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.

IN THE SENATE OF THE UNITED STATES

Mr. SCOTT of South Carolina (for himself and Mr. SCHIFF) introduced the following bill; which was read twice and referred to the Committee on ______

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.

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 ‘‘Motion Picture, Television, and Entertainment Revitalization Act’’.

SEC. 2. AMERICAN FILM AND TELEVISION PRODUCTION CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of

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

"SEC. 45BB. AMERICAN FILM AND TELEVISION PRODUCTION CREDIT.

''(a) ALLOWANCE OF CREDIT.—For purposes of section 38, in the case of a qualified film or television production, the American film and television production credit for any taxable year is the product of—

''(1) the applicable percentage, and

''(2) the qualified compensation paid with respect to such qualified film or television production.

''(b) QUALIFIED FILM OR TELEVISION PRODUCTION.—For purposes of this section—

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

''(A) which is a feature film, a television pilot, or a television season,

''(B) which is produced—

''(i) in the ordinary course of a trade or business, and

''(ii) for commercial purposes,

''(C) which is chargeable to capital account,

''(D) which is completed during the taxable year, "(E) the total cost of which exceeds $1,000,000, and

"(F) 75 percent of the principal photography days of which occur within the United States.

"(2) EXCEPTIONS.—Such term shall not include—

"(A) 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,

"(B) any production which is—

"(i) talk, interview, game, or award show programming,

"(ii) news programming,

"(iii) live sporting event programming,

"(iv) a radio production,

"(v) gala event programming, or

"(vi) daytime-drama programming,

"(C) any production which is a film or program intended primarily for social media platforms, media sharing, or blogposts, or

"(D) any production which is—

"(i) an advertising, marketing, promotional, or brand-marketing campaign,

"(ii) intended for fundraising, or

"(iii) intended primarily for industrial, corporate, or institutional end-users.

"(3) LOCATION RULES FOR ANIMATED PRODUCTIONS.—For purposes of paragraph (1)(F), in the case of an animated production—

"(A) the location where the animation production activities, including keyframe animation, in-between animation, animation photography, and the recording of voice acting performances, are performed shall be treated as the location of principal photography, and

"(B) the percentage of the principal photography shall be based solely on the ratio of total cost of the animation production activities performed in the United States to the total cost of all animation production activities.

A production which incorporates both live action and animation shall be treated as meeting the requirements of paragraph (1)(F) if such production meets the requirements of such paragraph based either on principal photography days for live filming or on the location of animation production determined under the preceding sentence.

"(c) QUALIFIED COMPENSATION.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified compensation' means, with respect to any qualified film or television production, compensation which—

"(A) is paid or incurred, directly or indirectly, for qualified services performed in the United States (including services performed by employees and services performed by contractors or subcontractors), and

"(B) is chargeable to capital account.

"(2) QUALIFIED SERVICES.—

"(A) IN GENERAL.—For purposes of subparagraph (A)(i), the term 'qualified services' means services (including services performed with respect to pre-production and post-production activities) performed by actors, production personnel, directors, and producers.

"(B) PRODUCTION PERSONNEL.—The term 'production personnel' means persons who are compensated for providing services directly related to the qualified film or television production, including writers, choreographers, composers, casting agents, camera operators, set designers, lighting and sound technicians, make-up artists, editors, and visual-effects service providers.

"(3) EXCEPTION.—The term 'qualified compensation' shall not include participations and residuals (as defined in section 167(g)(7)(B)).

"(d) APPLICABLE PERCENTAGE.—

"(1) IN GENERAL.—For purposes of this section, the applicable percentage is 20 percent increased (but not in excess of 30 percent) as provided in paragraphs (2) through (5).

"(2) INCREASED PERCENTAGE FOR PRODUCTIONS IN RURAL QUALIFIED OPPORTUNITY ZONES AND DISASTER AREAS.—

"(A) IN GENERAL.—In the case of a qualified film or television production which meets the requirements of subparagraph (B) or (C), the applicable percentage shall be increased by an amount equal to 5 percentage points.

"(B) QUALIFIED OPPORTUNITY ZONE PRODUCTION.—A qualified film or television production meets the requirements of this subparagraph if not less than 30 percent of the principal photography days of such production are located in qualified opportunity zone (as defined in section 1400Z–1(a)) (determined as of the first principal photography day) which is a rural area (as defined in section 1400Z–2(b)(2)(C)(ii)).

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

"(i) not less than 30 percent of the principal photography days of such production are located in a disaster area with respect to a federally declared disaster (as such terms are defined in section 165(i)(5)), and

"(ii) the first principal photography day for such production begins before the end of the 5-year period beginning on the of 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.

