THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Revenue
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To: Honorable Kevin Meyer
President of the Senate
State Capitol, Room 111
Juneau, AK 99801-1182

Date: February 18, 2015

Honorable Mike Chenault
Speaker of the House
State Capitol, Room 208
Juneau, AK 99801-1182

Re: Alaska Film Office
Annual Report

From: Randall Hoffbeck
Commissioner

In accordance with AS 44.25.105(a), attached is a report of the activities conducted by the film office under AS 44.25.100-44.25.190. This report includes:

(1) the number of applications received under AS 44.25.120;

(2) the number of applications approved by the film office;

(3) the number of, and amount of, tax credits disbursed under AS 44.25.110;

(4) the total amount of expenditures that were paid by productions qualifying for the film production tax credit that were not qualified expenditures;

(5) the total amount of qualified expenditures that were paid by productions qualifying for the film production tax credit to Alaska businesses;

(6) the total amount of qualified expenditures that were paid by productions qualifying for the film production tax credit to Alaska residents as wages;

(7) the total amount of qualified expenditures that were paid by productions qualifying for the film production tax credit for wages paid to individuals who were not residents;

(8) the total number of residents employed by productions qualifying for the film production tax credit;

(9) the total number of individuals employed by productions qualifying for the film production tax credit who were not residents;

(10) the number of productions qualifying for the film production tax credit that used a third party to sell, assign, exchange, convey, or otherwise transfer, in whole or in part, a tax credit certificate received by the production; in this paragraph, "third party" means a person other than the producer or an employee of the producer of the production qualifying for the film production tax credit; and

(11) the number of purchases of transferable film production tax credit certificates under AS 43.98.030(h) and the total amount of film production tax credits shown on the certificates purchased by the Department of Revenue.

If you have any questions regarding this report, please contact Tax Division Deputy Director Brandon Spanos at 269-6736 or Brandon.Spanos@alaska.gov.

ALASKA FILM OFFICE ANNUAL REPORT - AS 44.25.105(a)		OLD PROGRAM (DCCED)	NEW PROGRAM (DOR)		Alaska Film Office Comments
		Fiscal Year 2014	Fiscal Year 2014	Calendar Year 2014	
1.	The number of **applications received** under AS 44.25.120:	n/a	50	40	AS 44.25.120 Qualification Applications for film tax credit.
2.	The **types of productions** received under AS 44.25.120:				
2a.	Unscripted television series (reality shows)	n/a	27	29	
2b.	Documentaries	n/a	8	1	
2c.	Feature films or short films	n/a	9	6	
2d.	Commercial advertisements	n/a	6	4	
3.	The number of applications **approved** by the film office:	n/a	40	24	AS 44.25.100 The film office is in the Department of Revenue. The former DCCED film credit program stopped accepting new qualification applications effective July 1, 2013.
3a.	**The total amount of estimated credits approved:**	n/a	$ 18,263,211	$ 16,192,992	
4.	The number of applications **rejected** by the film office:	n/a	8	6	
5.	The number of applications **withdrawn** by the applicant:	n/a	1	2	
6.	The number of applications **under review** by the film office:	n/a	1	8	
7.	The **number of tax credits disbursed** under AS 44.25.110:	18	2	4	AS 44.25.110 The film office administers the incentive program to provide a tax credit under AS 43.98.030.
8.	The **amount of tax credits disbursed** under AS 44.25.110 :	$ 5,543,701	Only issued two credits - Confidential under AS 40.25.100(a)	$ 585,984	Tax credits are still being issued for productions that qualified under the former DCCED film credit program.
9.	The **types of productions** that received tax credits:				
9a.	Unscripted television series (reality shows)	14	0	1	
9b.	Documentaries	1	0	0	
9c.	Feature films or short films	2	0	0	
9d.	Commercial advertisements	1	2	3	
10.	The total amount of qualified expenditures that were paid by productions qualifying for the film production tax credit:	$ 17,417,134	Only issued two credits - Confidential under AS 40.25.100(a)	$ 1,461,063	This is calculated as the sum of Alaska resident wages, non-resident wages, transportation and shipping, other compensation paid, and all other ground spend directly related to the film and where as the activity took place in Alaska.

