



MEMORANDUM

DATE: February 17, 2015

TO: The Honorable Rick Snyder
Governor of Michigan

Members of the Michigan Legislature

SUBJECT: FY 2014 MSF/MEDC Annual Report

Attached you will find the annual report for the Michigan Strategic Fund and Michigan Economic Development Corporation as required in the Michigan Strategic Fund Act, 1984 PA 270, and budget boilerplate. This report summarizes the activities and programmatic spending for fiscal year 2014.

In an effort to consolidate legislative reporting, the attachment also includes the following reports:

- A revised Michigan Business Development Program annual report (pages 6-11) – PA 270 of 1984, the Michigan Strategic Fund Act, Section 88r (MCL 125.2088r)
- Business Incubators and Accelerators annual report (pages 28-29) – PA 252 of 2014, the General Government Omnibus Budget, Section 1034
- A revised Michigan Community Revitalization Program annual report (pages 57-61) – PA 270 of 1984, Section 90d (MCL 125.2090d)
- Core Community Fund annual report (page 66) – PA 252 of 2014, Section 1014(2)
- Urban Land Assembly annual report (page 67) – PA 171 of 1981, the Urban Land Assembly Act, Section 9 (MCL 125.1859)
- Michigan Film Incentives and Tax Credits annual report (pages 74-75) – PA 252 of 2014, Section 1032 and PA 36 of 2007, the Michigan Business Tax Act, Section 455 (MCL 208.1455)
- Skilled Trades Training Program annual report (pages 82-89) – PA 252 of 2014, Section 1039
- Workforce Training Programs annual report (page 94) – PA 252 of 2014, Section 1068
- Michigan Community Colleges Awards Conferred annual report (pages 95-96) – PA 252 of 2014, Section 1050(3)
- North American Indian Tuition Waivers annual report (pages 97-100) – PA 252 of 2014, Section 1050(2)
- Jobs for Michigan Investment Fund annual report (page 111) – PA 252 of 2014, Section 1010
- Business Development, Community Revitalization, and Film Incentives Performance Metrics annual report (pages 12, 62 and 76) – PA 252 of 2014, Section 1007(2)

If you have any questions regarding this report or need additional information, please contact Joel Freeman in our Office of Governmental Affairs at 517.335.1847.

Attachment

cc: John Roberts, State Budget Director
Ellen Jeffries, Director, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency

Michigan Film Incentives

The Michigan Film and Digital Media Production Incentive provides qualified production companies up to a 32 percent incentive for qualifying Michigan expenditures with the opportunity to earn an additional 3 percent for filming in one of Michigan's qualified production or post-production facilities.

The MEDC Film Review Committee, comprised of senior MEDC staff including the Michigan Film Commissioner, reviews all completed applications using the statute to guide approval decisions and makes recommendations on whether to approve or deny a project. All projects are required to be approved in concurrence with the President of the MSF.

In FY 2014, 27 projects were approved. More than two-thirds of these were independent projects, including many from Michigan-based filmmakers. The Film Office has also continued to support local film festivals, including the Traverse City Film Festival, Waterfront Film Festival, Cinetopia, the Ann Arbor Film Festival and Meaningful Play as a way to promote Michigan's filmmakers, developers and projects.

Per statute, 5 percent of allocated incentive funding must be spent on digital media projects in the state. In FY 2014, \$2,923,371 was awarded to digital media projects (including post-production and video game development) with a total of \$2,747,141 dedicated to digital media funding carrying over into FY 2015.

The figures in this report are based on applications approved by the Michigan Film Office and therefore are estimates. The Film Office online dashboard can be found at <http://www.michiganfilmoffice.org/The-Film-Office/MFO-Dashboard/> and is updated quarterly with actual data from approved Certificate of Completion Requests.

