The Economic Impact of Montana Film Production

An Analysis of the Industry and the MEDIA Act, July 2020-June 2022

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ECONSULT SOLUTIONS INC.

economics | strategy | insight

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FILM IN MONTANA

Evaluating the Impacts of Film Production and the MEDIA Act on the Montana Economy 2021-2022

The presence of film productions within Montana draws significant outside investment to the state. This injection of spending helps to support existing industries and services in Montana, which helps to bolster the State economy, and supports jobs for local residents. Many states provide incentives to attract productions as an economic development initiative because of this anticipated boost to local economies. In 2019, the Montana State Legislature passed the Montana Economic Development Industry Advancement Act (MEDIA Act) to provide an income tax incentive to attract film, television and other media production to the State. This report provides an analysis of the economic, fiscal, and broad impacts from film and television production in the State and specifically evaluates the impacts associated with the MEDIA Act Tax Credit Program.

Media Production in Montana by the Numbers

Productions that Have Filmed, **July 2020- June 2022**

195	$191.8 M	$77.5 M	$153.9 M	840 FTE*	$41.5 M	$16.6 M
Number of Productions	Total Direct Spending	Total Local Direct Spending	Total Local Economic Impact	Total Jobs	Employee Compensation	Total Tax Revenue

	Other Productions	MEDIA Act Tax Credit Productions	All Productions
Direct Output ($M)	$34.9	$42.6	$77.5
Indirect and Induced ($M)	$36.0	$40.4	$76.4
Total Impact ($M)	**$70.9**	**$83.0**	**$153.9**
Direct Jobs Supported (FTE*)	190	160	350
Indirect and Induced Jobs Supported (FTE*)	270	220	490
Total Jobs Supported (FTE*)	**460**	**380**	**840**
Total Employee Compensation Supported ($M)	**$25.5**	**$15.9**	**$41.5**

*FTE is full-time job equivalents

Source: IMPLAN (2022)

Impact of the MEDIA ACT

Direct Spending on Film Productions

Indirect Economic Activity

- Small and Local Business Spending
- Hotel and Hospitality Industry Support
- Ecosystem of Production-Related Businesses

Induced Economic Benefit

- Cast and Crew Spending
- Increased Tourism

Related Indirect Benefits

- Attracts Outside Investment in Montana Communities
- Draws Interest in Studio Development

Related Workforce Benefits

- Reduces Brain Drain
- Supports Training and Skill Building of Local Cast and Crew

Creates a Competitive Film Industry that Attracts Further Outside Investment and Additional Local Job Support

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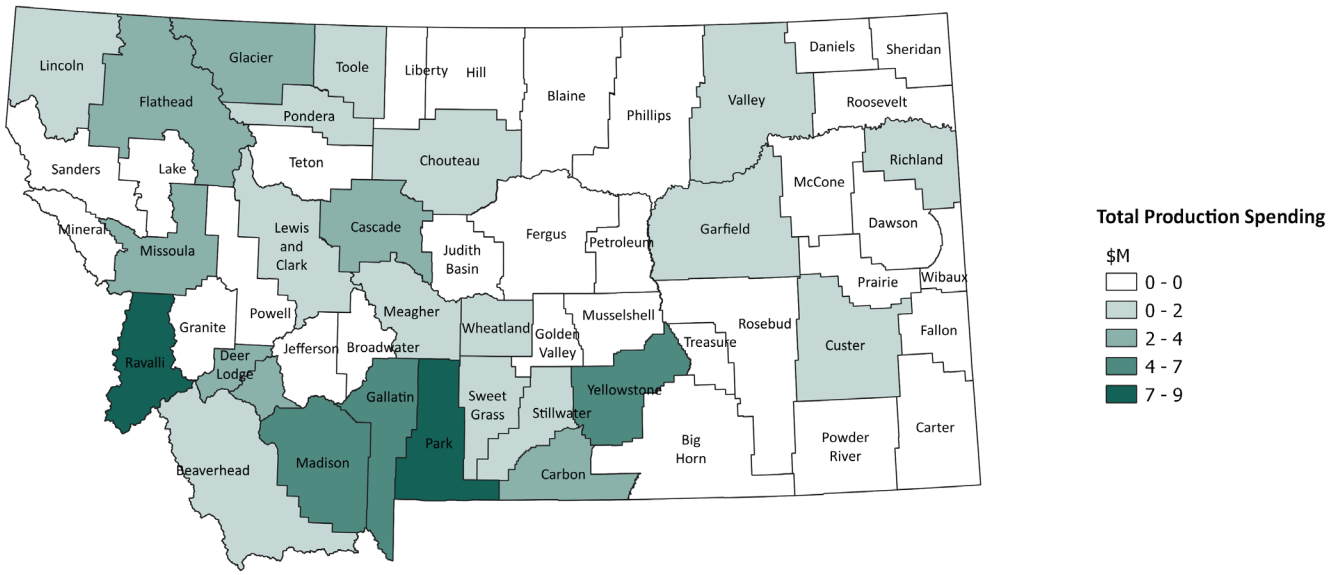
FILM IN MONTANA

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The benefits to local communities from the film and entertainment industry are considerable. During filming, production often hires local businesses to help support their operations. From caterers, to hotels, and hardware stores to transportation, the film industry can have a significant economic impact on various sectors of the local economy. Even one day of shooting can have a significant impact on local business. And following a successful on-screen production, tourism is often boosted which can further stimulate the local community and economy.

In addition to direct economic benefits, long term benefits include development and establishment of spin off film production activities such as editing, sound production, creative and artistic activities, development of permanent facilities such as sound stages and studios, and industries related to independent filmmaking, documentaries, music videos, and interactive media production. Regions with thriving film activity also fuel a creative and culturally vibrant local economy, attracting additional interest in the area through capital investment and increased tourism. As an economic driver, the arts community provides thousands of jobs throughout the State, creating a diverse and resilient local economy.

Localized Impacts of Film Production in Montana



Broader Impacts of Film Production in Montana

In addition to economic impacts, there are additional social benefits to local communities

Film-Induced Tourism Research shows that film and TV can influence travel decisions and help to market and grow local visitor economies. This makes the State an attractive tourism destination, attracting visitors who may not have come there otherwise.

Cultivating Arts and Culture Arts and culture communities serve as an amenity that not only improve quality of life but also add to the overall appeal of an area. A robust film industry helps support broader employment in the sector and can help make Montana a more attractive place for recent graduates.

Capital Investment Infrastructure investment supports a growing and sustainable production industry. Investment in physical studios can create virtuous cycles that induce future production activity that occurs in the local economy rather that outside the State.

State of Montana

MEDIA Act

The Montana Legislature passed the Montana Economic Development Industry Advancement Act (MEDIA Act) to provide an income tax incentive applicable to expenditures related to film, television, other media production, and post-production activities that tax place in the State, effective July 1, 2019 through 2029. The program provides a 20 percent transferable tax credit on expenditures within the state with additional incentives that can increase the credit up to 35 percent of production's investments per year.

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Table of Contents

1. Introduction 6
1.1. About the MEDIA Act and the Purpose of this Study 6
1.2. Film Industry Tax Credits in a National Context 7
1.3. About the Montana Department of Commerce and the Montana Film Office 8
1.4. Scope and Methodology 8
1.5. Report Outline 10
2. MEDIA Tax Impact: Existing Conditions and Future Perceptions 11
2.1. Montana Film Industry Growth 11
2.2. Montana Film Industry Constraints 14
3. Economic and Fiscal Impact of the Film Industry in Montana 19
3.1. Sizing of the Industry 19
3.2. The Direct Economic Footprint of Film Production in Montana 23
3.3 Economic Impact of Film Industry and MEDIA Act Tax Credit Program 26
3.4 Industry Distribution of Jobs Supported by the Industry 26
3.5 Local Economic Impacts 28
3.6 Tax Impact of Film Industry 32
4. Conclusion 37
5. Appendix 38
5.1. List of All Productions in Montana, July 2020-June 2022 38
5.2. Economic and Fiscal Impacts by County, July 2020-June 2022 ($ millions) 44
5.3. Methodology 45
5.4. About Econsult Solutions, Inc. 46
5.6 MEDIA Act Forms 47

1. Introduction

1.1. About the MEDIA Act and the Purpose of this Study

In 2019, The Montana Economic Development Industry Advancement Act (MEDIA Act) was passed by the Montana Legislature to provide an income tax incentive applicable to expenditures related to film, television, other media production, and post-production activities for eligible productions that take place in Montana. The legislation became effective July 1, 2019 and extends through 2029. The MEDIA Act incentive is a transferable tax credit program which enables productions to both use the credit and sell any excess credits to another taxpayer. There is a five-year carry forward provision for this tax incentive program.

One of the requirements of the MEDIA Act Tax Credit Program is a third-party evaluation of the economic profile of the program and the film industry more broadly. This report provides that evaluation and covers the following metrics required by the MEDIA Act:

- The overall impact of the tax credits;
- The dollar amount of tax credits issued;
- The number of net new jobs created;
- The amount of compensation paid;
- The economic impact of the film industry in the State;
- The names of all State-certified productions eligible to claim tax credits; and
- Any other information that describes the impact of the tax credits.

In June 2020, Econsult Solutions (ESI) provided an analysis of the economic, fiscal, and societal impacts from film and television production in the State and specifically evaluated the impacts associated with the MEDIA Act Tax Credit Program as required by the Act.[1] This first study covered film production activity of an 18-month period, from January 2019 to June 2020. That analysis found the total direct economic impact in Montana from productions that have filmed during the study period was estimated to be approximately $47.6 million, supporting 280 FTE jobs with $17.6 million in employee compensation in Montana.

This report is an update to the original analysis. The time frame of productions modeled in this report are filmed from July 2020 to June 2022.[2] Because only some credits have been formally awarded, the analysis of productions receiving MEDIA Act Tax Credits is based on both those that have been awarded as well as those that have been certified to receive the credits and the preliminary estimates of how much tax benefit that they would receive based on anticipated spending activity.

[1] The Economic Impact of Montana Film Production (June 2020)
[2] Due to the timing requirements in the MEDIA Act for this analysis required, productions that have filmed until May 18, 2022 are included in the analysis.

Requirements of the MEDIA Act

The program provides a 20 percent transferable income tax credit on production expenditures that are within the State with additional amounts that can increase the credit up to 35 percent of the production company's base investment per year. Additional incentives include:

- 25 percent of compensation for Montana resident crew
- 15 percent of compensation for non-Montana resident crew
- 20 percent of above-the-line compensation (actor, director, producer, writer)
- 30 percent of compensation paid to a student enrolled in a Montana college/university who works on the production for college credit
- 10 percent of payments to Montana colleges/universities for stage, equipment, rentals, or location fees for filming on campus
- 10 percent of all in-studio facility/equipment expenditures that rents an in-state studio for 20 days or more
- 5 percent of expenditures in an underserved county
- 5 percent for using "Film MONTANA" screen credit
- 25 percent of post-production wages

1.2. Film Industry Tax Credits in a National Context

The production of feature films, television series, and commercials can generate significant direct and indirect economic activity for their host communities, drawing out-of-town spending, generating jobs, and supporting local businesses. Because of this potential boost to local economies, thirty-four states provide incentives to attract productions as an economic development initiative.

Support for these types of tax incentives for media companies has increased with many states looking for more revenue following the economic impacts of the COVID-19 pandemic. With the nation's economy expected to see a slow but steady recovery, existing film tax incentives are expanding, and more states are implementing film tax incentives programs of their own. Pioneering after Louisiana, who was the first state in the country to develop and implement a tax incentive program for film and television production in 1992, other states have and continue to follow suit with varied success. According to a report from the National Conference of State Legislature fiscal brief report (NCSL), as of 2021, 10 new states have begun to adopt and or expand such programs, with the hopes of reaping economic benefits.[3] States are adapting to the industry by expanding their incentives. For example, Indiana recently increased the cap on qualified resident and non-resident wages while Washington increased the overall amount of film tax credits awarded annually. Taking it a step further, West Virginia has eliminated the cap on the amount of tax credits that can be awarded annually altogether.

[3] Film Tax Incentives Back in the Spotlight (ncsl.org)

Today, 34 states, DC, Puerto Rico, and the U.S. Virgin Islands offer tax incentives for film production, effectively making a tax incentive program a necessity if non-Hollywood locations wish to attract productions to their state.

1.3. About the Montana Department of Commerce and the Montana Film Office

The Montana Department of Commerce is dedicated to promoting economic growth in Montana. The Department works alongside private industry, local government, and nonprofit organizations to create jobs, grow businesses, develop affordable housing, and support the development of vibrant communities. The Department promotes Montana as a destination for travel and film production, supports the growth and development of small businesses through technical assistance and grants, supports the development of critical infrastructure, and provides access to affordable homes through homeownership and rental assistance programs. The Department relies on four divisions— Housing MT, Community MT, Business MT, and Brand MT—to achieve its mission.

The Montana Film Office (MFO), part of Brand MT, was established in 1974 with the mission to market Montana as a business destination for film production companies and to ensure the state is film friendly. The purpose of the Office is to build and support Montana's economy through partnerships with filmmakers and by promoting the creation and expansion of Montana film industry jobs and serving as advocates to Montana film industry professionals.

The MFO strives to enhance Montana's economy by:

- expanding film production in the state
- advertising Montana as open for business
- increasing job opportunities
- promoting the growth of small businesses
- promoting tourism

1.4. Scope and Methodology

Within this report, Econsult Solutions Inc. (ESI) uses data provided by the Montana Film Office, the Montana Department of Revenue, information collected through outreach to the Montana production community, and spending details from independent producers on production activity within the State during the July 2020–June 2022 timeframe.

The Montana Department of Revenue provided audited data on 2019 and 2020 productions that submitted applications for the MEDIA Act. The data provided from the Department of Revenue detailed the aggregate production spend by production category, resident and non-resident earnings, underutilized county spend, total tax credit verified, as well as information on the transfer and application fees associated with the credits. This data allowed for a detailed economic impact analysis. When possible, data from specific non-MEDIA act productions were also utilized. When no production spending or wage data was available for a specific production, call sheets were used to garner the

number of shooting days. An estimate of production spend for each production was then estimated based on shooting days and spending patterns of similar projects in which data was available.

This production activity was used to calculate the direct activity occurring in Montana. Economic impact results are calculated for the State of Montana, using the industry-standard input-output model IMPLAN. Key outputs include total economic output, employment (FTE) supported, and earnings supported. County-specific impacts were calculated for 14 counties in Montana with greater than $1 million in direct spending. These impacts can be found in the Appendix.

Figure 1.1: Economic Impact Methodology



Source: Econsult Solutions, Inc. (2022)

In addition to economic impact outputs, tax revenue impacts are calculated for both the Counties in which production took place as well as the State of Montana. Fiscal modeling accounts for which types of economic activity are and are not subject to taxation specific to the taxing jurisdiction. The direct economic activity generated by film production, in addition to its spillover impacts, generates taxable activity (for example, jobs and retail development) for Montana. The Appendix to this report describes this approach and methodology in detail.

1.5. Report Outline

Econsult Solutions, Inc. (ESI) was commissioned through the Department of Commerce, as required by the MEDIA Act, to complete an analysis of the economic impacts of the MEDIA Act Tax Credit program in the State of Montana. The purpose of this analysis is to estimate the direct economic footprint and the spillover activity related to the spending from these productions. In addition, this report analyzes, through qualitative data, the early impacts of the MEDIA Act on local Montanans and business owners. The organization of the report is as follows:

- **Chapter 2: MEDIA Tax Impact: Existing Conditions and Future Perceptions:** reviews the survey findings and focus group insights of the early impacts of the MEDIA Act, trends within the industry, future perceptions, and key barriers to growth.
- **Chapter 3: The Economic and Fiscal Film Industry in Montana:** examines the direct footprint of film production spending and reviews the overall context of the industry within the State. This section describes the extent and size of the program, provides a historical perspective of the film industry in the State, and quantifies the impact of the 2020–2022 film tax credit recipients as well as the film industry as a whole.
- **Chapter 4: Conclusion:** summarizes key findings related to the MEDIA Act Tax Credit Program.

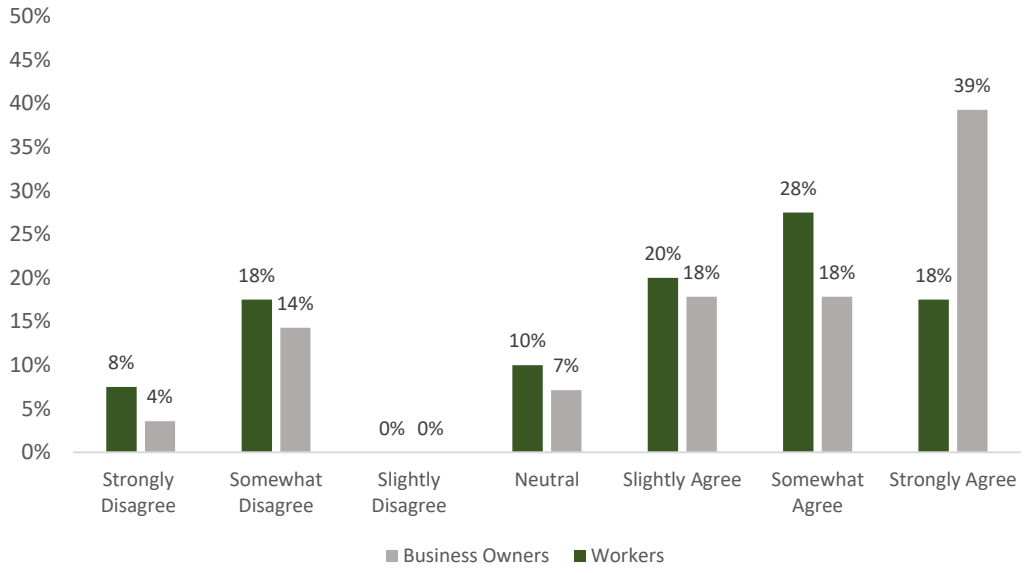
2. MEDIA Tax Impact: Existing Conditions and Future Perceptions

Beyond the quantitative economic impacts to be presented in Section 3 below, the MEDIA Act and film industry has a substantial, direct impact on the people and businesses within Montana. To analyze the existing conditions and perceptions of the film industry, ESI developed an online survey tool that was shared with industry crew, cast, and business owners. The survey link was included in several notices as well as shared directly with respondents to attain a broad, inclusive sample. The survey focused on the early impacts of the MEDIA Act, trends within the industry, future perceptions, and key barriers to growth. Survey questions were targeted based on a respondent's job title. These results were then presented and discussed with two focus groups—one comprised of Montana business owners and another with Montana film cast and crew. This section provides an overview of key findings and sentiments around the film industry and the early impacts of the MEDIA Act.[4]

2.1. Montana Film Industry Growth

Both survey respondents and focus group participants reported more work opportunities within the past few years compared to earlier in their careers, with 57 percent of business owners and 46 percent of indicating they somewhat or strongly agree with the sentiment "*There are more work opportunities in Montana now than when I started.*"

Figure 2.1. "There are more work opportunities in Montana now than when I started." (For those with 6+ experience in the industry)

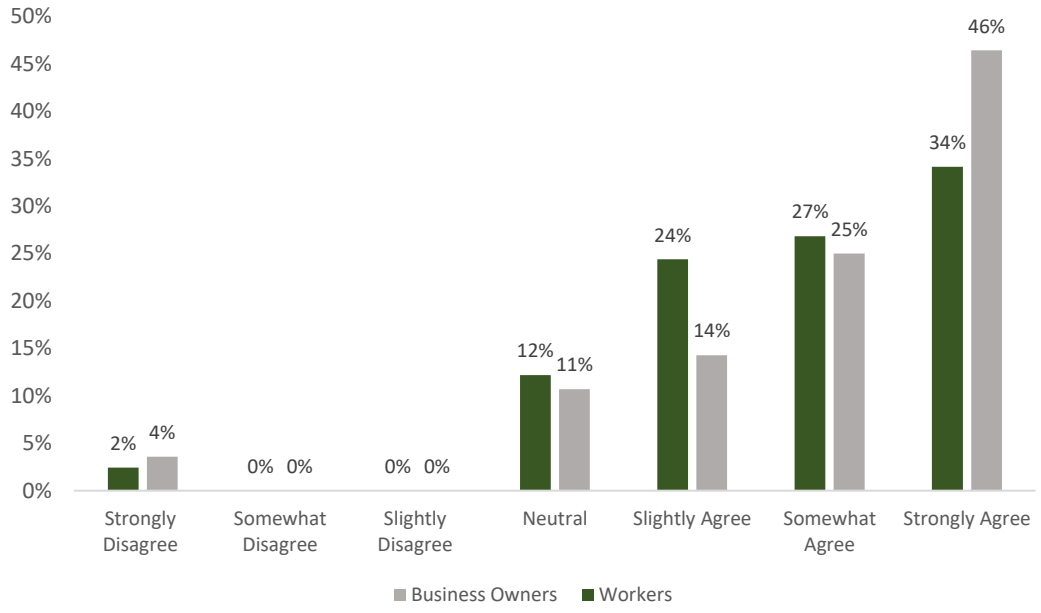


Source: Econsult Solutions, Inc. (2022)

[4] There were 134 total responses in the survey: 40 business owners and 94 workers. There were 14 focus group participants.

