



Rep. Patrick J. Verschoore

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LRB097 08202 HLH 66556 a

1 AMENDMENT TO SENATE BILL 1286

2 AMENDMENT NO. _____. Amend Senate Bill 1286, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Film Production Services Tax Credit Act of
6 2008 is amended by changing Section 10 and by adding Section 44
7 as follows:

8 (35 ILCS 16/10)

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

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

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

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

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

12 (2) is a talk show;

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

15 (4) is a sports event or activity;

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

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

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

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

25 "Accredited animated production" means an accredited
26 production in which movement and characters' performances are

1 created using a frame-by-frame technique and a significant
2 number of major characters are animated. Motion capture by
3 itself is not an animation technique.

4 "Accredited production certificate" means a certificate
5 issued by the Department certifying that the production is an
6 accredited production that meets the guidelines of this Act.

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

16 "Credit" means:

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

1 accredited production commencing before May 1, 2006 and
2 approved by the Department after January 1, 2005, the
3 applicant shall receive an enhanced credit of 10% in
4 addition to the 25% credit; and

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

7 (i) 20% of the Illinois production spending for the
8 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 (3) for an accredited production commencing on or after
14 January 1, 2009, the amount equal to:

15 (i) 30% of the Illinois production spending for the
16 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.

21 "Department" means the Department of Commerce and Economic
22 Opportunity.

23 "Director" means the Director of Commerce and Economic
24 Opportunity.

25 "Illinois labor expenditure" means salary or wages paid to
26 employees of the applicant for services on the accredited

1 production;

2 To qualify as an Illinois labor expenditure, the
3 expenditure must be:

4 (1) Reasonable in the circumstances.

5 (2) Included in the federal income tax basis of the
6 property.

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

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

12 (5) Limited to the first \$25,000 of wages paid or
13 incurred to each employee of a production commencing before
14 May 1, 2006 and the first \$100,000 of wages paid or
15 incurred to each employee of a production commencing on or
16 after May 1, 2006.

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

20 (7) Directly attributable to the accredited
21 production.

22 (8) (Blank). ~~Paid in the tax year for which the~~
23 ~~applicant is claiming the credit or no later than 60 days~~
24 ~~after the end of the tax year.~~

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

1 (10) Paid for services rendered in Illinois.

2 "Illinois production spending" means the expenses incurred
3 by the applicant for an accredited production, including,
4 without limitation, all of the following:

5 (1) expenses to purchase, from vendors within
6 Illinois, tangible personal property that is used in the
7 accredited production;

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

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

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

18 Rulemaking authority to implement this amendatory Act of
19 the 95th General Assembly, if any, is conditioned on the rules
20 being adopted in accordance with all provisions of the Illinois
21 Administrative Procedure Act and all rules and procedures of
22 the Joint Committee on Administrative Rules; any purported rule
23 not so adopted, for whatever reason, is unauthorized.

24 (Source: P.A. 95-720, eff. 5-27-08; 95-1006, eff. 12-15-08.)

25 (35 ILCS 16/44 new)

1 Sec. 44. Accredited animated productions. Each applicant
2 requesting credits for an accredited animated production
3 commencing on or after July 1, 2010 may make an application to
4 the Department in each taxable year beginning with the taxable
5 year in which the production commences and ending with the
6 taxable year in which production is complete, provided that no
7 credit may be claimed under this Section for a taxable year
8 ending prior to December 31, 2012.

9 Section 99. Effective date. This Act takes effect upon
10 becoming law."