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Pennsylvania Department of Community and Economic Development



Report to the General Assembly
on the Film Production Tax Credit Program

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Commonwealth of Pennsylvania

Tom Wolf, Governor

Department of Community & Economic Development

Dennis M. Davin, Secretary



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DEPARTMENT OF COMMUNITY
& ECONOMIC DEVELOPMENT

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REPORT TO THE GENERAL ASSEMBLY
Film Production Tax Credit Program
FY 2014-15

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REPORT TO THE GENERAL ASSEMBLY PENNSYLVANIA'S FILM PRODUCTION TAX CREDIT PROGRAM FY 2014-15

PROGRAM OVERVIEW

Pennsylvania's Film Production Tax Credit Program (FPTCP) is an economic development tool created to foster the growth and development of the state's film industry. The program, first authorized under Act 55 of 2007 and amended by Act 85 of 2012 and Act 52 of 2013, provides a tax credit equal (in most cases) to 25 percent of a production's "qualified PA production expenses" provided at least 60 percent of the production's total budget is spent in Pennsylvania¹. The types of production eligible for a tax credit include feature films; TV films, talk or game show series, pilots or episodes intended as programming for a national audience; commercials; and documentaries.

An additional 5 percent in tax credits is provided under Act 85 of 2012 for feature films and television productions intended for a national audience that meet the "minimum stage filming requirements" at a "qualified production facility"² located in Pennsylvania. The minimum stage filming requirements are based on the projected amount of a production's in-state expenditures, with stronger requirements for large-budget productions. To qualify for the additional tax credit, productions with a projected in-state spend of under \$30 million must build at least one set and shoot for a minimum of 10 days at a qualified production facility, and directly spend at least \$1.5 million at the facility, while productions with projected in-state expenditures of \$30 million or more must build at least two sets, shoot for a minimum of 15 days, and have direct expenditures of at least \$5 million at a qualified production facility.

Upon completion of all phases of production (i.e., pre-production, principal photography, and post-production) and after the required independent audit of production expenses and economic impact report have been submitted and approved by the PA Department of Community and Economic Development (DCED), the production is issued a film production tax credit certificate. A production company may use the credit to offset any state taxes owed, or sell or assign the credit to one or more taxpayers. Production companies have three years after the taxable year in which the tax credit is issued to use the credit.

¹ The department may waive the 60% requirement for feature films, TV films or TV series intended for a national audience with PA production expenses of at least \$30 million per production and that meet the minimum stage filming requirements for filming at a qualified production facility (see below) for projects that would be financially beneficial for the Commonwealth.

² "Qualified Production Facility." A film production facility located within this commonwealth that contains at least one sound stage with a column-free, unobstructed floor space and meets either of the following criteria:

- (1) Has had a minimum of \$ 10,000,000 invested in the film production facility in land or a structure purchased or ground-up, purpose-built new construction or renovation of existing improvement.
- (2) Meets at least three of the following criteria:
 - (i) a sound stage having an industry standard noise criteria rating of 25 or better;
 - (ii) a permanent grid with a minimum point load capacity of no less than 1,000 pounds at a minimum of 25 points;
 - (iii) built-in power supply available at a minimum of 4,000 amps per sound stage without the need for supplemental generators;
 - (iv) a height from sound stage floor to permanent grid of a minimum of 20 feet;
 - (v) a sound stage with a sliding or roll-up access door with a minimum height of 14 feet;
 - (vi) a built-in HVAC capacity during shoot days with a minimum of 50 tons of cooling capacity available per sound stage;
 - (vii) perimeter security that includes a 24-hour, seven-days-a-week security presence and use of access control identification badges;
 - (viii) on-site lighting and grip department with an available inventory stored at the film production facility with a minimum cost of investment of \$ 500,000;
 - (ix) a sound stage with contiguous production offices with a minimum of 5,000 square feet per sound stage.

Since the program's inception, nearly \$500 million in film production tax credits have been approved/awarded³ to film production companies. These companies, in turn, have directly injected close to \$2 billion into PA's economy; generated an estimated \$3.7 billion in total economic activity and \$141 million in total state and local taxes; and supported an estimated 24,200 jobs (based on 2015 *IMPLAN* multipliers).

It is important to note the figures presented in this report should not be compared with those presented in prior reports. The totals are revised and updated each year to reflect:

- (1) The addition of productions that were approved for a film production tax credit in the most recently completed fiscal year.
- (2) The deletion of previously approved productions that withdrew from the program.⁴
- (3) The completion of productions approved for the film production tax credit program in years prior to the most recently completed fiscal year, with the data revised to reflect the actual amount of tax credits awarded for each completed production based on the production's actual PA qualified and total spending figures, as certified in an independent audit.
- (4) The reallocation of any unused tax credits from productions that were both approved and completed – or approved and the production subsequently withdrawn – in the most recently completed fiscal year, to productions awaiting approval or productions that received approval for only a portion of the amount of tax credits for which they are eligible (typically large-budget feature films or TV series).⁵
- (5) The utilization of updated/revised *Implan* multipliers.

³ It is important to note the distinction between state tax credits that are “approved” vs. “awarded.” Production companies selected to participate in the film tax credit program receive an initial approval letter stating the maximum amount of tax credits the company can receive upon completion of the production. This amount, i.e., the approved amount, is based on the estimated eligible, or “qualified,” PA production expenses and the total amount of film production tax credits available for a fiscal year.

