



# **A Report on The Massachusetts Film Industry Tax Incentives**

**Commonwealth of Massachusetts  
Department of Revenue**

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## **Background**

Effective for taxable years beginning January 1, 2006, Massachusetts enacted tax incentives for motion picture productions, creating a 20% tax credit for payroll expenses, a 25% credit for production expenses, and an exemption from sales tax on sales of tangible personal property<sup>1</sup> to a qualifying motion picture production company (“production company”)<sup>2</sup>. To qualify for the 20% payroll credit and sales tax exemption incentives, a production company must have incurred at least \$250,000 of qualified expenses during a twelve-month period. A production company was also allowed an additional credit equal to 25% of all Massachusetts production expenses, not including eligible payroll expenses, if Massachusetts production expenses exceeded 50% of total production expenses or at least 50% of the total principal photography days of the film had taken place in the Commonwealth. However, there was a \$7,000,000 limit on the amount of total credits that could be taken in connection with any one motion picture. Any unused credits could be transferred to another taxpayer or carried forward for up to 5 years, but were not refundable.

Legislation enacted in July 2007 modified the motion picture incentives by making the following changes, effective for taxable years beginning on January 1, 2007: the minimum expenditure threshold required to be met in a twelve-month period was lowered from \$250,000 to \$50,000; the payroll credit was increased to 25% of a production’s qualifying expenditures; the \$7,000,000 limit on the amount of credits for any one motion picture was eliminated; a “digital media project”<sup>3</sup> was included in the definition of a “motion picture”; and the sunset date for the incentives was extended from January 1, 2013 to January 1, 2023.<sup>4</sup> In addition, under the new provisions, 90% of any payroll and production expense credits not used in the year claimed can now be refunded to the production company, at the production company’s election. See DOR’s TIR 07-15 for further discussion of the credit.

In this report we use the terms “film” and “motion picture” interchangeably, and the terms “film credit” and “motion picture credit” interchangeably as well. In this context, these terms refer to production activity that is eligible for the Massachusetts motion picture credits and sales tax exemptions. This activity includes the production of motion pictures, certain television programs and commercials, as well as related activities.

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<sup>1</sup> To qualify for the sales tax exemption, the tangible personal property must be used in the production of the motion picture. In general, the definition of tangible person property is “personal property of any nature consisting of any produce, goods, wares, merchandise and commodities whatsoever, brought into, produced, manufactured or being in the commonwealth, but shall not include rights and credits, insurance policies, bills of exchange, stocks and bonds and similar evidences of indebtedness or ownerships.” M.G.L. c. 64H, § 1. The sales tax exemption also applies to meals used in the production of the motion picture. M.G.L. c. 64H, §§ 1, 6(h); 830 CMR 64H.6.5, *Sales Tax on Meals*.

<sup>2</sup> See St. 2005, c. 158; amended by St. 2005, c. 167; adding M.G.L. c. 62, § 6(l), c. 63, § 38T, c. 64H, § 6(ww).

<sup>3</sup> The inclusion of the term “digital media project” within the definition of a “motion picture” that is made for theatrical or television viewing clarifies that the term “motion picture” includes digitally enhanced films. This term does not reference electronic games, computer or video games, video game consoles, or other productions unrelated to commercial filmmaking.

<sup>4</sup> See St. 2007, c. 63.

## Findings

Below you will find a summary of the Department's findings based on film credit applications and sales tax exemption applications filed during calendar years 2006, 2007, and the first two months of 2008, as well as employment data from the Department of Workforce Development.

The production expense and tax credit data are derived from two sources. The first source is tax credit applications, which indicate the actual amount of payroll and production spending, from which tax credits are calculated. The tax credit applications also include information on the number of workers employed and the duration of their employment, as well as the number of principal photography days for particular projects. The second source for the production expense and tax credit data is sales tax exemption applications, which include estimates of payroll and other production expenses and the number of principal photography days. Since the sales tax exemption applications only include spending estimates (which may change when tax credit applications are submitted), we have shown them separately in the attached tables. In addition, the sales tax exemption applications do not include data on the estimated number of employees for particular projects, so that information is omitted from those tables. It should also be noted that while payroll expenses for those employees who receive salaries greater than \$1 million are classified as "production expenses" on the tax credit and sales tax exemption applications, in Table 1 of this report we have included them in the payroll category, since they are in fact payroll expenses. Table 3 shows the payroll expenses greater than \$1 million separately.

