

Tennessee Film/TV Incentive

This general overview page does not include complete program details.

TWO incentive plans which can be combined for up to 32% of your qualified TN spend!

ABBREVIATIONS USED

TN	(Tennessee)
TFEMC	(Tennessee Film, Entertainment & Music Commission)
DOR	(Tennessee Department of Revenue)
ECD	(Tennessee Department of Economic & Community Development)
QTS	(Qualified Tennessee Spend)
HQ	(Tennessee company registered with the Department of Revenue as a recognized Headquarters)

Incentive #1 – contact TFEMC at 615-741-3456 or tn.film@tn.gov

17% program administered through the TN Film, Ent. & Music Commission (TFEMC)

- Minimum qualified TN spend of:
 - \$150,000 for TN company (per production/per episode)
 - \$500,000 for out-of-state company (per production/per episode)

What expenses qualify? (see Eligible Expenditures for full details)

- Payments made to TN vendors and TN residents, while filming in TN, are generally qualified TN spend. (includes music and travel related costs)
- Payments made to non-residents or non-TN vendors do not qualify.
- Only the first \$250,000 paid to each TN resident will qualify for the incentive.
- No expenses made prior to the date certification is issued will qualify for the incentive.
- The state has some discretion with program criteria and can make exceptions when it is in the best interests of the state.

How do I apply?

- Projects must be fully funded/greenlit before submitting the Form A application.
- Applications are reviewed/approved by the Grants & Loans Committee.
- Approved projects are issued a Certificate of Conditional Eligibility.
- It is recommended that Form A is submitted at least 3 months before the start of principal photography.

Key dates/deadlines

- Projects must begin principal photography in TN within 90 days of certification.
- Projects must complete production in TN within 12 months of certification.
- Projects must submit all required documents for audit within 15 months of certification.
- Projects must have a meeting with Film and Revenue before production begins.

Incentive #2 – contact Arnold Clapp at 615-741-2461 or arnold.clapp@tn.gov

15% HQ program administered through the TN Dept. of Revenue (DOR)

- Minimum qualified TN spend of \$1,000,000.00
 - TN company must be registered as a HQ location with DOR
 - Out-of-state company can partner with a TN HQ company to access this program

What expenses qualify?

- Payments made to TN vendors and TN residents, while filming in TN, are generally qualified TN spend.
- Payments made to non-residents or non-TN vendors do not qualify.
- No “caps” for payments to TN residents.
- Generally includes P&A, music and travel costs.

How do I apply?

- The TN Production Company must apply to be a recognized TN HQ location with DOR (letter ruling).
- The recognized TN HQ location must submit project information, script and project budget to DOR for review and a determination letter will be issued with regards to project eligibility and eligible expenditures.

17% TENNESSEE FILM & TV INCENTIVE

ELIGIBLE EXPENDITURES

Expenditures are considered “qualified expenses” only to the extent that the costs are clearly and demonstrably incurred in TN in the pre-production, production and post-production phases of a qualified production filming in TN.

Incurred in the state means payments made for goods or services used in the state in connection with a qualified production and purchased from a local TN vendor or paid to a TN resident for production occurring in TN.

- All qualified spend on TN services, equipment and personnel
- Wages, salaries, fees, per diem and fringe benefits of TN cast and crew. Only the first \$250,000 paid to a TN resident is eligible for the incentive.
- TN residents MUST meet TN resident criteria (must have a permanent TN Driver's License issued prior to the date the project is certified).
- Housing (in-state) and travel of in-state and out-of-state cast and crew, when purchased from a local TN vendor. Commercial airfare only qualifies if purchased through a TN based travel agency for travel to and from TN and within TN is eligible (does not include private/charter flights), when purchased for projects/episodes filming in TN.
- All TN spend directly associated with the production including art direction, wardrobe, make-up, hair, location fees, rental of facilities and equipment, scoring, special effects and all other customary post-production costs.
- Music related expenditures such as licensing, studio rentals, studio musicians, etc.

A qualified TN vendor is defined as a vendor or supplier in this state that is registered with the Department of Revenue to conduct business in TN, has a physical location in TN, and employs one or more legal residents of TN. When services are provided by the vendor or supplier include personal services or labor, only personal services or labor performed in TN and provided by residents of TN, evidenced by the required documentation of residency, will qualify.

