

Motion Picture Production Tax Incentives Program

Annual Report
Calendar Year 2009



ARIZONA DEPARTMENT
OF COMMERCE

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Table of Contents

Executive Summary	3
Calendar Year 2009 Activity	3
• Pre-approval data	4
• Post-approval data.....	7
Economical & Fiscal Impact	8
Film Industry Employment & Wage Data	9
Program Summary	11
• Motion Picture.....	11
• Commercial Advertisement/Music Videos	11
• Infrastructure	12
Program Activity Since Inception	13
• Post-approval data.....	13
• Pre-approval data	14

Prepared by:

Tiffany Frechette & Stephanie Washington
Business Development Finance
Arizona Department of Commerce

Dennis Hoffman, Ph.D. & Matthew Croucher
Seidman Research Institute
W.P. Carey School of Business

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Executive Summary

The Arizona Department of Commerce (Commerce) is required by law to prepare an annual report related to the Motion Picture Production Tax Incentive (Motion Picture) program. This annual report covers program activity for calendar year 2009 and provides an overview of activity since the inception of the program in calendar year 2006.

A.R.S. §§ 41-1517 (S) & (T) provides that Commerce shall prepare and publish an annual report of the following information collected under the Motion Picture program:

1. The name of each motion picture production company and infrastructure applicant and the amount of income tax credits pre-approved for each production and infrastructure project. (Page 13)
2. The amount of credits approved with respect to each production. (Page 4 and 14)
3. Keep annual records of the information provided on applications for motion picture production tax incentives. These records shall reflect a percentage comparison of the annual amount of monies exempted or credited to qualifying motion picture production companies to the estimated amount of monies spent on in-state production costs by motion picture production companies. (Page 3)
4. Maintain annual data on growth in Arizona-based motion picture industry companies and motion picture industry employment and wages. (Page 9)

Calendar Year 2009 Activity

Commerce received a total of 62 applications from 21 production companies and infrastructure applicants during CY09. Fifty-seven of these applications were pre-approved by Commerce, while five applications were withdrawn by the applicant companies.

Commerce set aside \$98.3 million in tax credits for the pre-approved applications based on the following estimates provided by the companies:

- Total spend on these projects: over \$456 million
- Total Arizona spend on these projects: over \$395 million (or 87% of total spend)
- Total full-time employment during production: 2,400
- Total Arizona residents being employed: 2,064 (or 86% of all full-time employees)

Following pre-approval of the 57 applications, a number of changes were made. Commerce rescinded two applications because the applicant did not meet program requirements, by starting the production within the 90-day deadline. In addition, the applicant companies voluntarily relinquished tax credit allocations on 38 applications, thus leaving only 17 active projects for CY09. Note: Commerce received post-approval applications during 2010 for nine of these projects.

Commerce set aside over \$7.89 million in tax credits for the 17 active projects based on the following estimates provided by the companies:

- Total spend on these projects: \$64,693,636
- Total Arizona spend on these projects: over \$27 million (or 43% of total spend)
- Total full-time employment during production: 329
- Total Arizona residents being employed: 249 (or 76% of all full-time employees)

Actual dollar amounts of transaction privilege tax and use tax exemptions will not be available until completion of production. However, based on the estimates provided by the applicant companies, Commerce estimates \$3.76 million can be accessed by these companies.

Type of Incentive	Incentive Amount	Estimated Budget
TPT Exemptions*	\$1,683,526	\$27,598,790 AZ costs
Use Tax Exemptions**	\$2,077,311	\$37,094,846 Outside AZ costs

* Estimated AZ production costs times TPT of 6.1% equals total TPT exemption.

** Estimated production costs outside of Arizona times use tax of 5.6% equals total use tax exemption.

Pre-approvals for Motion Picture Productions and Infrastructure Projects

Below is the name of each motion picture production company and infrastructure applicant that applied for pre-approval in CY09. Also listed is the amount of income tax credits pre-approved for each as well as the status of each project.

2009 Pre-Approved Motion Picture Productions			
Production Company	Production / Project	Pre-Approved Tax Credit Amount	Post-Approved Tax Credit Amount
21 Bond St.	Solar Inc.	\$50,000	*
2XL Games, Inc.	2XL ATV Offroad	\$70,000	Active †
2XL Games, Inc.	2XL Golf	\$100,000	*
2XL Games, Inc.	2XL Rally	\$120,000	Active - still in production
Big Bang Entertainment	Clone Wars Racing	\$90,000	Active - still in production
Big Bang Entertainment	Free Realms - PS3 Conversion	\$450,000	Active - still in production
Big Bang Entertainment	Free Realms Pirate Battle	\$90,000	Active - still in production
Big Bang Entertainment	Project 6	\$0	*
Deacon Publishing & Film	Dodge City 2004	\$2,640,000	*
Golden Days, Inc.	Sunset Daze	\$316,158	Active - still in production
Moon Harvest, LLC	Moon Harvest	\$4,200,000	*
Moon Harvest, LLC	Moon Harvest	\$5,400,000	*
NELLA Entertainment	Triumph over Tragedy: A Memoir	\$2,297,195	*
NELLA Entertainment	Triumph over Tragedy: A Memoir	\$5,689,639	*
NELLA Entertainment	Triumph over Tragedy: A Memoir	\$5,689,639	*
Piranha Productions, Inc	Piranha 3-D	\$6,675,000	Active - still in production
R2K Entertainment	A Fairy's Tale	\$5,713,072	*
R2K Entertainment	A Fairy's Tale	\$5,713,072	*
R2K Entertainment	A Fairy's Tale	\$5,916,621	*
R2K Entertainment	Ghost of Sarah Frank	\$387,264	*
R2K Entertainment	Ghost of Sarah Frank	\$774,528	*
R2K Entertainment	Ghost of Sarah Frank	\$854,117	*
R2K Entertainment	Pieces of a Dream	\$2,354,768	*
R2K Entertainment	Pieces of a Dream	\$2,354,768	*
R2K Entertainment	Pieces of a Dream	\$1,619,675	*
R2K Entertainment	Savage Dawn	\$2,352,248	*
R2K Entertainment	Savage Dawn	\$2,352,248	*
R2K Entertainment	Savage Dawn	\$1,767,389	*
Ranch House Productions	Valley of the Sun	\$80,000	Active - still in production
Red Mountain Productions, LLC	Containment	\$330,000	*