Michigan Film and Digital Media Production Incentives						
Fiscal Year 2014: 10/01/2013 - 9/30/2014						
Project Title	Effective date	End date	Total Michigan Spend	Award Amount	Description	Locations
Sage & Milo (Batman v. Superman) ¹	07/15/13	up to 3 year maximum	\$131,419,947	\$34,000,000	Feature Film	Detroit, East Lansing, Pontiac
12 Monkeys (Pilot)	10/15/13	up to 3 year maximum	\$5,356,935	\$1,546,063	TV Pilot	Metro Detroit
Eloise	11/01/13	up to 3 year maximum	\$7,217,980	\$1,950,000	Feature Film	Metro Detroit
Northern 48	12/16/13	up to 3 year maximum	\$14,859,813	\$3,900,000	Feature Film	Metro Detroit, Point Aux Barques
Beverly Hills Cop	12/20/13	up to 3 year maximum	\$56,644,792	\$13,500,000	Feature Film	Metro Detroit
Crash Course	12/31/13	up to 3 year maximum	\$282,649	\$73,995	Documentary	Metro Detroit, Flint
American Muscle	12/31/13	up to 3 year maximum	\$1,253,682	\$308,869	TV Series	Plymouth Township
The Middle Distance	01/07/14	up to 3 year maximum	\$145,361	\$39,386	Feature Film	Grand Beach, New Buffalo, Three Oaks
The End of the Tour	01/15/14	up to 3 year maximum	\$2,105,652	\$495,380	Feature Film	Grand Rapids
Ask Dr. Nandi (Season 3)	02/01/14	up to 3 year maximum	\$6,437,789	\$1,582,898	TV Series	Farmington Hills
Moontrap: Target Earth	02/04/14	up to 3 year maximum	\$607,721	\$192,347	Feature Film	Metro Detroit, Troy
Paid in Full	02/21/14	up to 3 year maximum	\$157,373	\$48,457	Feature Film	Novi
A Craftsman's Legacy	03/01/14	up to 3 year maximum	\$345,652	\$102,414	TV Series	Auburn Hills, Detroit, Ferndale, Flint, Grand Rapids, Marquette, Munising, Pontiac, Royal Oak, Saginaw, St. Ignace
Scrap Yard	03/19/14	up to 3 year maximum	\$711,316	\$192,055	Video Game	Saline
Santa & His Elves	03/25/14	up to 3 year maximum	\$177,677	\$59,682	Interactive Website	Bloomfield Hills
Health Games for Kids	04/01/14	up to 3 year maximum	\$138,877	\$48,261	Interactive Game	Southfield
ISRA 88	04/04/14	up to 3 year maximum	\$392,971	\$110,357	Feature Film	Oxford, Romeo
Heartlock	04/04/14	up to 3 year maximum	\$503,150	\$139,568	Feature Film	Jackson, Standish
Sage & Milo (post)	05/06/14	up to 3 year maximum	\$8,959,926	\$2,113,671	Post-Production	Pontiac
Mickey Matson & The Helm of Darkness	05/13/14	up to 3 year maximum	\$733,078	\$222,613	Feature Film	Ludington, Mackinac Island, Manistee
Grain	06/09/14	up to 3 year maximum	\$727,406	\$238,588	Feature Film	Detroit
1-to-1 Fan	07/01/14	up to 3 year maximum	\$174,635	\$61,001	Interactive Game	Southfield
ONU	07/01/14	up to 3 year maximum	\$1,206,724	\$413,701	Interactive Website	Southfield
Believe	07/31/14	up to 3 year maximum	\$2,292,028	\$657,142	Feature Film	Grand Rapids, Manistee, Muskegon
Preachers of Detroit	08/26/14	up to 3 year maximum	\$1,393,255	\$405,811	TV Series	Bloomfield Hills, Detroit, Highland Park, Ypsilanti
Tommy Battles the Silver Sea Dragon	09/09/14	up to 3 year maximum	\$376,976	\$102,855	Feature Film	Detroit, Novi, Wayne
Destined	09/25/14	up to 3 year maximum	\$875,072	\$256,018	Feature Film	Detroit
Total:			\$245,498,437	\$62,761,132		

¹ This project was approved in FY 2013 for up to \$35 million, which is to be split between \$1 million spent in FY 2013 and \$34 million spent in FY 2014. The initial \$1 million to be spent in FY 2014 was reported in the FY 2013 annual report.

Michigan Film Incentives - Tax Credit Program

As of December 31, 2011, the Film and Digital Media Production Assistance Program has been operating within the scope of Section 29 of the MSF Act and no longer has the

In 2014, one post-production certificate of completion was signed and issued by the Film Office. The post-production certificate signed in 2013 was for the project Sparkle.

