE QUALIFIED PRODUCTION NOT DEPICT
21 OBSCENE MATTER OR AN OBSCENE PERFORMANCE.

22 (E) IF THE QUALIFIED PRODUCTION IS A LONG-FORM NARRATIVE FILM
23 PRODUCTION, A REQUIREMENT THAT THE QUALIFIED PRODUCTION INCLUDE
24 WITHIN ITS PRESENTATION WORLDWIDE FOR THE LIFE OF THE QUALIFIED
25 PRODUCTION AN ACKNOWLEDGEMENT AS PROVIDED BY THE OFFICE THAT
26 PROMOTES THE PURE MICHIGAN TOURISM CAMPAIGN OR ANY SUCCESSOR
27 CAMPAIGN. IF THE QUALIFIED PRODUCTION IS A TELEVISION SHOW, A

1 REQUIREMENT THAT THE QUALIFIED PRODUCTION INCLUDE WITHIN EACH
2 BROADCAST OF 30 MINUTES OR LONGER AN ACKNOWLEDGEMENT AS PROVIDED BY
3 THE OFFICE THAT PROMOTES THE PURE MICHIGAN TOURISM CAMPAIGN OR ANY
4 SUCCESSOR CAMPAIGN. IF THE QUALIFIED PRODUCTION IS A MUSIC VIDEO, A
5 REQUIREMENT THAT THE MUSIC VIDEO INCLUDE AN ACKNOWLEDGEMENT AS
6 PROVIDED BY THE OFFICE THAT PROMOTES THE PURE MICHIGAN TOURISM
7 CAMPAIGN OR ANY SUCCESSOR CAMPAIGN. IF THE QUALIFIED PRODUCTION IS
8 AN INTERACTIVE GAME, A REQUIREMENT THAT THE QUALIFIED PRODUCTION
9 INCLUDE WITH EACH UNIT DISTRIBUTED AND ONLINE PROMOTIONS AN
10 ACKNOWLEDGEMENT AS PROVIDED BY THE OFFICE THAT PROMOTES THE PURE
11 MICHIGAN TOURISM CAMPAIGN OR ANY SUCCESSOR CAMPAIGN. IF THE
12 QUALIFIED PRODUCTION IS A LONG-FORM NARRATIVE FILM PRODUCTION, THE
13 OFFICE ALSO MAY REQUIRE THAT, IF THE QUALIFIED PRODUCTION IS
14 DISTRIBUTED BY DIGITAL VIDEO DISC OR OTHER DIGITAL MEDIA FOR THE
15 SECONDARY MARKET, THE QUALIFIED PRODUCTION INCLUDE A VIDEO BETWEEN
16 30 AND 60 SECONDS LONG IN A FORM APPROVED BY THE OFFICE THAT
17 PROMOTES THE PURE MICHIGAN TOURISM CAMPAIGN OR ANY SUCCESSOR
18 CAMPAIGN.

19 (F) A REQUIREMENT THAT THE COMPANY PROVIDE THE OFFICE WITH THE
20 INFORMATION AND INDEPENDENT CERTIFICATION THE OFFICE DEEMS
21 NECESSARY TO VERIFY DIRECT PRODUCTION EXPENDITURES, MICHIGAN
22 PERSONNEL EXPENDITURES, CREW PERSONNEL EXPENDITURES, QUALIFIED
23 PERSONNEL EXPENDITURES, AND ELIGIBILITY FOR FUNDING UNDER THIS
24 SECTION, WHICH MAY INCLUDE A REPORT OF DIRECT PRODUCTION
25 EXPENDITURES, MICHIGAN PERSONNEL EXPENDITURES, CREW PERSONNEL
26 EXPENDITURES, AND QUALIFIED PERSONNEL EXPENDITURES FOR THE
27 QUALIFIED PRODUCTION AUDITED AND CERTIFIED BY AN INDEPENDENT

1 CERTIFIED PUBLIC ACCOUNTANT.

2 (G) IF DETERMINED TO BE NECESSARY BY THE OFFICE, A PROVISION
3 FOR ADDRESSING EXPENDITURES IN EXCESS OF THOSE IDENTIFIED IN THE
4 AGREEMENT.

5 (5) IN DETERMINING WHETHER TO AWARD FUNDING UNDER THIS
6 SECTION, THE MICHIGAN FILM OFFICE SHALL CONSIDER ALL OF THE
7 FOLLOWING:

8 (A) THE POTENTIAL THAT, IN THE ABSENCE OF FUNDING, THE
9 QUALIFIED PRODUCTION WILL BE PRODUCED IN A LOCATION OTHER THAN THIS
10 STATE.

11 (B) THE EXTENT TO WHICH THE QUALIFIED PRODUCTION MAY HAVE THE
12 EFFECT OF PROMOTING THIS STATE AS A TOURIST DESTINATION.

