

# House File 892 - Enrolled

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HOUSE FILE 892

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AN ACT  
CREATING A FILM, TELEVISION, AND VIDEO PROJECT PROMOTION  
PROGRAM, PROVIDING TAX CREDITS AND INCOME EXCLUSIONS, AND  
INCLUDING EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.  
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
Section 1. NEW SECTION. 15.391 SHORT TITLE.  
This part shall be known as the "Film, Television, and  
Video Project Promotion Program".  
Sec. 2. NEW SECTION. 15.392 PURPOSE.  
The purpose of the film, television, and video project  
promotion program is to assist legitimate film, television,  
and video producers in the production of film, television, and  
video projects in the state and to increase the fiscal impact  
on the state's economy of film, television, and video projects  
produced in the state. The program includes assistance in the  
production of advertising projects in a film, television, or  
video medium.  
Sec. 3. NEW SECTION. 15.393 FILM, TELEVISION, AND VIDEO  
PROJECT PROMOTION PROGRAM == TAX CREDITS AND EXCLUSION.  
1. The department shall establish and administer a film,  
television, and video project promotion program that provides  
for the registration of projects to be shot on location in the  
state. A project that is registered under the program is  
entitled to the assistance provided in subsection 2. A fee  
shall not be charged for registering. The department shall  
not register a project unless the department determines that  
all of the following are met:  
a. The project is a legitimate effort to produce an entire  
film, television, or video episode or a film, television, or  
video segment in the state.  
b. The project will include expenditures of at least one  
hundred thousand dollars in the state and have an economic  
impact on the economy of the state or locality sufficient to  
justify assistance under the program.  
c. The project will further tourism, economic development,  
and population retention or growth in the state or locality.  
d. Other criteria established by rule relating to the  
economic impact and promotional aspects of the project on the  
state or locality.  
2. A project registered with the department under the  
program is eligible for the following assistance:  
a. (1) For tax years beginning on or after January 1,  
2007, a qualified expenditure tax credit shall be allowed  
against the taxes imposed in chapter 422, divisions II, III,  
and V, and in chapter 432, and against the moneys and credits  
tax imposed in section 533.24, for a portion of a taxpayer's  
qualified expenditures in a project registered under the  
program. The tax credit shall equal twenty-five percent of  
the qualified expenditures on a project. An individual may  
claim a tax credit under this paragraph "a" of a partnership,  
limited liability company, S corporation, estate, or trust  
electing to have income taxed directly to the individual. The  
amount claimed by the individual shall be based upon the pro  
rata share of the individual's earnings from the partnership,  
limited liability company, S corporation, estate, or trust.  
Any tax credit in excess of the taxpayer's liability for the  
tax year may be credited to the tax liability for the  
following five years or until depleted, whichever is earlier.  
A tax credit shall not be carried back to a tax year prior to  
the tax year in which the taxpayer claims the tax credit.  
(2) A qualified expenditure by a taxpayer is a payment to  
an Iowa resident or an Iowa-based business for the sale,  
rental, or furnishing of tangible personal property or for  
services directly related to the registered project including  
but not limited to aircraft, vehicles, equipment, materials,  
supplies, accounting, animals and animal care, artistic and  
design services, graphics, construction, data and information  
services, delivery and pickup services, graphics, labor and

3 4 personnel, lighting, makeup and hairdressing, film, music,  
3 5 photography, sound, video and related services, printing,  
3 6 research, site fees and rental, travel related to Iowa distant  
3 7 locations, trash removal and cleanup, and wardrobe. For the  
3 8 purposes of this subparagraph, "labor and personnel" does not  
3 9 include the director, producers, or cast members other than  
3 10 extras and stand-ins. The department of revenue, in  
3 11 consultation with the department of economic development,  
3 12 shall by rule establish a list of eligible expenditures.

