



# MN PRODUCTION REBATE

ELIGIBILITY REQUIREMENTS	BUDGET REQUIREMENTS	REIMBURSEMENT	EVALUATIVE CRITERIA
<b>FEATURE FILM</b> (40 minute minimum per Academy of Motion Picture Arts and Sciences)  <b>DOCUMENTARY</b>  <b>NATIONAL TELEVISION OR INTERNET PROGRAM, SERIES or EPISODE</b> (New, relocating or first time applicant only)  <b>TELEVISION PILOT</b> Must be intended for national exhibition and reasonable commercial exploitation.	Qualified minimum MN spend of \$100K and 50% of budget available in verified funds at time of application.	Up to 20% or 25% for projects with qualified minimum MN spend of \$1M OR shoot 60% of days outside metro	-Total proposed MN spend -Anticipated MN hires appropriately classified as "employees" or "independent contractors" based on applicable IRS regulations and MN statutes -Total MN production days -If or how MN is presented -Experience/reputation of key personnel
<b>TV OR INTERNET COMMERCIAL</b> Copy of contract or bid required for certification	Qualified minimum MN spend of \$100K	Up to 25% Based on fund availability, up to \$200K per fiscal year is available on a first-come, first-served basis	Not applicable
<b>POST PRODUCTION ONLY</b>	Qualified minimum MN spend of \$50K	Not applicable	Not applicable

All Film, Television and Internet projects will be evaluated on the following schedule with notification the following Monday:

Thurs. 9/26/19	Thurs. 12/19/19	Thurs. 3/26/20	Thurs. 6/25/20
Thurs. 10/31/19	Thurs. 1/30/20	Thurs. 4/30/20	
Thurs. 11/21/19	Thurs. 2/27/20	Thurs. 5/28/20	

Commercials (Television and Internet) and Post Only projects will be evaluated on a first-come, first-served basis and fund availability.

Applicants must be a corporation, limited liability company or partnership where the partners are a corporation and/or LLC, or limited partnership. Agencies may not apply. Consult with a tax advisor regarding tax implications of expense reimbursement. *All categories of production must be consistent with the purpose of funding legislation, Minnesota Statutes section 116U.26.*

**Submission and/or certification of an application does not in any way guarantee that a project will be reimbursed or that funds will be available.**

The MN Film & TV application process does not guarantee acceptance for the applicant(s). MN Film & TV reserves the right to refuse any Project's application for any reason whatsoever. Such determination is solely at the discretion of MN Film & TV and all decisions are final and non-negotiable.

THESE GUIDELINES APPLY TO ALL APPLICATIONS RECEIVED AFTER September 1, 2019

# **MN PRODUCTION REBATE GUIDELINES**

The MN Production Rebate is an incentive passed by the Minnesota Legislature and signed into law by the Governor to create new film production jobs in Minnesota. The program provides a reimbursement of up to 25% of production and post costs for qualifying projects. It is funded by Minnesota statute 116U.26 with administrative oversight and control by the commissioner of the Department of Employment and Economic Development.

**Eligibility of reimbursements is based on the language of this statute and is non-negotiable.**

**Submission and/or certification of an application does not in any way guarantee that a project will be reimbursed or that funds will be available.** Applications are received and reviewed by MN Film & TV with final approval and reimbursement payment to follow after economic activity has occurred and all financial obligations in Minnesota have been paid and verified.

## **HOW TO APPLY**

Projects must meet program eligibility requirements described on page 1 in order to apply for reimbursement funds. Submit application no earlier than **90 days BEFORE MINNESOTA PRINCIPAL PHOTOGRAPHY BEGINS**. Projects spending \$1M or more may apply up to six months before production begins. Projects that have begun Minnesota principal photography are not eligible. Post Production Only should submit application no earlier than 90 days before the start of post production. The application, W9 and Certificate of Good Standing must all be in the same production company name. The applying entity is responsible for any tax implications regarding reimbursement.

There is no fee to apply. Projects will not be certified until ALL required materials are received and reviewed by MN Film & TV (see attachment checklist). Only complete applications will be reviewed. Expenses incurred and/or payments made before project certification (the date on the project certification letter) will not be eligible for reimbursement. Submission of an application does not guarantee reimbursement.

