

February 19, 2007

**H 268. VIDEO GAME PRODUCER TAX CREDIT.** Filed 2/19/07. *TO ALLOW A TAX CREDIT FOR VIDEO GAME PRODUCERS.* Amends GS Chapter 105, Article 4, Part 1 (Corporate Income Tax), by adding new GS 105-130.49, and Part 2 (Individual Income Tax) by adding new GS 105-151.31, to allow a taxpayer that produces digital interactive media a tax credit equal to 15% of the taxpayer's qualifying expenses in producing the media. The credit may not exceed the amount of tax imposed for the taxable year reduced by the sum of all credits allowable; any excess may be carried forward for five years. *Digital interactive media* is defined as products that are intended for commercial use or distribution and that (1) are produced for distribution on electronic media, including file downloads over the Internet; (2) contain a computer-controlled virtual universe with which users may interact in order to achieve a goal; and (3) contain an appreciable amount of at least three of the following: text, sound, fixed images, animated images, and 3D geometry. No credit is allowed with respect to media that contain obscene material. Each statute directs the Department of Revenue to publish an annual report about the use and cost of the new tax credits. The new tax credits are repealed for tax years beginning on or after January 1, 2011. Effective beginning with the 2007 tax year.

**Intro. by Gibson.**

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