



Empire State Development

COMMERCIAL PRODUCTION TAX CREDIT – ANNUAL REPORT CALENDAR YEAR 2018

PROGRAM OVERVIEW

Empire State Development (ESD) oversees administration of the Empire State Commercial Production Tax Credit Program. The Program is designed to increase the production of commercial filming in New York State (“NYS”).

Credits of up to \$7 million per year can be allocated to encourage qualified production companies to produce commercials in NYS and help create and maintain jobs. The \$7 million per year consists of three components for companies: shooting commercials Downstate (\$3 million), shooting Upstate (\$3 million), and those demonstrating incremental "growth" in commercial production (\$1 million).

An applicant can receive a credit of 5% on qualified production expenses under the Upstate and Downstate components of the Commercial Tax Credit Program. An additional 20% credit is available under the Growth component for eligible incremental growth in production expenses from one year to the next.

Credit for Downstate (\$3 million)

The Downstate component is based on filming or recording qualified commercials within the Metropolitan Commuter Transportation District (MCTD). The MCTD includes New York City, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester counties.

To qualify, more than \$500,000 in total qualified costs attributable to the production of qualified commercials within the MCTD during the calendar year must be incurred.

The amount of credit is initially calculated as 5% of qualified costs over the \$500,000 threshold. Credits are distributed on a pro rata basis among applicants for the downstate credit.

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Credit for Upstate (\$3 million)

The Upstate component is based on filming or recording of qualified commercials *outside* the MCTD but within NYS.

To qualify, more than \$100,000 in total qualified costs attributable to the production of qualified commercials outside the MCTD during the calendar year must be incurred.

The amount of the credit is initially calculated as 5% of qualified costs over the \$100,000 threshold. Credits are distributed on a pro rata basis among applicants for the Upstate credit

If unused, the \$3 million available for commercials produced upstate can be reallocated to the production companies qualifying for the growth credit.

Credit for Growth (\$1 million)

The growth component is based on year-to-year growth in a company's qualified costs, regardless of where within NYS those costs are incurred.

The first year an applicant applies for the growth component, it must demonstrate that the total of all qualified costs during the year was greater than the total of all similar costs incurred in the previous year. In subsequent years, applicants average two and ultimately three previous years' qualified costs to establish a baseline against which growth is measured. The current year costs must be greater than the baseline. The amount of the credit is initially calculated as 20% of the incremental growth in costs between the previous year and the current year.

The maximum growth credit a company can receive is \$300,000 and credits are distributed on a pro-rata basis among applicants for the growth credit.

APPLICATIONS

ESD accepts applications by April 1st each year for commercials produced the previous year. All applications received for each of the three components are reviewed for completeness and the qualified costs verified. Once the total amount of credits earned for each component of the Program has been determined, the pro rata value for each applicant is calculated and a certificate of tax credit issued.

PROGRAM ACTIVITY

The credits issued to date over the life of the Program are as follows:

- 2010 - \$5.7 million in credits based on 34 applications representing 498 commercials
- 2011 - \$5.6 million in credits based on 39 applications representing 408 commercials
- 2012 - \$5.8 million in credits based on 36 applications representing 369 commercials
- 2013 - \$5.4 million in credits based on 43 applications representing 513 commercials
- 2014 - \$5.0 million in credits based on 34 applications representing 405 commercials
- 2015 - \$3.87 million in credits based on 34 applications representing 423 commercials
- 2016 - \$4.4 million in credits based on 35 applications representing 335 commercials
- 2017 - \$3.06 million in credits based on 33 applications representing 256 commercials
- 2018 - \$3.36 million in credits based on 30 applications representing 248 commercials

Beginning with tax year 2015, information is required to be disclosed about the name of the company receiving the tax credit, the amount of tax credit issued, and the credit eligible hours and wages for each commercial production company issued credits. Chart A below shows this information for companies receiving credits for commercials produced in 2018¹.

Information about whether any of the \$3 million in credits earmarked for commercials produced upstate is unused and reallocated to downstate applicants qualifying for the growth credit is also required. However, since the request for growth credits in 2018 was less than the \$1 million allocated for this purpose, there was no need to reallocate any upstate credits.

¹ Chart A shows \$2,918,125 in credits issued to companies that produced commercials during calendar year 2018. The total credits issued for 2018 was \$3,361,279 which includes \$443,154 in carry-over credits from commercials produced during calendar year 2017.

