



# PRODUCTION INCENTIVES UPDATE

July 10, 2023

No matter where you're producing, Entertainment Partners can help you secure the best possible incentives for your project. Visit [ep.com/production-incentives](https://ep.com/production-incentives) to learn more or contact us at [incentives@ep.com](mailto:incentives@ep.com).

New resources: [Incentives Estimator](#) | [Jurisdiction Comparison Tool](#)

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## UNITED STATES JURISDICTION UPDATES

### NEW MEXICO

[House Bill 547](#), signed by the Governor, amended the New Mexico Film Production Tax Credit. The bill will gradually increase the annual cap from \$110M to \$160M. The base incentive is 25% up to 40% with qualifying uplifts. The 5% rural production uplift will increase to 10%. The rural boundaries have been adjusted to be 60 miles from the city halls of Albuquerque and Santa Fe. The \$5M compensation cap will no longer apply to principal performing artists who are residents of New Mexico. For productions accredited on or after July 1, 2023, the production company may claim a certain number of below-the-line non-resident positions dependent on the production's [New Mexico BTL payroll budget](#). If applying for the non-resident below-the-line credit, the financial or promotional giveback of 2.5% is no longer required.

The legislation also amends the portion of the tax credit available to film partners. A film production company committed to film in [New Mexico](#) and either purchased or executed a ten-year contract to lease a qualified production facility would be considered a film partner. After July 1, 2028, a film partner may only qualify up to 15% of the total below-the-line payroll for the non-resident labor credit. Another change to the incentive is the compensation cap for non-resident performing artists, directors, producers, screenwriters, and editors is now \$10M.

The changes apply to film production companies that commence principal photography on or after July 1, 2023.

## CALIFORNIA

The next application window for [California's Film & TV Tax Credit Program](#) is currently scheduled for July 24-26, 2023. This application window is for Independent & Non-Independent Feature films with an August 28 approval date.

California offers a [20%-30% tax credit](#) on qualified expenditure for qualified productions filmed in the state.

## MINNESOTA

Last month the Governor signed [House Bill 1938](#). The bill amends the Minnesota Film Production tax credit by increasing the annual cap to \$24.95M and extends the sunset date until December 31, 2030.

Minnesota offers a [transferable tax credit and a rebate](#) on qualified expenditures for production filmed in the state.

## MONTANA

The Governor of Montana has officially signed [Senate Bill 550](#), which will be in effect on January 1, 2024. The bill amends the Montana Media Production tax credit program by changing the loan-out withholding requirement rate of 6.9% to the highest marginal rate in effect under [15-30-2103](#).

Montana offers a [Transferable tax credit](#) on qualified expenditures for production filmed in the state.

## LOUISIANA

[House Bill 562](#), passed by the state legislature and signed by the Governor, amends the Louisiana Motion Picture Production Program. The program's sunset date has been extended until July 1, 2031, and the annual cap remains the same at \$150M. The bill now requires productions to submit an electronic press kit or a customized video to be used by the film office and use a new five-second logo in the end credits before the below-the-line crew crawl. Production companies must certify that no delinquent tax liability exists before credits can be transferred or sold.

Louisiana offers a [Refundable tax credit](#) on qualified expenditures for production filmed in the state.

## OKLAHOMA

[Senate Bill 737](#), passed by the state legislature and signed by the Governor, amends the Filmed in Oklahoma Act of 2021. Non-resident below-the-line crew

wages paid after April 1, 2023, qualify at 20%. Production projects are required to display a five-second logo approved by the Department of Commerce in the credits. The base incentive is 20% up to 30% with qualifying uplifts.

[House Bill 2459](#), signed by the Governor this month, amends the film incentive program in Oklahoma. Both below-the-line and above-the-line resident wages qualify at 30%. The wages or salaries of residents who are full-time students enrolled at a college or university in [Oklahoma](#) or on active military duty and stationed in Oklahoma are now included. Apprentices are required to complete safety training and a course on preventing workplace misbehavior.

The bill amends the [Small Municipality Uplift](#) for productions to be eligible; they must shoot in a municipality with 25,000 or fewer residents (up from 13,000). Additionally, direct expenditure spent at a soundstage for the Soundstage Uplift is increased from 1% to 3%. Finally, a new 2% Music Uplift is available on qualified expenses for music production, recording, mixing, composition, or licensing of Oklahoma music. This act takes effect July 1, 2023.

## TEXAS

[Senate Bill 30](#), passed by the state legislature and signed by the Governor, makes an immediate allocation of \$155M to the [Texas Moving Image Industry Incentive Program](#), and on September 1, 2023, [House Bill 1](#) will allocate \$45M to the incentive program.

Finally, [House Bill 4539](#) lowers the percentage of Texas residents required on production as crew, actors, and extras from 70% to 55%. This act takes effect on September 1, 2023.

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# INTERNATIONAL JURISDICTION UPDATES

## SAUDI ARABIA

[Saudi Arabia](#) offers domestic and international production companies a 40% cash rebate. Production must have a minimum of 5 production days to qualify and a minimum spend of \$200K for feature films and \$50K for documentaries and animation projects.

## NEW ZEALAND

The [New Zealand Government](#) has renewed its commitment to the film industry by altering the incentive program to be more attractive to production companies. The Screen Production Grant will be restructured into the [New Zealand Screen Production Rebate](#), with the rate of 20% remaining unchanged. The Post-Production Digital and Visual Effects will also benefit from the recent

announcement, with the minimum spend threshold lowered from NZ\$500K to NZ\$250K. The 5% uplift will be redeveloped to make the process more efficient. The changes to the program are to be implemented by July 31, 2023.

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## **Production Incentives Master Series & Industry News**

### **[Upcoming Master Series | US Film Incentives Changing in 2023](#)**

Join EP's incentives experts, Joe Chianese, Melissa Wiseman, and their guests, as they discuss the recently enacted changes in New York, New Mexico, and Louisiana.

### **[Entertainment Partners Powered by Moneypenny: Expanding Opportunities Through Training and Capacity Building](#)**

In welcome news, the 9th May budget extended the Location Offset from 16.5% to 30% effective from 1st July, which creates a significant growth opportunity for production in Australia.

### **[What Expenditure Qualifies for UK Film Tax Relief?](#)**

Find out what constitutes qualifying expenditure under the UK Film Tax Relief.

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