

119TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to provide a tax credit for  
American film and television productions, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Mr. SCOTT of South Carolina (for himself, Mr. SCHIFF, Mr. CORNYN, and Mr.  
WARNOCK) introduced the following bill; which was read twice and re-  
ferred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to provide  
a tax credit for American film and television productions,  
and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Motion Picture, Tele-  
5       vision, and Entertainment Revitalization Act”.

6       **SEC. 2. AMERICAN FILM AND TELEVISION PRODUCTION**  
7       **CREDIT.**

8       (a) IN GENERAL.—Subpart D of part IV of sub-  
9       chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new  
2 section:

3 **“SEC. 45BB. AMERICAN FILM AND TELEVISION PRODUC-**  
4 **TION CREDIT.**

5 “(a) ALLOWANCE OF CREDIT.—For purposes of sec-  
6 tion 38, in the case of a qualified film or television produc-  
7 tion, the American film and television production credit  
8 for any taxable year is the product of—

9 “(1) the applicable percentage, and

10 “(2) the qualified compensation paid with re-  
11 spect to such qualified film or television production.

12 “(b) QUALIFIED FILM OR TELEVISION PRODUC-  
13 TION.—For purposes of this section—

14 “(1) IN GENERAL.—The term ‘qualified film or  
15 television production’ means any production—

16 “(A) which is a feature film, a television  
17 pilot, or a television season,

18 “(B) which is produced—

19 “(i) in the ordinary course of a trade  
20 or business, and

21 “(ii) for commercial purposes,

22 “(C) which is chargeable to capital ac-  
23 count,

24 “(D) which is completed during the taxable  
25 year,

1           “(E) the total cost of which exceeds  
2           \$1,000,000, and

3           “(F) 75 percent of the principal photog-  
4           raphy days of which occur within the United  
5           States.

6           “(2) EXCEPTIONS.—Such term shall not in-  
7           clude—

8           “(A) any production if records are required  
9           under section 2257 of title 18, United States  
10          Code, to be maintained with respect to any per-  
11          former in such production,

12          “(B) any production which is—

13                  “(i) talk, interview, game, or award  
14                  show programming,

15                  “(ii) news programming,

16                  “(iii) live sporting event program-  
17                  ming,

18                  “(iv) a radio production,

19                  “(v) gala event programming, or

20                  “(vi) daytime-drama programming,

21          “(C) any production which is a film or pro-  
22          gram intended primarily for social media plat-  
23          forms, media sharing, or blogposts, or

24          “(D) any production which is—

1 “(i) an advertising, marketing, pro-  
2 motional, or brand-marketing campaign,  
3 “(ii) intended for fundraising, or  
4 “(iii) intended primarily for industrial,  
5 corporate, or institutional end-users.

6 “(3) LOCATION RULES FOR ANIMATED PRODUC-  
7 TIONS.—For purposes of paragraph (1)(F), in the  
8 case of an animated production—

9 “(A) the location where the animation pro-  
10 duction activities, including keyframe anima-  
11 tion, in-between animation, animation photog-  
12 raphy, and the recording of voice acting per-  
13 formances, are performed shall be treated as  
14 the location of principal photography, and

15 “(B) the percentage of the principal pho-  
16 tography shall be based solely on the ratio of  
17 total cost of the animation production activities  
18 performed in the United States to the total cost  
19 of all animation production activities.

20 A production which incorporates both live action and  
21 animation shall be treated as meeting the require-  
22 ments of paragraph (1)(F) if such production meets  
23 the requirements of such paragraph based either on  
24 principal photography days for live filming or on the

1 location of animation production determined under  
2 the preceding sentence.

3 “(c) QUALIFIED COMPENSATION.—For purposes of  
4 this section—

5 “(1) IN GENERAL.—The term ‘qualified com-  
6 pensation’ means, with respect to any qualified film  
7 or television production, compensation which—

8 “(A) is paid or incurred, directly or indi-  
9 rectly, for qualified services performed in the  
10 United States (including services performed by  
11 employees and services performed by contrac-  
12 tors or subcontractors), and

13 “(B) is chargeable to capital account.

14 “(2) QUALIFIED SERVICES.—

15 “(A) IN GENERAL.—For purposes of sub-  
16 paragraph (A)(i), the term ‘qualified services’  
17 means services (including services performed  
18 with respect to pre-production and post-produc-  
19 tion activities) performed by actors, production  
20 personnel, directors, and producers.