CHART A
COMMERCIAL PRODUCTION TAX CREDIT PROGRAM - CREDITS ISSUED - 2018 COMMERCIALS

Name of Commercial Production Company	Address	Total Production Costs	Total Qualified Costs	Tax Credit	Credit Eligible Hours	Credit Eligible Wages	Project Hires
Arts & Science Department LLC	662 North Robertson Blvd, West Hollywood, CA 90069	\$3,106,305	\$2,697,637	\$86,047	15,171	\$1,006,178	396
Assembly Film Inc.	411 Lafayette Street, 2nd Floor, New York NY 10003	\$624,760	\$589,271	\$18,344	3,938	\$249,918	169
Believe Media Inc.	1438 N. Gower Street, Box 16, Los Angeles CA 90028	\$927,661	\$786,033	\$61,296	5,710	\$354,145	170
Biscuit Filmworks LLC	7026 Santa Monica Blvd, Los Angeles, CA 90038	\$1,275,435	\$1,106,546	\$38,766	7,424	\$504,146	223
Caviar LA LLC	6320 W. Sunset Blvd, Los Angeles, CA 90028	\$2,284,238	\$1,956,330	\$67,867	13,621	\$957,394	395
Dress Code NY Inc.	62 Allen Street 4th Fl, New York, NY 10002	\$803,809	\$781,139	\$14,365	5,327	\$233,788	153
Furlined LLC	1660 Stanford Street, Santa Monica CA 90404	\$971,394	\$811,909	\$40,025	6,460	\$410,542	174
Ghost Robot Inc.	346 Grand Street, Brooklyn, NY 11211	\$2,243,433	\$1,833,852	\$47,574	18,462	\$944,717	406
Harbor Picture Company LLC	185 Varick St, 4th Floor, New York, NY 10014	\$2,165,290	\$1,876,176	\$45,631	11,028	\$719,155	370
Hungry Heart Media Inc.	8330 3rd Street, Los Angeles, CA 90048	\$1,016,942	\$583,387	\$5,391	5,185	\$325,618	158
Hungry Man Inc.	106 Seventh Ave, 2nd Floor, New York NY 10011	\$3,283,203	\$2,695,384	\$146,923	21,085	\$1,296,052	646
Iconoclast Content Inc.	3532 Hayden Avenue, Culver City, CA 90232	\$1,472,470	\$1,394,248	\$33,722	9,181	\$541,880	160

Chart A Continued

Name of Commercial Production Company	Address	Total Production Costs	Total Qualified Costs	Tax Credit	Credit Eligible Hours	Credit Eligible Wages	Project Hires
Identity Media Inc.	400 W. 14th Street, 3rd Floor, New York NY 10014	\$802,033	\$624,609	\$74,815	1,334	\$282,414	64
Independent Media	6950 Centinela Ave., Culver City CA 90230	\$1,474,006	\$1,262,760	\$78,015	15,933	\$882,093	269
Lively Group	575 Lexington 26th Floor, New York, NY 10022	\$683,523	\$593,893	\$3,113	4,020	\$224,206	94
Macguffin Films	411 Lafayette Street, 2nd Floor, New York, NY 10003	\$12,364,527	\$11,872,420	\$642,273	86,027	\$4,953,896	2,309
Michael Schrom & Company	100 Corporate Drive, Suite # 201, Blauvelt, NY 10913	\$1,506,433	\$1,213,946	\$58,259	9,688	\$645,542	417
Morton Jankel Zander Inc.	2201 S. Carmelina Ave., Los Angeles CA 90064	\$2,591,478	\$2,331,570	\$162,105	19,268	\$1,151,888	468
Moxie Pictures Inc.	5890 W. Jefferson Blvd, # J, Los Angeles, CA 90016	\$1,380,887	\$533,630	\$5,076	3,859	\$262,319	165
New York Production Services Inc.	78 Fifth Avenue, 7th Floor, New York, NY 10011	\$3,077,722	\$2,959,357	\$129,021	17,085	\$705,340	255
Northern Lights Post Inc.	135 West 27th Street, 8th Floor, New York, NY 10001	\$1,872,716	\$1,599,365	\$45,142	17,638	\$1,037,731	611
O Positive LLC	48 West 25th Street, 3rd Floor, New York, NY 10010	\$5,223,283	\$4,379,921	\$265,367	34,365	\$2,200,672	950
Park Pictures LLC	184 5 th Ave., New York, NY 10010	\$1,729,959	\$1,453,227	\$56,427	17,371	\$1,087,683	423

Chart A Continued

Name of Commercial Production Company	Address	Total Production Costs	Total Qualified Costs	Tax Credit	Credit Eligible Hours	Credit Eligible Wages	Project Hires
Radical Media LLC	435 Hudson Street, New York NY 10014	\$3,469,587	\$2,895,287	\$294,861	19,412	\$1,276,082	551
Reset Content LLC	1616 17th Street, Santa Monica, CA 90404	\$1,535,762	\$1,371,178	\$35,834	8,237	\$680,302	151
Smuggler Inc.	823 Seward Street, Los Angeles CA 90038	\$2,997,201	\$2,440,589	\$157,521	26,195	\$1,656,713	575
Something Ideal Inc.	836 Manhattan Avenue 2Fl, Brooklyn NY 11222	\$1,779,412	\$1,387,529	\$163,512	5,226	\$361,888	121
Station Film Inc.	37 Greenpoint Avenue Suite 4A Brooklyn NY 11222	\$731,394	\$648,296	\$33,741	5,130	\$330,397	170
Supply & Demand Inc.	304 Spring Street #1W New York NY 10013	\$2,002,882	\$1,522,857	\$57,058	11,013	\$696,273	277
Tools of North America LLC	2210 Broadway, Santa Monica CA 90404	\$2,153,709	\$1,513,823	\$50,034	11,240	\$741,241	292
Totals		\$67,551,454	\$57,716,169	\$2,918,125	435,633	\$26,720,213	11,582