The amount of state revenue forgone due to sales tax exemptions is calculated from the production expense data included on the tax credit and sales tax exemption applications. Based on an examination of a sample of film production budgets, we assumed that spending ordinarily subject to the Massachusetts sales tax ranged from 20% to 30% of non-wage production expenditures for those productions that were approved for the sales tax exemption (not all productions applied for the exemption). It should be noted that to the extent that spending on normally taxable items would not have taken place in the absence of film tax incentives, there is no revenue loss to the Commonwealth from tax revenue forgone due to the exemption. Therefore, the net sales tax revenue lost is significantly lower than the revenue forgone that is shown in the attached summary tables.

Please also note that the tax credit estimates have not been reduced to account for the possibility that they will be claimed as refundable credits at 90% of the credit amounts. As of the third week of February 2008, DOR had not received any refundable credit claims. To the extent that refundable credits are claimed, the actual revenue loss will be reduced from the estimates shown in this report.

***Production End Year 2006.*** Film credit applications were filed for 20 projects that completed production in 2006. These applications indicated qualifying Massachusetts payroll of \$33.0 million, which generated payroll credits totaling \$6.9 million at the 20% and 25% payroll credit rates. (Productions completed in calendar year 2006 could claim the 25% credit if their applications were submitted after January 1, 2007. Wages over \$1 million also qualified for the 25% credit.) Total additional qualifying Massachusetts production expenses were \$28.0 million, which generated production credits of \$6.2 million. Payroll and production credits combined totaled \$13.0 million. The amount of payroll and production credits was limited by the \$7 million per production cap then in force. DOR estimates that under the 2007 legislation that increased the payroll credit from 20% to 25% and removed the \$7 million per production credit cap, approximately \$1.7 million in additional payroll and production credits could be claimed retroactively by those productions that claimed the 20% payroll credit and exceeded the \$7 million per production credit cap at the time of the original applications.

DOR estimates that these 20 productions received estimated sales tax benefits of between \$280,000 and \$419,000 in calendar year 2006.

***Production End Year 2007.*** Thus far, film credit applications have been filed for 27 Massachusetts projects that completed production in 2007. These applications indicated qualifying Massachusetts payroll of \$8.7 million, generating payroll credits of \$2.0 million, some at the 20% rate and some at the 25% rate. Total qualifying Massachusetts non-payroll production expenses were \$9.8 million, generating production credits of \$2.5 million at the 25% rate. Together, the payroll and production credits for these 27 film productions total \$4.5 million.

In addition to the 27 projects that have filed motion picture tax credit applications for productions completed in 2007, there were 25 film productions in 2007 that filed sales tax exemption applications but have not yet filed tax credit applications. These 25 productions should eventually be eligible for the payroll and production credits. (There may be additional 2007 film productions eligible for tax credits, as not all productions apply for sales tax exemptions.) Based on the estimated total production costs provided on sales tax exemption applications, these 25 productions indicated payroll expenses of \$78.2 million, which would generate tax credits of \$19.5 million, and other production expenses of \$28.0 million, which would generate tax credits of 7.0 million, all at the 25% rate. Together, the payroll and production credits for these 25 film productions total \$26.6 million.

DOR estimates that under the 2007 legislation that increased the payroll credit from 20% to 25% and removed the \$7 million per production credit cap, approximately \$127,000 in additional payroll credits could be claimed retroactively by productions that claimed the 20% payroll credit that was in effect at the time of the applications.

DOR estimates that the 52 film productions completed in calendar year 2007 received sales tax benefits of between \$378,000 and \$567,000.

