



Minnesota Film Production Tax Credit Program Guidelines

Updated October 8, 2025

Introduction

The Minnesota Film Production Tax Credit Program ([MN Statute 116U.27](#)) is an assignable 25% tax credit to attract and expand film production in the state. A film production company (applicant) may receive an assignable Tax Credit Certificate for up to 25% of eligible production costs for a project that expends at least \$1,000,000.00 in a consecutive 12-month period.

Need to Know

- Program applications are accepted on a year-round basis. Tax Credit Allocation Letters are awarded on a first-submitted, first-allocated basis to applicants who submit a complete application and meet the program's minimum requirements. The State will accept applications until the funds are exhausted.
- All projects must align with the goals and purposes outlined in [Minnesota Statute 116U.27](#). The Executive Director of Explore Minnesota retains the discretion to deny any application if they determine that the project does not meet program objectives, is inconsistent with the legislative intent, or raises concerns about budget integrity, responsible management, or appropriate use of state resources.
- Submission of an application and/or receipt of a Tax Credit Allocation Letter **does not guarantee** that the applicant will receive a Tax Credit Certificate. The Executive Director of Explore Minnesota has sole discretion to approve or deny issuance of a Tax Credit Certificate, including the right to rescind approvals based on new information or noncompliance with program expectations.
- All projects must contact [Explore Minnesota Film](#) prior to submitting an initial application for the Film Production Tax Credit Program to discuss the proposed project and determine program eligibility.

Explore Minnesota Film Contact Information

[Tell Us About Your Project](#)

www.exploreminnesota.com/film

MNfilmtaxcredit.emn@state.mn.us

651-757-1877

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Section 1: Eligibility Criteria

A. General Eligibility Criteria

1. Only production companies are eligible to apply for the Film Production Tax Credit. Applicants must meet all criteria to apply for a Tax Credit Allocation Letter:
2. For initial production applications, apply at least 30 days, but no more than 180 days before beginning principal photography in the state of Minnesota. For initial post-production only applications, apply at least 30 days but no more than 90 days before beginning post-production in the state of Minnesota. Our office always welcomes early conversations to help filmmakers find locations, identify crew, and prepare for the initial application.
3. Plan to expend a minimum of \$1,000,000 in eligible expenses during a consecutive 12-month period on approved/eligible expenses.
4. Employ Minnesota residents to the extent practical.
5. Be able to submit proof that the project is at least 50% funded at the time of application.
 - a. Agree to promote Minnesota by visibly displaying a static or animated logo approved by Explore Minnesota Film, that promotes Minnesota within its presentation end credits for the life of the project (Television commercials are exempt from logo requirement).
 - b. Remain in good business standing with the Secretary of State of Minnesota.
 - c. Be able to obtain and submit a tax clearance statement from the Minnesota Department of Revenue.

B. Qualified Project Types

1. Feature Film
2. Television or internet pilot/program/or series
3. Documentary
4. Music Video
5. Television commercial

C. Ineligible Projects

1. **Projects that are already completed are ineligible.** Other ineligible projects include, but are not limited to:
 - a. News, current events, public programming, or programs that include weather or market reports
 - b. Talk shows
 - c. A sports event or sports activity
 - d. One-time production related to a national event (e.g. sporting or national political event)
 - e. Contests and game shows
 - f. Gala presentation or awards shows
 - g. Finished production that solicits funds, home shopping programming
 - h. Local or regional television programming, political issue or advocacy ads
 - i. Projects featuring candidates currently running for political office in Minnesota
 - j. Branded content
 - k. Video games

- I. Student films and
- m. Productions for which the company is required under [U.S. Code Title 18, sec.2257](#) to maintain records with respect to a performer portrayed in a single-media or multimedia program

D. Revocation

1. Explore Minnesota Film may revoke a Tax Credit Allocation Letter if it is determined that:
 - a. Production entity falls out of good standing with the Secretary of State
 - b. Production is delayed or suspended (one 30-day extension may be granted at the discretion of Explore Minnesota Film)
 - c. Production funding is lost
 - d. Production will no longer take place in Minnesota
 - e. Production no longer meets eligibility criteria (i.e. minimum spend)
2. The Executive Director of Explore Minnesota has the right to rescind approvals at any time based on new information or noncompliance with program expectations.