13 (C) THE EXTENT TO WHICH THE QUALIFIED PRODUCTION MAY HAVE THE
14 EFFECT OF PROMOTING ECONOMIC DEVELOPMENT OR JOB CREATION IN THIS
15 STATE.

16 (D) THE EXTENT TO WHICH STATE FUNDING WILL ATTRACT PRIVATE
17 INVESTMENT FOR THE PRODUCTION OF QUALIFIED PRODUCTIONS IN THIS
18 STATE.

19 (E) THE RECORD OF THE ELIGIBLE PRODUCTION COMPANY IN
20 COMPLETING COMMITMENTS TO ENGAGE IN A QUALIFIED PRODUCTION.

21 (F) THE EXTENT TO WHICH THE QUALIFIED PRODUCTION WILL EMPLOY
22 MICHIGAN RESIDENTS.

23 (6) IF THE MICHIGAN FILM OFFICE DETERMINES THAT AN ELIGIBLE
24 PRODUCTION COMPANY HAS COMPLIED WITH THE TERMS OF AN AGREEMENT
25 ENTERED INTO UNDER THIS SECTION, THE OFFICE SHALL AWARD FUNDING AS
26 PROVIDED IN THIS SECTION. A PERSON THAT WILLFULLY SUBMITS
27 INFORMATION UNDER THIS SECTION THAT THE PERSON KNOWS TO BE

1 FRAUDULENT OR FALSE SHALL, IN ADDITION TO ANY OTHER PENALTIES
2 PROVIDED BY LAW, BE LIABLE FOR A CIVIL PENALTY EQUAL TO THE AMOUNT
3 OF FUNDING PROVIDED TO THE PERSON UNDER THIS SECTION. A PENALTY
4 COLLECTED UNDER THIS SECTION SHALL BE DEPOSITED IN THE MICHIGAN
5 FILM PROMOTION FUND.

6 (7) INFORMATION, RECORDS, OR OTHER DATA RECEIVED, PREPARED,
7 USED, OR RETAINED BY THE MICHIGAN FILM OFFICE UNDER THIS SECTION
8 THAT ARE SUBMITTED BY AN ELIGIBLE PRODUCTION COMPANY AND CONSIDERED
9 BY THE APPLICANT AND ACKNOWLEDGED BY THE OFFICE AS CONFIDENTIAL
10 SHALL NOT BE SUBJECT TO THE DISCLOSURE REQUIREMENTS OF THE FREEDOM
11 OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246. INFORMATION,
12 RECORDS, OR OTHER DATA SHALL ONLY BE CONSIDERED CONFIDENTIAL TO THE
13 EXTENT THAT THE INFORMATION OR RECORDS DESCRIBE THE COMMERCIAL AND
14 FINANCIAL OPERATIONS OR INTELLECTUAL PROPERTY OF THE COMPANY, THE
15 INFORMATION OR RECORDS HAVE NOT BEEN PUBLICLY DISSEMINATED AT ANY
16 TIME, AND DISCLOSURE OF THE INFORMATION OR RECORDS MAY PUT THE
17 COMPANY AT A COMPETITIVE DISADVANTAGE. FOR PURPOSES OF THIS
18 SUBSECTION, INFORMATION OR RECORDS THAT DESCRIBE COMMERCIAL AND
19 FINANCIAL OPERATIONS DO NOT INCLUDE THAT PORTION OF INFORMATION OR
20 RECORDS THAT INCLUDE ANY EXPENSES THAT QUALIFY UNDER THIS SECTION
21 AS DIRECT PRODUCTION EXPENDITURES OR PERSONNEL EXPENDITURES.

22 (8) NOT LATER THAN MARCH 1, 2012, THE OFFICE SHALL PRODUCE A
23 PERFORMANCE DASHBOARD FOR THE ASSISTANCE AUTHORIZED BY THIS
24 SECTION. THE PERFORMANCE DASHBOARD SHALL BE MADE AVAILABLE BY THE
25 OFFICE ON THE FUND'S WEBSITE AND SHALL BE UPDATED AT LEAST
26 ANNUALLY. THE PERFORMANCE DASHBOARD SHALL INCLUDE THE FOLLOWING
27 MEASURES:

1 (A) DIRECT AND INDIRECT ECONOMIC IMPACTS IN THIS STATE OF THE
2 ASSISTANCE AUTHORIZED BY THIS SECTION.

3 (B) DIRECT AND INDIRECT JOB CREATION ATTRIBUTABLE TO THE
4 ASSISTANCE AUTHORIZED BY THIS SECTION.

5 (C) DIRECT AND INDIRECT PRIVATE INVESTMENT IN THIS STATE
6 ATTRIBUTABLE TO THE ASSISTANCE AUTHORIZED BY THIS SECTION.

7 (D) ANY OTHER MEASURES CONSIDERED RELEVANT BY THE OFFICE OR
8 THE MICHIGAN FILM ADVISORY COUNCIL.

