

House Bill 655

By: Representatives Hilton of the 48<sup>th</sup>, Burchett of the 176<sup>th</sup>, Clark of the 100<sup>th</sup>, Carpenter of the 4<sup>th</sup>, Sainz of the 180<sup>th</sup>, and others

A BILL TO BE ENTITLED

AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,  
2 relating to imposition, rate, computation, exemptions, and credits for income taxes, so as to  
3 renew a tax credit for postproduction expenditures; to increase the annual aggregate limit;  
4 to provide for an additional credit if certain qualified expenditures are incurred in certain  
5 rural counties; to provide for qualified productions and expenditures; to allow the credit with  
6 respect to special venue projects; to provide for related matters; to provide for an effective  
7 date and applicability; to repeal conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to  
11 imposition, rate, computation, exemptions, and credits for income taxes, is amended in Code  
12 Section 48-7-40.26A, relating to tax credits for postproduction expenditures, by revising  
13 paragraphs (5) and (6) of subsection (b) and subsections (d) and (f) and by adding a new  
14 subsection to read as follows:

15 "(5) 'Qualified postproduction expenditures' means expenditures incurred in this state  
16 directly in qualified postproduction activities, including without limitation the following:

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- 17 (A) Costs associated with photography and sound synchronization;  
18 (B) Expenditures, excluding license fees, incurred with Georgia companies for sound  
19 recordings and musical compositions, lighting, and related services and materials;  
20 (C) Editing and related services;  
21 (D) Rental of facilities and equipment;  
22 (E) Leasing of vehicles;  
23 (F) Costs of food and lodging;  
24 (G) Digital or tape editing, film processing, transfers of film to tape or digital format,  
25 sound mixing, computer graphics services, ~~special~~ visual effects services, and  
26 animation services;  
27 (H) Total aggregate payroll;  
28 (I) Airfare, if purchased through a Georgia travel agency or travel company;  
29 (J) Insurance costs and bonding, if purchased through a Georgia insurance agency; and  
30 (K) Other direct postproduction costs for the project in accordance with generally  
31 accepted entertainment industry practices.

32 ~~This~~ Such term includes expenditures incurred in this state ~~for footage shot~~ with respect  
33 to a qualified production shot, recorded, or originally created inside this state or outside  
34 this state.

35 (6) 'Qualified production' means a film, video, or digital project, including only the  
36 following: feature films, series, pilots, movies for television, televised commercial  
37 advertisements, music videos, interactive entertainment, special venue projects, or sound  
38 recording projects used in feature films, series, pilots, or movies for television. ~~This~~ Such  
39 term shall include projects shot, recorded, or originally created, whether inside this state  
40 or outside this state, in either short or long form, animation and music, fixed on a delivery  
41 system which includes without limitation film, videotape, computer disc, laser disc, and  
42 any element of the digital domain, from which the program is viewed or reproduced, and  
43 which is intended for multimarket commercial distribution via theaters, special venues,

44 video on demand, direct to DVD, digital platforms designed for the distribution of  
45 interactive games, licensing for exhibition by individual television stations, groups of  
46 stations, networks, advertiser supported sites, cable television stations, or public  
47 broadcasting stations. Such term shall not include the coverage of news and athletic  
48 events, local interest programming, instructional videos, and corporate videos."

49 "(c.2) A postproduction company allowed a tax credit pursuant to subsection (c) or (c.1)  
50 of this Code section shall be allowed an additional tax credit equal to 5 percent of the  
51 qualified postproduction expenditures actually invested and expended by the  
52 postproduction company in a taxable year if \$250,000.00 or more of the qualified  
53 postproduction expenditures are incurred in one or more counties in this state that  
54 individually have a population of less than 100,000 with 10 percent or more of such  
55 population living in poverty based upon the most recent, reliable, and applicable data  
56 published by the United States Bureau of the Census. On or before December 31 of each  
57 year, the commissioner of community affairs shall publish a list of such counties.

58 (d) ~~The tax credits allowed under this Code section for all postproduction companies shall~~  
59 ~~be subject to the following aggregate annual caps:~~

60 ~~(1) For taxable years beginning on or after January 1, 2018 2026, and before January 1,~~  
61 ~~2019 2031, the aggregate amount of tax credits allowed under this Code section shall not~~  
62 ~~exceed \$10 \$60 million per year;~~

63 ~~(2) For taxable years beginning on or after January 1, 2019, and before January 1, 2020,~~  
64 ~~the aggregate amount of tax credits allowed under this Code section shall not exceed \$10~~  
65 ~~million;~~

66 ~~(3) For taxable years beginning on or after January 1, 2020, and before January 1, 2023,~~  
67 ~~the aggregate amount of tax credits allowed under this Code section shall not exceed \$10~~  
68 ~~million per year;~~

69 ~~(4) The tax credits allowed under this Code section shall not be available for taxable~~  
70 ~~years beginning on or after January 1, 2023; and~~

71 ~~(5) If, provided, however, that, if~~ the aggregate amount of tax credits claimed by  
72 taxpayers under this Code section during a year is less than the aggregate annual cap  
73 applicable to such year, the unclaimed portion of the aggregate annual cap shall be added  
74 to the aggregate annual cap applicable to the next succeeding year or years until it is fully  
75 claimed."

76 "(f) For taxable years beginning on or after January 1, ~~2018~~ 2026, and before January 1,  
77 ~~2023~~ 2031, the postproduction company shall report to the Department of Revenue on its  
78 Georgia income tax return the monthly average number of full-time employees subject to  
79 Georgia income tax withholding for the taxable year. As used in ~~For purposes of~~ this  
80 subsection, the term 'full-time employee' ~~shall mean~~ means a person who performs a job  
81 that requires a minimum of 35 hours a per week, and pays at or above the average wage  
82 earned in the county with the lowest average wage earned in this state, as reported in the  
83 most recently available annual issue of the Georgia Employment and Wages Averages  
84 Report of the Department of Labor. Notwithstanding Code Sections 48-2-15, 48-7-60, and  
85 48-7-61, for such taxable years, the commissioner shall annually report to the House  
86 Committee on Ways and Means and the Senate Finance Committee. The report shall  
87 include the name, tax year beginning, and monthly average number of full-time employees  
88 for each postproduction company. The ~~first~~ report shall be submitted annually by June 30;  
89 ~~2018, and each year thereafter by June 30.~~"

90 **SECTION 2.**

91 This Act shall become effective on July 1, 2025, and shall be applicable to all taxable years  
92 beginning on or after January 1, 2026.

93 **SECTION 3.**

94 All laws and parts of laws in conflict with this Act are repealed.