E. Marketing and Other Requirements

1. Before a Tax Credit Certificate is issued, applicants to the Tax Credit Program are required to:
 - a. Include a visible display of a static or animated logo approved by the Director of Explore Minnesota, that promotes Minnesota within its presentation in the end credits for the life of the project.
 - b. Provide proof that the logo was placed in the end credits.
 - c. Provide 3-5 production and promotional photos (with identification and credit) cleared for use by Explore Minnesota (website, socials, etc.) in perpetuity.
 - d. When the Final Cost Verification Report and the Final Production and Economic Impact Report is submitted:
 1. Provide a link to a rough cut or other visual sample of work in progress of 20 minutes in length for film, TV, and documentary and :20-:30 for commercial projects.
 2. Participate in a postmortem meeting with Explore Minnesota Film. Contact MNfilmtaxcredit.emn@state.mn.us to schedule.
2. Explore Minnesota Film requests recipients of a Film Production Tax Credit to:
 - a. Provide one30-second to 2-minute video clip (trailer and/or BTS) cleared for use by Explore Minnesota (website, socials, etc.) in perpetuity.
 - b. Provide one copy of the full-size poster for the film/project (if available).
3. Provide one copy of the electronic press kit when available to the press (if available).

Section 2: Application Instructions

A. Application Overview

1. Initial Application for Tax Credit Allocation Letter
 - a. Applicant participates in a pre-application consultation with Explore Minnesota Film. Contact MNfilmtaxcredit.emn@state.mn.us to schedule.
 - b. Applicant submits a complete Film Production Tax Credit Program Initial

Application (from here on referred to as Initial Application) with all required supporting documentation to MNfilmtaxcredit.emn@state.mn.us at least 30 but no more than 180 days prior to beginning principal photography in Minnesota. Post-production only projects must apply at least 30 days but not more than 90 days before beginning project work.

- c. No expenses incurred or payments made are eligible for credit until the date assigned in the Tax Credit Allocation Letter.
 - d. An Initial Application is not considered complete until all required information has been provided to the satisfaction of Explore Minnesota Film. Incomplete Initial Applications will not be date/time-recorded until the time of completion, not initial submission.
 - e. Explore Minnesota Film reviews the Initial Application and determines if the proposed project meets the program's minimum requirements.
 - f. Upon satisfactory review, Explore Minnesota Film issues the applicant a Tax Credit Allocation Letter and schedules an implementation meeting. **Note: Submission of an initial application and/or receipt of a Tax Credit Allocation Letter does not guarantee that the applicant will receive a Tax Credit Certificate. The Executive Director of Explore Minnesota has sole discretion to approve or deny a credit, including the right to rescind approvals based on new information or noncompliance with program expectations.**
2. Explore Minnesota Film requires notification of the following:
- a. Applicant notifies Explore Minnesota Film when the project starts principal photography.
 - b. Applicant notifies Explore Minnesota Film when production is complete.
 - c. Applicant notifies Explore Minnesota Film when post-production begins
 - d. Within 30 days of the project completion date, the Applicant commissions the Cost Verification Report and notifies Explore Minnesota Film.
 - e. Within 30 days after the Cost Verification Report is complete, the applicant provides the report to Explore Minnesota Film.

B. Required Supporting Initial Application Documentation (Attach to Initial Application section VIII)

1. [Certificate of Good Standing in Minnesota](#)
2. [Completed W9](#)
3. Detailed budget with Minnesota expenses denoted. Color coding or an added column to the budget layout, denoting MN expenses as "MQE" is required.
4. Proof that 50% of the total project budget is available in verified funds. Acceptable proof includes:
 - a. A signed bank letter (with bank contact email/phone) and statement from a verified financial institution or
 - b. Valid executed contract or
 - c. Completion bond or equivalent (financing agreement and cash flow schedule)
5. Tax clearance letter from the Minnesota Department of Revenue issued within 90 days of the application date (contact businessincome.tax@state.mn.us or call 651-282-5225 to obtain this statement)
6. Script/storyboard/synopsis or treatment

7. Distribution agreement or distribution plan (if applicable)
8. Signed acknowledgments:
 - a. Code of Conduct
 - b. Child Labor
 - c. Electrical Inspection
 - d. Photo Release
 - e. Weapons and Safety
 - f. Worker Classification and Wage Theft
9. All documentation should be sent to MNfilmcreditcredit.emn@state.mn.us.