Production Company	Production / Project	Pre-Approved Tax Credit Amount	Post-Approved Tax Credit Amount
Sedona Movie, LP	Sedona	\$1,200,000	*
Sedona Movie, LP	Sedona	\$600,000	*
Shop Cook Eat Talk LLC	Shop Cook Eat Talk	\$596,113	*
Shop Cook Eat Talk LLC	Shop Cook Eat Talk	\$664,650	*
Southern Affiliation Films, LLC	Finding My Game	\$3,600,000	*
Southern Affiliation Films, LLC	Finding My Game	\$3,600,000	*
Taming the Beast, LLC	Taming the Beast	\$1,500,000	*
Taming the Beast, LLC	Taming the Beast	\$1,500,000	*
Taming the Beast, LLC	Taming the Beast	\$1,500,000	*
Taz Entertainment	Shades of Gray	\$659,059	*
Thorns From a Rose, LLC	Thorns From a Rose	\$450,000	*
Thorns From a Rose, LLC	Thorns From a Rose	\$1,102,493	*

* Indicates the production did not go forward for one of the following reasons: credits were voluntarily relinquished, application was withdrawn, production did not meet investment time requirements, or the application was denied.

† Indicates a Completion Report is under review in CY10; post-approved tax credit amount TBD

2009 Pre-Approved Infrastructure Projects

Production Company	Production / Project	Pre-Approved Tax Credit Amount	Post-Approved Tax Credit Amount
AZ Native Studios, LLC	AZ Native Studios	\$2,625,000	*
AZ Native Studios, LLC	Rockstar of Native Studios	\$1,575,000	*
AZ Native Studios, LLC	Roots at Native Studios	\$2,850,000	*
AZ Native Studios, LLC	S &A application	\$2,100,000	*
Equus Development Corp	Soundstage	\$1,041,324	*
Equus Development Corp	Soundstage	\$0	*
Equus Development Corp	Support and Augmentation	\$4,171,962	*
Equus Development Corp	Support and Augmentation	\$0	*
Equus Development Corp	Yellow Brick Road Studios	\$1,119,113	*
Equus Development Corp	Yellow Brick Road Studios	\$2,375,000	*

* Indicates the production did not go forward for one of the following reasons: credits were voluntarily relinquished, application was withdrawn, production did not meet investment time requirements, or the application was denied.

2009 Pre-Approved Commercial Advertisement & Music Video Productions

Production Company	Production / Project	Pre-Approved Tax Credit Amount	Post- Approved Tax Credit Amount
True Story Films	Cox - TV Remote & Bundle	\$30,707	Active -still in 12 month certification period
Veritas Pictures	Allstate Motor Club	\$12,561	Active †
Veritas Pictures	Catholic Radio Association Promo	\$3,000	*
Veritas Pictures	Crisis Pregnancy Center	\$5,000	Active †
Veritas Pictures	EWTN Ad Campaign	\$15,689	Active †
Veritas Pictures	Fulton Homes Mascot	\$7,000	Active †
Veritas Pictures	Gathering Storm	\$5,000	Active †
Veritas Pictures	Let Freedom Ring - Not So Sure: Healthcare Reform	\$17,469	Active †
Veritas Pictures	Movie-B	\$2,980	Active †
Veritas Pictures	Not So Sure: Healthcare Reform, Eps 2 & 3	\$12,600	Active †

* Indicates the production did not go forward for one of the following reasons: credits were voluntarily relinquished, application was withdrawn. Production did not meet investment time requirements, company did not meet minimum investment of \$250K, application was denied.

† Indicates a Completion Report is under review in CY10; post-approved tax credit amount TBD

Post-approvals for Motion Picture Productions and Infrastructure Projects

Four applicants received post-approval in CY09, all in the motion picture production program. These four applicants produced 3 feature films and 6 commercial advertisements, while spending \$9,353,072 in Arizona. Based on the actual Arizona spend (\$9,353,072), Commerce issued \$2,644,024 in tax credits. Further, these companies received \$86,560 in TPT and Use Tax exemptions. Three of the post-approved applications were originally pre-approved in CY08 and one in CY06.

The applicants post-approved in CY09 listed below by applicant name, the name of the production, and both pre-approved and post-approved amounts.