***Production End Year 2008.*** DOR has yet to receive any tax credit applications for film productions completed in calendar year 2008. However, DOR has received sales tax exemption applications for 16 films that are currently in or plan to be in production in Massachusetts with production end years of calendar year 2008. These applications estimate payroll spending of \$231.3 million, which would generate tax credits of \$57.8 million, and non-payroll qualified production expenses of \$128.0 million, which would generate tax credits of \$32.0 million, all at the 25% tax credit rate. Total payroll and production credits for these 16 films would be \$89.8 million. DOR also estimates that these 16 productions will receive sales tax benefits of between \$1.3 million and \$1.9 million.

***Transfer of Tax Credits.*** As many film production companies have little or no tax liability in Massachusetts, most of the film credits generated so far have been sold to third parties. (That may change in the future as the 90% refundability option is utilized by more production companies.) Based on transfer applications received by DOR through the third week of February 2008, of the \$17.5 million in credits claimed thus far, approximately \$14.2 million, or 81% of the total, have been transferred to third parties, with the initial sale price of the credit (the amount that the production company receives from the sale -- some credits have been sold more than once) equal to 84% of the value of the credits. Approximately \$12.1 million of the \$14.7 million in transferred credits have been purchased by financial institutions, with the remainder having been purchased by various corporations, non-corporate businesses, individuals, and tax credit investment funds.

**Employment Trends.** The motion picture tax incentives appear to have led to increased employment in the Commonwealth. According to data provided on film credit applications, as well as additional information provided by film production companies, the 20 film productions for which tax credits were claimed in calendar year 2006 employed approximately 2,267 individuals, with an average employment duration of 3.2 months, with the employment duration ranging from one week to 12 months. Weighted for the number employed and the duration of employment for particular productions (with large productions receiving a higher weighting than small productions), the average duration of employment was 1.4 months. However, these estimates are not definitive, as it is not currently possible for DOR to independently verify the accuracy of employment figures included in the applications. For the 27 calendar year 2007 film credit applications received thus far, productions employed 1,477 individuals with an average employment duration of 3.7 months, ranging from 1 week to 12 months. Weighted for the number employed and the duration of employment for particular productions, the average duration of employment was 1.7 months. The 2007 job estimates do not include employment from the 25 additional film productions that have not yet applied for tax credits, but have applied for sales tax exemptions. (While sales tax applications include estimates of the amount of spending eligible for credits, they do not include employment projections.) Also, as noted in the 2006 section above, these estimates are not definitive, as it is not currently possible for DOR to independently verify the accuracy of employment figures included in the applications.

As of yet, there are no employment projections available for motion pictures with production end dates of calendar 2008, but given the number of films that are currently in or plan to be in production, it is likely that employment will increase further in calendar year 2008.

In order to gauge the trends in motion picture industry employment, DOR also examined data reported by the state's Department of Labor and Workforce Development. Data on industry employment is included in the Department's "ES-202" employment and wage reports<sup>5</sup>. According to the ES-202 reports, average monthly employment in the motion picture and video industries (North American Industry Classification System, or NAICS, code 5121) declined from 5,381 in calendar year 2001 to 4,527 in calendar year 2005 and declined by 2.9% in calendar 2006, to 4,394. However, average monthly employment for the nine months through September 2007 (the most recent data available) was 4,942, an increase of 11.7%, over the first 9 months of calendar 2006. For the three month period ending September 2007, average monthly employment in the motion picture industry was 5,495, an increase of 927, or 20.3% from average monthly employment for the same period in 2006. Total annual wages, which had decreased from \$148.5 million in calendar year 2001 to \$125.5 million in 2005, increased to \$135.1 million, or by 7.6%, between 2005 and 2006. Total wages for the nine months through September 2007 (the most recent data available) were \$98.1 million, an increase of 3.4% over the first 9 months of calendar 2006. Total wages for the three month period ending September 2007 were \$33.5 million, up 6.2% from the same period in 2006. (Employment and wage details for the motion picture and video industry are shown in Table 3).

It should be noted that these employment and wage trends omit employment increases in ancillary industries associated with motion picture production that are not part of the "motion picture and video industries" category proper. They also exclude employment for members of the Screen Actors Guild, who are reportedly included in the "temporary employment" category of the ES-202 reports. Therefore, it is likely that some of the jobs reported by film production companies and in the ES-202 reports are not reflected in the employment data cited above.