Section 3: Expense Overview and Eligible Expenses

A. General Overview

1. Qualified expenses are those that are a direct cost of production incurred in and paid to a Minnesota company.
2. A Minnesota company is defined as a permanent business that has a physical address and is located in Minnesota, conducts business in Minnesota, and files a Minnesota tax return.
3. The company must be registered and in good standing with the Secretary of State of Minnesota.
4. Applicants are required to spend a minimum of \$1,000,000 in eligible expenses during a consecutive 12-month period.
5. The dollar amount of the tax credit for an eligible project is based on the dollar amount of qualified expenses incurred in Minnesota and paid to a Minnesota company after Explore Minnesota Film issues a Tax Credit Allocation Letter. No expenses incurred or payments made are eligible before the date assigned in the Tax Credit Allocation Letter.
6. Expenses including goods, services, and labor are eligible ONLY if incurred within Minnesota.
7. Items used, personnel, or services employed both within and outside Minnesota can be eligible only for the pro rata portion of expense incurred directly in Minnesota.

B. Eligible Expenses

1. Direct costs of production incurred in and paid to a Minnesota company including:
 - a. Location expenses and permitting fees
 - b. Health and safety equipment (such as PPE) and testing fees
 - c. Studio and soundstage rental
 - d. Sets, props, and wardrobe including construction materials, purchases, box rental, kit fee, and rentals
 - e. Equipment rental including camera, grip, lighting and expendables, generators, and fuel used and consumed in generators
 - f. Lodging
 - g. Food and catering including craft service, working meals, and crew meals. Alcoholic beverages are **excluded** and itemized receipts are required.
 - h. Transportation and parking including intrastate travel by taxicab, train, bus, mileage reimbursements, leased vehicles, and fuel used and consumed in leased vehicles
 - i. Mileage logs are required and reimbursements are restricted to federal rates at the time incurred.
 - ii. Cash payments are ineligible.

- i. Airfare when booked through a Minnesota-based travel agent and Minnesota is the arrival or departure location
- j. Editing and related expenses including legal fees relating to post-production, labor contracts, and licensing of music
- k. Production insurance when purchased through a Minnesota broker
- l. Production-related services, such as legal, accounting, and payroll processing fees incurred in and paid to a Minnesota company
- m. Short-term production office rental in Minnesota, utilities used and consumed at the production office, production office equipment rental, and production office supplies paid to a Minnesota company.
- n. Digital media and storage devices and related processing including film transfer and dailies paid to a Minnesota company.
- o. Contingencies are capped at 8% of the total project budget.

C. Salary and Labor Requirements

Explore Minnesota Film requires adherence to [Federal Guidelines](#) and best practices related to worker classification and wage theft. Resources and guidance are available from the [Minnesota Department of Labor](#).

1. Above-the-line compensation paid to a resident of Minnesota employed in the production of a film is eligible. This expense paid to a resident producer or director is capped at the first \$500,000 in wages, provided that required Minnesota withholding taxes are remitted. Individuals who hold more than one position are only eligible for one position. Productions utilizing a Qualified Production Facility are exempt from this cap
 - a. "Qualified Production Facility" means a building, complex of buildings, or associated back-lot facilities primarily focused on the production and/or post- production of films, television, commercials, or audiovisual products that has either been in operation within the state of Minnesota for at least one year or has purchased or executed a five-year lease on a brick and mortar location within the state of Minnesota. (If you own or operate a qualified production facility within the state of Minnesota, please [create or update your listing](#) in our production directory.)
2. Above-the-line compensation paid to non-resident producers and non-resident directors is eligible. Eligible expense is capped at the first \$500,000 in wages for each individual in those roles, provided that required Minnesota withholding taxes are remitted. Individuals who hold more than one position are only eligible for one position. Productions utilizing a Qualified Production Facility are exempt from this cap.
3. Compensation paid to all above-the-line, on-screen talent is eligible, provided that required Minnesota withholding taxes are remitted.
4. All loan-outs must be [registered](#) with the Minnesota Secretary of State to conduct business in Minnesota.
 - a. A loan-out company is a personal service corporation or other entity authorized to do business in Minnesota that is contracted by the taxpayer to provide specified individual personnel, such as artists, crew, actors, producers, or directors for the performance of services used directly in a production. A loan-out company is not an entity contracted by the taxpayer to provide goods or ancillary contractor services in a production such as catering, construction, trailers, equipment, or transportation.

