



Rep. Patrick J. Verschoore

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09700SB1286ham006

LRB097 08202 HLH 60027 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 Sections 10 and 40 and by adding
7 Section 44 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 a fully animated
26 feature with a total production period of more than 12 months.

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

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

13 "Credit" means:

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

1 addition to the 25% credit; and

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

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

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

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

12 (i) 30% of the Illinois production spending for the
13 taxable year; plus

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

18 "Department" means the Department of Commerce and Economic
19 Opportunity.

20 "Director" means the Director of Commerce and Economic
21 Opportunity.

22 "Illinois labor expenditure" means salary or wages paid to
23 employees of the applicant for services on the accredited
24 production;

25 To qualify as an Illinois labor expenditure, the
26 expenditure must be:

1 (1) Reasonable in the circumstances.

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

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

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

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

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

17 (7) Directly attributable to the accredited
18 production.

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

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

25 (10) Paid for services rendered in Illinois.

26 "Illinois production spending" means the expenses incurred

1 by the applicant for an accredited production, including,
2 without limitation, all of the following:

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

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

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

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

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

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

23 (35 ILCS 16/40)

24 Sec. 40. Amount and duration of the credit. The amount of
25 the credit awarded under this Act is based on the amount of the

1 Illinois labor expenditure and Illinois production spending
2 approved by the Department for the production as set forth
3 under Section 10. The duration of the credit may not exceed (i)
4 one taxable year for productions other than accredited animated
5 productions commencing on or after January 1, 2011 or (ii) for
6 accredited animated productions commencing on or after January
7 1, 2011, the period beginning with the taxable year in which
8 the production commences and ending with the taxable year in
9 which production is complete.

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

11 (35 ILCS 16/44 new)

12 Sec. 44. Accredited animated productions. Each applicant
13 requesting credits for an accredited animated production
14 commencing on or after January 1, 2011 may make an application
15 to the Department in each taxable year beginning with the
16 taxable year in which the production commences and ending with
17 the taxable year in which production is complete.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law."