After meeting the minimum eligibility requirements described on page 1, Film, Television, and Internet projects will be evaluated for certification based on the following criteria. 250 total points are available:

### **-Economic Impact – up to 110 points available**

- Total MN spend (percentage of budget)
  - Total dollars spent in MN
  - Total MN wages
  - Total MN hires and proper classification thereof
- IRS Employee Classifications (<https://www.irs.gov/taxtopics/tc762>)  
*Be aware of MN Wage Theft Laws effective 8/1/19*  
([https://www.dli.mn.gov/sites/default/files/pdf/wage\\_theft\\_summary\\_employers.pdf](https://www.dli.mn.gov/sites/default/files/pdf/wage_theft_summary_employers.pdf))

### **-Key Personnel – up to 80 points available**

- Is a minority, veteran, woman or person with a disability
- Professional experience
- Reputation of key personnel or production company relating to:
  - Prior program compliance
  - Bankruptcy
  - Litigation
  - Criminal charges or convictions
  - Fraud, misrepresentation or violations of the law
- Written code of conduct or non-discrimination/non-harassment policy in place

### **-MN Production Days – up to 20 points available**

- Number of MN production days

### **-Minnesota Location and Representation – up to 20 points available**

- Marketing and promotion of the state

### **-Distribution – up to 20 points available**

All Film, Television and Internet projects will be evaluated on the following schedule with notification the following Monday:

Thurs. 9/26/19	Thurs. 12/19/19	Thurs. 3/26/20	Thurs. 6/25/20
Thurs. 10/31/19	Thurs. 1/30/20	Thurs. 4/30/20	
Thurs. 11/21/19	Thurs. 2/27/20	Thurs. 5/28/20	

Commercials (Television and Internet) and Post Only projects will be evaluated on a first-come, first-served basis and fund availability.

Ship, mail, messenger or email applications to:

MN Film & TV  
Attn: Jill Johansen, Incentives Specialist  
401 North 3rd Street, Suite 245  
Minneapolis, MN 55401

Phone: (612) 767-0095  
Fax: (612) 767-2425  
Email: [jill@mnfilmtv.org](mailto:jill@mnfilmtv.org)  
Web: [www.mnfilmtv.org](http://www.mnfilmtv.org)

## **CERTIFIED PROJECTS**

Projects are considered certified when MN Film & TV assigns a project number and notifies applicant of certification by letter or email. Certification reserves rebate funds based on a project's estimated Minnesota production expenditures. Reserved funds are not available to any other production unless the certified project withdraws or is disqualified from certification for any reason. **Expenses incurred and/or payments made before project certification (the date on the project certification letter) will not be eligible for reimbursement.** Reimbursement is limited to one grant per project per production company.

ALL CERTIFIED PROJECTS ARE REQUIRED TO:

- Schedule a Rebate processing procedures meeting with the Incentives Specialist *before* production begins. Key people responsible for preparing the Rebate Expenditure Report (RER) should participate in this meeting.
- Pay all expenses incurred in Minnesota in full before submitting final RER paperwork.
- Complete the RER in the requested format with all required documentation (both hard and electronic/scanned copies) clearly legible along with signed and notarized affidavit. Documentation not submitted in the requested format will be returned and reimbursement may be delayed.

A PROJECT MAY LOSE REBATE ELIGIBILITY OR BE DISQUALIFIED IF:

- The production entity falls out of good standing with the Secretary of State in the state where the entity is incorporated.
- Production is delayed or suspended, funding is lost, or the production will no longer take place in Minnesota.
- MN Film & TV has evidence that the production will not occur.
- MN Film & TV has evidence that the production is engaged in fraudulent or unlawful behavior (i.e. wage theft)
- Production has not fulfilled financial obligations to Minnesota personnel, vendors or goods and services.
- The production no longer meets eligibility criteria (i.e. minimum spend).
- Production fails to meet Rebate Expenditure Report submission deadlines. Extensions may be considered on a case-by-case basis.
- Production is ineligible for some other reason.

A certified project that loses eligibility or is disqualified **due to production delays or loss of funding** may reapply by completing and submitting a new project certification application with new attachments assuming MN principal photography has not yet begun and program funds are still available.

## **OVERSUBSCRIPTION**

If applications received for the MN Production Rebate exceed the total amount appropriated by the state for the program, MN Film & TV will maintain a waiting list. Projects that meet eligibility may be provisionally certified in amounts up to 25% in the event that funds become available. **Submission and/or provisional certification of an application does not in any way guarantee that a project will be reimbursed or that funds will be available.**