21 “(B) PRODUCTION PERSONNEL.—The  
22 term ‘production personnel’ means persons who  
23 are compensated for providing services directly  
24 related to the qualified film or television pro-  
25 duction, including writers, choreographers, com-

1 posers, casting agents, camera operators, set  
2 designers, lighting and sound technicians,  
3 make-up artists, editors, and visual-effects serv-  
4 ice providers.

5 “(3) EXCEPTION.—The term ‘qualified com-  
6 pensation’ shall not include participations and re-  
7 siduals (as defined in section 167(g)(7)(B)).

8 “(d) APPLICABLE PERCENTAGE.—

9 “(1) IN GENERAL.—For purposes of this sec-  
10 tion, the applicable percentage is 20 percent in-  
11 creased (but not in excess of 30 percent) as provided  
12 in paragraphs (2) through (5).

13 “(2) INCREASED PERCENTAGE FOR PRODUC-  
14 TIONS IN RURAL QUALIFIED OPPORTUNITY ZONES  
15 AND DISASTER AREAS.—

16 “(A) IN GENERAL.—In the case of a quali-  
17 fied film or television production which meets  
18 the requirements of subparagraph (B) or (C),  
19 the applicable percentage shall be increased by  
20 an amount equal to 5 percentage points.

21 “(B) QUALIFIED OPPORTUNITY ZONE PRO-  
22 Duction.—A qualified film or television pro-  
23 duction meets the requirements of this subpara-  
24 graph if not less than 30 percent of the prin-  
25 cipal photography days of such production are

1 located in qualified opportunity zone (as defined  
2 in section 1400Z-1(a)) (determined as of the  
3 first principal photography day) which is a  
4 rural area (as defined in section 1400Z-  
5 2(b)(2)(C)(ii)).

6 “(C) PRODUCTIONS IN DISASTER AREAS.—  
7 A qualified film or television production meets  
8 the requirements of this subparagraph if—

9 “(i) not less than 30 percent of the  
10 principal photography days of such produc-  
11 tion are located in a disaster area with re-  
12 spect to a federally declared disaster (as  
13 such terms are defined in section  
14 165(i)(5)), and

15 “(ii) the first principal photography  
16 day for such production begins before the  
17 end of the 5-year period beginning on the  
18 of the date on which the President deter-  
19 mined assistance was warranted under the  
20 Robert T. Stafford Disaster Relief and  
21 Emergency Assistance Act with respect to  
22 such disaster.

23 “(3) INCREASED PERCENTAGE FOR INDE-  
24 PENDENT PRODUCTIONS.—

1           “(A) IN GENERAL.—In the case of a quali-  
2           fied film or television production which is com-  
3           pleted by an independent producer, the applica-  
4           ble percentage shall be increased by an amount  
5           equal to 5 percentage points.

6           “(B) INDEPENDENT PRODUCER.—

7                   “(i) IN GENERAL.—For purposes of  
8           this paragraph, the term ‘independent pro-  
9           ducer’ means, with respect to any qualified  
10          film or television production, any taxpayer  
11          if—

12                   “(I) such taxpayer is not a cor-  
13          poration the stock of which is traded  
14          on an established securities market,  
15          and

16                   “(II) a majority of the stock or  
17          other ownership interests of such tax-  
18          payer are not owned, directly or indi-  
19          rectly, by a corporation the stock of  
20          which is traded on an established se-  
21          curities market.

22                   “(ii) AGGREGATION RULE.—For pur-  
23          poses of this subparagraph, all taxpayers  
24          treated as a single employer under sub-

1 section (a) or (b) of section 52 shall be  
2 treated as a single taxpayer.

3 “(4) INCREASED PERCENTAGE FOR MULTI-  
4 STATE PRODUCERS.—

5 “(A) IN GENERAL.—In the case of a tax-  
6 payer which is a multi-State producer for such  
7 taxable year, the applicable percentage for all  
8 qualified film or television productions com-  
9 pleted in such taxable year shall be increased by  
10 an amount equal to 5 percentage points.

11 “(B) MULTI-STATE PRODUCER.—

12 “(i) IN GENERAL.—For purposes of  
13 this paragraph, the term ‘multi-State pro-  
14 ducer’ means, with respect to any taxable  
15 year, any taxpayer if, during the applicable  
16 period, the taxpayer meets the require-  
17 ments of clause (ii) with respect to 10 or  
18 more States.

19 “(ii) REQUIREMENTS.—A taxpayer  
20 meets the requirements of this clause with  
21 respect to a State if—

22 “(I) at least 50 percent of the  
23 principal photography days of at least  
24 one qualified film or television produc-

1                   tion completed during the applicable  
2                   period occur in such State, and

3                   “(II) the taxpayer has paid or in-  
4                   curred at least \$10,000,000 in quali-  
5                   fied compensation in such State with  
6                   respect to a qualified film or television  
7                   production completed during the ap-  
8                   plicable period.

