

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 1213
Finance Committee Substitute Adopted 6/1/06

Short Title: Film Incentive Changes.

(Public)

Sponsors:

Referred to:

May 10, 2006

A BILL TO BE ENTITLED

AN ACT TO CONFORM THE TAX CREDIT FOR PRODUCTION COMPANIES TO
THE STANDARD TAX TREATMENT WITH RESPECT TO THE DEDUCTION
OF BUSINESS EXPENSES AND TO MAKE TECHNICAL CHANGES TO THAT
CREDIT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-130.5(a)(18) is repealed.

SECTION 2. G.S. 105-130.47(a) reads as rewritten:

"(a) Definitions. – The following definitions apply in this section:

(1) Highly compensated individual. – An individual who directly or indirectly receives compensation in excess of one million dollars (\$1,000,000) for personal services with respect to a single production. An individual receives compensation indirectly when a production company pays a personal service company or an employee leasing company that pays the individual.

(2) Live sporting event. – A scheduled sporting competition, game, or race that is not originated by a production company, but originated solely by an amateur, collegiate, or professional organization, institution, or association for live or tape-delayed television or satellite broadcast. A live sporting event ~~shall does not~~ include commercial advertising, an episodic television series, a television pilot, a music video, a motion picture, or a documentary production ~~where any in which~~ sporting events are presented through archived historical footage or similar footage ~~depicting earlier live sporting events that originated more than thirty days before the time of such usage.~~ taken at least 30 days before it is used.

(3) Production company. – Defined in G.S. 105-164.3.

(4) Qualifying expenses. – The sum of the ~~total amount~~ following amounts spent in this State ~~for the following~~ by a production company in

1 connection with a ~~production~~production, less the amount paid to a
2 highly compensated individual:

3 a. Goods and services leased or ~~purchased by the production~~
4 ~~company~~purchased. For goods with a purchase price of
5 twenty-five thousand dollars (\$25,000) or more, the amount
6 included in qualifying expenses is the purchase price less the
7 fair market value of the good at the time the production is
8 completed.

9 b. Compensation and ~~wages paid by the production company,~~
10 ~~other than amounts paid to a highly compensated individual,~~
11 wages on which the ~~production company remitted withholding~~
12 payments are remitted to the Department of Revenue under
13 Article 4A of this Chapter."

14 **SECTION 3.** G.S. 105-130.47(i) is repealed.

15 **SECTION 4.** G.S. 105-134.6(c)(9) is repealed.

16 **SECTION 5.** G.S. 105-151.29(a) reads as rewritten:

17 "(a) Definitions. – The following definitions apply in this section:

18 (1) Highly compensated individual. – An individual who directly or
19 indirectly receives compensation in excess of one million dollars
20 (\$1,000,000) for personal services with respect to a single production.
21 An individual receives compensation indirectly when a production
22 company pays a personal service company or an employee leasing
23 company that pays the individual.

24 (2) Live sporting event. – A scheduled sporting competition, game, or race
25 that is not originated by a production company, but originated solely
26 by an amateur, collegiate, or professional organization, institution, or
27 association for live or tape-delayed television or satellite broadcast. A
28 live sporting event ~~shall~~does not include commercial advertising, an
29 episodic television series, a television pilot, a music video, a motion
30 picture, or a documentary production ~~where any in which~~ sporting
31 events are presented through archived historical footage or similar
32 footage ~~depicting earlier live sporting events that originated more than~~
33 ~~thirty days before the time of such usage.~~ taken at least 30 days before
34 it is used.

35 (3) Production company. – Defined in G.S. 105-164.3.

36 (4) Qualifying expenses. – The sum of the ~~total amount~~following amounts
37 spent in this State for the following by a production company in
38 connection with a ~~production~~production, less the amount paid to a
39 highly compensated individual:

40 a. Goods and services leased or ~~purchased by the production~~
41 ~~company~~purchased. For goods with a purchase price of
42 twenty-five thousand dollars (\$25,000) or more, the amount
43 included in qualifying expenses is the purchase price less the

1 fair market value of the good at the time the production is
2 completed.

3 b. ~~Compensation and wages paid by the production company,~~
4 ~~other than amounts paid to a highly compensated individual,~~
5 wages on which the production company remitted withholding
6 payments are remitted to the Department of Revenue under
7 Article 4A of this Chapter."

8 **SECTION 6.** G.S. 105-151.29(i) is repealed.

9 **SECTION 7.** G.S. 105-259(b) reads as rewritten:

10 "(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State
11 who has access to tax information in the course of service to or employment by the State
12 may not disclose the information to any other person unless the disclosure is made for
13 one of the following purposes:

14 ...
15 (36) To furnish to a taxpayer claiming a credit under G.S. 105-130.47 or
16 G.S. 105-151.29 information used by the Secretary to adjust the
17 amount of the credit claimed by the taxpayer."

18 **SECTION 8.** Section 7 of this act is effective when it becomes law. The
19 remainder of this act is effective for taxable years beginning on or after January 1, 2006.