Additionally, both survey respondents and focus group participants anticipate the industry will continue to grow, with 71 percent of business owners and 61 percent of crew indicating they somewhat or strongly agree with the sentiment "*I believe Montana's film industry will continue to grow."*

Figure 2.2. "I believe Montana's film industry will continue to grow." (For those with 6+ experience in the industry)



Source: Econsult Solutions, Inc. (2022)

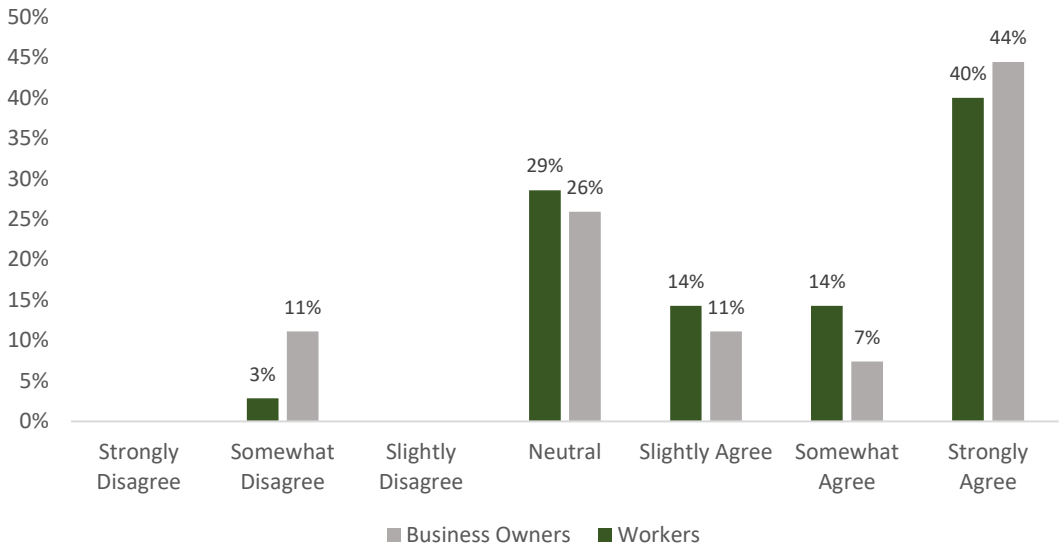
The MEDIA Act

> *"…when the incentive went into place…that's when I decided to go back into production accounting."*
> —Women-Owned, Small Business Owner, Focus Group Participant

In the focus groups, several participants indicated the almost immediate effect of the MEDIA Act on their work and business decisions within the film industry. One participant detailed how the tax credit had an "absolute" direct impact on her behavior when she decided to move back to Montana after nearly two decades in Los Angeles, stating "*…when the incentive went into place…that's when I decided to go back into production accounting*." For this participant, the move back to Montana was advantageous as there is currently so much activity and demand for her services that her company has turned down work in recent months. For another participant, the current and anticipated growth in Montana was reason enough to start his acting studio to ensure there is a pipeline of professional actors in the area, stating, "*I strongly believe that the industry is going to be growing in Montana. That's one of the reasons why I've started my acting studio. I've been in the industry for over ten years here and I've seen the progression."* However, the MEDIA Act isn't merely a catalyst for film work, it's critical. All focus group participants unanimously agreed that it is a necessity condition for the film industry to thrive at all, with one participant stating, "*you are not working in the space if it [the MEDIA Act] wasn't [in place]."* Within

the survey tool, 44 percent of business owners and 40 percent of workers strongly agree with the statement, "*I have realized the benefits of the MEDIA Act over the past year.*"

Figure 2.3. "I have realized the benefits of the MEDIA Act over the past year."



Source: Econsult Solutions, Inc. (2022)

State and Industry Response to the COVID-19 Pandemic

The MEDIA Act went into effect on July 1, 2019, a few months prior to the onset of the COVID-19 pandemic which uprooted nearly every industry in the United States. However, Montana's quick response in putting measures in place for safely reopening for shooting helped to usher in opportunities and enticed workers back into the State. Several participants moved back to Montana during the pandemic. One participant noted, "*...I moved back to Montana [because] all of a sudden, it was the only place I could work…I believe Yellowstone was one of the first big shows cleared to shoot during the pandemic."* However, this quick action by the State and the presence of the MEDIA Act had verifiable impacts not only for those directly in the industry, but also for the support industries—restaurants, bars, hotels, and other service sectors—that were hurt the hardest during the pandemic. One participant, a hotel manager in Dillon, MT, witnessed firsthand the impact that film crews can have on her small-town economy. She noted, "*Here in Dillion, our population is just under 5,000 people….So, when the films have chosen to stay here at the hotel, we've been thrilled because it has impacted our bottom line and in a positive way, it's also impacted all the restaurants and shop owners, art galleries here in Dillon, sort of putting us on the map…we discounted our suites for the film industry because we wanted their business to stay here.*" To

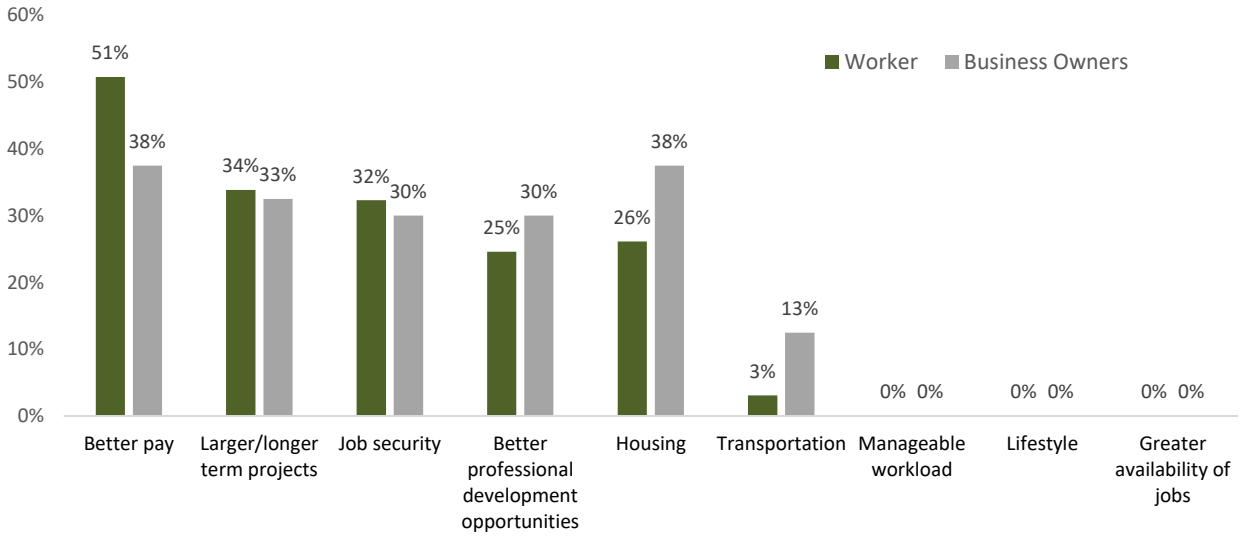
> *"And, I can just tell you this entire town was incredibly happy to have everybody here. They were so wonderful and so respectful and so appreciative, and you know, love Montana. So, I mean, I heard that over and over and over again."*
> —Hotel Manager, Dillon, MT

put this in perspective, it is estimated that a production staying in the area for two weeks spent roughly $500,000 on lodging—the entire GDP of the hotel industry in Beaverhead County, MT for 2019 was approximately $3.4 million.

2.2. Montana Film Industry Constraints

While the majority of survey respondents and focus group participants believe that there will be continued growth within the industry, there were several factors identified as potential barriers to growth. For workers, better pay, larger projects, and overall job security were listed as reasons to look outside of Montana for work. For business owners, better pay and housing topped the list.

Figure 2.4. Which of the following are reasons you look for work/work in film production outside of Montana?



Source: Econsult Solutions, Inc. (2022)

MEDIA Act Size, Complexity, and Infrastructure

Respondents unanimously agreed that a consistent, long-term tax incentive program is vital for the industry to grow and compete within the national landscape. While the MEDIA Act fulfills this necessary requirement, many respondents also noted that the $10 million cap on the tax credit is a definite impediment to the larger productions needed for infrastructure investment and expansion. These larger, out-of-state productions can help spur the investment that creates opportunities for smaller, in-state productions. One respondent, who referred to himself as a "smaller producer, smaller player" in the industry, explained that for Montana locals to embark on larger, creative projects, there "*needs to have a more consistent flow of out-of-state gigs coming into the State.*" Currently, the $10 million cap translates to roughly one large out-of-state production filming before the cap is met, which limits the level of infrastructure investment warranted.[5] In fact (discussed further in Section 3 below), the plans

[5] For FY2022, the tax credit cap has been increased to $12 million: Increased MEDIA Tax Credit – Tax News You Can Use

> "…when I was talking to the producer, he said, 'I will never shoot in Montana again because the tax incentive was so difficult."
> —Business Owner, Focus Group Participant

for a $20 million film studio were stopped and the developers pointed to the cap, which was seen as a limit on industry growth from an investment standpoint: turning a previously profitable investment into an unviable one.[6]

In addition to the tax credit cap, the complexity of the incentive program can also work as a disincentive for out-of-state projects to locate in Montana or for smaller in-state projects to apply. Since the tax credit is administered by two Montana State Agencies, the Department of Commerce/Film Office and the Department of Revenue, productions must first apply with the Film Office and then claim the credit through an application with the Department of Revenue. As such, each department has their own set of rules and applications fees. Additionally, registration with the Department of State is required, a process which takes an additional 7 to 10 days to complete. Productions must submit a non-refundable filing fee of $500 prior to filming commencing and must also submit all necessary receipts and documentation on spending within 60 days of filming wrapping to receive the credit in the same year as filming. As one respondent explained, "I've been working with a company…they're small movies, under $5 million movies. The director loved shooting here, loved the food, loved the environment, was going to all these bougie places and spending tons of money. When I was talking to the producer, he said, 'I will never shoot in Montana again because the tax incentive was so difficult'." While the director won out on this instance, and the company is set to film two additional movies in Montana this year, the difficulty of navigating the process can be a substantial barrier to productions, especially for smaller ones without the financial means to have dedicated staff work through the process. A smaller producer in the focus group echoed this sentiment, stating, "as a smaller producer, it is hard for the MEDIA act to really get utilized, shoot big enough to really bring in logistical needs for accounting and all that stuff. In truth, I almost operate outside of that scale and scope." Both the complexity and credit cap of the MEDIA Act work as barriers to creating a film ecosystem that is inclusive of all production sizes and promotes the investment in infrastructure needed to thrive.

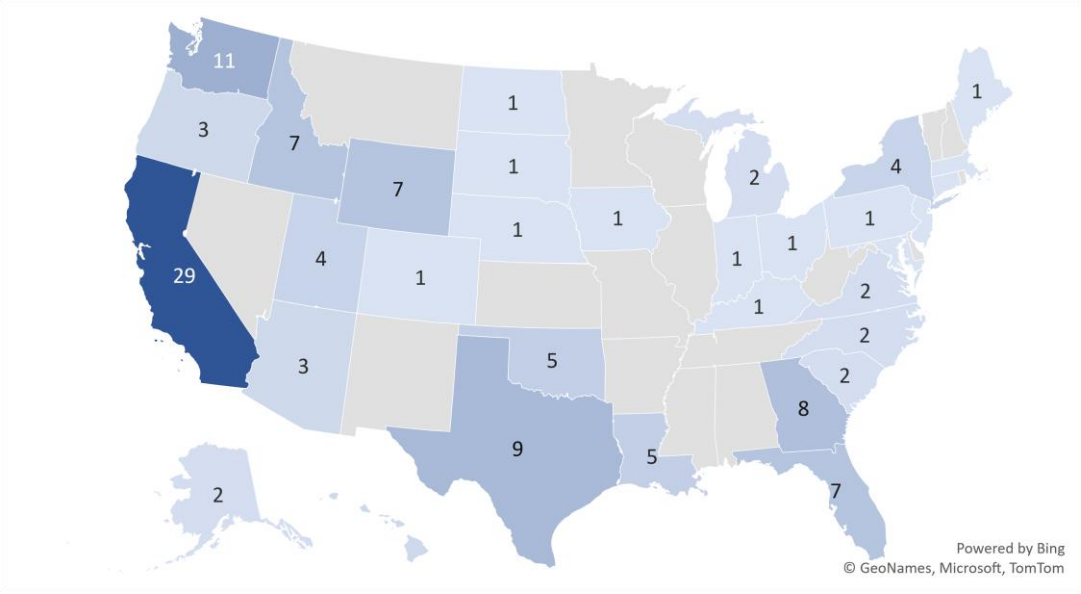
> *"This production incentive is so complicated. It's ridiculous. I've studied it a lot. And, I think I mostly understand it. We get productions coming to us all the time. We're a one stop shop for features under half a million dollars, commercial, short films, all that stuff. And I am trying to explain it…long term, I think we should simplify it..."*
> —Post-Production House Business Owner, Focus Group Participant

[6] "Going into Montana's 2021 legislative session, a $20 million film and television studio was slotted to open in Missoula, but after an insufficient increase to the state's film tax credit, the company abandoned its plans." Montana film industry excited about growth but needs more buy-in from the state

Competitive Pay and Perceived Workforce Experience

When asked what proportion of their film work was produced in-state, survey respondents worked, on average, 60 percent of the time on projects within the state. Respondents worked in 34 states in addition to Montana (see Figure 2.5), with the largest occurrence of out-of-state work taking place in California, Texas, Georgia, and Louisiana.[7] Additionally, over half of crew respondents noted that they look for out-of-state work due to better wages.

Figure 2.5. Out-of-state production locations for Montana film crew and cast



Source: Econsult Solutions (2022)

Echoed in the focus groups, participants feel there is a confluence of reasons for lower base wages in Montana compared to other locations: particularly, the perceived lower skill level of the workforce and the general culture around wages in the state.

In terms of the perceived skill level of the workforce, one participant notes, "*On the casting side, I've learned to set my own standard as far as a base pay for casting. I had a $2 million budget film coming in this past summer. They basically backed me in a corner and only paid me a thousand bucks to do their casting…so, of course there's the few that put a bad taste in everyone's mouth. Those very, very small few times that productions have come in, I get the impression that they don't take us seriously. They don't think that we're professional. And they think that we're maybe*

> *"I feel like that might be the mentality They're like, why should we pay a local? Why should we pay the industry standard? It's going to be decades of work before that mentality ever completely goes away."*
> —Focus Group Participant

[7] Georgia ($900M annual cap), Texas ($50M biennium cap), and Louisiana ($180M annual cap) have film tax credit incentive programs.

not well educated as far as how the film industry works as far as pay."

Another participant agreed, stating, *"I think the mentality probably is that if they think that their need to pay a high rate, they might as well bring someone in from out of state. I feel like that might be the mentality. They're like, why should we pay a local? Why should we pay the industry standard? It's going to be decades of work before that mentality ever completely goes away."* The survey participants agreed, with the most consistent write-in response to "*What constraints do you see in Montana?*" is that large productions tend to bring in out-of-state crews. However, other participants note ways they are actively trying to ensure that when out-of-state productions come to shoot, there will be a trained workforce ready to work. Participants are helping to accomplish this through courses, bootcamps, and partnering with local universities. And the MEDIA Act supports training the workforce, with one participant noting, "*The complaint that I have from producers is that they can't find enough local people. So, I think maybe part of the issue may be experience, that seems like the only constraint for why a producer wouldn't bring on a local crew member, because the tax advantage is way better. [However], some of the mistakes these producers make thinking that they hire local is that they don't have to put people up in hotels or travel them…there are still travel costs, but they are not the same travel costs as bringing someone in from out of state."*

The perceptions noted above depict a causality dilemma which can certainly work as an impediment to industry growth: without ample employment opportunities, the workforce won't gain experience; without a skilled workforce, out-of-town productions will not extend employment opportunities. The economic development response to this type of issue typically revolves around workforce development strategies that incentivize businesses to hire local (such as the MEDIA Act) and offers training programs for residents.

Housing Affordability

Many respondents noted that the one of the best things about working in Montana was being in Montana. That is, the State's natural beauty, friendly environment, and work-life balance. Many focus group participants recently moved back to Montana or came temporarily and decided to stay permanently. Recently, a survey of clients from the company MoveBuddha, found Montana was the fastest growing state in terms of in-migration during the pandemic.[8] With many occupations transforming permanently to remote work, the mobility of the workforce is at an all-time high, with workers looking for places with space, natural beauty, and other amenities, places like Montana. The in-migration during the pandemic set an already tight housing market into a frenzy with median sales prices in Bozeman and Butte increasing 46 percent in just 2022, while Billings prices increased 32 percent over the same time.[9] In fact, in 2021, Montana had the highest net inflow of moves

> *"I want to open a school. The problem I'm looking at here is, I can't even afford a house here."*
> —Focus Group Participant

[8] Unsettled State: The moveBuddha 2021 Migration Report
[9] The Wall Street Journal says Montana's real estate market is not only hot

per capita, with 73% of moves inbound. Billings, MT, in particular, had an inbound-outbound ratio of 3.9, the highest in the country.[10]

With the influx of people moving to Montana, the logical solution that follows is to increase supply to meet the demand. However, as focus group participants noted, "*we don't have the labor force to build that many houses. And so, the houses that do get built are, you know, the higher end homes and not affordable housing, right? Fewer higher end homes are being built instead of high volumes of affordable housing.*" Other participants explained that the "higher end" homes are not just an expensive home, but large compounds that will, at times, hire general contractors for a time interval instead of a project interval, further limiting the supply of labor needed to complete work on more modestly sized housing. While Montana's housing issue is clearly a statewide imbalance not limited to the film industry, it will likely influence the viability of small local businesses and workers within the sector. Sharing this sentiment, a hopeful business owner lamented that "*I want to open a school. The problem I'm looking at here is, I can't even afford a house here. So, owning or renting some business [at] an office park or space…[as well as] the financial onus on perspective students is also considerably more than if I looked at [somewhere else]…We love it here. We don't want to move. But, you know, realistically, if I open my own shop and I'm having to pay employees in somewhere, you know, a small town… all I need is good internet now. [The real estate market] becomes a real disincentive for me in terms of building more infrastructure and building a network of people out because I could go spend 60 cents on the dollar somewhere else for effectively the same product.*"

The real estate market is also preventing another business owner from expanding. She explained, "W*e're turning down projects because we can't handle everything. If I hire more people, I absolutely have to train them there. We work out of my home office. We have a clerk that comes in part-time, so three people in a little office is terrible. And the thought of like trying to find office space in Bozeman--there's no way, I have no idea how that's going to work. I mean, it's just so incredibly expensive here.*"

The previous section detailed insights and firsthand experiences from individuals working in the industry or affected by the presence of film production in Montana. The next section will quantify the economic benefits of the impacts.

