



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 pre-production and production period totaling
2 more than 12 months but less than 48 months.

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

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

15 "Credit" means:

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

1 approved by the Department after January 1, 2005, the
2 applicant shall receive an enhanced credit of 10% in
3 addition to the 25% credit; and

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

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

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

12 (3) for an accredited production commencing on or after
13 January 1, 2009, other than an accredited animated
14 production qualifying under item (4), 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; and -

21 (4) for an accredited animated production commencing
22 on or after January 1, 2010:

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

25 (ii) 15% of the anticipated Illinois labor
26 expenditures generated by the employment of residents

1 of geographic areas of high poverty or high
2 unemployment, as determined by the Department, during
3 the entire production period.

4 The credits awarded for an accredited animated
5 production commencing on or after January 1, 2010 shall be
6 awarded as provided in Section 42.

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

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

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

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

16 (1) Reasonable in the circumstances.

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

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

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

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

1 incurred to each employee of a production commencing on or
2 after May 1, 2006.

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

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

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

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 are
25 Illinois residents performing services with respect to the
26 accredited production.

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

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

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

12 (35 ILCS 16/40)

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

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

24 (35 ILCS 16/42 new)

1 Sec. 42. Accredited animated productions. Each applicant
2 requesting credits for an accredited animated production
3 commencing on or after January 1, 2010 must enter into an
4 agreement with the Department detailing (i) the applicant's
5 anticipated Illinois production spending for the entire
6 production period and (ii) the anticipated Illinois labor
7 expenditures generated by the employment of residents of
8 geographic areas of high poverty or high unemployment. The
9 accredited production certificate for an accredited animated
10 production shall list those amounts. An applicant that is
11 awarded a credit for an accredited animated production is
12 entitled to take (i) 25% of the total credit awarded in the
13 taxable year in which Stage 1 of the production is completed,
14 (ii) 25% of the total credit awarded in the taxable year in
15 which Stage 2 of the production is completed, (iii) 25% of the
16 total credit awarded in the taxable year in which Stage 3 of
17 the production is completed, and (iv) 25% of the total credit
18 awarded in the taxable year in which Stage 4 of the production
19 is completed, including the final audit. An applicant that was
20 awarded a credit for an accredited animated production
21 commencing on or after January 1, 2010 but prior to the
22 effective date of this amendatory Act may enter into a new
23 agreement with the Department for the purpose of claiming
24 unused credit amounts in the manner provided in this Section.

25 For the purposes of this Section:

26 Stage 1 of the production is considered complete upon

1 review and approval by the Department of an animatic reel in
2 QuickTime format (with watermark). "Animatic reel" means a
3 timed and edited compilation of images/storyboard
4 pre-visualising the final feature from first to last scene,
5 including dialogue from the first pass voice recording or
6 "scratch track". The completion of Stage 1 is the end of
7 pre-production and includes the culmination of the following:

8 (1) conclusion of the screenplay;

9 (2) conclusion of the initial dialogue record;

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

11 (4) conclusion of the storyboard stage.

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

20 Stage 3 of the production is considered complete upon
21 review and approval by the Department of the first animation
22 pass in QuickTime format (with watermark). "First animation
23 pass" means a timed and edited compilation of rendered
24 animation from the first to last scene, including the second
25 dialogue pass. The completion of Stage 3 means the completion
26 of asset surfacing: color and texture,

1 pre-visualization/motion capture, and the progress of
2 animation stage.

3 Stage 4 of the production is considered complete upon
4 review and approval by the Department of a final rendered
5 feature in QuickTime format (with watermark). The completion of
6 Stage 4 includes the completion of the entire post-production
7 process.

8 Upon the completion of Stage 4, the applicant shall submit
9 to a final audit by the Department. If the Department finds
10 that the actual Illinois production spending is less than the
11 applicant's anticipated Illinois production spending, as set
12 forth in the agreement with the Department, then the final tax
13 credit award shall be reduced accordingly.

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