Once a production is completed, the actual amount of tax credits awarded is based on the actual dollars spent in PA, as certified in an independent audit submitted after all phases of production have been completed. Film productions whose actual qualified expenses are higher than initially estimated are awarded a tax credit equal to the maximum amount specified in the approval letter, despite the production's higher spending level. In contrast, film productions whose actual total PA qualified expenses are below the amount initially specified in the production's application are awarded a smaller amount of tax credits than initially approved. As a result, the total dollar amount of tax credits awarded since the program's inception may be less than the total amount of film tax credits authorized to be awarded in a particular fiscal year.

⁴ Almost every year a number of productions withdraw from the film production tax credit program. Some of these are productions with a completed application but have yet to be approved for a film production tax credit. Others are productions that were approved but withdrew for one or more reasons that prevent the production company from commencing filming in PA within the program's required 90-day window following the production's approval for a film production tax credit. Reasons for withdrawal may include the inability to secure the necessary financing, scheduling conflicts of key cast members, and/or the lack of qualified production crew members, among others.

⁵ Tax credits for a number of larger budget productions may be allocated over two or more fiscal years. Since these productions typically have a long production cycle spanning two or more fiscal years (depending on the production's start date), the total amount of tax credits for which the production is eligible is allocated over the life of the production. In these cases, conditional letters of approval are issued for the portion of tax credits that will be issued in future years, which is subject to the continuation of the program and approval of a sufficient amount of film tax credits during the annual state budget process to meet these obligations.

SUMMARY STATISTICS

SUMMARY FOR FY 2007-08 THROUGH FY 2014-15

The PA Film Office has received and reviewed approximately 600 applications for the state's film production tax credit program since the program began in July 2007. The office has approved/awarded tax credits to 381 productions through FY 2014-15. Productions receiving tax credits have ranged from low-budget commercials with production budgets under \$15,000 to major feature films costing well over \$100 million, and have benefited both large Hollywood production companies and young PA film producers just starting out.

Note: Data for 12 productions that received approval for tax credits from the FY 2014-15 allocation and conditional approval for additional tax credits from future year allocations is included under the assumption the companies will complete all production activities in PA as outlined in their applications since production has already commenced. Data is not included on the nine productions that received conditional letters of approval only for tax credits to be issued in FY 2015-16 and/or subsequent years since production companies at times withdraw from the program prior to production commencing and also because the tax credits to be awarded are contingent on the continued availability of the tax credits.

Tax Credits Approved/Awarded by Type of Film Production, FY 2007-08 through FY 2014-15

The following table provides: (1) the total number of productions; (2) the total dollar amount of tax credits approved/awarded; (3) the average amount of tax credits awarded/approved, (4) the median amount of tax credits approved/awarded; and (5) the total dollar amount of qualified production spending in PA since the program began through FY 2014-15 for each major category of film production.

**Tax Credits Approved/Awarded by Type of Film Production
FY 2007-08 through FY 2014-15**

Production Type	Total Number of Productions	Total Dollar Amount of Film Tax Credits Approved/Awarded	Average (Mean) Amount of Film Tax Credits Approved/Awarded	Median Amount of Film Tax Credits Approved/Awarded	Qualified Production Spending in Pennsylvania
Commercials	38	\$1,277,630	\$33,622	\$15,730	\$5,455,827
Documentaries	17	\$2,834,638	\$166,743	\$120,550	\$11,399,732
Feature Films	119	\$348,246,720	\$2,926,443	\$297,990	\$1,372,859,536
TV Productions	205	\$146,746,537	\$715,837	\$203,973	\$580,772,652
Other	2	\$165,148	\$82,574	\$82,574	\$675,867
Total/Average	381	\$499,270,673	\$1,310,422	\$176,403	\$1,971,163,611

Excludes data for the nine productions approved for \$2.3 million in tax credits on a conditional basis only in the upcoming fiscal year(s). Includes data on the 12 projects approved for \$46.5 million in tax credits in FY 2014-15 and conditionally approved for \$22.0 million in additional tax credits in future years, under the assumption the program will continue and that these projects will be completed since production has already begun.

As the table above illustrates, TV productions account for the largest number of projects approved/awarded film tax credits since the program began (54% of the total), but feature films have received a majority of the nearly \$500 million in total tax credits authorized (i.e., 70%). The seeming disparity between the number of projects and dollar amount of tax credits between the two types of production is largely due to the number of large budget feature films that have received tax credits. Specifically, there have been 27 feature films with total production budgets of \$25 million or more, compared to just eight TV productions. The 27 feature films have a total in-state spend of \$1.1 billion (i.e., more than four times that of the eight TV productions) and have been approved/awarded \$280 million in tax credits, or 80% of the \$348 million in tax credits approved/awarded to feature films since the program began.

Similarly, the average (mean) dollar amount of film tax credits approved/awarded for feature films is significantly higher than for TV or the other types of film production. However, there is a far smaller difference between feature films and TV productions in the median amount of film tax credits approved/awarded due to the relatively large number of small-budget feature films, i.e., well over 40% of feature films approved/awarded a tax credit had total production budgets below \$1 million – a proportion similar to that of TV shows. As a result, the median award for feature films is only 1.5 times that of TV.