9                   “(iii) APPLICABLE PERIOD.—For pur-  
10                  poses of this subparagraph, the applicable  
11                  period with respect to any taxable year is  
12                  the period beginning 12 months before the  
13                  first day of the taxable year and ending on  
14                  the last day of the taxable year.

15                  “(5) INCREASED PERCENTAGE FOR INCREASED  
16                  DOMESTIC PRODUCTIONS.—

17                  “(A) IN GENERAL.—In the case of a tax-  
18                  payer that meets the requirements of subpara-  
19                  graph (B) with respect to a taxable year, the  
20                  applicable percentage for all qualified film or  
21                  television productions completed in such taxable  
22                  year shall be increased by an amount equal to  
23                  5 percentage points.

24                  “(B) REQUIREMENTS.—

## 11

1 “(i) IN GENERAL.—A taxpayer meets  
2 the requirements of this subsection if—

3 “(I) the qualified domestic pro-  
4 duction increase amount is greater or  
5 equal to the specified percentage of  
6 the foreign base amount, and

7 “(II) the foreign base amount is  
8 at least 1.

9 “(ii) ROUNDING.—For purposes of  
10 clause (i), the specified percentage of the  
11 foreign base amount shall be rounded to  
12 the nearest whole number.

13 “(iii) QUALIFIED DOMESTIC PRODUC-  
14 TION INCREASE AMOUNT.—For purposes  
15 of this subparagraph, the qualified domes-  
16 tic production increase amount is the ex-  
17 cess of the number of qualified film or tele-  
18 vision productions completed during the  
19 taxable year over the number of qualified  
20 film and television productions completed  
21 in the taxable year immediately preceding  
22 the start year.

23 “(iv) FOREIGN BASE AMOUNT.—For  
24 purposes of this subparagraph—

## 12

1 “(I) IN GENERAL.—The foreign  
2 base amount is the average number of  
3 applicable foreign productions com-  
4 pleted during the 3 taxable years pre-  
5 ceding the start year.

6 “(II) FOREIGN PRODUCTION.—  
7 For purposes of subclause (I), the  
8 term ‘applicable foreign production’  
9 means any production which is not a  
10 qualified film or television production  
11 but would be so treated if subsection  
12 (b)(1) were applied without regard to  
13 subparagraph (F) thereof.

14 “(v) SPECIFIED PERCENTAGE.—The  
15 specified percentage shall be—

16 “(I) 30 percent for the start  
17 year,

18 “(II) 40 percent for the first tax-  
19 able year beginning after the start  
20 year, and

21 “(III) 50 percent for the second  
22 taxable year beginning after the start  
23 year and each taxable year thereafter.

24 “(vi) START YEAR.—The term ‘start  
25 year’ means, with respect to any taxpayer,

1                   the first taxable year beginning after De-  
2                   cember 31, 2026.

3           “(e) SPECIAL RULES FOR QUALIFIED VISUAL EF-  
4   FECTS PRODUCTIONS.—

5                   “(1) IN GENERAL.—Except as provided in para-  
6           graph (2), a qualified visual effects production shall  
7           be treated as a qualified film or television production  
8           for purposes of this section (other than subsection  
9           (d)(5)(B)(iii)).

10                   “(2) ONLY CERTAIN COMPENSATION TAKEN  
11           INTO ACCOUNT.—In applying this section to a quali-  
12           fied visual effects production—

13                   “(A) qualified compensation shall include  
14           only compensation paid or incurred for services  
15           performed in the United States and related to  
16           the visual effects of such production,

17                   “(B) subsection (d) shall be applied with-  
18           out regard to paragraphs (2) through (5), and

19                   “(C) the applicable percentage determined  
20           under subsection (d)(1) shall be increased by 5  
21           percentage points if—

22                   “(i) at least 30 percent of the total  
23           qualified compensation (determined after  
24           application of subparagraph (A)) with re-

spect to such production is paid or incurred for services which—

“(I) are performed within an area which is qualified opportunity zone (as defined in section 1400Z-1(a))—

“(aa) which is a rural area (as defined in section 1400Z-2(b)(2)(C)(ii)), and

“(bb) for which a designation as a qualified opportunity zone was in effect (as determined under section 1400Z-1(e)) during the period such services began, or

“(II) are performed in a disaster area with respect to a federally declared disaster (as such terms are defined in section 165(i)(5)) and began during the 5-year period beginning on the date on which the President determined assistance was warranted under the Robert T. Stafford Disaster Relief and Emergency Assistance Act with respect to such disaster, or

1 “(ii) the production with respect to  
2 which the services for visual effects are  
3 provided is completed by an independent  
4 producer (as defined in subsection  
5 (d)(4)(B).

