



Sen. Mike Jacobs

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1 AMENDMENT TO SENATE BILL 1286

2 AMENDMENT NO. _____. Amend Senate Bill 1286 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 40 and by adding
6 Section 42 as follows:

7 (35 ILCS 16/10)

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" includes an accredited animated
25 production.

26 "Accredited animated production" means fully animated

1 feature with a total production period of more than 12 months.

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

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

14 "Credit" means:

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

1 applicant shall receive an enhanced credit of 10% in
2 addition to the 25% credit; and

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

5 (i) 20% of the Illinois production spending for the
6 taxable year; plus

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

11 (3) for an accredited production commencing on or after
12 January 1, 2009, other than an accredited animated
13 production qualifying under item (4), the amount equal to:

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

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

20 (4) for an accredited animated production commencing
21 on or after January 1, 2012:

22 (i) 30% of the anticipated Illinois production
23 spending for the entire production period; plus

24 (ii) 15% of the anticipated Illinois labor
25 expenditures generated by the employment of residents
26 of geographic areas of high poverty or high

1 unemployment, as determined by the Department, during
2 the entire production period.

3 The credits awarded for an accredited animated
4 production commencing on or after January 1, 2012 shall be
5 awarded as provided in Section 42.

6 "Department" means the Department of Commerce and Economic
7 Opportunity.

8 "Director" means the Director of Commerce and Economic
9 Opportunity.

10 "Illinois labor expenditure" means salary or wages paid to
11 employees of the applicant for services on the accredited
12 production;

13 To qualify as an Illinois labor expenditure, the
14 expenditure must be:

15 (1) Reasonable in the circumstances.

16 (2) Included in the federal income tax basis of the
17 property.

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

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

23 (5) Limited to the first \$25,000 of wages paid or
24 incurred to each employee of a production commencing before
25 May 1, 2006 and the first \$100,000 of wages paid or
26 incurred to each employee of a production commencing on or

1 after May 1, 2006.

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

5 (7) Directly attributable to the accredited
6 production.

7 (8) Except for expenditures paid with respect to an
8 accredited animated production, paid ~~Paid~~ in the tax year
9 for which the applicant is claiming the credit or no later
10 than 60 days after the end of the tax year.

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

13 (10) Paid for services rendered in Illinois.

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

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

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

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

26 "Qualified production facility" means stage facilities in

1 the State in which television shows and films are or are
2 intended to be regularly produced and that contain at least one
3 sound stage of at least 15,000 square feet.

4 Rulemaking authority to implement this amendatory Act of
5 the 95th General Assembly, if any, is conditioned on the rules
6 being adopted in accordance with all provisions of the Illinois
7 Administrative Procedure Act and all rules and procedures of
8 the Joint Committee on Administrative Rules; any purported rule
9 not so adopted, for whatever reason, is unauthorized.

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

11 (35 ILCS 16/40)

12 Sec. 40. Amount and duration of the credit. The amount of
13 the credit awarded under this Act is based on the amount of the
14 Illinois labor expenditure and Illinois production spending
15 approved by the Department for the production as set forth
16 under Section 10. The duration of the credit may not exceed (i)
17 one taxable year for productions other than accredited animated
18 productions or (ii) for accredited animated productions, the
19 period beginning with the taxable year in which the production
20 commences and ending with the taxable year in which the final
21 audit required under Section 42 is complete..

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

23 (35 ILCS 16/42 new)

24 Sec. 42. Accredited animated productions. Each applicant

1 requesting credits for an accredited animated production
2 commencing on or after January 1, 2012 must enter into an
3 agreement with the Department detailing (i) the applicant's
4 anticipated Illinois production spending for the entire
5 production period and (ii) the anticipated Illinois labor
6 expenditures generated by the employment of residents of
7 geographic areas of high poverty or high unemployment. The
8 accredited production certificate for an accredited animated
9 production shall list those amounts. An applicant that is
10 awarded a credit for an accredited animated production is
11 entitled to take (i) 25% of the total credit awarded in the
12 taxable year in which Stage 1 of the production is completed,
13 (ii) 25% of the total credit awarded in the taxable year in
14 which Stage 2 of the production is completed, (iii) 25% of the
15 total credit awarded in the taxable year in which Stage 3 of
16 the production is completed, and (iv) 25% of the total credit
17 awarded in the taxable year in which Stage 4 of the production
18 is completed, including the final audit.

19 For the purposes of this Section:

20 Stage 1 of the production is considered complete upon
21 review and approval by the Department of an animatic reel in
22 QuickTime format(with watermark). "Animatic reel" means a
23 timed and edited compilation of images/storyboard
24 pre-visualising the final feature from first to last scene,
25 including dialogue from the first pass voice recording or
26 "scratch track". The completion of Stage 1 is the end of

1 pre-production and includes the culmination of the following:

2 (1) conclusion of the screenplay;

3 (2) conclusion of the initial dialogue record;

4 (3) asset design (2D); and

5 (4) conclusion of the storyboard stage.

6 Stage 2 of the production is considered complete upon
7 review and approval by the Department of a
8 pre-visualization/blocking reel in QuickTime format (with
9 watermark). "Pre-visualization/blocking reel" means a timed
10 and edited compilation of rendered 3D pre-visualization from
11 the first to last scene, including any and all motion capture.
12 The completion of Stage 2 includes the completion of asset
13 modeling and asset rigging.

14 Stage 3 of the production is considered complete upon
15 review and approval by the Department of the first animation
16 pass in QuickTime format (with watermark). "First animation
17 pass" means a timed and edited compilation of rendered
18 animation from the first to last scene, including the second
19 dialogue pass. The completion of Stage 3 means the completion
20 of asset surfacing: color and texture,
21 pre-visualization/motion capture, and the progress of
22 animation stage.

23 Stage 4 of the production is considered complete upon
24 review and approval by the Department of a final rendered
25 feature in QuickTime format (with watermark). The completion of
26 Stage 4 includes the completion of the entire post-production

1 process.

2 Upon the completion of Stage 4, the applicant shall submit
3 to a final audit by the Department. If the Department finds
4 that the actual Illinois production spending is less than the
5 applicant's anticipated Illinois production spending, as set
6 forth in the agreement with the Department, then the final tax
7 credit award shall be reduced accordingly."