



EMPLOYER NOTIFICATION

RE: Proration of Post '60s/Supplemental Markets Contributions to the Motion Picture Industry Pension & Health Plans

As you are aware, the various collective bargaining agreements which require contributions to the Motion Picture Industry Pension and Health Plans (“Plans”) permit the proration of Post '60s and Supplemental Markets contributions under certain circumstances, which are defined by those agreements.

As part of its audit program, the Plans regularly review those contributions which have been made on a prorated basis to determine whether proration was allowable and, if so, the proper proration percentage. In such an audit, the Plans must be able to review the underlying production records and relevant information.

It has come to our attention that this production information is sometimes not available to a distributor, which has become responsible for Post '60s and Supplemental Markets contributions, because that distributor has not obtained the production information from the producer of the motion picture or for some other reason. By the time an audit is conducted, the distributor sometimes finds that it is impossible to obtain this information and it is impossible to perform an adequate audit of a claim that a picture is proratable.

If it is not possible to obtain the information necessary to establish that the proration is justified under the applicable collective bargaining agreements, proration is not permitted under those agreements and Post '60s and Supplemental Markets obligations will not be prorated. It is therefore very important at the time of production or at the time that a motion picture is obtained for distribution that the production information pertinent to proration be obtained and preserved.

Additional information, if required, can be obtained by contacting Residual Department at Ext. 667.

**Checklist for
Proration of Post '60s and Supplemental Markets Monies
I.A.T.S.E. and Basic Crafts Agreements**

This form is to be used for determining whether the Producer is obligated to make Post '60s and Supplemental Markets contributions to the Motion Picture Industry Pension and/or Health Plans in connection with a particular production and, if so, whether the production is eligible for proration.

Principal Photography Dates: _____

Name of Production Company: _____

Name of Payroll Company and Contact: _____

Production Name: _____

Production Number: _____

Estimated Delivery Date of Answer Print: _____

The Producer - I.A.T.S.E. and M.P.T.A.A.C. Basic Agreement requires Producers to make Post '60s and Supplemental Markets percentage payment contributions based on gross receipts from the sale, lease, license or distribution of a theatrical motion picture on free television, pay television and/or in videocassettes, respectively, and on the gross receipts from the sale, lease, license or distribution of a television motion picture on pay television and/or in videocassettes, respectively, when the Producer has employed two (2) or more individuals subject to the I.A.T.S.E. Basic Agreement and the West Coast Studio Local Agreements (see Exhibit A-1) or two (2) or more individuals subject to the Basic Crafts Agreements (see Exhibit A-2). "The two (2) or more individuals" requirement is not satisfied by one (1) individual employed subject to the I.A.T.S.E. West Coast Studio Local Agreements and one (1) individual employed subject to the Basic Crafts Agreements.

The following persons are not counted for purposes of determining whether "two (2) or more individuals" were employed on a production: (a) individuals employed under the Local #600 Amendment Agreement;¹ (b) individuals employed under the Local #871 Amendment

¹ The Local #600 Amendment Agreement applies to the employment of those camerapersons employed in Puerto Rico or in any of the thirty-seven (37) states of the United States not currently covered under the Local #600 West Coast Studio Local Agreement (*i.e.*, outside the states of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming).

Agreement covering Production Office Coordinators, Assistant Production Office Coordinators and Art Department Coordinators; or (c) individuals employed under the Local #700 Amendment Agreement.² However, if the picture is otherwise subject to percentage payments and if the proration provision applies, the salaries of such individuals, *except* individuals who are employed under the Local #700 Amendment Agreement, are included in both the numerator and the denominator used in calculating the proration percentage for the picture.

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Section 1. Basic Requirements For Triggering Post ‘60s/Supplemental Markets Payments

Were two (2) or more employees working on the production subject to the I.A.T.S.E. West Coast Studio Local Agreements or the Basic Craft Agreements?

If the answer is **Yes**, the production is subject to Post ‘60s and Supplemental Markets payments and the Producer is responsible for percentage payments. Check **Yes** in the space provided below and proceed to the questions under 2.A, 2.B. and 2.C. to determine if the production is eligible for proration.

Yes _____ No _____

If the answer is **No**, the production is not subject to Post ‘60s and Supplemental Markets. You do not need to complete any of the remaining questions on this form; sign and return the form to your Senior Auditor.

Section 2. Eligibility for Proration

Answer the following questions to determine whether the production is eligible for proration:

A. “Foreign” Qualifications

- (1) Indicate the total number of shooting days of principal photography: _____

- (2) Indicate the total number of shooting days of principal photography which took place in a country other than the United States, its territories or Canada: _____

² The Local #700 Amendment Agreement applies to the employment of editorial personnel within the United States (including Puerto Rico), but outside the County of Los Angeles, California.