## **ELIGIBLE MINNESOTA PRODUCTION EXPENDITURES** (including but not limited to):

- Airfare to or from MN (MN-based airlines only or purchases made through a MN travel agent), MN lodging and MN transportation (including rentals and mileage – not to exceed federal guidelines – must submit mileage log, parking, fuel for generators and rental vehicles only).
- MN personnel, crew, production personnel (including fringes), legal fees paid to MN law firms relating to production contracts i.e.: labor contracts, licensing rights etc. are allowed. **Note: legal fees relating to development, marketing or business entity set up are not allowed.**
- MN acting talent, MN agent fees and MN legal fees relating to talent contracts  
**One non-resident ATL producer, one non-resident ATL director, and any non-resident ATL principal acting talent fees are reimbursable for time worked in MN up to \$100K per person provided the MN income tax for payrolled personnel is withheld. Loan outs must be registered in Minnesota.** (<https://www.sos.state.mn.us/media/1559/foreigncorpregistration.pdf>)
- Per diem and housing allowances are reimbursable to all paid personnel, both MN resident and non-resident, but only while working in MN. **If paid in cash, payee's signature is required.**
- Payroll processing fees paid to a MN payroll company
- Employee benefits (i.e. health insurance) if paid to a MN company
- Sets, props and wardrobe including set construction, materials, purchases and rentals (including box rentals) paid to a MN company
- MN production office rental (**short term only**), production office equipment rental and production office supplies paid to a MN company
- Studio/soundstage rental paid to a MN company
- Equipment rental including camera, grip, lighting and expendables paid to a MN company
- Digital media and storage devices and related processing including film transfer and dailies paid to a MN company
- Food and catering expenses including craft service, working meals and crew meals paid to a MN company. **Alcoholic beverages are not eligible for reimbursement. Itemized receipts are required.**
- Location expenses including location and permit fees paid to a MN location
- Editing and related post production expenses, including legal fees relating to post production i.e. labor contracts, licensing of music, etc. paid to a MN company
- Other direct costs of producing the feature film, documentary, music video, national television or internet program or series, television pilot, TV or internet commercial, or post production work paid to a MN company

A MN company is defined as a **permanent** establishment that is located in, conducts business in and files MN tax returns. No PO boxes.

TV commercial production is exempt from sales tax:

(<https://www.revenue.state.mn.us/sites/default/files/2019-07/st3.pdf>)

## **EXPENDITURES NOT ELIGIBLE FOR REIMBURSEMENT** (including but not limited to):

- Alcoholic beverages and tobacco (even if purchased as props)
- Fees relating to development, marketing (promotions) or business set up (including legal fees)
- Production fees
- Permanent office space (rent) and related utilities (internet, phone, power, etc.). If the production has a permanent office operating in Minnesota, these expenses are not qualified as they are considered normal operating expenses.
- Fuel for personal vehicles
- Online purchases with the exception of intermediary vendors such as Airbnb and Uber which are qualified as long as the overhead or service fee is deducted for MN purchases.
- Capital equipment purchases (with the exception of portable hard drives)
- Purchases sourced outside of Minnesota (pass-throughs)
- Wrap parties, gifts, recreation and entertainment
- Festival submission fees or related costs
- Expenses relating to illegal activities including, but not limited to tickets issued for parking or moving violations, towing fees, etc.

- Unpaid invoices
- Damages due to accidents, loss or theft

### **INELIGIBLE CATEGORIES OF PRODUCTION AND POST PRODUCTION:**

- News, current events, public programming, or programs that include weather or market reports
- Talk shows
- A sports event or sports activity
- One-time production related to a national event (e.g. sporting or national political event)
- Production with respect to a questionnaire or contest
- Gala presentation or awards show
- Finished production that solicits funds
- Home shopping programming
- Local or regional television programming
- Political issue/ advocacy ads
- Projects featuring candidates currently running for political office in Minnesota
- Branded content
- Video games
- Student films
- Production for which the production company is required under United States Code title 18, section 2257, to maintain records with respect to a performer portrayed in a single-media or multimedia program

### **ADDITIONAL REQUIREMENTS for FEATURE FILMS**

During production, feature films are required to:

- Provide MN Film & TV with daily call sheets, production logs or equivalent
- Provide the name and contact information of the unit publicist or person responsible for interfacing with media
- Allow MN Film & TV to arrange set visits for elected officials

**Before reimbursement is paid**, feature films are required to:

- Pay in full all expenses incurred in Minnesota
- Provide a final crew list to MN Film & TV including contact information (phone and/or email)
- Provide MN Film & TV with a locations breakdown list
- Agree to provide MN Film & TV with 3-5 production stills in electronic format with rights cleared for promotional use by MN Film & TV
- Agree to provide MN Film & TV with poster art

All films with onscreen credits must include the MN Film & TV logo and permit MN Film & TV to identify the production in its marketing and promotional materials.

ONCE CERTIFIED PRODUCTION/POST PRODUCTION ACTIVITY IS COMPLETE, APPLICANTS MUST COMPLETE AND SUBMIT THE FOLLOWING PAPERWORK IN ORDER TO RECEIVE REIMBURSEMENT.