3 13 (3) After verifying the eligibility for a tax credit under  
3 14 this paragraph "a", the department of economic development  
3 15 shall issue a film, television, and video project promotion  
3 16 program tax credit certificate to be attached to the person's  
3 17 tax return. The tax credit certificate shall contain the  
3 18 taxpayer's name, address, tax identification number, the date  
3 19 of project completion, the amount of credit, other information  
3 20 required by the department of revenue, and a place for the  
3 21 name and tax identification number of a transferee and the  
3 22 amount of the tax credit being transferred. Tax credit  
3 23 certificates issued under this paragraph "a" may be  
3 24 transferred to any person or entity. Within ninety days of  
3 25 transfer, the transferee shall submit the transferred tax  
3 26 credit certificate to the department of revenue along with a  
3 27 statement containing the transferee's name, tax identification  
3 28 number, and address, and the denomination that each  
3 29 replacement tax credit certificate is to carry and any other  
3 30 information required by the department of revenue. Within  
3 31 thirty days of receiving the transferred tax credit  
3 32 certificate and the transferee's statement, the department of  
3 33 revenue shall issue one or more replacement tax credit  
3 34 certificates to the transferee. Each replacement tax credit  
3 35 certificate must contain the information required for the  
4 1 original tax credit certificate and must have the same  
4 2 expiration date that appeared in the transferred tax credit  
4 3 certificate. Tax credit certificate amounts of less than the  
4 4 minimum amount established by rule of the department of  
4 5 economic development shall not be transferable. A tax credit  
4 6 shall not be claimed by a transferee under this paragraph "a"  
4 7 until a replacement tax credit certificate identifying the  
4 8 transferee as the proper holder has been issued. The  
4 9 transferee may use the amount of the tax credit transferred  
4 10 against the taxes imposed in chapter 422, divisions II, III,  
4 11 and V, and in chapter 432, and against the moneys and credits  
4 12 tax imposed in section 533.24, for any tax year the original  
4 13 transferor could have claimed the tax credit. Any  
4 14 consideration received for the transfer of the tax credit  
4 15 shall not be included as income under chapter 422, divisions  
4 16 II, III, and V, under chapter 432, or against the moneys and  
4 17 credits tax imposed in section 533.24. Any consideration paid  
4 18 for the transfer of the tax credit shall not be deducted from  
4 19 income under chapter 422, divisions II, III, and V, under  
4 20 chapter 432, or against the moneys and credits tax imposed in  
4 21 section 533.24.

4 22 (4) A taxpayer claiming a tax credit under this paragraph  
4 23 "a", a business in which such taxpayer has an equity interest,  
4 24 and a business in which such taxpayer participates in its  
4 25 management is not eligible to receive the adjusted gross  
4 26 income reduction under paragraph "c".

4 27 b. (1) For tax years beginning on or after January 1,  
4 28 2007, an investment tax credit shall be allowed against the  
4 29 taxes imposed in chapter 422, divisions II, III, and V, and in  
4 30 chapter 432, and against the moneys and credits tax imposed in  
4 31 section 533.24, for a portion of a taxpayer's investment in a  
4 32 project registered under the program. The tax credit shall  
4 33 equal twenty-five percent of the investment in the project.  
4 34 An individual may claim a tax credit under this paragraph of a  
4 35 partnership, limited liability company, S corporation, estate,  
5 1 or trust electing to have income taxed directly to the  
5 2 individual. The amount claimed by the individual shall be  
5 3 based upon the pro rata share of the individual's earnings  
5 4 from the partnership, limited liability company, S  
5 5 corporation, estate, or trust. Any tax credit in excess of  
5 6 the taxpayer's liability for the tax year may be credited to  
5 7 the tax liability for the following five years or until  
5 8 depleted, whichever is earlier. A tax credit shall not be  
5 9 carried back to a tax year prior to the tax year in which the  
5 10 taxpayer claims the tax credit. A taxpayer shall not claim a  
5 11 tax credit under this paragraph "b" for qualified expenditures  
5 12 for which a tax credit is claimed under paragraph "a".

