



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB3454

Introduced 1/18/2022, by Sen. Dale Fowler

SYNOPSIS AS INTRODUCED:

35 ILCS 16/10

Amends the Film Production Services Tax Credit Act of 2008. Provides that, for an accredited production beginning on or after July 1, 2022, the credit includes 5% of the Illinois labor expenditures generated by the employment of residents of the State who reside outside of the metropolitan area. Provides that, for an accredited production beginning on or after July 1, 2022, the credit amount shall be increased by 5% if 50% or more of the total hours of principal filming or taping of the production are completed in the State but outside of the metropolitan area. Provides that the term "metropolitan area" means the City of Chicago and any part of the State located within 30 miles of the City of Chicago. Effective immediately.

LRB102 24357 HLH 33591 b

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Film Production Services Tax Credit Act of
5 2008 is amended by changing Section 10 as follows:

6 (35 ILCS 16/10)

7 Sec. 10. Definitions. As used in this Act:

8 "Accredited production" means: (i) for productions
9 commencing before May 1, 2006, a film, video, or television
10 production that has been certified by the Department in which
11 the aggregate Illinois labor expenditures included in the cost
12 of the production, in the period that ends 12 months after the
13 time principal filming or taping of the production began,
14 exceed \$100,000 for productions of 30 minutes or longer, or
15 \$50,000 for productions of less than 30 minutes; and (ii) for
16 productions commencing on or after May 1, 2006, a film, video,
17 or television production that has been certified by the
18 Department in which the Illinois production spending included
19 in the cost of production in the period that ends 12 months
20 after the time principal filming or taping of the production
21 began exceeds \$100,000 for productions of 30 minutes or longer
22 or exceeds \$50,000 for productions of less than 30 minutes.

23 "Accredited production" does not include a production that:

1 (1) is news, current events, or public programming, or
2 a program that includes weather or market reports;

3 (2) is a talk show;

4 (3) is a production in respect of a game,
5 questionnaire, or contest;

6 (4) is a sports event or activity;

7 (5) is a gala presentation or awards show;

8 (6) is a finished production that solicits funds;

9 (7) is a production produced by a film production
10 company if records, as required by 18 U.S.C. 2257, are to
11 be maintained by that film production company with respect
12 to any performer portrayed in that single media or
13 multimedia program; or

14 (8) is a production produced primarily for industrial,
15 corporate, or institutional purposes.

16 "Accredited animated production" means an accredited
17 production in which movement and characters' performances are
18 created using a frame-by-frame technique and a significant
19 number of major characters are animated. Motion capture by
20 itself is not an animation technique.

21 "Accredited production certificate" means a certificate
22 issued by the Department certifying that the production is an
23 accredited production that meets the guidelines of this Act.

24 "Applicant" means a taxpayer that is a film production
25 company that is operating or has operated an accredited
26 production located within the State of Illinois and that (i)

1 owns the copyright in the accredited production throughout the
2 Illinois production period or (ii) has contracted directly
3 with the owner of the copyright in the accredited production
4 or a person acting on behalf of the owner to provide services
5 for the production, where the owner of the copyright is not an
6 eligible production corporation.

7 "Credit" means:

8 (1) for an accredited production approved by the
9 Department on or before January 1, 2005 and commencing
10 before May 1, 2006, the amount equal to 25% of the Illinois
11 labor expenditure approved by the Department. The
12 applicant is deemed to have paid, on its balance due day
13 for the year, an amount equal to 25% of its qualified
14 Illinois labor expenditure for the tax year. For Illinois
15 labor expenditures generated by the employment of
16 residents of geographic areas of high poverty or high
17 unemployment, as determined by the Department, in an
18 accredited production commencing before May 1, 2006 and
19 approved by the Department after January 1, 2005, the
20 applicant shall receive an enhanced credit of 10% in
21 addition to the 25% credit; ~~and~~

22 (2) for an accredited production commencing on or
23 after May 1, 2006, the amount equal to:

24 (i) 20% of the Illinois production spending for
25 the taxable year; plus

26 (ii) 15% of the Illinois labor expenditures

1 generated by the employment of residents of geographic
2 areas of high poverty or high unemployment, as
3 determined by the Department; ~~and~~

4 (3) for an accredited production commencing on or
5 after January 1, 2009 and prior to July 1, 2022, the amount
6 equal to:

7 (i) 30% of the Illinois production spending for
8 the taxable year; plus

9 (ii) 15% of the Illinois labor expenditures
10 generated by the employment of residents of geographic
11 areas of high poverty or high unemployment, as
12 determined by the Department; ~~and~~ -

13 (4) for an accredited production commencing on or
14 after July 1, 2022, the amount equal to:

15 (i) 30% of the Illinois production spending for
16 the taxable year; plus

17 (ii) 15% of the Illinois labor expenditures
18 generated by the employment of residents of geographic
19 areas of high poverty or high unemployment, as
20 determined by the Department; plus

21 (iii) 5% of the Illinois labor expenditures
22 generated by the employment of residents of the State
23 who reside outside of the metropolitan area; if the
24 person is a resident of a geographic area of high
25 poverty or high unemployment and also resides outside
26 of the metropolitan area, then the credit includes

1 both subparagraphs (ii) and (iii) of this paragraph
2 (4); plus
3 (iv) if 50% or more of the total hours of principal
4 filming or taping of the production are completed in
5 the State but outside of the metropolitan area, as
6 determined by the Department, then the total amount of
7 the credit under subparagraphs (i), (ii), and (iii) of
8 this paragraph (4), as applicable, shall be increased
9 by 5%.

10 "Department" means the Department of Commerce and Economic
11 Opportunity.

12 "Director" means the Director of Commerce and Economic
13 Opportunity.

14 "Illinois labor expenditure" means salary or wages paid to
15 employees of the applicant for services on the accredited
16 production.

17 To qualify as an Illinois labor expenditure, the
18 expenditure must be:

19 (1) Reasonable in the circumstances.

20 (2) Included in the federal income tax basis of the
21 property.

22 (3) Incurred by the applicant for services on or after
23 January 1, 2004.

24 (4) Incurred for the production stages of the
25 accredited production, from the final script stage to the
26 end of the post-production stage.

1 (5) Limited to the first \$25,000 of wages paid or
2 incurred to each employee of a production commencing
3 before May 1, 2006 and the first \$100,000 of wages paid or
4 incurred to each employee of a production commencing on or
5 after May 1, 2006.

6 (6) For a production commencing before May 1, 2006,
7 exclusive of the salary or wages paid to or incurred for
8 the 2 highest paid employees of the production.

9 (7) Directly attributable to the accredited
10 production.

11 (8) (Blank).

12 (9) Paid to persons resident in Illinois at the time
13 the payments were made.

14 (10) Paid for services rendered in Illinois.

15 "Illinois production spending" means the expenses incurred
16 by the applicant for an accredited production, including,
17 without limitation, all of the following:

18 (1) expenses to purchase, from vendors within
19 Illinois, tangible personal property that is used in the
20 accredited production;

21 (2) expenses to acquire services, from vendors in
22 Illinois, for film production, editing, or processing; and

23 (3) the compensation, not to exceed \$100,000 for any
24 one employee, for contractual or salaried employees who
25 are Illinois residents performing services with respect to
26 the accredited production.

1 "Metropolitan area" means the City of Chicago and any part
2 of the State located within 30 miles of the corporate limits of
3 the City of Chicago.

4 "Qualified production facility" means stage facilities in
5 the State in which television shows and films are or are
6 intended to be regularly produced and that contain at least
7 one sound stage of at least 15,000 square feet.

8 Rulemaking authority to implement Public Act 95-1006, if
9 any, is conditioned on the rules being adopted in accordance
10 with all provisions of the Illinois Administrative Procedure
11 Act and all rules and procedures of the Joint Committee on
12 Administrative Rules; any purported rule not so adopted, for
13 whatever reason, is unauthorized.

14 (Source: P.A. 102-558, eff. 8-20-21.)

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.