[10] Approximately 4 people moving in for every 1 person moving out. Unsettled State: The moveBuddha 2021 Migration Report

3. Economic and Fiscal Impact of the Film Industry in Montana

This section describes the historical and current economic footprint of the film industry in Montana as well as the recent utilization of the MEDIA Act Tax Credit Program between July 2020 and June 2022. Based on ESI's data collection and research, over this two-year period, 195 productions have filmed in the State. Productions that have applied for the MEDIA Act Tax Credit during this study period include television shows such as television series *Yellowstone*, *1883*, and *Bring on the Dancing Horses*, and feature films such as *The Last Son*, *Please Baby Please*, and *Sooyii*.

The total economic impact of these productions in the State is more than just their direct spending within Montana. Direct spending by production companies on wages to residents and on goods purchased within the State produces subsequent spillover impacts into other industries. The analysis in the following sections examines the sector's overall impact as well as the economic activity generated by productions that have been certified under the MEDIA Act Tax Credit Program.

The total economic impact in Montana from productions that have filmed during this time period is estimated to be approximately $153.9 million, supporting 839 FTE jobs with $41.5 million in employee compensation in Montana. The tax revenues generated by these productions is estimated to be $12.0 million to the State of Montana and $4.6 million in additional tax revenues generated to local jurisdictions such as County and municipal governments for a total fiscal impact of $16.6 million over the study period.[11,12]

It is important to note that the MEDIA Act Tax Credit Program is still relatively new, and large productions often make location decisions multiple years in advance. Furthermore, with the COVID-19 pandemic resulting in the temporary closure of some businesses and delays in productions, activity in this sector is just now gaining momentum. Therefore, the impacts resulting from this incentive program may take a few years to be fully realized. The analysis provided in this section offers a snapshot of the industry's current footprint and highlights how the industry has grown since the previous analysis that ESI completed.

3.1. Sizing of the Industry

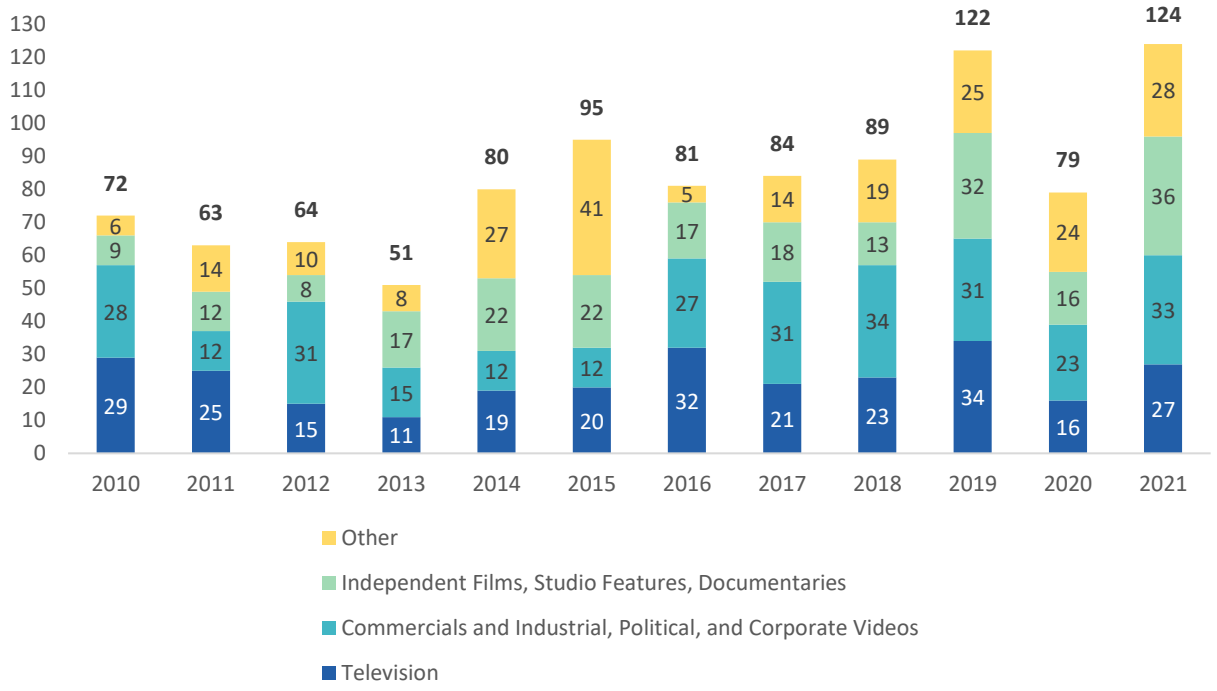
Historic Film Production

Over the past decade, there has been an average of 87 productions in Montana annually, representing 22 television productions, 16 commercial shoots, 12 documentaries, and 8 feature films per year from

[11] Details of the breakdown of these tax revenues by jurisdiction are provided within the report.
[12] A recent economic impact analysis on Season 4 of *Yellowstone* was released by the University of Montana. The UMT report utilized the REMI model for their purposes which is a computable general equilibrium (CGE) model that models the dynamic shifts in an economy based on a shock. This report utilizes IMPLAN, an input-output modeling software that models the static impact of spending within an established economy. IMPLAN, and I-O models in general, are not built to answer questions that broadly affect inter- and intra-industry relationships. Computable general equilibrium (CGE) models, on the other hand, are economic models that can estimate changes in external factors. CGE models make use of elasticities (such as price elasticity of demand) and can better reflect such behavioral changes as they are less static. For this reason, the two models should not be compared.

2012 through 2021. Although 2020's total production count demonstrated a slowdown in activity due to the COVID-19 pandemic, the industry recovered in 2021, as many out-of-state productions were drawn to the State due to the ability to remain open for production with less restrictions than some other locations. Local healthcare providers and COVID-19 testing facilities helped support the demand that these productions brought to local community—one source of the type of spillover economic impact that is evaluated in this report. In 2021, more than 120 productions spent time in Montana, including 27 television productions, 33 commercials or other industrial videos, 36 films (studio features, independent, or documentaries), and 28 productions in other categories.[13] As of May 2022, 25 productions have filmed in Montana.

Figure 3.1: Montana Productions from 2010 to 2021[14]



Source: Montana Film Office (2022), Econsult Solutions, Inc. (2022)

The Scale of the Montana Film Industry in the National Context

According to analysis completed by the National Endowment of the Arts (NEA) and the U.S. Bureau of Economic Analysis (BEA), the overall arts and culture industry in Montana (which includes the motion picture industry) represented $1.8 billion in production value in 2020, representing 3.4 percent of the State GDP and supporting 15,230 jobs. The film industry is a supporting player in the arts and culture ecosystem, contributing to the overall economic health of the sector and supporting a concentration of

[13] Included in the "other" category are web series, music videos, short films, and still photography.
[14] For 2019, this includes the time frame of productions filmed and scheduled to film from January 2019 to June 2020, which represents the time period modeled in this report.

professional artists and crew that strengthen the State's ability to attract and grow more businesses and workers.

According to the Bureau of Economic Analysis, the film industry contributed directly over $51 million to the State's GDP in 2020. While this economic activity accounted for less than one percent of the State's total GDP, it realized significant growth in the last decade (37 percent since 2011). Notably, this growth outpaced that of the arts and cultural sector as a whole (32 percent) and the State's overall growth of 25 percent.

Footprint of Current Film Production in the State

This report separates film production in Montana into two categories:

- Productions that did not apply for the MEDIA Act Tax Credit Program ("Other Productions"), either because the incentive was not available during the time of filming, the production did not qualify for the incentive, or the production qualified but did not apply, and
- Productions that have either received the MEDIA Act Tax Credit ("MEDIA Act Production") or have been certified to receive the credit and have filmed.

This report includes an analysis of 195 productions with filming in the State during the 24-month period analyzed (July 2020 through June 2022). Of the 79 productions that filmed in 2020, 46 were included in this report and 33 were excluded as they filmed prior to the study period and were included in the previous report. In 2021, 124 productions were filmed and included in this analysis. At the time of this report, 25 productions have filmed in 2022.[15] Of this activity, 32 productions were certified to participate in MEDIA Act Tax Credit Program (see Figure 3.2) during this period.

Figure 3.2: Summary of Film, Television, and Other Media Productions in Montana, July 2020 through June 2022

Production Type	Number of Productions	Included in Analysis	MEDIA Act Productions[16]
2020 Productions	79	46	8
2021 Productions	124	124	22
2022 Productions (January-June)	25	25	2
Total	228	195	32

Source: Montana Film Office (2022), Econsult Solutions, Inc. (2022)

The Appendix includes a list of all known productions that were filmed in Montana included in this analysis, with the productions that received the tax credit or were certified by the State as eligible for the tax credit identified.

[15] *Yellowstone* Season 5 production is scheduled to begin filming in May 2022. While there will be some production spending within the current study's timeframe, this production has been excluded from this report as a large majority of the production spending will commence after the study period. Additionally, *1932*, a *Yellowstone* spinoff, is scheduled to begin filming this summer in Butte, MT.
[16] There were nine productions that completed the Department of Revenue's audit process for the MEDIA Act in 2020. However, *God's Country* (first part of filming) was included in the 2019-2020 economic impact study and is therefore excluded from this analysis.

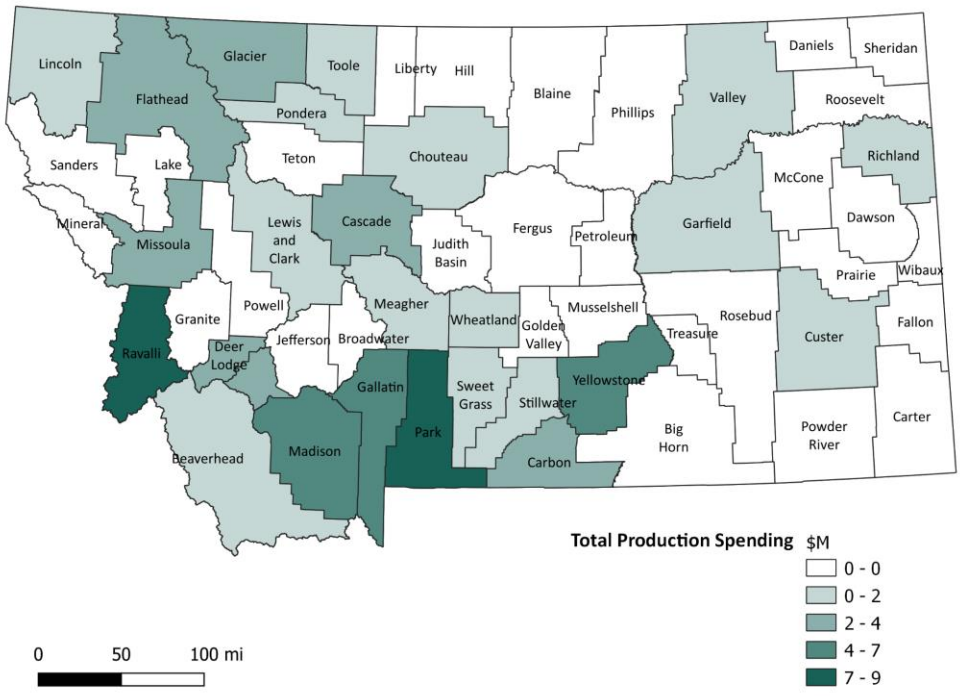
Figure 3.3: Summary of Film, Television, and Other Media Productions in Montana, July 2020 through June 2022

Production Type	Number of Productions	Total Production Spend ($M)
MEDIA Tax Act Productions	32	$130.1
Other MT Productions	163	$61.8
Total	195	$191.8

Source: Montana Film Office (2022), Montana Department of Revenue (2022), Econsult Solutions, Inc. (2022), AFCI (2007)

In 2019, 33 counties in Montana were home to a production. This represents about 59 percent of all the counties in the State. Over half of total production spend occurred in Ravalli, Park, and Gallatin Counties (see Figure 3.4).

Figure 3.4: Estimated Production Spend by County, July 2020-June 2022

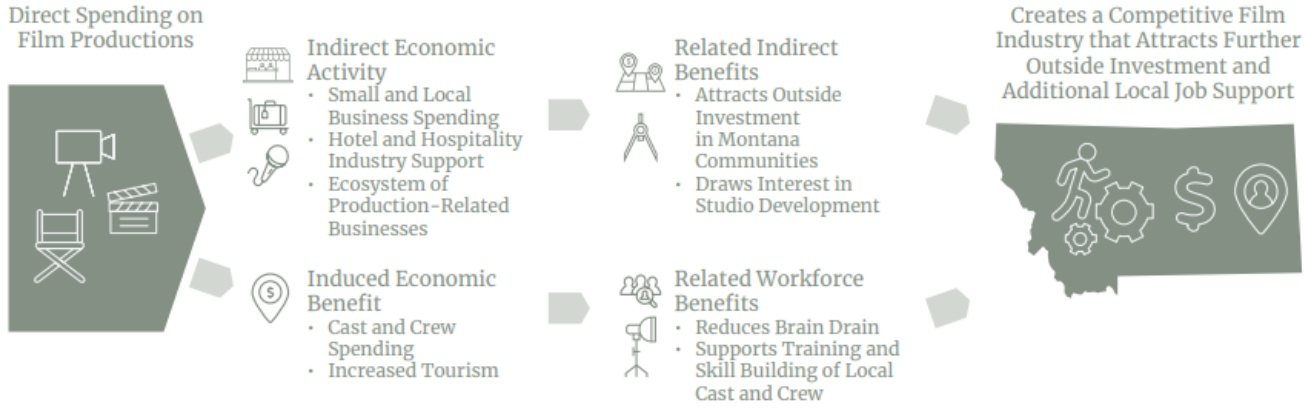


Source: MT Film Office (2022), MT Department of Revenue (2022), Econsult Solutions, Inc. (2022)

3.2. The Direct Economic Footprint of Film Production in Montana

Activity by the film industry in Montana serves as an injection of outside spending that creates jobs and improve economic growth in the State. The spending from film and television productions touches many Montana-based industries, as these industries supply the means needed to run a production. For example, cast and crew members eat at restaurants, shop at local businesses, stay in hotels, and procure goods and services from local vendors.

Figure 3.5: How the Film Industry Creates Spillover Economic Benefits in Montana



Source: Econsult Solutions, Inc. (2022)

To determine the economic impact of film activity in Montana, ESI examined the direct spending footprint of productions with locations in the State. ESI collected information from the Montana Film Office regarding the 2020-2022 list of all productions, indicating those that were approved and certified for the Montana Film Tax Credit Program, from July 2020 through June 2022.[17] The Department of Revenue provided audited compensation and spend information for films validated for the MEDIA Act. ESI communicated with individual productions to receive additional data when possible, including call sheet and production spending information.

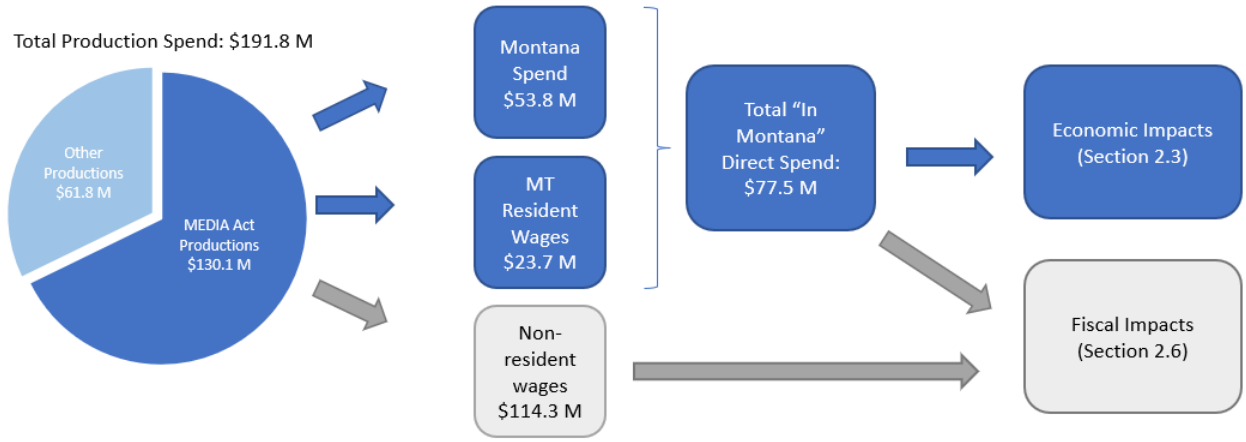
When available, specific expenditure data from productions that have filmed in the State were used. Since detailed data were not available for every production, ESI utilized a combination of individual call sheet data and production length estimates, industry standard daily spending estimates from the Association of Film Commissioners International (AFCI), and average daily production spend estimates based on production type, to serve as a baseline for the analysis. Together, these data were used to estimate the total local expenditures of all productions in Montana.[18]

The total estimated direct spend of all productions in Montana over this time was $191.8 million. This overall estimated spend is comprised of three components: production spending on goods and services purchased by productions in Montana ($53.8 million), resident employee compensation ($23.7 million),

[17] Note that major economic disruptions due to COVID-19 in the first half of 2020 meant that little new activity has been recorded in 2020.
[18] See Appendix 4.4 for further detail on methodology.

and non-resident employee compensation ($114.3 million).[19] For the purposes of economic impact modeling, only those expenditures—purchases and resident employee compensation—that took place and stayed in Montana are included ($77.5 million). While a large portion of the total production spend is estimated to be non-resident employee compensation, the majority of these wages will likely not be spent in Montana and are therefore excluded from modeling.[20] However, these wages are subject to Montana compensation tax and will be included in the fiscal models presented in Section 3.6 below (see Figure 3.6 and Figure 3.7).

Figure 3.6: Estimated Production Spend and Employee Compensation in Montana by Production Type for All Productions, July 2020 to June 2022 (in millions)



Source: Montana Film Office (2022), Various Productions (2022), Econsult Solutions, Inc. (2022)

[19] In the 2019-2020 report, non-resident employee compensation were excluded completely from the economic impact estimates.
[20] When film crew and cast come to Montana from out-of-state, they spend money on foods, hotels, entertainment, and services. However, because per-diem, hotels, craft services, and car rentals are included in the production budgets (within the MT spend estimate), we do not include any portion of this "visitor" spend in the overall economic impact. Therefore, there is undercounting in the economic impact of these workers living and working in Montana during production.