2009 Post-Approved Applicants						
Applicant Name	Production Name	Estimated Arizona Spend at Pre-Approval	Pre-Approved Tax Credit Amount	Actual Arizona Spend at Post-Approval	Post-Approved Tax Credit Amount	TPT & Use Tax Exemptions
Canterbury Productions	SIS	\$16,755,950	\$5,026,785	\$2,826,685	\$848,006	\$0
Chris Lamont Productions	Neatherbeast	\$725,000	\$72,500	\$465,412	\$46,541	\$3,000
Woodridge Productions	Maneater	\$9,488,658	\$2,846,570	\$5,789,983	\$1,693,479	\$83,560
True Story Films	1 - Muscular Dystrophy 2 - Addictive 3 - Free To Be 4 - Half Fast 5 - Acquisition TV 6 - ASU Challengers TV	\$393,603	\$78,720	\$279,992	\$55,998	\$0
Totals	9	\$27,363,211	\$8,024,575	\$9,353,072	\$2,644,024	\$86,560

Economic and Fiscal Impact of the Motion Picture Program in Arizona

The four applicants post-approved in CY09 received a total of \$2,644,024 in tax incentives, including TPT and use tax exemptions and income tax credits. To determine the economic impact of the Arizona spending (\$9,362,072) of these applicants and the amount of state and local tax revenues generated, Seidman Research Institute, W.P. Carey School of Business, modeled the Arizona spending of the four applicants using the REMI model, which yielded the following results:

- **Employment** – creation of 40.83 direct jobs on average over the period 2008-2009 is estimated as a result of the Arizona spending, plus an additional 19 indirect and induced jobs, for a total job impact of 59.83 on average over the period 2008-2009. The majority of the employment impact occurs in the period 2008-2009 and thus should be treated as the number of job years created per year in 2008 and 2009 on average. – The jobs created should not be treated as permanent jobs as they cease to exist post-2009.¹
- **Compensation** – estimated average compensation over the 2008-2009 period of \$1,881,293 of which \$760,167 is direct compensation.
- **Fiscal Impact** – Based on the \$9,362,072 spent in Arizona, the estimated state and local tax revenues generated are \$599,488. Therefore, the tax credits received by these applicants totaled \$2,644,024, resulting in a net cost to the State general fund of \$2,044,536.

Economic Impacts of CY 2009 Post-Approved Applications		
	Average Employment (2008-2009)	Compensation
Direct Impact	40.83	\$760,167.9
Indirect/Induced Impact	19	\$1,121,125
Total Impacts	59.83	\$1,881,293
Source: Seidman Research Institute, W.P. Carey School of Business Authors Calculations		

Fiscal Impact of CY 2009 Post-Approved Applications	
Arizona Spend	\$9,362,072
Tax Revenues Generated	\$599,488
Total Arizona Tax Incentives Post-Approved	\$2,644,024
Net Tax Benefit (Cost) to General Fund*	(\$2,044,536)
* Does not include program administration costs incurred by Commerce or the Department of Revenue related to the post-approval process of the 2009 post-approved applications	
Source: Seidman Research Institute, W.P. Carey School of Business Authors Calculations	

¹ After the spending has ceased the employment impacts are minimal.

Film Industry Employment and Wages in Arizona

The Motion Picture program was designed to promote and stimulate the motion picture industry in Arizona. Below is a summary of Arizona's film industry over the past five years. From CY07 to CY08 the average number of industry employees increased by 174, from 4,239 to 4,413, according to the latest available data. A slight increase in the average number of individual companies was also seen, from 266 to 275. Further, the industry saw an increase in the average annual wages of \$1,702. The Motion Picture program may be responsible for some of these increases. Note: It is possible that some film production related jobs are not reported by employers in the related NAICS film categories. Such workers might be located in several industry codes. In addition, workers that are not part of the Unemployment Insurance system would not be counted in these statistics.

Arizona Motion Picture Industry & Video Employment Wages by NAICS – from Quarterly Census of Employment and Wages*

Total Motion Picture/ Video Sector	Year	Average Number of Firms	Total Annual Sector Wages (in thousands)	Average Annual Employment	Average Annual Wage
5121	2004	219	\$58,919	3,848	\$15,311
5121	2005	221	\$58,776	3,868	\$15,197
5121	2006	244	\$62,710	3,919	\$16,002
5121	2007	266	\$72,457	4,239	\$17,093
5121	2008	275	\$82,936	4,413	\$18,795

Motion Picture/ Video Production	Year	Average Number of Firms	Total Annual Sector Wages (in thousands)	Average Annual Employment	Average Annual Wage
51211	2004	159	\$27,475	695	\$39,562
51211	2005	158	\$25,512	794	\$32,142
51211	2006	175	\$28,364	914	\$31,042
51211	2007	189	\$29,904	751	\$39,833
51211	2008	190	\$32,525	825	\$39,449

Motion Picture/ Video Distribution	Year	Average Number of Firms	Total Annual Sector Wages (in thousands)	Average Annual Employment	Average Annual Wage
51212	2004	6	\$403	10	\$38,705
51212	2005	7	\$198	7	\$26,686
51212	2006	6	\$113	5	\$24,146
51212	2007	7	\$313	7	\$46,364
51212	2008	8	\$156	6	\$26,760

Motion Picture/ Video Post- Production	Year	Average Number of Firms	Total Annual Sector Wages (in thousands)	Average Annual Employment	Average Annual Wage
51219	2004	13	\$663	27	\$24,403
51219	2005	13	\$739	23	\$31,546
51219	2006	18	\$1,171	36	\$32,905
51219	2007	25	\$1,963	50	\$39,323
51219	2008	31	\$2,509	59	\$42,401

