TEXAS MOVING IMAGE INDUSTRY INCENTIVE

PROGRAM GUIDELINES

Feature Films ★ Television ★ Reality Television
Commercials ★ Video Games ★ Visual Effects

http://gov.texas.gov/film/incentives/miiip
filmincentive@gov.texas.gov
512-463-9200

Effective Dates: Sept. 5, 2013 – Aug. 31, 2015

Dear Applicants,

Welcome! Whether you have previously participated in our program or this is your first time working in Texas, we're so happy to have you and your project participate in our incentive program. Our incentives serve to keep Texans working in Texas while expanding the reach of the creative industries that find their roots here. To that end, we are fortunate to have an amazing talent base, world-class vendors and infrastructure, business-friendly communities, a 268,000 square mile "backlot" offering the widest diversity of locations of any state, and of course, our famous Texas hospitality to support your project, be it large or small.

At the Film Commission, we are committed to providing efficient and friendly service to you. We have worked hard over the past year to make customer service our top priority and we hope that the improvements we've made, including these new guidelines and increased communication with applicants, reflect this. Specifically, these guidelines are important because they lay out all the incentive program qualifications, requirements and logistics for our participants. They cover everything from what is eligible to how to assemble your documentation for submission and review. Finally, we've done our best to be detailed and offer helpful tips for you through all stages of production.

Incentives have become an essential component of production and we know that you have many choices in deciding where to shoot or produce your project, so we thank you for bringing your business to Texas. Along the way, should you have questions about producing your project in Texas or about your project's status within our program, please don't hesitate to give us a shout. The Texas Film Commission is here to do everything we can to provide you a great experience.

Again, welcome to Texas and thanks for making this a great place to be creative!

Heather Page
Director, Texas Film Commission

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QUICK REFERENCE TIMELINE

Pre-Production

- Apply for the incentive no later than 5pm, five (5) business days before the first day of production.
- If application is accepted, return signed grant agreement within 7 days of receipt.
- Set up meeting or conference call with TFC.
- Submit a crew call to TFC job posting website.
- Download forms from TFC website.
- Contact payroll company to set up reports

Production

- Email TFC to confirm start of production.
- Have all crew, cast and extras complete a DTR form.
- Double check that drivers license numbers on DTR forms are accurate.
- Make sure all major TX expenditures have valid documentation.
- Notify TFC immediately if you push your start date or go over budget.
- Download Excel worksheet templates from TFC website

Post Production

- Contact TFC with any questions or submission issues you may have.
- Submit your final documentation to TFC within 60 days of your last TX expenditure.
- Submit press photos, poster and marketing materials to TFC.

Submission

- Make sure Excel worksheets and submitted documents are properly organized and accurately reflect your submitted totals.
- Submit documents to the TFC in either hard copy or as PDF files.
- Track the audit process.

Contact Us: Texas Film Commission (TFC) Incentives Team
512-463-9200 ★ filmincentive@gov.texas.gov

INCENTIVE TIMELINE AND DELIVERABLES

PRE-PRODUCTION

- Apply no earlier than 60 days prior and no later than 5pm, 5 business days before the First Day of Production. Find TMIIIP online at http://gov.texas.gov/film/incentives/miiip.

UPON ACCEPTANCE INTO THE PROGRAM:

- Return the signed Grant Agreement and any applicable vendor forms within 7 calendar days of receiving your acceptance email from the TFC.

- Contact the TFC to set up a meeting or conference call between an incentives team representative and producers/accounting personnel to go over any program questions prior to production.

- Post a crew call/job posting on the TFC website.

- Distribute copies of the program guidelines and current Declaration of Texas Residency (DTR) form to relevant crew members. The current DTR can be found here:

  http://gov.texas.gov/files/press-office/dtr.pdf

- Make sure location personnel understand the underutilized/economically distressed qualifications.

- Contact your payroll company to set up appropriate formatting for reports, if applicable.

PRODUCTION

- Confirm the start of production with the TFC within 5 business days of the commencement of principal photography/game production. Applicants must send this confirmation to the incentives team via email at filmincentive@gov.texas.gov .

- Ensure all paid Texas crew and cast members complete a Declaration of Texas Residency form. Double check to make sure the driver's license # is **eight digits**.

- Gather and document all relevant Texas spend.

- **Notify the TFC incentives team immediately** at filmincentive@gov.texas.gov if you push your start date, go significantly over your projected budget, or have a questionable expense. The earlier we know the more we can do to help you. In some cases lack of notification may cause issues that could lead to disqualification.

POST PRODUCTION

- Contact the TFC incentives team before submitting your final documentation if you have any issues or questions regarding your project.