Figure 3.7: Estimated Production Spend and Employee Compensation in Montana by Production Type for All Productions, July 2020 to June 2022 (in millions)

Production Type	Number of Productions	Total Production Spend	MT Spend	Resident Emp Comp	Total MT Production Spend	Non-Resident Emp Comp
Commercials	42	$12.6	$5.6	$3.2	$8.8	$3.8
Documentaries	17	$5.4	$1.7	$3.1	$4.8	$0.6
Independent Features	36	$42.4	$14.5	$4.4	$18.8	$23.6
Industrial/Corporate	7	$0.1	$0.0	$0.0	$0.0	$0.0
Music Videos	4	$0.1	$0.0	$0.0	$0.0	$0.0
Network Television	4	$88.8	$20.4	$4.3	$24.7	$64.1
Online/Web Content	7	$0.2	$0.1	$0.1	$0.1	$0.1
Political	10	$0.1	$0.0	$0.0	$0.1	$0.0
Short Films	14	$1.0	$0.8	$0.1	$0.9	$0.0
Still Photography	16	$1.3	$0.6	$0.3	$0.9	$0.4
Television	38	$40.0	$10.1	$8.2	$18.3	$21.7
All Productions	**195**	**$191.8**	**$53.8**	**$23.7**	**$77.5**	**$114.3**

Source: Montana Film Office (2022), Various Productions (2022), Econsult Solutions, Inc. (2022)

Of the productions summarized in the figures above, 32 have been certified for the MEDIA Act Tax Credit Program. Figure 3.8 below shows the total direct expenditures of this subset of productions. For 2020 productions, audited data on spending activity from the Department of Revenue was utilized. For 2021 and 2022 productions, data on estimated spending activity was provided to ESI directly from the production companies. It is important to note that estimated spending for *Yellowstone Season 5* is not included in this analysis as most of the filming will occur outside of the study period. However, the production plans to shoot 14 episodes in Montana for Season 5, up from 10 episodes in Season 4. While preliminary spending estimates are not currently available, the *Yellowstone* series averages roughly $7 million per episode.

Figure 3.8: Estimated MEDIA Act Production Spend and Employee Compensation in Montana, July 2020 to June 2022 (in millions)

Production Type	Number of Productions	Total Production Spend	MT Spend	Resident Emp Comp	Total MT Production Spend	Non-Resident Emp Comp
MEDIA Tax Act Productions	32	$130.1	$34.0	$8.6	**$42.6**	$87.5
Other MT Productions	163	$61.8	$19.8	$15.1	**$34.9**	$26.8
Total	195	$191.8	$53.8	$23.7	**$77.5**	$114.3

Source: Various Productions (2022), Montana Film Office (2022), Econsult Solutions, Inc. (2022), AFCI (2022)

3.3 Economic Impact of Film Industry and MEDIA Act Tax Credit Program

Every $1 spent in the film Industry in Montana results in approximately $2 of economic impact.

The direct economic footprint of these productions creates spillover impacts into other industries. For example, direct spending by film companies on goods and services such as lighting equipment or catering produces subsequent indirect impacts. The direct spending on resident wages generates induced spending in other industries; for example, when the crew subsequently spend money earned on set at a local store or restaurant. In order to assess these localized impacts, each county's production spend was modeled within IMPLAN (see Section 3. 5).

The total economic impact of the film production activity that occurred within the State between July 2020 and June 2022 is shown in Figure 3.9 below. In aggregate, these productions have a total economic impact of $153.9 million, supporting 840 FTE jobs with $41.5 million in employee compensation.[21]

Figure 3.9: Economic Impact of 2020-2022 Productions in Montana

	Other Productions	MEDIA Act Tax Credit Productions	All Productions
Direct Output ($M)	$34.9	$42.6	$77.5
Indirect and Induced ($M)	$36.0	$40.4	$76.4
Total Impact ($M)	**$71.0**	**$83.0**	**$153.9**
Direct Jobs Supported (FTE)	190	160	350
Indirect and Induced Jobs Supported (FTE)	270	220	490
Total Jobs Supported (FTE)	**460**	**380**	**840**
Total Employee Compensation Supported	**$25.5**	**$15.9**	**$41.5**

Source: IMPLAN (2022), Econsult Solutions, Inc. (2022)

3.4 Industry Distribution of Jobs Supported by the Industry

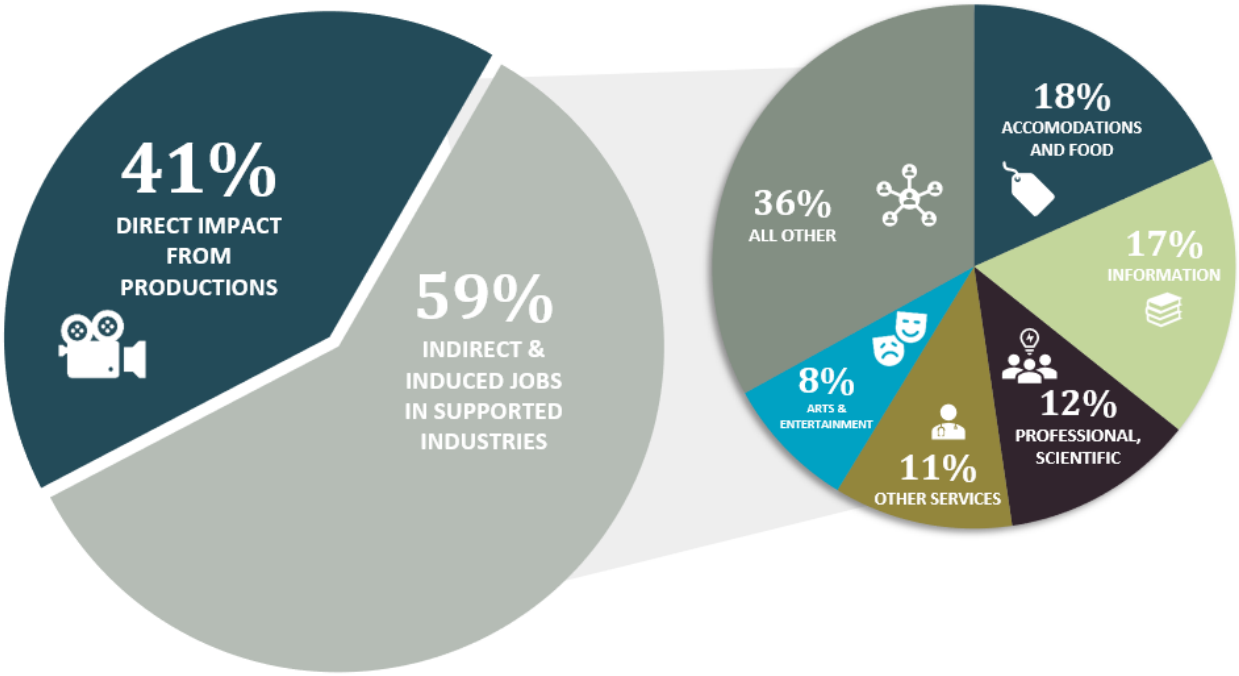
The economic impacts associated with film production extend beyond direct employment in the film industry. Other sectors including health care services, professional and scientific professions, administrative services, accommodation and food services, and finance and insurance services also see benefits from the indirect (supply chain) and induced (labor income) impacts of the activity (see Figure 3.10).

Overall, 59 percent of the total employment supported by these economic impacts occurred in sectors outside of the direct film industry. In other words, the industry distribution pie chart shows the sum of indirect and induced jobs created by the economic activity generated by the productions. Direct spending in areas such as accommodation and food services, and purchase of other required services

[21] The economic impacts for certified productions that have not filmed are shown separately and not included in the total economic impacts, as these productions have not filmed yet and may be subject to change.

are categorized in industries such as arts, entertainment, and recreation, information (publishing), and professional and scientific services.

Figure 3.10: Industry Distribution of Employment Generated from Productions in Montana



Source: IMPLAN (2022), Econsult Solutions, Inc. (2022)

3.5 Local Economic Impacts

During filming, production often hires local businesses to support their operations. From caterers to hotels, and hardware stores to transportation, the film industry can have a significant economic impact on various sectors of the local economy. Several producers interviewed echoed these sentiments, stating that it was not hard to see the impact of film production locally (see Section 2 above). While detailed local spend data is not available for every production, those productions that are certified for MEDIA Act tax incentives must provide detailed spending by category in Montana. In the two years with data available, over 90 percent of local production spend is expended on production, construction, location, and transportation expenses (see Figure 3.11).

Figure 3.11: Local Spending Percentages by Expense Category

Expense Category	2019	2020
Production Expenses	50.0%	61.4%
Construction Expenses	22.2%	1.6%
Location Expenses	15.6%	20.6%
Transportation Expenses	5.5%	6.5%
Grip and Electric Expenses	2.0%	2.6%
Camera Expenses	1.4%	0.6%
Set Decoration Expenses	1.3%	1.7%
Picture Cars and Animals Expenses	0.5%	1.2%
Hair and Makeup Expenses	0.4%	0.3%
Costumes Expenses	0.3%	1.0%
Production Sound Expenses	0.3%	0.2%
Props and Special Effects Expenses	0.3%	1.5%
Art Department Expenses	0.1%	0.1%
Editorial Expenses	0.0%	0.6%

Source: Montana Department of Revenue (2022)

In 2020, the “production expenses” and “location expenses” categories accounted for 82.1 percent of total spend. Included in these categories are line items such as hotels and lodging (28.8 percent), rental cars and trucks (8.7 percent), studio rentals (5.1 percent), and meals and catering (5.0 percent). To quantify the economic impact of this local spending, the aggregate spend of productions by county was modeled for 14 counties with at least $1 million in Montana procurement and resident wages. The remaining 19 counties with less than $1 million were modeled within a statewide model.

Figure 3.12: Estimated Montana Production Spend by County ($M)

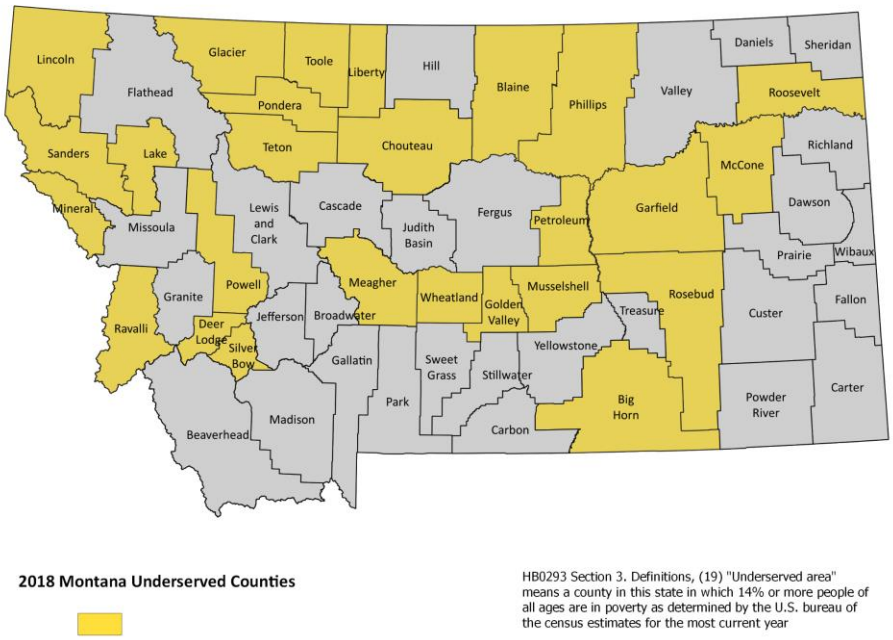
County	Total Production Spend	MT Production Expenditures	Resident Employee Compensation	Total Montana Production Spend	Non-Resident Employee Compensation	Underserved Area
Beaverhead	$0.7	$0.2	$0.1	$0.3	$0.4	
Carbon	$2.9	$1.3	$0.7	$2.0	$0.9	
Cascade	$4.5	$1.2	$1.0	$2.3	$2.3	
Chouteau	$0.8	$0.3	$0.1	$0.4	$0.4	X
Custer	$0.2	$0.1	$0.1	$0.2	$0.1	
Deer Lodge	$6.3	$1.9	$1.1	$3.0	$3.3	X
Fergus	$0.0	$0.0	$0.0	$0.0	$0.0	
Flathead	$5.1	$1.5	$1.3	$2.7	$2.4	
Glacier	$1.9	$0.6	$0.4	$1.0	$0.8	X
Gallatin	$12.5	$4.3	$2.6	$6.9	$5.6	
Garfield	$0.1	$0.0	$0.0	$0.1	$0.0	X
Granite	$0.1	$0.0	$0.0	$0.0	$0.0	
Hill	$0.0	$0.0	$0.0	$0.0	$0.0	X
Jefferson	$0.0	$0.0	$0.0	$0.0	$0.0	
Lake	$0.1	$0.0	$0.0	$0.0	$0.0	X
Lewis and Clark	$2.8	$0.9	$0.5	$1.4	$1.4	
Lincoln	$0.7	$0.2	$0.1	$0.3	$0.4	X
Madison	$10.0	$2.7	$2.0	$4.7	$5.3	
Meagher	$2.5	$0.6	$0.6	$1.2	$1.3	X
Missoula	$5.9	$1.9	$1.0	$3.0	$2.9	
Park	$46.1	$13.1	$4.5	$17.6	$28.4	
Phillips	$0.3	$0.1	$0.1	$0.2	$0.2	X
Pondera	$0.1	$0.0	$0.0	$0.1	$0.0	X
Richland	$0.2	$0.1	$0.0	$0.1	$0.0	
Ravalli	$70.8	$16.9	$4.1	$21.0	$49.8	
Sanders	$0.0	$0.0	$0.0	$0.0	$0.0	X
Silver Bow	$8.3	$2.2	$0.9	$3.1	$5.2	
Stillwater	$0.6	$0.2	$0.4	$0.6	$0.1	
Sweet Grass	$0.1	$0.0	$0.0	$0.1	$0.1	
Toole	$0.1	$0.0	$0.0	$0.1	$0.0	X
Wheatland	$0.2	$0.1	$0.1	$0.2	$0.0	X
Yellowstone	$7.6	$3.1	$1.8	$4.8	$2.8	
Valley	$0.3	$0.1	$0.1	$0.2	$0.2	
Total	**$191.8**	**$53.8**	**$23.7**	**$77.5**	**$114.3**	

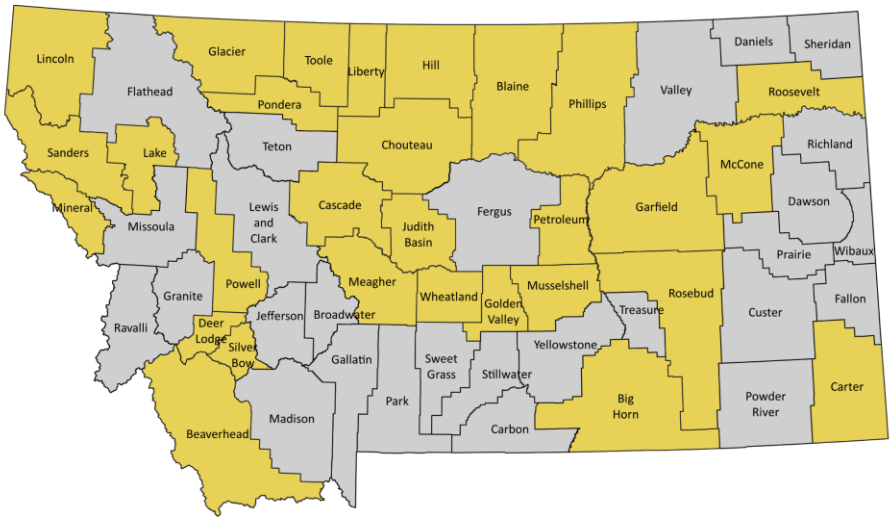
Source: BEA (2018), Econsult Solutions, Inc. (2022)

The MEDIA Act includes an additional incentive of five percent of expenditures for production activity that occurs within the State's designated underserved areas (counties in which 14 percent or more of its residents are in poverty). This bonus is meant to attract more spending in areas that the Montana Legislature has designated in need of increased economic development focus; in total, 26 counties in the State fall into this category. Based on data provided by the Montana Film Office and research completed by ESI, 27 productions were in an underserved area for some portion of their filming.

Because the MEDIA Act Tax Credit Program is still in its infancy and production decisions are sometimes made years ahead, it is not possible to conclude how impactful the MEDIA Act's bonus incentive is on these communities, but it is likely that as the program progresses, more data will be available to determine how much additional film activity is being diverted to these locations due to the added benefit. It is important to note that the underserved area designation is updated annually and therefore can help to direct local spending to various areas based on current economic conditions. Additionally, for long-term or recurring projects, the underserved designation may change based on the year. For example, *Yellowstone* shoots in Ravalli County, which was designated as an underserved area for 2018. However, for the 2019 and 2020, Ravalli is no longer considered to be underserved (see Figure 3.13).

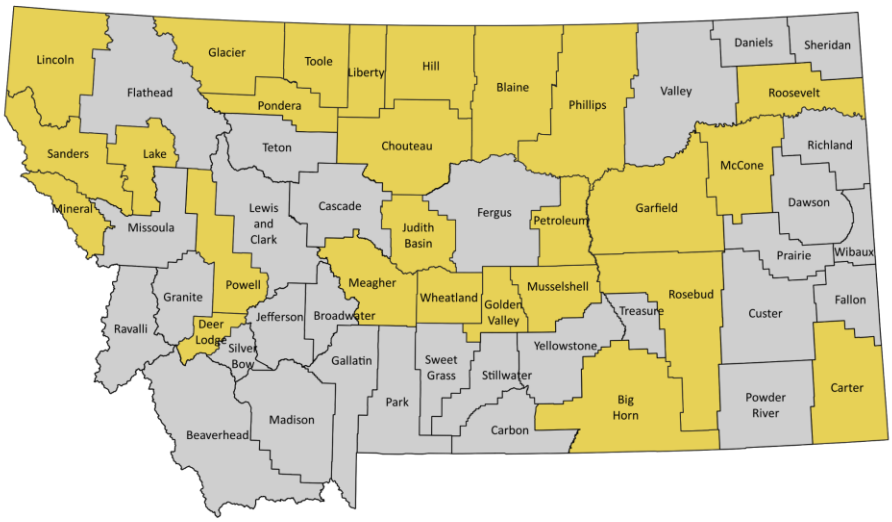
Figure 3.13: 2018, 2019, and 2020 Underserved Counties in Montana





2019 Montana Underserved Counties

HB0293 Section 3. Definitions, (19) "Underserved area" means a county in this state in which 14% or more people of all ages are in poverty as determined by the U.S. bureau of the census estimates for the most current year



2020 Montana Underserved Counties

HB0293 Section 3. Definitions, (19) "Underserved area" means a county in this state in which 14% or more people of all ages are in poverty as determined by the U.S. bureau of the census estimates for the most current year

Source: U.S. Census Small Area Income & Poverty (2019)

3.6 Tax Impact of Film Industry

Fiscal Impacts from Economic Impacts

The economic impacts from the July 2020–June 2022 productions also grow the tax base by supporting taxable economic activity through the procurement of goods and services and employee spending. It is estimated that the total economic impact from productions have generated $10.8 million in tax revenues to Montana, with $6.2 million remitted to the State of Montana.