Tax Credits Approved/Awarded by Size of Total Production Budget, FY 2007-08 - FY 2014-15

Lower budget productions, in general, account for a majority of the productions approved/awarded a PA film production tax credit since FY 2007-08, but for just a small percentage of the total dollars approved/awarded as shown in the table below. The 205 productions with budgets under \$1 million together account for 54 percent of productions approved/awarded a film tax credit, but for just \$16.3 million (or 3%) of the nearly \$500 million in tax credits approved/awarded since the program began. In contrast, the 13 productions (11 feature films and 2 television shows) with total budgets greater than \$50 million represent just 3% of the number of projects, but 41 percent (or \$206 million) of the total dollar amount of tax credits approved/awarded to date. The total qualified PA expenditures of these 13 large-budget productions are 11.5 times greater than the 205 productions with budgets under \$1 million.

The following table shows: (a) the total number of productions approved/awarded film tax credits through FY 2014-15 according to the size of the total production budget; (b) the total dollar amount of tax credits approved/awarded; (c) the total dollar amount of qualified spending in Pennsylvania; and (d) the percent of total for the various measures. The dollar amount of tax credits and the qualified production spending include the actual amounts for completed productions (based on the figures provided in the required audits and economic impact reports) and the estimated amounts for productions yet to be completed by the end of FY 2014-15, as provided in their project applications.

Tax Credits Approved/Awarded by Size of Total Production Budget FY 2007-08 through FY 2014-15

Total Production Size	Number of Productions Approved/Awarded Film Tax Credits	Percent of Total Productions	Total \$ Amount of Tax Credits Approved/Awarded	Percent of Film Tax Credits	Qualified Production Spending in Pennsylvania
<\$100k	32	8%	\$351,532	0.1%	\$1,551,923
100k - \$250k	47	12%	\$1,474,817	0.3%	\$6,137,152
\$250k - \$500k	59	15%	\$4,633,205	0.9%	\$19,280,320
\$500k - \$750k	35	9%	\$4,313,050	0.9%	\$18,305,130
\$750k - \$1 mil	32	8%	\$5,534,670	1%	\$23,279,224
\$1 mil - \$2.5 mil	78	20%	\$23,967,146	5%	\$99,508,214
\$2.5 mil - \$5.0 mil	25	7%	\$17,831,139	4%	\$72,290,629
\$5.0 mil - \$10 mil	23	6%	\$33,264,207	7%	\$137,436,043
\$10 mil - \$25 mil	15	4%	\$55,639,660	11%	\$220,219,399
\$25 mil - \$50 mil	22	6%	\$146,464,817	29%	\$581,643,992
\$50 mil - \$100 mil	9	2%	\$111,674,515	22%	\$409,672,702
\$100+ million	4	1%	\$94,121,917	19%	\$381,838,887
TOTAL	381	100%	\$499,270,673	100%	\$1,971,163,611

Excludes data for the nine productions approved for \$2.3 million in tax credits on a conditional basis only in the upcoming fiscal year(s). Includes data on the 12 projects approved for \$46.5 million tax credits in FY 2014-15 and conditionally approved for \$22.0 million in additional tax credits in future years, under the assumption the program will continue and the production companies will complete the production activities outlined in their applications since they have already begun production.

SUMMARY FOR FY 2014-15

The PA Film Office approved 34 of the 49 film production tax credit applications the office received in FY 2014-15. Nine of these were productions that had been approved for \$24.5 million in tax credits from the FY 2013-14 allocation and were approved for an additional round of \$18.6 million in tax credits out of the FY 2014-15 allotment, with two of these productions also receiving conditional approval for \$5.2 million in tax credits from future year allocations. An additional 10 productions approved for tax credits from the FY 2014-15 allocation also received conditional approval for \$17 million in film tax credits from future year allocations (subject to the availability of future tax credits).

Another eight productions (four documentaries and four television productions) received conditional approval only for \$1.3 million in tax credits from the FY 2015-16 allocation, with one of these productions also receiving conditional approval for \$175,000 from the FY 2016-17 tax credit allocation. There was one production that received conditional approval for a tax credit of \$837,700 from the FY 2016-17 allocation only and no other fiscal year. The data for productions that received conditional approval only is not included in the tables presented below.

Tax Credits Approved by Production Type, FY 2014-15

As in prior years, feature films and television productions accounted for the vast majority of film tax credit approvals in FY 2014-15 in terms of both the number of productions and the total dollar amount of tax credits to be awarded. Feature films and TV programs together accounted for 31 of the 34 approved projects and 99.5% of the dollar amount of tax credits approved/awarded in FY 2014-15, with three documentaries accounting for the remaining approvals.

As of June 30, 2015, four productions approved for film tax credits from the FY 2014-15 allocation had completed all phases of production, submitted the requisite audit and economic impact reports, and issued a tax credit certificate by the end of the fiscal year. The actual PA qualified expenditures for three of these productions was below the amount estimated in their applications, which meant the productions were awarded tax credits for amounts less than initially approved. The film office was able to re-allocate all of the unused tax credits to other productions.