5 13 (2) After verifying the eligibility for a tax credit under  
5 14 this paragraph "b", the department of economic development

5 15 shall issue a film, television, and video project promotion  
5 16 program tax credit certificate to be attached to the person's  
5 17 tax return. The tax credit certificate shall contain the  
5 18 taxpayer's name, address, tax identification number, the date  
5 19 of project completion, the amount of credit, other information  
5 20 required by the department of revenue, and a place for the  
5 21 name and tax identification number of a transferee and the  
5 22 amount of the tax credit being transferred. Tax credit  
5 23 certificates issued under this paragraph "b" may be  
5 24 transferred to any person or entity. Within ninety days of  
5 25 transfer, the transferee shall submit the transferred tax  
5 26 credit certificate to the department of revenue along with a  
5 27 statement containing the transferee's name, tax identification  
5 28 number, and address, and the denomination that each  
5 29 replacement tax credit certificate is to carry and any other  
5 30 information required by the department of revenue. Within  
5 31 thirty days of receiving the transferred tax credit  
5 32 certificate and the transferee's statement, the department of  
5 33 revenue shall issue one or more replacement tax credit  
5 34 certificates to the transferee. Each replacement tax credit  
5 35 certificate must contain the information required for the  
6 1 original tax credit certificate and must have the same  
6 2 expiration date that appeared in the transferred tax credit  
6 3 certificate. Tax credit certificate amounts of less than the  
6 4 minimum amount established by rule of the department of  
6 5 economic development shall not be transferable. A tax credit  
6 6 shall not be claimed by a transferee under this paragraph "b"  
6 7 until a replacement tax credit certificate identifying the  
6 8 transferee as the proper holder has been issued. The  
6 9 transferee may use the amount of the tax credit transferred  
6 10 against the taxes imposed in chapter 422, divisions II, III,  
6 11 and V, and in chapter 432, and against the moneys and credits  
6 12 tax imposed in section 533.24, for any tax year the original  
6 13 transferor could have claimed the tax credit. Any  
6 14 consideration received for the transfer of the tax credit  
6 15 shall not be included as income under chapter 422, divisions  
6 16 II, III, and V, under chapter 432, or against the moneys and  
6 17 credits tax imposed in section 533.24. Any consideration paid  
6 18 for the transfer of the tax credit shall not be deducted from  
6 19 income under chapter 422, divisions II, III, and V, under  
6 20 chapter 432, or against the moneys and credits tax imposed in  
6 21 section 533.24.

6 22 c. For tax years beginning on or after January 1, 2007, a  
6 23 reduction in adjusted gross income for purposes of taxes  
6 24 imposed in chapter 422, divisions II and III, for payments  
6 25 received from the sale, rental, or furnishing of tangible  
6 26 personal property or services directly related to the  
6 27 production of a project registered under this section which  
6 28 meets the criteria of a qualified expenditure under paragraph  
6 29 "a", subparagraph (2).

6 30 3. The department shall promote the program and the  
6 31 assistance available under the program on an internet website.

6 32 4. A project that depicts or describes any obscene  
6 33 material, as defined in section 728.1, shall not be eligible  
6 34 to receive assistance under this section.

6 35 Sec. 4. Section 422.7, Code 2007, is amended by adding the  
7 1 following new subsection:

7 2 NEW SUBSECTION. 50. Subtract, to the extent included, an  
7 3 amount equal to any income received from the sale, rental, or  
7 4 furnishing of tangible personal property or services directly  
7 5 related to the production of a project registered under  
7 6 section 15.393 which meets the criteria of a qualified  
7 7 expenditure under section 15.393, subsection 2, paragraph "a",  
7 8 subparagraph (2).

7 9 Sec. 5. NEW SECTION. 422.11T FILM QUALIFIED EXPENDITURE  
7 10 TAX CREDIT.

7 11 The taxes imposed under this division, less the credits  
7 12 allowed under sections 422.12 and 422.12B, shall be reduced by  
7 13 a qualified expenditure tax credit authorized pursuant to  
7 14 section 15.393, subsection 2, paragraph "a".