6 “(3) QUALIFIED VISUAL EFFECTS PRODUC-  
7 TIONS; VISUAL EFFECTS.—For purposes of this sub-  
8 section—

9 “(A) QUALIFIED VISUAL EFFECTS PRO-  
10 Duction.—The term ‘qualified visual effects  
11 production’ means any production with respect  
12 to which services are performed relating to vis-  
13 ual effects if—

14 “(i) such production meets the re-  
15 quirements of subparagraphs (A), (B), (C),  
16 (D), and (E) of subsection (b)(1) but does  
17 not meet the requirement of subsection  
18 (b)(1)(F),

19 “(ii) 75 percent of the total cost of  
20 visual effects relating to such production  
21 are incurred in the United States, and

22 “(iii) such production is not a produc-  
23 tion described in subsection (b)(2).

24 “(B) VISUAL EFFECTS.—The term ‘visual  
25 effects’ means the digital or in-camera creation,

1 alteration, or enhancement of images, other  
2 than activities that are scientific research and  
3 experimental development.

4 “(f) SPECIAL RULES FOR POST-PRODUCTION ACTIVI-  
5 TIES.—

6 “(1) IN GENERAL.—Except as provided in para-  
7 graph (2), a qualified post-production project shall  
8 be treated as a qualified film or television production  
9 for purposes of this section (other than subsection  
10 (d)(5)(B)(iii)).

11 “(2) ONLY CERTAIN COMPENSATION TAKEN  
12 INTO ACCOUNT.—In applying this section to a quali-  
13 fied post-production project—

14 “(A) qualified compensation shall include  
15 only compensation paid or incurred for services  
16 performed in the United States and related to  
17 traditional post-production activities,

18 “(B) subsection (d) shall be applied with-  
19 out regard to paragraphs (2) through (5), and

20 “(C) the applicable percentage determined  
21 under subsection (d)(1) shall be increased by 5  
22 percentage points if—

23 “(i) at least 30 percent of the total  
24 qualified compensation (determined after  
25 application of subparagraph (A)) with re-

1                   spect to such project is paid or incurred  
2                   for services which—

3                   “(I) are performed within an  
4                   area which is qualified opportunity  
5                   zone (as defined in section 1400Z–  
6                   1(a))—

7                   “(aa) which is a rural area  
8                   (as defined in section 1400Z–  
9                   2(b)(2)(C)(ii)) and began, and

10                  “(bb) for which a designa-  
11                  tion as a qualified opportunity  
12                  zone was in effect (as determined  
13                  under section 1400Z–1(e)) dur-  
14                  ing the period such services  
15                  began, or

16                  “(II) are performed in a disaster  
17                  area with respect to a federally de-  
18                  clared disaster (as such terms are de-  
19                  fined in section 165(i)(5)) and began  
20                  during the 5-year period beginning on  
21                  the of the date on which the President  
22                  determined assistance was warranted  
23                  under the Robert T. Stafford Disaster  
24                  Relief and Emergency Assistance Act  
25                  with respect to such disaster, or

1 “(ii) the production with respect to  
2 which the traditional post-production ac-  
3 tivities are provided is completed by an  
4 independent producer (as defined in sub-  
5 section (d)(4)(B).

6 “(3) QUALIFIED POST-PRODUCTION  
7 PROJECT.—For purposes of this subsection—

8 “(A) QUALIFIED POST-PRODUCTION  
9 PROJECT.—The term ‘qualified post-production  
10 project’ means any project which provides tradi-  
11 tional post-production activities with respect to  
12 a production if—

13 “(i) such production meets the re-  
14 quirements of subparagraphs (A), (B), (C),  
15 (D), and (E) of subsection (b)(1) but does  
16 not meet the requirement of subsection  
17 (b)(1)(F),

18 “(ii) 75 percent of the total cost of  
19 traditional post-production activities with  
20 respect to such production are incurred in  
21 the United States, and

22 “(iii) such production is not a produc-  
23 tion described in subsection (b)(2).

24 “(B) TRADITIONAL POST-PRODUCTION AC-  
25 TIVITIES.—For purposes of this subsection—

1 “(i) IN GENERAL.—The term ‘ tradi-  
2 tional post-production activities’ means the  
3 final stage of production, including editing,  
4 Foley recording, automatic dialogue re-  
5 placement, sound editing, scoring and  
6 music editing, beginning and end credits,  
7 soundtrack production, and dubbing.