**Tax Credits Approved by Production Type
FY 2014-15 Film Production Tax Credit Authorization**

Production Category	Total Number of Productions	Percent of Total Number of Productions	Total Dollar Amount of Tax Credits Approved/Awarded	Percent of Total Dollar Amount of Tax Credits Approved/Awarded
Commercials	0	0%	\$0	0%
Documentaries	3	9%	\$329,442	0.5%
Feature Films	16	47%	\$25,602,406	43%
TV Productions	15	44%	\$34,068,152	57%
Other	0	0%	\$0	0%
TOTAL	34	100%	\$60,000,000	100%

Tax Credits Approved by Size of Total Production Budget, FY 2014-15

Ten productions, or close to a third of the productions approved for a film production tax credit from the FY 2014-15 allocation, had total production budgets under \$1 million and together accounted for just 1% of the approved tax credits. An additional 12 productions had total budgets between \$1 million and \$5 million. Taken together with the lowest budget productions, these 22 productions (i.e., three documentaries, eleven feature films, and eight TV programs) represented nearly two-thirds of the productions approved for a film tax credit from the FY 2014-15 allocation, but accounted for just 7% of the total dollar amount of tax credits approved/awarded.

The four feature films and four television productions with total budgets over \$25 million accounted for 24% of the productions approved for a tax credit from the FY 2014-15 film production tax credit allocation and for 82% (or \$49 million) of the total dollar amount of the FY 2014-15 approved tax credits.

Tax Credits Approved/Awarded by Size of Total Production Budget FY 2014-15 Film Production Tax Credit Authorization

Total Production Budget	Number of Productions Approved for Film Tax Credits	Percent of Total Productions	\$ Amount of Tax Credits Approved/Awarded	Percent of Total Film Tax Credits Approved/Awarded	Projected/Actual Spending in Pennsylvania
<\$100k	1	3%	\$23,000	0.04%	\$92,012
100k - \$250k	1	3%	\$16,085	0.0%	\$64,343
\$250k - \$500k	5	15%	\$379,513	0.6%	\$1,113,042
\$500k - \$750k	2	6%	\$216,937	0.4%	\$1,092,750
\$750k - \$1 mil	1	3%	\$208,500	0.3%	\$834,000
\$1 mil - \$2.5 mil	8	24%	\$2,055,595	3%	\$10,613,728
\$2.5 mil - \$5.0 mil	4	12%	\$1,553,272	3%	\$10,911,651
\$5.0 mil - \$10 mil	2	6%	\$1,984,139	3%	\$11,630,942
\$10 mil - \$25 mil	2	6%	\$4,523,593	8%	\$28,464,193
\$25 mil - \$50 mil	4	12%	\$19,484,337	32%	\$120,439,032
\$50 mil - \$100 mil	4	12%	\$29,555,029	49%	\$197,134,430
\$100+ million	0	0%	0	0%	\$0
TOTAL*	34	100%	\$60,000,000	100%	\$382,390,123

* As of June 30, 2015, four productions approved for film tax credits from the FY 2014-15 allocation had completed all phases of production activities, submitted the requisite audit and economic impact reports, and been issued a tax credit certificate by the end of the fiscal year. The actual PA qualified expenditures for three of these productions was below the amount estimated in their applications, which meant the productions were awarded tax credits for amounts less than initially approved. The film office was able to re-allocate all of the unused tax credits to other productions.

FILM PRODUCTION TAX CREDITS APPROVED BY FILM IN FY 2014-15

Section 8711-D(a) of the Film Production Tax Credit Program's enabling legislation (Act 55 of 2007, as amended by Act 85 of 2012) requires the Department of Community and Economic Development (DCED) to submit an annual report to the General Assembly with detailed information on the film productions that were approved for participation in the state's film production tax credit program in the immediately preceding fiscal year, the amount of tax credits claimed, the total amount spent in Pennsylvania by film productions receiving a tax credit, the amount of tax revenues generated, and total jobs created for each production. The data for FY 2014-15 is provided in the following sections of this report.

The first section lists the productions that were approved during FY 2014-15, but had yet to be completed by June 30, 2015. The second section lists the productions that: (1) received film production tax credit certificates and were completed in FY 2014-15 by region and fiscal year in which the tax credit was authorized; (2) the actual amount of tax credits awarded for each production; and (3) the estimated economic impact of the production in terms of sales, employment, and state and local taxes generated. The third and final section provides a list of completed productions that used and/or sold or assigned their film tax credits and the dollar amounts in FY 2014-15, by fiscal year in which the production was approved to participate in the film production tax credit program.

DCED approved 34 applications for film production tax credits from the FY 2014-15 film tax credit authorization and additional credits for nine projects that had been approved under the FY 2013-14 allocation. As of June 30, 2015, four of these productions had completed all production activities, submitted the mandated audit and economic impact report, and been issued a tax credit certificate in the 2014-15 fiscal year. (See Table 2 for a listing of the completed productions that were issued tax credit certificates in FY 2014-15.)

The remaining projects approved in FY 2014-15 were still in production or had completed production but had yet to submit an audit of their expenses to DCED by June 30, 2015 and/or an economic impact report listing the expenditures, number of production days (including pre- and post-production), hotel nights, Pennsylvania and non-resident employees, wages paid, and hours worked, among other data. There are 50 productions in total that have been approved for film tax credits but have yet to complete all the steps required to be awarded a tax credit certificate since the program began.

Table 1 on the following page lists the productions that were approved for the FPTC program in FY 2014-15 but had not completed production and/or filed the required audit and economic impact report in order to be issued a tax credit certificate by June 30, 2015. The table provides the maximum amount of film production tax credits for which each production was approved. This amount is based on the proposed production budget submitted with the production company's application prior to the beginning of production activities and equal to "25% of the qualified film production expenses incurred," or 30% if the production meets the requirements for filming at a qualified production facility. The data is presented by geographic region in which the film production activities largely occurred or will occur.