7 15 Sec. 6. NEW SECTION. 422.11U FILM INVESTMENT TAX CREDIT.  
7 16 The taxes imposed under this division, less the credits  
7 17 allowed under sections 422.12 and 422.12B, shall be reduced by  
7 18 an investment tax credit authorized pursuant to section  
7 19 15.393, subsection 2, paragraph "b".

7 20 Sec. 7. Section 422.33, Code 2007, is amended by adding  
7 21 the following new subsections:

7 22 NEW SUBSECTION. 24. The taxes imposed under this division  
7 23 shall be reduced by a qualified expenditure tax credit  
7 24 authorized pursuant to section 15.393, subsection 2, paragraph  
7 25 "a".

7 26 NEW SUBSECTION. 25. The taxes imposed under this division  
7 27 shall be reduced by an investment tax credit authorized  
7 28 pursuant to section 15.393, subsection 2, paragraph "b".  
7 29 Sec. 8. Section 422.35, Code 2007, is amended by adding  
7 30 the following new subsection:  
7 31 NEW SUBSECTION. 23. Subtract, to the extent included, an  
7 32 amount equal to any income received from the sale, rental, or  
7 33 furnishing of tangible personal property or services directly  
7 34 related to the production of a project registered under  
7 35 section 15.393 which meets the criteria of a qualified  
8 1 expenditure under section 15.393, subsection 2, paragraph "a",  
8 2 subparagraph (2).  
8 3 Sec. 9. Section 422.60, Code 2007, is amended by adding  
8 4 the following new subsections:  
8 5 NEW SUBSECTION. 13. The taxes imposed under this division  
8 6 shall be reduced by a qualified expenditure tax credit  
8 7 authorized pursuant to section 15.393, subsection 2, paragraph  
8 8 "a".  
8 9 NEW SUBSECTION. 14. The taxes imposed under this division  
8 10 shall be reduced by an investment tax credit authorized  
8 11 pursuant to section 15.393, subsection 2, paragraph "b".  
8 12 Sec. 10. NEW SECTION. 432.12J FILM QUALIFIED EXPENDITURE  
8 13 TAX CREDIT.  
8 14 The tax imposed under this chapter shall be reduced by a  
8 15 qualified expenditure tax credit authorized pursuant to  
8 16 section 15.393, subsection 2, paragraph "a".  
8 17 Sec. 11. NEW SECTION. 432.12K FILM INVESTMENT TAX  
8 18 CREDIT.  
8 19 The tax imposed under this chapter shall be reduced by an  
8 20 investment tax credit authorized pursuant to section 15.393,  
8 21 subsection 2, paragraph "b".  
8 22 Sec. 12. Section 533.24, Code 2007, is amended by adding  
8 23 the following new subsections:  
8 24 NEW SUBSECTION. 11. The moneys and credits tax imposed  
8 25 under this section shall be reduced by a qualified expenditure  
8 26 tax credit authorized pursuant to section 15.393, subsection  
8 27 2, paragraph "a".  
8 28 NEW SUBSECTION. 12. The moneys and credits tax imposed  
8 29 under this section shall be reduced by an investment tax  
8 30 credit authorized pursuant to section 15.393, subsection 2,  
8 31 paragraph "b".  
8 32 Sec. 13. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.  
8 33 This Act, being deemed of immediate importance, takes effect  
8 34 upon enactment and is retroactively applicable to January 1,  
8 35 2007, for tax years beginning on and after that date.

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PATRICK J. MURPHY  
Speaker of the House

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JOHN P. KIBBIE  
President of the Senate

I hereby certify that this bill originated in the House and  
is known as House File 892, Eighty=second General Assembly.

\_\_\_\_\_  
MARK BRANDSGARD  
Chief Clerk of the House

Approved \_\_\_\_\_, 2007

\_\_\_\_\_  
CHESTER J. CULVER  
Governor