- Submit the final documentation for your project 60 days after the final Texas expenditure. **Notify the TFC immediately** if you think you may not comply with this deadline. Post production costs completed in Texas qualify for the incentive. Productions completing post in Texas should plan to submit documentation 60 days after their final post expenditures.

- Submit press photos, one sheet poster, and other marketing materials to the TFC.

SUBMISSION

- Use the Excel templates provided by the TFC to create project worksheets. Templates can be downloaded here:

  http://gov.texas.gov/film/incentives/miiip_forms_guidelines.

- Submit final documentation either electronically or as hard copy in binders. ***Please see the section on organizing your submission on pages 14-15.***

  The TFC will do a preliminary assessment of your documentation within 5 business days upon receipt of your submission. If additional documentation is necessary a TFC incentives team representative will contact you directly.

Questions?
Please contact an incentives team representative at the TFC.
512-463-9200
filmincentive@gov.texas.gov

DECLARATION OF TEXAS RESIDENCY (DTR) FORMS

Valid Declaration of Texas Residency Forms (DTRs) must be submitted for all paid crew and cast members for whom payroll expenditures are being submitted.

Download the current DTR at http://gov.texas.gov/files/press-office/TX_Residency_Form.pdf

In order to complete the DTR form employees must provide **one** of the following forms of ID as proof of residency:

1. a valid Texas driver's license
2. a current Texas voter registration
3. ID from a Texas college or university

All forms of ID must be valid 120 days prior to the start of production.

THE CURRENT VERSION of the DTR form became effective in March 2013. Previous versions cannot be accepted.

Common Causes for Invalid DTRs

- Driver's license missing digits
- Driver's license expiration date incorrect, dates must be written **month/day/year**
- Driver's license not valid 120 days prior to start of production
- DTR not initialed or signed by employee
- DTR not signed by production
- DTR blanket signed by production
- DTR pre-signed by production before employee
- DTR missing employee address
- DTRs for minors not signed and completed by parent or guardian
- Missing proof of residency
- Voter registration number incomplete, must be 9 digits or more
- Higher education ID cards not from a Texas college or university

DTRS FOR MINORS must be completed using a parent or guardian's proof of residency and signature in order to be considered valid.

PAYROLL EXPENDITURES

A detailed crew list and cast list must be generated for the incentive submission. Included on this crew list should be:

1. all personnel on the production paid through payroll
2. independent contractors hired for traditional crew positions
3. any crew person listed on the call sheet with a call time

TEXAS AND NON TEXAS residents paid as crew and cast should be included on the detailed lists. The total crew and cast counts are needed to determine the Texas residency percentage.

Executive Producers not working on location will not be counted as crew; neither will those positions not paid by the production (e.g. Camera truck/Grip drivers required on set but paid by the vendors). The detailed cast list should include all paid cast and extras.

Eligible Payroll Expenses

Gross wages and fringes paid by the applicant to valid Texas residents are eligible. Payments to loan out companies are accepted as long as the employee provides a valid DTR.

Box rentals, mileage, car allowances, housing allowances, and per diem are also eligible if paid to a valid Texas resident and the appropriate backup is provided (e.g. kit invoices, mileage logs, signed per diem sheets).

Eligible Fringes Include:

- Social Security (OASDI)
- Medicare (MEDI)
- FUI (Federal Unemployment)
- SUI (State Unemployment)
- PH&W (Pension Health and Welfare, and other employer paid benefits)*
- Vacation, Holiday, and Sick Pay
- Worker's Compensation*
- Payroll Handling Fees*

**WC and Handling Fees are eligible if paid to Texas vendors or entities with brick and mortar Texas locations. Benefits not paid through a third-party payroll company are eligible if paid to a Texas company and appropriate backup is provided.*

Common Causes for Ineligible Payroll Expenses

- Wages submitted for non-Texans
- Missing or Invalid DTRs
- Missing backup for kit, mileage, and per diem payments
- WC and Payroll Handling fees from non-Texas entities
- Fringes not broken out separately

APPLICANTS may want to consider contracting with Texas payroll companies or purchasing WC from a Texas insurance agent to ensure that WC payments and handling fees are eligible for the incentive.

BONUSES paid to crew members are eligible only if they are project related. Bonuses given for relocation are considered overhead and are not eligible.

VIDEO GAME AND VISUAL EFFECTS PROJECTS need to include time allocations for their employees. There is a separate column built into the payroll template for this purpose. If employees worked only on the submitted project time allocation is 100%.

Acceptable Payroll Documentation for Incentives Submissions:

In addition to completed DTR forms for TX residents, one type of backup below is required for each submission. Applicants may submit more than one type of backup for their project.