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<sup>5</sup> The ES-202 reports do not distinguish among full-time, part-time, and temporary employment.

**Fiscal Year Revenue Impacts.** The first film tax credit application was received and approved in September 2006, and the first sales tax exemption application was received and approved December 2006, both well after the start of fiscal year 2007 on July 1, 2007. With approximately \$13.9 million in tax credits approved through June 30, 2007 (the end of fiscal year 2007), and most of those credits apparently not used until fiscal year 2008, the impact of the film tax credits on fiscal year 2007 tax collections appears to have been minimal, probably between \$0 and \$5 million. While it won't be known for sure until DOR receives and analyzes tax year 2007 tax returns, most of the revenue impact to date appears to have occurred in fiscal year 2008, through a reduction of approximately \$12 million in financial institution estimated tax payments in September 2007. (As mentioned in the previous section, most of the dollar value of approved tax credits has been sold to financial institutions.)

There was additional tax revenue forgone as a result of sales tax exemptions, with approximately \$174,000 forgone in fiscal year 2006 and \$410,000 forgone in fiscal year 2007. However, to the extent that the sales to the motion picture industry would not have occurred in the absence of the tax incentives, the net tax loss to the Commonwealth from sales tax revenue forgone would be lower.

With only \$17.5 million in film tax credits approved through the third week of February 2008, and approximately \$26.6 million in credits available but not yet claimed for productions completed in 2007, the fiscal year 2008 tax revenue reduction from the film credits and sales tax exemptions could be lower than the current estimate of \$63 million. To the extent that this is the case, and with an estimated \$89.8 million in tax credits for productions currently planned for 2008, the fiscal 2009 revenue loss from the film tax credits would be higher than the current estimate of \$63 million.

## Conclusions

Through the third week of February 2008, there were at least 88 productions with end years of 2006, 2007, or 2008 that had claimed or will be eligible for Massachusetts film credits. Forty-seven of these 88 productions have already filed film credit applications, with a total credit value of \$17.5 million (\$8.0 million in payroll credits and \$9.5 million in production expense credits). These 47 productions also received estimated sales tax exemption benefits of between \$0.4 million and \$0.6 million. The remaining 41 productions have not yet applied for tax credits, but have filed sales tax exemption applications. Based on production cost estimates provided on sales tax exemption applications, DOR estimates that these 41 productions would qualify for \$116.4 million in tax credits, bringing total tax credits for the 2006-2008 period to \$133.9 million. These 41 productions would also receive sales tax benefits of between \$1.6 million and \$2.3 million.

DOR also estimates that 11 out of the 47 productions that have already filed film credit applications (6 with a production end year of 2006 and 5 with a production end year of 2007) are eligible to refile those applications and claim additional tax credits as a result of the legislation enacted in July 2007, which increased the payroll credit from 20% to 25% and removed the \$7 million cap on per production credits. DOR estimates that the additional credits that could be claimed for these 11 productions total \$1.8 million.

Therefore, based on tax credit and sales tax applications received to date, DOR estimates that total tax credits for film productions from calendar years 2006 to 2008 will be \$135.7 million, and tax benefits from sales tax exemptions will be between \$1.9 million and \$2.9 million, for total tax revenue forgone of \$137.7 million to \$138.7 million. These estimates do not include additional film production activity in 2008 for which sales tax exemption or tax credit applications have yet to be received. They also do not take into account refundable credits that could be claimed at the 90% rate, as opposed to the non-

refundable 100% rate calculated above. Any productions that claim 90% refundable credits (as opposed to the 100% value of the tax credits) would reduce the \$135.7 million estimated tax credit cost to the Commonwealth.

