

THE MISSISSIPPI MOTION PICTURE INCENTIVE PROGRAM

The Mississippi Motion Picture Incentive Program provides a cash rebate on eligible expenditures and payroll and provides sales and use tax reductions on eligible rentals/purchases. This program is available for nationally distributed motion pictures, television programs, DVDs, documentaries, short films, commercials, including animation and production utilizing new technology. National distribution includes theatrical, broadcast, festival screening, streaming video, and internet delivery.

There is a \$50,000 minimum Mississippi investment (local spend) per project. There is an \$8 million per project rebate cap. There is a \$20 million annual rebate cap. There is no minimum requirement for production days or percentage of production spend.

Mississippi Investment Rebate (25%)

A production is eligible for a 25% rebate of their base investment (local spend) in Mississippi. The base investment is based on production expenditures in Mississippi, including, but not limited to:

Per diems and housing allowances;

Legal, payroll, and insurance costs when purchased from a Mississippi vendor;

The rental or purchase of equipment (1) from a Mississippi production company/vendor providing equipment rented from an out-of-state company, or (2) from an out-of-state equipment company that has established a local office or has contracted with a local representative in Mississippi; and

Payments made to local travel agencies for airfares directly related to the project in Mississippi where travel is to/from Mississippi, Baton Rouge, New Orleans, Memphis, or Mobile.

Resident Payroll Rebate (30%)

A production is eligible for a 30% cash rebate on payroll paid to resident cast and crew whose wages are subject to Mississippi Income Tax Withholding and for that portion of their salary for the project up to and including \$1 million. (To qualify, the employee must live in Mississippi, or maintain a home here and spend more than 6 months in the state.) For purposes of this program, payroll means salary, wages, or other compensation including related benefits paid to employees upon which Mississippi income tax is due and has been withheld.

Non-Resident Payroll Rebate (25%)

A production is eligible for a 25% cash rebate on payroll paid to non-resident cast and crew whose wages are subject to Mississippi Income Tax Withholding and for that portion of their salary for the project up to and including \$1 million. For purposes of this program, payroll means salary, wages, or other compensation including related benefits paid to employees upon which Mississippi income tax is due and has been withheld.

Contracts must be provided that show total compensation, and Mississippi Income Tax Withholding must be made for a loan-out to qualify. The Mississippi Income Tax Withholding Rate is 3-5%.

SALES & USE TAX INCENTIVES

Sales and Use Tax Reduced Rates

Production equipment and machinery used directly in the filming and/or editing of a project may be taxed at the reduced rate of 1.5%, as stated in Section 27-65-11 and Section 27-65-17 of the Mississippi Code of 1972. The following production equipment is eligible for this reduced rate:

Audio equipment
Camera equipment
Editing equipment
Lighting equipment
Projection equipment
Sound equipment
Computer equipment used for animation, editing, or special effects

[We are working with the Mississippi Department of Revenue to clarify the application for the sales and use tax reduction on equipment.]

APPLICATION:

The production company submits a letter of application to the Mississippi Film Office/Mississippi Development Authority. The letter should be signed by an officer and include the following:

- 1) The company's name and business address, including phone numbers.
- 2) The name(s) of the Producer, or Unit Production Manager, or Production Accountant.
- 3) The title of the production.
- 4) The project type: film, video, television series, or national commercial.
- 5) The proposed dates of production, including pre-production.
- 6) The script and one page synopsis, commercial storyboard, or documentary treatment.
- 7) The proposed budget, or a document detailing estimated local spend and payroll.
- 8) The intended plan for national distribution: theatrical, DVD, broadcast, or internet.
- 9) The letter must also include the following statements:
 - a) "This project does not include any material or performance defined in Section 97-29-103, Mississippi Code of 1972."*
 - b) "This production company does not include any company owned, affiliated, or controlled, in whole or in part, by any company or person which is in default on a loan made by the state or a loan guaranteed by the state, or any company or person who has ever declared bankruptcy under which an obligation of the company or person to pay or repay public funds or monies was discharged as a part of such bankruptcy."

The letter of application must be submitted before the beginning of production for the Mississippi portion of the project. All relevant Department of Revenue documents must be completed, submitted, and approved before reductions can be taken.

Note: Rebates and tax reductions will not be given on any expenditures made prior to the certification date.

The Mississippi Film Office reviews the application for requisite information and submits the application for approval at the Mississippi Development Authority's Board meeting. The Board reviews the application and notifies the Production of its findings.

REFUND:

Upon completion of the Mississippi portion of the project, the production company must supply the Mississippi Department of Revenue and the Mississippi Film Office with documentation to substantiate the rebate request.

[We are working with the Mississippi Department of Revenue to streamline the auditing process, which they presently do in house. They will provide sample templates for the submission of spend and payroll.]

The Department of Revenue reserves the right to request verification of expenditures by an independent party, or request copies of invoices and proof of payment prior to approving the rebate request. The Department of Revenue will attempt to process all rebates within 60 days of submission of all required and requested documentation and relevant backup materials.

Additional information may be obtained by contacting:

The Mississippi Film Office
P. O. Box 849
Jackson, MS 39205
601-359-3422

***Section 97-29-103, Mississippi Code of 1972 can be viewed at the following website:
<http://michie.lexisnexis.com/mississippi>.**