As noted in earlier sections of this report, in cases where the actual audited amount of total PA qualified expenses upon completion of a film production is less than the amount specified in the proposed budget, the actual amount of tax credits awarded will be appropriately reduced from the maximum amount initially approved by DCED. In cases where the actual audited amount of total PA qualified expenses upon completion of a film production exceeds the amount specified in the proposed budget, the tax credit is limited to the amount specified in the approval letter issued by the department to the production company.

Table 1. Film Production Tax Credits Approved But Project Not Completed in FY 2014-15 By Region

Note: Four projects approved for a film production tax credit in FY 2014-15 completed all phases of production and submitted the required independent audit and economic impact report by June 30, 2015. These film productions are not listed below in Table 1. The data for these projects is presented in Table 2.

Table 1. Film Productions Approved in FY 2014-15, But Project Not Completed by June 30, 2015		
Region/Project Title	Entity Name	Maximum Tax Credit Approved
Philadelphia and The Countryside		\$19,286,418
Allegiance	Universal Television, Inc.	\$1,060,544
Barn Hunters (Pilot & Season 1) ⁺	Juma Entertainment, LLC	\$96,477
Bushido Butcher	4Bs Entertainment, LLC (ShadowBox Pictures, LLC)	\$499,461
Christmas Dreams ⁺	Christmas Dreams, LLC	\$175,431
Cradle ⁺	4Bs Entertainment, LLC (ShadowBox Pictures, LLC)	\$272,580
Creed (Rocky 7) ⁺	Creed Productions, LLC (MGM Pictures)	\$6,986,636
Dangerous Grounds (Season 3) ⁺	Nancy Glass Productions, Inc.	\$391,479
Equity	Broad Street Pictures, LLC	\$288,366
Father Divine [*]	MAJ Productions, LLC	\$56,250
Good Night Show (Season 6)	Center City Video, Inc.	\$360,113
Making the Movies Move: The Philadelphia Story	History Making Productions, LLC	\$160,687
Natural Selection	Natural Selection The Movie, LLC (Modoc Spring)	\$208,500
Philadelphia: The Great Experiment (Episode #10)	History Making Productions, LLC	\$112,505
QVC Television Programs 9/1/2014 to 8/31/2015 ⁺	QVC, Inc.	\$6,036,157
Restaurant Impossible Season (Season 10) ⁺	MSPT Restaurant Impossible, LLC	\$517,150
Restaurant Impossible Season 8 & 9 [*]	MSPT Restaurant Impossible, LLC	\$923,595
Scarefest	Wonderlust Films	\$23,000
Seeking Solutions with Suzanne (2014/15)	Kelly Ryan Productions	\$345,075
The Hunt for Hogzilla	Nancy Glass Productions, Inc.	\$68,858
Voiceless	American Hero, LLC	\$87,500
Xploration Nation ⁺⁺	Steve Rotfeld Productions, Inc.	\$616,054
Pittsburgh and Its Countryside		\$36,425,958
Banshee (Season 4) ⁺	Screaming Spirit Productions, LLC (HBO)	\$9,401,622
Game Brain (aka Concussion) ⁺⁺	Real Heaven, Inc. (Sony Pictures)	\$7,961,840
I/I	And So Like, LLC	\$56,250
Southpaw [*]	Hope Films, Inc. (The Weinstein Co.)	\$2,907,140
The Last Witch Hunter ⁺	LWH Productions, LLC (Lionsgate/Summit Productions, LLC)	\$2,088,820
The Most Wonderful Time (aka Tis the Season) ⁺	CBS Films, Inc.	\$3,907,539
Titans (Season 1) (aka Outsiders) ⁺	Woodridge Productions, Inc. (Sony Pictures Television, Inc.)	\$10,102,747
Lehigh Valley		\$54,400
Killer	Mena Films, Inc.	\$54,400
Upstate PA		\$16,085
Bear With Us	Bear With Us Films, LLC	\$16,085
STATE TOTAL		\$55,782,861

^{*}Approved for film production tax credits in FY 2013-14 and FY 2014-15; tax credit shown is only for FY 2014-15.

⁺Approved for film production tax credits in FY 2014-15 and conditional approval for subsequent fiscal year(s); amount of tax credit shown is only for the amount approved from the FY 2014-15 allocation.

NOTE: The state total does not sum to \$60 million because it excludes the four productions funded, completed, and issued a film production tax credit certificate during FY 2014-15. Data for the four projects is shown in Table 2.

FILM PRODUCTION TAX CREDIT CERTIFICATES AWARDED IN FY 2014-15

Pursuant to Section 8711 – D(a) of Act 55 of 2007, the data for productions claiming tax credits in FY 2014-15 is presented below by geographic location. It is important to note a tax credit is not “claimed” until a tax credit certificate has been officially issued by the PA Department of Community and Economic Development. For a film production tax credit certificate to be issued after all phases of production have been completed, an independent audit and economic impact report must be submitted by the production company and approved by the department.

Table 2 below presents the required production information and total economic impact for each production completed and issued a film production tax credit certificate in FY 2014-15. The economic impact figures were calculated using the film industry multipliers from the *IMPLAN* model, as provided by the PA Department of Labor and Industry. It is important to note the *IMPLAN* industry multipliers are revised annually.