- (3) Divide the answer to item (2) by the answer to item (1). This number represents the percentage of principal photography shot in a country other than the U.S., its territories or Canada:

- (4) Is the answer to item (3) above 20% or more?

Yes _____ No _____

If the answer to (4) is **Yes**, this production meets the requirements for proration for a foreign motion picture. Check **Yes** in the space provided below and proceed to Section 3., "Proration."

Yes _____ No _____

If the answer to (4) is **No**, proceed to Section 2.B., "Domestic Qualifications - I.A.T.S.E. only or I.A.T.S.E. and Basic Crafts Unions" and to Section 2.C. "Domestic Qualification - Special Rule for 'Basic Crafts Unions only' Motion Pictures," to determine whether the production is eligible for proration under domestic qualification rules.

B. "Domestic" Qualifications (including Canada) - I.A.T.S.E. only or I.A.T.S.E. and Basic Crafts Unions

- (1) Indicate the total number of shooting days of principal photography:

- (2) Indicate the total number of shooting days of principal photography occurring **outside** the thirteen (13) Western states, *i.e.*, Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming³:

Provide a list of those states outside of the thirteen (13) Western states in which filming took place and indicate the number of filming days in each such state:

³ Note that the 13 Western states listed here are not the same as the 13 Western states covered by the Local #600 Agreement (the Local #600 Agreement covers Hawaii, not Texas.)

- (3) Divide the answer to item (2) by the answer to item (1). This number represents the percentage of principal photography shot outside the thirteen (13) Western states.

- (4) Is the answer to item (3) above more than 50%?

Yes _____ No _____

If the answer to item (4) is **Yes**, the production is eligible for proration; proceed to Section 3.A. on page 6.

If the answer to (4) is **No**, proceed to Section 2.C. below, to determine whether the production qualifies for proration under the Special Rule for “Basic Crafts Unions only” Motion Pictures.”

C. “Domestic” Qualifications - Special Rule for “Basic Crafts Unions only” Motion Pictures (applies to films shot **inside** the thirteen (13) Western states on which only Basic Crafts employees were employed).

- (1) Were any of the employees working on the production crew of the picture covered under the I.A.T.S.E. West Coast Studio Local Agreements?

Yes _____ No _____

If the answer to (1) is **Yes**, this production is not eligible for proration for a “Basic Crafts Unions only” production. Unless the production is eligible under Section 2.A. or 2.B. above, proration is not permitted. If this is the case, check **No** in the space indicated below and return the form to your Senior Auditor.

Yes _____ No _____

- (2) Were any of the employees working on the production crew of the picture covered under the Basic Crafts Agreements listed in Exhibit A-2?

Yes _____ No _____

If the answer to (2) is **No**, this production is not eligible for proration for a “Basic Crafts Unions only” production. If the

answer to (2) is **Yes**, continue on to items (3) through (9) to determine whether the production is eligible for proration as a “Basic Crafts Unions only” production.

(3) Indicate the total number of shooting days of principal photography: _____

(4) Indicate the total number of shooting days of principal photography which took place **inside** the thirteen (13) Western states, *i.e.*, Alaska, Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming: _____

(5) Provide a list of those states inside of the thirteen (13) Western states in which filming took place and indicate the number of filming days in each such state:

(6) Divide the answer to item (4) by the answer to item (3). This number represents the percentage of principal photography shot inside the 13 Western states. _____

(7) Is the answer to item (6) more than 50%?
Yes _____ No _____

If the answer to (7) is **Yes**, this production is eligible for proration. Proceed to item (8) below.

If the answer to (7) is **No**, this production is not eligible for proration as a “Basic Crafts Unions only” production. Unless the production is eligible under Section 2.A. or 2.B. above, proration is not permitted. If this is the case, check **No** in the space indicated and return the form to your Senior Auditor.

Yes _____ No _____

- (8) How many individuals on the Los Angeles production crew were hired within the jurisdiction of the Basic Crafts Unions?

If the answer to (8) is more than 29, the production is not eligible for proration. Sign and return the form to your Senior Auditor.

- (9) If the answer to (8) is 29 or fewer, the production is eligible for proration. Check **Yes** in the space below:

Yes _____ No _____

List the names of such individuals in the space provided below along with their categories of employment and proceed to Section 4., below.

Section 3. Proration - I.A.T.S.E. Basic Agreement only, or I.A.T.S.E. Basic Agreement and Basic Crafts Unions

- A. Numerator: For pictures qualifying for proration under Section 2.A. or 2.B. above, indicate the total salaries⁴ **paid, excluding fringes**, to those individuals employed under the Basic Crafts Agreements, the West Coast Studio Local Agreements and any Amendment Agreements thereto except individuals employed under the Local #700 Amendment Agreement.⁵ If the salaries for a foreign production are not readily available, use the number of employees instead. Do not count the salaries of persons working in distribution, which includes all laboratory work other than that performed by employees charged directly to the picture.