5. Below-the-line compensation paid to a resident of Minnesota employed in the production of a film (25% incentive—uncapped).
6. Below-the-line compensation paid to a resident of Iowa, Missouri or Wisconsin employed in Minnesota in the production of a film (22% incentive—uncapped).
7. Below-the-line compensation paid to a non-resident of Minnesota employed in the production of a film (20% incentive—uncapped).
8. Per Diem and housing allowances paid to Minnesota residents and non-residents while working in Minnesota. **Payments made in cash are not eligible.**

D. Ineligible Expenses

1. Ineligible expenses include, but are not limited to:
 - a. Expenses incurred prior to issuance of the Tax Credit Allocation Certificate
 - b. Salary and/or fees for services and labor provided outside of MN
 - c. Salary and/or fees paid to a nonprofit
 - d. Alcohol and tobacco, including props and consumables
 - e. Development, marketing, and business setup fees that are excluded:
 - i. Costs for the development, financing, marketing, and/or advertising of a Film
 - ii. Any costs incurred in connection with the sale or transfer of a tax credit
 - f. Deferred, leveraged, or profit participation paid or to be paid to individuals employed in a Film's production or to entities representing an individual for services provided
 - g. Permanent office space including utilities, long-term equipment rental, and long-term vehicle leasing
 - h. Unpaid invoices
 - i. Fuel for personal vehicles
 - j. Interstate travel by taxicab, train, or bus
 - k. Online purchases (online purchases picked up in-store are exempt)
 - l. Payments made to an individual in cash (per diem, housing, etc.)
 - m. Capital equipment purchases except for portable hard drives
 - n. Purchases sourced outside of Minnesota
 - o. Wrap parties, gifts, recreation, and entertainment
 - p. Festival submission fees or related costs
 - q. Expenses relating to illegal activities including citations, fines, or towing fees
 - r. Damage or replacement fees due to accident, loss, theft, or misuse
 - s. Costs incurred in connection with the sale or assignment of the tax credit
 - t. Cash payments to an individual (per diem, expense reimbursement, etc.)

E. Requirements for Certain Expenses

1. Items used, personnel, or services employed both within and outside Minnesota can be eligible only for the pro rata portion of the expense incurred directly in Minnesota.
2. Itemized receipts are required for all food, meal and catering receipts. A credit card copy is insufficient.
3. Mileage logs are required, and reimbursement is restricted to [federal rates](#) at the time incurred.

4. Production insurance is eligible only when purchased through a Minnesota broker.
5. Shipping costs must be made at a brick-and-mortar location.
6. Production services invoices must be itemized.
7. Related party transactions must be disclosed during the audit and must include service agreement or contract, rate sheet or comparison bids, and financial audit trail. Explore Minnesota Film will monitor these transactions closely when the report is reviewed. Studio rate cards or comparison bids should be used to support the market rates.
 - a. For related party transactions, the competing estimate(s), rate card, contracts, and itemized invoices should be retained on file to substantiate the qualified expense.
 - b. Estimates for related party transactions should align with the entity's written purchasing policy.