9 (E) THE NAME OF EACH ELIGIBLE PRODUCTION COMPANY AND THE
10 AMOUNT OF EACH INCENTIVE DISPERSED FOR EACH STATE CERTIFIED
11 QUALIFIED PRODUCTION.

12 (9) THE MICHIGAN FILM OFFICE SHALL NOT AWARD FUNDING AFTER
13 SEPTEMBER 30, 2017.

14 (10) THE LEGISLATURE FINDS AND DECLARES THAT FUNDING
15 AUTHORIZED UNDER THIS SECTION TO ENCOURAGE DIVERSIFICATION OF THE
16 ECONOMY, TO ENCOURAGE FILM PRODUCTION, TO ENCOURAGE INVESTMENT, AND
17 TO ENCOURAGE THE CREATION OF JOBS IN THIS STATE IS A PUBLIC PURPOSE
18 AND OF PARAMOUNT CONCERN IN THE INTEREST OF THE HEALTH, SAFETY, AND
19 GENERAL WELFARE OF THE CITIZENS OF THIS STATE. IT IS THE INTENT OF
20 THE LEGISLATURE THAT THE ECONOMIC BENEFITS, FILM PRODUCTION,
21 INVESTMENT, AND THE CREATION OF JOBS RESULTING FROM THIS SECTION
22 SHALL ACCRUE SUBSTANTIALLY WITHIN THIS STATE.

23 (11) THE FUND BOARD MAY AUTHORIZE THE USE OF MONEY
24 APPROPRIATED FOR THE PROGRAM AUTHORIZED BY THIS SECTION FOR
25 ADMINISTRATION OF THE PROGRAM. HOWEVER, THE FUND BOARD SHALL NOT
26 USE MORE THAN 4% OF THE ANNUAL APPROPRIATION FOR ADMINISTERING THE
27 PROGRAM AUTHORIZED UNDER THIS SECTION.

1 (12) BEGINNING ON SEPTEMBER 30, 2011 AND AT THE END OF EACH
2 FISCAL YEAR THEREAFTER, THE COMMISSIONER SHALL CERTIFY THE TOTAL
3 AMOUNT OF UNCLAIMED CERTIFICATES OF COMPLETION, AGREEMENTS WHERE
4 WORK HAS NOT COMMENCED AS REQUIRED IN SUBSECTION (4), AND
5 AGREEMENTS FOR QUALIFIED PRODUCTIONS THE COMMISSIONER REASONABLY
6 BELIEVES WILL NOT BE COMPLETED. FUNDING ALLOCATED FOR QUALIFIED
7 PRODUCTIONS DESCRIBED IN THE PRECEDING SENTENCE MAY BE REALLOCATED.

8 (13) AS USED IN THIS SECTION:

9 (A) "ABOVE THE LINE PERSONNEL" MEANS A PRODUCER, DIRECTOR,
10 WRITER, ACTOR, OTHER THAN EXTRAS, OR OTHER SIMILAR PERSONNEL WHOSE
11 COMPENSATION IS NEGOTIATED PRIOR TO THE START OF THE PRODUCTION.

12 (B) "BELOW THE LINE CREW" MEANS PERSONS EMPLOYED BY AN
13 ELIGIBLE PRODUCTION COMPANY FOR STATE CERTIFIED QUALIFIED
14 PRODUCTION EXPENDITURES MADE AFTER PRODUCTION BEGINS AND BEFORE
15 PRODUCTION IS COMPLETED, INCLUDING, BUT NOT LIMITED TO, A BEST BOY,
16 BOOM OPERATOR, CAMERA LOADER, CAMERA OPERATOR, ASSISTANT CAMERA
17 OPERATOR, COMPOSITOR, DIALOGUE EDITOR, FILM EDITOR, ASSISTANT FILM
18 EDITOR, FOCUS PULLER, FOLEY OPERATOR, FOLEY EDITOR, GAFFER, GRIP,
19 KEY GRIP, LIGHTING CREW, LIGHTING BOARD OPERATOR, LIGHTING
20 TECHNICIAN, MUSIC EDITOR, SOUND EDITOR, SOUND EFFECTS EDITOR, SOUND
21 MIXER, STEADICAM OPERATOR, FIRST ASSISTANT CAMERA OPERATOR, SECOND
22 ASSISTANT CAMERA OPERATOR, DIGITAL IMAGING TECHNICIAN, CAMERA
23 OPERATOR WORKING WITH A DIRECTOR OF PHOTOGRAPHY, ELECTRIC BEST BOY,
24 GRIP BEST BOY, DOLLY GRIP, RIGGING GRIP, ASSISTANT KEY FOR MAKEUP,
25 ASSISTANT KEY FOR HAIR, ASSISTANT SCRIPT SUPERVISOR, SET
26 CONSTRUCTION FOREPERSON, LEAD SET DRESSER, ASSISTANT KEY FOR
27 WARDROBE, SCENIC FOREPERSON, ASSISTANT PROPMASER, ASSISTANT AUDIO

1 MIXER, ASSISTANT BOOM PERSON, ASSISTANT KEY FOR SPECIAL EFFECTS,
2 AND OTHER SIMILAR PERSONNEL. BELOW THE LINE CREW DOES NOT INCLUDE A
3 PRODUCER, DIRECTOR, WRITER, ACTOR, OR OTHER SIMILAR PERSONNEL.

