



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB1528

Introduced 2/6/2015, by Rep. Kenneth Dunkin

#### SYNOPSIS AS INTRODUCED:

35 ILCS 16/10

Amends the Film Production Services Tax Credit Act of 2008. Removes a provision excluding industrial, corporate, or institutional productions from the definition of "accredited production". Provides that the term "Illinois production spending" includes compensation paid to performing artists. Defines "performing artist". Provides that the term "Illinois labor expenditure" includes the first \$1,000,000 of wages paid to or incurred in connection with the employment of each performing artist, except that, if the performing artist is not an Illinois resident, the first \$100,000 of wages paid to that performing artist shall be excluded. Effective immediately.

LRB099 04992 HLH 25021 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

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

6 (35 ILCS 16/10)

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

8 "Accredited production" means: (i) for productions  
9 commencing before May 1, 2006, a film, video, or television  
10 production that has been certified by the Department in which  
11 the aggregate Illinois labor expenditures included in the cost  
12 of the production, in the period that ends 12 months after the  
13 time principal filming or taping of the production began,  
14 exceed \$100,000 for productions of 30 minutes or longer, or  
15 \$50,000 for productions of less than 30 minutes; and (ii) for  
16 productions commencing on or after May 1, 2006, a film, video,  
17 or television production that has been certified by the  
18 Department in which the Illinois production spending included  
19 in the cost of production in the period that ends 12 months  
20 after the time principal filming or taping of the production  
21 began exceeds \$100,000 for productions of 30 minutes or longer  
22 or exceeds \$50,000 for productions of less than 30 minutes.  
23 "Accredited production" does not include a production that:

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

3 (2) is a talk show;

4 (3) is a production in respect of a game,  
5 questionnaire, or contest;

6 (4) is a sports event or activity;

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

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

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

14 (8) (blank). ~~is a production produced primarily for~~  
15 ~~industrial, corporate, or institutional purposes.~~

16 "Accredited animated production" means an accredited  
17 production in which movement and characters' performances are  
18 created using a frame-by-frame technique and a significant  
19 number of major characters are animated. Motion capture by  
20 itself is not an animation technique.

21 "Accredited production certificate" means a certificate  
22 issued by the Department certifying that the production is an  
23 accredited production that meets the guidelines of this Act.

24 "Applicant" means a taxpayer that is a film production  
25 company that is operating or has operated an accredited  
26 production located within the State of Illinois and that (i)

1 owns the copyright in the accredited production throughout the  
2 Illinois production period or (ii) has contracted directly with  
3 the owner of the copyright in the accredited production or a  
4 person acting on behalf of the owner to provide services for  
5 the production, where the owner of the copyright is not an  
6 eligible production corporation.

7 "Credit" means:

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

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

24 (i) 20% of the Illinois production spending for the  
25 taxable year; plus

26 (ii) 15% of the Illinois labor expenditures

1 generated by the employment of residents of geographic  
2 areas of high poverty or high unemployment, as  
3 determined by the Department; and

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

6 (i) 30% 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.

12 "Department" means the Department of Commerce and Economic  
13 Opportunity.

14 "Director" means the Director of Commerce and Economic  
15 Opportunity.

16 "Illinois labor expenditure" means salary or wages paid to  
17 employees of the applicant for services on the accredited  
18 production;

19 To qualify as an Illinois labor expenditure, the  
20 expenditure must be:

21 (1) Reasonable in the circumstances.

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

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

26 (4) Incurred for the production stages of the

1 accredited production, from the final script stage to the  
2 end of the post-production stage.

3 (5) Except as otherwise provided in this item (5),  
4 limited ~~limited~~ to the first \$25,000 of wages paid or  
5 incurred to each employee of a production commencing before  
6 May 1, 2006 and the first \$100,000 of wages paid or  
7 incurred to each employee of a production commencing on or  
8 after May 1, 2006. For performing artists who provide  
9 services with respect to an accredited production  
10 commencing on or after the effective date of this  
11 amendatory Act of the 99th General Assembly, limited to the  
12 first \$1,000,000 of wages paid or incurred to that  
13 performing artist, except that, if the performing artist is  
14 not an Illinois resident, the first \$100,000 of wages paid  
15 to that performing artist shall be excluded.

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

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

21 (8) (Blank).

22 (9) Paid to persons resident in Illinois at the time  
23 the payments were made, except that this requirement does  
24 not apply to performing artists.

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, except that this item (3) does not  
12 apply to compensation paid to performing artists; and -

13 (4) for productions commencing on or after the  
14 effective date of this amendatory Act of the 99th General  
15 Assembly, the compensation, not to exceed \$1,000,000, for  
16 any performing artist providing services with respect to  
17 the accredited production.

18 "Performing artist" means a person who provides services as  
19 an actor or actress and does not include persons who themselves  
20 are not performing artists including, but not limited to,  
21 managers or promoters of those artists, persons who are  
22 employed in other trades or business related to the performing  
23 arts, persons who broadcast, or athletes.

24 "Qualified production facility" means stage facilities in  
25 the State in which television shows and films are or are  
26 intended to be regularly produced and that contain at least one

1 sound stage of at least 15,000 square feet.

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

8 (Source: P.A. 97-796, eff. 7-13-12.)

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