



Sen. Rickey R. Hendon

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09400HB5524sam001

LRB094 17107 BDD 57154 a

1 AMENDMENT TO HOUSE BILL 5524

2 AMENDMENT NO. _____. Amend House Bill 5524 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Film Production Services Tax Credit Act is
5 amended by changing Sections 10, 40, and 90 as follows:

6 (35 ILCS 15/10)

7 (Section scheduled to be repealed on January 1, 2007)

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
17 productions commencing on or after May 1, 2006, a film, video,
18 or television production that has been certified by the
19 Department in which the Illinois production spending included
20 in the cost of production in the period that ends 12 months
21 after the time principal filming or taping of the production
22 began exceeds \$100,000 for productions of 30 minutes or longer
23 or exceeds \$50,000 for productions of less than 30 minutes.
24 "Accredited production" ~~but~~ 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) is a production produced primarily for industrial,
15 corporate, or institutional purposes.

16 "Accredited production certificate" means a certificate
17 issued by the Department certifying that the production is an
18 accredited production that meets the guidelines of this Act.

19 "Applicant" means a taxpayer that is a film production
20 company that is operating or has operated an accredited
21 production located within the State of Illinois and that (i)
22 owns the copyright in the accredited production throughout the
23 Illinois production period or (ii) has contracted directly with
24 the owner of the copyright in the accredited production or a
25 person acting on behalf of the owner to provide services for
26 the production, where the owner of the copyright is not an
27 eligible production corporation.

28 "Credit" means:

29 (1) for an accredited production approved by the
30 Department on or before January 1, 2005 and commencing
31 before May 1, 2006, the amount equal to 25% of the Illinois
32 labor expenditure approved by the Department. The
33 applicant is deemed to have paid, on its balance due day
34 for the year, an amount equal to 25% of its qualified

1 Illinois labor expenditure for the tax year. For Illinois
2 labor expenditures generated by the employment of
3 residents of geographic areas of high poverty or high
4 unemployment, as determined by the Department, in an
5 accredited production commencing before May 1, 2006 and
6 approved by the Department after January 1, 2005, the
7 applicant shall receive an enhanced credit of 10% in
8 addition to the 25% credit; and-

9 (2) for an accredited production commencing on or after
10 May 1, 2006, the amount equal to 20% of the Illinois
11 production spending for the taxable year plus:

12 (i) 15% of the Illinois labor expenditures
13 generated by the employment of residents of geographic
14 areas of high poverty or high unemployment, as
15 determined by the Department; and

16 (ii) for an accredited film or television
17 production commencing on or after May 1, 2007, the
18 amount equal to 5% of the Illinois labor expenditures
19 generated during the use of a qualified production
20 facility that is located in a geographic area of high
21 poverty or high unemployment, as determined by the
22 Department. To qualify under this item (ii), at least
23 50% of the total facility related expenses must be
24 completed in Illinois if studio space is available. No
25 labor expenditures for the additional credit under
26 item (i) may also qualify for the additional credit
27 under item (ii).

28 "Department" means the Department of Commerce and Economic
29 Opportunity.

30 "Director" means the Director of Commerce and Economic
31 Opportunity.

32 "Illinois labor expenditure" means salary or wages paid to
33 employees of the applicant for services on the accredited
34 production;

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

3 (1) Reasonable in the circumstances.

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

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

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

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

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

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

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

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

27 (10) Paid for services rendered in Illinois.

28 "Illinois production spending" means the expenses incurred
29 by the applicant for an accredited production, including,
30 without limitation, all of the following:

31 (1) expenses to purchase, from vendors within
32 Illinois, tangible personal property that is used in the
33 accredited production;

34 (2) expenses to acquire services, from vendors in

1 Illinois, for film production, editing, or processing; and
2 (3) the compensation, not to exceed \$100,000 for any
3 one employee, for contractual or salaried employees who are
4 Illinois residents performing services with respect to the
5 accredited production.

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

10 (Source: P.A. 93-543, eff. 1-1-04; 94-171, eff. 7-11-05.)

11 (35 ILCS 15/40)

12 (Section scheduled to be repealed on January 1, 2007)

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 one
18 taxable year.

19 (Source: P.A. 93-543, eff. 1-1-04.)

20 (35 ILCS 15/90)

21 (Section scheduled to be repealed on January 1, 2007)

22 Sec. 90. Repeal. This Act is repealed on January 1, 2009
23 ~~2007~~.

24 (Source: P.A. 93-543, eff. 1-1-04; 93-840, eff. 7-30-04;
25 94-171, eff. 7-11-05.)

26 Section 99. Effective date. This Act takes effect upon
27 becoming law."