1. 3rd Party Payroll Company Reports or Registers including all wages paid to Texas residents and all fringes broken out. Fringes not separated will not be allowed.
2. Copies of payroll checks and time cards for all paid cast and crew.
3. Invoices and check copies paid to independent contractors.

VENDOR EXPENDITURES

Most production related vendor expenditures are eligible expenses, if the following are true:

1. The expenditure is paid to a Texas vendor (valid TX address and/or phone #).
2. Proof of payment to the vendor (check copy, credit card receipt etc.) is provided.
3. The date on the invoice falls within a reasonable period of time during pre-production, production or post.
4. The expenditure does not include any ineligible items/services.

Ineligible Expenditures:

- Alcohol
- Tobacco
- Tips/Gratuities
- Clearance Rights/Licensing Fees
- Story Rights/Development Costs
- Internet purchases that do not note the location of purchase
- Pass through companies and service fees
- Entertainment/Gifts/Wrap Party fees
- Adult-oriented material
- Expenses related to production company overhead (i.e. costs
- that would be incurred even if the project were not in production)
- Marketing/Publicity/Promotional Costs

LOCATION EXPENSES are eligible but the production must provide a copy of the location release or the rental invoice as backup in addition to proof of payment. Check requests are not valid backup as they are generated by the production and not the vendor.

PREPRODUCTION COSTS submitted for video games cannot exceed 30% of the total spend submitted for the incentive.

Common Causes for Ineligible Vendor Expenditures

- Missing vendor information, dates, proof of payment.
- Tips, alcohol, entertainment, gifts submitted.
- Missing invoices and location releases.
- Lack of asset distribution for single items over $1,000
- Costs for shipping that did not originate in Texas.
- Airfare purchased from airlines **other than** American or Southwest Airlines.
- Internet purchases not made to a Texas vendor.
- Expenses paid by an entity other than the production/incentive program applicant.

ALLOWABLE TRAVEL EXPENSES include: airfare for flights arriving to or departing from Texas and paid to American Airlines, US Air, Air Tran or Southwest Airlines, Texas hotel fees, and Amtrak fares purchased at a departure point in Texas.

PROJECT LAUNCH costs and conference expenses are not eligible.

SINGLE ITEMS purchased for $1000.00 or more are considered assets. The production must provide an explanation of demolition or show asset distribution in order for the expense to be eligible.

Acceptable Vendor Expenditure Documentation for Incentives Submissions:

1. Invoices/Receipts with proof of payment.
2. Full hotel/motel folio with proof of payment.
3. Location release with proof of payment.
4. Check requests with appropriate invoice backup and proof of payment.

Acceptable forms of proof of payment are check copies, credit card receipts, or invoices and statements showing a zero account balance.

PETTY CASH EXPENDITURES

Similar to vendor expenditures, most production related petty cash expenses are allowable if the following are true:

1. The expenditure is paid to a Texas vendor (valid TX address and/or phone #).
2. The date on the invoice falls within a reasonable period of time during Pre-production, Production or Post.
3. The expenditure does not include any ineligible items/services.

SEE VENDOR EXPENDITURES FOR A LIST OF INELIGIBLE ITEMS.

EXTRAS paid through petty cash must have a valid DTR and a signed extra's release form.

Common Causes for Ineligible Petty Cash Expenditures

- Illegible or faded receipts.
- Receipt missing vendor information and/or date.
- Submission of ineligible items/non-Texas expenditures.
- Per Diem submitted without valid DTRs and signed sheets.
- Prepaid gas receipts that do not show price per gallon.
- Food receipts that are not itemized.

FOOD PURCHASES and restaurant receipts must be itemized to ensure that alcohol is not submitted for the incentive.

PURCHASES submitted with returned items must submit the return receipt for the submitted amount to be eligible.

Acceptable Petty Cash Documentation for Incentives Submissions:

1. Petty cash receipts can be submitted by envelope total or by single receipt total **NOT** by coding or reference number.
2. Receipts should be submitted in the order they correspond to the envelope.
3. Ineligible items should be removed by the production and envelope totals revised to reflect the adjustment.
4. Faded, folded or taped receipts should be copied to show the entire receipt.

LOCATION AND PRODUCTION SCHEDULE DOCUMENTATION

Projects are required to complete 60% of their production days in Texas. To document this, applicants are required to submit copies of their call sheets, production reports, and production schedule.

Second Unit shoot days that overlap dates with the main unit will be counted as separate days only if individual Second Unit call sheets are provided as backup.