Some of the tax revenue forgone due to film credits and sales tax exemptions has been or will be offset by increased Massachusetts personal income, business, and other taxes generated by film productions that would not have taken place in the Commonwealth in the absence of the tax incentives. Based on the information provided on credit and sales tax applications, and the Massachusetts personal income tax rate of 5.3%, the Commonwealth could collect as much as \$18.6 million in new income taxes (which would be received through withholding) from motion picture productions that have already claimed or will be eligible for film production tax credits, though the actual total is likely to be less because the effective income tax rate on earnings is lower than the 5.3% nominal rate. (Some of the income attributable to motion pictures and other productions filmed in the Commonwealth that was not withheld on may also be subject to Massachusetts tax.) Additional tax revenue will be generated by ancillary economic activity associated with film production in Massachusetts, and by “multiplier” effects entailed by this related economic activity. Some of this tax revenue would have been received in the absence of film tax credits (for example, in the case of tax revenue generated by the production of advertisements and local programming that would have occurred even without tax incentives), but most of the additional tax revenue generated by large budget motion pictures should be seen as the result of new economic activity.

On the other hand, any estimate of the net economic and tax revenue impact of tax incentives needs to take into account the reduction in state government spending that occurs as a result of decreased tax revenue available for state programs, as well as other factors, such as how much in wages is paid to non-resident employees who spend that income in other states, rather than in Massachusetts. Since detailed information on film production spending only becomes available to DOR once tax credit applications are filed, and only \$17.5 million in credits had been applied for and approved through the third week of February 2008, the Department is not currently in a position to estimate the net economic and tax impact of the film industry tax incentives. Once more comprehensive data become available from tax credit applications, DOR hopes to develop a model to make such estimates and plans to incorporate it into next year’s film industry tax incentives report.

**Table 1: Film Credit and Sales Tax Exemption Applications  
(Based on Applications Processed Through February 22, 2008)**

	Production End Year: 2006					
	Massachusetts Total Production Costs/Credits		Massachusetts Qualified Payroll Costs/Credits		Massachusetts Qualified Production Expenses/Credits	
	Count	Amount	Count	Amount	Count	Amount
<b>Wage and Production Costs Certified and Projected</b>						
Applied for Film Credit	20	\$60,923,956	20	\$32,963,549 <sup>(1)</sup>	20	\$27,960,407 <sup>(2)</sup>
Filed sales tax exemption application But have not yet applied for film credit (estimated)	0	\$0	0	\$0	0	\$0
<b>Total Payroll and Production Expenses</b>	<b>20</b>	<b>\$60,923,956</b>	<b>20</b>	<b>\$32,963,549</b>	<b>20</b>	<b>\$27,960,407</b>
<b>Tax Credits Claimed and Projected</b>						
Applied for Film Credit	20	\$13,035,087	20	\$6,864,794 <sup>(3)</sup>	20	\$6,170,293 <sup>(3)</sup>
Filed sales tax exemption application But have not yet applied for film credit (estimated)	0	\$0	0	\$0	0	\$0
<b>Total Tax Credits, Claimed and Estimated from Sales Tax Applications</b>	<b>20</b>	<b>\$13,035,087</b>	<b>20</b>	<b>\$6,864,794</b>	<b>20</b>	<b>\$6,170,293</b>
<i>Potential additional impact of July 2007 legislation that raised payroll credit     from 20% to 25% and eliminated \$7 million per production tax credit cap</i>	6	\$1,692,080	6	\$872,271	6	\$819,809
<b>Total Tax Credits Including Potential Impact of July 2007 Law Changes</b>	<b>20</b>	<b>\$14,727,167</b>	<b>20</b>	<b>\$7,737,065</b>	<b>20</b>	<b>\$6,990,102</b>

Sales Tax	Count	Lower Bound	Midpoint	Upper Bound
Applied for Film Credit	20	\$279,604	\$349,505	\$419,406
Filed sales tax exemption application But have not yet applied for film credit (estimated)	0	\$0	\$0	\$0
<b>Total Sales Tax Revenue Loss</b>	<b>20</b>	<b>\$279,604</b>	<b>\$349,505</b>	<b>\$419,406</b>

<sup>(1)</sup> Includes salaries over \$1 million classified on applications as "production expenses"

<sup>(2)</sup> Excludes salaries over \$1 million classified on applications as "production expenses"

<sup>(3)</sup> Excludes amounts by which credits exceeded \$7 million per production tax credit cap

**Table 1: Film Credit and Sales Tax Exemption Applications  
(Based on Applications Processed Through February 22, 2008)**