NON-ELIGIBLE EXPENDITURES

- Any wages, salaries, per diems, fees, stipends and/or fringe benefits of out-of-state cast and crew members
- Costs/fees associated with advertising, marketing, distribution, financing, insurance, and completion bonds
- Internet purchases
- Alcohol and tobacco – including use as props
- Cell phone reimbursements
- Producer’s markup fees or production company markup fees
- Contingency fees
- Development fees
- Profit sharing payments
- Gifts/prizes
- In-kind services/goods
- Expenditures incurred in TN for portions of production occurring out-of-state. (ie. travel, equipment rental, crew/talent hires, or post-production for any portions of projects filming outside TN)
- Payments made to a “pass thru” or conduit company. Only payments made to a bona fide TN company or TN residents, publicly engaged in that specific area of business, are eligible.
- Payments exchanged between multiple companies having the same or similar owners; or for companies approved to receive the incentive, payments that are made to that company’s owner, partner or principal, and especially with a Sole Partnership or Single Member LLC. All transactions must be ‘arms length.’
- Payments made directly to the government (federal, state, county or city), including permits and postage.
- Expenditures made to Section 501(c), non-profit organizations (including Goodwill, Salvation Army, churches, museums, schools, etc.)

Please note – the expenditure information found above applies ONLY to the 17% Film Incentive. DOR should be contacted directly to determine what expenses may qualify for their program.

17% TENNESSEE FILM & TV INCENTIVE

Receive 17% of your total qualified TN spend for a feature film, tv program, or commercial in the State of TN.

GENERAL REQUIREMENTS

1. An out-of-state Production Company must have a minimum of \$500,000 QTS per production/per episode, and a TN Production Company must have a minimum of \$150,000 QTS per production/per episode, in TN, within 12 months after the Certificate of Conditional Eligibility is issued.
2. Live coverage of events, including news, sports, concerts and awards shows; music videos; industrials and corporate marketing or training videos; projects consisting primarily of stock footage and/or interviews; trailers made promoting theatrical films not filmed in TN; photo shoots or still photography; website development; and anything that is not original film or television content recorded in TN, will NOT qualify for the incentive. *Also, the post-production of a project that did not shoot in TN, or has already shot in TN without receiving the required certification in advance, will NOT qualify. Any expenditures for an approved project that are related to portions of production not physically occurring in TN will NOT qualify.*
3. The incentive is calculated on the actual QTS (see *Eligible Expenditures*).
4. Only the first \$250,000 paid to each TN resident will qualify for the incentive.
5. Should there be an anticipated increase in the production's budget and TN spend, please apprise the TFEMC in writing. Failure to do so could impact the amount of incentive funds available to your production.
6. Script and resulting production must not be obscene in nature, and the Production Company must affirm that the production does not require that records be maintained pursuant to 18 U.S.C. Sec. 2257 with respect to any performer portrayed therein.
7. All obligations incurred in-state must be satisfied.
8. The production must comply with all applicable State and Federal laws.
9. The payment contract requires the Production Company to indemnify and hold harmless the State of TN as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Production Company, its employees, or any person acting for or on its or their behalf relating to the production.

HOW TO APPLY

10. Contact the TFEMC to discuss their project, incentive eligibility and available funds BEFORE applying.
11. Register your production with the TFEMC using Form A (including all supporting documents). In order to apply for the incentive (Form A) a production must be fully-funded/greenlit. Only complete applications will be presented for approval. It is recommended that Form A be submitted at least 3 months before the start of principal photography.
12. Applications will be reviewed by the ECD Grants and Loans Committee which typically meets once a month. Applicants should allow adequate time for the TFEMC to schedule a meeting with Grants and Loans. The time involved for approval will be lengthened considerably if application is incomplete, has conflicting information or raises additional questions that must be answered. Following the meeting applicants will be notified of the committee's decision. If approved, the state will issue a Certificate of Conditional Eligibility. **NO EXPENSES made prior to certification will be considered qualified expenditures.** The receipt of the Certificate of Conditional Eligibility does not guarantee availability of the incentive, nor the amount of the incentive, which is contingent on the final QTS and the production meeting the requirements of the incentive program.