The productions are organized according to the fiscal year in which the tax credit expenditures were authorized except for productions that received tax credit approvals from two different fiscal years. In those cases, the data is combined and the production is listed in the fiscal year of the most recent film production tax credit approval. For example, the data for productions that received tax credits from both the FY 2013-14 and FY 2014-15 allocations will be shown only in the FY 2014-15 table (Table 2a) and will not also be listed in the FY 2013-14 table (Table 2b).

Table 2. Film Production Tax Credits Awarded & Economic Impact For Productions Completed in FY 2014-15

Table 2a. Film Production Tax Credits Awarded in FY 2014-15 for Tax Credits From FY 2014-15 Tax Credit Authorization				ESTIMATED ECONOMIC IMPACT Totals Attributable to Production		
Region/Project Title	Entity Name	Total+ Tax Credit Award	Actual PA Production Expenses	Total Sales	Jobs (Annual FTE)	State & Local Taxes
Philadelphia and The Countryside		\$9,846,321	\$38,121,652	\$61,947,685	448	\$2,485,131
QVC Television Programs 7/1/2013 to 6/30/2014*	QVC, Inc.	\$8,554,404	\$32,953,984	\$53,550,224	387	\$2,148,254
Save My Bakery+	Nancy Glass Productions, Inc.	\$552,985	\$2,211,941	\$3,594,404	26	\$144,195
Seeking Solutions with Suzanne (2013/14)*	Kelly Ryan Productions	\$255,494	\$1,021,974	\$1,660,708	12	\$66,622
The Sunny Side Up Show 2014*	Center City Video, Inc.	\$483,438	\$1,933,753	\$3,142,349	23	\$126,060
FY 2014-15 STATE TOTAL		\$9,846,321	\$38,121,652	\$61,947,685	448	\$2,485,131

* Approved for film production tax credits from FY 2013-14 and FY 2014-15 authorizations. Data shown is combined total for both fiscal years.
+ Production activities also occurred in the Lehigh Valley region.

Table 2b.
Film Production Tax Credits Awarded in FY 2014-15 for Tax Credits From
FY 2013-14 Tax Credit Authorization

				ESTIMATED ECONOMIC IMPACT Totals Attributable to Production		
Region/Project Title	Entity Name	Total Tax Credit Award	Actual PA Production Expenses	Total Sales	Jobs (Annual FTE)	State & Local Taxes
Dutch Country Roads		\$47,405	\$189,620	\$321,406	2	\$12,689
RV 2014	Nancy Glass Productions, Inc.	\$47,405	\$189,620	\$321,406	2	\$12,689
Pennsylvania Wilds		\$23,521	\$94,084	\$159,472	1	\$6,296
Red Reunion	A Red Reunion, L.P. (Main Street Productions)	\$23,521	\$94,084	\$159,472	1	\$6,296
Philadelphia and The Countryside		\$17,839,118	\$72,663,616	\$123,164,830	862	\$4,862,430
Dangerous Grounds (Season 2) [#]	Nancy Glass Productions, Inc.	\$509,337	\$2,037,349	\$3,453,307	24	\$136,333
Do No Harm (Season 1) [#]	Open 4 Business Productions, LLC (NBC/Universal)	\$9,305,593	\$37,222,373	\$63,091,922	441	\$2,490,810
Farm Kings (Season 3) ⁺	Center City Video, Inc.	\$260,336	\$1,041,342	\$1,765,075	12	\$69,683
Farm Kings (Season 4) ⁺	Center City Video, Inc.	\$327,811	\$1,311,243	\$2,222,557	16	\$87,744
Franny	Brandywine 5 PA, Inc.	\$961,731	\$3,942,502	\$6,682,541	47	\$263,820
How To Get Away With Murder (Pilot)	Touchstone Television DBA ABC Studios, Inc. (Disney)	\$1,590,976	\$6,363,903	\$10,786,816	75	\$425,853
Philadelphia: The Great Experiment (Episodes 8 & 9)	History Making Productions, LLC	\$227,125	\$961,248	\$1,629,315	11	\$64,324
Raw War (aka Combat Camera)	Lumiere Media, Inc.	\$35,451	\$159,534	\$270,410	2	\$10,676
Remorse	Remorse Film Productions, LLC	\$55,695	\$236,357	\$400,625	3	\$15,816
Restaurant Impossible (Season 6 & 7)	MSPT Restaurant Impossible, LLC	\$1,810,971	\$8,147,868	\$13,810,636	97	\$545,231
Sacrifice	Lumiere Media, Inc.	\$113,791	\$462,213	\$783,451	5	\$30,930
Tanked (Season 3) [#]	Nancy Glass Productions, Inc.	\$1,045,998	\$4,881,758	\$8,274,580	58	\$326,673
The Best of Greatest Sports Legends (2013/2014)	Steve Rotfeld Productions, Inc.	\$137,646	\$550,583	\$933,238	7	\$36,843
The Chica Show (Season 2) [#]	Center City Video, Inc.	\$721,923	\$2,406,410	\$4,078,865	29	\$161,030
The Sunny Side Up Show 2013	Center City Video, Inc.	\$655,922	\$2,623,686	\$4,447,148	31	\$175,569
Whaddyado (2013-2014)	Steve Rotfeld Productions, Inc.	\$78,812	\$315,247	\$534,344	4	\$21,095
Pittsburgh and Its Countryside		\$7,950,812	\$28,667,383	\$48,591,214	340	\$1,918,335
Fathers and Daughters	F & D Productions, LLC (Voltage Pictures)	\$5,660,952	\$19,507,945	\$33,065,967	231	\$1,305,413
The Fault In Our Stars	Twentieth Century Fox Film Corporation	\$2,289,860	\$9,159,438	\$15,525,247	109	\$612,922
FY 2013-14 STATE TOTAL		\$25,860,856	\$101,614,703	\$172,236,922	1,204	\$6,799,751

[#] Approved for film production tax credits from FY 2012-13 and FY 2013-14 authorizations. Data shown is combined total for both fiscal years.
⁺ Production activity also took place in Pittsburgh and Its Countryside region.