4 (C) "CREW PERSONNEL EXPENDITURE" MEANS AN EXPENDITURE MADE IN
5 THIS STATE DIRECTLY ATTRIBUTABLE TO THE PRODUCTION OR DEVELOPMENT
6 OF A QUALIFIED PRODUCTION THAT IS A TRANSACTION SUBJECT TO TAXATION
7 IN THIS STATE AND IS A PAYMENT OR COMPENSATION FOR NONRESIDENT
8 BELOW THE LINE CREW, TALENT, MANAGEMENT, OR LABOR, NOT TO EXCEED
9 \$2,000,000.00 FOR ANY 1 EMPLOYEE OR CONTRACTUAL OR SALARIED
10 EMPLOYEE OF A QUALIFIED PRODUCTION, INCLUDING BOTH OF THE
11 FOLLOWING:

12 (i) PAYMENT OF WAGES, BENEFITS, OR FEES FOR TALENT, MANAGEMENT,
13 OR LABOR.

14 (ii) PAYMENT TO A PERSONAL SERVICES CORPORATION OR PROFESSIONAL
15 EMPLOYER ORGANIZATION FOR THE SERVICES OF A PERFORMING ARTIST OR
16 CREW MEMBER IF THE PERSONAL SERVICES CORPORATION OR PROFESSIONAL
17 EMPLOYER ORGANIZATION IS SUBJECT TO TAXATION IN THIS STATE ON THE
18 PORTION OF THE PAYMENT QUALIFYING FOR FUNDING UNDER THIS SECTION
19 AND THE PAYMENTS RECEIVED BY THE PERFORMING ARTIST OR CREW MEMBER
20 THAT ARE SUBJECT TO TAXATION UNDER THE INCOME TAX ACT OF 1967, 1967
21 PA 281, MCL 206.1 TO 206.713, AND ARE WITHHELD AND PAID TO THIS
22 STATE IN THE AMOUNT PROVIDED UNDER SECTION 351 OR 703 OF THE INCOME
23 TAX ACT OF 1967, 1967 PA 281, MCL 206.351 AND 206.703.

24 (D) "DIRECT PRODUCTION EXPENDITURE" MEANS A DEVELOPMENT,
25 PREPRODUCTION, PRODUCTION, OR POSTPRODUCTION EXPENDITURE MADE IN
26 THIS STATE DIRECTLY ATTRIBUTABLE TO THE PRODUCTION OR DEVELOPMENT
27 OF A QUALIFIED PRODUCTION THAT IS A TRANSACTION SUBJECT TO TAXATION

1 IN THIS STATE. DIRECT PRODUCTION EXPENDITURE DOES NOT INCLUDE OUT-
2 OF-STATE PRODUCTION COSTS THAT ARE MADE IN THIS STATE EVEN IF THE
3 COSTS ARE PASSED THROUGH A THIRD-PARTY COMPANY IN THIS STATE OR
4 PAYMENTS MADE BY AN ELIGIBLE PRODUCTION COMPANY TO ITS PARENT
5 COMPANY, AFFILIATE, SUBSIDIARY, OR JOINT VENTURE PARTNER EXCEPT
6 WHERE THE PAYMENTS ARE FOR TRANSACTIONS ENTERED INTO PURSUANT TO
7 ARM'S-LENGTH NEGOTIATIONS AND WHICH REFLECT A COMMERCIALY
8 REASONABLE PRICE FOR THE GOODS AND SERVICES PURCHASED. A DIRECT
9 PRODUCTION EXPENDITURE MUST HAVE TRUE ECONOMIC SUBSTANCE WITHIN THE
10 STATE. DIRECT PRODUCTION EXPENDITURE DOES NOT INCLUDE A PRIZE
11 PAYABLE TO PARTICIPANTS IN A GAME SHOW; AN EXPENDITURE FOR
12 ENTERTAINMENT, AMUSEMENT, OR RECREATION; OR AN EXPENDITURE OF MORE
13 THAN \$2,500.00 FOR THE PURCHASE OF ARTWORK OR JEWELRY USED IN A
14 PRODUCTION. DIRECT PRODUCTION EXPENDITURE DOES NOT INCLUDE A
15 MICHIGAN PERSONNEL EXPENDITURE, A QUALIFIED PERSONNEL EXPENDITURE,
16 OR A CREW PERSONNEL EXPENDITURE. DIRECT PRODUCTION EXPENDITURE
17 INCLUDES PAYMENTS TO VENDORS DOING BUSINESS IN THIS STATE TO
18 PURCHASE OR USE TANGIBLE PERSONAL PROPERTY IN PRODUCING THE
19 QUALIFIED PRODUCTION OR TO PURCHASE SERVICES RELATING TO THE
20 PRODUCTION OR DEVELOPMENT OF THE QUALIFIED PRODUCTION, INCLUDING
21 ALL OF THE FOLLOWING:

22 (i) PRODUCTION WORK, PRODUCTION EQUIPMENT, PRODUCTION SOFTWARE,
23 DEVELOPMENT WORK, POSTPRODUCTION WORK, POSTPRODUCTION EQUIPMENT,
24 POSTPRODUCTION SOFTWARE, SET DESIGN, SET CONSTRUCTION, SET
25 OPERATIONS, PROPS, LIGHTING, WARDROBE, MAKEUP, MAKEUP ACCESSORIES,
26 PHOTOGRAPHY, SOUND SYNCHRONIZATION, SPECIAL EFFECTS, VISUAL
27 EFFECTS, AUDIO EFFECTS, DIGITAL EFFECTS, FILM PROCESSING, MUSIC,

1 SOUND MIXING, EDITING, INTERACTIVE GAME DEVELOPMENT AND
2 PROGRAMMING, AND RELATED SERVICES AND MATERIALS.

3 (ii) USE OF FACILITIES OR EQUIPMENT, USE OF SOUNDSTAGES OR
4 STUDIOS, LOCATION FEES, AND RELATED SERVICES AND MATERIALS.

5 (iii) CATERING, FOOD, LODGING, AND RELATED SERVICES AND
6 MATERIALS.

7 (iv) USE OF VEHICLES, WHICH MAY INCLUDE CHARTERED AIRCRAFT
8 BASED IN THIS STATE USED FOR TRANSPORTATION IN THIS STATE DIRECTLY
9 ATTRIBUTABLE TO PRODUCTION OF A QUALIFIED PRODUCTION, BUT MAY NOT
10 INCLUDE THE CHARTERING OF AIRCRAFT FOR TRANSPORTATION OUTSIDE OF
11 THIS STATE.

12 (v) COMMERCIAL AIRFARE IF PURCHASED THROUGH A TRAVEL AGENCY OR
13 TRAVEL COMPANY BASED IN THIS STATE FOR TRAVEL TO THIS STATE OR
14 WITHIN THIS STATE DIRECTLY ATTRIBUTABLE TO PRODUCTION OR
15 DEVELOPMENT OF A QUALIFIED PRODUCTION.

16 (vi) INSURANCE COVERAGE OR BONDING IF PURCHASED FROM AN
17 INSURANCE AGENT BASED IN THIS STATE.

18 (vii) INTEREST ON A LOAN, IF THE ENTITY FROM WHICH THE
19 FINANCING IS OBTAINED IS A PUBLIC, PRIVATE, OR INSTITUTIONAL ENTITY
20 WITH THE REQUISITE LEVEL OF PHYSICAL PRESENCE IN THIS STATE THAT IS
21 NOT RELATED TO OR AFFILIATED WITH THE ELIGIBLE PRODUCTION COMPANY
22 OR ANY ABOVE THE LINE PERSONNEL OR CAST MEMBERS, AND WHOSE
23 PRINCIPAL BUSINESS ACTIVITY IS THE LENDING OF MONEY TO INDIVIDUALS
24 AND BUSINESSES. IN ADDITION, THE FINANCING SHALL BE A GOOD FAITH
25 LOAN, PAYABLE BY THE ELIGIBLE PRODUCTION COMPANY, EVIDENCED BY AN
26 ENFORCEABLE PROMISSORY NOTE OR OTHER DEBT INSTRUMENT WITH CLEAR
27 REPAYMENT OBLIGATIONS AND BEARING A MARKET-RELATED RATE OF

1 INTEREST.

2 (viii) OTHER EXPENDITURES FOR PRODUCTION OF A QUALIFIED
3 PRODUCTION IN ACCORDANCE WITH GENERALLY ACCEPTED ENTERTAINMENT
4 INDUSTRY PRACTICES.