13. Only a production company may receive certification for a project, and only one company at a time may receive the certification from TFEMC. (*The separate DOR HQ program does not require that the same company apply for both incentive programs.*) If a production company hires another production company to complete the project as a “work for hire,” then the two companies must agree who will obtain certification to participate in the incentive program. If your project is a work for hire then the production company applying for certification must include a copy of the agreement signed by both companies indicating that the company has the right to receive certification and incentive funds for the project.

BEFORE PRODUCTION

14. For your benefit, a meeting **MUST** take place between the TFEMC (which may also include DOR) and the production staff prior to the start of pre-production. This meeting should include your *Head Accountant, Line Producer and/or UPM and/or Production Supervisor, as well as the production’s primary incentive contact*. Should any personnel changes occur for these positions an additional meeting should be held.
15. Principal photography must begin in TN within 90 days from the date the Certificate of Conditional Eligibility is issued.

DURING PRODUCTION

16. Have each TN resident employed on your production complete Form B (Declaration of Residency **and** attach a copy of proof of residency, which must be a copy of a current, permanent TN Driver's License issued prior to the project being certified. A minor would need to present their parent or guardian's proof of residency. When submitting, sort the forms alphabetically by last name.
17. Keep a detailed account (ledger) to submit in electronic form (CD or e-mail) an Excel or Access file (see *Data Requirements*) of all qualified TN expenditures incurred in TN that were paid to TN vendors and residents during pre-production, production and post-production (where applicable).
- Maintain copies of all vendor/crew invoices and any checks issued. Full vendor names, addresses, dates and amounts must be clearly visible.
 - Maintain copies of all credit card purchases, which must also include detail of purchases/vendor names.
 - Maintain copies of petty cash envelope summaries (copy the front of each petty cash envelope) and sort by PC envelope number
 - Maintain copies of all receipts (always keep the originals for your records) or any payment related items.

AFTER PRODUCTION

18. Once production is completed, use your records to compile a comprehensive ledger of TN expenditures (see *Data Requirements*) and calculate your potential incentive. Do not complete your ledger until your very last TN expenditure, which would include any post-production. Then, with your Form C, submit an electronic copy of the Excel ledger by CD or e-mail.
19. The Production Company must provide appropriate production credits to the Governor and the State of TN, TFEMC, any other state agencies, and the regional film commission(s) (if applicable) that provided services to the Production Company, as well as an acknowledgement that the production was filmed in the State of TN.
20. Upon the completion of principal photography, the Production Company must post a notice, once a week for 3 consecutive weeks, in local newspapers distributed in each TN location where production took place, notifying the public of the need to file creditor claims with the production company by a specified date. The production company agrees that outstanding obligations are not waived by a creditor failing to file such claim by the specified date. Include the production title, address, phone, fax, and contact name(s) for your primary or corporate office - not a temporary TN production office - as vendors need to be able to contact you after you have closed your local production office. TN based companies should include their TN primary or corporate office info. Submit this information to the TFEMC *and* submit a copy of the newspaper bill for all three weeks to the TFEMC.

FILING FOR THE INCENTIVE

21. The final application package must be completely submitted within 15 months from the date the Certificate of Conditional Eligibility is issued.

22. Complete **Form C**, the final incentive application. In one submission, mail or e-mail your complete package to the TFEMC. Make sure to submit the **application**, fill it out entirely and submit **all supporting documents**. In order to verify the submission date hand delivered submissions will not be accepted.
23. The production must be completed, and TFEMC must be shown the completed production and/or given a copy (upon completion) prior to the Production Company being entitled to any incentives. The production should also provide at least five production still photos in an electronic format with rights cleared for promotional use, and should also provide at least one poster for promotion of the project (upon completion – feature films only). If these items are not available prior to the 15 month submission deadline, payment will not be issued until these requirements have been fulfilled.
24. All financials will be audited. Upon review by the TFEMC, the Form C package will be forwarded to the TN DEPT. OF REVENUE. They will review and audit your claim and contact you with the approved amount. Neither TFEMC nor DOR can accurately estimate the length of time the review process will take.