Motion Picture/ Video Exhibition	Year	Average Number of Firms	Total Annual Sector Wages (in thousands)	Average Annual Employment	Average Annual Wage
51213	2004	41	\$30,378	3,116	\$9,749
51213	2005	44	\$32,409	3,045	\$10,644
51213	2006	46	\$33,062	2,965	\$11,151
51213	2007	45	\$40,269	3,421	\$11,735
51213	2008	47	\$47,746	3,523	\$13,552

*** Quarterly Census of Employment and Wages**

The Quarterly Census of Employment and Wages (QCEW) data is utilized because it is the only source of a comprehensive nature of this data, and provides the best measure of employment and wages publicly available at the level of industry detail that is needed. Other Bureau of Labor Statistics (BLS) data sets are benchmarked to the QCEW data, which serves as an important input to many BLS programs. The QCEW data are used as the benchmark source for employment by the [Current Employment Statistics](#) program and the [Occupational Employment Statistics](#) program. The Unemployment Insurance (UI) administrative records collected under the QCEW program serve as a sampling frame for BLS establishment surveys.

Program Summary (Overview of the Three Programs)

The Motion Picture Production Tax Incentives Program was designed to promote and stimulate the motion picture industry in Arizona. The program achieves this by providing tax incentives to qualified motion picture production companies (qualified company) that engage in motion picture production in Arizona. The program also offers tax credits to individuals or qualified companies who construct infrastructure projects such as a soundstage or support and augmentation facility in Arizona. The Arizona Department of Commerce (Commerce) accepts applications year round, on a first come, first served basis and determines eligibility for program incentives.

1) MOTION PICTURE PRODUCTION INCENTIVES

A company may be qualified for a twenty-four month certification period if it:

1. Is primarily engaged (more than 50%) in producing motion pictures,
2. Has a physical office and bank account in Arizona,
3. Begins production within 90 days of pre-approval,
4. Anticipates incurring qualifying production costs of at least \$250,000 on each motion picture, and
5. Estimates that Arizona residents will comprise 50% of all full-time employees during production activities

2) COMMERCIAL ADVERTISEMENT AND MUSIC VIDEO INCENTIVES – 5% Set Aside Program

A company may be qualified for a twelve month certification period if it:

1. Is primarily engaged (more than 50%) in producing motion pictures,
2. Has a physical office and bank account in Arizona,
3. Completes productions within 60 days of requesting pre-approval,
4. Anticipates incurring qualifying production costs of at least \$250,000 during the 12-month certification period, and
5. Estimates that Arizona residents will comprise 50% of all full-time employees during production activities

The following is a brief summary of the incentives offered by the Motion Picture Production Tax Incentives Program to qualified companies that engage in motion picture production in Arizona.

Transaction Privilege Tax Exemption on:

- **Machinery, equipment and other tangible personal property.** Under A.R.S. §§42-5061(B)(23) and 42-5071(B)(2)(b), eligible tangible personal property sold or leased to a qualified company and used directly in motion picture production is exempt from state and county TPT. *To qualify for the exemption, the qualified company must present a current Revenue issued exemption certificate to the retailer or lessor at the time of sale or lease.*
- **Job printing, engraving, embossing or copying.** Under A.R.S. §42-5066(B)(4), eligible sales to a qualified motion picture production company for job printing, engraving, embossing or copying that will be used directly in motion picture production are exempt from state and county TPT. *To qualify for the exemption, the qualified company must present a current Revenue issued exemption certificate to the retailer at the time of the sale.*
- **Leases or rentals of lodging space.** Under A.R.S. §42-5070(C)(2), eligible leases or rentals of lodging space to a qualified company are exempt from state and county TPT. *To qualify for the exemption, the qualified company must present a current Revenue issued exemption certificate to the operator of the transient lodging facility at the time of lease or rental.*
- **Catered food, drink and condiments.** Under A.R.S. §42-5074(B)(10), eligible sales of catered food, drink and condiments to a qualified company are exempt from state and county TPT. *To qualify for the exemption, the qualified company must present a current Revenue issued exemption certificate to the catering business at the time of the purchase.*
- **Construction contracts.** Under A.R.S. §42-5075(B)(20) eligible contracts for the construction of any building, or other structure, associated with motion picture production in Arizona are exempt from state and county TPT. *To qualify for the exemption, a qualified company must present a current Revenue issued exemption certificate to the prime contractor at the time the contract is entered into.*

Use tax exemption on machinery, equipment and other tangible personal property. Under A.R.S. §42-5159(B)(23), the storage, use or consumption in Arizona of eligible tangible personal property used directly in the motion picture production by a qualified company is exempt from use tax. *To qualify for the exemption, at the time of purchase the qualified company must present to the retailer a current Revenue issued exemption certificate.*

Transferable income tax credits Under A.R.S. §§43-1075 and 43-1163, a qualified company can receive a non-refundable tax credit for a motion picture production, subject to the following requirements and restrictions: the company must receive pre-approval and post-approval from Commerce before claiming the tax credit; the company must acknowledge that the production was filmed in Arizona; an obscene film shall not receive tax incentives; an individual motion picture shall not receive tax credits in excess of: \$5 million in 2007, \$7 million in 2008, \$8 million in 2009 and \$9 million thereafter.

Arizona statutes provide transferable income tax credits of \$40-\$70 million depending on the calendar year in which application is made. Beginning in 2008, 5% of these tax credits are reserved for companies that produce commercial advertisements and music videos. A portion of these credits is also available for eligible infrastructure projects.

Tax credits for a motion picture production are based on expenses in Arizona directly attributable to the production and are equal to 20% if the qualifying production costs are \$250,000 to \$1 million. In cases where the qualifying production costs are more than \$1 million the tax credit is equal to 30%.

