

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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SENATE BILL 1213

Short Title: Film Incentive Changes.

(Public)

Sponsors: Senator Boseman.

Referred to: Finance.

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 G.S. 105-130.5(a)(18) is repealed.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 receives compensation in excess of one million dollars (\$1,000,000) for services with respect to a single production.

(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 not include commercial advertising, an episodic television series, a television pilot, music video, motion picture, or documentary production where any 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.

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

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

a. Goods and services leased or ~~purchased by the production company~~ purchased. For goods with a purchase price of twenty-five thousand dollars (\$25,000) or more, the amount

1 included in qualifying expenses is the purchase price less the
2 fair market value of the good at the time the production is
3 completed.

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

9 **SECTION 3.** G.S. 105-130.47(i) is repealed.

10 **SECTION 4.** G.S. 105-134.6(c)(9) is repealed.

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

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

13 (1) Highly compensated individual. – An individual who receives
14 compensation in excess of one million dollars (\$1,000,000) for
15 services with respect to a single production.

16 (2) Live sporting event. – A scheduled sporting competition, game, or race
17 that is not originated by a production company, but originated solely
18 by an amateur, collegiate, or professional organization, institution, or
19 association for live or tape-delayed television or satellite broadcast. A
20 live sporting event shall not include commercial advertising, an
21 episodic television series, a television pilot, music video, motion
22 picture, or documentary production where any sporting events are
23 presented through archived historical footage or similar footage
24 depicting earlier live sporting events that originated more than thirty
25 days before the time of such usage.

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

27 (4) Qualifying expenses. – The sum of the total amount spent in this State
28 for the following by a production company in connection with a
29 production:

30 a. Goods and services leased or ~~purchased by the production~~
31 ~~company, purchased.~~ For goods with a purchase price of
32 twenty-five thousand dollars (\$25,000) or more, the amount
33 included in qualifying expenses is the purchase price less the
34 fair market value of the good at the time the production is
35 completed.

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

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

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

43 "(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State
44 who has access to tax information in the course of service to or employment by the State

1 may not disclose the information to any other person unless the disclosure is made for
2 one of the following purposes:

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

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