FEWER MISTAKES EQUAL A FASTER INCENTIVE!

25. In order to receive the incentive all productions will need to enter a payment contract with the State of TN and will also be required to submit an invoice for 17% of the audited amount of the incentive, a substitute W9, and the ACH Form (*the payment contract requires that funds be direct deposited*) along with the required voided check or deposit slip.

ACH Form <http://tn.gov/film/PDF/Incentives/ACHregistration.pdf>
W9 Form <http://tn.gov/film/PDF/Incentives/SubstituteW9.pdf>

26. The production company will not be entitled to receive any incentives, nor will they file any of their claims with the state, until the audit shows that the production company has complied with all its obligations under this program.

For questions regarding the incentive program contact the TFEMC: (615) 741-3456 or tn.film@tn.gov

*This is not a “first come, first serve” program nor one of unlimited resources. The TFEMC and ECD shall have the sole discretion of awarding these incentives, in furtherance of the best interests of the State of TN, which would include, but not be limited to, job creation and training, economic growth and new business opportunities. Generally, the criteria for the Film/TV Production Incentive will be as described herein. However, where it is determined that a production will have a beneficial impact on the film industry and the economy of the State, the TFEMC, along with the Grants and Loans Committee, shall have the discretion to deviate from the criteria of the Film/TV Production Incentive. Please note that this discretion does not apply to the DOR HQ program. Any exceptions to the incentive program must be requested in writing, approved in writing one time for any project, and will not be considered valid if it has not been agreed upon **PRIOR** to the start of production, aside from exceptions related to program deadlines.*

DATA REQUIREMENTS

- The data must be in one Excel spreadsheet (not multiple tabs) or one Access database table (not multiple tables).
- The data cannot be submitted in any other format such as PDF, XML, delimited, CSV, PRN, reports, etc.
- The data must contain specific identifying information about the transaction that is sufficient to locate the source document (paper receipt) such as vendor/supplier, date, invoice number/transaction number, account number, proof of payment (check number, envelope number, etc), description, etc. This is not an exhaustive list, but rather an example of the detail needed on each transaction/line of data.
- The amount of the qualified Tennessee spend must be in one data column and have an amount on every line of the data for the transaction. The sum of this column must represent the total Tennessee spend for the time period represented. If the column is summed in Excel or Access and does not sum to the number represented at the bottom of the column, the data will be returned for correction.
- Every effort should be made to list the spend for each transaction and not multiple payments or advances toward a single transaction/spend.
- The data must have a clear cutoff for the claim and that cutoff must be identified to the Department of Revenue. For example, the claim could be for all Tennessee expenditures between February 2, 2011 and October 13, 2011. Therefore, if a subsequent claim is filed, all Tennessee expenditures submitted to the Department of Revenue would be for expenditures after October 13, 2011. It is imperative that this is clear so that duplicate expenditures are not presented in multiple claims.

Required Data Elements

<i>Field Name</i>	<i>Explanation</i>
General Ledger Account	
Vendor Name	
Invoice Number	
Invoice Date	
Description	Make sure enough information is present to differentiate from another line within the TN spend data
Employee Name	Must include employee name for payroll transactions
Week Ending Date	This will show the payroll week
Check Number	You must have check number as proof of payment unless Petty Cash
Check Date	
Petty Cash Envelope Number	
Transaction Type	This should be Payroll, AP or Petty Cash and not Journal Entries
Transaction Number	If your computer system issues a transaction number to all entries, please provide that information.
Transaction Date	If you use a transaction date or entry date as the cutoff date , you will need to provide this data field
Amount of TN spend	Must be the amount related to the production for a qualified expense incurred in TN – (Include the employee gross pay if this is a payment to an employee or a payroll transaction)

You will have to indicate the cutoff date for each data set provided to ensure that entries are not included multiple times for payment. The date field used to identify the cutoff must be in each data submission and date ranges cannot overlap between sets of data provided for the incentive. Overlapping date ranges will result in a reduction of incentive amounts approved.

All line items that are identical to another data line will be removed and not allowed as a qualified spends. If the lines are not truly duplicates, make sure that plenty of detail is provided to prove two different payments. The ideal situation is that similar items be paid with different check numbers.