Approved Post-Production Certificates Issued															
Calendar Year 2013															
Production	Locations	Total Michigan Spend	Goods	Services	Salaries & Wages	BTL Crew Employed in State	BTL Crew Residents of State	Total Hours Worked on Production	ATL Personnel Employed in State	ATL Personnel Residents of State	Persons Employed in State who Earned Over \$250k	\$250k Residents of State	Temporary Jobs Created	Permanent Jobs Created	Person Employed in State as FTE
Sparkle	Detroit, Hamtramck	\$9,301,440	\$1,589,381	\$750,674	\$6,961,415	334	285	7,329	37	14	0	0	299	0	53

Approved Certificates of Completion Requests											
Fiscal Year 2014: 10/1/2013 - 9/30/2014											
Production	Locations	Direct Production Expenditures Incentive Awarded	Michigan Personnel Expenditures Incentive Awarded	Crew Personnel Expenditures Incentive Awarded	Qualified Personnel Expenditures Incentive Awarded	Post-Production Expenditures Incentive Awarded	Qualified Facility or Infrastructure Expenditures Incentive Awarded	Program Administration Spend	Temporary Jobs Created	Permanent Jobs Created	Persons Employed in State as FTE
Rumors of Wars	Grand Rapids	\$12,398	\$17,050	\$1,998	\$9,653	\$0	\$0	\$0	26	0	1
Black Sky	Armada, Auburn Hills, Brighton, Detroit	\$3,178,142	\$2,941,549	\$1,853,651	\$876,473	\$0	\$628,897	\$0	470	0	143
Detroit Rubber	Detroit, Royal Oak	\$17,185	\$19,320	\$0	\$1,674	\$0	\$0	\$0	18	0	1
Parts Per Billion	Berkley, Bloomfield Hills, Detroit, Rochester	\$73,500	\$79,804	\$32,348	\$24,152	\$0	\$0	\$0	54	0	5
Don Cheto Cycle 1	Southfield	\$0	\$0	\$0	\$57,158	\$5,238	\$0	\$0	17	0	3
Blue Goli Mobile Arcade	Southfield	\$0	\$0	\$0	\$36,741	\$3,460	\$0	\$0	18	0	2
Misled	Dearborn, Detroit, Hamtramck, Plymouth	\$18,048	\$28,425	\$0	\$2,817	\$0	\$0	\$0	85	0	2
Division 19	Detroit, Hamtramck, Highland Park	\$75,013	\$78,528	\$9,685	\$18,483	\$0	\$15,697	\$0	82	0	5
Fractured	Detroit	\$16,491	\$13,361	\$0	\$852	\$0	\$0	\$0	28	0	0
Need for Speed	Detroit	\$272,462	\$173,229	\$235,549	\$152,697	\$0	\$0	\$0	108	0	10
Transformers 4	Detroit, Fairfield Township, Lansing, Milford	\$6,150,428	\$3,019,571	\$4,776,762	\$1,897,655	\$0	\$825,247	\$0	481	0	179
How to Catch a Monster (Lost River)	Detroit, Shelby Township	\$478,517	\$622,429	\$233,017	\$198,424	\$0	\$111,522	\$0	110	0	37

**Michigan Film Office
Section 1007(2) Program Performance Metrics**

Section 1007(2) of Public Act 252 of 2014, the General Government Omnibus Budget, requires the Michigan Strategic Fund to submit a report updating the legislature on the Michigan

Fiscal Year	Total Committed Jobs	Total Verified Jobs ^{1,2}	Total Projected Private Investment	Total Actual Private Investment ²	Estimated Return on Investment ²
FY 2012	1,072	934	\$57,793,562	\$43,163,192	\$0.50
FY 2013	2,315	999	\$143,424,801	\$69,281,304	\$0.33
FY 2014	2,181	0	\$245,498,437	N/A	N/A

MFO Project Amendments Fiscal Year 2014: 10/1/2013 - 9/30/2014	
Film	Description of Amendment
How to Catch a Monster (Lost River)	Amended to reflect incentive award increase of \$122,148 due to change of facility status from "non-qualified" to "qualified"
Eloise	Amended to reflect BPH Productions 1, LLC rather than its predecessor SLAM Eloise, LLC, as the applicant entity.

¹ Jobs created during production are required to be reported on the Certificate of Completion Request form, which legislatively mandates an independent CPA audit prior to submission to

² These figures are based only on projects with approved Certificate of Completion Request forms.