These tax credits may be used to offset Arizona tax liability. The tax credits may be used, sold or transferred; unused tax credit amounts may be carried forward for up to five taxable years.

3) INFRASTRUCTURE PROJECT TAX CREDIT

A person or a qualified company may be approved for tax credits if:

1. It constructs an eligible infrastructure project,
2. The facility will be owned and operated by the applicant,
3. It submits a report to Commerce upon completion of the project, and
4. Its Arizona project expenditures for a soundstage are at least:
 - a. \$250,000 within 90 days of pre-approval,
 - b. \$1,250,000 within 12 months of pre-approval,
 - c. \$5 million within 36 months of pre-approval; or
5. Its Arizona project expenditures for a support and augmentation facility are at least:
 - a. \$250,000 within 90 days of pre-approval,
 - b. \$1 million within 36 months of pre-approval.

The following is a brief summary of the tax credit offered by the Motion Picture Production Tax Incentives Program to a person or qualified company who constructs a soundstage or support and augmentation facility in Arizona.

Transferable income tax credits. Under A.R.S. §§43-1075.01 and 43-1163.01, a person or a qualified company can receive a non-refundable tax credit for the construction of an eligible infrastructure project, subject to the following requirements and restrictions: the company must receive pre-approval and post-approval from Commerce before claiming the tax credit; tax credits are authorized on a first come, first served basis, according to a priority placement number issued by Commerce. Commerce can approve tax credits equal to 15% of the Arizona project costs not to exceed \$5 million in any year for soundstages. In addition beginning in CY 09 up to \$3 million per project for support and augmentation facilities is authorized with this category being capped at \$7 million in 2009 and \$9 million in 2010. Allocations of tax credits are further limited by the availability of the tax credits (\$40-\$70 million tax credits) under A.R.S. § 41-1517. These tax credits may be used to offset Arizona tax liability. The tax credits may be used, sold or transferred; unused tax credit amounts may be carried forward for up to five taxable years.

Definitions set forth in statute are:

1. **"Infrastructure project:**
 - a. Means soundstages and support and augmentation facilities that are constructed in this state and primarily used for motion picture production.
 - b. Does not include motion picture theaters and other commercial exhibition facilities."
2. **"Motion picture** means a single medium or multimedia program, including a commercial advertisement, music video or television series, that:
 - a. Is created by production activities conducted in whole or in part in this state.
 - b. Can be viewed or reproduced.
 - c. Is intended for commercial distribution or licensing in the delivery medium used.

Motion picture does not include any production featuring actual news, current events, weather, locally produced and locally broadcast television productions, financial market reports, concerts, internet broadcasts, talk shows and interviews, game shows, sporting events, award or other gala events, a production whose sole purpose is fundraising, a production used for corporate or organizational training or in-house corporate advertising or other similar production activities."

Program Activity Since Inception

Since inception of the program in 2006, Commerce has received 242 applications for feature films, television series, infrastructure projects, commercial advertisements and music videos.

Post-approvals for Motion Picture Productions and Infrastructure Projects Since Inception

Thirty-five productions have been completed and received tax credits through the post-approval process. The table below shows the total post-approved productions through the end of CY09. All together Commerce has post-approved 35 productions for a total of \$13,429,239 in tax credits. Additionally these projects received \$990,251 in Transaction Privilege Tax (TPT) and Use Tax Exemptions. Meanwhile these 14 companies invested \$74,688,124 in Arizona while producing these projects.

Total Post-Approved Productions Since Inception of the Program						
Pre-Approval Year	Applicant Name	Production	Actual AZ Spend	TPT & Use Tax Exemptions	Post-Approved Amount	
2006	2XL Games	Baja	\$7,164,249	\$0	\$1,300,000	
2009	2XL Games	Offroad	\$333,104	\$0	\$60,167	
2008	Canterbury Productions	SIS	\$2,934,855	\$0	\$848,006	
2006	Chris Lamont Productions, Inc.	Neatherbeast	\$465,410	\$3,000	\$46,541	
2006	Hidden Palms Productions	Hidden Palms 1 & 2	\$4,870,854	\$9,682	\$742,029	
2006	Hidden Palms Productions	Hidden Palms 3 & 4	\$4,562,019	\$10,382	\$702,713	
2006	Hidden Palms Productions	Hidden Palms 5 & 6	\$4,569,956	\$10,382	\$688,097	
2006	Hidden Palms Productions	Hidden Palms 7 & 8	\$2,235,529	\$5,191	\$170,900	
2006	Jake's Corner, LLC	Jake's Corner	\$2,977,901	\$0	\$240,000	
2006	Next Turn Productions, LLC	Jolene	\$2,079,412	\$11,027	\$296,314	
2007	Pacific Direct, Inc	Snappers	\$1,169,961	\$9,467	\$174,675	
2007	Randy Murray Productions	Comet	\$809,847	\$12,815	\$62,000	
2006	Randy Murray Productions, LLC	Randy Murray's 4 Productions	\$943,193	\$13,145	\$78,800	
2007	Scripps Howard Broadcasting	ABC News & Sonoran Living	\$9,898,093	\$0	\$1,926,956	
2008	TJ Productions, LLC	Away We Go	\$940,609	\$0	\$173,672	
2008	True Story Films	6 Productions	\$279,992	\$0	\$55,999	
2006	Universal City Studios, LLP	Kingdom	\$22,323,459	\$821,600	\$4,141,522	
2007	Veritas Pictures	4 Productions	\$273,697	\$0	\$27,369	
2008	Woodridge Productions, Inc.	Maneater	\$5,789,984	\$83,560	\$1,693,479	
Post-approval Totals			35	\$74,688,124	\$990,251	\$13,429,239