"(3) INCREASED PERCENTAGE FOR INDEPENDENT PRODUCTIONS.—

"(A) IN GENERAL.—In the case of a qualified film or television production which is completed by an independent producer, the applicable percentage shall be increased by an amount equal to 5 percentage points.

"(B) INDEPENDENT PRODUCER.—

"(i) IN GENERAL.—For purposes of this paragraph, the term 'independent producer' means, with respect to any qualified film or television production, any taxpayer if—

"(I) such taxpayer is not a corporation the stock of which is traded on an established securities market, and

"(II) a majority of the stock or other ownership interests of such taxpayer are not owned, directly or indirectly, by a corporation the stock of which is traded on an established securities market.

"(ii) AGGREGATION RULE.—For purposes of this subparagraph, all taxpayers treated as a single employer under subsection (a) or (b) of section 52 shall be treated as a single taxpayer.

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

"(A) IN GENERAL.—In the case of a taxpayer who is a multi-State producer for such taxable year, the applicable percentage for all qualified film or television productions shall be increased by an amount equal to 5 percentage points.

"(B) MULTI-STATE PRODUCER.—

"(i) IN GENERAL.—For purposes of this paragraph, the term 'multi-State producer' means, with respect to any taxable year, any taxpayer if, during the applicable period, the taxpayer meets the requirements of clause (ii) with respect to 10 or more States.

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

"(I) at least 50 percent of the principal photography days of at least one qualified film or television production completed during the applicable period occurs in such State, and

"(II) the taxpayer has paid or incurred at least $10,000,000 in qualified compensation in such State with respect to a qualified film or television production completed during the applicable period.

"(iii) APPLICABLE PERIOD.—For purposes of this subparagraph, the applicable period with respect to any taxable year is the period beginning 12 months before the first day of the taxable year and ending on the last day of the taxable year.

"(5) INCREASED PERCENTAGE FOR INCREASED DOMESTIC PRODUCTIONS.—

"(A) IN GENERAL.—In the case of a taxpayer that meets the requirements of subparagraph (B) with respect to a taxable year, the applicable percentage for all qualified film or television productions shall be increased by an amount equal to 5 percentage points.

"(B) REQUIREMENTS.—

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

"(I) the qualified domestic production increase amount is greater or equal to the specified percentage of the foreign base amount, and

"(II) the foreign base amount is at least 1.

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

"(iii) QUALIFIED DOMESTIC PRODUCTION INCREASE AMOUNT.—For purposes of this subparagraph, the qualified domestic production increase amount is the excess of the number of qualified film or television productions completed during the taxable year over the number of qualified film and television productions completed in the taxable year immediately preceding the start year.

"(iv) FOREIGN BASE AMOUNT.—For purposes of this subparagraph—

"(I) IN GENERAL.—The foreign base amount is the average number of applicable foreign productions completed during the 3 taxable years preceding the start year.

"(II) FOREIGN PRODUCTION.—For purposes of subclause (I), the term 'applicable foreign production' means any production which is not a qualified film or television production but would be so treated if subsection (b)(1) were applied without regard to subparagraph (F) thereof.

"(v) SPECIFIED PERCENTAGE.—The specified percentage shall be—

"(I) 30 percent for the first taxable year beginning after the start year,

"(II) 40 percent for the second taxable year beginning after the start year,

"(III) 50 percent for each of the third, fourth, and fifth taxable years beginning after the start year, and

"(IV) 0 percent for any taxable year beginning after the fifth taxable year beginning after the start year.

"(vi) START YEAR.—The term 'start year' means, with respect to any taxpayer, the first taxable year beginning after the date of the enactment of this section.

"(e) SPECIAL RULES FOR QUALIFIED VISUAL EFFECTS PRODUCTIONS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), a qualified visual effects production shall be treated as a qualified film or television production for purposes of this section.

"(2) ONLY CERTAIN COMPENSATION TAKEN INTO ACCOUNT.—In applying this section to a qualified visual effects production—

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

"(B) subsection (d) shall be applied without regard to paragraphs (2) through (5), and

"(C) the applicable percentage determined under subsection (d)(1) shall be increased by 5 percentage points if—

"(i) at least 30 percent of the total qualified compensation (determined after application of subparagraph (A)) with respect 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 began, 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 of 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 "(ii) the production with respect to which the services for visual effects are provided is completed by an independent producer (as defined in subsection (d)(4)(B).

