

110TH CONGRESS  
1ST SESSION

# S. 2375

To amend the Internal Revenue Code of 1986 to modify and make permanent the election to treat certain costs of qualified film and television productions as expenses.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 15, 2007

Mrs. LINCOLN (for herself, Ms. SNOWE, Mr. BINGAMAN, Mr. SCHUMER, and Mr. HATCH) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to modify and make permanent the election to treat certain costs of qualified film and television productions as expenses.

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. MODIFICATION OF EXPENSING OF CERTAIN**  
4 **QUALIFIED FILM AND TELEVISION PRODUC-**  
5 **TIONS.**

6 (a) EXCLUSION OF PARTICIPATIONS AND RESIDUALS  
7 FROM DOLLAR LIMITATION.—Paragraph (2) of section  
8 181(a) of the Internal Revenue Code of 1986 (relating to  
9 dollar limitation) is amended to read as follows:

1 “(2) DOLLAR LIMITATION.—

2 “(A) IN GENERAL.—The aggregate cost  
3 which may be taken into account under para-  
4 graph (1) with respect to each qualified film or  
5 television production shall not exceed  
6 \$15,000,000.

7 “(B) PARTICIPATIONS AND RESIDUALS EX-  
8 CLUDED.—The term ‘aggregate cost’ does not  
9 include participations and residuals (as defined  
10 in section 167(g)(7)(B)). The preceding sen-  
11 tence does not apply to—

12 “(i) deferred payment arrangements,  
13 structured as a fixed obligation to pay on  
14 a date certain, regardless of the revenues  
15 generated by a production, and

16 “(ii) noncontingent or guaranteed  
17 payments where the recipient incurs mini-  
18 mal risk of nonpayment and the amount is  
19 not related to the revenue generated from  
20 the production, including first dollar gross  
21 participations to the extent such participa-  
22 tions have priority over loan repayments,  
23 distributor fees, and the cost of prints and  
24 advertising.

1                   “(C) HIGHER DOLLAR LIMITATION FOR  
 2 PRODUCTIONS IN CERTAIN AREAS.—In the case  
 3 of any qualified film or television production the  
 4 aggregate cost of which is significantly incurred  
 5 in an area eligible for designation as—

6                   “(i) a low-income community under  
 7 section 45D, or

8                   “(ii) a distressed county or isolated  
 9 area of distress by the Delta Regional Au-  
 10 thority established under section 2009aa—

11                   “(iii) 1 of title 7, United States Code,  
 12 subparagraph (A) shall be applied by sub-  
 13 stituting           ‘\$20,000,000’           for  
 14 ‘\$15,000,000’.”.

15       (b) AMORTIZATION OF REMAINING COSTS.—Sub-  
 16 section (b) of section 181 of such Code is amended to read  
 17 as follows:

18       “(b) AMORTIZATION OF REMAINING COSTS.—If an  
 19 election is made under subsection (a) with respect to any  
 20 qualified film or television production, that portion of the  
 21 basis of such production in excess of the amount taken  
 22 into account under subsection (a) shall be allowed as a  
 23 deduction under section 167(g), the income forecast meth-  
 24 od of depreciation.”.

1       (c) EXPENSING OF QUALIFIED FILM AND TELE-  
2 VISION PRODUCTION COSTS MADE PERMANENT.—Section  
3 181 of such Code is amended by striking subsection (f).

4       (d) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to qualified film and television pro-  
6 ductions commencing after the date of the enactment of  
7 this Act.

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