



Qualified Expenses Eligible for Colorado Incentive Rebate

A “qualified local expenditure” means a payment made by a production company operating in Colorado to a person or business in Colorado in connection with production activities in Colorado. Qualified local expenditures include (1) **payroll and workforce expenses** and (2) **vendor expenses**.

Payroll and Workforce

Qualified Payroll

All wages paid to workforce – Colorado and non-Colorado residents – are included as a qualified expense in the payroll section of the Proof of Performance, so long as Colorado income tax is withheld.

Workforce

Workforce is defined as any crew or cast member from the Qualified Labor and Payroll list who performs work on the incentivized production in the state of Colorado, and pays Colorado income tax on wages earned from the production.

Colorado Workforce

Colorado Workforce is defined as any crew or cast member that has resided in Colorado for at least 90 days, who performs work on the incentivized production in the state of Colorado, and pays Colorado income tax on wages earned from the production.

Total Workforce

The total workforce includes Colorado residents and Non-Colorado residents working on production activities IN Colorado. This determines the base for the 50% crew requirement. The names and positions of the Total Workforce must be supplied to the CPA and the Film Office. To be considered a Colorado resident, a Colorado Declaration of Residency Form must be submitted with appropriate back-up and provided to the CPA and Film Office.

Taxes and Method of Payment

All positions from the Qualified Labor and Payroll list are considered crew members (regardless of their method of payment) and must have Colorado income tax withheld (Colorado and non-Colorado residents). According to the Colorado Department of Revenue, employers must withhold Colorado income tax from any compensation paid to any employee if:

- The compensation is subject to federal withholding for income tax purposes;

and

- The employee is a Colorado resident (whether working inside or outside of Colorado); or
- the employee is a nonresident of Colorado performing services in Colorado.

Crew members can be paid as employees using a payroll service. Additionally, crew may be paid using a loan out company or single member LLC (i.e. as a “contractor”) so long as the following requirements are met:

- Payment to a Colorado resident’s Colorado loan out company or single member LLC sufficiently counts as payroll. Production companies do not need to have tax withheld by the production company or provide proof of tax withholding.
- Non-Colorado contractors paid through loan-out or single member LLC and must have Colorado income tax withheld by the production company **or** provide proof to the production company that Colorado income tax has been withheld. The owner of the loan out company/single member LLC is responsible for registering for a Colorado withholding tax account, but the payroll company or production company may withhold the taxes on their behalf. Instructions can be found at: <https://www.colorado.gov/pacific/tax/withholding-payroll-tax-account>

Employees vs. Independent Contractors

- No crew members on the Qualified Labor and Payroll list are ineligible for tax withholding (unless an optional vendor classification is specified).
- **No individual without a loan out company or single member LLC can be considered a contractor**, and must be considered an employee and paid through a payroll company accordingly. The Film Office conforms to guidelines provided by the IRS, which can be found at <https://www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-self-employed-or-employee>

Cast

- The Film Office considers cast (both Colorado and Non-Colorado) as any actor who is paid for their services and a member of a SAG-AFTRA union. Therefore, extras or non-union actors should not be included in any numbers regarding workforce. (Note extras and non-union cast members on the cast list, but do not include them in the workforce count).

Reporting

- The Film Office requires specific reporting at the end of each project, including:
 - Number of hours worked by employee (for the entire production period)
 - Number of days worked and average work day hours
 - Colorado income tax withheld for all employees
 - Payroll to Colorado residents only

Qualifying Crew Labor and Payroll by Department

- Accounting (accounting, payroll account, 1st assistant accounting, accounting clerk(s), etc.)
- Acting (actor, acting coach, dialect coach)
- Art Department (production designer, art director, assistant art director, set designer, graphic artist, storyboard artist)
- Casting Directors (*can be considered either crew or vendor*)
- Camera (1st & 2nd unit camera operators, 1st assistant camera, 2nd assistant camera, camera loader, digital imaging technician, director of photography, jib operator, stedicam operator, still photographer)
- Choreographers
- Construction (builders, carpenters, metal fabricators, prop maker, plasterer, buyer)
- Costume/Wardrobe (wardrobe stylist, wardrobe buyer, assistant wardrobe stylist, wardrobe supervisor, costume designer, assistant costume designer, costumer, seamstress, assistant costumer)
- Craft Services
- Directors (1st and 2nd unit directors, 1st assistant director, 2nd assistant director, 2nd 2nd assistant director, technical director)
- Editors (editor, assistant editor) (*can be considered either crew or vendor*)
- Electric and Lighting (best boy electric, set lighting technician, lighting designer, rigging electric, gaffer, rigging gaffer, generator operator)
- Food Stylists
- Greensmen
- Grips (crane/job operator, key grip, best boy, dolly grip, grip, rigging grip)
- Hair (head of department, key hair stylist, assistant hair stylist)
- Make-Up (head of department, key make-up artist, assistant make-up artist, personal make-up teams, etc)
- Painters (set painter, lead scenic, paint foreman)
- Personal Assistants
- Producers (producers, associate producers, line producers, unit production managers, production supervisors)
- Production Assistants (set, construction, art, locations, casting, wardrobe)
- Production Office (coordinator, secretary, travel coordinator, assistant to producer)
- Script Supervisor
- Screenwriters
- Set Decoration (set decorator, buyer, set dresser)
- Sound (boom operator, studio engineer, mixer, cable puller, designer)
- Special Effects/Visual Effects (coordinator, foreman, technician, artist, make-up/prosthetics, pyrotechnics)
- Stunt Coordinators
- Transportation (coordinator, captain, office coordinator, driver, picture car coordinator)