"(3) QUALIFIED VISUAL EFFECTS PRODUCTIONS; VISUAL EFFECTS.—For purposes of this subsection—

"(A) QUALIFIED VISUAL EFFECTS PRODUCTION.—The term 'qualified visual effects production' means any production with respect to which services are performed relating to visual effects if—

"(i) such production meets the requirements of subparagraphs (A), (B), (C), (D), and (E) of subsection (b)(1) but does not meet the requirement of subsection (b)(1)(F),

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

"(iii) such production is not a production described in subsection (b)(2).

"(B) VISUAL EFFECTS.—The term 'visual effects' means the digital or in-camera creation, alteration, or enhancement of images, other than activities that are scientific research and experimental development.

"(f) SPECIAL RULES FOR POST-PRODUCTION ACTIVITIES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), a qualified post-production project shall be treated as a qualified film or television production for purposes of this section.

"(2) ONLY CERTAIN COMPENSATION TAKEN INTO ACCOUNT.—In applying this section to a qualified post-production project—

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

"(B) subsection (d) shall be applied without regard to paragraphs (2) through (5), and

"(C) the applicable percentage determined under subsection (d)(1) shall be increased by 5 percentage points if—

"(i) at least 30 percent of the total qualified compensation (determined after application of subparagraph (A)) with respect to such project 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 began, 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 of 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 “(ii) the production with respect to which the traditional post-production activities are provided is completed by an independent producer (as defined in subsection (d)(4)(B).

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

“(A) QUALIFIED POST-PRODUCTION ACTIVITIES PROJECT.—The term ‘qualified visual effects production’ means any project which provides traditional post-production activities with respect to a production if—

“(i) such production meets the requirements of subparagraphs (A), (B), (C), (D), and (E) of subsection (b)(1) but does not meet the requirement of subsection (b)(1)(F),

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

“(iii) such production is not a production described in subsection (b)(2).

“(B) TRADITIONAL POST-PRODUCTION ACTIVITIES.—For purposes of this subsection—

"(i) IN GENERAL.—The term ' traditional post-production activities' means the final stage of production, including editing, Foley recording, automatic dialogue replacement, sound editing, scoring and music editing, beginning and end credits, soundtrack production, and dubbing.

"(ii) EXCLUSIONS.—Such term shall not include visual effects (as defined in subsection (e)(3)(B)), advertising and marketing, and other promotional activities.

"(g) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) COMPLETED.—For purposes of this section, a production is considered completed on the day on which the process of post-production has been finished and a final composite answer print, delivery air master, or digital cinema file of such production is produced.

"(2) TELEVISION SEASON.—

"(A) DEFINITION.—The term 'television season' means a series of productions which consists of at least 4 episodes which—

"(i) have narrative or thematically related common elements, and "(ii) are produced for distribution or broadcast within a period of 12 months of the close of the taxable year in which completed.

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

"(3) PRINCIPAL PHOTOGRAPHY DAY; PRINCIPAL PHOTOGRAPH.—

"(A) PRINCIPAL PHOTOGRAPH DAY.—The term 'principal photograph day' means any day on which principal photography occurs.

"(B) PRINCIPAL PHOTOGRAPHY.—The term 'principal photography' means the period of time during which the film is shot with the participation of a director, actor (unless not required for a scene), and first unit crew. Such term includes re-shoot days with a director, actors, and crew.

"(4) BASIS ADJUSTMENT TO QUALIFIED PRODUCTION.—For purposes of this section, if a credit is determined with respect to any qualified film or television production, the basis of such property shall be reduced by the amount of the credit so determined.

"(h) Reports.—The Secretary may require such reporting as the Secretary deems necessary with respect to the date and location of principal photography days with respect to any production, the qualified compensation paid with respect to any production, and such other matters as the Secretary determines appropriate to carry out the purposes of this section.

"(i) Regulations and Guidance.—The Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this section, including regulations or other guidance—

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

"(2) with respect to the substantiation of indirect payments of qualified compensation paid on behalf of the taxpayer by a contractor or subcontractor under subsection (c)(1)(A), including simplified or safe harbor procedures,

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

"(4) to ensure that only the taxpayer that has the benefits and burdens of ownership of a qualified film or television production is eligible for the credit.''.

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

"(xiii) The American film and television production credit determined under section 45BB(a).''.

(c) CREDIT ALLOWED AS A GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 is amended by striking "plus'' at the end of paragraph (40), by striking the period at the end of paragraph (41) and inserting ", plus'', and by adding at the end the following new paragraph:

"(42) The American film and television production credit determined under section 45BB(a).''.

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

"Sec. 45BB. American film and television production credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply productions commencing in taxable years beginning after December 31, 2026.