5 (E) "ELIGIBLE PRODUCTION COMPANY" OR "COMPANY" MEANS AN ENTITY
6 IN THE BUSINESS OF PRODUCING QUALIFIED PRODUCTIONS OR FOR
7 INTERACTIVE GAMES IN THE BUSINESS OF DEVELOPING INTERACTIVE GAMES,
8 BUT DOES NOT INCLUDE AN ENTITY THAT IS MORE THAN 30% OWNED,
9 AFFILIATED, OR CONTROLLED BY AN ENTITY OR INDIVIDUAL WHO IS IN
10 DEFAULT ON A LOAN MADE BY THIS STATE, A LOAN GUARANTEED BY THIS
11 STATE, OR A LOAN MADE OR GUARANTEED BY ANY OTHER STATE. FOR AN
12 INTERACTIVE GAME, AN ELIGIBLE PRODUCTION COMPANY NEED NOT POSSESS
13 OWNERSHIP OF OR LEGAL CONTROL OVER ALL OF THE INTELLECTUAL PROPERTY
14 RIGHTS OR OTHER RIGHTS NECESSARY TO COMPLETE THE QUALIFIED
15 PRODUCTION IN ITS ENTIRETY NOR BE THE SAME ENTITY THAT DISTRIBUTES
16 OR PUBLISHES THE INTERACTIVE GAME.

17 (F) "MADE IN THIS STATE" MEANS, FOR PURPOSES OF SUBDIVISION
18 (C) ONLY, ALL OF THE FOLLOWING:

19 (i) TANGIBLE PERSONAL PROPERTY AND SERVICES ACQUIRED BY THE
20 ELIGIBLE PRODUCTION COMPANY FROM A SOURCE WITHIN THIS STATE. IF AN
21 ITEM OF TANGIBLE PERSONAL PROPERTY IS NOT AVAILABLE FROM A SOURCE
22 WITHIN THIS STATE AND A VENDOR WITH THE REQUISITE PHYSICAL PRESENCE
23 IN THIS STATE THAT REGULARLY SELLS OR LEASES PROPERTY OF THAT KIND
24 OBTAINS THE PROPERTY FROM AN OUT-OF-STATE VENDOR AND SELLS OR
25 LEASES IT TO AN ELIGIBLE PRODUCTION COMPANY, THAT EXPENDITURE IS
26 CONSIDERED MADE IN THIS STATE AND IS A DIRECT PRODUCTION
27 EXPENDITURE AND NOT AN OUT-OF-STATE PRODUCTION COST.

1 (ii) SERVICES WHOLLY PERFORMED WITHIN THIS STATE.

2 (G) "MICHIGAN PERSONNEL EXPENDITURE" MEANS AN EXPENDITURE MADE
3 IN THIS STATE DIRECTLY ATTRIBUTABLE TO THE PRODUCTION OR
4 DEVELOPMENT OF A QUALIFIED PRODUCTION THAT IS A TRANSACTION SUBJECT
5 TO TAXATION IN THIS STATE AND IS A PAYMENT OR COMPENSATION PAYABLE
6 TO BELOW THE LINE CREW FOR BELOW THE LINE CREW MEMBERS WHO ARE
7 RESIDENTS OF THIS STATE AND ABOVE THE LINE PERSONNEL FOR ABOVE THE
8 LINE PERSONNEL WHO ARE RESIDENTS OF THIS STATE, NOT TO EXCEED
9 \$2,000,000.00 FOR ANY 1 EMPLOYEE OR CONTRACTUAL OR SALARIED
10 EMPLOYEE WHO PERFORMS SERVICE IN THIS STATE FOR THE PRODUCTION OF A
11 QUALIFIED PRODUCTION, INCLUDING BOTH OF THE FOLLOWING:

12 (i) PAYMENT OF WAGES, BENEFITS, OR FEES.

13 (ii) PAYMENT TO A PERSONAL SERVICES CORPORATION OR PROFESSIONAL
14 EMPLOYER ORGANIZATION FOR THE SERVICES OF A PERFORMING ARTIST OR
15 CREW MEMBER IF THE PERSONAL SERVICES CORPORATION OR PROFESSIONAL
16 EMPLOYER ORGANIZATION IS SUBJECT TO TAXATION IN THIS STATE ON THE
17 PORTION OF THE PAYMENT QUALIFYING FOR FUNDING UNDER THIS SECTION
18 AND THE PAYMENTS RECEIVED BY THE PERFORMING ARTIST OR CREW MEMBER
19 THAT ARE SUBJECT TO TAXATION UNDER THE INCOME TAX ACT OF 1967, 1967
20 PA 281, MCL 206.1 TO 206.713, ARE WITHHELD AND PAID TO THIS STATE
21 IN THE AMOUNT PROVIDED UNDER SECTION 351 OR 703 OF THE INCOME TAX
22 ACT OF 1967, 1967 PA 281, MCL 206.351 AND 206.703.

23 (H) "OBSCENE MATTER OR AN OBSCENE PERFORMANCE" MEANS MATTER
24 DESCRIBED IN 1984 PA 343, MCL 752.361 TO 752.374.

