

March 19, 2009

S 723. NO CREDIT FOR OBSCENE FILMS. Filed 3/19/09. *TO REQUIRE ADDITIONAL OVERSIGHT OF THE TAX CREDIT FOR QUALIFYING EXPENSES OF A PRODUCTION COMPANY AND TO LIMIT THE CREDIT FOR COMPENSATION OF INDIVIDUALS RECEIVING PAYMENT TO FIVE HUNDRED THOUSAND DOLLARS.*

Amends GS 105-130.47 (concerning corporate income tax): (1) to amend subdivision (a)(1) to define a *highly compensated individual* as an individual who receives compensation in excess of \$500,000 (rather than \$1 million); (2) to add a new subsection (2a) defining the MPAA as The Motion Picture Association of America, Inc.; (3) to amend subsection (b) to only allow a production company to take a production tax credit if the company (a) notifies the Division of Tourism, Film, and Sports Development (Division) in the Department of Commerce of its intent to claim the tax credit and (b) receives a rating from the MPAA for its production; (4) to amend subsection (f) to add a new subdivision (5) that does not allow a production tax credit for films receiving a rating of "NC-17" from the MPAA; (6) to amend subsection (h) to require the Department of Revenue to include in its annual reports on the production tax credit (a) the identity of the company claiming the production tax credit and (b) the title of the production at the time the credit is claimed; (7) to amend subsection (j) to require each company seeking to claim the production tax credit to provide the Division with specific information regarding the production, including the synopsis of the script, in order to allow the North Carolina Film Office to evaluate the notification to determine that the production satisfies the requirements of GS 105-130.47 and that the production has serious artistic merit taking into consideration general standards of decency and respect for the diverse beliefs and values of NC citizens; and (8) to add a new subsection (j1) to require the Department of Revenue to review the notification required under subsection (j), the final budget, and the postproduction script to determine whether the final production differs substantially from the production described in the notification and to determine whether the production has serious artistic merit. Also amends the definition of qualifying expenses to be the sum of specified amounts spent by a production company less the amount in excess of \$500,000 (was, \$1 million) paid to a highly compensated individual.

Amends the parallel provisions in GS 105-151.29 (concerning individual income tax) to correspond with the amendments to GS 105-130.47. Makes conforming and technical changes. Effective for taxable years beginning on or after January 1, 2009.

Intro. by Berger of Rockingham.

GS 105