### **REBATE EXPENDITURE REPORT (RER)**

The Rebate Expenditure Report (RER) is an Excel spreadsheet that has a cover sheet and a separate sheet for each category. Totals from each tab/category are programmed to roll-up to the cover page of this report. The RER should be submitted in hard copy, with attachments – legible copies of itemized invoices/receipts and required affidavit AND sent via email with a scanned copy of receipts and invoices. MN Film & TV reserves the right to request additional backup or proof of payment for any expense submitted for reimbursement at any time. Projects with \$1M or more of MN expenditures may be required to submit to review of expenditures by a certified public accountant in addition to the RER. MN Film & TV will provide a list of experienced CPAs. The applicant is responsible for any and all CPA fees.

Projects that have less than \$1M in Minnesota expenditures are required to complete the full RER.

### **HOW TO COMPLETE RER**

Read all the materials BEFORE you start production, follow the directions and contact us immediately if you have any questions. Complete the RER in the requested format with all required documentation

clearly legible. **Documentation not submitted in the requested format will be returned and reimbursement may be delayed.** It is helpful to group invoices and receipts in like categories. (i.e. list all transportation together, meals together, props together etc.). To facilitate preparation of the RER, please notify your production staff of this grouping BEFORE you start production.

List each individual expenditure (vendor or payee name) in the appropriate category on the RER (i.e.: Dunn Brothers Coffee NOT Mary Jones/PC) with each individual receipt amount. **The invoice or receipt date AND the date of the work or service performed must be within the certification period or it will not be eligible for reimbursement.** All copies of receipts and invoices should include a date (mm/dd/yy), Minnesota address and amount. Invoice and receipt copies should be attached **and numbered** to correspond to the line items on the RER. Attach copies in the same order they are listed. **Do not** list a group of expenses as one total with notation to “see petty cash” or submit petty cash envelopes. Sales tax and zip code where the purchase was made must be listed in the appropriate columns.

Receipts must be legible. **If expense documentation is illegible, the expense will not be reimbursed.** DO NOT include copies of purchase orders, packing slips, petty cash reports or reconciliations etc. however, MN Film & TV reserves the right to request these as additional backup at any time.

When payee is MN personnel or talent, their home address should be listed on the RER form in the designated column. Talent agencies should provide home addresses for all talent. Keep copies of a valid Minnesota driver’s license, ID card, Minnesota voter registration card or equivalent as proof of Minnesota residency on file for all Minnesota personnel. MN Film & TV, the State of Minnesota, the State Auditor and the Legislative Auditor reserve the right to conduct an examination of the drivers licenses, ID cards, voter registration cards or equivalent you have on file for a minimum of six years. Submit your payroll company invoice or payroll register to verify payroll paid to MN workers. If using a non-MN payroll company, handling fees must be deducted from payroll totals.

PLEASE BLACK OUT SOCIAL SECURITY NUMBERS FROM ALL DOCUMENTS SUBMITTED INCLUDING INVOICE COPIES AND PAYROLL REGISTERS.

Alcohol and tobacco expenditures are not allowed even if the alcohol or tobacco was purchased as a prop. **If meal receipts are from a restaurant that serves alcohol, the receipt should show itemized detail of purchases (i.e.: top credit card copy alone is not enough).** If there are excess credit card copies with no itemization, MN Film & TV may deduct those expenses and they will not be eligible for reimbursement.

## **HOW TO SUBMIT RER**

RERs or expenditure review by a CPA with all supporting documentation should be received on the following schedule:

- Submit completed RER with both hard and electronic/scanned copies of all invoices and receipts not more than 90 days from project completion. RER due dates are noted in certification letter. Deadline extensions will be considered on a case-by-case basis.
- For projects that require a CPA audit, submit both hard and electronic/scanned copies of the final audit report, the RER, general ledger and copies of all receipts and invoices not more than 90 days from project completion. Due dates are noted in certification letter. Deadline extensions will be considered on a case-by-case basis.
- Final expenditures will be reviewed in the order received. If additional documentation is required or there are questions on the RER, production companies will have 10 business days to respond with the requested information. After that time, the questioned items will be deleted/deducted from the submission.
- The reimbursement affidavit should be signed, notarized and submitted with the final expenditure report and backup documentation. The affidavit is a legal and binding document.
- Missed deadlines may result in project disqualification, loss of place in queue and/or loss of reimbursement.

MN FILM & TV RESERVES THE RIGHT TO REQUEST ADDITIONAL BACKUP AND/OR PROOF OF PAYMENT FOR ANY EXPENSE SUBMITTED FOR REIMBURSEMENT.

All books, records, documents, accounting procedures and practices relevant to the reimbursements are subject to examination by MN Film & TV and/or the State of Minnesota and/or the State Auditor for a minimum of six years. **Consult with a tax advisor regarding the tax implications of expense reimbursement.**

ALL REBATE APPLICATION AND EXPENDITURE MATERIALS ARE SUBJECT TO PUBLIC DISCLOSURE (MN STATUTES CHAPTER 13)