

# House File 631 - Introduced

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON ECONOMIC  
GROWTH

(SUCCESSOR TO HSB 166)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the eligibility for tax credits and income  
2 reductions for qualified expenditures under the film,  
3 television, and video project promotion program, providing for  
4 a fee, and providing an applicability date provision.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 1235HV 83  
7 tw/mg:sc/5

PAG LIN

1 1 Section 1. Section 15.393, subsection 1, unnumbered  
1 2 paragraph 1, Code 2009, is amended to read as follows:  
1 3 The department shall establish and administer a film,  
1 4 television, and video project promotion program that provides  
1 5 for the registration of projects to be shot on location in the  
1 6 state. A project that is registered under the program is  
1 7 entitled to the assistance provided in subsection 2. A fee  
1 8 ~~shall not may~~ be charged for registering. The department  
1 9 shall not register a project unless the department determines  
1 10 that all of the following criteria are met:

1 11 Sec. 2. Section 15.393, subsection 2, paragraph a,  
1 12 subparagraph (2), Code 2009, is amended to read as follows:

1 13 (2) A qualified expenditure by a taxpayer is a payment to  
1 14 an Iowa resident or an Iowa-based business for the sale,  
1 15 rental, or furnishing of tangible personal property or for  
1 16 services directly related to the registered project including  
1 17 but not limited to aircraft, vehicles, equipment, materials,  
1 18 supplies, accounting, animals and animal care, artistic and  
1 19 design services, graphics, construction, data and information  
1 20 services, delivery and pickup services, labor and personnel,  
1 21 lighting, makeup and hairdressing, film, music, photography,  
1 22 sound, video and related services, printing, research, site  
1 23 fees and rental, travel related to Iowa distant locations,  
1 24 trash removal and cleanup, and wardrobe. ~~For the purposes of~~  
~~1 25 this subparagraph, "labor and personnel" does not include the~~  
~~1 26 director, producers, or cast members other than extras and~~  
~~1 27 stand-ins.~~

1 28 (i) For purposes of this subparagraph, "labor and  
1 29 personnel" includes compensation paid, in an amount not to  
1 30 exceed one million dollars each, to the principal producer,  
1 31 the principal director, and the principal cast members,  
1 32 provided that the principal producer, director, or cast member  
1 33 is an Iowa resident or an Iowa-based business.

1 34 (ii) The department of revenue, in consultation with the  
1 35 department of economic development, shall by rule establish a  
2 1 list of eligible expenditures.

2 2 Sec. 3. Section 15.393, subsection 2, paragraph c, Code  
2 3 2009, is amended to read as follows:

2 4 c. For tax years beginning on or after January 1, 2007,  
2 5 the tax year in which a qualified expenditure occurred, and  
2 6 for the ensuing three tax years, a taxpayer may claim a  
2 7 reduction in adjusted gross income not to exceed in a tax year  
2 8 twenty-five percent of the amount of the qualified expenditure  
2 9 for purposes of taxes imposed in chapter 422, divisions II and  
2 10 III, for payments received from the sale, rental, or  
2 11 furnishing of tangible personal property or services directly  
2 12 related to the production of a project registered under this  
2 13 section which meets the criteria of a qualified expenditure  
2 14 under paragraph "a", subparagraph (2).

2 15 Sec. 4. APPLICABILITY DATE. This Act applies to projects

2 16 registered on or after July 1, 2009.

2 17 EXPLANATION

2 18 This bill relates to the eligibility for tax credits for  
2 19 qualified expenditures and deduction from income received from  
2 20 certain qualified expenditures under the film, television, and  
2 21 video project promotion program.

2 22 Currently, the department cannot charge a fee. The bill  
2 23 allows the department to charge a fee for registering.

2 24 The program currently does not allow salary expenditures  
2 25 for directors, producers, and principal cast members to be  
2 26 counted as qualified expenditures under the program. The bill  
2 27 allows up to \$1 million in compensation for each of these  
2 28 persons to be counted toward a taxpayer's qualified  
2 29 expenditures if the person is an Iowa resident or Iowa-based  
2 30 business.

2 31 The program also currently allows vendors to take a  
2 32 reduction in adjusted gross income for qualified expenditures  
2 33 in the same year as the expenses are incurred. The bill makes  
2 34 the credit available for the tax year in which the  
2 35 expenditures were incurred and for three ensuing tax years.

3 1 The bill applies to projects registered on or after July 1,  
3 2 2009.

3 3 LSB 1235HV 83

3 4 tw/mg:sc/5