	Production End Year: 2007					
	Massachusetts Total Production Costs/Credits		Massachusetts Qualified Payroll Costs/Credits		Massachusetts Qualified Production Expenses/Credits	
	Count	Amount	Count	Amount	Count	Amount
<b>Wage and Production Costs Certified and Projected</b>						
Applied for Film Credit	27	\$18,505,237	27	\$8,747,399 <sup>(1)</sup>	27	\$9,757,838
Filed sales tax exemption application But have not yet applied for film credit (estimated)	25	\$106,200,741	25	\$78,176,492 <sup>(1)</sup>	25	\$28,024,249
<b>Total Payroll and Production Expenses</b>	<b>52</b>	<b>\$124,705,978</b>	<b>52</b>	<b>\$86,923,891</b>	<b>52</b>	<b>\$37,782,087</b>
<b>Tax Credits Claimed and Projected</b>						
Applied for Film Credit	27	\$4,487,171	27	\$2,047,711	27	\$2,439,460
Filed sales tax exemption application But have not yet applied for film credit (estimated)	25	\$26,550,185	25	\$19,544,123	25	\$7,006,062
<b>Total Tax Credits, Claimed and Estimated from Sales Tax Applications</b>	<b>52</b>	<b>\$31,037,356</b>	<b>52</b>	<b>\$21,591,834</b>	<b>52</b>	<b>\$9,445,522</b>
<i>Potential additional impact of July 2007 legislation that raised payroll credit from 20% to 25% and eliminated \$7 million per production tax credit cap</i>	5	\$127,214	5	\$127,214		
<b>Total Tax Credits Including Potential Impact of July 2007 Law Changes</b>	<b>52</b>	<b>\$31,164,570</b>	<b>52</b>	<b>\$21,719,048</b>	<b>52</b>	<b>\$9,445,522</b>

Sales Tax	Count	Lower Bound	Midpoint	Upper Bound
Applied for Film Credit	27	\$97,578	\$121,973	\$146,368
Filed sales tax exemption application But have not yet applied for film credit (estimated)	25	\$280,242	\$350,303	\$420,364
<b>Total Sales Tax Revenue Loss</b>	<b>52</b>	<b>\$377,821</b>	<b>\$472,276</b>	<b>\$566,731</b>

<sup>(1)</sup> Includes salaries over \$1 million classified on applications as "production expenses"

<sup>(2)</sup> Excludes salaries over \$1 million classified on applications as "production expenses"

<sup>(3)</sup> Excludes amounts by which credits exceeded \$7 million per production tax credit cap

**Table 1: Film Credit and Sales Tax Exemption Applications  
(Based on Applications Processed Through February 22, 2008)**

	Production End Year: 2008					
	Massachusetts Total Production Costs/Credits		Massachusetts Qualified Payroll Costs/Credits		Massachusetts Qualified Production Expenses/Credits	
	Count	Amount	Count	Amount	Count	Amount
<b>Wage and Production Costs Certified and Projected</b>						
Applied for Film Credit	0	\$0	0	\$0	0	\$0
Filed sales tax exemption application But have not yet applied for film credit (estimated)	16	\$359,281,637	16	\$231,270,193	16	\$128,011,444
<b>Total Payroll and Production Expenses</b>	<b>16</b>	<b>\$359,281,637</b>	<b>16</b>	<b>\$231,270,193</b>	<b>16</b>	<b>\$128,011,444</b>
<b>Tax Credits Claimed and Projected</b>						
Applied for Film Credit	0	\$0	0	\$0	0	\$0
Filed sales tax exemption application But have not yet applied for film credit (estimated)	16	\$89,820,409	16	\$57,817,548	16	\$32,002,861
<b>Total Tax Credits, Claimed and Estimated from Sales Tax Applications</b>	<b>16</b>	<b>\$89,820,409</b>	<b>16</b>	<b>\$57,817,548</b>	<b>16</b>	<b>\$32,002,861</b>
<i>Potential additional impact of July 2007 legislation that raised payroll credit from 20% to 25% and eliminated \$7 million per production tax credit cap</i>						
<b>Total Tax Credits Including Potential Impact of July 2007 Law Changes</b>	<b>16</b>	<b>\$89,820,409</b>	<b>16</b>	<b>\$57,817,548</b>	<b>16</b>	<b>\$32,002,861</b>

