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113TH CONGRESS
2D SESSION

H. R. 5497

To amend the Internal Revenue Code of 1986 to modify and extend the election to expense the cost of qualified film, television, and theatrical productions.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 16, 2014

Mr. PETERSON introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to modify and extend the election to expense the cost of qualified film, television, and theatrical productions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Film Incentive Reform Act of 2014''.

SEC. 2. MODIFICATION AND EXTENSION OF ELECTION TO EXPENSE THE COST OF QUALIFIED FILM, TELEVISION, AND THEATRICAL PRODUCTIONS.

(a) EXTENSION.—Section 181(f) of the Internal Revenue Code of 1986 is amended by striking ''December 31, 2013'' and inserting ''December 31, 2015''.

(b) MODIFICATION OF QUALIFIED FILM, TELEVISION AND THEATRICAL PRODUCTIONS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—Section 181(d) of such Code is amended to read as follows:

''(d) QUALIFIED FILM, TELEVISION, OR THEATRICAL PRODUCTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified film, television, or theatrical production' means—

''(A) any film or television production if 100 percent of the total compensation of the film or television production is compensation for services performed in the United States, and

''(B) any theatrical production if 75 percent of the total compensation of the theatrical production is qualified compensation.

''(2) FILM OR TELEVISION PRODUCTION.—

"(A) IN GENERAL.—The term 'film or television production' means property described in section 168(f)(3).

"(B) SPECIAL RULE FOR TELEVISION SERIES.—In the case of a television series—

"(i) each episode of such series shall be treated as a separate production, and

"(ii) only the first 44 episodes of such series shall be taken into account.

"(3) THEATRICAL PRODUCTION.—

"(A) IN GENERAL.—The term 'theatrical production' means a live staged production of a play (with or without music) which is derived from a written book or script and is produced or presented in any venue which has an audience capacity of not more than 3,000 or a series of venues the majority of which have an audience capacity of not more than 3,000.

"(B) TOURING COMPANIES.—In the case of multiple live staged productions for which an election under this section is made by the same taxpayer and which are—

"(i) separate phases of a production, or

"(ii) separate simultaneous stagings of the same production in different geographical locations (not including multiple performance locations of any one touring production),

each such live staged production shall be treated as a separate production.

"(C) PHASES.—For purposes of subparagraph (B), the term 'phase' refers to each of the following (but only if the taxpayer treats each of the following as a separate activity for all purposes of this title):

"(i) The initial staging of the production.

"(ii) Subsequent additional stagings or tourings of the production which are produced by the same producer as the initial staging.

"(D) QUALIFIED COMPENSATION.—

"(i) IN GENERAL.—For purposes of paragraph (1)(B), the term 'qualified compensation' means compensation for services performed in the United States by actors, directors, musicians, producers, and other production and post-production personnel.

"(ii) PARTICIPATIONS AND RESIDUALS EXCLUDED.—For purposes of paragraph (1)(B) and clause (i), the term 'compensation' does not include participations and residuals (as defined in section 167(g)(7)(B)).

"(4) EXCEPTION.—The term 'qualified film, television, or theatrical production' shall not include any production if records are required under section 2257 of title 18, United States Code, to be maintained with respect to any performer in such production.".

(2) CONFORMING AMENDMENTS.—

(A) Subsections (a)(1), (a)(2)(A), (a)(2)(B), (b), and (c)(1) of section 181 of such Code are each amended by striking "any qualified film or television production" and inserting "any qualified film, television, or theatrical production".

(B) Section 181(f) of such Code is amended by striking "qualified film and television productions" and inserting "any qualified film, television, or theatrical production".

(C) The heading of section 181 is amended by striking "**QUALIFIED FILM AND TELE-**

VISION PRODUCTIONS'' and inserting ''**QUALIFIED FILM, TELEVISION, AND THEATRICAL PRODUCTIONS**''.

(D) The item relating to section 181 in the table of sections for part VI of subchapter B of chapter 1 of such Code is amended to read as follows:

''Sec. 181. Treatment of certain qualified film, television, and theatrical productions.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to qualified film, television, and theatrical productions commencing after December 31, 2013.

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