UNDERUTILIZED AND ECONOMICALLY DISTRESSED AREAS

Productions using locations in certain areas of the state may be eligible for a bonus of 2.5%. Projects will receive the bonus if 25% of their Texas production days occur in an underutilized or economically distressed area. Economically distressed areas exist within the 30 mile radius of either Austin or Dallas and are noted in purple on the maps (links below). Underutilized areas are all locations outside the 30 mile radius zones of Austin and Dallas.

MAPS SPECIFYING DISTRESSED AREAS CAN BE FOUND HERE:

http://gov.texas.gov/film/incentives/austin_zone_map

http://gov.texas.gov/film/incentives/dallas_zone_map

UNDERUTILIZED and economically distressed locations both count equally toward the 25% needed to receive the incentive bonus.

Productions can enter locations or potential locations in order to determine their underutilized qualifications. When calculating underutilized and economically distressed percentages all locations used on a given day will be counted equally regardless of time spent at the location, including Second Unit locations.

ALL LOCATIONS used by a production in a single day count equally toward the calculation of the underutilized/economically distressed percentage.

If the main unit shoots in three locations and the 2nd Unit in one then four locations will be credited for that day. If two of the four locations are underutilized then .50 of a day will go toward the 25% .

EFFECTIVE MARCH 10,2014 productions that have one or more shooting locations not located in an underutilized or economically distressed area, but use a basecamp located in an underutilized or economically distressed area may credit the shooting locations which the basecamp serves toward the required 25% of filming days necessary to receive the underutilized /economically distressed bonus of 2.5%.

Productions must have paid financial consideration to the owner/leaseholder of the basecamp property in order to be eligible for this rule.

THE SUBMISSION PROCESS

Projects may be submitted electronically or via hard copy in binders to the TFC. Applicants have 60 days from their final Texas expenditure to turn in their documentation.

Required Documentation for Final Submission:

- A completed and signed Verification Worksheet for the project. See the link below to download the worksheet.
- A CPA audit opinion

CPA Audit opinions are only required for projects expecting to receive a grant of $300,000.00 or more.

- Documentation of spend for Payroll, Vendor, and Petty Cash expenditures
- Documentation for credit card and purchase card expenditures, if applicable
- Crew/Cast lists
- Production Reports, Call Sheets, Production Schedule
- Completed Excel worksheets on a PC compatible flash drive
- Final content
- Press photos, project poster.

All required forms and templates can be downloaded from the TFC website at:

http://gov.texas.gov/film/incentives/miiip_forms_guidelines

Hard Copy Submissions

Submissions should be submitted to the TFC in three ring binders. Documentation must be organized in the following order: verification worksheet, summary page, payroll Excel sheet, payroll documentation, vendor Excel sheet, vendor documentation, petty cash Excel sheet, petty cash documentation.

Any credit card or purchase card expenditures not included in vendor expenditures should be inserted between vendor documentation and petty cash. Crew and cast (including extras) lists, call sheets, production reports and DTRs should be submitted after petty cash. DTRs should be in alphabetical order and separated into cast and crew.

Digital copies of the Excel spreadsheets and final content must be submitted along with the paper documentation, the Film Commission will not accept a project for audit until all required materials are received.

Digital Submissions

In lieu of submitting paper copies of documentation applicants may submit their projects electronically via a flash drive. Documents should be scanned as PDF files and clearly labeled.

Third party payroll registers should be scanned and clearly marked as crew or cast payroll. A summary register for the run of the production is preferable, but if separate registers are submitted for each pay period, dates need to be clearly marked.

Non-third party payroll documents should be scanned and submitted in separate folders organized by employee. Each employee folder should include all timecards or invoices, check copies, kit rental invoices, mileage forms and other applicable documentation.

DTRs should be submitted all together in one PDF, organized alphabetically with separate files for crew, cast and extras.

Vendor documentation can be submitted in one of two ways: invoices/receipts and proof of payment can be submitted by vendor in individual files or as one large PDF with the invoice followed by proof of payment. **If documentation is submitted in one large PDF, the order of the scanned documents must correspond EXACTLY to the order in which expenditures are submitted on the Excel worksheet. Proof of payment scanned separately from invoices and receipts will not be accepted.**

Petty cash expenditures should be scanned and submitted by individual transaction or by envelope and employee, with each employee in a separate file. Receipts scanned by reference number or grouped by coding **will not** be accepted. **Scanned documents should easily reconcile with the submitted Excel worksheets; if they do not then the applicant will be asked to rescan and organize them appropriately.**

Documentation can be sent via FedEx or UPS to the following address:

Texas Film Commission
ATTN: Incentives Dept.
1100 San Jacinto, Suite 3.410
Austin, TX 78701

Via US Mail please use this address:

Texas Film Commission
ATTN: Incentives Dept.
P.O. Box 13246
Austin, TX 78711