Sales Tax	Count	Lower Bound	Midpoint	Upper Bound
Applied for Film Credit	0	\$0	\$0	\$0
Filed sales tax exemption application But have not yet applied for film credit (estimated)	16	\$1,280,114	\$1,600,143	\$1,920,172
<b>Total Sales Tax Revenue Loss</b>	<b>16</b>	<b>\$1,280,114</b>	<b>\$1,600,143</b>	<b>\$1,920,172</b>

<sup>(1)</sup> Includes salaries over \$1 million classified on applications as "production expenses"

<sup>(2)</sup> Excludes salaries over \$1 million classified on applications as "production expenses"

<sup>(3)</sup> Excludes amounts by which credits exceeded \$7 million per production tax credit cap

**Table 1: Film Credit and Sales Tax Exemption Applications  
(Based on Applications Processed Through February 22, 2008)**

Grand Total: Production End Year: 2006, 2007, and 2008						
	Massachusetts Total Production Costs/Credits		Massachusetts Qualified Payroll Costs/Credits		Massachusetts Qualified Production Expenses/Credits	
	Count	Amount	Count	Amount	Count	Amount
<b>Wage and Production Costs Certified and Projected</b>						
Applied for Film Credit	47	\$79,429,193	47	\$41,710,948	47	\$37,718,246
Filed sales tax exemption application But have not yet applied for film credit (estimated)	41	\$465,482,378	41	\$309,446,685	41	\$156,035,693
<b>Total Payroll and Production Expenses</b>	<b>88</b>	<b>\$544,911,571</b>	<b>88</b>	<b>\$351,157,633</b>	<b>88</b>	<b>\$193,753,939</b>
<b>Tax Credits Claimed and Projected</b>						
Applied for Film Credit	47	\$17,522,258	47	\$8,912,506	47	\$8,609,753
Filed sales tax exemption application But have not yet applied for film credit (estimated)	41	\$116,370,595	41	\$77,361,671	41	\$39,008,923
<b>Total Tax Credits, Claimed and Estimated from Sales Tax Applications</b>	<b>88</b>	<b>\$133,892,853</b>	<b>88</b>	<b>\$86,274,177</b>	<b>88</b>	<b>\$47,618,676</b>
<i>Potential additional impact of July 2007 legislation that raised payroll credit from 20% to 25% and eliminated \$7 million per production tax credit cap</i>	11	\$1,819,294	11	\$999,485	6	\$819,809
<b>Total Tax Credits Including Potential Impact of July 2007 Law Changes</b>	<b>88</b>	<b>\$135,712,147</b>	<b>88</b>	<b>\$87,273,662</b>	<b>88</b>	<b>\$48,438,485</b>

Sales Tax	Count	Lower Bound	Midpoint	Upper Bound
Applied for Film Credit	47	\$377,182	\$471,478	\$565,774
Filed sales tax exemption application But have not yet applied for film credit (estimated)	41	\$1,560,357	\$1,950,446	\$2,340,535
<b>Total Sales Tax Revenue Loss</b>	<b>88</b>	<b>\$1,937,539</b>	<b>\$2,421,924</b>	<b>\$2,906,309</b>

<sup>(1)</sup> Includes salaries over \$1 million classified on applications as "production expenses"

<sup>(2)</sup> Excludes salaries over \$1 million classified on applications as "production expenses"

<sup>(3)</sup> Excludes amounts by which credits exceeded \$7 million per production tax credit cap

