

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE DRS75393-LYx-294C (3/22)

Short Title: Film Incentive Changes.

(Public)

Sponsors: Senator Boseman.

Referred to:

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 G.S. 105-130.5(a)(18) is repealed.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

- 1 a. Goods and services leased or ~~purchased by the production~~
2 ~~company-purchased.~~ For goods with a purchase price of
3 twenty-five thousand dollars (\$25,000) or more, the amount
4 included in qualifying expenses is the purchase price less the
5 fair market value of the good at the time the production is
6 completed.
- 7 b. Compensation and ~~wages paid by the production~~
8 ~~company,wages,~~ other than amounts paid to a highly
9 compensated individual, on which ~~the production company~~
10 ~~remitted-withholding payments~~ are remitted to the Department
11 of Revenue under Article 4A of this Chapter."

12 **SECTION 3.** G.S. 105-130.47(i) is repealed.

13 **SECTION 4.** G.S. 105-134.6(c)(9) is repealed.

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

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

- 16 (1) Highly compensated individual. – An individual who receives
17 compensation in excess of one million dollars (\$1,000,000) for
18 services with respect to a single production.
- 19 (2) Live sporting event. – A scheduled sporting competition, game, or race
20 that is not originated by a production company, but originated solely
21 by an amateur, collegiate, or professional organization, institution, or
22 association for live or tape-delayed television or satellite broadcast. A
23 live sporting event shall not include commercial advertising, an
24 episodic television series, a television pilot, music video, motion
25 picture, or documentary production where any sporting events are
26 presented through archived historical footage or similar footage
27 depicting earlier live sporting events that originated more than thirty
28 days before the time of such usage.
- 29 (3) Production company. – Defined in G.S. 105-164.3.
- 30 (4) Qualifying expenses. – The sum of the total amount spent in this State
31 for the following by a production company in connection with a
32 production:
- 33 a. Goods and services leased or ~~purchased by the production~~
34 ~~company-purchased.~~ For goods with a purchase price of
35 twenty-five thousand dollars (\$25,000) or more, the amount
36 included in qualifying expenses is the purchase price less the
37 fair market value of the good at the time the production is
38 completed.
- 39 b. Compensation and ~~wages paid by the production~~
40 ~~company,wages,~~ other than amounts paid to a highly
41 compensated individual, on which ~~the production company~~
42 ~~remitted-withholding payments~~ are remitted to the Department
43 of Revenue under Article 4A of this Chapter."

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

1 **SECTION 7.** G.S. 105-259(b) reads as rewritten:
2 "(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State
3 who has access to tax information in the course of service to or employment by the State
4 may not disclose the information to any other person unless the disclosure is made for
5 one of the following purposes:

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

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