Table 2c.
Film Production Tax Credits Awarded in FY 2014-15 for Tax Credits From
FY 2012-13 Tax Credit Authorization

				ESTIMATED ECONOMIC IMPACT Totals Attributable to Production		
Region/Project Title	Entity Name	Total Tax Credit Award	Actual PA Production Expenses	Total Sales	Jobs (Annual FTE)	State & Local Taxes
Philadelphia and The Countryside		\$2,488,865	\$10,137,527	\$17,892,735	122	\$696,417
Do No Harm (Pilot)*	Open 4 Business, LLC (Universal Studios)	\$1,294,161	\$5,176,646	\$9,136,780	62	\$355,620
McCanick	McCanick, LLC	\$62,063	\$248,252	\$438,165	3	\$17,054
Philadelphia: The Great Experiment (Episodes 4, 5, 6 & 7) - Episode #6 only	History Making Productions, LLC	\$103,201	\$412,804	\$728,599	5	\$28,358
Philadelphia: The Great Experiment (Episodes 4, 5, 6 & 7) - Episode #7 only	History Making Productions, LLC	\$92,862	\$381,327	\$673,042	5	\$26,196
Restaurant Impossible Season 5 (13 episodes)	MSPT - Restaurant Impossible, LLC	\$936,578	\$3,918,498	\$6,916,149	47	\$269,189
Pittsburgh and Its Countryside		\$6,366,680	\$25,466,720	\$44,948,761	306	\$1,749,487
All Saints Eve	OLOG Entertainment, LLC	\$27,619	\$110,477	\$194,992	1	\$7,589
Those Who Kill (Pilot & Series)	Pacific 2.1 Entertainment Group, Inc. (FOX)	\$6,339,061	\$25,356,243	\$44,753,769	304	\$1,741,898
FY 2012-13 STATE TOTAL		\$8,855,545	\$35,604,247	\$62,841,496	427	\$2,445,905

* Approved for film production tax credits from FY 2011-12 and FY 2012-13 authorizations. Data shown are combined totals for both fiscal years, including the amount of tax credits awarded.

Table 2d.
Film Production Tax Credits Awarded in FY 2014-15 for Tax Credits From
FY 2011-12 Tax Credit Authorization

NO PROJECTS

Table 2e.
Film Production Tax Credits Awarded in FY 2014-15 for Tax Credits From
FY 2010-11 Tax Credit Authorization

				ESTIMATED ECONOMIC IMPACT Totals Attributable to Film's Production		
Region/Project Title	Entity Name	Tax Credit Award	Actual PA Production Expenses	Total Sales	Jobs (Annual FTE*)	State & Local Taxes
Upstate PA		\$220,589	\$882,354	\$1,685,296	11	\$63,905
Twisted Justice (released as Kids for Ca\$h)*	Justice Project, LLC	\$220,589	\$882,354	\$1,685,296	11	\$63,905
FY 2010-11 STATE TOTAL		\$220,589	\$882,354	\$1,685,296	11	\$63,905

* Production activities also occurred in Philadelphia and The Countryside and the Dutch Country Roads regions.

USE OF TAX CREDITS

Act 55 of 2007, as amended by Act 85 of 2012 and Act 52 of 2013, specifies film production tax credits may be applied against the tax liability of Pennsylvania’s personal income tax, corporate net income tax, capital stock and franchise tax, bank shares tax, and/or insurance premiums tax. Film production companies have the option of applying the film production tax credits to any Pennsylvania taxes they owe or selling or assigning the credits to one or more entities. They also may carry over their credits for up to three taxable years following the first taxable year in which the taxpayer (i.e., production company) is entitled to claim the credit.

Purchasers and assignees may use film production tax credits to offset up to 50% of their qualified tax liability for any of the taxes specified in the enabling legislation for the appropriate taxable year. Act 85 of 2012 provides a limited carry forward provision for purchasers or assignees of a film production tax credit for all or any unused portion of tax credit purchased or assigned in calendar year 2010. Such tax credits may be used against qualified tax liabilities incurred in the 2011 and 2012 taxable years. Act 52 of 2013 provides similar carry-forward provisions for tax credits purchased or assigned in calendar years 2013 and 2014, but limits the carry forward to just the following year.

There are no carryback or refund provisions for unused tax credits for either production companies or purchasers/assignees of film production tax credits.