**Table 2: Massachusetts Establishment Employment and Wages: Motion Picture and Video Industries (NAICS Code 5121)**

-----Number of Employees -----

Year	Number of Establishments	Number of Employees												Annual Average	% Change from Prior Year	Total Annual Wages	Avg. Monthly Employment	Avg. Weekly Wages
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec					
Year	474	5,463	5,550	5,648	5,230	5,499	5,548	5,799	5,754	5,037	4,867	5,027	5,150	5,381		\$148,455,617	5,381	\$531
2002	474	4,810	4,995	4,856	5,115	5,423	5,413	5,358	5,425	4,890	5,176	5,473	5,628	5,214	-3.1%	\$125,967,923	5,214	\$465
2003	456	5,049	4,933	4,938	4,663	4,886	5,302	5,166	5,310	4,695	4,454	4,611	4,833	4,903	-5.9%	\$121,833,417	4,903	\$478
2004	462	4,465	4,400	4,468	4,591	4,783	5,212	5,254	5,118	4,771	4,610	5,083	4,920	4,806	-2.0%	\$122,768,416	4,806	\$491
2005	415	4,276	4,363	4,304	4,243	4,509	4,704	5,185	5,068	4,791	4,058	4,347	4,471	4,527	-5.8%	\$125,475,773	4,527	\$533
2006	418	4,401	4,277	4,283	4,114	4,360	4,661	4,568	4,699	4,438	3,944	4,292	4,688	4,394	-2.9%	\$135,069,590	4,394	\$591
2007	418	4,178	4,127	4,973	5,275	4,608	4,828	5,247	5,510	5,729				4,942	11.7% <sup>(1)</sup>	\$98,138,090 <sup>(2)</sup>	4,942	\$552

Source: The Official Website of the Executive Office of Labor and Workforce Development (EOLWD)

[http://lmi2.detma.org/lmi/lmi\\_es\\_a.asp#IND\\_LOCATION](http://lmi2.detma.org/lmi/lmi_es_a.asp#IND_LOCATION)

<sup>(1)</sup> Growth from first nine months of prior year

<sup>(2)</sup> January to September 2007

**Table 3: Motion Picture Tax Credit Application and Sales Tax Exemption Application Aggregate Data**

(Based on Applications Processed Through February 22, 2008)

	# Employed in MA by Productions Claiming Motion Picture Tax Credits	Weighted Average Duration of Employment in Months	Total Massachusetts Production Costs (Payroll + Non-Payroll Production Costs)	Qualifying Massachusetts Payroll - Wages Under \$1 Million	Qualifying Massachusetts Payroll - Wages Over \$1 Million	Cost of Set Construction	Location Fees & Cost of Rental or Purchased Facilities & Equipment	Other MA Production Expenses	Number of Principal Photography Days Taking Place Worldwide	Number of Principal Photography Days Taking Place in MA
2006 Productions - Tax Credit Applications	2,267	1.4	\$60,923,956	\$27,952,148	\$5,011,400	\$1,061,845	\$6,980,000	\$19,918,562	390	268
2007 Productions - Tax Credit Applications	1,477	1.7	\$18,505,237	\$8,747,399	\$0	\$129,913	\$2,249,489	\$7,378,436	121	75
2007 Productions - Sales Tax Exemption Applications <sup>(1)</sup>	N/A	N/A	\$106,200,741	\$38,316,492	\$39,860,000	\$6,388,965	\$7,032,112	\$14,603,172	439	370
2008 Productions - Tax Credit Applications	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2008 Productions - Sales Tax Exemption Applications	N/A	N/A	\$359,281,637	\$118,655,193	\$112,615,000	\$21,743,300	\$27,513,586	\$78,754,558	429	283
<b>Totals, 2006-2008</b>	<b>3,744</b>	<b>1.5</b>	<b>\$544,911,571</b>	<b>\$193,671,232</b>	<b>\$157,486,400</b>	<b>\$29,324,023</b>	<b>\$43,775,187</b>	<b>\$120,654,728</b>	<b>1,379</b>	<b>996</b>
<b>Tax Credits by Spending Category, Claimed and Projected<sup>(2)</sup></b>	<b>N/A</b>	<b>N/A</b>	<b>\$135,712,147</b>	<b>\$47,902,062</b>	<b>\$39,371,600</b>	<b>\$7,331,006</b>	<b>\$10,943,797</b>	<b>\$30,163,682</b>	<b>N/A</b>	<b>N/A</b>

<sup>(1)</sup> Excludes productions that have already claimed tax credits<sup>(2)</sup> Assumes that eligible productions will claim higher retroactive tax credits authorized under legislation enacted in July 2007