Figure 3.14: Total Fiscal Impact of 2020-2022 Productions in Montana[22]

	Other Productions	MEDIA Act Tax Credit Productions	All Productions
Sub-County General Taxes (City/Town)	$0.6	$0.5	$1.1
Sub-County Specific Taxes (School/Fire)	$0.8	$1.0	$1.8
County Taxes	$0.8	$0.9	$1.7
State Taxes	$2.7	$3.2	$5.8
MEDIA Act Transfer Fees	-	$0.4	$0.4
Total Tax Impact	**$4.8**	**$6.0**	**$10.8**

Source: IMPLAN (2022), Econsult Solutions, Inc. (2022)

Fiscal Impacts from Non-Resident Compensation Tax

In addition to the taxes resulting from the economic activity generated from the film industry, many non-resident film crew and cast locate to Montana temporarily during production. While these workers may not be residents, the wages earned in Montana are subject to Montana's compensation tax. Montana has a graduated tax code in which the tax rate is determined based on overall compensation. Given the structure of the film industry, it is difficult to assess the percentage in which each non-resident worker would be taxed for the wages earned on productions included in this study. However, according to the Montana Department of Revenue, the effective tax rate for non-resident compensation tax is 5.1 percent.[23] Utilizing this rate, it is estimated that non-residents remitted approximately $5.6 million in compensation tax to the State of Montana for productions in the study period.

Figure 3.15: Total Fiscal Impact of Non-Resident Wage Earners in Montana, July 2020—June 2022 ($ millions)

	Other Productions	MEDIA Act Tax Credit Productions	All Productions
Non-Resident Wages	$26.8	$87.5	$114.3
Effective Rate		*5.1%*	
Total Non-Resident Wage Tax Impact	**$1.4**	**$4.5**	**$5.8**

Source: Department of Revenue (2022), IMPLAN (2022), Econsult Solutions, Inc. (2022)

[22] For more information on the taxes included in each jurisdiction, please see explanation here: Taxes: Where's the Tax? – IMPLAN - Support
[23] Individual Income Tax: Analysis of Non-Resident & Partial Year Residents' Income

Combined, the total fiscal impact of the film industry over the study period is estimated to be $16.6 million. This value includes local, county, and state taxes collected from the economic impact of the film industry as well as the out-of-state resident wage tax.

Figure 3.16: Total Fiscal Impact of the Film Industry Montana, July 2020—June 2022 ($ millions)

	Other Productions	MEDIA Act Tax Credit Productions	All Productions
Total Tax Impact from Economic Activity	$4.8	$6.0	$10.8
Total Non-Resident Wage Tax Impact	$1.4	$4.5	$5.8
	$6.2	**$10.5**	**$16.6**

Source: Department of Revenue (2022), IMPLAN (2022), Econsult Solutions, Inc. (2022)

Tax Revenue and Credit Comparative Analysis

As noted in the previous sections, the film industry produces both qualitative and quantitative economic benefits to businesses and residents of Montana. However, these impacts do incur a fiscal cost to the State of Montana in the way of foregone tax revenue.

To compare the amount of tax credit validated to the amount of estimated tax revenue gained from the film industry's economic activity, it is important to compare the appropriate time periods. The initial economic impact study covered January 2019 through June 2020; this report analyzes July 2020 through June 2022. The Department of Revenue's tracking is by calendar year. To date, $25.6 million tax credit has been reserved, with $20.3 million validated, by the Department of Revenue (see Figure 3.17).

Figure 3.17: Total Tax Credit Reserved, Validated, and Available, by year ($ millions)

	2020	2021	2022	Total to Date
Total Credit Reserved	$10.0	$10.0	$5.6	$25.6
Total Credit Validated	$10.0	$10.0	$0.3	**$20.3**
Total Credit Available	$0.0	$0.0	$6.4	$6.4

Source: Department of Revenue (2022)

For this reason, it is important to analyze both the tax credits validated and the economic impact realized to date. Figure 3.18 shows the estimated total tax revenue stemming from the film industry since the beginning of the MEDIA Act.[24] It is estimated that from the January 2019, tax revenues generated from the film industry total approximately $20.1 million to local, county, and state jurisdictions.

[24] Revenue in the "previous" column is based on the direct production spend and wages from the time period analyzed in the previous report. To ensure completeness, the same IMPLAN fiscal models were applied to the previous report's values. Because the previous report did not include county impacts, there were no local and county revenues estimated. Additionally, only business and income tax models were included in the previous report.

Figure 3.18: Total Estimated Fiscal Impact to the State of Montana, by year ($ millions)

	Previous (January 2019-June 2021)	Current (July 2021-June 2022)	Total to Date
State Revenues	$2.0	$12.0	$14.0
Local and County Revenues	$1.5	$4.6	$6.1
Total Revenues	$3.5	$16.6	**$20.1**

Source: Department of Revenue (2022)

When comparing the validated tax credit to the estimated tax revenue generated from the additional economic activity in Montana, there is a net loss of $200,000 when considering the tax generated to all jurisdictions. When only including tax revenue remitted back to the State, there is a $6.3 million tax gap. Effectively, it is estimated that roughly $6.1 million of the $6.3 million state revenue gap is transferred to the local and county governments.

Figure 3.19: Total Tax Credit Validated and Estimated Tax Revenues Generated ($ millions)

	All Jurisdictions	State Revenue
Total Estimated Tax Revenue to Date	$20.1	$14.0
Total Credit Validated to Date	$20.3	$20.3
Net Tax Revenues	-$0.2	-$6.3

Source: Department of Revenue (2022), IMPLAN (2022), Econsult Solutions, Inc. (2022)

It is important to note that while the MEDIA Tax Credit has yet to generate more revenue than the credits disbursed, like all fiscal policies, there is an expected "operational" or "response" lag.[25] That is, the time lag that occurs between a new policy being implemented and the real effects that it will bring on the economy. Fiscal policies such as tax credits (other examples include increased government spending, tax reductions, stimulus checks, etc.) aim to change the behavior of the recipient of the policy to promote economic growth. However, it takes time to not only implement the policy ("administrative" lag), but for the intended recipients to change their behavior. In the case of the film industry, most productions scout locations well in advance of actual production, potentially creating a particularly longer operational lag for this type of policy compared to others. Nevertheless, qualitative data from surveys and focus group conversations of individuals within the industry, indicate that the nascent effects of the Act are starting to be realized, with individuals, companies, and films moving back to the region for work purposes, or seeking out opportunities within the state (see Section 2 above).

Additional Potential Tax Revenue

The tax revenue generated by the film industry in Montana is based off the estimated qualified production expenditures taking place during filming. However, there is additional economic activity generated that leads to further tax revenues that are not included in the film production tax revenue

[25] Fiscal policy lags and income adjustment processes

totals shown above. In the sections below, illustrative examples of both "visitor" spending and construction impacts are reviewed.

"Visitor" Spending

Many productions that film in Montana employ non-resident workers that reside in Montana for the length of filming. Effectively, in terms of economic impact, these workers operate in a similar fashion as "visitors" to Montana. That is, they generate economic activity that can be considered an export to the local economy. However, in the case of film industry cast and crew, a large portion of the spending for and by these workers is provide by the production, and therefore already accounted for in the economic impact results above. Nevertheless, these workers will spend a portion of their paychecks locally on entertainment, retail, meals, and alcohol beyond the sums included in the production expenditures category. However, as there is no way currently to piece out the amount of spend provided to the workers by the production versus that of the individual worker's paycheck, it is not possible to appropriately estimate the aggregate amount of visitor spend over the study period. Still, calculating the estimate of visitor spending as an illustrative example can help capture the impact of non-resident workers on the local economy.

To do so, estimates from *Yellowstone: Season 4* are utilized. Total number of hours by individual non-resident workers were available for this production. Based on the data available, it is estimated that the 380 out-of-town workers on *Yellowstone: Season 4* had an average of 43.5 days off during their tenure in Montana for approximately 16,530 person-days off.[26] Utilizing non-resident visitor expenditure estimates from a 2020 University of Montana publication, it is estimated that non-resident workers spend roughly $45.78 per day on off-days.[27] This estimate is conservative and excludes any money spent on hotels, car rentals, or gasoline as these values are included in the production spending categories. **Combined, this estimated additional $757,000 spend in Ravalli County will result in an economic impact $1.02 million and estimated tax revenues of $28,500 to the local, county, and state governments above and beyond the production spend of *Yellowstone: Season 4*.**

Figure 3.20: Estimated Yellowstone "Visitor Spend"

	"Visitor" Spending
Number of Cast and Crew	380
Average "Off-Days"	43.5
Total Crew Off-Days	16,530
Estimated Off-Day Spend	$45.8
Estimated Yellowstone "Visitor Spend"	$757,000
Per Person "Visitor" Spend	$1,991

Source: Econsult Solutions, Inc. (2022), Yellowstone (2022), University of Montana (2021)

[26] "Hours worked" were available for a sample of cast. Based on these hours, the number of total days worked were calculated based on a 12-hour work day. Number of "off-days" were calculated based on a 5-day workweek. There were 113 cast with approximately 13.6 days off during tenure on the show (some cast only had a few shoot days). For the remaining 267 crew members, it is estimated that they worked 28 weeks with 2 days off per week for an average of 56 days off per crew member. The weighted average is 43.5 off-days.

[27] 2020 Nonresident Visitation, Expenditures & Economic Impact Estimates

Potential and Actual Construction Impacts

While the MEDIA Act permits Montana to be competitive with other potential filming locations, it also helps cultivate the foundation needed to ensure a sustainable film industry within the state. However, in order to ensure real growth within the industry, suitable infrastructure is needed and will not be created unless investors feel there will be an adequate return on investment based on projected future demand. The MEDIA Act is inextricably tied to this projected future demand. In fact, media reports indicate that the $10 million credit cap resulted in the halting of a $20 million production facility in Missoula that was scheduled to be constructed on a County-owned industrial park.[28] If this facility had been erected, it would have created an economic impact of $34 million, with estimated tax revenues of $1.1 million to the municipal, county, and state governments. This upfront capital investment would have spurred additional impacts through the ongoing operations of the studio after completion.

While the ShadowCast Partners production facility fell through due to uncertainty around the size and potential impact of the MEDIA Act, Montana Studios has forged ahead with their plans, recently expanding into Butte, MT with the renovation of 40 East Broadway into a Filmmaker Hub which will offer multi-purpose interior space for stages, educational training, and other events.[29] Additionally, the Yellowstone Film Ranch, which was starting construction during the production of the last study, has completed construction and wrapped filming of *Murder at Yellowstone City*.





Now available to other productions, the ranch has hosted a high caliber of actors such as Nicholas Cage, Richard Dreyfuss, Gabriel Byrne, Gina Carano, Clint Howard, Isaiah Mustafa, Zach McGowan and Thomas Jane.

[28] "Going into Montana's 2021 legislative session, a $20 million film and television studio was slotted to open in Missoula, but after an insufficient increase to the state's film tax credit, the company abandoned its plans." Montana film industry excited about growth but needs more buy-in from the state

[29] Butte building getting facelift, becoming film production studio

4. Conclusion

This report provides an in-depth look at the economic impact of the MEDIA Act Tax Credit Program as well as the entire film industry in Montana. As shown, while there is an estimated current revenue gap between the tax credit validated and additional tax revenue gained from the industry's economic impacts, the program is still in its early stages, and it is difficult to glean a true return on investment at this stage. Additionally, several impacts, such as visitor spending and studio construction impacts, have been excluded from both the overall economic and fiscal impacts. Nevertheless, as discovered through the cast and crew engagement process (surveying, focus groups, and individual interviews), detailed in Section 2, the broader impacts of the MEDIA Act are starting to be realized by local Montanans and business owners. This report has established the ways in which film drives economic growth in the State's economy—providing out-of-state spending to small communities across Montana, supporting residents with jobs on set, and building a strong ecosystem for Montana's arts and culture community.

5. Appendix

5.1. List of All Productions in Montana, July 2020-June 2022

Production	Type	County	MEDIA Act Certified
"Montana: Big Eats Country"	Online/Web Content	Silver Bow	
100% Wovvoka	Music Videos	Gallatin	
A Fire Inside	Short Films	Ravalli	
Allies	Online/Web Content	Flathead	
Alluvion Health	Commercials	Cascade	
American Association for Physician Leadership	Industrial/Corporate	Yellowstone	
American Dream Car	Television	Cascade	
American Dream Home - Fox Business Network	Television	Park	
Ancient Yellowstone	Television	Gallatin/Park	
Ancient Yellowstone Season 2 (3 Episodes)	Documentaries	Garfield/Park/Gallatin	
Apr Prairie Rewilding	Documentaries	Fergus/Gallatin	
Ashland	Documentaries	Madison/Gallatin	
Attack And Release	Short Films	Gallatin	
Austin Knudsen For Attorney General	Political	Yellowstone	
B&W Hitches	Commercials	Ravalli	
Bear Gulch	Television	Madison	
Big Sky (Aerials)	Network Television	Gallatin	X
Blackhawk No Fail Series	Commercials	Flathead	
Blue Buffalo	Commercials	Park	
Blue Buffalo Pet Food	Commercials	Gallatin	
Bone Dry - Harvest Across Montana in 2021	Documentaries	Gallatin+	
Bridgestone/Firestone	Commercials	Gallatin	
Bring On the Dancing Horses	Television	Silver Bow	X
Bring Them Home	Documentaries	Glacier	
Broke (Blue Roan)	Independent Features	Silver Bow/Deer Lodge	X
Butcher's Crossing	Independent Features	Glacier/Madison	X
By His Hands	Short Films	Missoula	
Candyland	Independent Features	Park	X
Captain Morgan - Fan of The Year	Commercials	Gallatin	
Captive	Short Films	Missoula	
Carhartt	Still Photography	Park	
"Montana: Big Eats Country"	Commercials	Park	
Carhartt Photo Shoot	Still Photography	Flathead/Glacier	
Century Gaming	Industrial/Corporate	Yellowstone	
Challenger: The Final Flight (Mt Unit)	Television	Missoula	

Production	Type	County	MEDIA Act Certified
Chief Tendoy	Independent Features	Madison+	
Cora Neumann For Montana	Political	Gallatin	
Coyote Science Season 3	Television	Flathead	
Cuisine De La Apocalypse	Short Films	Ravalli	
David Yarrow Photo Shoot	Still Photography	Park	
David Yarrow Photoshoot	Still Photography	Madison	
David Yarrow Photoshoot	Still Photography	Madison	
Death On the Dearborn	Independent Features	Park/Sweet Grass	X
Democratic Candidate Ads	Political	Missoula	
"Montana: Big Eats Country"	Music Videos	Gallatin	
Dick Anderson Construction	Commercials	Lewis and Clark	
Dogwood	Short Films	Glacier	
DOTM	Short Films	Yellowstone	
Duluth Trading Company	Still Photography	Flathead	
Eat It	Television	Missoula	
Eye For Eye	Independent Features	Missoula	
Faherty Brand	Commercials	Gallatin	
Father Stu	Independent Features	Silver Bow+	
Figure Pay	Commercials	Missoula	
Finding Love in Big Sky	Independent Features	Gallatin	X
Finn Scooters	Commercials	Missoula	
For The Night	Independent Features	Silver Bow/Deer Lodge	
Geico Repair Shop and Lining the Field	Commercials	Carbon/Yellowstone	
Ghosts Of Devil's Perch - Discovery	Television	Silver Bow	
Global Nch (Remote) Shoot	Television	Meagher	
God's Country-2Nd Half	Independent Features	Park/Beaverhead	X
Going Circular	Documentaries	Ravalli	
Growing Up Grizzly	Documentaries	Park/Gallatin	
Growing Up Grizzly	Documentaries	Park	
HBO Real Sports - Montana Skateparks	Television	Chouteau+	
Homestead Rescue (2 Episodes) - Discovery	Television	Flathead/Gallatin	
Horses Spirits Healing	Industrial/Corporate	Yellowstone	
House Hunters	Television	Gallatin	
House Hunters (1 Episode)	Television	Yellowstone	
Hyundai	Commercials	Gallatin	

Production	Type	County	MEDIA Act Certified
I Am a Killer Season 3	Television	Gallatin	
Implementation Of New Equipment -Sheetrock Stacker	Online/Web Content	Yellowstone	
Infiniti Car Still Shoot	Still Photography	Gallatin	
Into The Unknown - Travel Channel	Television	Gallatin+	
Into The Wild Frontier - Post	Television	Park/Gallatin+	X
Into The Wild Frontier - Production	Television	Madison+	X
It's Alive 2.0	Television	Gallatin	
Ivan Doig - Landscapes of A Western Mind	Documentaries	Pondera/Meagher	
IWC	Commercials	Gallatin	X
Jeep	Commercials	Gallatin	
"Montana: Big Eats Country"	Music Videos	Gallatin	
John Deere	Commercials	Custer	
John Deere	Commercials	Park	
John Deere Stills	Still Photography	Park	
K.Williams, S.Morigeau, R.Graybill, B. Bennett	Political	Missoula+	
KIA	Commercials	Gallatin	X
Kitchen Aid	Commercials	Chouteau	
Land & Sky - The Inspiration of Tippet Rise	Documentaries	Stillwater	
Last Survivors	Independent Features	Silver Bow	X
Legacy Trucking	Industrial/Corporate	Yellowstone	
Long Lost Family 11 (Docuseries)	Documentaries	Flathead	
Love Without Boarders	Television	Gallatin	
Maid (Additional Unit)	Television	Missoula	
Man Baby	Short Films	Gallatin	
Marlboro Promotional Video	Commercials	Park	
Meat-eater	Television	Lewis and Clark	
Medicaid Update	Documentaries	Yellowstone	
Mending The Line	Independent Features	Park	X
Mike Cooney	Political	Lewis and Clark	
Mistletoe In Montana	Independent Features	Missoula+	X
Mitsubishi Motors	Commercials	Gallatin	
Monica Tranell	Political	Missoula	
Monica Tranell For Congress	Political	Missoula	
Montana State Fund	Still Photography	Lewis and Clark+	
Montana State Fund	Commercials	Lewis and Clark	

Production	Type	County	MEDIA Act Certified
Montana State Fund	Commercials	Lewis and Clark	
Montana State Fund	Still Photography	Sanders	
Montana State Fund	Still Photography	Missoula	
Montana Story	Independent Features	Gallatin/Park	X
Mountain America Credit Union	Commercials	Yellowstone	
Mountain Men	Television	Lincoln	
Mt Department of Transportation	Commercials	Silver Bow	
Murder At Yellowstone City	Independent Features	Park	X
Murder In the Heartland	Documentaries	Yellowstone	
Murdoch's Catalog	Still Photography	Gallatin	
Music In the Yakk	Documentaries	Flathead/Cascade	
Naked And Afraid - Frozen	Television	Park	
Nationwide Insurance	Commercials	Toole	
Nexus Of Evil	Independent Features	Flathead	
Omaze - 1970 Gateway F250	Commercials	Missoula	
One Question	Short Films	Gallatin	
Organ Trail	Independent Features	Park/Deer Lodge	X
Overland Home Shoot	Still Photography	Gallatin	
Paper Products Industry	Commercials	Ravalli	
Phrma	Political	Jefferson	
Please Baby Please	Independent Features	Silver Bow	X
Powder Pups	Independent Features	Cascade/Park/Gallatin	X
Preppers 2.0 - Nat Geo	Television	Missoula	
Providence, The Institute for Human Caring	Industrial/Corporate	Missoula	
Pureview Medical Center	Commercials	Lewis and Clark	
Purple Cauliflower	Short Films	Gallatin	
React Vape and Opioid	Commercials	Lewis and Clark	
Redwing Shoe Company	Commercials	Gallatin	
Restaurant Impossible	Television	Yellowstone	
Restoration Road (Episode 208)	Television	Yellowstone+	
Robert Osborn Photo Shoot	Still Photography	Park	
Senate Majority Pac	Political	Flathead/Missoula	
Shattered	Independent Features	Gallatin	X
Slant Streets	Independent Features	Missoula	
Snapped - Oxygen Tv	Television	Lewis and Clark	