Use of Issued Film Production Tax Credits in FY 2014-15 By Fiscal Year of Tax Credit Authorization

Film production companies may sell or assign their tax credits to one or more entities. In FY 2014-15, close to \$25.1 million in film production tax credits from 22 film productions were sold, transferred or redeemed. (Note: *The “1000 AE” (aka After Earth) and “The Chica Show – Season 2” productions each received tax credits in two fiscal years. Both productions sold or assigned their tax credits, with the amounts listed separately for each of the two fiscal years.*) The vast majority of tax credits (i.e., 99.3%, or \$25 million) were sold or transferred to another entity, with just \$80,000 used by production companies to reduce their PA state tax liabilities.

The following tables list the total dollar amount of tax credits used by production companies either to reduce their PA tax liability and/or sold or transferred to another entity or entities by fiscal year in which the production was initially approved for participation in the state’s film production tax credit program.

Please note: The tables list the **total** amount of film production tax credits used by each production company to offset its Pennsylvania tax liability and/ or sold or assigned, and not each individual sale/assignment.

Table 3a. Use of Awarded Film Production Tax Credits in FY 2014-15 FY 2014-15 Tax Credit Authorization			
Project Name	Entity	Amount Used by FPTC Recipient	Amount Sold/Transferred
NO PROJECTS		\$0	\$0

Table 3b.
Use of Issued Film Production Tax Credits in FY 2014-15
FY 2013-14 Tax Credit Authorization

Project Name	Entity	Amount Used by FPTC Recipient	Amount Sold/Transferred
Bubba-Que	Nancy Glass Productions, Inc.	\$0	\$148,092
Farm Kings (Season 2)	Center City Video, Inc.	\$74,381	\$342,077
Farm Kings (Season 3)	Center City Video, Inc.	\$0	\$240,989
Killer Profile	Center City Video, Inc.	\$0	\$252,229
Raw War (aka Combat Camera)	Lumiere Media, Inc.	\$0	\$35,451
Red Reunion	A Red Reunion, L.P. (Main Street Productions)	\$0	\$23,521
Remorse	Remorse Film Productions, LLC	\$0	\$55,695
Restaurant Impossible Season 6 & 7	MSPT Restaurant Impossible, LLC	\$0	\$1,809,474
RV 2014	Nancy Glass Productions, Inc.	\$0	\$47,405
Sacrifice	Lumiere Media, Inc.	\$0	\$113,791
The Chica Show - Season 2 ⁺	Center City Video, Inc.	\$0	\$146,889
The Sunny Side Up Show 2013	Center City Video, Inc.	\$0	\$655,922
The Umbrella Man	Umbrella Man The Movie, LLC	\$0	\$122,814
UPMC Employee Community TV: 60	Camelot Communications Group	\$68	\$14,256
TOTAL		\$74,449	\$4,008,605

⁺ Also awarded film production tax credits in FY 2012-13.

Table 3c.
Use of Issued Film Production Tax Credits in FY 2014-15
FY 2012-13 Tax Credit Authorization

Project Name	Entity	Amount Used by FPTC Recipient	Amount Sold/Transferred
1000 AE (aka After Earth)*	Nova Prime, Inc.	\$0	\$8,460,579
Buying The Dream	Nancy Glass Productions, Inc.	\$3,260	\$137,012
Kantemir	Kantemir The Movie, LLC	\$0	\$149,704
Natural Reboot (formerly Make Me Under)	Banyan Productions, Inc.	\$2,171	\$348,748
Philadelphia: The Great Experiment (Episodes 4, 5, 6 & 7) NOTE - Episode #5 only	History Making Productions, LLC	\$0	\$103,838
Philadelphia: The Great Experiment (Episodes 4, 5, 6 & 7) NOTE - Episode #6 only	History Making Productions, LLC	\$0	\$103,201
Restaurant Impossible Season 5 (13 episodes)	MSPT - Restaurant Impossible, LLC	\$44	\$936,534
The Chica Show - Season 2 ⁺	Center City Video, Inc.	0	\$575,034
TOTAL		\$5,475	\$10,814,650

⁺ Also awarded film production tax credits in FY 2011-12.
⁺ Also awarded film production tax credits in FY 2013-14.

Table 3d.
Use of Issued Film Production Tax Credits in FY 2014-15
FY 2011-12 Tax Credit Authorization

Project Name	Entity	Amount Used by FPTC Recipient	Amount Sold/Transferred
1000 AE (aka After Earth)*	Nova Prime, Inc.	0	\$8,285,000
Restaurant Impossible Season 3 & 4 (26 episodes)	MSPT - Restaurant Impossible, LLC	0	\$1,873,156
TOTAL		\$0	\$10,158,156

** Also awarded film production tax credits in FY 2012-13.*

Table 3f.
Summary Table: Use of Issued Film Production Tax Credits in FY 2014-15
By Fiscal Year of Tax Credit Authorization

Fiscal Year	Total Number of Productions	Amount Used by FPTC Recipient	Amount Sold/Transferred
FY 2007-08	0	\$0	\$0
FY 2008-09	0	\$0	\$0
FY 2009-10	0	\$0	\$0
FY 2010-11	0	\$0	\$0
FY 2011-12	2	\$0	\$10,158,156
FY 2012-13	8	\$5,475	\$10,814,650
FY 2013-14	14	\$74,449	\$4,008,605
FY 2014-15	0	\$0	\$0
TOTAL	22	\$79,924	\$24,981,411

Note: There were two productions that received film production tax credits from two different fiscal year allocations and are included in the totals for each of the two fiscal years. The total number of productions listed for each fiscal year does not sum to the grand total (22) for all years to provide an unduplicated count of productions.