- Tutors
- Animal Wranglers (handler, trainers, assistants)

Exclusions

- Crew or cast members who did not physically work in Colorado
- Subcontractors, i.e. construction workers, caterers on set, agency/brand representatives, etc., that are employees of a contract vendor
- Crew members that are contracted through a studio lease or any other rental agreement where the production is not directly in charge of the employee
- Payments to vendors
- Unpaid extras, interns, and non-union cast members

Vendor/Independent Contractor Expenses

Vendor expenses are defined as payments made to Colorado companies and services in connection with production activities in Colorado.

Qualifying Vendor Spend – Colorado Companies Only

- Accommodations (hotels, extended stays, house rentals, short term office leases)
- Accounting and Payroll (payroll services, CPA services)
- Advertising and Public Relations (publicists, advertising firms, special event coordinators)
- Catering Services
- Cleaning Services
- Composer Services
- Construction Materials and Hardware
- Costumers and Services (dry cleaners, costume makers and rentals, uniforms, wardrobe supplies)
- Courier and Shipping Services
- Equipment rentals (appliances, camera systems, computers, electronics, furniture, generators, mobile restrooms, power equipment, walkie-talkies, tents, video equipment, grip & electric, lighting systems, telecommunications equipment, expendables and teleprompters)
- Food and beverage purchases
- Fire Safety and Firefighting Services
- Hair and Make-Up Supplies
- Insurance
- Legal Services
- Location Rental Fees
- Medical Services (EMT services, on-set doctors)
- Music Licensing
- Nursery and Landscaping Services
- Office Supplies and Rentals (copiers, furniture rentals, short-term internet and phone service)

- Permit Fees (city, county, state and national park service)
- Police and Highway Services and Rentals
- Post Production Services (editing, audio/sound engineering facilities, music composition, sound effects, special effects, color correction, recording studios, closed captioning)
- Printing Services
- Production Companies
- Prop Rentals and Supplies (arts and crafts, firearms and weapons, flowers, plants, set construction supplies)
- Propane
- Realtors and Brokers
- Sanitation Services
- Security (guards, patrol, locksmith)
- Stages & Studios
- Storage Rentals
- Talent (cast agencies, extras casting agencies, modeling agencies, voice over talent agencies)
- Transportation (travel agencies, aerial services and pilots, auto mechanics, boats rentals, car rentals, cargo and trailer rentals, motor home rentals, film truck rental, fuel and fuel services, limousine and car services, moving services, picture cars, and taxis)
- Upholstery Services
- Water and Water Delivery Services
- Weather and Safety Consulting

Exclusions

- Non Colorado vendor purchases or purchases from online retailers
- Alcohol or dispensary purchases
- Purchases with no receipts
- Fundraising and distribution expenses

Other Considerations

- **Production Office Expenses** - only short term leasing of rental space, internet and phone set-up are qualified. If the production has a permanent office operating in Colorado, these expenses are not considered qualified as they are normal operating expenses that extend past the incentivized project.
- **Equipment Purchases** - if non-disposable equipment is purchased or leased longer than the incentivized production period, the full cost of the item cannot be qualified. To qualify the expense, calculate the average daily rate of the equipment and charge for the number of days the equipment is used.
- **Airfare** – airfare purchases are only qualified if they are purchased through a Colorado based travel agent or through an airline who's corporate headquarters is located in Colorado.

- **Intermediary Companies** - Intermediary vendors like AirB&B, Lyft, and Uber are qualified expenses so long as the overhead fee that goes directly to the company is removed. Only fees going to Colorado homeowners or drivers who are Colorado residents can be claimed.
- **Mileage Reimbursements** – mileage may be reimbursed at the IRS rate but only for travel within state lines.
- **Online Shipping Purchases** – shipping charges are qualified expenses only if the transaction takes place in a branch located in Colorado. Shipping services purchased online do not qualify.