Production	Type	County	MEDIA Act Certified
Snow Dog Editorial Shoot	Still Photography	Flathead	
Something Bit Me Natgeo/Disney+	Television	Flathead	
Sooyii	Independent Features	Glacier	X
State Of Montana Tribal Tourism Marketing Videos	Industrial/Corporate	Glacier	
Stockman Bank	Commercials	Missoula	
Stockman Bank	Commercials	Missoula	
Sun Mountain Sports	Commercials	Missoula	
Supaman	Music Videos	Yellowstone	
Supercell	Independent Features	Yellowstone	X
Terror On the Prairie	Independent Features	Park	X
The American Buffalo	Documentaries	Gallatin	
The Believing Girl and The Doubting Dad	Short Films	Ravalli	
The Circus	Television	Phillips/Valley	
The Damned	Independent Features	Lewis and Clark+	
The Fields Between	Short Films	Yellowstone	
The Ghost Town Terror (6 Episodes)	Television	Deer Lodge	
The Given Days	Independent Features	Ravalli/Silver Bow	
The Great American Build	Commercials	Yellowstone/Richland	
The Hail Mary	Independent Features	Gallatin/Park	
The Last Best Place	Television	Flathead	
The Last of The Mountain Men	Television	Madison	
The Last Son of Isaac Lemay	Independent Features	Park	X
The Lost History of Yellowstone	Still Photography	Gallatin	
The Most Amazing Vacation Rentals	Television	Park	
The Old Way	Independent Features	Park	X
The Ploughmen	Independent Features	Chouteau/Cascade	X
The Redeemer	Independent Features	Park	X
The Woods	Independent Features	Missoula	X
Three Women	Television	Flathead	

Production	Type	County	MEDIA Act Certified
Top Gear America	Television	Silver Bow	
Touch	Short Films	Gallatin	
Toyota	Commercials	Gallatin	
Treasure State	Independent Features	Ravalli	
Underground Marvels - Discovery Channel	Television	Silver Bow	
Untitled Documentary	Documentaries	Yellowstone	
Untitled Meat Documentary	Documentaries	Wheatland	
USDA/Fs Bear Spray Training	Industrial/Corporate	Park	
Venclexta	Commercials	Ravalli	
Veterans For Steve Daines	Political	Yellowstone	
Visit Montana	Online/Web Content	Lewis and Clark+	
We Have a Ghost - 2Nd Unit	Independent Features	Flathead/Glacier	
Whitefish Credit Union	Commercials	Flathead	
Who's At Risk	Commercials	Lake	
Wild Animal	Short Films	Yellowstone	
Wilderness Retreat	Online/Web Content	Ravalli	
Women On Death Row - A&E Channel	Television	Yellowstone	
Worldwide Waste Series (2 Episodes)	Online/Web Content	Silver Bow	
Wrangler	Commercials	Yellowstone	
Year Of the Dog	Independent Features	Park+	X
"Montana: Big Eats Country"	Commercials	Ravalli	
Yellowstone 1883	Network Television	Park	X
Yellowstone- Season 4	Network Television	Ravalli	X
Yellowstone Season 4 Pickups	Network Television	Ravalli	
Your Ears Shall Bleed	Independent Features	Ravalli	
YouTube X3	Online/Web Content	Yellowstone	

5.2. Economic and Fiscal Impacts by County, July 2020-June 2022 ($ millions)

All Productions	Carbon	Cascade	Deer Lodge	Flathead	Gallatin	Glacier	Lewis and Clark
Direct Output	2.0	2.3	3.0	2.73	6.9	1.0	1.4
Indirect and Induced	1.6	2.3	2.7	2.94	7.6	0.9	1.5
Total Impact	3.6	4.6	5.7	5.67	14.5	1.9	2.9
Direct Jobs Supported (FTE)	10	11	14	12	32	5	7
Indirect and Induced Jobs Supported (FTE)	10	15	17	19	46	5	10
Total Jobs Supported (FTE)	20	26	31	31	78	10	17
Total Employee Compensation Supported	1.0	1.6	1.6	2.0	4.5	0.6	0.9
Total Tax Revenue (local, county, state)	0.3	0.3	0.4	0.4	1.0	0.2	0.2

All Productions	Madison	Meagher	Missoula	Park	Ravalli	Silver Bow	Yellow-stone
Direct Output	4.7	1.2	2.95	17.6	21.0	3.1	4.8
Indirect and Induced	4.1	2.2	3.77	14.4	20.8	3.5	4.3
Total Impact	8.8	3.4	6.73	32.0	41.8	6.6	9.1
Direct Jobs Supported (FTE)	19	5	11	58	111	15	24
Indirect and Induced Jobs Supported (FTE)	23	14	22	94	145	22	26
Total Jobs Supported (FTE)	41	19	33	152	256	37	50
Total Employee Compensation Supported	3.0	1.2	2.1	7.9	8.2	1.7	2.9
Total Tax Revenue (local, county, state)	0.6	0.2	0.4	1.8	3.1	0.4	0.6

All Productions	County Total	Statewide Remainder	State Total
Direct Output ($M)	74.7	2.8	77.5
Indirect and Induced ($M)	72.7	3.7	76.4
Total Impact ($M)	147.4	6.5	153.9
Direct Jobs Supported (FTE)	335	12	350
Indirect and Induced Jobs Supported (FTE)	468	23	490
Total Jobs Supported (FTE)	801	35	840
Total Employee Compensation Supported ($M)	39.3	2.2	41.5

Source: Montana Film Office (2022), Montana Department of Revenue (2022), IMPLAN (2022)

5.3. Methodology

Calculating the Footprint of the Film Industry in Montana

In order to arrive at estimated spending and employee compensation for film productions in Montana, we used various data sources since complete data were not available for every production. These include the following data sources:

1. Audited data from the Department of Revenue for MEDIA Act productions.
2. Daily production spending for on-location productions from the Association of Film Commissioners International (AFCI). These daily spending amounts were normalized in 2022dollars and applied to the appropriate production types.
3. Call sheets from a large number of productions to estimate the number of shoot days, and
4. Production spending and employee compensation from selected productions.

When an estimated budget or direct data from the producer were not available, we applied the daily spending rate to the appropriate production types. This information was supplemented by spending patterns of comparable productions included in the analysis, which were data provided by the Montana Film Office, the Department of Revenue, and were independently researched, verified, and adjusted. Call sheets allowed us to calculate an average number of shoot days by production type in order to apply the daily production rate to arrive at an aggregate spend per production. This aggregate spend was proportioned into production spend, resident wages, and non-resident wages based on the spending profile of similar production types.

Economic impact estimates are generated by utilizing input-output models to translate an initial amount of direct economic activity into the total amount of economic activity that it supports, which includes multiple waves of spillover impacts generated by spending on goods and services and by spending of labor income by employees. This section summarizes the methodologies and tools used to construct, use, and interpret the input-output models needed to estimate this project's economic impact.

Input-Output Model Theory

In an inter-connected economy, every dollar spent generates two spillover impacts:

- First, some amount of the proportion of that expenditure that goes to the purchase of goods and services gets circulated back into an economy when those goods and services are purchased from local vendors. This represents what is called the "indirect effect," and reflects the fact that local purchases of goods and services support local vendors, who in turn require additional purchasing with their own set of vendors.

- Second, some amount of the proportion of that expenditure that goes to labor income gets circulated back into an economy when those employees spend some of their earnings on various goods and services. This represents what is called the "induced effect," and reflects the fact that some of those goods and services will be purchased from local vendors, further stimulating a local economy.

The role of input-output models is to determine the linkages across industries in order to model out the magnitude and composition of spillover impact to all industries of a dollar spent in any one industry. Thus, the total economic impact is the sum of its own direct economic footprint plus the indirect and induced effects generated by that direct footprint.

Input-Output Model Mechanics

To model the impacts resulting from the direct expenditures, Econsult Solutions, Inc. developed a customized economic impact model using the IMPLAN input/output modeling system. IMPLAN represents an industry standard approach to assess the economic and job creation impacts of economic development projects, the creation of new businesses, and public policy changes within its surrounding area. IMPLAN has developed a social accounting matrix (SAM) that accounts for the flow of commodities through economics. From this matrix, IMPLAN also determines the regional purchase coefficient (RPC), the proportion of local supply that satisfies local demand. These values not only establish the types of goods and services supported by an industry or institution, but also the level in which they are acquired locally. This assessment determines the multiplier basis for the local and regional models created in the IMPLAN modeling system. IMPLAN takes the multipliers and divides them into 536 industry categories in accordance to the North American Industrial Classification System (NAICS) codes.

The IMPLAN modeling system also allows for customization of its inputs which alters multiplier outputs. Where necessary, certain institutions may have different levels of demand for commodities. When this occurs, an "analysis-by-parts" (ABP) approach is taken. This allows the user to model the impacts of direct economic activity related to an institution or industry with greater accuracy. Where inputs are unknown, IMPLAN is able to estimate other inputs based on the level of employment, earnings, or output by an industry or institution.

Employment and Employee Compensation Supported

IMPLAN generates job estimates based on the term "job-years", or how many jobs will be supported each year. For instance, if a construction project takes two years, and IMPLAN estimates there are 100 employees, or more correctly "job-years" supported, over two years, that represents 50 annual jobs. Additionally, these can be a mix of a full and part-time employment. Consequently, job creation could feature more part-time jobs than full-time jobs. To account for this, IMPLAN has a multiplier to covert annual jobs to full-time equivalent jobs.

Income to direct, indirect, and induced jobs is calculated as employee compensation. This includes wage and salary, all benefits (e.g., health, retirement) and payroll taxes (both sides of social security, unemployment taxes, etc.). Therefore, IMPLAN's measure of income estimates gross pay opposed to just strictly wages.

5.4. About Econsult Solutions, Inc.

This report was produced by Econsult Solutions, Inc. ("ESI"). ESI is a Philadelphia-based economic consulting firm that provides businesses and public policy makers with economic consulting services in

urban economics, real estate economics, transportation, public infrastructure, development, public policy and finance, community and neighborhood development, planning, as well as expert witness services for litigation support. Its principals are nationally recognized experts in urban development, real estate, government and public policy, planning, transportation, non-profit management, business strategy and administration, as well as litigation and commercial damages. Staff members have outstanding professional and academic credentials, including active positions at the university level, wide experience at the highest levels of the public policy process and extensive consulting experience.

5.6 MEDIA Act Forms

The following pages document forms necessary for MEDIA Act Tax Credit

Montana Economic Development Industry Advancement (MEDIA) Act

Post-Production Application

The Montana Film Office of the Montana Department of Commerce administers pre-certification to the Montana Economic Development Industry Advancement Act (Media Act), Montana's media production incentive enacted in 2019. Montana offers a transferable tax credit on post-production wages on qualified productions in Montana. Pre-certification is required, with a non-refundable $500 filing fee.

Production companies may earn up to a 25% tax credit on qualified post-production wages in Montana by the post-production company. The specific incentive portions and provisions of the tax credit are available on our website, https://www.montanafilm.com/incentive-packages/tax-credit/

Registration with the Secretary of State is required. The registration process takes 7-10 days and completed registration must be uploaded with this application. Tips for registration can be found at https://www.montanafilm.com/wp-content/uploads/2019/06/SecretaryOfState_Tips.pdf Ready to Register? Go to: https://sosmt.gov/business/

The production company must file a Montana income tax return at the end of the tax year following project completion in order to claim the credit. Filing fees and additional documentation will be due to the Department of Revenue when you begin the income tax return process. The Department of Revenue is required to administer the transfer of the tax credits. https://mtrevenue.gov/

Fill out the form below to submit your request for pre-certification for Montana's film tax credits. A $500 non-refundable filing fee is due upon submission completion. Upon approval of this pre-certification and fee receipt, production companies will receive a letter from the Montana Film Office with specific instructions on the program.

Please pay attention to where it says **ATTACH**, as you must include attachments to these questions.

MONTANA FILM OFFICE

Production Title

Production Type

- [ ] Feature Film – Theatrical
- [ ] Feature Film – Streaming
- [ ] Feature Film – Television
- [ ] Television Series – Scripted
- [ ] Television Segment/Episode – Scripted
- [ ] Television Pilot – Scripted
- [ ] Television Special
- [ ] Series for Streaming Platforms
- [ ] Commercial Advertisement – Television
- [ ] Miniseries
- [ ] Music Video
- [ ] Corporate Video
- [ ] Short Film
- [ ] Industrial Film
- [ ] Interactive Entertainment
- [ ] Pre-Released Interactive Games
- [ ] Video Game Production
- [ ] Sports Events
- [ ] Production for Website Creation
- [ ] Sound Recording Projects

"Qualified production" means a new film, video, or digital project including only feature films, series for theaters, television, or streaming, pilots, movies and scripted shows made for television or streaming, televised commercial advertisements, music videos, corporate videos, industrial films, production for website creation, television specials, sports events, video games, interactive entertainment, pre-released interactive games, and sound recording projects used in a feature film, series, pilot, or movie for television.

The term "Qualified Production" does not include the coverage of news, local interest programming, instructional videos, commercials distributed only on the internet, infomercials, solicitation-based productions, non-scripted television programs, feature films consisting primarily of stock footage not originally recorded in Montana, or projects containing obscenity as defined in 45-8-201(2).

Case by Case: commercial, music video, production for website creation, video game, interactive entertainment, or experimental or low-budget project that plans a base investment of less than $350,000 but more than $50,000.

MONTANA FILM OFFICE

Project Description

Attach a brief description of project: Logline or brief synopsis

---

Post-Production Co. Name

Post-Production Co. Phone Number

Post-Production Co. Business Address

Post-Production Co. City, State, Zip

Post-Production Co. Email

Contact Name

Primary Contact Note: The contact person will work with the Montana Film Office (406.841.2876) and the Montana Department of Commerce (406.841.2870) on the reporting of information necessary for the incentive program.

Email

Company Corporate Status

Status as determined on your tax return

Other Corporate Status:

If OTHER is checked, explain corporate status

Date Business Commenced

Date of Incorporation or Formation, Format: Day/Month/Year

State of Incorporation or Formation

FEDERAL TAX ID (FEIN) or SSN

Corporate Officer Name

Corporate Officer Address

Corporate Officer SSN/EIN

Corporate Officer Phone Number

Corporate Officers Information; additional Officers

NOTE: If the applicant is a LLC, a Partnership, or a S corporation, list the names, addresses, and FEINs or SSNs of all members, partners, or shareholders and their respective percentages. If the applicant is a sole proprietor, include full legal name as it appears on the W-9. Upload a document detailing the information requested.

Incorporation Documentation and W-9

Attach a W-9 if sole proprietor, and for all other corporate entities, **attach** a W-9 and a copy of the incorporation documents

☐ **Members, partners, and shareholders will file Montana tax returns separately.**
Check if applicable.

☐ **Production Company Certification**
This certifies the above named company is engaged in the business of producing nationally or regionally distributed productions.

Producer Name

Producer Phone Number

Producer Email

Line Producer Name

Line Producer Phone Number

Line Producer Email

UPM Name

UPM Phone Number

UPM Email

Director Name

Director Phone Number

Director Email

Production Accountant Name

Production Accountant Phone Number

Production Accountant Email

Tax Preparation Information

Please **attach** details on how the production company intends to prepare for submission of post-production costs.

Tax Preparation Contact Name

Tax Preparation Phone Number

Tax Preparation Email

Base Investment Statement

- ☐ $350,000 or more
- ☐ Between $50,000 and $350,000
- ☐ Other

If other, please describe

☐ **Entity Name is Registered with Montana Secretary of State**

This is to certify that this production company has registered the above name with the Montana Secretary of State and has received certification as a company in good standing to transact business in Montana.

REGISTRATION WITH THE SECRETARY OF STATE: Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with sections 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at 406.444.3665, or visit their website at http://sos.mt.gov.

Secretary of State Registration Form

Attach your SOS form.

☐ **Compliance with Montana Laws**

Production Companies shall fully comply with all applicable federal, state, or local laws, rules, regulations, and executive orders including but not limited to, the Montana Human Rights Act, the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973.

Montana Post-Production Office Address

Montana Post-Production Office City, Zip

Montana Post-Production Office Phone

Total Production Budget

Production Budget

Attach your budget

Estimated Montana Post-Production Wages

Estimated Tax Incentive Credit

Begin Date - Post-Production in Montana

Estimated Days of Post-Production

Script/Synopsis/Storyboard

Attach your script or synopsis or storyboard.

Distribution Plan

- ☐ Theatrical
- ☐ Regional
- ☐ Festival Submission
- ☐ VOD
- ☐ Youtube or Vimeo
- ☐ Direct-to-DVD
- ☐ Television Broadcast
- ☐ Industrial/Educational
- ☐ International
- ☐ Streaming Service
- ☐ Other - Explain:

☐ **Bankruptcy Certification**

Check to certify this production company does not include a company owned, affiliated, or controlled by, in whole or in part, a company or person that is in default on a loan made by this state or a loan guaranteed by this state or a company or person that has filed for bankruptcy.

☐ **Obscenity Certification**

Check to certify this production does not contain any material or performance defined as obscene by Montana Code Annotated, section § 45-8-201.

☐ **Non-Tobacco Certification**

Check to certify that this production will not receive any money for tobacco product placement, advertisement, or other tobacco use in the production.

How to Pay the $500 Filing Fee:

Checks and Money Order Payments can be mailed to: Montana Film Office, PO Box 200533, Helena, MT 59620

Check, Cash, Money Order Payments may be made in person at 301 South Park Avenue, Room 129, Helena, MT 59620

Montana Economic Development Industry Advancement (MEDIA) Act

Production Application

The Montana Film Office of the Montana Department of Commerce administers pre-certification to the Montana Economic Development Industry Advancement Act (Media Act), Montana's media production incentive enacted in 2019. Montana offers a transferable tax credit to qualified productions from production companies that produce qualified productions in the state. Pre-certification is required, with a non-refundable $500 filing fee.

Production companies may earn up to a 35% tax credit on the base investment in Montana by the production company. The specific incentive portions and provisions of the tax credit are available on our website, https://www.montanafilm.com/incentive-packages/tax-credit/

Registration with the Secretary of State is required. The registration process takes 7-10 days and completed registration must be uploaded with this application. Tips for registration can be found at https://www.montanafilm.com/wp-content/uploads/2019/06/SecretaryOfState_Tips.pdf Ready to Register? Go to: https://sosmt.gov/business/

The production company must file a Montana income tax return at the end of the tax year following project completion in order to claim the credit. Filing fees and additional documentation will be due to the Department of Revenue when you begin the income tax return process. The Department of Revenue is required to administer the transfer of the tax credits. https://mtrevenue.gov/

Fill out the form below to submit your request for pre-certification for Montana's film tax credits. A $500 non-refundable filing fee is due upon submission completion. Upon approval of this pre-certification and fee receipt, production companies will receive a letter from the Montana Film Office with specific instructions on the program.

Please pay attention to where it says **ATTACH**, as you must include attachments to these questions.

MONTANA FILM OFFICE

Production Title

Production Type

- [ ] Feature Film – Theatrical
- [ ] Feature Film – Streaming
- [ ] Feature Film – Television
- [ ] Television Series – Scripted
- [ ] Television Segment/Episode – Scripted
- [ ] Television Pilot – Scripted
- [ ] Television Special
- [ ] Series for Streaming Platforms
- [ ] Commercial Advertisement – Television
- [ ] Miniseries
- [ ] Music Video
- [ ] Corporate Video
- [ ] Short Film
- [ ] Industrial Film
- [ ] Interactive Entertainment
- [ ] Pre-Released Interactive Games
- [ ] Video Game Production
- [ ] Sports Events
- [ ] Production for Website Creation
- [ ] Sound Recording Projects

"Qualified production" means a new film, video, or digital project including only feature films, series for theaters, television, or streaming, pilots, movies and scripted shows made for television or streaming, televised commercial advertisements, music videos, corporate videos, industrial films, production for website creation, television specials, sports events, video games, interactive entertainment, pre-released interactive games, and sound recording projects used in a feature film, series, pilot, or movie for television.