Pre-approvals for Motion Picture Productions and Infrastructure Projects Since Inception

The potential remaining outstanding liability to the state under the Motion Picture program is as follows: There are 27 productions that have met the 90-day requirements and/or are eligible to apply for post-approval. Two projects are from 2007, eight projects are from 2008, and 17 projects are from 2009. Based on the estimates provided by the applicant companies, Commerce has reserved \$18,180,606 in tax credits based on estimated qualified expenditures in Arizona totaling over \$65.2 million. Further, just over \$7.6 million in TPT and Use tax exemptions may be accessed by these companies. Actual tax credit and exemption amounts will not be determined until these companies apply for post-approval.

Listed below are the 2006 – 2008 tables showing all applications and their status as of December 31, 2009.

2006 Pre-Approved and Post-Approved Productions

Production Company	Production	Amount Pre-Approved	Amount Post-Approved
2XL Games, Inc.	Baja	\$1,300,000	\$1,300,000
Afterwards Films, Inc	Afterwards	\$345,000	*
Blue Voodoo Technologies	Burden	\$0	*
Blue Voodoo Technologies	Burden	\$0	*
Chris Lamont Productions, Inc.	Neatherbeast Incorporated	\$72,500	\$46,541
Film West Productions, LLC	1. Twilight Heroes 2. OK Corral	\$435,000	*
Film West Productions, LLC	The Violinist	\$880,000	*
Film West Productions, LLC	Cutthroat	\$1,622,300	*
Film West Productions, LLC	Marble City	\$0	*
Film West Productions, LLC	Ghost in the Ring	\$1,898,183	*
Film West Productions, LLC	Marble City	\$0	*
Film West Productions, LLC	Rin Tin Tin	\$2,218,559	*
Film West Productions, LLC	Fistful of Blood	\$0	*
Film West Productions, LLC	Bunyan & Babe	\$4,509,317	*
Film West Productions, LLC	Never Enough	\$0	*
Film West Productions, LLC	Piranha	\$5,000,000	*
Film West Productions, LLC	Cover	\$1,000,000	*
Ghost Town, LLC / Duck Soup Productions	1. Ghost Town 2. Commercial	\$0	*
Hidden Palms Productions, Inc.	Hidden Palms Eps. 5 & 6	\$800,000	\$688,097
Hidden Palms Productions, Inc.	Hidden Palms Eps. 7 & 8	\$800,000	\$170,900
Hidden Palms Productions, Inc.	Hidden Palms Eps. 3 & 4	\$800,000	\$702,713
Hidden Palms Productions, Inc.	Hidden Palms Eps. 1 & 2	\$747,641	\$742,029
Hollywood Phoenix Studios	Mad Mex	\$0	*
Hollywood Phoenix Studios	Level Seven	\$0	*
Hollywood Phoenix Studios	Cliff Monster	\$0	*
Hollywood Sunset Pictures	Beyond Legend Johnny Kakota	\$2,580,000	*
Jake's Corner, LLC	Jake's Corner	\$240,000	\$240,000
Lone Tree Productions	Arizona Highways Television	\$0	*
Market Niche Consulting, LLC	The Widow's Son	\$2,000,000	*

Production Company	Production	Amount Pre-Approved	Amount Post-Approved
Next Turn Productions, LLC	Jolene	\$610,000	\$296,314
Randy Murray Productions, LLC	1. Nuclear Race 2. Pandemic 2007 3. Carne Asada 4. Video Magazine	\$78,800	\$78,800
Universal City Studios, LLP	The Kingdom	\$5,000,000	\$4,141,522
Vic's Flicks, LLC	From a Place of Darkness	\$0	*

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2007 Pre-Approved and Post-Approved Productions

Production Company	Production	Amount Pre-Approved	Amount Post-Approved
110 in the Shade Productions, LLC	The Superstitions	\$233,500	*
Arizona Production Resources, LLC	Shiver	\$402,057	*
Arizona Production Resources, LLC	Seven Deadly Sins	\$1,400,000	*
Arizona Production Resources, LLC	A Killing Season	\$0	*
Blue Voodoo Technologies	Burden	\$1,905,210	*
Brothers' Ink, LLC	Capture the Flag	\$1,000,000	*
Cheyenne Mountain Entertainment, Inc.	Stargate Worlds MMORPG	\$0	Active
Child's Cry, LLC	Child's Cry	\$642,000	*
Chris Lamont Productions, Inc	Deadly Sanctuary	\$700,000	*
Conditional Love, LLC	Conditional Love	\$1,200,000	*
Daydreamin' Pictures	The Human Divide	\$300,000	*
Eleventh Hour Productions, LLC	Cystallize	\$100,000	*
Fifth Wind Films	Child's Cry	\$640,000	*
FilmWest Productions, LLC	The Laundry Warrior	\$5,000,000	*
FilmWest Productions, LLC	Pieces of Dreams	\$1,559,898	*
FilmWest Productions, LLC	Clandestine	\$5,000,000	*
FilmWest Productions, LLC	Dolan's Cadillac	\$5,000,000	*
FilmWest Productions, LLC	Dot or Feather	\$900,409	*
FilmWest Productions, LLC	Bad Company	\$5,000,000	*
FilmWest Productions, LLC	Dolan's Cadillac	\$5,000,000	*
FilmWest Productions, LLC	87 Minutes	**\$1,955,046	*
G2 Productions, LLC	Vacuuming the Cat	\$26,000	*
Golden Days Productions, Inc.	Wild Oats	\$3,248,600	*
Hidden Palms Productions	Hidden Palms Season 2 Eps 19 & 20	\$920,000	*
Hidden Palms Productions	Hidden Palms Season 2 Eps 15 & 16	\$920,000	*
Hidden Palms Productions	Hidden Palms Season 2 Eps 11 & 12	\$920,000	*
Hidden Palms Productions	Hidden Palms Season 2 Eps 1 & 2	\$920,000	*
Hidden Palms Productions	Hidden Palms Season 2 Eps 21 & 22	\$920,000	*
Hidden Palms Productions	Hidden Palms Season 2 Eps 17 & 18	\$920,000	*

