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09500SB1981ham001

LRB095 15781 HLH 53571 a

1 AMENDMENT TO SENATE BILL 1981

2 AMENDMENT NO. _____. Amend Senate Bill 1981 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Film Production Services Tax Credit Act of
5 2008 is amended by changing Sections 10 and 95 as follows:

6 (35 ILCS 16/10)

7 (Section scheduled to be repealed on January 1, 2009)

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

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

1 productions commencing on or after May 1, 2006, a film, video,
2 or television production that has been certified by the
3 Department in which the Illinois production spending included
4 in the cost of production in the period that ends 12 months
5 after the time principal filming or taping of the production
6 began exceeds \$100,000 for productions of 30 minutes or longer
7 or exceeds \$50,000 for productions of less than 30 minutes.

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

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

11 (2) is a talk show;

12 (3) is a production in respect of a game,
13 questionnaire, or contest;

14 (4) is a sports event or activity;

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

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

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

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

24 "Accredited production certificate" means a certificate
25 issued by the Department certifying that the production is an
26 accredited production that meets the guidelines of this Act.

1 "Applicant" means a taxpayer that is a film production
2 company that is operating or has operated an accredited
3 production located within the State of Illinois and that (i)
4 owns the copyright in the accredited production throughout the
5 Illinois production period or (ii) has contracted directly with
6 the owner of the copyright in the accredited production or a
7 person acting on behalf of the owner to provide services for
8 the production, where the owner of the copyright is not an
9 eligible production corporation.

10 "Credit" means:

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

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

1 (i) 20% of the Illinois production spending for the
2 taxable year; plus

3 (ii) 15% of the Illinois labor expenditures
4 generated by the employment of residents of geographic
5 areas of high poverty or high unemployment, as
6 determined by the Department; and -

7 (3) for an accredited production commencing on or after
8 January 1, 2009, the amount equal to:

9 (i) 30% of the Illinois production spending for the
10 taxable year; plus

11 (ii) 15% of the Illinois labor expenditures
12 generated by the employment of residents of geographic
13 areas of high poverty or high unemployment, as
14 determined by the Department.

15 "Department" means the Department of Commerce and Economic
16 Opportunity.

17 "Director" means the Director of Commerce and Economic
18 Opportunity.

19 "Illinois labor expenditure" means salary or wages paid to
20 employees of the applicant for services on the accredited
21 production;

22 To qualify as an Illinois labor expenditure, the
23 expenditure must be:

24 (1) Reasonable in the circumstances.

25 (2) Included in the federal income tax basis of the
26 property.

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

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

6 (5) Limited to the first \$25,000 of wages paid or
7 incurred to each employee of a production commencing before
8 May 1, 2006 and the first \$100,000 of wages paid or
9 incurred to each employee of a production commencing on or
10 after May 1, 2006.

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

14 (7) Directly attributable to the accredited
15 production.

16 (8) Paid in the tax year for which the applicant is
17 claiming the credit or no later than 60 days after the end
18 of the tax year.

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

21 (10) Paid for services rendered in Illinois.

22 "Illinois production spending" means the expenses incurred
23 by the applicant for an accredited production, including,
24 without limitation, all of the following:

25 (1) expenses to purchase, from vendors within
26 Illinois, tangible personal property that is used in the

1 accredited production;

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

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

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

12 Rulemaking authority to implement this amendatory Act of
13 the 95th General Assembly, if any, is conditioned on the rules
14 being adopted in accordance with all provisions of the Illinois
15 Administrative Procedure Act and all rules and procedures of
16 the Joint Committee on Administrative Rules; any purported rule
17 not so adopted, for whatever reason, is unauthorized.

18 (Source: P.A. 95-720, eff. 5-27-08.)

19 (35 ILCS 16/95 rep.)

20 Section 10. The Film Production Services Tax Credit Act of
21 2008 is amended by repealing Section 95.

22 Section 99. Effective date. This Act takes effect upon
23 becoming law."