The term "Qualified Production" does not include the coverage of news, local interest programming, instructional videos, commercials distributed only on the internet, infomercials, solicitation-based productions, non-scripted television programs, feature films consisting primarily of stock footage not originally recorded in Montana, or projects containing obscenity as defined in 45-8-201(2).

Case by Case: commercial, music video, production for website creation, video game, interactive entertainment, or experimental or low-budget project that plans a base investment of less than $350,000 but more than $50,000.

MONTANA FILM OFFICE

☐ Agreement to Comply with Montana Promotion Requirement

The production will include a qualified Montana promotion. Checking this box constitutes an agreement to comply with this requirement. Qualified productions that meet the definitions below MUST agree. For all others, the promotion is optional for the additional 5% incentive portion. Call the Montana Film Office for questions on this category.

"Qualified Montana promotion" means a promotion of this state approved by the department of commerce and consisting of:

(a) a qualified movie production that includes a 5-second static or animated logo that promotes Montana in the end credits for the life of the project and that includes a link to the official state of Montana website on the project's website;

(b) a qualified television production that includes an embedded 5-second Montana promotion during each broadcast worldwide for the life of the project and that includes a link to the official state of Montana website on the project's website;

(c) a qualified music video that includes the Montana logo at the end of each video and within online promotions;

(d) a qualified interactive game that includes a 15-second Montana advertisement in units sold and embedded in online promotions;

(e) a qualified television special or sports event for which the network provides complimentary placement of two 30-second spots per 30 minutes of qualifying television special or sports event programming promoting Montana destinations and provided by the department of commerce as provided for in [section 4(7)] in the MEDIA Act.

Project Description

Attach a brief description of project: Logline or brief synopsis

---

Production Company Name

☐ Production Company Certification

This certifies the above-named company is engaged in the business of producing nationally or regionally distributed productions.

Production Company Phone Number

Production Company Business Address

Production Company City, State, Zip

Production Company Email

Contact Name

Primary Contact Note: The contact person will work with the Montana Film Office (406.841.2876) and the Montana Department of Commerce (406.841.2870) on the reporting of information necessary for the incentive program.

Email

Company Corporate Status

Status as determined on your tax return

Other Corporate Status:

If OTHER is checked, explain corporate status

Date Business Commenced

Date of Incorporation or Formation, Format: Day/Month/Year

State of Incorporation or Formation

FEDERAL TAX ID (FEIN) or SSN

Corporate Officer Name

Corporate Officer Address

Corporate Officer SSN/EIN

Corporate Officer Phone Number

Corporate Officers Information; additional Officers

NOTE: If the applicant is a LLC, a Partnership, or a S corporation, list the names, addresses, and FEINs or SSNs of all members, partners, or shareholders and their respective percentages. If the applicant is a sole proprietor, include full legal name as it appears on the W-9. Upload a document detailing the information requested.

Incorporation Documentation and W-9

Attach a W-9 if sole proprietor, and for all other corporate entities, **attach** a W-9 and a copy of the incorporation documents

☐ **Members, partners, and shareholders will file Montana tax returns separately.**
Check if applicable.

☐ **Attest to meeting the definition of Production Company when certification is approved**
A company primarily engaged in qualified production activities.

Producer Name

Producer Email

Line Producer Name

Line Producer Phone Number

Line Producer Email

UPM Name

UPM Phone Number

UPM Email

Director Name

Director Phone Number

Director Email

Production Accountant Name

Production Accountant Phone

Number Production Accountant Email

Production Crew Information

If UPM, Director, and Production Accountant sections are left blank, explain by **attaching** the hiring process for these positions.

Tax Preparation Information

Please **attach** details on how the production company intends to prepare for submission of costs and incentive at conclusion of principal photography.

Tax Preparation Information

Tax Preparation Contact Name

Tax Preparation Phone Number

Tax Preparation Email

Base Investment Statement

☐ $350,000 or more

☐ Between $50,000 and $350,000

Projects with a base investment under $50,000 will not be considered for this incentive.

A. With respect to a single crew member or production staff member, excluding an actor, director, producer, or writer, the portion of any compensation that exceeds $500,000 for a single production is not included when calculating the base investment.

B. The department of commerce may approve on a case-by-case basis an application for a commercial, music video, production for website creation, video game, interactive entertainment, or experimental or low-budget project that plans a base investment of less than $350,000 but more than $50,000.

Attach description of the proposed activities and expenditures if your base investment is between $50,000 and $350,000

☐ **Entity Name is Registered with Montana Secretary of State**

This is to certify that this production company has registered the above name with the Montana Secretary of State and has received certification as a company in good standing to transact business in Montana.

REGISTRATION WITH THE SECRETARY OF STATE: Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with sections 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at 406.444.3665, or visit their website at http://sos.mt.gov.

Secretary of State Registration Form

Attach your SOS form.

☐ ### Compliance with Montana Laws

Production Companies shall fully comply with all applicable federal, state, or local laws, rules, regulations, and executive orders including but not limited to, the Montana Human Rights Act, the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973.

Montana Production Office Address

Montana Production Office City, Zip

Montana Production Office Phone

Script/Synopsis/Storyboard

Attach your script or synopsis or storyboard.

Total Production Budget

Production Budget

Attach your budget

Estimated Montana Expenditures

Estimated Tax Incentive Credit

Start Date - Montana Pre-Production

Start Date - Montana Principal Photography

End Date - Montana Principal Photography

Estimated Days of Principal Photography

Proposed Montana Filming Locations

List all towns or properties in which you plan to photograph in or around – **Attach** if needed

☐ **Planning Post-Production in Montana**

Check this box if you plan post-production activities in Montana

End Date - Post-Production in Montana

Distribution Plan

- ☐ Theatrical
- ☐ Regional
- ☐ Festival Submission
- ☐ VOD
- ☐ Youtube or Vimeo
- ☐ Direct-to-DVD
- ☐ Television Broadcast
- ☐ Industrial/Educational
- ☐ International
- ☐ Streaming Service
- ☐ Other - Explain:

☐ **Bankruptcy Certification**

Check to certify this production company does not include a company owned, affiliated, or controlled by, in whole or in part, a company or person that is in default on a loan made by this state or a loan guaranteed by this state or a company or person that has filed for bankruptcy.

☐ **Obscenity Certification**

Check to certify this production does not contain any material or performance defined as obscene by Montana Code Annotated, section § 45-8-201.

☐ **Non-Tobacco Certification**

Check to certify that this production will not receive any money for tobacco product placement, advertisement, or other tobacco use in the production.

How to Pay the $500 Filing Fee:

Checks and Money Order Payments can be mailed to: Montana Film Office, PO Box 200533, Helena, MT 59620

Check, Cash, Money Order Payments may be made in person at 301 South Park Avenue, Room 129, Helena, MT 59620

MONTANA Department of REVENUE

2021 MEDIA Credit Claim

15-31-1001 through 15-31-1012, MCA

Form MEDIA-CLAIM
V1 9/2021

Clear Form

Name (as it appears on your Montana tax return)

Social Security Number | *OR* | Federal Employer Identification Number

Taxpayer Schedule

1	Enter your tax liability.	1	00
2	Enter the total of your nonrefundable credits, excluding your media credits.	2	00
3	Current year tax liability after all other nonrefundable credits. Subtract line 2 from line 1.	3	00

	UCRN For Each Credit	Tax Year		A	B	C	D	E	Mark How Credit Was Received	
	Department of Commerce Certification Number	First	Last	Credit Initially Received	Credit Previously Claimed	Credit Available To Claim	Tax Liability After Credit Claimed	Remaining Credit	Purchased	MT Schedule K-1
4				00	00	00	00	00		
5				00	00	00	00	00		
6				00	00	00	00	00		
7				00	00	00	00	00		
8				00	00	00	00	00		
9	**Total Credit Available to Claim**				►	00				

See instructions for how to report the amount on Column C, line 9, on your income tax return.

Pass-through Entity (PTE) Schedule

	UCRN For Each Credit	Tax Year		A	Mark How Credit Was Received	
	Department of Commerce Certification Number	First	Last	Total Credit Allocated	Purchased	Montana Schedule K-1
1				00		
2				00		
3				00		
4				00		
5				00		
6	**Total Credit Allocated** ►			00		

Include this form with your PTE return and keep a copy in your records.
You will need the figures reported on Column E, if any, to complete next tax year's return.

20UB0101

Montana Schedule K-1 Supplemental Information

Tax Year Y Y Y Y

PTE, Estate, or Trust

Name

FEIN

Owner or Beneficiary

Name

SSN or FEIN

UCRN For Each Credit **A**

	Department of Commerce Certification Number	Tax Year First	Tax Year Last	Total Credit Allocated	
1					00
2					00
3					00
4					00
5					00

Include this supplemental information with your Montana Schedule K-1.

20UB0201

Form MEDIA-CLAIM Instructions

General Instructions

Form MEDIA-CLAIM allows you to report the media credits you can claim against your income tax liability and calculate any carryover amounts.

Who must file Form MEDIA-CLAIM?

You must file Form MEDIA-CLAIM annually if you are the owner of a media credit that you can claim in the tax year, even if you do not have a tax liability for the year.

You are the owner of a media credit if:

- You are a certified media production or postproduction company, and you received a validation letter from the Department of Revenue stating the amount of credit you can claim associated with one or several unique credit registration numbers (UCRN).
- You purchased a credit and you received a transfer validation letter from the department stating the amount of credit transferred and the associated UCRN. If you did not receive your transfer validation letter within 30 days of recording the transfer, contact the department.

You are no longer the owner of a credit you have transferred.

A UCRN is a unique credit registration number issued by the Department of Revenue when a credit has been validated or transferred.

You can claim a media credit in tax years beginning in the calendar years covered by the UCRN. Your UCRN includes a starting year and an ending year for your carryover period. You cannot claim a media credit before you file your return for the tax year beginning in the starting calendar year of the UCRN. You cannot carry over any excess credit after the tax year beginning in the ending year of the UCRN.

> ***Example:*** You completed principal photography in the year 2021 and received a validation letter from the Department of Revenue with $1,000 of credit associated with UCRN 20-Post-10-002-2021-2025. The $10 million cap for the year 2021 has not been exceeded. You must wait until you file your tax return for Tax Year 2021 to claim the credit. The last year you can claim the credit is Tax Year 2025.

When is this form filed?

C corporations, individuals, estates or trusts must file Form MEDIA-CLAIM with their Montana income tax return.

Pass-through entities, or estates or trusts allocating a credit to a pass-through entity owner or a beneficiary, must file Form MEDIA-CLAIM with their Form PTE or FID-3.

Which schedule should be completed?

If you are a C corporation, individual, estate or trust claiming the credit, complete the Taxpayer Schedule, and include it with your income tax return.

If you are a pass-through entity, or an estate or trust allocating the media credit to an owner or beneficiary, complete the Pass-through Entity Schedule. Unless a special allocation is required in your partnership agreement or trust instrument, allocate your media credit to your owners or beneficiaries based on their percentage of items of income and loss and credit. Complete the supplemental information on page 2 for each owner and include this supplemental information with the Montana Schedule K-1 you are sending to your owner or beneficiary.

Line Instructions

Taxpayer Schedule

Line 1–Enter your tax liability from the following line on your Montana tax return:

- **Individuals–**Form 2, line 18.
- **Estates and trusts–**Form FID-3, line 30. Electing Small Business Trusts (ESBT) must enter the amount from Form FID-3, Schedule G, line 7 if the entity is a resident, or line 10 if the entity is a nonresident.
- **C corporations–**Form CIT, line10.

Line 2–Enter your total nonrefundable credits as follows:

- **Individuals–**Form 2, Nonrefundable Credits Schedule, line 28 (less the media credit reported on line 27).
- **Estates and trusts–**Form FID-3, lines 31 and 32 (less the media credit).
- ESBT must enter the amount from Form FID-3, Schedule G, lines 12 and 13 (excluding their media credit).
- **C corporations–**Form CIT, line 21 (less the media credit on line 20)

Lines 4 through 8–Enter the UCRN you received for each of your available media credits for the tax year. First enter the credits with the shortest remaining carryover period.

Mark the box to indicate if you purchased the credit or if you received the credit from a pass-through entity. If neither is applicable, leave both boxes unchecked. Follow the form instructions for Columns A through E.

Line 9–Calculate the total for Column C. This is the amount you can claim on your income tax return. Report this credit as follows:

- **Individuals–**Form 2, Nonrefundable Credits Schedule, line 27.
- **Trusts and estates–**Include this amount on Form FID-3, line 32.
- **C corporations–**Form CIT, Schedule C, Column B, line 20.

Deduct the sum of the amounts on Column E from this amount and report the total on Schedule C, Column C, line 20.

Pass-through Entity Schedule

You must complete this schedule if you are a pass-through entity, an estate or a trust that is allocating some amount of media-credit to owners, or beneficiaries.

Lines 1 to 5–Enter the UCRN you received for each of the media credits you are allocating if the tax year for which you are filing Form MEDIA-CLAIM is included in the range of years covered by the years of the UCRN. If the tax year for which you are filing is before or after the periods covered by the UCRN, you cannot allocate the credit associated with this UCRN.

Mark the box to indicate if you purchased the credit or if you received the credit from a pass-through entity. If neither occur, leave both boxes unchecked. Follow the form instructions for Columns A to E.

Montana Schedule K-1 Supplemental Information

If you are a pass-through entity, an estate or a trust, you must complete this supplemental information schedule for each owner or beneficiary that is being allocated some amount of media credit.

Lines 1 through 5–Enter the UCRN you received for each of the credits you are allocating to an owner or beneficiary if the tax year for which you are filing Form MEDIA-CLAIM is included in the range of years covered by the years of the UCRN. If the tax year for which you are filing is before or after the periods covered by the UCRN, you cannot allocate the credit associated with this UCRN.

Questions? Call us at (406) 444-6900, or Montana Relay at 711 for the hearing impaired.

MONTANA Department of REVENUE

MEDIA Credit Payment Voucher

When to use this voucher:
Use this payment voucher when remitting the MEDIA Credit application fee and the 2 percent MEDIA Credit transfer fee.

- MEDIA Credit Application Fee
  - For a production company with a base investment of less than $350,000, the application fee is $500.
  - For a production company with a base investment that is equal to or greater than $350,000, the application fee is $1,000.
- MEDIA Credit Transfer Fee
  - The MEDIA Credit transfer fee is equal to 2 percent of the value of the credit being transferred.

Help us apply your payment accurately!

- Fill out the voucher below
  - Choose one payment type
    - Application Fee
    - Transfer Fee
  - Provide your full:
    - Federal Identification Number (FEIN)
    - Department of Commerce Certification Number
    - Year the Credit was taken
- Do not staple or tape the voucher to your check or return.
- Make check payable to Montana Department of Revenue.
- Write MEDIA Credit and FEIN or SSN in the memo line of your check.
- Detach the voucher below and mail it with your check to:
  Montana Department of Revenue
  PO Box 5835
  Helena, MT 59604-5835

Cut line

MEDIA Credit Payment Voucher

V1 12/2020

Please use this voucher and include your full FEIN or SSN to ensure proper credit of your payment.

Name _____

Mailing Address _____

City, State, ZIP _____

Contact _____

Phone Number _____

☐ **Application Fee**

☐ **2% Transfer Fee**

1. **FEIN or SSN**
2. **Credit Year** Y Y Y Y
3. **DOC Certification Number**
4. **Amount Paid** .

MONTANA Department of REVENUE

MEDIA Credit Submission of Costs

MC-SOC
V1 8/2021

				Date	
Applicant Name				FEIN	
Mailing Address					
City		State		ZIP Code + 4	
Contact Name				Contact Phone Number	
Contact Email Address					

Name of Production	

Submission of Costs checklist. The following items must be submitted and completed with this form:

- ☐ Submission of Costs MEDIA Credit Spreadsheet
- ☐ Form MEDIA-Comps for every employee
- ☐ Earnings reports, payroll reports, check stubs, backup documentation
- ☐ Itemized reports/spreadsheets of expenditures in .xls format
- ☐ Itemized reports/spreadsheets of compensation in .xls format
- ☐ Loan-out agreements–if applicable
- ☐ Loan-out withholding–if applicable
- ☐ "Filmed in Montana" screen credit logo verification–if applicable
- ☐ Talent agreements
- ☐ Call sheets
- ☐ Department of Commerce Certification Approval Letter

Payment of MEDIA Credit Application Fee (see below)

Fee	If base investment is less than $350,000	$500	☐
	If base investment is $350,000 or more	$1,000	☐

(Please mark the applicable fee)

Submit application fee with MEDIA Credit payment voucher available at MTRevenue.gov.

Signature _____ **Date** _____

Under penalties of false swearing, I declare that the information provided above is accurate and that I am an employee of the production company above, or I have been assigned to perform services for the production company above.

Questions? Call us at (406) 444-6900, or Montana Relay at 711 for the hearing impaired.

MEDIA Credit Submission of Costs Instructions

What is the purpose of Form MEDIA Credit Submission of Costs (Form MC-SOC)?

Form MC-SOC is required as part of a complete MEDIA credit application. This form provides a checklist of the required information for a complete Submission of Costs on production expenditures and compensation claimed in connection with the MEDIA credit. Each item indicated on this application (e.g., MEDIA credit spreadsheet, Form MEDIA-Comps, application fee, etc.) must be submitted with this Form MC-SOC and the corresponding box checked. If an item is incomplete or is not submitted with this form, then the Form MC-SOC will be deemed incomplete and will require a new submission.

What is the due date of the Form MC-SOC?

A complete Form MC-SOC and its accompanying documentation must be submitted within 60 days after the end of principal photography for the production company to be eligible for credit starting in the year of production. If it is submitted more than 60 days after the end of principal photography, then the credit is available in the year following the year of production.

What is the Submission of Costs MEDIA Credit Spreadsheet?

The Submission of Costs MEDIA Credit Spreadsheet is provided to the production company by either the Department of Revenue or the Department of Commerce. The production company must report its total amount of expenditures and compensation on this spreadsheet and it must be filled out in its entirety. The Submission of Costs MEDIA credit spreadsheet includes instructions on the 'Instructions' tab.

What is the Form MEDIA-Comp?

Form MEDIA-Comp must be filled out for each person being claimed as part of the MEDIA credit. It requires certain information, such as residency status, loan-out information, and whether the person is above-the-line or below-the-line. If a Form MEDIA-Comp is not provided for each person or is incomplete, the credit will be adjusted.

Is there a required format for expenditures and compensation reports?

The accompanying expenditures and compensation reports must be provided in .xls format and reconcile with the amounts being claimed on the Submission of Costs MEDIA credit spreadsheet. You may provide additional information, such as earnings reports, general ledgers, and other substantiating documentation in whichever format you choose to support your application.

How should documentation substantiating expenditures be organized?

The documentation substantiating expenditures must be organized in a systematic manner that is separately grouped into the categories provided in the Submission of Costs MEDIA Credit Spreadsheet (e.g., Production Expenses (A1), Production Expenses (A2), etc.). To be eligible for the credit, each expense must be separately itemized in .xls format with the amount, date of purchase, description of item, address of purchase, whether the items were purchased in an underserved area, and any other information needed to substantiate the purchase reported.

How should documentation substantiating compensation be organized?