25 (I) "POSTPRODUCTION EXPENDITURE" MEANS A DIRECT EXPENDITURE
26 FOR EDITING, FOLEY RECORDING, AUTOMATIC DIALOGUE REPLACEMENT, SOUND
27 EDITING, SPECIAL OR VISUAL EFFECTS INCLUDING COMPUTER-GENERATED

1 IMAGERY OR OTHER EFFECTS, SCORING AND MUSIC EDITING, BEGINNING AND
2 END CREDITS, NEGATIVE CUTTING, SOUNDTRACK PRODUCTION, DUBBING,
3 SUBTITLING, OR ADDITION OF SOUND OR VISUAL EFFECTS. POSTPRODUCTION
4 EXPENDITURE INCLUDES DIRECT EXPENDITURES FOR ADVERTISING,
5 MARKETING, OR RELATED EXPENSES.

6 (J) "POSTPRODUCTION FACILITY" MEANS A PERMANENT FACILITY
7 WITHIN THIS STATE EQUIPPED FOR THE POSTPRODUCTION OF MOTION
8 PICTURES, TELEVISION SHOWS, OR DIGITAL MEDIA PRODUCTION THAT MEETS
9 ALL OF THE FOLLOWING REQUIREMENTS:

10 (i) INCLUDES AT LEAST 3,000 SQUARE FEET OF CONTIGUOUS SPACE.

11 (ii) INCLUDES AT LEAST 8 WORK STATIONS.

12 (iii) HAS BEEN A QUALIFIED FILM AND DIGITAL MEDIA INFRASTRUCTURE
13 PROJECT FROM WHICH AN INVESTMENT EXPENDITURE CERTIFICATE WAS ISSUED
14 UNDER SECTION 457 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL
15 208.1457, OR HAS BEEN THE LOCATION OF A STATE CERTIFIED QUALIFIED
16 PRODUCTION FOR WHICH A POSTPRODUCTION CERTIFICATE OF COMPLETION WAS
17 ISSUED UNDER SECTION 455 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA
18 36, MCL 208.1455, OR BOTH.

19 (K) "PRODUCER" MEANS AN INDIVIDUAL WITHOUT REGARD TO HIS OR
20 HER ACTUAL TITLE OR SCREEN CREDIT INVOLVED IN OR RESPONSIBLE FOR
21 ANY OF THE FOLLOWING:

22 (i) FUNDING FOR FINANCING IN WHOLE OR IN PART, OR ARRANGING FOR
23 THE FUNDING, OR FINANCING, OF THE QUALIFIED PRODUCTION.

24 (ii) OBTAINING THE CREATIVE RIGHTS TO OR THE INTELLECTUAL
25 PROPERTY FOR DEVELOPMENT OR PRODUCTION OF THE QUALIFIED PRODUCTION.

26 (iii) HIRING ABOVE THE LINE PERSONNEL.

27 (iv) SUPERVISING THE OVERALL PRODUCTION OF THE QUALIFIED

1 PRODUCTION.

2 (v) ARRANGING FOR THE EXHIBITION OF THE QUALIFIED PRODUCTION.

3 (l) "QUALIFIED FACILITY" MEANS A PERMANENT FACILITY WITHIN THIS
4 STATE EQUIPPED FOR THE PRODUCTION OF MOTION PICTURES, TELEVISION
5 SHOWS, OR DIGITAL MEDIA PRODUCTION THAT MEETS ALL OF THE FOLLOWING
6 REQUIREMENTS:

7 (i) INCLUDES MORE THAN 1 SOUNDSTAGE.

8 (ii) INCLUDES NOT LESS THAN 3,000 SQUARE FEET OF CONTIGUOUS,
9 COLUMN-FREE SPACE FOR PRODUCTION ACTIVITIES WITH A HEIGHT OF AT
10 LEAST 12 FEET.

11 (iii) INCLUDES ANY GRID AND SUFFICIENT BUILT-IN ELECTRIC SERVICE
12 FOR SHOOTING WITHOUT THE NEED OF PORTABLE ELECTRIC GENERATORS.

13 (iv) HAS BEEN A QUALIFIED FILM AND DIGITAL MEDIA INFRASTRUCTURE
14 PROJECT FOR WHICH AN INVESTMENT EXPENDITURE CERTIFICATE WAS ISSUED
15 UNDER SECTION 457 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL
16 208.1457, OR HAS BEEN THE LOCATION OF A STATE CERTIFIED QUALIFIED
17 PRODUCTION FOR WHICH A POSTPRODUCTION CERTIFICATE OF COMPLETION WAS
18 ISSUED UNDER SECTION 455 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA
19 36, MCL 208.1455, OR BOTH.