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11.	The total amount of qualified expenditures that were paid by productions qualifying for the film production tax credit to established Alaska businesses as defined under AS 44.25.190(1):	$ 5,730,621	Only issued two credits - Confidential under AS 40.25.100(a)	$ 601,529	This is calculated generally as the sum of qualified intrastate transportation, leasing of vehicles, costs of food and lodging, costs of using a payroll services company, costs of music, and other expenses confirmed paid to Alaska businesses; it does not include the costs of interstate transportation.
12.	The total amount of qualified expenditures that were paid by productions qualifying for the film production tax credit to Alaska residents as wages (payroll taxes withheld):	$ 1,344,918	Only issued two credits - Confidential under AS 40.25.100(a)	$ 294,406	This is calculated as the sum amount of WAGES for employees who meet the residency requirements under AS 01.10.055 and paid through payroll. This category qualifies for the additional twenty percent.
13.	The total amount of qualified expenditures that were paid by productions qualifying for the film production tax credit to Alaska residents as wages and includes any additional compensation paid through a loan-out, agent, other third party or outside of normal payroll (contractor):	Data not collected under the former film credit program due to differences in expense eligibility requirements	Only issued two credits - Confidential under AS 40.25.100(a)	$ 322,251	This is calculated as the sum amount of WAGES for employees who meet the residency requirements under AS 01.10.055 and paid through payroll and also includes any compensation paid to residents through a third party or as a contractor.
14.	The total amount of qualified expenditures that were paid by productions qualifying for the film production tax credit for wages (payroll taxes withheld) paid to individuals who were not residents:	$ 5,667,782	Only issued two credits - Confidential under AS 40.25.100(a)	$ 275,511	This is calculated as the sum amount of WAGES for employees who do not meet the residency requirements under AS 01.10.055 and paid through payroll.
15.	The total amount of qualified expenditures that were paid by productions qualifying for the film production tax credit for wages paid to individuals who were not residents and includes any additional compensation paid through a loan-out, agent, other third party or outside of normal payroll (contractor):	Data not collected under the former film credit program due to differences in expense eligibility requirements	Only issued two credits - confidential under AS 40.25.100(a)	$ 420,992	This is calculated as the sum amount of WAGES for employees who do not meet the residency requirements under AS 01.10.055 and paid through payroll and also includes any compensation paid to non-residents through a third party or as a contractor.
16.	The total number of residents employed by productions qualifying for the film production tax credit:	188	Only issued two credits - confidential under AS 40.25.100(a)	91	This is calculated as the sum number of employees who meet the residency requirements under AS 01.10.055 and paid through payroll. The numbers are provided by the producer but unverified and DOR does not determine full-time or part-time status.

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17.	The total number of individuals employed by productions qualifying for the film production tax credit who were not residents:	192	Only issued two credits - confidential under AS 40.25.100(a)	64	This is calculated as the sum number of employees who do not meet the residency requirements under AS 01.10.055 and paid through payroll. The numbers are provided by the producer but unverified and DOR does not determine full-time or part-time status.
18.	The total amount of expenditures that were paid by productions qualifying for the film production tax credit that were not qualified expenditures:	$ 34,141,296	Only issued two credits - confidential under AS 40.25.100(a)	11,118,329	This is calculated as the total production budget (provided by the producer but unverified) less the qualified expenditures.
19.	The number of productions qualifying for the film production tax credit that used a third party to sell, assign, exchange, convey, or otherwise transfer, in whole or in part, a tax credit certificate received by the production:	0	0	0	In this paragraph, "third party" means a person other than the producer or an employee of the producer of the production qualifying for the film production tax credit.
20.	The number of purchases of transferable film production tax credit certificates purchased under AS 43.98.030(h) and the total amount of film production tax credits shown on the certificates purchased by the Department of Revenue:	0	0	0	Subject to appropriation, the department may purchase a transferable film tax credit for 75 percent of the amount of each credit.