Production Company	Production	Amount Pre-Approved	Amount Post-Approved
Hidden Palms Productions	Hidden Palms Season 2 Eps 5 & 6	\$920,000	*
Hidden Palms Productions	Hidden Palms Season 2 Eps 9 & 10	\$920,000	*
Hidden Palms Productions	Hidden Palms Season 2 Eps 25 & 26	\$920,000	*
Hidden Palms Productions	Hidden Palms Season 2 Eps 3 & 4	\$920,000	*
Hidden Palms Productions	Hidden Palms Season 2 Eps 13 & 14	\$920,000	*
Hidden Palms Productions	Hidden Palms Season 2 Eps 23 & 24	\$920,000	*
Hidden Palms Productions	Hidden Palms Season 2 Eps 7 & 8	\$920,000	*
Middle Link Inc.	Wild Horses	\$5,000,000	*
Middle Link Inc.	Queenie and Dell	\$2,199,140	*
Old Tucson Productions	Clandestine	\$4,600,000	*
Old Tucson Productions	Soccer Mama Mia (aka) Soccer Mom	\$1,000,000	*
Old Tucson Productions	Dot or Feather	\$700,000	*
Pacific Direct Inc.	Snappers	**\$0	\$174,675
Randy Murray Productions	Comet	\$62,000	\$62,000
Scripps Howard Broadcasting Company, dba KNVX-TV	1. ABC 15 Local News 2. Sonoran Living	\$1,926,956	\$1,926,956
Scripps Howard Broadcasting Company, dba KNVX-TV	1. Local ABC 15 News 2. Sonoran Living	\$1,926,975	*
Spring Break '83 Production, LLC	Spring Break '83	\$1,000,000	*
The Dark West, LLC	The Dark West	\$84,000	*
Touchstone Television Productions, LLC	Football Wives	\$638,687	*
Universal City Studios, LLLP	Kids in America	\$1,361,999	Active
Venture Court Productions	2 Cents	\$154,644	*
Veritas Pictures, LLC	1. Suicide Club 2. A Matter of Faith 3. Laughing Your Way to a Better Marriage 4. Faith Campaign	\$390,450	\$27,369

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** Indicates productions funded in whole or in part from \$517,394 of 2006 credits returned to the cap. \$292,394 went to 87 Minutes and \$225,000 went to Snappers.

2008 Pre-Approved and Post-Approved Productions

Production Company	Production / Project	Amount Pre-Approved	Amount Post-Approved
Alright Entertainment	Chasing the Beyond	\$3,399,165	*
Backbone Pictures LLC	Darc	\$1,140,000	*
Bird Productions, Inc	The Headhunter's Cave	\$0	*
Bird Productions, Inc	The Tomes	\$0	*
Canterbury Productions	SIS	\$5,026,785	\$848,006
Canterbury Productions	Fire and Ice / HER 2	\$1,124,546	*
Castle Valley Films LLC	Deadly Sanctuary	\$1,200,000	*
ClearVision Studios LLC	Room & Board	\$100,000	*