- B. Denominator: Indicate the total salaries of the entire below-the-line production crew, **excluding fringes**, for all persons working in job categories referred to in the Basic Crafts Agreements, the I.A.T.S.E. West

⁴ **The phrase “total salaries paid,”** as used in Sections 3 and 4, includes amounts paid for work performed during pre-production, production, or re-shoots and, where applicable, post-production, but excludes payments for per diem, meal penalties, pay for idle days, etc.

⁵Pursuant to a letter agreement dated January 13, 2011 between the AMPTP and IATSE, the salaries of employees employed by the Producer in post-production sound facilities the Producer owns and also makes available for third party rental are not included in either the numerator or denominator of the proration fraction.

Coast Studio Local Agreements and any Amendment Agreements thereto, except individuals employed under the Local #700 Amendment Agreement. Do not count the salaries of persons working in distribution, which includes all laboratory work other than that performed by employees charged directly to the picture.

- C. Divide the figure in 3.A. by the figure in 3.B. and enter that number here; it is your proration percentage:

_____ %

Section 4. Proration - Basic Crafts Only

- A. Numerator: For pictures qualifying under Section 2.C. above, indicate the total salaries paid, **excluding fringes**, to those individuals subject to the Basic Crafts Agreements. Do not count the salaries of persons working in distribution, which includes all laboratory work other than that performed by employees charged directly to the picture.

- B. Denominator: Indicate the total salaries of the entire below-the-line production crew, excluding fringes, for all persons working in job categories referred to in the Basic Crafts Agreements, the I.A.T.S.E. West Coast Studio Local Agreements and any Amendment Agreements thereto, except individuals employed under the Local #700 Amendment Agreement. Do not count the salaries of persons working in distribution, which includes all laboratory work other than that performed by employees charged directly to the picture.

- C. Divide the figure in 4.A. by the figure in 4.B. and enter that number here; it is your proration percentage.

_____ %

Please supply supporting documentation (*i.e.*, payroll registers, payroll summaries, crew list) for answers to questions 3.A., 3.B. 4.A. and 4.B. This questionnaire and all supporting documentation must be forwarded to the Residuals Department upon completion of principal photography and a final report must be forwarded to the Residuals Department upon the delivery of the answer print.

SUMMARY

1. This production is subject to Post '60s and Supplemental Markets payments.
Yes _____ No _____
2. This production meets the qualifications for proration for foreign motion pictures.
Yes _____ No _____
3. This production meets the qualifications for proration for domestic motion pictures.
Yes _____ No _____
4. The proration percentage is: _____%
5. Place a check mark next to the proration clause that applies:

- _____ 2.A. "Foreign" Qualifications
- _____ 2.B. "Domestic" Qualifications - I.A.T.S.E. only or
I.A.T.S.E. and Basic Crafts Unions
- _____ 2.C. "Domestic" Qualifications - "Basic Crafts Unions only"

Name: _____ Signature: _____ Date: _____
(please print)
Responsible for questions _____ through _____

Name: _____ Signature: _____ Date: _____
(please print)
Responsible for questions _____ through _____

Exhibit A-1

The I.A.T.S.E. West Coast Studio Locals

Affiliated Property Craftspersons	Local No. 44
Motion Picture Studio Grips	Local No. 80
Motion Picture Studio First Aid Employees	Local No. 80
International Cinematographers Guild	Local No. 600
International Production Sound Technicians, Television Engineers and Video Assist Technicians	Local No. 695
Laboratory Film/Video Technicians of the Motion Picture and Television Industries	Local No. 700
Motion Picture Editors Guild	Local No. 700
Screen Story Analysts	Local No. 700 S
Motion Picture Costumers	Local No. 705
Make-Up Artists and Hair Stylists	Local No. 706
Studio Electrical Lighting Technicians	Local No. 728
Motion Picture Set Painters and Sign Writers	Local No. 729
Art Directors Guild	Local No. 800
Illustrators and Matte Artists	Local No. 800
Scenic Artists	Local No. 800
Set Designers and Model Makers	Local No. 800
Script Supervisors and Continuity Coordinators	Local No. 871
Motion Picture Studio Teacher and Welfare Workers	Local No. 884
Costume Designers Guild	Local No. 892

Exhibit A-2

Basic Crafts Unions

International Brotherhood of Electrical Workers	Local No. 40
United Association of Journeymen and Apprentices of the Plumbing and Piping Industry of United States and Canada	Local No. 78
Studio Transportation Drivers, International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America	Local No. 399
Studio Utility Employees	Local No. 724
Operative Plasters and Cement Masons International Association of the United States and Canada	Local No. 755