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Now Accepting Applications: How Commercial Productions Can Apply For The Illinois Film Tax Incentive

Want to shoot in Paris on a tight budget? Shoot in Paris, Illinois, utilize the state's film tax incentive and get back 20 percent of your Illinois production expenditures. Thanks to Governor Blagojevich's leadership, the Illinois Tax Credit has a lot to offer to commercial productions.

Productions under 30 minutes can earn 20 percent of what they spend in Illinois in the form a tax credit. As a commercial production, you must spend \$50,000 on your project to qualify. This includes all elements from pre- to post-production. The more you spend, the more you get and production people in Illinois get put to work!

The credit can be taken by the production company, ad agency or client on a production. Only one entity can take the credit on any single project.

The production company, ad agency or advertiser does not need to be an Illinois corporation, nor does the director need to be an Illinois resident to qualify. The only requirement by law is that the production must take place in Illinois.

Many other states say they offer incentives for filmmaking. The Illinois credit is one of the few states in the country to offer a straightforward incentive for commercial production.

Here are the simple, necessary steps needed to utilize the credit:

1. Get the Illinois Film Office (IFO) your application at least 24 hours before the commercial shoot. The application is available on our website at www.filmillinois.state.il.us.

The application is a simple form that asks for some basic information on the project, such as shoot dates and estimates of crew size, etc. For a commercial, it requires a copy of the production contract if the application is made by someone other than the holder of the copyright on the project (usually the ad agency).

2. Applicants are also required to submit a diversity plan. This document is a statement of your plan to make a good faith effort to hire crews that reflect the diversity of Illinois' population. There is a sample plan available on the IFO website. The IFO offers a guide

to minority crew members and vendors. In addition, we have a full-time diversity officer on staff to guide you through the process.

The application also asks about a training program for minorities. If your production company is a signatory to union agreements, these may call for the employer to pay into a training program, some of which have strong diversity components.

3. Applicants are also required to demonstrate a competitive need for the credit. This statement tells us that you have bid your project for Illinois and another area and, due to the savings offered by the Illinois Film Tax Credit, Illinois was selected. Boards that require a shot of the Sears Tower would not pass this test, but a bid from another part of the globe that is higher in cost might demonstrate the competitive need of the credit.

4. Shoot and edit your spot. Save your receipts! All your Illinois production costs, including pre-production, post-production and even talent costs, can be included. Your talent use fees for the first year are applicable.

5. After production is completed, compile your talent, labor and vendor invoices. Remember that virtually everything spent in the production of the spot in Illinois counts toward the 20 percent. We have a detailed list of qualified expenditures on our website.

6. Add up these costs and submit them to an independent CPA for compilation and authentication. This could mean your company's regular outside CPA would simply compile and authenticate the expenditures. The CPA then computes the credit and submits it the Illinois Film Office.

7. The IFO reviews the submitted information and issues a credit.

8. The final credit can be applied against Illinois tax liability or sold to someone else who has Illinois tax liability. A number of brokers have emerged that have found a market for these credits.

Credit Facts: The credit is against Illinois income tax; it may be transferred (sold) once; it may be split; and it may be carried forward, or used in part, over five years.

The Illinois tax credit allows you to stretch your commercial production dollars. And best of all, you don't have to go to another market to shoot your spot. You can work with the top crews and talent we have in Illinois to shoot your spot.