

Senate File 480 - Introduced

SENATE FILE _____
BY COMMITTEE ON WAYS AND
MEANS

(SUCCESSOR TO SF 206)
(SUCCESSOR TO SSB 1176)

Passed Senate, Date _____ Passed House, 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 1235SZ 83
7 tw/sc/5

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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 amount of the
1 9 fee charged for registering shall be determined by the
1 10 department by rule. Registration fees collected by the
1 11 department under this section shall be used to administer the
1 12 program. The department shall not register a project unless
1 13 the department determines that all of the following criteria
1 14 are met:

1 15 Sec. 2. Section 15.393, subsection 2, paragraph a,
1 16 subparagraph (2), Code 2009, is amended to read as follows:
1 17 (2) A qualified expenditure by a taxpayer is a payment to
1 18 an Iowa resident or an Iowa-based business for the sale,
1 19 rental, or furnishing of tangible personal property or for
1 20 services directly related to the registered project including
1 21 but not limited to aircraft, vehicles, equipment, materials,
1 22 supplies, accounting, animals and animal care, artistic and
1 23 design services, graphics, construction, data and information
1 24 services, delivery and pickup services, labor and personnel,
1 25 lighting, makeup and hairdressing, film, music, photography,
1 26 sound, video and related services, printing, research, site
1 27 fees and rental, travel related to Iowa distant locations,
1 28 trash removal and cleanup, and wardrobe. ~~For the purposes of~~
1 29 ~~this subparagraph, "labor and personnel" does not include the~~
1 30 ~~director, producers, or cast members other than extras and~~
1 31 ~~stand-ins.~~

1 32 (a) For purposes of this subparagraph, "labor and
1 33 personnel" includes compensation paid to the principal
1 34 producer, principal director, and principal cast members if
1 35 the principal producer, principal director, or principal cast
2 1 member is an Iowa resident or an Iowa-based business, and if
2 2 the compensation paid meets one of the following conditions:
2 3 (i) If the qualified expenditures are at least ten million
2 4 dollars but less than twenty million dollars, the compensation
2 5 paid to each principal producer, principal director, and
2 6 principal cast member does not exceed two hundred fifty
2 7 thousand dollars each.

2 8 (ii) If the qualified expenditures are at least twenty
2 9 million dollars, the compensation paid to each principal
2 10 producer, principal director, and principal cast member does
2 11 not exceed one million dollars each.

2 12 (b) For purposes of this subparagraph, "labor and

2 13 personnel" includes compensation paid to personnel other than
2 14 the principal producer, principal director, or principal cast
2 15 members if the compensation paid meets one of the following
2 16 conditions:
2 17 (i) If the qualified expenditures are less than ten
2 18 million dollars, the compensation paid to labor and personnel
2 19 other than the principal producer, the principal director, and
2 20 principal cast members, does not exceed one hundred fifty
2 21 thousand dollars each.
2 22 (ii) If the qualified expenditures are at least ten
2 23 million dollars but less than twenty million dollars, the
2 24 compensation paid to labor and personnel other than the
2 25 principal producer, the principal director, and the principal
2 26 cast members, does not exceed two hundred thousand dollars
2 27 each.
2 28 (iii) If the qualified expenditures are at least twenty
2 29 million dollars, the compensation paid to labor and personnel
2 30 other than the principal producer, the principal director, and
2 31 the principal cast members, does not exceed three hundred
2 32 thousand dollars each.

2 33 (c) The department of revenue, in consultation with the
2 34 department of economic development, shall by rule establish a
2 35 list of eligible expenditures.

3 1 Sec. 3. Section 15.393, subsection 2, paragraph c, Code
3 2 2009, is amended to read as follows:

3 3 c. For tax years beginning on or after January 1, 2007,
3 4 the tax year in which a qualified expenditure occurred, and
3 5 for the ensuing three tax years, a taxpayer may claim a
3 6 reduction in adjusted gross income not to exceed in a tax year
3 7 twenty-five percent of the amount of the qualified expenditure
3 8 for purposes of taxes imposed in chapter 422, divisions II and
3 9 III, for payments received from the sale, rental, or
3 10 furnishing of tangible personal property or services directly
3 11 related to the production of a project registered under this
3 12 section which meets the criteria of a qualified expenditure
3 13 under paragraph "a", subparagraph (2).

3 14 Sec. 4. APPLICABILITY DATE. This Act applies to projects
3 15 registered on or after July 1, 2009.

3 16 EXPLANATION

3 17 This bill relates to the eligibility for tax credits for
3 18 qualified expenditures and deduction from income received from
3 19 certain qualified expenditures under the film, television, and
3 20 video project promotion program.

3 21 The bill allows the department to charge a fee to register
3 22 a project with the program. Current law does not allow a
3 23 registration fee. The amount of the fee is determined by rule
3 24 and must be used to administer the program.

3 25 The program currently does not allow salary expenditures
3 26 for directors, producers, and principal cast members, or other
3 27 personnel to be counted as qualified expenditures under the
3 28 program. The bill allows a portion of the compensation paid
3 29 to such persons to be counted toward a taxpayer's qualified
3 30 expenditures if the person is an Iowa resident or Iowa-based
3 31 business.

3 32 The bill provides that for principal producers, directors,
3 33 and cast members, as much as \$250,000 of compensation paid may
3 34 be counted if the qualified expenditures are at least \$10
3 35 million but less than \$20 million. As much as \$1 million of
4 1 compensation paid may be counted if the qualified expenditures
4 2 are at least \$20 million.

4 3 The bill also provides that for personnel other than
4 4 principal producers, directors, and cast members, as much as
4 5 \$150,000 of compensation paid may be counted if the qualified
4 6 expenditures are less than \$10 million. As much as \$200,000
4 7 of compensation paid may be counted if the qualified
4 8 expenditures are at least \$10 million but less than \$20
4 9 million. As much as \$300,000 may be counted if the qualified
4 10 expenditures are at least \$20 million.

4 11 The program currently allows vendors to take a reduction in
4 12 adjusted gross income for qualified expenditures in the same
4 13 year as the expenses are incurred. The bill makes the credit
4 14 available for the tax year in which the expenditures were
4 15 incurred and for three ensuing tax years.

4 16 The bill applies to projects registered on or after July 1,
4 17 2009.

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