The documentation substantiating compensation must be organized in a systematic manner. Compensation must be itemized per person in .xls format, which indicates all amounts of compensation claimed for the credit, such as: earnings, fringes, taxable per diem, taxable kit rentals, etc. (Non-taxable items, such as per diem, kit rentals, and mileage, must be reclassified and claimed as an expenditure.) The documentation should specify Montana sourcing and, if applicable, Montana withholding. You may also provide earnings reports, payroll summaries, and other relevant documentation to substantiate the credit. However, all of these items must reconcile with the amounts being claimed on the MEDIA credit spreadsheet.

How is loan-out withholding verified?

Loan-out withholding is submitted through Montana's TransAction Portal (TAP). Once withholding has been remitted, a history of payments can be downloaded from TAP, and provided with this form. Alternatively, you may submit a copy of the MEDIA credit loan-out reconciliation return available on TAP, including the allocation of withholding payments per loan-out company. If applicable, you may need to obtain these documents from your payroll company.

How do I verify the "Filmed in Montana" screen credit logo?

To verify the "Filmed in Montana" screen credit logo, you may provide a video of the end credits showing the placement and duration of the Montana screen credit logo or a PDF or Doc file of the end credit prep in post-production. In addition to the mockup of the credit for the initial verification, the department may request the full end credits at a later date.

How do I pay the MEDIA credit application fee?

The MEDIA credit application fee must be submitted with the MEDIA credit payment voucher located on the Montana Department of Revenue website at MTRevenue.gov.

Administrative Rules of Montana (ARM) 42.4.3401, 42.4.3402, 42.4.3406, 42.4.3408, 42.4.3411, 42.4.3412, 42.4.3413, 42.4.3414, 42.4.3417, 42.4.3418, and 42.4.3419.

Questions? Call us at (406) 444-6900, or Montana Relay at 711 for the hearing impaired.

MONTANA Department of REVENUE

MEDIA Credit Application

MEDIA-Credit
V2 7/2021

Clear Form

Date

Applicant name **FEIN**

Mailing address

City **State** **ZIP Code + 4**

Contact Name **Contact Phone Number**

Contact Email Address

Name of Production

Type of Qualified Production

Amount of MEDIA Credit requested

Department of Commerce Application Submission Date Production Number

Principal Photography Dates Beginning Ending

MEDIA Credit Year

☐ Mark if you are electing to combine tax years. If so, which tax years?

Submission Date of Submission of Costs

CPA Montana License Number

Submission Date of CPA Report

Fee If base investment is less than $350,000 $500 ☐

If base investment is $350,000 or more $1,000 ☐

(Please mark the applicable fee)

Submission date of MEDIA Credit Application fee

The below contacts are authorized to discuss matters related to the MEDIA Credit Application

Authorized Contact Name	Contact Phone	Contact Email

Provide Fee with MEDIA Credit payment voucher available at MTRevenue.gov.

Signature _____ **Date** _____

Under penalties of false swearing, I declare that the information provided above is accurate and that I am an employee of the production company above, or I have been assigned to perform services for the production company above.

Questions? Call us at (406) 444-6900, or Montana Relay at 711 for hearing impaired.

MEDIA CREDIT APPLICATION INSTRUCTIONS

Who is required to submit the media credit application?

The media credit applicant is the same person that has applied for the media credit with the Department of Commerce. For example, Production Company is a wholly-owned subsidiary of Parent. Production Company applied for the media credit with the Department of Commerce and is, therefore, responsible for submitting the media credit application with the Department of Revenue. The media credit would be issued to the Production Company.

When do I submit the media credit application?

Submit the media credit application after you have completed principal photography, along with your CPA Report. This application must be submitted with your CPA Report.

What are the different types of qualified productions?

Qualified productions include: film, video, digital projects, series for theaters, television, streaming pilots, movies and scripted shows made for television or streaming, televised commercial advertisements, music videos, corporate videos, industrial films, production for website creation, television specials, sports events, video games, interactive entertainment, pre-released interactive games, and sound recording projects used in a feature film, series, pilots, or movie for television.

Qualified productions do not include coverage of news, local interest programming, instructions videos, commercials distributed only on the internet, infomercials, solicitation based productions, nonscripted television programs, feature films consisting primarily of stock footage not originally recorded in Montana, or projects containing obscenity as defined in 45-8-201(2), MCA.

What is the submission date of the Department of Commerce application?

The submission date of the Department of Commerce application is the date when both the application and application fee are submitted to the Department of Commerce. If the application fee is submitted after the application, the submission date is when the application fee is paid.

What is the production number that is issued from the Department of Commerce?

The production number is included with the certification letter provided by the Montana Film Office, as part of its application process. The production number, for example, has the following alpha-numeric sequence: 20-PROD-90-001.

What is the beginning and ending date of principal photography?

“Principal photography” means the time period the fundamental component of the project is materialized in Montana. The beginning date of principal photography is the starting date of shooting and the ending date of principal photography is when the production has completed wrap.

What is the Media Credit Year?

The Media Credit Year is the first year the credit can be claimed or transferred. The applicable Media Credit Year of the media credit is the year the production company incurred its expenses related to the production. For example, if a production company incurs all of its expenses in the year 2022 and it submits the “Submission of Costs” within 60 days of principal photography, then the credit has a Media Credit Year of 2022. However, if the “Submission of Costs” is not submitted within 60 days of principal photography, then the credit has a Media Credit Year of 2023.

What is the Media Credit Year if the production is filmed over several years?

If a production spans over multiple years, the applicable Media Credit Year for the production may vary. A production company has the option to submit media credit applications for each year, or it can submit one media credit application in the year principal photography is deemed complete. For example, Production Company begins filming in 2021 and ends filming in 2022. Production Company may submit two applications, for 2021 and 2022, and will receive credit for expenditures incurred in each of those years. Production Company would receive a certificate with a 2021 Media Credit Year and another certificate with a 2022 Media Credit Year.

Alternatively, Production Company may submit one media credit application for the year 2022 and will receive one certificate with a Media Credit Year of 2022.

Are you electing to combine tax years and, if so, which tax years?

Productions that span more than one calendar year may elect to combine credit years into the most recent calendar year. For example, Production Company begins filming in November 2021 and ends filming in May 2022. Production Company may elect to treat all qualified expenses as part of a 2022 Media Credit Year application. Otherwise, Production Company would need to submit two applications, one for 2021 and another for 2022.

If I elect to combine tax years, how does that impact the requirement to add-back expenses when claiming the media credit?

To claim the media credit, a production company must add-back expenses to the return on which it is claiming the media credit. For example, Production Company has elected to combine expenses from 2021 and 2022, as part of their 2022 application. Production Company must add-back all expenses from 2021 and 2022 on its 2022 Montana return to claim the media credit.

What is the "Submission of Costs" and what is the submission date?

The "Submission of Costs" includes the media credit application fee and information used to substantiate the media credit. For example, if would include the following:

- Media credit spreadsheet provided by the Montana Department of Revenue
- General ledgers
- Invoices and purchase orders
- Earnings reports and payroll reports
- Check stubs
- Form Media-Comp for each employee and loan-out
- Loan-out withholding agreements
- Verification of loan-out withholding payments
- Other supporting documentation to substantiate qualification for the media credit

The submission date of the "Submission of Costs" is the date when both the media credit application fee has been paid and the supporting documentation has been uploaded to Montana's File Transfer System. If the fee and supporting documentation are not provided concurrently, then the submission date occurs when supporting documentation is uploaded to Montana's File Transfer System, or on the postmark date of the check, whichever is later.

Can I submit my "Submission of Costs" separately from this application?

You may submit your "Submission of Costs" separately from this application. The "Submission of Costs" consists of both substantiating documentation for the media credit, and the media credit application fee. Each item may be submitted separately. For example, Production Company completes principal photography on July 15, 2022, and submits substantiating documentation for the credit as part of the "Submission of Costs" on September 10, 2022. Also, as part of its "Submission of Costs," it pays its application fee on September 11, 2022. Production Company submits its CPA Report on April 10, 2023. Production Company's "Submission of Costs" is deemed submitted on September 11, 2022, after payment of the application fee and the media credit application is deemed complete on April 10, 2023.

Who is the CPA?

The CPA is the individual that provided the CPA Report as part of the media credit application. The CPA must be authorized to practice in Montana. You must provide the CPA's Montana license number.

What is the submission date for the CPA Report?

The submission date for the CPA Report is the date it is uploaded to Montana's File Transfer System.

What is the application fee and how do I pay it?

An application fee varies depending on the amount of the base investment. A base investment of less than $350,000 requires a $500 fee whereas a base investment of $350,000 or more is $1,000. The fee can be submitted at any time but is required for an application to be considered complete. Please refer to the Media Credit Payment Voucher at MTRevenue.gov for instructions on submitting the fee. You may also visit the media credit homepage for instructions.

Is my media credit reserved with submission of this application?

The media credit is reserved on a first-in-time basis when a complete media credit application is submitted. A complete application includes the "Submission of Costs" and the CPA Report. If, after review, the Department of Revenue determines that a complete application has been submitted, then the amount of credit requested will be reserved.

Who should I include as persons authorized to discuss matters related to the media credit application?

Include all persons with authority to discuss any and all matters related to the media credit application. If there is insufficient space on the form, include additional persons as an attachment. If you need to make any modifications to this list, you will need to re-submit this form with the modifications. Re-submitting this form to include or remove additional persons does not result in a new media credit application.

Who should sign the media credit application?

The individual signing the media credit application should have contractual authority to bind the production company into agreements, such as an officer, manager, or other personnel designated by the company.

MEDIA CREDIT TRANSFER

MCT
V1 12/2020

Clear Form

Transferor

Name		FEIN/SSN
Address		
City	State	ZIP Code

Transferee

Name		FEIN/SSN
Address		
City	State	ZIP Code

Unique Credit Reference Number (UCRN)

The UCRN is issued by the Department of Revenue to the production company that generated the credit.

MEDIA Credit Transfer

Transferor's Total Credit Balance Before the Transfer	
Amount of Credit Transferred to Transferee	
Transferor's Total Credit Balance After the Transfer	

Transfer Fee

The transfer fee is equal to 2% of the value of the credit transferred.

Please remit payment to the following address:

Montana Department of Revenue
Attn: MEDIA Credit Transfer Fee
PO Box 5835
Helena, MT 59604-5835

Transferor agrees to make a sale or transfer of the Montana MEDIA credit and is notifying the Department of Revenue of this election.

Transferee understands and acknowledges that the Department of Revenue may recapture the media credit if it determines that the transferor does not have rights to the media credit. The transferee's recourse is against the transferor.

Transferor Signature _____ Transferee Signature _____

Print Name _____ Print Name _____

Date _____ Date _____

MEDIA Credit Transfer Form Instructions

What is the purpose of Form MCT? Form MCT must be completed when there is a transfer of the media credit from a transferor to a transferee. It serves as notification to the Department of Revenue that media credit has been transferred.

Who is a transferor? A transferor is an individual who is selling the media credit to a transferee. It may be the production company that generated the credit or an individual who previously purchased the credit and is re-selling the credit. The transferor is required to fill out the information located under the transferor section of Form MCT. The transferor may be a person, business, trust, or any other type of individual.

Who is a transferee? A transferee is an individual who is purchasing a media credit from a transferor. A transferee is required to fill out the information located under the transferee section of Form MCT. A transferee may be a person, business, trust, or any other type of individual, that is purchasing a credit.

What is the UCRN? The Unique Credit Reference Number (UCRN) is issued by the Department of Revenue to a production company upon approval and validation of the media credit. The UCRN must be provided under various circumstances such as, for example, when transferring the media credit, claiming the media credit on an income tax return, and opening a loan-out withholding account.

If a transferor is the owner of multiple media credits, how does the transferor determine its total credit balance, amount of credit transferred, and total credit balance remaining after each transfer? The owner of multiple media credits will need to track its media credit balance that is associated with each UCRN after every transfer. For example, a production company is the owner of two distinct media credits with the following UCRNs: UCRN 20-Post-10-002-2021-2025 and UCRN 20-Post-009-2022-2026. Each UCRN has a credit balance of $100,000. The production company transfers $5,000 of its media credit associated with UCRN 20-Post-10-002-2021-2025. For purposes of filling out Form MCT, the total credit balance is $100,000, the amount transferred is $5,000, and the credit balance remaining after the transfer is $95,000. If the production company would like to transfer media credits associated with its other UCRN 20-Post-009-2022-2026 to the same transferee, then it must complete a separate Form MCT for each transfer.

What if the Department of Revenue determines that the transferor did not have rights to the media credit? The Department of Revenue may disallow a credit if it determines that the transferor did not have rights to the media credit. The transferee's recourse is against the transferor and not the Department of Revenue.

How many times can the media credit be transferred? The media credit can only be transferred once per calendar year. For example, if a media credit is transferred on December 20, 2021, the credit may be transferred as early as January 1, 2022.

If a pass-through entity passes the media credit to its owners, does this event constitute a transfer requiring Form MCT and the transfer fee? The flow-through of the media credit from a partnership to its owners does not constitute a transfer and, as such, the Form MCT and two percent fee is not required. Owners may subsequently transfer the media credit or claim the media credit on their individual income tax return using Form Media-Claim.

Is there a minimum value when the media credit is transferred? Yes, the minimum value of transfer is 85% of the value of the media credit being transferred. For example, if $10,000 of the media credit is being transferred, then the minimum amount a transferee may pay for the media credit is $8,500 ($10,000 x 85%).

How does the five year carry forward apply when a media credit is transferred? The media credit may be carried forward for five years from the date of issuance. A media credit transfer does not extend the carry forward period. For example, if the media credit has been issued to a production company for tax year 2021, the credit may be carried forward until tax year 2025. If the credit is transferred in 2024, then the credit may still only be carried forward to 2025.

How do I pay the two percent fee? The fee must be remitted by check to the Department of Revenue within 30 days of the transfer. Failure to do so renders the transfer invalid and the transferee may not claim the credit.

Who is responsible for submitting this form and paying the two percent fee to the Department of Revenue? The transferor is responsible for submitting Form MCT and remitting the two percent transfer fee.

Where do I submit Form MCT and two percent fee? Please make your check(s) payable to Montana Department of Revenue and file with your Form MCT to:

Montana Department of Revenue
Attn: Media Credit Transfer Fee
PO Box 5835
Helena, MT 59604-6642

Questions? Call us at (406) 444-6900, or Montana Relay at 711 for the hearing impaired.

MONTANA Department of REVENUE

MEDIA Compensation Claim

Form MEDIA-Comp
V1 2/2020

Year | Production Certification Number

Production Name

Part I. Production Company

Company name | **FEIN**

Mailing address

City | **State** | **ZIP Code + 4**

Name of agent or payroll service provider (if applicable)

Agent's FEIN

Signature _____ **Date** _____

Production company representative

By signing this form, the production company, its affiliate, a hired production company or an agent of the production company signifies its intent to withhold a tax at a rate of 6.9% on the qualified portion of payments made to loan-out companies representing the compensation includable in the media production credit bases.

Part II. Employee

Employee name | **SSN**

Mailing address

City | **State** | **ZIP Code + 4**

☐ Mark if you are an actor, director, producer, or writer.

☐ Mark if you are a resident of Montana.

By checking the resident box above, I understand that I am declaring that I am domiciled in Montana or maintain a permanent place of abode within the state. I will file a resident Montana income tax return and shall be liable for Montana income tax calculated on my net income for the year.

☐ Mark if you are a student enrolled in a Montana university or college, and your work performed on the production will result in college credits.

Signature _____ **Date** _____

Under penalties of false swearing, I declare that the information provided above is accurate and that I am an employee of the production company above, or I have been assigned to perform services for the production company above.

Part III. Loan-Out Company

Company name | **FEIN**

Mailing address

City | **State** | **ZIP Code + 4**

☐ Mark the box if the individual identified in Part II is an employee of the loan-out company

Signature _____ **Date** _____

Loan-out company representative

Under penalties of false swearing, I declare that the employee identified in this form has been assigned to perform services for the production company.

Questions? Call us at (406) 444-6900, or Montana Relay at 711 for hearing impaired.

Form MEDIA-COMP Instructions

Purpose of the Form

Form MEDIA-COMP must be completed when a production company intends to include compensation in its Montana media production credit bases. A copy of Form MEDIA-COMP must be provided by the production company when submitting costs for the Montana media production credit.

Compensation qualifying for the media credit must pertain to a production certified by the Montana Department of Commerce. It includes regular wages paid by the production company and the portion of any payment made by a production company, its affiliate, a hired production company, or an agent of the production company to a loan-out company for personal services subject to a 6.9% withholding tax.

Who must complete this form? Form MEDIA-COMP must be given by the production company, an affiliate, or its agent to its employees or employees of loan-out companies providing personal services in a state-certified production. The employees must return the completed form to their employer or employer's agent.

What is a state-certified production? A state-certified production is a media production certified by the Montana Department of Commerce as eligible to claim a media production credit. For more information about certification contact the Montana Department of Commerce.

When must a production company complete Form MEDIA-COMP? A production company must complete Form MEDIA-COMP each year an employee of the production company, an affiliate, a hired production company or a loan-out company performs services in a Montana-certified production. If an employee performs services in several Montana certified productions, a Form MEDIA-COMP must be completed for each production.

A production company must obtain Form MEDIA COMP from a loan-out company for each calendar year the employee provides services in the state-certified production.

Record Keeping. The production company must keep Form MEDIA-COMP in its records and submit a copy of this form to the certified public accountant signing the production expenditure verification report. Another copy must be included with the substantiation documents required with its Montana media production credit application. Any media production credit claimed for compensation costs incurred in Montana not substantiated with Form MEDIA-COMP will be denied.

Year. This is the calendar year when compensation was paid out in relation to the state-certified production in Montana.

Production Certification Number. The production certification number is the number provided by the Department of Commerce upon certification of the production. If this number is not included on this form, the production company may not use this form for the verification of the media production credit.

PART I. Production Company

The representative of the production company may be an agent or a payroll service provider. By signing this form, the production company shows its intent to include the compensation paid to the employee in the media production credit bases and withhold a tax at the rate of 6.9% on the compensation portion of its payments to the loan-out company.

A copy of this signed form must be provided to the loan-out company or its agent to confirm the intent of the production company to apply the loan-out company withholding.

PART II. Employee

Employees of the production company or of a loan-out company rendering personal services in a state-certified production must complete this part.

Actor, Director, Producer or Writer. Mark the box if you are rendering services in the state-certified production as an actor, director, producer, or writer.

Residency. Mark the residency box if you are a resident of Montana on your first day of work on the state-certified production.

A resident of Montana is an individual who is domiciled in Montana and any other individual who maintains a permanent place of abode in Montana. Generally, obtaining a Montana driver's license, registering to vote in Montana, filing a Montana income tax return as a resident, or declaring to be domiciled in Montana to obtain services or privileges as a resident of Montana makes you a resident of Montana for tax purposes. A permanent place of abode can be a house, a trailer, a cabin or any other dwelling that has some characteristic of permanency.

A resident of Montana pays income tax in the state on their net worldwide income received while a resident.

Student. Mark this box if you are a student enrolled in a Montana college or university and your work on the production will result in college credits.

Signature of the employee. The employee must sign this form for it to be valid. If the residency box is marked, the employee acknowledges to be subject to income tax in Montana as a resident.

Part III. Loan-Out Company

Employee of the loan-out company. Mark this box if the employee listed in Part II is an employee of the loan-out company.

Loan-out companies include any hired company producing or contributing elements of a state-certified production.

Questions? Call us at (406) 444-6900, or Montana Relay at 711 for the hearing impaired.

ESI ECONSULT SOLUTIONS INC.

economics | strategy | insight

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