Section 4: Final Tax Credit Approval

A. Tax Credit Allocation Letter

1. The Tax Credit Allocation Letter verifies that the project is eligible to be considered for a Tax Credit Certificate after production activity is complete and expenses are verified.
 - a. Submission of an Initial Application and/or receipt of a Tax Credit Allocation Letter is not a promissory note and **does not guarantee** that the applicant will receive a tax credit.
 - b. The Executive Director of Explore Minnesota has sole discretion to approve or deny funding, including the right to rescind approvals based on new information or noncompliance with program expectations.
2. The amount of credit stated in the Initial Tax Credit Allocation Letter is a "not to exceed amount." If the project goes over budget, the award will be limited to the amount initially approved.
3. If a project spends less than the approved amount, the project will only receive credit based on the actual qualified amount spent.
4. Only Minnesota expenses incurred as of the date assigned in the Tax Credit Allocation Letter will be deemed eligible.

B. Project Compliance

1. If at any time a project is out of compliance, the applicant will be notified in writing (via email). Should the applicant be consistently out of compliance with the guidelines and/or state statute after two or more written notices of noncompliance, the project allocation may be revoked.
 - a. On the day principal photography begins in Minnesota, the applicant is required to submit a Project Start Form by email to MNfilmtaxcredit.emn@state.mn.us.
 - b. Daily call sheets to the same email are required.
2. In the event the project is delayed, the Project Start Form should be completed and used to request a 30-day extension or to withdraw the project from participation in the program.

C. Financial Compliance and Cost Verification Report and Agreed Upon Procedures

1. When the project is complete, the applicant notifies Explore Minnesota Film at MNfilmtaxcredit.emn@state.mn.us. Within 30 days of the project completion date, the applicant commissions the Cost Verification Report by a [Minnesota-licensed certified public accountant](#) (CPA) and notifies Explore Minnesota Film at MNfilmtaxcredit.emn@state.mn.us.
 - a. Explore Minnesota Film must be listed as a specified party in the engagement letter

- and specifically granted access to any work performed by the CPA.
 - b. This report must be prepared in accordance [with generally accepted accounting principles](#) and will verify the amount of eligible production costs related to the project. Provide the Cost Verification Report Guide and Agreed Upon Procedures, and Final Production and Economic Impact Report to your CPA at the time of engagement.
 - c. Within 30 days after the report is completed by a Minnesota-licensed CPA, the applicant must provide the Cost Verification Report and Final Production and Economic Impact Report to Explore Minnesota Film.
 - d. All required marketing and other materials ([Section 1E: Marketing and Other Requirements](#)) and a link to a rough cut or other visual sample of work in progress (20 minutes in length for film/TV/documentary projects and :20-:30 for commercials) are also due at the time of report submission.
 - e. Explore Minnesota Film reserves the right to request additional documentation (receipts and/or invoices, proof of payment including unredacted bank statements, 1099 NECs, contracts or comparison bids, etc.) if the report does not meet program and statutory requirements to the satisfaction of the state.
2. Explore Minnesota Film reviews the report for completion and eligibility to the satisfaction of the State of Minnesota, determines the final qualifying credit amount and if no additional information or documentation is needed, the Director of Explore Minnesota may issue a Tax Credit Certificate.

D. Tax Credit Issuance

1. A Tax Credit Certificate may be issued approximately 90 days from receipt of the Cost Verification Report, Final Production and Economic Impact Report, and all other required or requested supporting documentation. The Executive Director of Explore Minnesota has sole discretion to approve or deny issuance of a Tax Credit Certificate, including the right to rescind approvals based on new information or noncompliance with program expectations.
2. The review timeline will reset each time additional information or supporting documentation is requested/submitted.
3. The Tax Credit Certificate will not exceed the Tax Credit Allocation Letter amount, regardless of actual eligible expenditures. Tax Credit Certificates are issued for the taxable year in which the twelfth month of the consecutive 12-month period lands.
4. Applicants file for the credit on their Minnesota tax return filed with the Minnesota Department of Revenue (MNDOR).
5. In the event the Tax Credit Certificate holder elects to assign the certificate to another taxpayer, the assignee must notify MNDOR within 30 days of the date of assignment.
6. For questions on claiming the credit, visit the [Department of Revenue Film Production Credit](#) site or email businessincome.tax@state.mn.us.