8 “(ii) EXCLUSIONS.—Such term shall  
9 not include visual effects (as defined in  
10 subsection (e)(3)(B)), advertising and mar-  
11 keting, and other promotional activities.

12 “(g) OTHER DEFINITIONS AND SPECIAL RULES.—  
13 For purposes of this section—

14 “(1) COMPLETED.—For purposes of this sec-  
15 tion, a production is considered completed on the  
16 day on which the process of post-production has  
17 been finished and a final composite answer print, de-  
18 livery air master, or digital cinema file of such pro-  
19 duction is produced.

20 “(2) TELEVISION SEASON.—

21 “(A) DEFINITION.—The term ‘television  
22 season’ means a series of productions which  
23 consists of at least 4 episodes which—

24 “(i) have narrative or thematically re-  
25 lated common elements, and

1 “(ii) are produced for distribution or  
2 broadcast within a period of 12 months of  
3 the close of the taxable year in which com-  
4 pleted.

5 “(B) SPECIAL RULE.—For purposes of  
6 this section, all episodes of a television season  
7 shall be treated as a single production.

8 “(3) PRINCIPAL PHOTOGRAPHY DAY; PRINCIPAL  
9 PHOTOGRAPH.—

10 “(A) PRINCIPAL PHOTOGRAPH DAY.—The  
11 term ‘principal photograph day’ means any day  
12 on which principal photography occurs.

13 “(B) PRINCIPAL PHOTOGRAPHY.—The  
14 term ‘principal photography’ means the period  
15 of time during which the film is shot with the  
16 participation of a director, actor (unless not re-  
17 quired for a scene), and first unit crew. Such  
18 term includes re-shoot days with a director, ac-  
19 tors, and crew.

20 “(4) BASIS ADJUSTMENT TO QUALIFIED PRO-  
21 Duction.—For purposes of this section, if a credit  
22 is determined with respect to any qualified film or  
23 television production, the basis of such property  
24 shall be reduced by the amount of the credit so de-  
25 termined.

1       “(h) REPORTS.—The Secretary may require such re-  
2    porting as the Secretary deems necessary with respect to  
3    the date and location of principal photography days with  
4    respect to any production, the qualified compensation paid  
5    with respect to any production, and such other matters  
6    as the Secretary determines appropriate to carry out the  
7    purposes of this section.

8       “(i) REGULATIONS AND GUIDANCE.—The Secretary  
9    shall issue such regulations or other guidance as the Sec-  
10   retary determines necessary to carry out the purposes of  
11   this section, including regulations or other guidance—

12               “(1) with respect to productions not eligible for  
13       the credit under subsection (b)(2),

14               “(2) with respect to the substantiation of indi-  
15       rect payments of qualified compensation paid on be-  
16       half of the taxpayer by a contractor or subcontractor  
17       under subsection (c)(1)(A), including simplified or  
18       safe harbor procedures,

19               “(3) for determining whether a production  
20       qualified for an increase in the applicable percentage  
21       under paragraphs (2), (3), (4), or (5) of subsection  
22       (d), subsection (e)(2)(C), or subsection (f)(2)(C),  
23       and

24               “(4) to ensure that only the taxpayer that has  
25       the benefits and burdens of ownership of a qualified

1 film or television production is eligible for the cred-  
2 it.”.

3 (b) ELECTION TO TRANSFER CREDIT.—Section  
4 6418(f)(1)(A) of the Internal Revenue Code of 1986 is  
5 amended by inserting at the end the following new clause:

6 “(xiii) The American film and tele-  
7 vision production credit determined under  
8 section 45BB(a).”.

9 (c) CREDIT ALLOWED AS A GENERAL BUSINESS  
10 CREDIT.—Section 38(b) of the Internal Revenue Code of  
11 1986 is amended by striking “plus” at the end of para-  
12 graph (40), by striking the period at the end of paragraph  
13 (41) and inserting “, plus”, and by adding at the end the  
14 following new paragraph:

15 “(42) The American film and television produc-  
16 tion credit determined under section 45BB(a).”.

17 (d) CLERICAL AMENDMENT.—The table of sections  
18 for subpart D of part IV of subchapter A of chapter 1  
19 of the Internal Revenue Code of 1986 is amended by add-  
20 ing at the end the following new item:

“Sec. 45BB. American film and television production credit.”.

21 (e) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to productions the principal pho-  
23 tography (as defined in section 45BB(g)(3)(B) of the In-  
24 ternal Revenue Code of 1986, as added subsection (a))

1 of which commences in taxable years beginning after De-  
2 cember 31, 2026.