20 (m) "QUALIFIED PERSONNEL EXPENDITURE" MEANS AN EXPENDITURE
21 MADE IN THIS STATE DIRECTLY ATTRIBUTABLE TO THE PRODUCTION OR
22 DEVELOPMENT OF A QUALIFIED PRODUCTION THAT IS A TRANSACTION SUBJECT
23 TO TAXATION IN THIS STATE AND IS A PAYMENT OR COMPENSATION FOR
24 NONRESIDENT ABOVE THE LINE PERSONNEL, TALENT, MANAGEMENT, OR LABOR,
25 NOT TO EXCEED \$2,000,000.00 FOR ANY 1 EMPLOYEE OR CONTRACTUAL OR
26 SALARIED EMPLOYEE OF A QUALIFIED PRODUCTION, INCLUDING BOTH OF THE
27 FOLLOWING:

1 (i) PAYMENT OF WAGES, BENEFITS, OR FEES FOR TALENT, MANAGEMENT,
2 OR LABOR.

3 (ii) PAYMENT TO A PERSONAL SERVICES CORPORATION OR PROFESSIONAL
4 EMPLOYER ORGANIZATION FOR THE SERVICES OF A PERFORMING ARTIST OR
5 CREW MEMBER IF THE PERSONAL SERVICES CORPORATION OR PROFESSIONAL
6 EMPLOYER ORGANIZATION IS SUBJECT TO TAXATION IN THIS STATE ON THE
7 PORTION OF THE PAYMENT QUALIFYING FOR FUNDING UNDER THIS SECTION
8 AND THE PAYMENTS RECEIVED BY THE PERFORMING ARTIST OR CREW MEMBER
9 THAT ARE SUBJECT TO TAXATION UNDER THE INCOME TAX ACT OF 1967, 1967
10 PA 281, MCL 206.1 TO 206.713, AND ARE WITHHELD AND PAID TO THIS
11 STATE IN THE AMOUNT PROVIDED UNDER SECTION 351 OR 703 OF THE INCOME
12 TAX ACT OF 1967, 1967 PA 281, MCL 206.351 AND 206.703.

13 (N) "STATE CERTIFIED QUALIFIED PRODUCTION" OR "QUALIFIED
14 PRODUCTION" MEANS SINGLE MEDIA OR MULTIMEDIA ENTERTAINMENT CONTENT
15 CREATED IN WHOLE OR IN PART IN THIS STATE FOR DISTRIBUTION OR
16 EXHIBITION TO THE GENERAL PUBLIC IN 2 OR MORE STATES BY ANY MEANS
17 AND MEDIA IN ANY DIGITAL MEDIA FORMAT, FILM, OR VIDEO TAPE,
18 INCLUDING, BUT NOT LIMITED TO, A MOTION PICTURE, A DOCUMENTARY, A
19 TELEVISION SERIES, A TELEVISION MINISERIES, A TELEVISION SPECIAL,
20 INTERSTITIAL TELEVISION PROGRAMMING, LONG-FORM TELEVISION,
21 INTERACTIVE TELEVISION, MUSIC VIDEOS, INTERACTIVE GAMES SUCH AS
22 VIDEO GAMES OR WIRELESS GAMES, INCLUDING CONSOLE, COMPUTER, MOBILE,
23 AND ONLINE GAMES, INTERNET PROGRAMMING, AN INTERNET VIDEO, A SOUND
24 RECORDING, A VIDEO, DIGITAL ANIMATION, OR AN INTERACTIVE WEBSITE.
25 QUALIFIED PRODUCTION ALSO INCLUDES ANY TRAILER, PILOT, VIDEO
26 TEASER, OR DEMO CREATED PRIMARILY TO STIMULATE THE SALE, MARKETING,
27 PROMOTION, OR EXPLOITATION OF FUTURE INVESTMENT IN A PRODUCTION.

1 QUALIFIED PRODUCTION DOES NOT INCLUDE ANY OF THE FOLLOWING:

2 (i) A PRODUCTION FOR WHICH RECORDS ARE REQUIRED TO BE
3 MAINTAINED WITH RESPECT TO ANY PERFORMER IN THE PRODUCTION UNDER 18
4 USC 2257.

5 (ii) A PRODUCTION THAT INCLUDES OBSCENE MATTER OR AN OBSCENE
6 PERFORMANCE.

7 (iii) A PRODUCTION THAT PRIMARILY CONSISTS OF TELEVISED NEWS OR
8 CURRENT EVENTS.

9 (iv) A PRODUCTION THAT PRIMARILY CONSISTS OF A LIVE SPORTING
10 EVENT.

11 (v) A PRODUCTION THAT PRIMARILY CONSISTS OF POLITICAL
12 ADVERTISING.

13 (vi) A RADIO PROGRAM.

14 (vii) A WEATHER SHOW.

15 (viii) A FINANCIAL MARKET REPORT.

16 (ix) AN AWARDS SHOW OR OTHER GALA EVENT PRODUCTION.

17 (x) A PRODUCTION WITH THE PRIMARY PURPOSE OF FUND-RAISING.

18 (xi) A PRODUCTION THAT PRIMARILY IS FOR EMPLOYEE TRAINING OR
19 IN-HOUSE CORPORATE ADVERTISING OR OTHER SIMILAR PRODUCTION.

20 (xii) A COMMERCIAL.