Production Company	Production / Project	Amount Pre-Approved	Amount Post-Approved
Day Dreamin Pictures, LLC	The Human Divide	\$1,425,000	*
Day Dreamin Pictures, LLC	The Human Divide	\$675,000	*
Day Dreamin Pictures, LLC	Do or Die	\$2,400,000	*
Dial Z for Zombie Productions	Dial Z for Zombie The Texas Toad Massacre	\$0	*
Falling Rocks, LLC	Drop Point	\$750,000	*
Falling Rocks, LLC	Falling Rocks	\$600,000	*
Hollywood Sunset Pictures Inc	Beyond Legend- Johnny Kakota	\$1,800,000	*
Middle Pictures, Inc.	Middle Men	\$1,800,000	Active
Nano Dogs the Movie LLC	Nano Dogs	\$2,592,030	*
Old Tucson Productions	Bad Company	\$4,500,000	*
Old Tucson Productions	Blue Tattoo	\$2,100,000	*
Old Tucson Productions	Blue Tattoo	\$0	*
Old Tucson Productions	Clandestine	\$4,374,759	*
Old Tucson Productions	Clandestine	\$4,500,000	*
Old Tucson Productions	Dead	\$2,100,000	*
Old Tucson Productions	Dot or Feather	\$1,050,000	*
Old Tucson Productions	Dot or Feather	\$1,110,000	*
Old Tucson Productions	Dot or Feather	\$1,500,000	*
Old Tucson Productions	Food Chain	\$600,000	*
Old Tucson Productions	Soccer Mom aka Soccer Mama Mia	\$0	*
Poison Rose Productions	Knocking on Heavens Door	\$3,300,000	*
R2K Productions	A Fairy's Tale	\$5,713,072	*
R2K Productions	A Fairy's Tale	\$5,713,072	*
R2K Productions	Ghost of Sarah Frank	\$774,528	*
R2K Productions	Ghost of Sarah Frank	\$774,528	*
R2K Productions	Pieces of A Dream	\$2,354,768	*
R2K Productions	Pieces of A Dream	\$2,354,768	*
R2K Productions	Savage Dawn	\$2,352,248	*
R2K Productions	Savage Dawn	\$2,352,248	*
Rebels Without Causes, LLC	Rebels Without Causes	\$1,350,000	*
Rebels Without Causes, LLC	Rebels Without Causes	\$1,350,000	*
Sedona Movie, LP	Sedona Movie	\$900,000	*
Sedona Movie, LP	Sedona Movie	\$1,200,000	*
Stargate Worlds LLC	Stargate Worlds MMORPG	\$7,000,000	Active
Storm Productions LLC	Riders On the Storm	\$984,000	*
Taming the Beast LLC	Taming the Beast	\$1,500,000	*
Taming the Beast LLC	Taming the Beast	\$1,500,000	*
Taming the Beast LLC	Taming the Beast	\$1,500,000	*
Taming the Beast LLC	Taming the Beast	\$1,500,000	*
The Dark West, LLC	The Dark West	\$435,000	*
The Reign LLC	The Reign	\$825,000	*
The Reign LLC	The Reign	\$825,000	*
The Ruby Company	The Ruby Boys	\$510,000	*

Production Company	Production / Project	Amount Pre-Approved	Amount Post-Approved
Thorns from a Rose LLC	Thorns from a Rose	\$52,020	*
Thorns from a Rose LLC	Thorns from a Rose	\$54,103	*
Thorns from a Rose LLC	Thorns from a Rose	\$303,000	*
Thorns from a Rose LLC	Thorns from a Rose	\$720,000	*
Thorns from a Rose LLC	Thorns from a Rose	\$900,000	*
TJ Productions, LLC	Away We Go	\$522,400	\$173,672
Woodridge Productions, Inc.	Maneater	\$2,846,570	\$1,693,479
Zia Dragon Syndicate, LLC	Tucson On Ice	\$975,000	*
Zia Dragon Syndicate, LLC	Tucson On Ice	\$1,275,000	*
Zocalo Pictures, Films, Inc	Do Not Deliver	\$0	*
Zocalo Pictures, Films, Inc	The First Eagle	\$0	*

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2008 Pre-Approved and Post-Approved Commercial Advertisement & Music Video Productions

Production Company	Production / Project	Amount Pre-Approved	Amount Post-Approved
Applebox Pictures	Wanna Bet?	\$0	*
Applebox Pictures	Splash	\$0	*
Applebox Pictures	Kyle Petty Victory Invitational	\$0	*
Joe Blow Films	Chas Roberts "Fridge"	\$7,600	Active
Joe Blow Films	Cable One "All the Way"	\$12,014	Active
Joe Blow Films	Cable One "Chipmunk"	\$12,014	Active
Joe Blow Films	Cable One "Enemy Territory"	\$12,014	Active
Joe Blow Films	Lowes 2008 Adrian Fernandez Summer Promo TV	\$54,800	Active
Morton Jankel Zander, Inc.	Culvers	\$68,000	*
Pantera Productions, LLC	4 Guys	\$46,400	*
Randy Murray Productions	All The Way	\$0	*
Randy Murray Productions	Expect More AZ TV	\$0	*
Render Films	Brocade Communications	\$22,200	*
Render Films	Zippi Networks	\$0	*
Render Films	Zippi Networks	\$34,000	*
True Story Films	Muscular Dystrophy Association - 2008 Campaign	\$28,800	\$15,895
True Story Films	Fan Stories 2008	\$0	*
True Story Films	Addictive	\$12,611	\$11,442
True Story Films	Free To Be	\$6,881	\$7,495
True Story Films	Half Fast	\$6,616	\$5,156
True Story Films	Acquisition TV	\$5,931	\$7,486
True Story Films	ASU Challengers TV	\$11,406	\$8,525
VuWest Inc.	TGPI Luxury Lifestyle	\$0	*

Production Company	Production / Project	Amount Pre-Approved	Amount Post-Approved
VuWest Inc.	"Yes on 200"	\$0	*

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2008 Pre-Approved and Post-Approved Infrastructure Projects

Production Company	Production / Project	Amount Pre-Approved	Amount Post-Approved
A-Lift Studios	Infrastructure Project: Soundstage	\$5,000,000	*
AZ Native Studios, LLC	Infrastructure - Sound Stage	\$5,000,000	*
AZ Native Studios, LLC	Infrastructure: Sound Stage	\$924,148	*
Bodner Avondale Studios LLC	Infrastructure: Sound Stage	\$4,075,852	*
Cheyenne Mountain Entertainment	Infrastructure Project: Soundstage	\$0	*
High Speed Entertainment LLC	Infrastructure Project: Soundstage	\$0	*
Native Arizona Ventures LLC	Infrastructure Project: Soundstage	\$0	*
Old Tucson Company	Infrastructure Project: Support & Augmentation	\$0	*
Phoenix Film Studios LLC	Infrastructure Project: Soundstage	\$0	*
Todd Hewett (Infrastructure)	Infrastructure - Sound Stage	\$0	*

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